

VORNADO REALTY LP

FORM 10-K405

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

Filed 03/30/00 for the Period Ending 12/31/99

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Fiscal Year	12/31

VORNADO REALTY LP

FORM 10-K405

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

Filed 3/30/2000 For Period Ending 12/31/1999

Address	PARK 80 WEST PLAZA II SADDLE BROOK, New Jersey 07663
Telephone	201-587-1000
CIK	0001040765
Fiscal Year	12/31

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, 1999 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: 000-22685

VORNADO REALTY L.P.

(Exact name of Registrant as specified in its charter)

DELAWARE	13-3925979
-----	-----
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
PARK 80 WEST, PLAZA II, SADDLE BROOK, NEW JERSEY	07663
-----	-----
(Address of Principal Executive Offices)	(Zip Code)
Registrant's telephone number including area code:	(201) 587-1000

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

Documents Incorporated by Reference

PART III: Proxy Statement for Annual Meeting of Shareholders to be held on May

31, 2000.

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(1) These items are omitted because Vornado Realty Trust (see Item 1.) 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, 1999, which is incorporated by reference herein. Information relating to Executive Officers of the Registrant appears on page 46 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 Realty Trust 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 L.P. (the "Operating Partnership," including the operations of Vornado Realty Trust prior to the conversion described below) is a Delaware limited partnership. Operations commenced on April 15, 1997, when Vornado Realty Trust ("Vornado"), a fully-integrated real estate investment trust ("REIT"), converted to an Umbrella Partnership REIT ("UPREIT") by transferring substantially all of its assets to the Operating Partnership. As a result, Vornado now conducts its business through the Operating Partnership. Vornado is the sole general partner of, and owned approximately 86% of the limited partnership common interest in, the Operating Partnership at March 1, 2000. All references to the "Company" refer to Vornado and its consolidated subsidiaries, including the Operating Partnership.

The Company currently owns directly or indirectly:

Office Building Properties ("Office"):

(i) all or portions of 22 office building properties in the New York City metropolitan area (primarily Manhattan) aggregating approximately 14.0 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 10.7 million square feet of office properties in Northern Virginia and Washington, D.C., and manages an additional 7.9 million square feet of office and other commercial properties in the Washington, D.C. area;

Retail Properties ("Retail"):

(iii) 56 shopping center properties in six states and Puerto Rico aggregating approximately 12.0 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 6.8 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 89 warehouse facilities nationwide with an aggregate of approximately 428 million cubic feet of refrigerated space (excludes 15 additional warehouses containing approximately 91 million cubic feet managed by AmeriCold Logistics). AmeriCold Logistics leases all of the partnerships' facilities;

Other Real Estate Investments:

(vi) approximately 32% of the outstanding common stock of Alexander's, Inc. ("Alexander's"), which has eight properties in the New York City metropolitan area;

(vii) the Hotel Pennsylvania in New York City contains approximately 800,000 square feet of space with 1,700 rooms and approximately 400,000 square feet of retail and office space;

(viii) approximately 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, making opportunistic investments and executing its operating strategies through:

- Maintaining a superior team of operating and investment professionals and an opportunistic 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; and
- Developing and redeveloping the Company's existing properties to increase returns and maximize value.

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, 1999, the Company completed approximately \$807 million of real estate acquisitions and investments. The following table lists the acquisitions and investments by business segment:

	LOCATION	TOTAL CONSIDERATION (IN MILLIONS)

OFFICE:		

888 Seventh Avenue.....	New York City	\$ 117
Charles E. Smith Commercial Realty, L.P.:		
Increase in investment to 34%.....	Northern Virginia and Washington, D.C.	242
Crystal City hotel land.....	Crystal City, Virginia	8
909 Third Avenue.....	New York City	123
595 Madison Avenue (the Fuller Building).....	New York City	125
GreenPoint leasehold interest.....	New York City	37
RETAIL:		

Vornado-Ceruzzi Joint Venture		
(80% interest).....	Northeast and Mid-Atlantic states	12
OTHER REAL ESTATE INVESTMENTS:		

Newkirk Joint Ventures - additional investments.....	Various	68
Hotel Pennsylvania - increase in investment from		
80% to 100%.....	New York City	42
Alexander's Inc. - increase in investment from		
29.3% to 32%.....	New York City	9
Student Housing Joint Ventures		
(90% interest).....	Florida	24

Total Acquisitions and Investments.....		\$ 807
		=====

OFFICE:

888 Seventh Avenue

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

Charles E. Smith Commercial Realty L.P.

On March 4, 1999, the Company made an additional \$242,000,000 investment in CESCER by contributing to CESCER the land under certain CESCER office properties in Crystal City, Arlington, Virginia, and partnership interests in certain CESCER 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 CESCER. Together with the Company's investment in CESCER made in 1997 and the units it reacquired in March 1999 from Vornado Operating Company, the Company owns approximately 34% of CESCER's limited partnership units. In addition, the Company acquired from CAPI for \$8,000,000 the land under a Marriott Hotel located in Crystal City.

The purchase price was paid to CAPI by the Company issuing \$250,000,000 of 6% Convertible Preferred Units. 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 has the right to appoint one of three members to CESCER's Board of Managers, increasing under certain circumstances to two of four members in March 2002.

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

909 Third Avenue

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

595 Madison Avenue

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

GreenPoint Leasehold Interest

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

RETAIL:

Vornado-Ceruzzi Joint Ventures

On January 4, 2000 and January 25, 2000, the Company and its joint venture partner acquired fee and/or leasehold interests in six properties located in Pennsylvania, Virginia and Maryland formerly occupied by Hechinger, Inc., a home improvement retailer, which was liquidated. The purchase price for the 500,000 square feet acquired was \$15,000,000. The Company's share of this investment is 80% or \$12,000,000.

OTHER REAL ESTATE INVESTMENTS:

Newkirk Joint Ventures

On March 9, 1999, the Company and its joint venture partner completed the acquisition of additional equity interests in certain limited partnerships. The Company's additional investment of \$52,435,000 consisted of \$47,790,000 in Operating Partnership Units and \$4,645,000 in cash.

On October 15, 1999, the Company completed the acquisition of \$15,600,000 of securitized debt of the Newkirk Joint Ventures which has an average yield of 14.28%.

Hotel Pennsylvania

On August 5, 1999, the Company increased its interest in the Hotel by acquiring Planet Hollywood International, Inc.'s ("Planet Hollywood") 20% interest in the hotel for approximately \$18,000,000 and assumed \$24,000,000 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 acquisition, the Company owned 100% of the commercial portion of the building (retail and office space) and 98% of the hotel portion through a preferred stock affiliate (in which the Company owns all of the preferred equity and none of the common equity).

Alexander's

On October 21, 1999, the Company increased its ownership interest in Alexander's from 29.3% to 32% by acquiring an additional 135,600 shares of Alexander's common stock for approximately \$8,956,000.

Student Housing Joint Venture

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

DISPOSITIONS

On March 3, 2000, the Company sold three shopping centers located in Texas for approximately \$25,750,000 resulting in a gain of \$4,400,000.

DEVELOPMENT AND REDEVELOPMENT PROJECTS

During 1999, the Company expended approximately \$93,444,000 in connection with development and redevelopment projects which included (i) \$27,544,000 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, (ii) \$11,000,000 to buyout the Bradlees lease at 14th Street and Union Square (effective March 15, 2002), and (iii) \$54,900,000 for the multi-year projects described below.

The following table sets forth certain information for multi-year projects currently in development or redevelopment as of December 31, 1999:

Project	Anticipated Completion Date	The Company's Share of		
		Estimated Total Project Cost	Costs Expended through December 31, 1999	Estimated Costs to Complete
YMCA Development (80% interest) - construction and sale of 119,000 square foot residential condominium tower in Manhattan (46 of the 53 units (87%) have been presold as of March 1, 2000)	Spring 2001	\$ 99.5	\$ 22.9	\$ 76.6
Fort Lee, New Jersey (75% interest) - construction of an 800,000 square foot high rise rental apartment complex	Winter 2002	125.4	17.8	107.6
Temperature Controlled Logistics (60% interest) - acquisition, development and expansion of distribution and production warehouses	2000-2001	75.7	--	75.7
770 Broadway - refurbishment of 1,016,000 square foot office property	Spring 2000	36.0	24.9	11.1
Market Square Complex in High Point, North Carolina - 335,000 square foot expansion project	Spring 2000	23.0	15.3	7.7
		----- \$ 359.6 =====	----- \$ 80.9 =====	----- \$ 278.7 =====

The above table does not include the capital requirements of Alexander's 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 site at 14th Street and Union (currently leased to Bradlees), which may include razing the existing building and developing a large multi-use building, (ii) the refurbishment of the Hotel Pennsylvania, (iii) the redevelopment of the Company's Penn Station properties which may include creating new retail space, (iv) the construction of a large office tower at 7 Times Square (50% interest), (v) the construction of 435,000 square feet of new showrooms in High Point, North Carolina, (vi) the redevelopment of office space at 595 Madison Avenue, and (vii) the 45,000 square foot expansion of 640 Fifth 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 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, 1999, \$4,587,000 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 \$330,000 for the year ended December 31, 1999 and \$50,000 for the period from October 16, 1998 (commencement date) through December 31, 1998.

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 a corresponding position with Vornado Operating.

Temperature Controlled Logistics Business

On October 31, 1997, partnerships (the "Vornado/Crescent Partnerships") in which affiliates of the Company have a 60% interest and affiliates of Crescent Real Estate Equities Company have a 40% interest, acquired each of AmeriCold Corporation ("AmeriCold") and URS Logistics, Inc. ("URS"). In June 1998, the Vornado/Crescent Partnerships acquired the assets of Freezer Services, Inc. and in July 1998 acquired the Carmar Group.

On March 12, 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 \$48,000,000 to a new partnership owned 60% by Vornado Operating Company and 40% by Crescent Operating Inc. ("AmeriCold Logistics"). The new partnership leases the underlying temperature controlled warehouses used in this business from the Vornado/Crescent Partnerships which continue to own the real estate. The leases 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. The new partnership is 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. The new partnership has the right to defer a portion of the rent for up to three years beginning on March 12, 1999 to the extent that available cash, as defined in the leases, is insufficient to pay such rent and pursuant thereto, rent was deferred for the period ended December 31, 1999 of which the Company's share was \$3,240,000.

Disposition and Acquisition of Interest in CESCO

On December 31, 1998, the Company sold approximately 1.7% of the outstanding partnership units of CESCO to Vornado Operating Company for an aggregate purchase price of approximately \$12,900,000, or \$34 per unit (which is the price at which CESCO issued partnership units in October 1998 in connection with a significant "roll-up" transaction). The purchase price was funded out of Vornado Operating's working capital. After giving effect to this purchase, the Company owned approximately 9.6% of CESCO as of December 31, 1998. In connection with this purchase, the Company granted to Vornado Operating an option to require the Company to repurchase all of the CESCO units at the price at which Vornado Operating purchased the CESCO units, plus a cumulative return on such amount at a rate of 10% per annum. In March 1999, Vornado Operating exercised such option and the Company reacquired the CESCO units from Vornado Operating for \$13,200,000.

FINANCING ACTIVITIES

During 1999, the Company sold an aggregate of \$539,500,000 of Cumulative Redeemable Preferred Units and \$200,000,000 of Cumulative Redeemable Preferred Shares, resulting in net proceeds of approximately \$718,734,000.

In addition, during 1999 the Company completed \$485,000,000 of property level refinancings.

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.

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, 1999, the ratio of debt-to-enterprise value (market equity value plus debt less cash) was 43% based on debt of \$3.2 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 or debt financings, 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 reacquire its shares or any other securities in the future.

EBITDA BY SEGMENT AND REGION

The following table sets forth the percentage of the Company's EBITDA(1) by segment and region for the years ended December 31, 1999, 1998 and 1997. Prior to April 1997, the Company operated in one segment-retail real estate, primarily in the Northeast section of the United States.

SEGMENT	PERCENTAGE OF EBITDA		
	Years Ended December 31,		
	1999	1998	1997
Office.....	42%	37%	38%
Retail.....	19%	26%	57%
Merchandise Mart Properties.....	12%	9%	--
Temperature Controlled Logistics.....	16%	20%	8%
Other.....	11%	8%	(3)%
	-----	-----	-----
	100%	100%	100%
	=====	=====	=====
 REGION			

New York City metropolitan area.....	48%	54%	72%
Washington D.C./Northeast Virginia.....	12%	7%	1%
Chicago.....	8%	6%	--
New Jersey.....	4%	5%	14%
Puerto Rico.....	2%	2%	4%
Other (2).....	26%	26%	9%
	-----	-----	-----
	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 and the effect of straight-lining of property rentals for rent escalations. 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 31 states and Alberta, Canada. See page 34 for details.

RELATIONSHIP WITH ALEXANDER'S

The Company owns 32.0% 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 eight properties (see Item 2. Properties--Alexander's).

At December 31, 1999, the Company has loans receivable from Alexander's aggregating \$95,000,000, including \$50,000,000 loaned to Alexander's on October 20, 1999. The loans, which were scheduled to mature on March 15, 2000, were extended to March 15, 2001. The interest rate was reset from 14.18% to 15.72%, reflecting an increase in the underlying Treasury rate. Management believes there are no indications of impairment as discussed in Statement of Financial Accounting Standards No. 114, "Accounting by Creditors for Impairment of a Loan".

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, 1999, Interstate Properties and its partners owned approximately 17.8% of the common shares of beneficial interest of the Company, 27.3% of Alexander's common stock and beneficial ownership of 17.8% of Vornado Operating. Interstate Properties is a general partnership in which Steven Roth, David Mandelbaum and Russell B. Wight, Jr. are 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. 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

Under various Federal, state and local laws and regulations, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic 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 damaged asbestos-containing materials or in the event of demolition or certain renovations or remodeling and 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 certain 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 or tanks or 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 requirements would not result in significant costs to the Company.

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 1,299 employees consisting of 95 in the Office Properties segment, 53 in the Retail Properties segment, 588 in the Merchandise Mart Properties segment, 470 at the Hotel Pennsylvania and 93 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 Park 80 West, Plaza II, Saddle Brook, New Jersey 07663; telephone (201) 587-1000.

ITEM 2. PROPERTIES

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

OFFICE

The New York City office properties consist of (i) all or a portion of 22 office buildings in the New York City metropolitan area (primarily Manhattan) aggregating approximately 14.0 million square feet (including 825,000 square feet of retail space and five garages containing 334,000 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 10.7 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 21.

New York City Office Properties:

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

Industry -----	Percentage -----
Publishing.....	13%
Retail.....	10%
Finance.....	9%
Legal.....	8%
Technology.....	7%
Insurance.....	6%
Government.....	5%
Pharmaceuticals.....	5%
Media and Entertainment.....	5%
Apparel.....	3%
Service Contractors.....	3%
Engineering.....	3%
Bank Branches.....	5%
Other.....	18%

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. 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 1999:

Tenant -----	Square Feet Leased -----	1999 Revenues	Percentage of the New York City Office Properties Revenues -----
Sterling Winthrop Inc.....	429	\$ 18,125	5%
Times Mirror Company.....	520	15,424	4%
The McGraw Hill Companies Inc.....	486	14,199	4%
Mutual Life Insurance Co.....	264	8,734	2%
Kmart Corporation.....	287	7,649	2%

The following table sets forth lease expirations for each of the next 10 years, as of December 31, 1999, 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
2000.....	211	914,000	6.6%	\$ 31,501,000	\$ 34.45
2001.....	127	767,000	5.5%	25,755,000	33.59
2002.....	122	793,000	5.7%	24,235,000	30.55
2003.....	98	1,294,000 (1)	9.3%	29,065,000	22.47
2004.....	117	973,000	7.0%	31,055,000	31.91
2005.....	62	505,000	3.6%	15,650,000	30.98
2006.....	69	869,000	6.3%	24,178,000	27.82
2007.....	57	865,000	6.2%	28,496,000	32.93
2008.....	63	1,228,000	8.8%	37,901,000	30.85
2009.....	45	612,000	4.4%	19,998,000	32.66

(1) Includes 492,000 square feet at 909 Third Avenue leased to the U.S. Post Office. The annual escalated rent is \$3,193,000 or \$6.49 per square foot. The U.S. Post Office has 7 five-year renewal options remaining.

As of March 1, 2000, the occupancy rate of the Company's New York City Office properties was 95%. 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
1999.....	14,028,000	95%	\$ 30.16
1998.....	12,437,000	91%	\$ 28.14
1997.....	8,353,000	95%	\$ 27.09

In 1999, 1,764,602 square feet of New York City office space was leased at a weighted average initial rent per square foot of \$37.34. The Company's ownership interest in the leased square footage is 1,685,476 square feet at a weighted average initial rent per square foot of \$37.10. At December 31, 1998, the weighted average escalated rent per square foot for the Company's interest in such properties was \$26.22. Following is the detail by building:

Location	1999 Leases		Average Annual Escalated Rent Per Square Foot at December 31, 1998
	Square Feet	Average Initial Rent Per Square Foot(1)	
770 Broadway.....	588,056	\$31.86	\$ 20.16
One Penn Plaza.....	275,609	39.68	27.98
909 Third Avenue.....	220,823	47.11	34.83
Two Penn Plaza.....	88,379	38.06	27.80
Eleven Penn Plaza.....	66,870	31.37	26.75
888 Seventh Avenue.....	62,211	42.27	30.08
330 Madison Avenue.....	61,663	39.30	35.42
90 Park Avenue.....	61,318	45.90	37.63
570 Lexington Avenue.....	58,896	46.73	31.69
150 East 58th Street.....	55,881	40.82	30.99
1740 Broadway.....	53,800	42.00	34.42
866 United Nations Plaza.....	51,159	35.30	30.69
Two Park Avenue.....	49,255	35.64	23.54
550/600 Mamaroneck Avenue.....	36,818	21.68	19.72
40 Fulton Street.....	26,907	26.52	26.60
20 Broad Street.....	6,957	17.25	27.51
Total.....	1,764,602	37.34	27.02
Vornado's ownership interest.....	1,685,476	37.10	26.22

(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 (of which 28,000 square feet was previously leased as office space) at 640 Fifth Avenue at an average initial rent per square foot of \$202.79.

During 1999, the Company granted non-exclusive rights to three 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. Concurrently, the Company has invested approximately \$10.2 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, 1999.

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)
MANHATTAN					
One Penn Plaza (3)	1998	128,000	2,418,000	220	\$28.28
Two Penn Plaza	1997	117,000	1,497,000	62	27.97
909 Third Avenue (3)	1999	82,000	1,303,000	18	22.23
770 Broadway	1998	63,000	1,037,000	10	24.97
Eleven Penn Plaza	1997	56,000	975,000	75	27.00
LOCATION	ANNUALIZED ESCALATED RENT PER SQ. FT. (2)	PERCENT LEASED (1)	PRINCIPAL TENANTS (50,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
MANHATTAN					
One Penn Plaza (3)	\$29.28	97%	BNY Financial Group Buck Consultants Cisco Systems First Albany Kmart Corporation Metropolitan Life Miller Freeman Inc. MWB Leasing Parsons Brinkerhoff State of NY Stone & Webster	2004/2009 2008 2005/2011 2008/2013 2016/2036 2004 2011/2021 2006 2008/2013 2004/2014 2008	\$ 275,000
Two Penn Plaza	29.01	98%	Compaq Computer Forest Electric Information Builders, Inc. Madison Square Garden McGraw Hill Co., Inc. Ogden Services UHC Management	2003 2006/2011 2013/2023 2007/2017 2020/2030 2008 2001/2006	163,147
909 Third Avenue (3)	24.04	88%	Citibank Fischbein Badillo Forest Laboratories Ogilvy Public Relations Shearman & Sterling U.S. Post Office (4)	2008 2008 2010/2020 2009/2014 2007/2012 2003/2033	108,754
770 Broadway	25.59	97%	Chase Manhattan Bank J. Crew Kmart MTVN Online V.N.U. U.S.A, Inc	2005 2012/2017 2016/2036 2009/2014 2015/2020	--

Eleven Penn Plaza

29.35

97%

Crowthers McCall
Executive Office Network
Faulkner & Gray

2010
2012
2006/2011

53,129

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)
Two Park Avenue	1997	44,000	952,000	48	23.72
90 Park Avenue	1997	38,000	882,000	29	32.92
888 Seventh Avenue	1999	32,000	861,000	47	28.62
330 West 34th Street (3)	1998	46,000	625,000	12	14.21
1740 Broadway	1997	30,000	552,000	17	31.21
150 East 58th Street	1998	21,000	548,000	127	32.16
866 United Nations Plaza	1997	90,000	386,000	85	31.11
595 Madison (Fuller Building)	1999	13,000	297,000	79	53.69
640 Fifth Avenue	1997	22,000	259,000	15	58.62
40 Fulton Street	1998	18,000	233,000	31	27.95
689 Fifth Avenue	1998	6,000	86,000	8	56.55
330 Madison Avenue (25% Ownership)	1997	33,000	770,000	46	35.65

LOCATION	ANNUALIZED ESCALATED RENT PER SQ. FT. (2)	PERCENT LEASED (1)	PRINCIPAL TENANTS (50,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
			Federated Dept Stores	2016	
Two Park Avenue	23.99	96%	Herrick Feinstein Medical Liability Mutual Ins Schiefflin & Somerset Times Mirror Company United Way	2010/2015 2009 2006/2010 2010/2025 2013/2018	65,000
90 Park Avenue	38.35	99%	Sterling Winthrop Inc. Warnaco	2015/2035 2004	--
888 Seventh Avenue	31.12	93%	Golden Books New Line Realty Soros Fund Management LLC Stanley H. Kaplan The Limited	2013 2007 2004-2010 2006/2011 2014	55,000
330 West 34th Street (3)	14.47	90%	City of New York Props for Today	2012/2017 2006/2016	--
1740 Broadway	33.87	100%	Davis & Gilbert Mutual Life Insurance William Douglas McAdams	2013 2016/2026 2007	--
150 East 58th Street	33.74	94%			
866 United Nations Plaza	36.08	94%	Fross & Zelnick	2009	33,000
595 Madison (Fuller Building)	58.29	92%			
640 Fifth Avenue	60.60	92%	Bozell Jacobs Kenyon Hennes & Mauritz, Inc.	2008/2013 2014	--
40 Fulton Street	28.56	94%	Pencom Systems	2007	--

689 Fifth Avenue	56.93	66%	Red Door Salons, Inc.	2007/2012	--
330 Madison Avenue (25% Ownership)	35.88	93%	Bank Julius Baer BDO Seidman	2005 2010/2015	-- --

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)
20 Broad Street (3) (60% Ownership)	1998	20,000	462,000	18	27.12
570 Lexington Avenue (49.9% Ownership)	1997	16,000	427,000	52	33.42
825 Seventh Avenue (50% Ownership)	1996	18,000	165,000	3	27.26
WESTCHESTER					
550/600 Mamaroneck Avenue(3)	1998	666,000	234,000	48	19.89
NEW JERSEY					
Paramus (3)	1987	148,000	118,000	26	16.82
TOTAL OFFICE BUILDINGS		1,707,000	15,087,000	1,076	\$28.51
VORNADO' OWNERSHIP INTEREST		1,657,000	14,028,000		

LOCATION	ANNUALIZED ESCALATED RENT PER SQ. FT. (2)	PERCENT LEASED (1)	PRINCIPAL TENANTS (50,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
20 Broad Street (3) (60% Ownership)	30.62	96%	N.Y. Stock Exchange	2003/2066	--
570 Lexington Avenue (49.9% Ownership)	33.66	94%			--
825 Seventh Avenue (50% Ownership)	27.26	100%	International Merchandising Corp Young & Rubicom	2013/2023 2010/2015	23,968
WESTCHESTER					
550/600 Mamaroneck Avenue(3)	20.81	92%			--
NEW JERSEY					
Paramus (3)	16.82	64%			--
TOTAL OFFICE BUILDINGS	\$30.16	95%			\$ 776,998
VORNADO' OWNERSHIP INTEREST		95%			\$ 765,014

(1) Represents annualized monthly base rent for tenants excluding rent for leases which had not commenced as of December 31, 1999, 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 \$6.49.

CESCR Office Properties:

CESCR, owns 39 office buildings in the Northern Virginia and Washington D.C. area containing 10.7 million square feet. The Company owns a 34% interest in CESCR. As of December 31, 1999, 49 percent of CESCR's property portfolio is 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 (1.97 million square feet in 17 properties), the U.S. Navy Sea Systems Command (253,000 square feet in 7 properties), the Federal Supply Service (167,400 square feet in 2 properties) and the Environmental Protection Agency (203,000 square feet in one property). One additional tenant, US Airways, Inc. occupied 317,000 square feet in one building. As of December 31, 1999, no other tenants occupied more than 2% of CESCR's office properties.

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.

Below is a listing of tenants which accounted for 2% or more of the CESCR Office Properties revenues in 1999:

(in thousands, except percentages)			
Tenant	Square Feet Leased	1999 Revenues	Percentage of the CESCR Office Properties Revenues
-----	-----	-----	-----
U.S. Patent Trade Office	1,970	\$ 53,081	18%
US Airways, Inc.	317	10,899	4%
U.S. Navy Sea Systems Command	253	6,105	2%

The following table sets forth as of December 31, 1999 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
2000.....	230	1,245,000	11.9%	\$ 33,199,000	\$ 26.66
2001.....	226	2,886,000	27.5%	70,126,000	24.30
2002.....	176	1,302,000	12.4%	34,637,000	26.61
2003.....	134	1,508,000	14.4%	41,043,000	27.22
2004.....	103	2,126,000	20.2%	59,118,000	27.81
2005.....	32	136,000	1.3%	3,765,000	27.68
2006.....	18	261,000	2.5%	6,660,000	25.50
2007.....	10	80,000	.8%	2,207,000	27.64
2008.....	11	447,000	4.3%	14,213,440	31.81
2009.....	17	407,000	3.9%	10,359,000	25.47

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
1999.....	10,657,000	99%	\$ 26.46
1998.....	10,657,000	98%	25.22

CESCO manages an additional 7.9 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, 1999.

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	NUMBER OF BUILDINGS	APPROXIMATE LEASABLE BUILDING SQUARE FEET	NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)
Crystal Mall	1968	4	1,068,000	12	\$ 24.20
Crystal Plaza	1964-1969	7	1,223,000	121	24.11
Crystal Square	1974-1980	4	1,388,000	181	27.77
Crystal Gateway	1983-1987	4	1,081,000	102	26.77
Crystal Park	1984-1989	5	2,154,000	104	28.29
Arlington Plaza	1985	1	174,000	20	24.08
1919 S Eads Street	1990	1	93,000	6	27.19
Skyline Place	1973-1984	6	1,595,000	188	21.69
One Skyline Tower	1988	1	477,000	5	21.21
Courthouse Plaza	1988-1989	2	609,000	59	24.49
1101 17th Street	1963	1	204,000	51	27.65
1730 M Street	1963	1	190,000	39	23.26
1140 Connecticut Ave	1966	1	175,000	38	28.08
1150 17th Street	1970	1	226,000	33	27.42
TOTAL CESCR OFFICE PROPERTIES		39	10,657,000	959	\$ 25.45

LOCATION	ANNUALIZED ESCALATED RENT PER SQ. FT. (2)	PERCENT LEASED (1)	PRINCIPAL TENANTS (50,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
Crystal Mall	\$ 24.94	100%	General Services Administration General Services Administration	2001/2011 2001/2006	\$ 67,665
Crystal Plaza	24.91	99%	General Services Administration	2004/2014	74,572
Crystal Square	28.95	98%	Boeing General Services Administration Lockheed Martin Oblon Spivak	2002/2007 2003/2008 2003/2008 2004/2009	247,458
Crystal Gateway	27.52	97%	Analytical Services, Inc. General Services Administration Lockheed Martin Science Applications Int'l Corp.	2001/2006 2004 2002/2005 2002	61,539
Crystal Park	29.41	100%	CE Smith Headquarters General Services Administration Techmatics	2004/2009 2001/2011 2002/2007	301,358

			US Airways Headquarters	2008/2018	
			Vitro Corp	2002/2007	
Arlington Plaza	28.07	100%	Georgetown University Science Research Analysis Corp.	2002/2007 2001/2011	18,249
1919 S Eads Street	27.71	100%	Vitro Corp	2001/2004	13,687
Skyline Place	22.19	98%	BDM Federal, Inc. Electronic Data Services Science Application Int'l Corp. Science Research Analysis Corp.	2000/2003 2003 2003/2008 2001	123,176
One Skyline Tower	22.51	100%	General Services Administration Science Research Analysis Corp.	2004 & 2009 2003/2008	68,164
Courthouse Plaza	26.44	100%	Arlington County KPMG-Peat Marwick	2003/2008 2000/2003	82,762
1101 17th Street	30.14	99%	American Iron & Steel Institute Cosmetic & Toiletry Assn	2001/2006 2000/2005	22,261
1730 M Street	24.24	99%	General Services Administration General Services Administration League of Women Voters	2002/2005 2009 2004/2009	9,581
1140 Connecticut Ave	29.07	98%	Michaels & Wishner PC The Investigative Group	2002/2007 2000/2005	18,542
1150 17th Street	28.36	99%	American Enterprise Institute Arthur Andersen LLP	2002/2012 2004	22,310
TOTAL CESCROFFICE PROPERTIES	\$ 26.46	99%			----- \$ 1,131,324 =====

(1) Represents annualized monthly base rent excluding rent for leases which had not commenced as of December 31, 1999, 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 56 shopping center properties of which 53 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 marketplace 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	8%
Home Improvement	6%
Restaurants	4%
Membership Warehouse Clubs	4%
Drug Stores	4%
Electronic Stores	4%
Entertainment	3%
Office Supply Stores	3%
Financial/Insurance	3%
Other	26%

As of March 1, 2000, 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
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
1995	9,913,000	91%	8.68

The average annual base rent per square foot for the Green Acres Mall was \$13.46 and \$12.92 in total, and \$35.29 and \$32.24 for mall tenants only, at December 31, 1999 and 1998, 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 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 1999. 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 rentals in 1999:

(in thousands, except percentages)

TENANT	SQUARE FEET LEASED	1999 PROPERTY RENTALS	PERCENTAGE OF RETAIL PROPERTY RENTALS (EXCLUDING REIMBURSEMENTS)
Bradlees, Inc. ("Bradlees")	1,625	\$ 17,320	13.6%
The Home Depot, Inc.	409	5,014	3.9%
Kmart Corporation	556	4,760	3.7%
The TJX Companies, Inc.	328	3,287	2.6%
Staples, Inc.	214	2,962	2.3%
Toys R Us/Kids R Us	330	2,575	2.0%

In June 1995, Bradlees filed for protection under Chapter 11 of the U.S. Bankruptcy Code. Bradlees emerged from bankruptcy in January 1999 when its plan of reorganization was confirmed. The Company withdrew its objection to Bradlees' proposed plan of reorganization after obtaining Bradlees' agreement that its lease of the Company's 14th Street and Union Square property would terminate in March 2000. The lease was scheduled to expire in October 2019, and contained an option to renew for an additional ten years. The rent under the lease was increased by \$1,100,000 per annum to \$3,400,000 per annum from January 1999 to the March 2000 termination date. In connection with the foregoing, the Company paid \$11,000,000 to Bradlees. Subsequently, in January 2000, the lease was extended to March 15, 2002 and in connection therewith, the rent under the lease will increase to \$4,600,000 in March, 2000 and to \$4,900,000 in March 2001. The Company is considering various alternatives for the redevelopment of this site. The Company currently leases 15 other locations to Bradlees. Of these locations, the leases for 14 are fully guaranteed by Stop & Shop Companies, Inc., a wholly-owned subsidiary of Koninklijke Ahold NV (formerly Royal Ahold NV), a leading international food retailer, and one is guaranteed as to 70% of the rent.

The following table sets forth as of December 31, 1999 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
2000.....	69	654,000	5.8%	\$ 8,973,000	\$13.73
2001.....	78	367,000	3.3%	5,240,000	14.29
2002.....	79	1,195,000	10.6%	13,763,000	11.52
2003.....	57	551,000	4.9%	6,762,000	12.23
2004.....	93	993,000	8.8%	11,606,000	11.68
2005.....	84	477,000	4.2%	7,982,000	16.74
2006.....	45	803,000	7.1%	6,099,000	7.60
2007.....	42	641,000	5.7%	6,421,000	10.01
2008.....	22	393,000	3.5%	3,141,000	7.99
2009.....	45	579,000	5.2%	6,631,000	11.46

In 1999, 372,113 square feet of retail space was leased at a weighted average base rent per square foot of \$13.90. The Company's ownership interest in the leased square footage is 364,187 square feet at a weighted average base rent per square foot of \$13.56. At December 31, 1998, the weighted average annual rent per square foot for the Company's interest in such properties was \$11.11. Following is the detail by property:

Location	1999 Leases		Average Annual Rent Per Square Foot at December 31, 1998
	Square Feet	Average Base Rent Per Square Foot (1)	
Vineland.....	115,514	\$ 4.25	\$ 4.16
Valley Stream (Green Acres).....	41,803	32.16	32.24
Baltimore.....	32,629	4.00	5.95
Manalapan.....	25,597	14.25	9.13
Jersey City.....	21,568	14.25	12.35
Bricktown.....	18,558	15.44	10.57
East Hanover II.....	16,575	12.65	10.36
Las Catalinas.....	15,852	29.34	25.86
North Plainfield.....	15,479	14.15	8.57
Mesquite.....	13,148	22.70	12.28
Lewisville.....	11,342	14.56	14.52
Montehiedra.....	9,351	42.85	16.02
East Hanover I.....	6,097	16.37	10.85
Dallas.....	6,072	8.48	10.13
Amherst.....	6,038	13.00	6.99
Cherry Hill.....	4,920	12.17	9.25
Morris Plains.....	4,000	18.00	11.61
Hackensack.....	3,870	18.81	15.53
Bensalem.....	3,700	15.00	5.84
Total	372,113	13.90	11.43
Vornado's ownership interest	364,187	13.56	11.11

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

The Company's strip shopping centers are substantially 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 Stern's and as Macy's. 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, 1999 and excludes properties the Company has sold thereafter.

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE		NUMBER OF TENANTS
			OWNED/ LEASED BY COMPANY	OWNED BY TENANT ON LAND LEASED FROM COMPANY	
NEW JERSEY					
Bordentown	1958	31.2	179,000	--	4
Bricktown	1968	23.9	260,000	3,000	20
Cherry Hill	1964	37.6	231,000	64,000	15
Delran	1972	17.5	168,000	4,000	5
Dover	1964	19.6	173,000	--	14
East Brunswick	1957	19.2	216,000	10,000	6
East Hanover I	1962	24.6	271,000	--	20
East Hanover II	1979	8.1	91,000	--	11
Hackensack	1963	21.3	208,000	59,000	24
Jersey City	1965	16.7	223,000	3,000	10
Kearny	1959	35.3	42,000	62,000	4
Lawnside	1969	16.4	145,000	--	3
LOCATION	ANNUALIZED BASE RENT PER SQ. FT. (1)	PERCENT LEASED (1)	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
NEW JERSEY					
Bordentown	\$ 6.66	98%	Bradlees (2) Shop-Rite	2001/2021 2011/2016	\$ 8,290 (7)
Bricktown	10.73	98%	Kohl's Shop-Rite	2008/2028 2002/2017	16,753 (7)
Cherry Hill	9.37	97%	Bradlees (2) Drug Emporium Shop & Bag Toys "R" Us	2006/2026 2002 2007/2017 2012/2042	15,408 (7)
Delran	5.70	94%	Sam's Wholesale	2011/2021	6,604 (7)
Dover	6.32	100%	Ames Shop-Rite	2017/2037 2012/2022	7,551 (7)
East Brunswick	14.25	100%	Bradlees (2) Shoppers World T.J. Maxx Circuit City	2003/2023 2007/2012 2004/2009 2018/2038	23,393 (7)
East Hanover I	11.14	100%	Home Depot Marshalls Pathmark	2009/2019 2004/2009 2001/2024	28,046 (7)

			Today's Man	2009/2014	
East Hanover II	10.11	99%			--
Hackensack	15.95	100%	Bradlees (2) Pathmark Staples	2012/2017 2014/2034 2003/2013	25,700 (7)
Jersey City	12.36	95%	Bradlees (2) Shop-Rite	2002/2022 2008/2028	19,675 (7)
Kearny	13.49	68%	Pathmark	2013/2033	3,841 (7)
Lawnside	10.50	100%	Home Depot Drug Emporium	2012/2027 2007	10,887 (7)

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE		NUMBER OF TENANTS
			OWNED/ LEASED BY COMPANY	OWNED BY TENANT ON LAND LEASED FROM COMPANY	
Lodi	1975	8.7	171,000	--	1
Manalapan	1971	26.3	194,000	2,000	7
Marlton	1973	27.8	173,000	7,000	10
Middletown	1963	22.7	180,000	52,000	20
Morris Plains	1985	27.0	172,000	1,000	17
North Bergen	1959	4.6	7,000	55,000	3
North Plainfield (3)	1989	28.7	217,000	--	15
Totowa	1957	40.5	178,000	139,000	8
Turnersville	1974	23.3	89,000	7,000	3
Union	1962	24.1	257,000	--	11
Vineland	1966	28.0	143,000	--	4
Watchung	1959	53.8	50,000	116,000	6
Woodbridge	1959	19.7	233,000	3,000	10
NEW YORK					
14th Street and Union Square, Manhattan	1993	0.8	232,000	--	1
Albany (Menands)	1965	18.6	141,000	--	3

LOCATION	ANNUALIZED BASE RENT PER SQ. FT. (1)	PERCENT LEASED (1)	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
Lodi	7.27	100%	National Wholesale Liquidators	2013/2023	9,648 (7)
Manalapan	9.41	100%	Bradlees (2) Grand Union	2002/2022 2012/2022	12,876 (7)
Marlton	9.56	100%	Kohl's (2) Shop-Rite	2011/2031 2004/2009	12,520 (7)
Middletown	12.60	96%	Bradlees (2) Grand Union	2002/2022 2009/2029	16,901 (7)
Morris Plains	10.75	100%	Kohl's Shop-Rite	2023 2002	12,372 (7)
North Bergen	27.33	100%	A&P	2012/2032	4,073 (7)
North Plainfield (3)	9.17	94%	Kmart Pathmark	2006/2016 2001/2011	14,008 (7)
Totowa	16.73	100%	Bradlees (2) Home Depot Marshalls Circuit City	2013/2028 2015/2025 2007/2012 2018/2038	30,351 (7)
Turnersville	5.98	100%	Bradlees (2)	2011/2031	4,199 (7)
Union	18.66	100%	Bradlees (2) Toys "R" Us	2002/2022 2015	34,468 (7)

			Cost Cutter Drug	2000	
Vineland	4.16	98%	PC Roomlink	2005	--
Watchung	18.31	97%	B.J.'s Wholesale	2024	13,907 (7)
Woodbridge	14.22	91%	Bradlees (2) Foodtown Syms	2002/2022 2007/2014 2000/2005	22,719 (7)
NEW YORK					
14th Street and Union Square, Manhattan	15.53	100%	Bradlees	2019/2029	--
Albany (Menands)	7.08	100%	Fleet Bank Albany Public Mkts. (4) People of the State of NY	2004/2014 2000 2004/2014	6,389 (7)

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE		NUMBER OF TENANTS
			OWNED/ LEASED BY COMPANY	OWNED BY TENANT ON LAND LEASED FROM COMPANY	
Buffalo (Amherst) (3)	1968	22.7	185,000	112,000	10
Freeport	1981	12.5	167,000	--	3
New Hyde Park (3)	1976	12.5	101,000	--	1
North Syracuse (3)	1976	29.4	98,000	--	1
Rochester (Henrietta) (3)	1971	15.0	148,000	--	--
Rochester	1966	18.4	176,000	--	--
Valley Stream (Green Acres) (3)	1958	100.0	1,525,000	71,000	149

PENNSYLVANIA

Allentown	1957	86.8	263,000	354,000	20
Bensalem	1972	23.2	119,000	7,000	11
Bethlehem	1966	23.0	157,000	3,000	13
Broomall	1966	21.0	146,000	22,000	5
Glenolden	1975	10.0	101,000	--	3
Lancaster	1966	28.0	180,000	--	6
Levittown	1964	12.8	104,000	--	1

LOCATION	ANNUALIZED BASE RENT PER SQ. FT. (1)	PERCENT LEASED (1)	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
Buffalo (Amherst) (3)	9.61	81%	Circuit City Media Play Toys "R" Us T.J. Maxx	2017 2002/2017 2013 2004	7,200 (7)
Freeport	12.27	100%	Home Depot Cablevision	2011/2021 2004	15,208 (7)
New Hyde Park (3)	15.77	100%	Mayfair Supermarkets	2019/2029	7,676 (7)
North Syracuse (3)	2.74	100%	Reisman Properties	2014	--
Rochester (Henrietta) (3)	--	--			--
Rochester	--	--			--
Valley Stream (Green Acres) (3)	(5)	94%	Macy's Sterns JC Penney Sears Kmart Dime Savings Bank	2006/2036 2007/2017 2012/2017 2002/2005 2010/2038 2020	163,785

			Greenpoint Bank Waldbaum (4)	2009 2011/2039		
PENNSYLVANIA						
Allentown	10.55	100%	Hechinger(4) Shop-Rite Burlington Coat Factory	2011/2031 2011/2021 2017	23,884	(7)
			Wal*Mart Sam's Wholesale T.J. Maxx	2024/2094 2024/2094 2003/2008		
Bensalem	9.77	98%	Kohl's (2)	2020/2040	6,600	(7)
Bethlehem	5.44	78%	Pathmark Super Petz	2008/2033 2005/2015	4,177	(7)
Broomall	9.41	100%	Bradlees (2)	2006/2026	10,044	(7)
Glenolden	10.70	100%	Bradlees (2)	2012/2022	7,533	(7)
Lancaster	4.54	49%	Weis Markets	2008/2018	--	
Levittown	5.98	100%	(2)	2006/2026	--	

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE		NUMBER OF TENANTS
			OWNED/ LEASED BY COMPANY	OWNED BY TENANT ON LAND LEASED FROM COMPANY	
10th and Market Streets, Philadelphia	1994	1.8	271,000	--	5
Upper Moreland	1974	18.6	122,000	--	1
York	1970	12.0	113,000	--	3
MARYLAND					
Baltimore (Belair Rd.)	1962	16.0	206,000	--	3
Baltimore (Towson)	1968	14.6	146,000	7,000	7
Baltimore (Dundalk)	1966	16.1	183,000	--	16
Glen Burnie	1958	21.2	65,000	57,000	5
Hagerstown	1966	13.9	133,000	15,000	6
CONNECTICUT					
Newington	1965	19.2	134,000	45,000	4
Waterbury	1969	19.2	140,000	3,000	8
MASSACHUSETTS					
Chicopee	1969	15.4	112,000	3,000	2
Milford (3)	1976	14.7	83,000	--	1
Springfield	1966	17.4	8,000	117,000	2

LOCATION	ANNUALIZED BASE RENT PER SQ. FT. (1)	PERCENT LEASED (1)	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
10th and Market Streets, Philadelphia	9.39	77%	Kmart Rouse Co.	2010/2035 2012/2072	9,200 (7)
Upper Moreland	8.50	100%	Sam's Wholesale	2010/2015	7,141 (7)
York	5.53	100%	Builders Square	2009/2018	4,223 (7)
MARYLAND					
Baltimore (Belair Rd.)	4.88	81%	Disabled American Veterans Food Depot TJ Maxx	2009/2014 2003 2004/2024	--
Baltimore (Towson)	10.47	100%	Staples Cost Saver Supermarket Drug Emporium	2004 2000/2020 2004/2009	11,704 (7)
Baltimore (Dundalk)	7.06	77%	A & P Ollie's	2002/2017 2003/2008	6,342 (7)
Glen Burnie	7.80	100%	Weis Markets	2018/2053	6,023 (7)
Hagerstown	3.32	100%	Big Lots Pharmhouse Weis Markets	2002/2012 2008 2004/2009	3,375 (7)
CONNECTICUT					
Newington	6.89	100%	(2) Pathmark (4)	2002/2022 2007/2027	6,727 (7)
Waterbury	5.30	89%	Toys "R" Us Shaws Supermarkets	2010 2003/2018	--
MASSACHUSETTS					

Chicopee	4.71	84%	Bradlees (2)	2002/2022	--
Milford (3)	5.26	100%	Bradlees (2)	2004/2009	--
Springfield	12.25	100%	Wal*Mart	2018/2092	3,211 (7)

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE		NUMBER OF TENANTS
			OWNED/ LEASED BY COMPANY	OWNED BY TENANT ON LAND LEASED FROM COMPANY	
PUERTO RICO (SAN JUAN) Montehiedra	1997	57.1	525,000	--	96
Caguas (50% Ownership)	1998	35.0	343,000	--	108
TOTAL SHOPPING CENTERS		1,333.5	10,698,000	1,403,000	745
VORNADO'S OWNERSHIP INTEREST		1,317.9	10,557,000	1,403,000	

LOCATION	ANNUALIZED BASE RENT PER SQ. FT. (1)	PERCENT LEASED (1)	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
PUERTO RICO (SAN JUAN) Montehiedra	16.85	100%	Kmart Builders Square Marshalls Caribbean Theatres	2022/2072 2022/2072 2010/2025 2021/2026	61,618
Caguas (50% Ownership)	25.56	96%	Kmart	2064	70,212
TOTAL SHOPPING CENTERS	\$11.16	92%			\$ 796,462
VORNADO'S OWNERSHIP INTEREST		92%			\$ 761,356

(1) Represents annualized monthly base rent excluding ground leases, storage rent and rent for leases which had not commenced as of December 31, 1999, which are included in percent leased.

(2) These leases are fully guaranteed by Stop & Shop, a wholly-owned subsidiary of Koninklijke Ahold NV (formerly Royal Ahold NV), except in the case of Totowa, 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 these locations but continues to pay rent.

(5) Annualized rent per square foot is \$13.46 in total and \$35.29 for the mall tenants only.

(6) Square footage excludes the anchor store which owns its land and building.

(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 seven properties containing an aggregate of approximately 6.8 million square feet. The properties are used for offices (36%), showrooms (61%) and retail stores (3%). The Company acquired these assets in separate transactions in 1998. In April 1998, the Company purchased four buildings containing approximately 5.4 million square feet from the Kennedy Family, including the 3.4 million square foot Merchandise Mart building in Chicago, the adjacent 350 North Orleans Street building, the Washington, D.C. Office Center and the adjacent Washington, D.C. Design Center. In December 1998, the Company purchased the 1.1 million square foot Market Square Complex and in a separate transaction purchased the adjacent 244,000 square foot National Furniture Mart in High Point, North Carolina.

Office Space

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

INDUSTRY -----	PERCENTAGE -----
Government	38%
Service	24%
Telecommunications	16%
Insurance	12%
Pharmaceutical	5%
Other	5%

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 1999:

(in thousands, except percentages)

TENANT -----	SQUARE FEET LEASED -----	1999 REVENUES -----	PERCENTAGE OF MERCHANDISE MART PROPERTIES REVENUES -----
General Services Administration	303	\$ 8,609	7%
Bankers Life and Casualty	303	5,447	4%
Ameritech	234	5,230	4%
Chicago Transit Authority	244	4,143	3%
Bank of America	201	2,406	2%

As of March 1, 2000, the occupancy rate of the Merchandise Mart Properties' office space was 93%. 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
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
1995	2,028,000	85%	19.34

The following table sets forth as of December 31, 1999 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
2000	14	274,000 (1)	12.2%	\$ 7,780,000	\$28.39
2001	8	37,000	1.7%	868,000	23.15
2002	15	79,000	3.5%	1,785,000	22.61
2003	6	82,000	3.7%	1,347,000	16.37
2004	2	30,000	1.3%	734,000	24.47
2005	4	128,000	5.7%	2,628,000	20.55
2006	5	43,000	1.9%	1,264,000	29.12
2007	13	456,000	20.3%	8,092,000	17.74
2008	8	434,000	19.3%	9,339,000	21.52
2009	7	257,000	11.4%	5,032,000	19.59

(1) 250,000 square feet is leased to the GSA and is expected to be renewed by March 31, 2000 for 10 years at an initial rent per square foot of \$34.89.

In 1999, 121,724 square feet of office space was leased at a weighted average initial rent per square foot of \$21.49. At December 31, 1998, the weighted average escalated rent per square foot for such properties was \$19.68. Following is the detail by building.

1999 Leases		
Square Feet	Average Initial Rent psf (1)	Average Annual Escalated Rent per Square Foot at December 31, 1998
350 North Orleans	102,752	\$ 17.62
Merchandise Mart	15,496	18.09
Washington Design Center	1,849	35.77
Washington Office Center	1,627	28.88
Total	121,724	19.68

(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 4,174,000 square feet of which 2,473,000 square feet is located in the Merchandise Mart building and 350 North Orleans in Chicago, 1,359,000 square feet is located in the Market Square Complex (including the National Furniture Mart) in High Point, North Carolina and 342,000 square feet is located in the Design Center in Washington, D.C. The showroom space consists of 2,732,000 square feet of permanent mart space (leased to manufacturers and distributors whose clients are retailers, specifiers and end users), 941,000 square feet of permanent design center space (leased to wholesalers whose principal clientele is interior designers), and 501,000 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, the NeoCon Show, 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
Residential Furnishings	28%
Residential Design	21%
Contract Furnishings	15%
Gift	11%
Apparel	7%
Casual Furniture	4%
Building Products	2%
Market Suites	12%

As of March 1, 2000 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
1999	4,174,000	98%	\$ 21.29 (1)
1998	4,266,000	95%	18.45 (1)
1997	2,817,000	94%	20.94
1996	2,942,000	84%	20.65
1995	2,953,000	75%	22.07

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

The following table sets forth as of December 31, 1999 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
2000.....	241	548,000	13.4%	\$ 10,720,000	\$ 19.56
2001.....	239	568,000	13.9%	9,574,000	16.84
2002.....	210	428,000	10.5%	8,493,000	19.84
2003.....	131	443,000	10.8%	8,872,000	20.02
2004.....	136	498,000	12.2%	8,885,000	17.84
2005.....	33	163,000	4.0%	4,082,000	25.02
2006.....	41	190,000	4.6%	5,315,000	28.04
2007.....	29	186,000	4.5%	3,677,000	19.80
2008.....	28	148,000	3.6%	3,265,000	22.06
2009.....	33	126,000	3.1%	2,791,000	22.23

Retail Stores

The Merchandise Mart Properties' portfolio also contains approximately 184,000 square feet of retail stores which were 62% occupied at March 1, 2000.

Merchandise Mart in Chicago

The Merchandise Mart in Chicago is a 25-story industry building. Built in 1930, the Merchandise Mart is one of the largest buildings in the nation, containing over 4,000,000 gross square feet of which approximately 3,440,000 square feet is rentable.

As of March 1, 2000, the occupancy rate of the Merchandise Mart in Chicago was 95%. The following table sets forth the occupancy rate and the average escalated rent per square foot at the end of each of the past five years.

Year End	Rentable Square Feet	Occupancy Rate	Average Annual Escalated Rent Per Square Foot
1999	3,440,000	95%	\$ 23.54
1998	3,440,000	96%	21.18
1997	3,411,000	96%	19.82
1996	3,404,000	94%	19.09
1995	3,404,000	82%	20.44

The following table sets forth as of December 31, 1999 lease expirations at the Merchandise Mart in Chicago for each of the next 10 years assuming that none of the tenants exercise renewal options.

YEAR	NUMBER OF EXPIRING LEASES	SQUARE FEET OF EXPIRING LEASES	PERCENTAGE OF TOTAL SQUARE FEET	ANNUAL ESCALATED RENT OF EXPIRING LEASES	
				TOTAL	PER SQUARE FOOT
2000	122	261,000	8.0%	\$ 6,183,000	\$23.71
2001	105	173,000	5.3%	5,190,000	30.03
2002	115	260,000	7.9%	6,083,000	23.38
2003	78	253,000	7.7%	6,064,000	23.96
2004	102	289,000	8.8%	7,359,000	25.46
2005	30	268,000	8.2%	6,438,000	24.05
2006	44	205,000	6.2%	5,650,000	27.59
2007	36	490,000	15.0%	9,557,000	19.49
2008	25	501,000	15.3%	10,973,000	21.89
2009	16	72,000	2.2%	1,614,000	22.48

The aggregate undepreciated tax basis of depreciable real property at the Merchandise Mart in Chicago for Federal income tax purposes was approximately \$128,000,000 as of December 31, 1999 and depreciation for such property is computed for Federal income tax purposes on the straight-line method over thirty-nine years.

For the 1999 tax year, the tax rate in Chicago for commercial real estate is \$8.872 for \$100 assessed value which results in real estate taxes of \$9,774,474 for the Merchandise Mart.

MERCHANDISE MART PROPERTIES:

The following table sets forth certain information for the Merchandise Mart Properties owned by the Company as of December 31, 1999.

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FEET	NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)
ILLINOIS					
Merchandise Mart, Chicago	1930	6.7	3,440,000	754	\$ 21.48
350 North Orleans, Chicago	1977	4.3	1,117,000	296	19.60
WASHINGTON, D.C.					
Washington Office Center	1990	1.2	398,000	24	27.66
Washington Design Center	1919	1.2	388,000	84	25.52
Other		1.3	93,000	8	8.54
HIGH POINT, NORTH CAROLINA					
Market Square Complex	1902 - 1989	13.1	1,115,000	228	10.94
National Furniture Mart	1964	0.7	244,000	33	12.49
TOTAL MERCHANDISE MART PROPERTIES		28.5	6,795,000	1,427	\$ 19.61

LOCATION	ANNUALIZED ESCALATED RENT PER SQ. FT. (2)	PERCENT LEASED (1)	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
ILLINOIS					
Merchandise Mart, Chicago	\$ 23.54	95%	Baker, Knapp & Tubbs Bankers Life & Casualty CCC Information Services Chicago Teachers Union Chicago Transit Authority Holly Hunt Monsanto Office of the Special Deputy Steelcase	2007/2013 2008/2018 2008/2018 2005 2007/2027 2003 2007 2005 2007	\$ 250,000
350 North Orleans, Chicago	21.03	91%	21st Century Telecom 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	40,000
WASHINGTON, D.C.					
Washington Office Center	31.83	94%	General Services Administration	2000/2010	49,537
Washington Design Center	26.19	95%			23,932
Other	10.51	87%			--
HIGH POINT, NORTH CAROLINA					
Market Square Complex	12.18	99%	Century Furniture Company La-Z-Boy	2004 2004	42,758
National Furniture Mart	12.51	100%			13,695
TOTAL MERCHANDISE MART PROPERTIES	\$ 21.52	95%			\$ 419,922

(1) Represents annualized monthly base rent excluding rent for leases which had not commenced as of December 31, 1999, 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 that own 89 refrigerated warehouses with an aggregate of approximately 428 million cubic feet (excludes 15 additional warehouses containing approximately 91 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 12, 1999, the Vornado/Crescent Partnerships sold all of the non-real estate assets of AmeriCold Logistics encompassing the operations of the cold storage business for approximately \$48,000,000 to a new partnership owned 60% by Vornado Operating Company and 40% by Crescent Operating Inc. ("AmeriCold Logistics") The new partnership leases the underlying cold storage warehouses used in this business from the Vornado/Crescent Partnerships which continue to own the real estate. The leases 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. The new partnership is 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. Fixed base rent and percentage rent was approximately \$134,000,000 for the period from March 12, 1999 through December 31, 1999. The new partnership has the right to defer a portion of the rent for up to three years beginning on March 12, 1999 to the extent that available cash, as defined in the lease, is insufficient to pay such rent, and pursuant thereto, rent was deferred as of December 31, 1999, of which the Company's share is \$3,240,000.

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

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

	% of Warehouse 1999 Revenue

Con-Agra	9%
Tyson	8%
Heinz	8%
McCain Foods	7%
Kraft	7%
Pillsbury	6%
Sara Lee	5%
J.R. Simplot	3%
Daymark Foods (Sam's Club)	2%
Other	45%

Facilities

The following table shows the location, size and type of facility for each of the Temperature Controlled Logistics properties as of December 31, 1999:

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	Leased	1.9	55.9
TOTAL CALIFORNIA			28.6	1,105.2
COLORADO				
Denver	East 50th Street	Owned 52% Leased 48%	2.8	116.3
Denver	North Washington Street	Leased	0.6	25.0
TOTAL COLORADO			3.4	141.3

PROPERTY	LOCATION	OWNED/ LEASED	CUBIC FEET (IN MILLIONS)	SQUARE FEET (IN THOUSANDS)
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
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

PROPERTY	LOCATION	OWNED/ LEASED	CUBIC FEET (IN MILLIONS)	SQUARE FEET (IN THOUSANDS)
Boston	Wildett Circle	Owned	3.1	218.0
Watertown	Pleasant Street	Owned	4.7	180.8
TOTAL MASSACHUSETTS			15.2	729.5
MISSOURI				
Marshall	West Highway 20	Owned	4.8	160.8
Carthage	No. 1 Civil War Road	Owned	33.1	2,068.8
TOTAL MISSOURI			37.9	2,229.6
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	Owned	3.4	104.0
TOTAL NORTH CAROLINA			8.5	327.7
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
SOUTH CAROLINA				
Columbia	Shop Road	Owned	1.6	83.7
SOUTH DAKOTA				
Sioux Falls	2300 East Rice Street	Owned	2.9	111.5

PROPERTY	LOCATION	OWNED/ LEASED	CUBIC FEET (IN MILLIONS)	SQUARE FEET (IN THOUSANDS)
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*		Owned	3.4	111.1
Plover	110th Street	Owned	9.4	358.4
TOTAL WISCONSIN			17.4	630.5
TOTAL - OWNED/LEASED			428.3	16,998.4

PROPERTY	LOCATION	OWNED/ LEASED	CUBIC FEET (IN MILLIONS)	SQUARE FEET (IN THOUSANDS)
FACILITIES MANAGED BY AMERICOLD LOGISTICS:				
ALABAMA				
Batesville *	Highway 35 North	Managed	2.8	102.7
Birmingham	4th Street, West	Managed	0.1	0.1
TOTAL ALABAMA			2.9	102.8
CALIFORNIA				
Ontario	Wanamaker Avenue	Managed	3.2	122.0
Ontario	Airport Drive	Managed	13.5	450.0
Ontario	Vintage Avenue	Managed	3.6	130.0
Wilmington	Coil Avenue	Managed	4.5	173.1
TOTAL CALIFORNIA			24.8	875.1
MINNESOTA				
Park Rapids	U.S. Highway 71 South	Managed	5.9	173.5
NEW JERSEY				
Vineland	N. Mill Road	Managed	2.7	103.8
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
TENNESSEE				
Newbern	Biffle Road	Managed	2.4	92.3
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			90.9	2,913.4
GRAND TOTAL-OWNED/LEASED AND MANAGED			519.2	19,911.8

* New facility in 1999

The above table is summarized as follows:

TYPE	NUMBER OF FACILITIES	CUBIC FEET (IN MILLIONS)	SQUARE FEET (IN THOUSANDS)

Owned/leased by Vornado/Crescent partnerships:			
Owned	84	409.3	16,338.7
Leased	5	19.0	659.7

Managed by AmeriCold Logistics			
	89	428.3	16,998.4
	15	90.9	2,913.4

Total	104	519.2	19,911.8
=====			

ALEXANDER'S PROPERTIES

The following table shows as of December 31, 1999 the location, approximate size and leasing status of each of the properties owned by Alexander's, in which the Company has a 32.0% interest.

LOCATION	APPROXIMATE AREA IN SQUARE FEET/OR ACREAGE	APPROXIMATE LEASABLE SQUARE FOOTAGE/ NUMBER OF FLOORS	AVERAGE ANNUALIZED BASE RENT PER SQ. FOOT	PERCENT LEASED	SIGNIFICANT TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION
OPERATING PROPERTIES						
NEW YORK:						
Kings Plaza Regional Shopping Center--Brooklyn.....	24.3 acres	766,000/4(1)(2)	\$ 29.40	91%	Sears	2023/2033
Rego Park--Queens.....	4.8 acres	351,000/3(1)	28.76	100%	Bed Bath & Beyond Circuit City Marshalls Sears	2013 2021 2008/2021 2021
Fordham Road--Bronx.....	92,211 SF	303,000/5	--	--	--	--
Flushing--Queens (3).....	44,975 SF	177,000/4(1)	--	--	--	--
Third Avenue--Bronx.....	60,451 SF	173,000/4	5.00	100%	An affiliate of Conway	2023
		----- 1,770,000 =====				
DEVELOPMENT PROPERTIES						
NEW YORK:						
Lexington Avenue--Manhattan....	84,420 SF	--				
Rego Park II--Queens.....	6.6 acres	--				
NEW JERSEY:						
Paramus--New Jersey.....	30.3 acres	--				

(1) Excludes parking garages.

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

(3) Leased by the Company through January 2027.

Kings Plaza Regional Shopping Center:

In June 1998, Alexander's increased its interest in the Mall to 100% by acquiring Federated Department Stores's 50% interest. The purchase price was approximately \$28,000,000, which was paid in cash, plus Alexander's agreed to pay Federated \$15,000,000 to renovate its Macy's store in the Mall and Federated agreed to certain modifications to the Kings Plaza Operating Agreement. Alexander's is currently renovating the Mall in connection with the overall renovation of the Center at an estimated cost of \$33,000,000 of which \$9,045,000 has been expended as of January 31, 2000. The renovation is expected to be completed in 2000.

Paramus:

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

Lexington Avenue:

Alexander's is currently undertaking 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 to be sold to the public. In connection therewith, Alexander's paid \$14,500,000 for 140,000 square feet of air rights of which \$12,200,000 was paid to the Company (Vornado's cost plus \$243,000 in interest and closing costs). The air rights were contracted for and paid for in 1999, with closings to take place when the developments which give rise to the air rights are completed in 2000. The capital required for the proposed building will be in excess of \$400,000,000.

Because a REIT is subject to 100% excise tax on income derived from the sales of "dealer property" (i.e. condominiums), the air rights representing the residential portion of the property are being transferred to a preferred stock affiliate, a corporation in which Alexander's owns all of the preferred equity and none of the common equity. The transfer value will be adjusted once the final size of the residential portion is determined.

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.

HOTEL PENNSYLVANIA

On August 5, 1999, the Company increased its interest in the Hotel Pennsylvania to 100% by acquiring Planet Hollywood International, Inc.'s ("Planet Hollywood") 20% interest in the hotel for approximately \$18,000,000 and assumed \$24,000,000 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. 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 \$15,000,000 in cash and provided \$29,000,000 through letters of credit. The Hotel Pennsylvania contains approximately 800,000 square feet of hotel space with 1,700 rooms and approximately 400,000 square feet of retail and office space. The Company manages the property's retail and office space, and a preferred stock affiliate of the Company co-manages the hotel.

The following table presents rental information for the hotel:

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
Average occupancy rate	80%	79%	78%
Average daily rate	\$105	\$ 99	\$ 93

As of December 31, 1999, the property's retail and office space was 85% and 55% occupied. Twenty-five tenants occupy the retail and commercial space. Annual rent per square foot of retail and office space in 1999 were \$44 and \$16.

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	8,871	4,302	1,291
Retail	166	6,995	3,315	995
Other	14	5,146	2,518	755
	210	21,012	10,135	3,041
	=====	=====	=====	=====

These properties are located throughout the United States.

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 December 31, 1999, the occupancy rate of the properties was 92%. The average term of a tenant's lease is three to five years. Average annual rent per square foot at December 31, 1999 was \$3.37.

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.

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, 1999.

EXECUTIVE OFFICERS OF THE REGISTRANT

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

NAME	AGE	PRINCIPAL OCCUPATION, POSITION AND OFFICE (CURRENT AND DURING PAST FIVE YEARS WITH VORNADO UNLESS OTHERWISE STATED)
----- Steven Roth.....	58	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 2, 1995 and a Director since 1989; Chairman and CEO of Vornado Operating since 1998.
Michael D. Fascitelli.....	43	President and a Trustee since December 2, 1996; Director of Alexander's, Inc. since December 2, 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.....	53	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 prior to July 1998.
Joseph Macnow.....	54	Executive Vice President--Finance and Administration since January 1998; 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.
Irwin Goldberg.....	55	Vice President--Chief Financial Officer since January 1998; 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.
David R. Greenbaum.....	48	Chief Executive Officer of the New York Office Division since April 15, 1997 (date of the Company's acquisition); President of Mendik Realty (the predecessor to the Mendik Division) from 1990 until April 15, 1997.
Joseph Hakim.....	51	Chief Executive Officer of the Merchandise Mart Division since April 1, 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 1, 1998.
Daniel F. McNamara(1).....	53	Chief Executive Officer of the Temperature Controlled Logistics (AmeriCold Logistics) since October 1997 (the date of the Company's acquisition); Chief Executive Officer of URS Logistics, Inc. (one of the predecessors to Temperature Controlled Logistics) from March 1996 to October 1997; and Executive Vice President and Chief Operating Officer of Value Rent-A-Car, a wholly owned subsidiary of Mitsubishi Motors, prior to March 1996.
Richard T. Rowan.....	53	Vice President-Retail Real Estate Division since January 1982.

(1) As of March 17, 1999, Mr. McNamara is an employee of the partnership which purchased the non-real estate assets of AmeriCold Logistics.

PART II

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

There is no established public trading market for the units for the Operating Partnership. At December 31, 1999, there were 1,019 unitholders of record.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

	YEAR ENDED DECEMBER 31,				
	1999	1998	1997	1996	1995
(in thousands, except unit and per unit amounts)					
OPERATING DATA					
Revenues:					
Property rentals	\$ 590,814	\$ 425,496	\$ 168,321	\$ 87,424	\$ 80,429
Expense reimbursements	90,246	74,737	36,652	26,644	24,091
Other income	15,898	9,627	4,158	2,819	4,198
Total Revenues	696,958	509,860	209,131	116,887	108,718
Expenses:					
Operating	282,118	207,171	74,745	36,412	32,282
Depreciation and amortization	83,585	59,227	22,983	11,589	10,790
General and administrative	40,151	28,610	13,580	5,167	6,687
Amortization of officer's deferred compensation expense	--	--	22,917	2,083	--
Total Expenses	405,854	295,008	134,225	55,251	49,759
Operating Income	291,104	214,852	74,906	61,636	58,959
Income applicable to Alexander's	7,427	3,123	7,873	7,956	3,954
Income from partially-owned entities	82,310	32,025	4,658	1,855	788
Interest and other investment income	18,359	24,074	23,767	6,643	5,733
Interest and debt expense	(141,683)	(114,686)	(42,888)	(16,726)	(16,426)
Net gain from insurance settlement and condemnation proceedings	--	9,649	--	--	--
Minority interest	(1,840)	(651)	--	--	--
Net Income	255,677	168,386	68,316	61,364	53,008
Preferred unit distributions	(33,438)	(21,690)	(15,549)	--	--
Preferential allocations	(44,812)	(13,543)	(7,293)	--	--
Net income applicable to Class A units	\$ 177,427	\$ 133,153	\$ 45,474	\$ 61,364	\$ 53,008
Net income per Class A Unit--basic(1)	\$ 1.97	\$ 1.62	\$.83	\$ 1.26	\$ 1.13
Net income per Class A Unit--diluted(1)	\$ 1.94	\$ 1.59	\$.79	\$ 1.25	\$ 1.12
Cash dividends declared for Class A Units	\$ 1.80	\$ 1.64	\$ 1.36	\$ 1.22	\$ 1.12
BALANCE SHEET DATA					
Total assets	\$ 5,479,218	\$ 4,425,779	\$ 2,524,089	\$ 565,204	\$ 491,496
Real estate, at cost	3,921,507	3,315,891	1,564,093	397,298	382,476
Accumulated depreciation	308,542	226,816	173,434	151,049	139,495
Debt	2,048,804	2,051,000	956,654	232,387	233,353
Partners' capital	3,262,630	2,203,054	1,492,329	276,257	194,274

(1) The earnings per unit 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 unit and the impact of SFAS 128, see the notes to the consolidated financial statements. All unit and per unit information has also been adjusted for a 2-for-1 unit split in October 1997.

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

(All of the amounts presented are in thousands, except unit amounts)

OVERVIEW

Below is a summary of net income and EBITDA(1) by segment for the years ended December 31, 1999, 1998 and 1997:

	December 31, 1999					
	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.....	(1,840)	(1,840)	--	--	--	--
Net income.....	255,677	121,492	69,779	32,525	36,722	(4,841)
Minority interest.....	1,840	1,840	--	--	--	--
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
	=====	=====	=====	=====	=====	=====
	December 31, 1998					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(2)
Total revenues.....	\$509,860	\$247,499	\$167,155	\$ 86,521	\$ --	\$,8685
Total expenses.....	295,008	151,573	70,334	50,761	--	22,34
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.....	(651)	(651)	--	--	--	--
Net income.....	168,386	85,421	66,989	15,191	15,719	(14,934)
Minority interest.....	651	651	--	--	--	--
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
	=====	=====	=====	=====	=====	=====

Footnotes 1-5 are explained on the following page.

December 31, 1997

	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other (2)
Total revenues.....	\$209,131	\$80,846	\$120,299	\$ --	\$ --	\$ 7,986
Total expenses.....	134,225	50,186	46,204	--	--	37,835
Operating income.....	74,906	30,660	74,095	--	--	(29,849)
Income applicable to Alexander's	7,873	--	--	--	--	7,873
Income from partially-owned entities....	4,658	1,015	--	--	\$ 1,720	1,923
Interest and other investment income....	23,767	6,834	2,296	--	--	14,637
Interest and debt expense.....	(42,888)	(9,009)	(19,893)	--	--	(13,986)
Net income.....	68,316	29,500	56,498	--	1,720	(19,402)
Interest and debt expense (4).....	54,395	13,707	19,893	--	5,839	14,956
Depreciation and amortization (4).....	31,972	12,813	11,706	--	4,182	3,271
Straight-lining of rents (4).....	(3,932)	(645)	(2,558)	--	--	(729)
Other.....	(325)	1,303	970	--	17	(2,615)
EBITDA(1).....	\$150,426	\$56,678	\$ 86,509	\$ --	\$ 11,758	\$ (4,519)

(1) EBITDA represents income before interest, taxes, depreciation and amortization, extraordinary or non-recurring items, gains or losses on sales of real estate and the effect of straight-lining of property rentals for rent escalations. 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 (i) the operations of the Company's warehouse and industrial properties, (ii) investments in the Hotel Pennsylvania, Alexander's, Newkirk Joint Ventures, (iii) corporate general and administrative expenses and (iv) unallocated investment income and interest and debt expense.

(3) Includes (i) the reversal of income taxes (benefit for the year ended December 31, 1999) which are considered non-recurring because of the expected conversion of the Temperature Controlled Logistics Companies to REIT's 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.

RESULTS OF OPERATIONS

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	N/A	(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 12, 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 equity in Alexander's loss 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 12, 1999-December 31, 1999) and equity interest in the operations (January 1, 1999-March 12, 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 \$1,840 for the year ended December 31, 1999, compared to \$651 for the prior year, an increase of \$1,189. This increase is primarily due to higher income.

Preferential allocations to unitholders were \$44,812 for the year ended December 31, 1999, compared to \$13,543 in the prior year, an increase of \$31,269. This increase resulted primarily from the issuance of Series D-2, D-3, D-4 and D-5 Cumulative Redeemable Preferred Units to institutional investors.

Preferred unit distributions 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 Units in March 1999 and Series C Cumulative Redeemable Preferred Units in May 1999.

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, 1998 and December 31, 1997

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

	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
	-----	-----	-----	-----	-----	-----
Year ended December 31, 1997	\$150,426	\$ 56,678	\$ 86,509	\$ --	\$ 11,758	\$ (4,519) (1)
1998 Operations:						
Same store operations(2)	32,502	4,279	4,382	--	411	23,430(1)
Acquisitions	244,160	97,682	21,124	39,447	71,552	14,355
Year ended December 31, 1998	\$427,088	\$158,639	\$112,015	\$ 39,447	\$ 83,721	\$ 33,266
	=====	=====	=====	=====	=====	=====
% increase in same store operations	5.5%	7.5%	5.1%	*	3.5%	2.8%(1)
*	not applicable					

(1) EBITDA for "Other" and in "Total" for the year ended December 31, 1997 reflects the amortization of a deferred payment due to an officer of \$22,917; the percentage increases in same store operations have been adjusted to exclude the increase in EBITDA in 1998 resulting therefrom.

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

Revenues

The Company's revenues, which consist of property rentals, tenant expense reimbursements and other income were \$509,860 in the year ended December 31, 1998, compared to \$209,131 in the prior year, an increase of \$300,729. These increases by segment resulted from:

	Date of Acquisition	Total	Office	Retail	Merchandise Mart	Other
	-----	-----	-----	-----	-----	-----
Property Rentals:						
Acquisitions:						
Mendik RELP	December 1998	\$ 4,126	\$ 4,126	\$ --	\$ --	\$ --
20 Broad Street	August 1998	4,399	4,399	--	--	--
689 Fifth Avenue	August 1998	1,333	1,333	--	--	--
770 Broadway	July 1998	5,713	5,713	--	--	--
40 Fulton Street	June 1998	3,561	3,561	--	--	--
Merchandise Mart Properties	April 1998	82,509	--	--	82,509	--
150 E. 58th Street	March 1998	13,021	13,021	--	--	--
One Penn Plaza	February 1998	53,991	53,991	--	--	--
Westport	January 1998	2,355	2,355	--	--	--
Green Acres Mall	December 1997	22,449	--	22,449	--	--
640 Fifth Avenue	December 1997	5,312	5,312	--	--	--
90 Park Avenue	May 1997	9,251	9,251	--	--	--
Mendik	April 1997	25,313	25,313	--	--	--
Montehiedra Shopping Center	April 1997	2,935	--	2,935	--	--
		236,268	128,375	25,384	82,509	--
Leasing activity		20,907	16,508	4,106	--	293
Total increase in property rentals		257,175	144,883	29,490	82,509	293
Tenant expense reimbursements:						
Increase in tenant expense reimbursements due to acquisitions						
		34,526	16,112	15,759	2,655	--
Other		3,559	2,292	1,373	--	(106)
Total increase in tenant expense reimbursements		38,085	18,404	17,132	2,655	(106)
Other income		5,469	3,366	234	1,357	512
Total increase in revenues		\$300,729	\$166,653	\$ 46,856	\$ 86,521	\$ 699
		=====	=====	=====	=====	=====

Expenses

The Company's expenses were \$295,008 in the year ended December 31, 1998, compared to \$134,225 in the prior year, an increase of \$160,783. These increases by segment resulted from:

	Total	Office	Retail	Merchandise Mart	Other
	-----	-----	-----	-----	-----
Operating:					
Acquisitions	\$ 121,297	\$ 67,545	\$ 15,339	\$ 38,413	--
Same store operations	11,129	5,751	5,185	--	193
	-----	-----	-----	-----	-----
	132,426	73,296	20,524	38,413	193
	-----	-----	-----	-----	-----
Depreciation and amortization:					
Acquisitions	35,586	22,630	3,057	9,899	--
Same store operations	658	47	549	--	62
	-----	-----	-----	-----	-----
	36,244	22,677	3,606	9,899	62
	-----	-----	-----	-----	-----
General and administrative:	15,030(2)	5,414	--(1)	2,449	7,167(1)
	-----	-----	-----	-----	-----
Amortization of officer's deferred compensation expense	(22,917)	--	--	--	(22,917)(3)
	-----	-----	-----	-----	-----
	\$ 160,783	\$ 101,387	\$ 24,130	\$ 50,761	\$ (15,495)
	=====	=====	=====	=====	=====

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

(2) Of this increase: (i) \$6,631 is attributable to acquisitions, (ii) \$4,641 resulted from payroll, primarily for additional employees and corporate office expenses, and (iii) \$3,758 resulted from professional fees.

(3) The Company recognized an expense of \$22,917 in the prior year representing the amortization of the deferred payment due to the Company's President, which was fully amortized at December 31, 1997.

Income applicable to Alexander's (loan interest income, equity in income (loss) and depreciation) was \$3,123 in the year ended December 31, 1998, compared to \$7,873 in the prior year, a decrease of \$4,750. This decrease resulted primarily from (i) the Company's equity in the 1998 write-off of the carrying value of Alexander's Lexington Avenue building of \$4,423, partially offset by (ii) income from the commencement of leases at Alexander's Rego Park and Kings Plaza store properties and (iii) income from Alexander's acquisition of the remaining 50% interest in the Kings Plaza Mall.

Income from partially-owned entities was \$32,025 in the year ended December 31, 1998, compared to \$4,658 in the prior year, an increase of \$27,367. This increase by segment resulted from:

	Date of Acquisition	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
	-----	-----	-----	-----	-----	-----	-----
Acquisitions:							
Temperature Controlled Logistics:							
AmeriCold and URS	October 1997	\$ 7,137	\$ --	\$ --	\$ --	\$ 7,137	\$ --
Freezer Services	June 1998	3,218	--	--	--	3,218	--
Carmar Group	July 1998	2,960	--	--	--	2,960	--
Charles E. Smith							
Commercial Realty L.P.	October 1997	4,669	4,669	--	--	--	--
Hotel Pennsylvania	September 1997	2,623	--	--	--	--	2,623
Newkirk Joint Ventures	July 1998	3,412	--	--	--	--	3,412
Partially-owned office buildings	April 1997	2,852	2,852	--	--	--	--
Merchandise Mart Management Company	April 1998	(1,969)	--	--	(1,969)	--	--
Las Catalinas	November 1998	258	--	258	--	--	--
Other		2,207	2,318	--	--	156	(267)
		-----	-----	-----	-----	-----	-----
		\$27,367	\$ 9,839	\$ 258	\$ (1,969)	\$ 13,471	\$ 5,768
		=====	=====	=====	=====	=====	=====

Interest and other investment income (interest income on mortgage loans receivable, other interest income, dividend income and net gains on marketable securities) was \$24,074 for the year ended December 31, 1998, compared to \$23,767 in the prior year, an increase of \$307. This increase resulted primarily from gains on the sale of marketable securities of \$2,395, partially offset by a decrease in interest income due to lower average investments this year.

Interest and debt expense was \$114,686 for the year ended December 31, 1998, compared to \$42,888 in the prior year, an increase of \$71,798. This increase resulted primarily from debt in connection with acquisitions.

In the third quarter of 1998, the Company recorded a net gain of \$9,649, in connection with an insurance settlement and condemnation proceeding (see Note 11 to the Consolidated Financial Statements).

The minority interest is comprised of a 40% interest in 20 Broad Street of \$651 for the year ended December 31, 1998.

Preferential allocations to unit holders were \$13,543 for the year ended December 31, 1998, compared to \$7,293 in the prior year, an increase of \$6,250. This increase resulted primarily from the issuance of certain Series B-1, B-2 and C-1 Convertible Preferred Units in connection with acquisitions and the issuance of Series D-1 Cumulative Redeemable Preferred units to an institutional investor.

The preferred unit distributions of \$21,690 for the year ended December 31, 1998 and \$15,549 for the period from April 15, 1997 to December 31, 1997 apply to the Company's \$3.25 Series A Convertible Preferred Units issued in April and December 1997 and include accretion of expenses of issuing them.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows for the Years Ended December 31, 1999, 1998 and 1997

Year Ended December 31, 1999

Cash flows provided by operating activities of \$176,895 were comprised of (i) net income of \$255,677 and (ii) adjustments for non-cash items of \$27,875, 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, partially offset by (ii) the effect of straight-lining of rental income of \$29,587 and (iii) 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 \$14,000 (Vornado Operating Company).

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

(in 000's)

	Cash	Debt Assumed	Value of Units Issued	Assets Acquired
Real Estate:				
595 Madison Avenue Office Building.....	\$ 125,000	\$ --	\$ --	\$ 125,000
909 Third Avenue Office Building.....	12,400	109,000	1,600	123,000
888 Seventh Avenue Office Building.....	45,000	55,000	--	100,000(1)
GreenPoint leasehold interest.....	37,300	--	--	37,300
Other.....	4,954	--	--	4,954
	<u>\$ 224,654</u>	<u>\$ 164,000</u>	<u>\$ 1,600</u>	<u>\$ 390,254</u>
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. Hotel Pennsylvania - increase in investment to 100%.....	16,420	--	50,500	66,920
Alexander's - increase in investment to 32%....	18,000	24,000	--	42,000
Loan to Alexander's	8,956	--	--	8,956
Loan to Temperature Controlled Logistics.....	50,000	--	--	50,000
Other.....	9,000	--	--	9,000
	<u>2,833</u>	<u>--</u>	<u>--</u>	<u>2,833</u>
	<u>\$ 118,409</u>	<u>\$ 24,000</u>	<u>\$ 300,500</u>	<u>\$ 442,909</u>

(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
Acquisition and Redevelopment..... expenditures.....	86,098	52,288 (1)	19,281	14,529	--
	<u>\$ 153,591</u>	<u>\$ 86,354</u>	<u>\$22,153</u>	<u>\$ 41,134</u>	<u>\$ 3,950</u>

(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.

Net cash provided by financing activities of \$262,131 was primarily comprised of (i) proceeds from issuance of preferred units of \$192,953, (ii) proceeds from issuance of limited partnership units of \$525,013 and (iii) proceeds from borrowings of \$455,000 partially offset by, (iv) repayments of borrowings of \$668,957, (v) distributions paid on Class A units of \$161,569, (vi) distributions paid on preferred units of \$30,563, and (vii) preferential allocations of \$44,145.

Years Ended December 31, 1998

Cash flows provided by operating activities of \$189,406 were primarily comprised of (i) income of \$158,737 (net income of \$168,386 less net gain from insurance settlement and condemnation proceeding of \$9,649), (ii) adjustments for non-cash items of \$11,474, 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) the effect of straight-lining of rental income of \$17,561 and (iii) 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 (v) 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	Value of shares or Units Issued	Assets Acquired
	-----	-----	-----	-----
Real Estate:				
Merchandise Mart Properties	\$ 187,000	\$ 327,000	\$ 116,000	\$ 630,000
One Penn Plaza Office Building	317,000	93,000	--	410,000
770 Broadway Office Building	131,000	--	18,000	149,000
150 East 58th Street Office Building	118,000	--	--	118,000
40 Fulton Street Office Building	38,000	--	--	38,000
888 Seventh Avenue Office Building	17,000	--	--	17,000(1)
689 Fifth Avenue Office Building	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 Office Building (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 and leasing commissions.....	53,625	46,187	2,397	5,041	--
	-----	-----	-----	-----	-----
	\$ 68,085	\$ 51,162	\$ 5,535	\$ 10,314	\$ 1,074
	=====	=====	=====	=====	=====

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 Class A units of \$445,247 and (iii) proceeds from the issuance of preferred units of \$85,313, partially offset by (iv) repayment of borrowings of \$883,475, (v) distributions paid on Class A units of \$156,429 and (vi) distributions paid on preferred units of \$18,816.

Year Ended December 31, 1997

Cash flows provided by operating activities of \$115,473 were comprised of (i) net income of \$68,316, (ii) adjustments for non-cash items of \$32,430 and (iii) the net change in operating assets and liabilities of \$14,727. The adjustments for non-cash items are primarily comprised of (i) amortization of deferred officer's compensation expense of \$22,917 and (ii) depreciation and amortization of \$24,460.

Net cash used in investing activities of \$1,064,484 was primarily comprised of (i) acquisitions of real estate of \$887,423 (see detail below), (ii) investments in mortgage loans receivable of \$71,663 (see detail below), (iii) capital expenditures of \$23,789, (iv) restricted cash for tenant improvements of \$27,079 and (v) real estate deposits of \$46,152.

Acquisitions of real estate and investments in mortgage loans receivable are comprised of:

	Cash	Debt Assumed	Value of Shares or Units Issued	Assets Acquired
	-----	-----	-----	-----
Real Estate:				

Mendik Transaction.....	\$ 263,790	\$ 215,279	\$ 177,000	\$ 656,069
60% interest in Temperature Controlled Logistics Companies.....	243,846	376,800	--	620,646
Green Acres Mall.....	--	125,000	102,015	227,015
90 Park Avenue office building.....	185,000	--	--	185,000
Montehiedra shopping center.....	11,000	63,000	--	74,000
40% interest in Hotel Pennsylvania.....	17,487	48,000	--	65,487
640 Fifth Ave. office building.....	64,000	--	--	64,000
15% interest in Charles E. Smith Commercial Realty L.P.....	60,000	--	--	60,000
Riese properties.....	26,000	--	--	26,000
1135 Third Avenue and other.....	16,300	--	--	16,300
	-----	-----	-----	-----
	887,423	828,079	279,015	1,994,517
	-----	-----	-----	-----
Mortgage loans receivable:				

Riese properties.....	41,649	--	--	41,649
20 Broad Street.....	27,000	--	--	27,000
909 Third Ave. and other, net.....	3,014	--	--	3,014
	-----	-----	-----	-----
	71,663	--	--	71,663
	-----	-----	-----	-----
Total Acquisitions.....	\$ 959,086	\$ 828,079	\$ 279,015	\$ 2,066,180
	=====	=====	=====	=====

Net cash provided by financing activities of \$1,215,269 was primarily comprised of proceeds from (i) borrowings of \$770,000 (ii) issuance of Class A units of \$688,672, and (iii) issuance of preferred units of \$276,000, partially offset by (iv) repayment of borrowings of \$409,633, (v) distributions paid on Class A units of \$77,461, (vi) distributions paid on preferred units of \$15,549 and (vii) the repayment of borrowings on U.S. Treasury obligations of \$9,636.

Certain Cash Requirements

In January 2000, the Company completed approximately \$36,000 of real estate acquisitions, of which \$17,640 was indebtedness.

The Company has budgeted approximately \$91,000 for capital expenditures (excluding acquisitions) over the next year as follows:

	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
	-----	-----	-----	-----	-----	-----
Expenditures to maintain the assets	\$ 42,000	\$ 16,400	\$2,800	\$ 11,700	\$ 3,000(1)	\$ 8,100
Tenant allowances	49,000	40,500	900	7,600	--	--
	-----	-----	-----	-----	-----	-----
	\$ 91,000	\$ 56,900	\$3,700	\$ 19,300	\$ 3,000	\$ 8,100
	=====	=====	=====	=====	=====	=====

(1) Represents the Company's 60% share of the Vornado/Crescent Partnership's obligation to fund up to \$5,000 of capital expenditures per annum.

In addition to the above, the Company has budgeted approximately \$18,000 of leasing commissions.

Tenant allowances and leasing commissions for the New York City Office properties approximate \$18.00 per square foot for renewal space and \$50.00 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 multi-year development and redevelopment projects for which it has budgeted approximately \$278.7 million to be expended as outlined in the "Development and Redevelopment Projects" section of Item 1--Business. The \$278.7 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 CESC, Newkirk or Alexander's, which are partially owned by the Company. These investees are expected to fund their own cash requirements. Alexander's is not expected to distribute any cash to the Company in 2000. In 2000, the Company expects to receive at a minimum, preferred distributions from CESC of approximately \$14.4 million (7,679,365 preferred units at \$1.87 per unit) and common distributions of approximately \$3.85 million (2,500,000 common units at \$1.54 per unit - current dividend rate). The minimum preferred distribution rate increases by .25% each year for the next three years.

On March 12, 1999 the Vornado/Crescent Partnerships sold all of the non-real estate assets of the Temperature Controlled Logistics Companies encompassing the operations of the Temperature Controlled Logistics business for approximately \$48,000 to a new partnership owned 60% by Vornado Operating Company and 40% by Crescent Operating Inc.

On March 1, 2000, the Company sold three shopping centers located in Texas for approximately \$25,750 resulting in a gain of \$4,400.

Financing Activities

CORPORATE

On March 17, 1999, Vornado 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 Vornado 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 Vornado of \$9,700. The perpetual preferred shares may be called without penalty at the option of Vornado commencing on March 17, 2004.

On May 17, 1999, Vornado 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 Vornado 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 Vornado of \$14,500. The perpetual preferred shares may be called without penalty at the option of Vornado commencing on May 17, 2004.

On May 27, 1999, the Company sold an aggregate of \$27,500 of 8.375% Series D-2 Cumulative Redeemable Preferred Units in the Operating Partnership to an institutional investor in a private placement, resulting in net proceeds of approximately \$26,780. The perpetual Preferred Units may be called without penalty at the option of the Operating Partnership commencing on May 27, 2004.

On September 3, 1999, the Company sold an aggregate of \$325,000 of 8.25% Series D-3 and D-4 Cumulative Redeemable Preferred Units in the Operating Partnership to institutional investors in private placements, resulting in net proceeds of approximately \$316,400. The Perpetual Preferred Units may be called without penalty at the option of the Operating Partnership commencing on September 7, 2004.

On November 24, 1999, the Company sold an aggregate of \$187,000 of 8.25% Series D-5 Cumulative Redeemable Preferred Units in the Operating Partnership to institutional investors in a private placement, resulting in net proceeds of approximately \$181,900. The Perpetual Preferred Units may be called without penalty at the option of the Operating Partnership commencing on November 24, 2004.

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.

OFFICE

On February 16, 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. The new 5-year debt matures in February 2004 and bears interest at 7.08%.

On March 1, 2000, the Company completed a \$90,000 refinancing of its Two Park Avenue office building. The Company received proceeds of \$65,000 and repaid the then existing debt in the same amount on the property. The Company expects to receive the remaining \$25,000 prior to June 30, 2000 upon satisfying certain closing conditions. The new 3-year debt matures on February 28, 2003 and bears interest at Libor + 1.45% (7.39% at March 1, 2000).

MERCHANDISE MART

On July 8, 1999, the Company completed a \$70,000 mortgage financing of its 350 North Orleans property in Chicago. The Company received proceeds of \$40,000 and is expected to receive the remaining \$30,000 during the next year upon meeting certain debt service coverage requirements. The new 3-year debt matures in June 2002 and bears interest at LIBOR + 1.65% (8.13% at December 31, 1999).

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 new 5-year debt matures in September 2004 and bears interest at LIBOR +1.50% (7.97% at December 31, 1999). The letter of credit will be reduced over the term of the loan as cash flow increases. The Company bought an interest rate cap, 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 to a third party on the same terms as the cap the Company purchased.

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 \$4,425,779 at December 31, 1998 to \$5,479,218 at December 31, 1999.

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 stock, 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.

YEAR 2000 ISSUES

To date, there have been no material adverse effects to the Company's financial condition or results of operations as a result of Year 2000.

RECENTLY ISSUED ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities". This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. Because the Company does not currently utilize derivatives or engage in significant hedging activities, management does not anticipate that implementation of this statement will have a material effect on the Company's financial statements.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 (SAB 101). SAB 101 provides clarification in applying generally accepted accounting principles to revenue recognition in financial statements including contingent rentals under leases. The Company does not anticipate that implementation of this statement will have a material effect on the Company's financial statements.

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.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At December 31, 1999, the Company's exposure to a change in interest rates on its wholly-owned and partially-owned debt is as follows:

(amounts in thousands except per unit amounts)

	Balance	Weighted Average Interest Rate	Effect of 1% Increase In Base Rates
Wholly-owned debt:			
Variable rate.....	\$ 1,227,407	7.59%	\$ 12,274
Fixed rate.....	821,397	7.02%	--
	\$ 2,048,804		12,274
Partially-owned debt:			
Variable rate.....	\$ 85,380	8.02%	854
Fixed rate.....	1,109,185	7.72%	--
	\$ 1,194,565		854
Preferential Allocations.....			(1,838)
Total decrease in the Company's annual net income.....			\$ 11,290
Per Class A unit - diluted.....			\$.13

After giving effect to the Company's \$500,000,000 financing completed on March 1, 2000, and the use of a portion of the proceeds to repay approximately \$262,000,000 of the amount outstanding under its revolving credit facility, the Company's total variable rate debt is \$1,050,477,000. The effect of a 1% increase on base rates would result in a total decrease in the Company's annual net income of \$9,034,000 or \$.10 per Class A unit diluted.

The fair value of the Company's debt at December 31, 1999, 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 \$275,000,000 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, 1999 approximates its cost.

On September 21, 1999, the Company bought an interest rate cap, capping the interest rate on its 250,000,000 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.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

Not applicable.

INDEPENDENT AUDITORS' REPORT

Partners
Vornado Realty L.P.
Saddle Brook, New Jersey

We have audited the accompanying consolidated balance sheets of Vornado Realty L.P. as of December 31, 1999 and 1998, and the related consolidated statements of income, partners' capital and cash flows for each of the three years in the period ended December 31, 1999. 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 generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 L.P. at December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999 in conformity with generally accepted accounting principles. 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 7, 2000

VORNADO REALTY L.P.

CONSOLIDATED BALANCE SHEETS

(amounts in thousands except unit amounts)

	DECEMBER 31,	
	1999	1998
	-----	-----
ASSETS		
Real estate, at cost:		
Land	\$ 826,477	\$ 743,324
Buildings and improvements.....	3,080,174	2,561,383
Leasehold improvements and equipment.....	14,856	11,184
	-----	-----
Total.....	3,921,507	3,315,891
Less accumulated depreciation and amortization.....	(308,542)	(226,816)
	-----	-----
Real estate, net.....	3,612,965	3,089,075
Cash and cash equivalents, including U.S. government obligations under repurchase agreements of \$43,675 and \$56,500.....	112,630	167,808
Escrow deposits and restricted cash.....	30,571	44,195
Marketable securities.....	106,503	77,156
Investments and advances to partially-owned entities, including Alexander's of \$159,148 and \$104,038.....	1,315,387	827,840
Due from officers.....	16,190	17,165
Accounts receivable, net of allowance for doubtful accounts of \$7,292 and \$3,044.....	36,408	35,517
Notes and mortgage loans receivable.....	49,719	10,683
Receivable arising from the straight-lining of rents.....	79,298	49,711
Deposits in connection with real estate acquisitions.....	8,128	22,947
Other assets.....	111,419	83,682
	-----	-----
	\$ 5,479,218	\$ 4,425,779
	=====	=====
LIABILITIES AND PARTNERS' CAPITAL		
Notes and mortgages payable.....	\$ 1,681,804	\$ 1,363,750
Revolving credit facility.....	367,000	687,250
Accounts payable and accrued expenses.....	107,036	109,925
Officer's compensation payable.....	34,996	35,628
Deferred leasing fee income.....	8,349	10,051
Other liabilities.....	2,634	3,196
	-----	-----
Total liabilities.....	2,201,819	2,209,800
	-----	-----
Minority interest.....	14,769	12,925
	-----	-----
Commitments and contingencies		
Partners' capital:		
Equity.....	3,385,857	2,359,745
Accumulated deficit.....	(116,979)	(132,837)
	-----	-----
Accumulated other comprehensive loss.....	3,268,878	2,226,908
Due from officers for purchase of general partner's units of beneficial interest.....	(1,448)	(18,957)
	-----	-----
Total partners's capital.....	3,262,630	2,203,054
	-----	-----
	\$ 5,479,218	\$ 4,425,779
	=====	=====

See notes to consolidated financial statements.

VORNADO REALTY L.P.

CONSOLIDATED STATEMENTS OF INCOME

(amounts in thousands except per unit amounts)	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
Revenues:			
Property rentals.....	\$ 590,814	\$ 425,496	\$ 168,321
Expense reimbursements.....	90,246	74,737	36,652
Other income (including fee income from related parties of \$1,857, \$2,327 and \$1,752.....)	15,898	9,627	4,158
Total revenues.....	696,958	509,860	209,131
Expenses:			
Operating.....	282,118	207,171	74,745
Depreciation and amortization.....	83,585	59,227	22,983
General and administrative.....	40,151	28,610	13,580
Amortization of officer's deferred compensation expense.....	--	--	22,917
Total expenses.....	405,854	295,008	134,225
Operating income.....	291,104	214,852	74,906
Income applicable to Alexander's.....	7,427	3,123	7,873
Income from partially-owned entities.....	82,310	32,025	4,658
Interest and other investment income.....	18,359	24,074	23,767
Interest and debt expense.....	(141,683)	(114,686)	(42,888)
Net gain from insurance settlement and condemnation proceeding.....	--	9,649	--
Minority interest.....	(1,840)	(651)	--
Net income.....	255,677	168,386	68,316
Preferred unit distributions (including accretion of issuance expenses of \$2,874 in 1999 and 1998 and \$1,918 in 1997)	(33,438)	(21,690)	(15,549)
Preferential allocations.....	(44,812)	(13,543)	(7,293)
NET INCOME applicable to Class A units.....	\$ 177,427	\$ 133,153	\$ 45,474
NET INCOME PER CLASS A UNIT-BASIC.....	\$ 1.97	\$ 1.62	\$.83
NET INCOME PER CLASS A UNIT-DILUTED.....	\$ 1.94	\$ 1.59	\$.79

See notes to consolidated financial statements.

VORNADO REALTY L.P.

CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL

	PREFERRED UNITS	LIMITED PARTNERSHIP UNITS	GENERAL PARTNER'S UNITS	DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS
	-----	-----	-----	-----	-----
(amounts in thousands except unit amounts)					
BALANCE, JANUARY 1, 1997.....	\$ --	\$ --	\$ 359,918	\$ (77,574)	\$ (998)
Net income.....	--	--	--	68,316	--
Distributions to preferred unitholders (\$2.37 per unit).....	--	--	--	(15,549)	--
Net proceeds from issuance of preferred units (including accretion of \$1,918).....	277,918	--	--	--	--
Preferential allocations to unitholders...	--	--	--	(7,293)	--
Units issued in connection with the Mendik acquisition.....	--	178,567	--	--	--
Net proceeds from issuance of General Class A units.....	--	--	688,672	--	--
Units issued in connection with Arbor acquisition.....	1,966	--	100,049	--	--
Distributions to Class A unitholders (\$1.36 per unit).....	--	--	--	(77,461)	--
Class A units issued in connection with an employment agreement and employees' share plans...	--	--	633	--	--
Change in unrealized gains on securities available for sale.....	--	--	--	--	158
Forgiveness of amount due from officers...	--	--	--	--	--
BALANCE, DECEMBER 31, 1997.....	279,884	178,567	1,149,272	(109,561)	(840)
Net Income.....	--	--	--	168,386	--
Distributions to preferred unitholders (\$2.37 per unit).....	--	--	--	(21,690)	--
Distributions to Class A unitholders (\$1.64 per unit).....	--	--	--	(133,099)	--
Net proceeds from issuance of Class A units.....	--	--	444,563	--	--
Preferential allocations to unitholders...	--	--	--	(13,543)	--
Limited partnership units issued in connection with acquisitions.....	--	190,962	--	--	--
Net proceeds from issuance of limited partnership units.....	--	85,312	--	--	--
Class A units issued in connection with Mendik RELP properties acquisition.....	--	--	29,063	--	--
Class A units issued under employees' share plan.....	--	--	909	--	--
Conversion of limited partnership units to Class A units.....	--	(32,780)	32,780	--	--
Capital contribution to Vornado Operating Company.....	--	(1,685)	--	(23,330)	--
Accretion of issuance expenses on preferred units.....	2,874	--	--	--	--
Class A units 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	\$ 420,376	\$1,656,611	\$ (132,837)	\$ (18,957)
	=====	=====	=====	=====	=====

	(DUE (TO) FROM OFFICERS	TOTAL PARTNERS' CAPITAL	COMPREHENSIVE INCOME
	-----	-----	-----
(amounts in thousands except unit amounts)			
BALANCE, JANUARY 1, 1997.....	\$ (5,089)	\$ 276,257	\$ 61,728
			=====
Net income.....	--	68,316	\$ 68,316
Distributions to preferred unitholders (\$2.37 per unit).....	--	(15,549)	--
Net proceeds from issuance of preferred units (including accretion of \$1,918).....	--	277,918	--
Preferential allocations to unitholders...	--	(7,293)	--
Units issued in connection with the Mendik acquisition.....	--	178,567	--
Net proceeds from issuance of	--	--	--

Class A units.....	--	688,672	--
Units issued in connection with	--		
Arbor acquisition.....	--	102,015	--
Distributions to Class A	--		
unitholders (\$1.36 per unit).....	--	(77,461)	--
Class A units issued in	--		
connection with an employment			
agreement and employees' share plans...	--	633	--
Change in unrealized gains	--		
on securities available for sale.....	--	158	158
Forgiveness of amount due from officers...	96	96	--
		-----	-----
BALANCE, DECEMBER 31, 1997.....	(4,993)	1,492,329	\$ 68,474
		-----	=====
Net Income.....	--	168,386	\$ 168,386
Distributions to preferred unitholders	--		
(\$2.37 per unit).....	--	(21,690)	--
Distributions to Class A	--		
unitholders (\$1.64 per unit).....	--	(133,088)	--
Net proceeds from issuance	--		
of Class A units.....	--	444,563	--
Preferential allocations to unitholders...	--	(13,543)	--
Limited partnership units issued in	--		
connection with acquisitions.....	--	190,962	--
Net proceeds from issuance of	--		
limited partnership units.....	--	85,312	--
Class A units issued in	--		
connection with Mendik RELP			
properties acquisition.....	--	29,063	--
Class A units issued under	--		
employees' share plan.....	--	909	--
Conversion of limited partnership units to	--		
Class A units.....	--	--	--
Capital contribution to	--		
Vornado Operating Company.....	--	(25,015)	--
Accretion of issuance expenses on	--		
preferred units.....	--	2,874	--
Class A units 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)	\$ 2,203,054	\$ 150,269
	=====	=====	=====

See notes to consolidated financial statements.

VORNADO REALTY L.P.

CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL

	PREFERRED UNITS	LIMITED PARTNERSHIP UNITS	GENERAL PARTNER'S UNITS	ACCUMULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS
(amounts in thousands except share amounts)					
BALANCE, DECEMBER 31, 1998.....	\$ 282,758	\$420,376	\$1,656,611	\$ (132,837)	\$ (18,957)
Net Income.....	--	--	--	255,677	--
Distributions paid on Preferred units					
Series A Preferred units					
(\$3.25 per unit).....	--	--	--	(21,690)	--
Series B Preferred units					
(\$1.68 per unit).....	--	--	--	(5,720)	--
Series C Preferred units					
(\$1.31 per share).....	--	--	--	(6,028)	--
Net proceeds from issuance of preferred					
units.....	192,953	--	--	--	--
Net proceeds from issuance of limited					
partnership units.....	--	525,456	--	--	--
Class A units (\$1.80 per unit).....	--	--	--	(161,569)	--
Class A units issued under employees'					
share plan.....	--	--	2,463	--	--
Preferential allocations to unitholders.....	--	--	--	(44,812)	--
Limited partnership units issued in					
connection with acquisitions.....	--	301,688	--	--	--
Conversion of limited partnership with					
units to Class A units.....	--	(40,258)	40,258	--	--
Accretion of issuance expenses on					
preferred units.....	2,874	--	--	--	--
Class A units issued in connection with					
dividend reinvestment plan.....	--	--	678	--	--
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	\$1,207,262	\$1,700,010	\$ (116,979)	\$ (1,448)

	DUE FROM OFFICERS	TOTAL PARTNERS' CAPITAL	COMPREHENSIVE INCOME
(amounts in thousands except share amounts)			
BALANCE, DECEMBER 31, 1998.....	\$ (4,897)	\$ 2,203,054	\$ 150,269
Net Income.....	--	255,677	\$ 255,677
Distributions paid on Preferred units			
Series A Preferred units			
(\$3.25 per unit).....	--	(21,690)	--
Series B Preferred units			
(\$1.68 per unit).....	--	(5,720)	--
Series C Preferred units			
(\$1.31 per share).....	--	(6,028)	--
Net proceeds from issuance of preferred			
units.....	--	192,953	--
Net proceeds from issuance of limited			
partnership units.....	--	525,456	--
Distributions paid on Class A			
units (\$1.80 per unit).....	--	(161,569)	--
Class A units issued under employees'			
share plan.....	--	2,463	--
Preferential allocations to unitholders.....	--	(44,812)	--
Limited partnership units issued in			
connection with acquisitions.....	--	301,688	--
Conversion of limited partnership with			
units to Class A units.....	--	--	--
Accretion of issuance expenses on			
preferred units.....	--	2,874	--
Class A units 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)	\$ 3,262,630	\$ 273,186
	=====	=====	=====

See notes to consolidated financial statements.

VORNADO REALTY L.P.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
(amounts in thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income.....	\$ 255,677	\$ 168,386	\$ 68,316
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization (including debt issuance costs).....	83,585	59,227	24,460
Amortization of officer's deferred compensation expense.....	--	--	22,917
Straight-lining of rental income.....	(29,587)	(17,561)	(7,075)
Minority interest.....	1,840	651	--
Equity in (income) loss of Alexander's.....	(1,021)	3,363	(2,188)
Equity in income of partially-owned entities.....	(82,310)	(32,025)	(4,658)
Gain on marketable securities.....	(382)	(1,530)	(1,026)
Gain from insurance settlement and condemnation.....	--	(9,649)	--
Changes in operating assets and liabilities.....	(50,907)	18,544	14,727
Net cash provided by operating activities.....	176,895	189,406	115,473
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisitions of real estate and other.....	(224,654)	(896,800)	(887,423)
Additions to real estate.....	(153,591)	(68,085)	(23,789)
Development costs.....	(17,548)	--	--
Investments in partially-owned entities.....	(118,409)	(308,000)	--
Proceeds from sale of Temperature Controlled Logistics assets.....	22,769	--	--
Investments in mortgage loans receivable.....	(59,787)	(6,620)	(71,663)
Repayment of mortgage loans receivable.....	20,751	57,600	--
Cash restricted for tenant improvements.....	13,624	(14,716)	(27,079)
Distributions from partially-owned entities.....	16,938	3,200	--
Real estate deposits and other.....	14,819	23,788	(46,152)
Purchases of securities available for sale.....	(21,614)	(73,513)	(8,378)
Proceeds from sale or maturity of securities available for sale.....	12,498	25,779	--
Net cash used in investing activities.....	(494,204)	(1,257,367)	(1,064,484)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings.....	455,000	1,427,821	770,000
Repayments of borrowings.....	(668,957)	(883,475)	(419,269)
Costs of refinancing debt.....	(8,059)	(11,418)	(3,038)
Proceeds from issuance of preferred units.....	192,953	--	276,000
Proceeds from issuance of limited partnership units.....	525,013	85,313	--
Proceeds from issuance of Class A units.....	--	445,247	688,672
Distributions to Class A unitholders.....	(161,569)	(156,429)	(77,461)
Distributions to preferred unitholders.....	(30,563)	(18,816)	(15,549)
Preferential allocations.....	(44,145)	(9,240)	(4,719)
Exercise of share options.....	2,458	812	633
Net cash provided by financing activities.....	262,131	879,815	1,215,269
Net (decrease) increase in cash and cash equivalents.....	(55,178)	(188,146)	266,258
Cash and cash equivalents at beginning of year.....	167,808	355,954	89,696
Cash and cash equivalents at end of year.....	\$ 112,630	\$ 167,808	\$ 355,954
Supplemental Disclosure of Cash Flow Information:			
Cash payments for interest.....	\$ 143,665	\$ 111,089	\$ 38,968
NON-CASH TRANSACTIONS:			
Financing in connection with acquisitions.....	\$ 188,000	\$ 526,000	\$ 403,279
Class A units issued in connection with acquisitions.....	--	29,000	102,015
Units issued in connection with acquisitions.....	302,100	184,000	177,000
Unrealized gain (loss) on securities available for sale.....	15,603	(5,047)	158
Depreciation of securities held in officer's deferred compensation trust.....	579	10,464	--

See notes to consolidated financial statements.

VORNADO REALTY L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BUSINESS

Vornado Realty L.P. (the "Operating Partnership," including the operations of Vornado Realty Trust prior to the conversion described below) is a Delaware limited partnership. Operations commenced on April 15, 1997, when Vornado Realty Trust ("Vornado") a fully-integrated real estate investment trust ("REIT") converted to an Umbrella Partnership REIT ("UPREIT") by transferring substantially all of its assets to the Operating Partnership. As a result, Vornado now conducts its business through the Operating Partnership. Vornado is the sole general partner of, and owned approximately 86% of the limited partnership common interest in, the Operating Partnership at March 1, 2000. All references to the "Company" refer to Vornado and its consolidated subsidiaries, including the Operating Partnership.

The Company currently owns directly or indirectly:

Office Building Properties ("Office"):

(i) all or portions of 22 office building properties in the New York City metropolitan area (primarily Manhattan) aggregating approximately 14.0 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 10.7 million square feet of office properties in Northern Virginia and Washington, D.C., and manages an additional 7.9 million square feet of office and other commercial properties in the Washington, D.C. area;

Retail Properties ("Retail"):

(iii) 56 shopping center properties in six states and Puerto Rico aggregating approximately 12.0 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 containing approximately 6.8 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 89 warehouse facilities nationwide with an aggregate of approximately 428 million cubic feet of refrigerated space (excludes 15 additional warehouses containing approximately 91 million cubic feet managed by AmeriCold Logistics). AmeriCold Logistics leases all of the partnerships' facilities;

Other Real Estate Investments:

(vi) approximately 32% of the outstanding common stock of Alexander's, Inc. ("Alexander's"), which has eight properties in the New York City metropolitan area;

(vii) the Hotel Pennsylvania in New York City contains approximately 800,000 square feet of space with 1,700 rooms and approximately 400,000 square feet of retail and office space;

(viii) approximately 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 and investments.

VORNADO REALTY L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

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% (9.09% at December 31, 1999). 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, 1999, \$4,587,000 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 \$330,000 for the year ended December 31, 1999 and \$50,000 for the period from October 16, 1998 (commencement date) through December 31, 1998.

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 a corresponding position with Vornado Operating.

Temperature Controlled Logistics Business

On October 31, 1997, partnerships (the "Vornado/Crescent Partnerships") in which affiliates of the Company have a 60% interest and affiliates of Crescent Real Estate Equities Company have a 40% interest acquired each of AmeriCold Corporation ("AmeriCold") and URS Logistics, Inc. ("URS"). In June 1998, the Vornado/Crescent Partnerships acquired the assets of Freezer Services, Inc. and in July 1998 acquired the Carmar Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

On March 12, 1999, the Vornado/Crescent Partnerships sold all of the non-real estate assets of the Cold Storage Companies encompassing the operations of the cold storage business for approximately \$48,000,000 to a new partnership owned 60% by Vornado Operating Company and 40% by Crescent Operating Inc. ("AmeriCold Logistics") The new partnership leases the underlying cold storage warehouses used in this business from the Vornado/Crescent Partnerships which continue to own the real estate. The leases 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 revenues AmeriCold Logistics receives from its customers. The new partnership is 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. Fixed base rent and percentage rent was approximately \$134,000,000 for the period from March 12, 1999 through December 31, 1999. The new partnership has the right to defer a portion of the rent for up to three years beginning on March 12, 1999 to the extent that available cash, as defined in the leases, is insufficient to pay such rent and pursuant thereto, rent was deferred as of December 31, 1999, of which the Company's share is \$3,240,000.

Disposition and Acquisition of Interest in CESCO

On December 31, 1998, the Company sold approximately 1.7% of the outstanding partnership units of CESCO to Vornado Operating Company for an aggregate purchase price of approximately \$12,900,000 or \$34 per unit (which is the price at which CESCO issued partnership units in October 1998 in connection with a significant "roll-up" transaction). The purchase price was funded out of Vornado Operating's working capital. After giving effect to this purchase, the Company owned approximately 9.6% of CESCO as of December 31, 1998. In connection with this purchase, the Company granted to Vornado Operating an option to require the Company to repurchase all of the CESCO units at the price at which Vornado Operating purchased the CESCO units, plus a cumulative return on such amount at a rate of 10% per annum. In March 1999, Vornado Operating exercised such option and the Company reacquired the CESCO units from Vornado Operating for \$13,200,000.

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 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.

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 \$7,012,000 and \$1,410,000 for the years ended December 31, 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 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, 1999 and 1998, marketable securities had an aggregate cost of \$96,787,000 and \$83,043,000 and an aggregate market value of \$106,503,000 and \$77,156,000 (of which \$9,826,000 and \$6,826,000 represents trading securities and \$48,606,000 and \$48,531,000 represent securities held to maturity and reported at amortized cost). Gross unrealized gains and losses were \$19,374,000 and \$9,658,000 at December 31, 1999, and \$513,000 and \$6,400,000 at December 31, 1998. Included in marketable securities available for sale at December 31, 1999 are warrants to acquire 550,941 common shares with a market value of \$11,397,000.

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 L.P.

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.

OFFICERS COMPENSATION PAYABLE: In July 1998, the Emerging Issues Task Force (EITF) of the Financial Accounting Standards Board issued EITF 97-14 "Accounting for Deferred Compensation Arrangements Where Amounts Earned are Held in a Rabbi Trust and Invested" (EITF 97-14). EITF 97-14 applies to the Company's accounting treatment of the Officers Compensation Payable as reflected in the balance sheet. The transition guidance of EITF 97-14 required the Company to record a charge to equity of \$10,464,000 which represents 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 subsequent periods, appreciation in the stock's price above \$33.13 will be recognized as compensation expense and, if the price fluctuates between \$33.13 and \$21.75, equity would be adjusted. For the year ended December 31, 1998, approximately \$340,000 was recognized as compensation expense as the share price was \$33.50 on December 31, 1998. For the year ended December 31, 1999, approximately \$340,000 was recognized as a reduction of compensation expense and approximately \$579,000 was recorded as a reduction of partners' capital as the share price was \$32.50 on December 31, 1999.

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.

INCOME TAXES: No provision has been made for income taxes in the accompanying consolidated financial statements of the Operating Partnership since such taxes, if any, are the responsibility of the individual partners. Vornado 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. Vornado 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, 1999 and 1997, 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 \$1,617,000,000 lower than the amount reported for financial statement purposes.

AMOUNTS PER UNIT: Basic earnings per unit is computed based on average units outstanding. Diluted earnings per unit considers the effect of options, warrants and convertible securities. All unit and per unit information has also been adjusted for a 2-for-1 unit split in October 1997.

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. An equivalent number of units are issued when options are exercised.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

RECENTLY ISSUED ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities". This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. Because the Company does not currently utilize derivatives or engage in significant hedging activities, management does not anticipate that implementation of this statement will have a material effect on the Company's financial statements.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 (SAB 101). SAB 101 provides clarification in applying generally accepted accounting principles to revenue recognition in financial statements including contingent rentals under leases. The Company does not anticipate that implementation of this statement will have a material effect on the Company's financial statements.

3. ACQUISITIONS

The Company completed approximately \$807 million of real estate acquisitions or investments from January 1, 1999 through March 2000 and \$2.4 billion in 1998. 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 certain of which 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. The following are the details of the acquisitions or investments by segment:

Office:

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

In October 1997, the Company acquired a 15% limited partnership interest in CESCR for \$60,000,000. CESCR owns interests in and manages approximately 10.7 million square feet of office properties in Northern Virginia and Washington, D.C. and manages an additional 7.9 million square feet of office and other commercial properties in the Washington, D.C. area. In October 1998, CESCR issued partnership units in connection with a significant roll-up transaction reducing the Company's limited partnership interest to 11.3%.

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 \$12,900,000. 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 \$13,200,000.

On March 4, 1999 the Company made an additional \$242,000,000 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 Company, Vornado now owns approximately 34% of CESCR's limited partnership units. In addition, the Company acquired from CAPI for \$8,000,000 the land under a Marriott Hotel located in Crystal City.

VORNADO REALTY L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

The purchase price was paid to CAPI by Vornado issuing \$250,000,000 of 6% Convertible Preferred Units. 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 CESC'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 \$41,200,000 loan to CAPI with interest at 8%, increasing to 9% ratably over the term. The loan is secured by approximately \$55,000,000 of the Partnership units issued to CAPI as well as certain real estate assets.

WESTPORT CORPORATE OFFICE PARK

In January 1998, the Company acquired the Westport Corporate Office Park from a limited partnership that included members of the Mendik Group (Messrs. Mendik and Greenbaum and certain entities controlled by them are referred to herein as the "Mendik Group"). The purchase price was approximately \$14,000,000 consisting of \$6,000,000 of cash and an \$8,000,000 mortgage loan for the two buildings.

Subsequent to year end the Company entered into an agreement to sell this property for approximately \$24,000,000.

ONE PENN PLAZA

In February 1998, the Company acquired a long-term leasehold interest in One Penn Plaza, a Manhattan office building for approximately \$410,000,000.

150 EAST 58TH STREET

In March 1998, the Company acquired 150 East 58th Street (the "Architects and Design Center"), a Manhattan office building, for approximately \$118,000,000.

570 LEXINGTON AVENUE - ADDITIONAL INVESTMENT

In April 1998, the Company increased its interest from 5.6% to approximately 50% in 570 Lexington Avenue, an office building located in midtown Manhattan. The Company purchased the additional interest for approximately \$37,200,000, including \$4,900,000 of existing debt.

888 SEVENTH AVENUE AND 40 FULTON STREET

In June, 1998, the Company entered into an agreement to acquire the leasehold interest in 888 Seventh Avenue, a 46 story office building located in midtown Manhattan, and simultaneously acquired 40 Fulton Street, a 29 story office building located in downtown Manhattan. The aggregate consideration for both buildings was approximately \$154,500,000.

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

770 BROADWAY

In July 1998, the Company acquired 770 Broadway, a Manhattan office building, for approximately \$149,000,000, including \$18,000,000 of Operating Partnership Units.

VORNADO REALTY L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

689 FIFTH AVENUE

In August 1998, the Company acquired 689 Fifth Avenue, a 84,000 square foot Manhattan specialty building for approximately \$33,000,000 from a partnership that included Bernard H. Mendik, a former trustee of the Company.

MENDIK REAL ESTATE LIMITED PARTNERSHIP PROPERTIES

In November 1998, the Company completed the acquisition of certain properties from the Mendik Real Estate Limited Partnership ("Mendik RELP"). The acquired real estate assets include (i) a leasehold interest in the Saxon Woods Corporate Center located at 550/600 Mamaroneck Avenue, in Harrison, New York, (ii) the remaining 60% interest in an office building located at Two Park Avenue, in Manhattan (the Company already owned 40%) and (iii) a leasehold interest in an office building located at 330 West 34th Street, also in Manhattan. The aggregate purchase price of approximately \$106,000,000, consists of \$31,000,000 of cash, \$29,000,000 of the Company's common shares and \$46,000,000 of debt.

909 THIRD AVENUE

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

595 MADISON AVENUE

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

GREENPOINT LEASEHOLD INTEREST

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

Retail:

LAS CATALINAS MALL

In October 1998, the Company completed the acquisition of Kmart Corporation's ("Kmart") 50% interest in the Las Catalinas Mall located in Caguas, Puerto Rico (adjacent to San Juan). In addition, the Company acquired 75% and the Company's partner in the Mall acquired 25% of Kmart's anchor store. The Company's purchase price of \$38,000,000 was fully financed with 15 year debt.

VORNADO-CERUZZI JOINT VENTURES

On January 4, 2000 and January 25, 2000, the Company and its joint venture partner acquired fee and/or leasehold interests in six properties located in Pennsylvania, Virginia and Maryland formerly occupied by Hechinger, Inc., a home improvement retailer which was liquidated. The purchase price for the 500,000 square feet acquired was \$15,000,000. The Company's share of this investment is 80% or \$12,000,000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Merchandise Mart Properties:

THE MERCHANDISE MART PROPERTIES

In April 1998, the Company acquired a real estate portfolio from the Kennedy Family for approximately \$630,000,000, consisting of \$187,000,000 in cash, \$116,000,000 in Operating Partnership Units, \$77,000,000 in existing debt and \$250,000,000 of newly issued debt. The acquired real estate assets consist of a portfolio of properties used for office, retail and trade showroom space which aggregate approximately 5.4 million square feet and include the Merchandise Mart in Chicago. The transaction also included the acquisition of Merchandise Mart Properties, Inc., which manages the properties and owns and operates trade shows.

MARKET SQUARE COMPLEX

In December 1998, Vornado completed the acquisition of the 1.07 million square foot Market Square Complex of showrooms in High Point, North Carolina. The consideration was approximately \$97,000,000 consisting of \$46,000,000 in debt, \$44,000,000 in Operating Partnership Units and 6.5% Preferred Operating Partnership Units convertible at \$43.74 per unit and \$7,000,000 of cash. The acquired real estate assets include the Market Square, Hamilton Market and Furniture Plaza showroom buildings and the High Point Holiday Inn hotel.

In a second transaction, the Company acquired the 243,000 square foot National Furniture Mart, which is adjacent to the forementioned properties, in High Point. The price was approximately \$17,700,000 consisting of \$3,800,000 in cash and \$13,900,000 in debt.

Temperature Controlled Logistics Business:

In June 1998, a partnership in which Vornado owns a 60% interest through a preferred stock affiliate acquired the assets of Freezer Services, Inc., consisting of nine cold storage warehouses in the central United States for approximately \$133,000,000, including \$107,000,000 in cash and \$26,000,000 in indebtedness. The Company's share of this investment was \$80,000,000. Additionally, in July 1998, the Carmar Group cold storage warehouse business was acquired for approximately \$158,000,000, including \$144,000,000 in cash and \$14,000,000 in indebtedness. The Company's share of this investment was \$95,000,000. Carmar owns and operates five cold storage distribution warehouses in the midwest and southeast United States.

Other Real Estate Investments:

HOTEL PENNSYLVANIA

In May 1998, the Company acquired an additional 40% interest in the Hotel Pennsylvania increasing its ownership to 80%. The Company purchased the additional 40% interest from Hotel Properties Limited (one of its joint venture partners) for approximately \$70,000,000, including \$48,000,000 of existing debt. The Company manages the property's retail and office space, and manages the hotel with Hotel Properties Limited.

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 \$18,000,000 and assumed \$24,000,000 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 L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

NEWKIRK JOINT VENTURES

In July and September 1998, the Company invested an aggregate of \$56,000,000 for a 30% share in joint ventures with affiliates of Apollo Real Estate Investment Fund III, L.P., collectively Newkirk Joint Ventures ("Newkirk"). Newkirk owns various equity and debt interests relating to 120 limited partnerships which own real estate primarily net leased to credit rated tenants. The Company has issued letters of credit of \$15,600,000 in connection with these 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 \$52,435,000 consisted of \$47,790,000 in Operating Partnership Units and \$4,645,000 in cash.

On October 15, 1999, the Company completed the acquisition of \$15,600,000 of securitized debt of the Newkirk Joint Ventures which has an average yield of 14.28%.

STUDENT HOUSING JOINT VENTURE

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

PRO FORMA INFORMATION

The unaudited pro forma information set forth below presents (i) the condensed consolidated operating results for the Company for the years ended December 31, 1999 and 1998 as if (a) the acquisitions described above and the financings attributable thereto had occurred on January 1, 1998. No condensed consolidated pro forma balance sheet data is presented as there have been no material acquisitions subsequent to December 31, 1999.

CONDENSED PRO FORMA CONSOLIDATED OPERATING RESULTS (UNAUDITED)

PRO FORMA YEAR ENDED DECEMBER 31,

	1999	1998
(amounts in thousands except per unit amounts)		
Revenues.....	\$ 719,600	\$ 685,000
Net income.....	\$ 201,600	\$ 191,700
Preferred unit distributions.....	(33,400)	(21,700)
Net income applicable to Class A units.....	\$ 168,200	\$ 170,000
Net income per Class A unit-basic.....	\$ 1.96	\$ 1.97
Net income per Class A unit-diluted.....	\$ 1.93	\$ 1.93

VORNADO REALTY L.P.

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	
	1999	1998	1999	1998	1999	1998	1999	1998
(amounts in thousands)								
INVESTMENTS:								
Temperature Controlled Logistics (60% interest)	\$ 481,808	\$ 459,172	\$ 1,524,385 =====	\$ 1,743,212 =====	\$ 630,540 =====	\$ 642,714 =====	\$ 756,808 =====	\$ 737,344 =====
Alexander's (32% interest).....	159,148	104,038	\$ 366,496 =====	\$ 317,043 =====	\$ 329,161 =====	\$ 277,113 =====	\$ 12,498 =====	\$ 6,974 =====
Charles E. Smith Commercial Realty L.P. (34% interest).....	317,812	49,151	\$ 951,414 =====		\$ 1,152,164 =====		\$(241,399) =====	
Newkirk Joint Ventures.....	142,670	58,665						
Hotel Pennsylvania.....	59,176	47,813						
Partially - Owned Office Buildings....	59,510	59,902						
Management Companies, and other.....	95,263	49,099						
	-----	-----						
	\$1,315,387	\$ 827,840	=====	=====				

VORNADO REALTY L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Below is a summary of the debt of partially owned entities as of December 31, 1999 and 1998, none of which is guaranteed by the Company.

(amounts in thousands)	AMOUNT OF PARTIALLY-OWNED ENTITIES DEBT	
	1999	1998
Alexander's (32% interest):		
Term loan secured by all of Alexander's assets except for the Kings Plaza Regional Shopping Center, due on March 15, 2000 with interest at a blended rate of 12.95%. The portion financed by the Company (\$95,000) bears interest at 14.18% (prepayable without penalty) (the loan has been extended to March 15, 2001 - see below).....	\$ 115,000	\$ 65,000
Kings Plaza Regional Shopping Center mortgage payable, due in 2001, with interest at LIBOR plus 1.25% (7.75% at December 31, 1999) (prepayable without penalty).....	95,676	90,000
Rego Park mortgage payable, due in 2009, with interest at 7.25% (prepayable after June 2004 without penalty).....	82,000	75,000
Other notes and mortgages payable.....	36,485	47,113
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 after May 2000 with yield maintenance).....	536,502	545,273
Other notes and mortgages payable.....	94,038	97,441
Hotel Pennsylvania - Hotel (98% interest):		
Mortgage payable, due in 2002, requires amortization based on a 25 year term, with interest at LIBOR + 1.60% (at December 31, 1999 the interest rate is fixed at 7.00% through a swap agreement which expires on March 31, 2000) (prepayable without penalty).....	71,641*	120,000
Newkirk Joint Ventures (30% interest):		
Portion of first mortgages and contract rights held by 120 Limited Partnerships, collateralized by the partnerships' real estate, due from 2000 to 2040, with a weighted average interest rate of 9.40% at December 31, 1999.....	800,060	--
Other debt.....	28,000	--
Charles E. Smith Commercial Realty L.P. (34% interest):		
20 mortgages payable due from 2000 through 2025, with interest from 2.25% to 9.89% at December 31, 1999 (prepayable with yield maintenance).....	850,806	786,413
6 mortgages payable (partially owned properties) due from 2006 through 2013, with interest from 6.51% to 10.33% at December 31, 1999 (prepayable with yield maintenance).....	301,358	156,463
Unsecured line of credit due in October 2000, with interest at 8.25% at December 31, 1999 (prepayable without penalty).....	--	26,000
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).....	43,968	34,425
Las Catalinas Mall (50% interest):		
Mortgage notes payable, due in 2013 with interest at 6.97% (prepayable after December 2002 with yield maintenance).....	70,212	70,941
Other mortgages payable.....	13,000	--

* The balance of the mortgage of \$47,761 applicable to the commercial portion of the building is reflected in the Company's wholly-owned debt in 1999, see Note 5.

VORNADO REALTY L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

INCOME STATEMENT DATA:

	COMPANY'S INCOME FROM PARTIALLY OWNED			100% OF THESE ENTITIES					
	ENTITIES			TOTAL REVENUES			NET INCOME (LOSS)		
	1999	1998	1997	1999	1998	1997	1999	1998	1997
(amounts in thousands)									
Income Applicable to Alexander's:(1).....									
32% share of equity in income (loss) (29.3% prior to October 1999).....	\$1,021	\$(2,272)	\$ 1,580	\$ 64,390	\$51,663	\$25,364	\$5,524(2)	\$(6,055)(2)	\$7,466(2)
Interest income.....	6,406	5,395	6,293						
	\$7,427	\$3,123	\$ 7,873						
Temperature Controlled Logistics.....: 60% share of equity in net income(3).....	\$31,468	\$10,249	\$ 1,000	\$264,266	\$567,867	\$78,699	\$54,198	\$16,988	\$ 90
Management Fee (40% of 1% per annum of the Total Combined Assets, as defined).....	5,254	4,942	720						
Charles E. Smith Commercial Realty L.P.(4).....	36,722	15,191	1,720	\$310,038			\$ 61,102		
Newkirk Joint Ventures.....	19,922	2,712	--						
Hotel Pennsylvania.....	5,095	3,678	1,055						
Partially-Owned Office Buildings(5).....	1,743	3,276	424						
Management Companies and other.....	11	2,414	1,374						
	\$82,310	\$32,025	\$ 4,658						

(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; and 1997 includes income from the condemnation of a portion of a property of \$8,914.

(3) Revenues and net income reflect lease payments from AmeriCold Logistics from March 12, 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 and 1997 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,	
	1999	1998
(amounts in thousands)		
Common stock, net of \$2,796,000 and \$2,196,000 of accumulated depreciation of buildings.....	\$ 59,912	\$ 53,157
Loan receivable.....	95,000	45,000
Leasing fees and other receivables.....	2,393	5,441
Equity in income.....	1,843	222
Deferred expenses.....	--	218

\$ 159,148
=====

\$ 104,038
=====

VORNADO REALTY L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

On October 20, 1999, the Company lent Alexander's \$50,000,000 on the same terms and conditions as the Company's existing \$45,000,000 loan to Alexander's, including the interest rate of 14.18%. Both loans, which were scheduled to mature in March 15, 2000, have been extended for one year to March 15, 2001. The interest rate has been reset from 14.18% to 15.72%, reflecting an increase in the underlying Treasury rate.

Alexander's is currently undertaking the excavation and laying 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 to be sold to the public. In connection therewith, Alexander's paid \$14,500,000 for 140,000 square feet of air rights of which \$12,200,000 was paid to the Company (Vornado's cost plus \$243,000 in interest and closing costs). The air rights were contracted for and paid for in 1999, with closings to take place when the developments which give rise to the air rights are completed in 2000. The capital required for the proposed building will be in excess of \$400,000,000.

Because a REIT is subject to 100% excise tax on income derived from the sale of "dealer property" (i.e. condominiums), the air rights representing the residential portion of the property are being transferred to a preferred stock affiliate, a corporation in which Alexander's owns all of the preferred equity and none of the common equity. The transfer value will be adjusted once the final size of the residential portion is determined.

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 \$8,956,000.

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

The leasing agreement provides for the Company to generally receive a fee of (i) 3% of sales proceeds and (ii) 3% of lease rent for the first ten years of a lease term, 2% of lease rent for the eleventh through the twentieth years of a lease term and 1% of lease rent for the twenty-first through thirtieth year of a lease term. Subject to the payment of rents by Alexander's tenants, the Company is due \$1,756,000 at December 31, 1999. Such amount is receivable annually in an amount not to exceed \$2,500,000 until the present value of such installments (calculated at a discount rate of 9% per annum) equals the amount that would have been paid had it been paid on September 21, 1993, or at the time the transactions which gave rise to the commissions occurred, if later.

As of December 31, 1999, Interstate Properties and its partners owned approximately 17.8% of the common shares of beneficial interest of the Company and 27.3% 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 L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

5. DEBT

Following is a summary of the Company's debt:

(amounts in thousands)	DECEMBER 31,	
	1999	1998
Notes and Mortgage Payable:		
Fixed Interest:		
Mortgage payable cross collateralized by an aggregate of 44 shopping centers and warehouse/industrial properties, due on December 1, 2000 with interest at 6.36% (prepayable with yield maintenance) (1).....	\$ 224,865	\$ 227,000
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).....	53,129	53,901
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 (\$51,543) and 2009 (\$10,075), requires amortization based on 30 year term with interest at 8.23% (prepayable after August 1999 with yield maintenance).....	61,618	62,181
Two Penn Plaza mortgage payable, due in 2004, requires amortization based on a 25 year term with interest at 7.08% (prepayable after March 2000 with penalty fee) (4).....	163,147	80,000
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).....	49,537	50,878
Green Acres Mall and Plaza mortgage payable, due in 2008, requires amortization based on a 30 year term with interest at 6.75% (prepayable after May 2000 with yield maintenance).....	156,798	158,575
Other mortgages payable.....	31,542	38,688
	-----	-----
	773,636	704,223
Variable Interest:		
Washington Design Center mortgage payable, due on November 27, 2000, requires amortization based on a 25 year term with interest at LIBOR plus 1.35% (6.83% at December 31, 1999) (prepayable without penalty)	23,932	24,225
Two Park Avenue mortgage payable, due on March 1, 2000, interest at LIBOR plus 1.50% (8.00% at December 31, 1999) (prepayable without penalty) (2).....	65,000	65,000
Merchandise Mart mortgage payable, due in September 2002, interest at LIBOR plus 1.50% (7.97% at December 31, 1999) (prepayable after August 2000 with penalty fee) (6).....	250,000	250,000
One Penn Plaza mortgage payable, due in 2002, interest at LIBOR plus 1.25% (7.73% at December 31, 1999) (prepayable after June 1999 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% (at December 31, 1999, the interest rate is fixed at 7.00% through a swap agreement which expires on March 31, 2000) (prepayable without penalty).....	47,761	--
350 North Orleans mortgage payable, due in 2002, interest at LIBOR + 1.65% (8.13% at December 31, 1999) (prepayable with yield maintenance) (5).....	40,000	--
909 Third Avenue mortgage payable, due in 2002, interest at LIBOR + .60% (7.08% at December 31, 1999) (prepayable with penalty fee).....	108,754	--
888 Seventh Avenue mortgage payable, due in 2002, interest at LIBOR + 1.75% (6.81% at December 31, 1999) (prepayable with yield maintenance).....	55,000	--
Seven individual notes or mortgages payable collateralized by the Market Square Complex with maturity dates ranging from 2000 through 2013 and interest rates ranging from 7.40% to 8.83% at December 31, 1999.....	42,721	45,302
	-----	-----
Total notes and mortgages payable.....	1,681,804	1,363,750
Unsecured revolving credit facility, interest at LIBOR plus .90% (7.39% at December 31, 1999) (prepayable without penalty).....	367,000	687,250
	-----	-----
Total Debt.....	\$ 2,048,804	\$ 2,051,000
	=====	=====

VORNADO REALTY L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

(1) On March 1, 2000 the Company completed a \$500,000,000 private placement of 10-year, 7.83% 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.

(2) On March 1, 2000, the Company completed a \$90,000,000 refinancing of its Two Park Avenue office building. The Company received proceeds of \$65,000,000 and repaid the then existing debt in the same amount on the property. The Company expects to receive the remaining \$25,000,000 prior to June 30, 2000 upon satisfying certain closing conditions. The new 3-year debt matures on February 28, 2003 and bears interest at Libor + 1.45% (7.39% at March 1, 2000).

(3) In June 1998, the Company completed a \$275,000,000 refinancing of its One Penn Plaza office building and borrowed \$170,000,000 pursuant thereto. In the third quarter of 1998, the Company borrowed the remaining \$105,000,000. The debt matures in June 2002, is prepayable at anytime, and bears interest at LIBOR + 1.25% (7.73% at December 31, 1999). This debt replaced the \$93,192,000 bridge-mortgage loan financing put in place when the property was acquired. The Company entered into an interest rate cap agreement (\$275,000,000 notional amount) to reduce the impact of changes in interest rates on this 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 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, 1999 approximates its cost.

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

(5) On July 18, 1999, the Company completed a \$70,000,000 mortgage financing of its 350 North Orleans property in Chicago. The Company received proceeds of \$40,000,000 and is expected to receive the remaining \$30,000,000 during the next year upon meeting certain debt service coverage requirements.

(6) On September 21, 1999, the Company completed a \$250,000,000 mortgage refinancing of its Merchandise Mart property in Chicago of which \$50,000,000 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 \$250,000,000, 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 \$250,000,000 to a third party on the same terms as the cap the Company purchased.

The net carrying value of properties collateralizing the notes and mortgages amounted to \$2,501,882,000 at December 31, 1999. As at December 31, 1999, the maturities for the next five years and thereafter are as follows:

(in thousands)	
YEAR ENDING DECEMBER 31,	AMOUNT
-----	-----
2000.....	\$ 328,135
2001.....	21,423
2002.....	528,687
2003.....	406,272
2004.....	483,541
Thereafter.....	280,746

VORNADO REALTY L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

6. PARTNERS' CAPITAL

The following table sets forth the details of partners' capital at December 31, 1999 and 1998.

	Outstanding Units at		Per Unit Liquidation Preference	Preferred or Annual Distribution Rate	Conversion Rate Into Class A Units
	December 31, 1999	December 31, 1998			
Preferred Units:					
Series A.....	5,789,239	5,789,239	\$ 50.00	\$ 3.25	--
Series B.....	3,400,000	--	\$ 25.00	\$ 2.125	--
Series C.....	4,600,000	--	\$ 25.00	\$ 2.125	--
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
8.5% D-1 Cumulative Redeemable Preferred	3,500,000	3,500,000	\$ 25.00	\$ 2.125	(a)
8.375% D-2 Cumulative Redeemable Preferred.....	549,336	--	\$ 50.00	\$ 4.1875	(a)
8.25% D-3 Cumulative Redeemable Preferred.....	8,000,000	--	\$ 25.00	\$ 2.0625	(a)
8.25% D-4 Cumulative Redeemable Preferred.....	5,000,000	--	\$ 25.00	\$ 2.0625	(a)
8.25% D-5 Cumulative Redeemable Preferred.....	7,480,000	--	\$ 25.00	\$ 2.0625	(a)
6.0% E-1 Convertible Preferred.....	4,998,000	--	\$ 50.00	\$ 3.00(b)	1.1364
	45,413,836	11,386,500			
	=====	=====			
General Partnership Interest(g)					
Limited Partnership Units:					
Class A.....	92,583,570 (c)	86,964,323 (c)	--	\$ 1.80	(d)
Class C.....	--	3,534,098	--	\$ 1.69 (e)	1.0 (e)
Class D.....	876,543	1,332,596	--	\$ 2.015	1.0 (f)
	93,460,113	91,831,017			
	=====	=====			

(a) Redeemable for an equivalent of the Company's preferred shares.

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

(c) Included in Class A units are 86,335,741 and 85,076,542 units owned by the general partner at December 31, 1999 and 1998, respectively.

(d) Class A units are redeemable at the option of the holder for cash or, at the Company's option, one common share of beneficial interest in Vornado.

(e) Class C units automatically converted to Class A units in the third quarter of 1999. Prior to conversion, the Class C unit holders had participated in distributions at an annual rate of \$1.69, then pari passu with the Class A units.

(f) 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).

(g) Vornado is the sole general partner.

During the three years ended December 31, 1999, Vornado sold \$1,133,672,000 of Common Shares, \$276,000,000 of Convertible Preferred Shares and \$193,300,000 of Cumulative Redeemable Preferred Shares. The following are the details of the sales.

Sale of Common Shares

In October 1997, Vornado sold 14,000,000 common shares and an additional 2,100,000 common shares in November 1997 when the underwriters exercised in full their over-allotment option. The shares were sold at a price of \$45.00 per share which, net of expenses, yielded approximately \$688,672,000. An equivalent number of units were issued to Vornado for the share sold.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

In April 1998, Vornado 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 \$401,000,000. On April 29, 1998, Vornado 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 \$44,000,000. An equivalent number of units were issued to Vornado for the shares sold.

Sale of Convertible Preferred Shares

In April 1997, Vornado completed its public offering of 5,750,000 Series A Convertible Preferred Shares of Beneficial Interest, liquidation preference \$50.00 per share. The preferred shares bear a coupon of 6 1/2% and are convertible into common shares at \$36.11 per share. The offering, net of expenses, generated approximately \$276,000,000 which was used to fund the cash portion of the Mendik Transaction. In connection with the acquisition of Arbor in December 1997, the Company issued approximately 2,936,000 common shares and 39,400 Series A Convertible Preferred Shares of Beneficial Interest. The approximate value of the shares issued at the time of the acquisition was \$102,000,000. An equivalent number of units were issued to Vornado for the shares sold.

Sale of Cumulative Redeemable Preferred Shares

On March 17, 1999, Vornado 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 \$72,200,000. Further on March 22, 1999, 400,000 shares were sold when the underwriters exercised their over-allotment option resulting in additional net proceeds to the Company of \$9,700,000. The perpetual preferred shares may be called without penalty at the option of the Company commencing on March 17, 2004. An equivalent number of units were issued to Vornado for the shares sold.

On May 17, 1999, Vornado 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 \$96,900,000. Additionally, on May 19, 1999, 600,000 shares were sold when the underwriters exercised their over-allotment option resulting in additional net proceeds to the Company of \$14,500,000. The perpetual preferred shares may be called without penalty at the option of the Company commencing on May 17, 2004. An equivalent number of units were issued to Vornado for the shares sold.

On October 20, 1997, the Company paid a 100% unit distribution to unitholders. All unit and per unit information has been adjusted to reflect this two-for-one unit split.

VORNADO REALTY L.P.

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 of Vornado. 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. An equivalent number of units are issued when options are exercised.

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, 1999.

If compensation cost for Plan awards had been determined based on fair value at the grant dates, net income and income per unit would have been reduced to the pro-forma amounts below, for the years ended December 31, 1999, 1998 and 1997:

	DECEMBER 31,		
	1999	1998	1997
(amounts in thousands, except unit amounts)			
Net income applicable to Class A units:			
As reported.....	\$ 177,427	\$ 133,153	\$ 45,474
Pro-forma.....	151,836	117,938	38,416
Net income per unit applicable to Class A units:			
Basic:			
As reported.....	\$ 1.97	\$ 1.62	\$.83
Pro-forma.....	1.77	1.46	.70
Diluted:			
As reported.....	1.94	1.59	.79
Pro forma.....	1.74	1.43	.67

VORNADO REALTY L.P.

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, 1999, 1998 and 1997.

	DECEMBER 31,		
	1999	1998	1997
Expected volatility.....	19%	19%	25%
Expected life.....	5 years	5 years	5 years
Risk-free interest rate.....	6.4%	4.6%	6.4%
Expected dividend yield.....	5.9%	5.3%	3.4%

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

	DECEMBER 31, 1999		DECEMBER 31, 1998		DECEMBER 31, 1997	
	SHARES/ UNITS	WEIGHTED- AVERAGE EXERCISE PRICE	SHARES/ UNITS	WEIGHTED- AVERAGE EXERCISE PRICE	SHARES/ UNITS	WEIGHTED- AVERAGE EXERCISE PRICE
Outstanding at January 1.....	8,724,316	\$ 32.35	5,529,917	\$ 24.43	4,139,386	\$ 22.51
Granted.....	3,301,550	33.53	3,436,250	44.99	1,521,500	29.99
Exercised.....	(132,119)	18.64	(41,851)	21.95	(33,969)	18.69
Cancelled.....	(421,395)	37.71	(200,000)	32.93	(97,000)	31.25
Outstanding at December 31.....	11,472,352	\$ 32.65	8,724,316	\$ 32.35	5,529,917	\$ 24.43
Options exercisable at December 31.....	4,546,429		2,703,407		1,327,418	
Weighted-average fair value of options granted during the year ended						
December 31 (per option).....	\$ 4.43		\$ 5.33		\$ 7.87	

VORNADO REALTY L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

The following table summarizes information about options outstanding under the Plan at December 31, 1999:

RANGE OF EXERCISE PRICE	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	NUMBER OUTSTANDING AT DECEMBER 31, 1999	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE AT DECEMBER 31, 1999	WEIGHTED-AVERAGE EXERCISE PRICE
\$6 to \$12	45,368	3.0 Years	\$11	45,368	\$11
\$17 to \$19	430,579	5.1 Years	18	430,579	18
\$23	3,500,000	6.9 Years	23	2,100,000	23
\$26 to \$27	275,250	7.1 Years	26	275,250	26
\$30	680,000	7.4 Years	30	422,100	30
\$31 to \$36	3,318,300	9.0 Years	34	176,620	34
\$37 to \$40	265,510	8.4 Years	39	80,410	39
\$41 to \$44	117,795	8.2 Years	43	42,093	43
\$45	2,574,550	8.1 Years	45	883,909	45
\$48	265,000	8.1 Years	48	90,100	48
\$6 to \$48	11,472,352	7.8 Years	\$33	4,546,429	\$29

Vornado shares available for future grant under the Plan at December 31, 1999 were 8,223,227.

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,		
	1999	1998	1997
(amounts in thousands, except percentages)			
Service cost--benefits earned during the period.....	\$ --	\$ --	\$ 115
Interest cost on projected benefit obligation.....	559	594	607
Actual return on assets.....	(387)	(334)	(494)
Net amortization and deferral.....	53	51	347
Net pension expense.....	\$ 225	\$ 311	\$ 575
Assumptions used in determining the net pension expense were:			
Discount rate.....	7 3/4%	6 3/4%	7 1/4%
Rate of increase in compensation levels.....	--*	--*	5 1/2%
Expected rate of return on assets.....	7%	7%	7%

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

VORNADO REALTY L.P.

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:

	DECEMBER 31,		
	1999	1998	1997
(amounts in thousands)			
Actuarial present value of benefit obligations:			
Vested benefit obligation.....	\$ 7,492	\$ 8,853	\$ 8,245
Accumulated benefit obligation.....	\$ 7,558	\$ 8,952	\$ 8,337
Projected benefit obligation.....	\$ 7,558	\$ 8,952	\$ 8,337
Plan assets at fair value.....	5,284	5,551	4,901
Projected benefit obligation in excess of plan assets.....	2,274	3,401	3,436
Unrecognized net obligations.....	(1,279)	(2,269)	(1,086)
Adjustment required to recognize minimum liability.....	1,279	2,269	1,086
Accrued pension costs.....	\$ 2,274	\$ 3,401	\$ 3,436

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, 1999, future base rental revenue under noncancellable 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
2000.....	\$ 572,893
2001.....	545,003
2002.....	514,915
2003.....	474,823
2004.....	440,655
Thereafter.....	2,678,987

These amounts do not include rentals based on tenants' sales. These percentage rents approximated \$2,213,000, \$2,493,000 and \$1,786,000 for the years ended December 31, 1999, 1998 and 1997.

None of the Company's tenants represented more than 10% of the Company's total revenues for the year ended December 31, 1999.

VORNADO REALTY L.P.

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, 1999, are as follows:

(in thousands)

YEAR ENDING DECEMBER 31:	AMOUNT
-----	-----
2000.....	\$ 14,917
2001.....	14,837
2002.....	14,415
2003.....	13,688
2004.....	12,770
Thereafter.....	402,652

Rent expense was \$14,269,000, \$5,937,000 and \$2,001,000 for the years ended December 31, 1999, 1998 and 1997.

10. COMMITMENTS AND CONTINGENCIES

At December 31, 1999, in addition to the \$367 million balance outstanding under the Company's revolving credit facility, the Company had utilized \$117 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, change 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 PROCEEDINGS

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 \$9,012,000 and the Company recorded a gain of \$7,955,000 (the agreed upon amount, net of the carrying value of the shopping center of \$1,057,000). The insurance carrier had previously advanced \$5,550,000 to the Company. The reconstruction of the shopping center was completed in 1999.

In September 1998, Atlantic City condemned the Company's vacant property. In the third quarter of 1998, the Company recorded a gain of \$1,694,000, (which reflects the condemnation award of \$3,100,000, net of the carrying value of the property of \$1,406,000). The Company is appealing the amount of the award.

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, 1999, the loan due from Mr. Roth, in accordance with his employment arrangement, was \$13,122,500 (\$4,705,000 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 \$15,000,000 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, 1999, loans due from Mr. Fascitelli, in accordance with his employment agreement, aggregated \$7,600,000. The loans mature in 2003 and bear interest, payable quarterly at a weighted average interest rate of 5.16% (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 \$5,000,000 in cash and a \$20,000,000 convertible obligation payable at the Company's option in 919,540 of Vornado common shares or the cash equivalent of their appreciated value but not less than \$20,000,000. Accordingly, the cash and Vornado common shares are being held in an irrevocable trust (the fair value of this obligation was \$34,996,620 at December 31, 1999).

Various other executive officers of the Company have loans outstanding pursuant to employment agreements of \$1,146,000 at December 31, 1999. The loans bear interest at either the applicable Federal rate provided or the broker call rate (7.25% at December 31, 1999).

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, 1999, 1998 and 1997, \$1,262,000, \$1,365,000 and \$1,184,000 of management fees were earned by the Company pursuant to the management agreement.

The Mendik Group 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 fees charged to other real estate companies, that the terms and conditions of such contracts are fair to the Company. The Company was charged fees in connection with these contracts of \$40,974,000 and \$25,686,000 for the years ended December 31, 1999 and 1998 and \$9,965,000 for the period from April 15, 1997 (date of acquisition of the Mendik portfolio) to December 31, 1997.

The common stock of the preferred stock affiliates which own interests in the Temperature Controlled Logistics Companies, Hotel Pennsylvania and related management companies are owned by Officers and Trustees of Vornado.

VORNADO REALTY L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

14. EARNINGS PER CLASS A UNIT

The following table sets forth the computation of basic and diluted earnings per Class A unit:

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
(amounts in thousands, except per unit amounts)			
Numerator:			
Net income.....	\$ 255,677	\$ 168,386	\$ 68,316
Preferred unit distributions.....	(33,438)	(21,690)	(15,549)
Preferential allocations.....	(44,812)	(13,543)	(7,293)

Numerator for basic and diluted earnings per Class A unit--income applicable to Class A units.....	\$ 177,427	\$ 133,153	\$ 45,474
=====			
Denominator:			
Denominator for basic earnings per Class A unit--weighted average units.....	89,895,628	81,950,394	55,097,656
Effect of dilutive securities:			
Employee stock options.....	1,621,386	1,931,818	2,119,553

Denominator for diluted earnings per Class A unit--adjusted weighted average units and assumed conversions.....	91,517,014	83,882,212	57,217,209
=====			
Net income per Class A unit--basic.....	\$ 1.97	\$ 1.62	\$ 0.83
Net income per Class A unit--diluted.....	\$ 1.94	\$ 1.59	\$ 0.79

15. SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

The following summary represents the results of operations for each quarter in 1999, 1998 and 1997:

(amounts in thousands, except unit amounts)	REVENUE	NET INCOME APPLICABLE TO CLASS A UNITS	NET INCOME PER CLASS A UNIT (1)	
			BASIC	DILUTED
1999				
March 31.....	\$ 163,564	\$ 44,180(2)	\$.50	\$.49
June 30.....	166,188	43,930(2)	.50	.49
September 30.....	183,555	47,236(2)	.52	.51
December 31.....	183,651	42,081	.45	.45
1998				
March 31.....	\$ 90,211	\$ 26,064	\$.36	\$.35
June 30.....	128,523	31,378	.38	.37
September 30.....	140,672	40,333	.47	.46
December 31.....	150,454	35,378	.41	.40
1997				
March 31.....	\$ 29,297	\$ 9,690	\$.19	\$.18
June 30.....	50,662	8,933	.17	.17
September 30.....	61,868	10,385	.20	.19
December 31.....	67,304	16,466	.26	.25

- (1) The total for the year may differ from the sum of the quarters as a result of weighting.
- (2) 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 Class A unit is as follows: \$462,000 (\$.01 per unit), \$887,000 (\$.01 per unit), and \$887,000 (\$.01 per unit), respectively.

VORNADO REALTY L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

16. SEGMENT INFORMATION

The Company has four business segments: Office, Retail, Merchandise Mart Properties and Temperature Controlled Logistics. Prior to April 1997, the Company operated in one segment-retail real estate, primarily in the Northeast section of the United States.

(Amounts in thousands)

	December 31, 1999					
	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.....	(1,840)	(1,840)	--	--	--	--
Net income.....	255,677	121,492	69,779	32,525	36,722	(4,841)
Minority interest.....	1,840	1,840	--	--	--	--
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 1-5 are explained on page 98.

(amounts in thousands)

	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.....	(651)	(651)	--	--	--	--
Net income.....	168,386	85,421	66,989	15,719	15,191	(14,934)
Minority interest.....	651	651	--	--	--	--
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 1-5 are explained on page 98.

VORNADO REALTY L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

(amounts in thousands)

	December 31, 1997					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(2)
Total revenues.....	\$ 209,131	\$ 80,846	\$120,299	\$ --	\$ --	\$ 7,986
Total expenses.....	134,225	50,186	46,204	--	--	37,835
Operating income.....	74,906	30,660	74,095	--	--	(29,849)
Income applicable to Alexander's	7,873	--	--	--	--	7,873
Income from partially-owned entities.....	4,658	1,015	--	--	1,720	1,923
Interest and other investment income.....	23,767	6,834	2,296	--	--	14,637
Interest and debt expense.....	(42,888)	(9,009)	(19,893)	--	--	(13,986)
Net income.....	68,316	29,500	56,498	--	1,720	(19,402)
Interest and debt expense (4).....	54,395	13,707	19,893	--	5,839	14,956
Depreciation and amortization (4).....	31,972	12,813	11,706	--	4,182	3,271
Straight-lining of rents (4).....	(3,932)	(645)	(2,558)	--	--	(729)
Other.....	(325)	1,303	970	--	17	(2,615)
EBITDA(1).....	\$ 150,426	\$ 56,678	\$ 86,509	\$ --	\$ 11,758	\$ (4,519)
	=====	=====	=====	=====	=====	=====
Balance sheet data:						
Real estate, net.....	\$1,390,659	\$803,324	\$564,214	\$ --	\$ --	\$23,120
Investments and advances to partially-owned entities.....	482,787	105,586	4,451	--	243,846	128,904
Capital expenditures:						
Acquisitions.....	1,995,000	965,000	366,000	--	600,000	64,000
Other.....	29,891	12,992	8,445	--	6,102	2,352

See footnotes 1-5 on the next page.

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 and the effect of straight-lining of property rentals for rent escalations. 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 (i) the operations of the Company's warehouse and industrial properties, (ii) investments in the Hotel Pennsylvania, Alexander's, and Newkirk Joint Ventures, (iii) corporate general and administrative expenses and (iv) unallocated investment income and interest and debt expense.

(3) Includes (i) the reversal of income taxes (benefit for the year ended December 31, 1999) which are considered non-recurring because of the expected conversion of the Temperature Controlled Logistics Companies to REIT's 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.

17. EVENT SUBSEQUENT TO DATE OF INDEPENDENT AUDITORS' REPORT

On March 22, 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%.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The Operating Partnership is managed by Vornado, its general partner. Information relating to trustees of Vornado will be contained in a definitive Proxy Statement involving the election of trustees which Vornado 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, 1999, and such information is incorporated herein by reference. Information relating to Executive Officers of Vornado appears at page 46 of this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

Information relating to Vornado's executive compensation will be contained in Vornado's 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 Vornado's 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 Vornado's 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.
2. Financial Statement Schedules.

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 -----
Independent Auditors' Report	
II--Valuation and Qualifying Accounts--years ended December 31, 1999, 1998 and 1997.....	102
III--Real Estate and Accumulated Depreciation as of December 31, 1999.....	103

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.

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

EXHIBIT NO.	
3.12	Amended and Restated Bylaws of Vornado, dated March 2, 2000.
10.47	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)
10.48	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
10.49	Employment Agreement, dated January 22, 2000, between Vornado Realty Trust and Melvyn Blum
10.50	First Amended and Restated Promissory Note of Steven Roth, dated November 16, 1999
10.51	Letter agreement, dated November 16, 1999, between Steven Roth and Vornado Realty Trust
12	Consolidated Ratios of Earnings to Fixed Charges and Combined Fixed Charges and Preferred Share Dividend Requirements.
21	Subsidiaries of the Registrant.
23	Consent of Independent Auditors to Incorporation by Reference.
27	Financial Data Schedule.

(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 -----
October 19, 1999	Additional \$50 million loan to Alexander's, Inc.	October 22, 1999
September 3, 1999	Issuance of Series D-3 Preferred Units and Series D-4 Preferred Units of Vornado Realty L.P.	October 25, 1999
November 24, 1999	Issuance of Series D-5 Preferred Units of Vornado Realty L.P.	December 23, 1999

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VORNADO REALTY L.P.
By: Vornado Realty Trust, as general partner

By: /s/ Irwin Goldberg

Irwin Goldberg, Vice President,
Chief Financial Officer

Date: March 29, 2000

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

	SIGNATURE -----	TITLE -----	DATE ----
By:	/s/ Steven Roth ----- (Steven Roth)	Chairman of the Board of Trustees (Principal Executive Officer)	March 29, 2000
By:	/s/ Michael D. Fascitelli ----- (Michael D. Fascitelli)	President and Trustee	March 29, 2000
By:	/s/ Irwin Goldberg ----- (Irwin Goldberg)	Vice President-- Chief Financial Officer	March 29, 2000
By:	/s/ David Mandelbaum ----- (David Mandelbaum)	Trustee	March 29, 2000
By:	/s/ Stanley Simon ----- (Stanley Simon)	Trustee	March 29, 2000
By:	/s/ Ronald G. Targan ----- (Ronald G. Targan)	Trustee	March 29, 2000
By:	/s/ Richard R. West ----- (Richard R. West)	Trustee	March 29, 2000
By:	/s/ Russell B. Wight, Jr. ----- (Russell B. Wight, Jr.)	Trustee	March 29, 2000

**VORNADO REALTY L.P.
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	AMOUNT	BALANCE AT END OF YEAR
(AMOUNTS IN THOUSANDS)					
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 =====
YEAR ENDED DECEMBER 31, 1997:					
Deducted from accounts receivable, allowance for doubtful accounts.....	\$ 575 =====	\$ 305 =====	Uncollectible accounts written-off	\$222 =====	\$ 658 =====

**VORNADO REALTY L.P.
AND SUBSIDIARIES**

**SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1999
(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 BUILDINGS AND IMPROVEMENTS TOTAL(2)		
OFFICE BUILDINGS							
NEW YORK							
MANHATTAN							
One Penn Plaza	\$ 275,000	\$ --	\$ 412,169	\$ 47,008	\$ --	\$ 459,177	\$ 459,177
Two Penn Plaza	163,146	53,615	164,903	39,727	53,615	204,630	258,245
909 Third Avenue	108,754	--	120,723	3,643	--	124,366	124,366
770 Broadway	--	52,898	95,686	31,744	52,898	127,430	180,328
Eleven Penn Plaza	53,129	40,333	85,259	6,835	40,333	92,094	132,427
Two Park Avenue	65,000	43,609	69,715	414	43,609	70,129	113,738
90 Park Avenue	--	8,000	175,890	10,407	8,000	186,297	194,297
888 Seventh Avenue	55,000	--	117,269	3,479	--	120,748	120,748
330 West 34th Street	--	--	8,599	115	--	8,714	8,714
1740 Broadway	--	26,971	102,890	6,293	26,971	109,183	136,154
150 East 58th Street	--	39,303	80,216	3,234	39,303	83,450	122,753
866 United Nations Plaza	33,000	32,196	37,534	4,261	32,196	41,795	73,991
595 Madison (Fuller Building)	--	62,731	62,888	4	62,731	62,892	125,623
640 Fifth Avenue	--	38,224	25,992	27,113	38,224	53,105	91,329
40 Fulton Street	--	15,732	26,388	1,816	15,732	28,204	43,936
689 Fifth Avenue	--	19,721	13,446	68	19,721	13,514	33,235
20 Broad Street	--	--	28,760	1,010	--	29,770	29,770
WESTCHESTER							
550/600 Mamaroneck Avenue	--	--	21,770	687	--	22,457	22,457
Total New York	753,029	433,333	1,650,097	187,858	433,333	1,837,955	2,271,288
CONNECTICUT							
Westport	8,000	4,544	9,753	730	4,544	10,483	15,027
Total Connecticut	8,000	4,544	9,753	730	4,544	10,483	15,027
NEW JERSEY							
Paramus	--	--	8,345	4,303	--	12,648	12,648
Total New Jersey	--	--	8,345	4,303	--	12,648	12,648
TOTAL OFFICE BUILDINGS	761,029	437,877	1,668,195	192,891	437,877	1,861,086	2,298,963

COLUMN F	COLUMN G	COLUMN H	COLUMN I
DESCRIPTION	ACCUMULATED DEPRECIATION AND AMORTIZATION	DATE OF CONSTRUCTION(3)	DATE ACQUIRED
OFFICE BUILDINGS			
NEW YORK			
MANHATTAN			
One Penn Plaza	\$ 20,806	1972	1998
Two Penn Plaza	14,791	1968	1997
909 Third Avenue	1,407	1969	1999
770 Broadway	3,685	1907	1998
Eleven Penn Plaza	6,492	1923	1997
Two Park Avenue	5,671	1928	1998
90 Park Avenue	10,934	1964	1997
888 Seventh Avenue	3,038	1980	1999
330 West 34th Street	248	1925	1998
1740 Broadway	7,761	1950	1997

LIFE ON
WHICH
DEPRECIATION
IN LATEST
INCOME
STATEMENT
IS COMPUTED

150 East 58th Street	3,746	1969	1998	39 Years
866 United Nations Plaza	3,063	1966	1997	39 Years
595 Madison (Fuller Building)	475	1968	1999	39 Years
640 Fifth Avenue	1,369	1950	1997	39 Years
40 Fulton Street	1,301	1987	1998	39 Years
689 Fifth Avenue	474	1925	1998	39 Years
20 Broad Street	1,058	1956	1998	39 Years
WESTCHESTER				
550/600 Mamaroneck Avenue	663	1971/1969	1998	39 Years
Total New York	86,982			
CONNECTICUT				
Westport	497	1980	1998	39 Years
Total Connecticut	497			
NEW JERSEY				
Paramus	3,223	1967	1987	26 - 40 Years
Total New Jersey	3,223			
TOTAL OFFICE BUILDINGS	90,702			

**VORNADO REALTY L.P.
AND SUBSIDIARIES**

**SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1999
(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)
Delran	2,848 *	756	3,184	2,213	756	5,397	6,153
Dover	3,635 *	224	2,330	2,497	204	4,847	5,051
East Brunswick	8,205 *	319	3,236	6,569	319	9,805	10,124
East Hanover I	11,066 *	376	3,063	3,585	477	6,547	7,024
East Hanover II	--	1,756	8,706	--	1,756	8,706	10,462
Hackensack	--	536	3,293	7,264	536	10,557	11,093
Jersey City	10,381 *	652	2,962	1,797	652	4,759	5,411
Kearny (4)	--	279	4,429	(1,208)	290	3,210	3,500
Lawnside	5,708 *	851	2,222	1,390	851	3,612	4,463
Lodi	2,420 *	245	9,339	--	245	9,339	9,584
Manalapan	6,397 *	725	2,447	4,935	725	7,382	8,107
Marlton	5,398 *	1,514	4,671	552	1,611	5,126	6,737
Middletown	7,761 *	283	1,508	3,942	283	5,450	5,733
Morris Plains	6,600 *	1,254	3,140	3,312	1,104	6,602	7,706
North Bergen (4)	--	510	3,390	(955)	2,309	636	2,945
North Plainfield	2,824	500	13,340	354	500	13,694	14,194
Totowa	15,646 *	1,097	5,359	10,941	1,163	16,234	17,397
Turnersville	2,116 *	900	2,132	597	900	2,729	3,629
Union	15,975 *	1,014	4,527	2,802	1,014	7,329	8,343
Vineland	2,358 *	290	1,594	1,253	290	2,847	3,137
Watchung (4)	--	451	2,347	6,855	4,178	5,475	9,653
Woodbridge	8,792 *	190	3,047	709	220	3,726	3,946
Total New Jersey	141,031	17,064	99,543	72,989	22,940	166,656	189,596
NEW YORK							
14th Street and Union Square, Manhattan	--	12,566	4,044	15,023	24,079	7,554	31,633
Albany (Menands)	--	460	1,677	2,703	460	4,380	4,840
Buffalo (Amherst)	4,863 *	402	2,019	2,175	636	3,960	4,596
Freeport	8,021 *	1,231	3,273	2,848	1,231	6,121	7,352
New Hyde Park	2,043 *	--	--	126	--	126	126
North Syracuse	--	--	--	23	--	23	23
Rochester (Henrietta)	2,203 *	--	2,124	1,151	--	3,275	3,275
Rochester	2,832 *	443	2,870	594	443	3,464	3,907
Valley Stream (Green Acres)	163,785	140,069	99,586	1,286	140,069	100,872	240,941
Total New York	183,747	155,171	115,593	25,929	166,918	129,775	296,693
SHOPPING CENTERS							
NEW JERSEY							
Bordentown	3,276 *	498	3,176	1,105	713	4,066	4,779
Bricktown	9,919 *	929	2,175	9,180	929	11,355	12,284
Cherry Hill	9,706 *	915	3,926	3,300	915	7,226	8,141
DESCRIPTION	COLUMN F ACCUMULATED DEPRECIATION AND AMORTIZATION	COLUMN G DATE OF CONSTRUCTION(3)	COLUMN H DATE ACQUIRED	COLUMN I LIFE ON WHICH DEPRECIATION IN LATEST INCOME STATEMENT IS COMPUTED			
Delran	3,064	1972	1972	16 - 40 Years			
Dover	3,012	1964	1964	16 - 40 Years			
East Brunswick	5,602	1957	1957	8 - 33 Years			
East Hanover I	4,714	1962	1962	9 - 40 Years			
East Hanover II	272	1979	1998	40 Years			
Hackensack	4,963	1963	1963	15 - 40 Years			
Jersey City	3,767	1965	1965	11 - 40 Years			
Kearny (4)	1,181	1938	1959	23 - 29 Years			
Lawnside	2,245	1969	1969	17 - 40 Years			
Lodi	58	1999	1975	40 Years			
Manalapan	4,019	1971	1971	14 - 40 Years			
Marlton	3,816	1973	1973	16 - 40 Years			
Middletown	2,881	1963	1963	19 - 40 Years			

Morris Plains	4,842	1961	1985	7 - 19 Years
North Bergen (4)	121	1993	1959	30 Years
North Plainfield	4,845	1955	1989	21 - 30 Years
Totowa	6,122	1957/1999	1957	19 - 40 Years
Turnersville	1,705	1974	1974	23 - 40 Years
Union	5,218	1962	1962	6 - 40 Years
Vineland	1,880	1966	1966	18 - 40 Years
Watchung (4)	927	1994	1959	27 - 30 Years
Woodbridge	2,996	1959	1959	11 - 40 Years

Total New Jersey 82,443

NEW YORK

14th Street and Union Square, Manhattan	994	1965	1993	36 - 39 Years
Albany (Menands)	2,099	1965	1965	22 - 40 Years
Buffalo (Amherst)	2,672	1968	1968	13 - 40 Years
Freeport	2,966	1981	1981	15 - 40 Years
New Hyde Park	123	1970	1976	6 - 10 Years
North Syracuse	23	1967	1976	11 - 12 Years
Rochester (Henrietta)	2,151	1971	1971	15 - 40 Years
Rochester	2,522	1966	1966	10 - 40 Years
Valley Stream (Green Acres)	5,228	1956	1997	39 - 40 Years

Total New York 18,778

SHOPPING CENTERS

NEW JERSEY

Bordentown	3,775	1958	1958	7 - 40 Years
Bricktown	5,033	1968	1968	22 - 40 Years
Cherry Hill	5,385	1964	1964	12 - 40 Years

**VORNADO REALTY L.P.
AND SUBSIDIARIES**

**SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1999
(AMOUNTS IN THOUSANDS)**

DESCRIPTION	COLUMN B ENCUMBRANCES	COLUMN C INITIAL COST TO COMPANY(1)		COLUMN D COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	COLUMN E GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD		
		LAND	BUILDINGS AND IMPROVEMENTS		LAND	BUILDINGS AND IMPROVEMENTS	TOTAL(2)
PENNSYLVANIA							
Allentown	7,696 *	70	3,446	10,226	334	13,408	13,742
Bensalem (4)	3,967 *	1,198	3,717	1,453	2,727	3,641	6,368
Bethlehem	--	278	1,806	3,904	278	5,710	5,988
Broomall	3,260 *	734	1,675	1,538	850	3,097	3,947
Glenolden	4,245 *	850	1,295	736	850	2,031	2,881
Lancaster	2,312 *	606	2,312	2,642	606	4,954	5,560
Levittown	2,283 *	193	1,231	88	193	1,319	1,512
10th and Market Streets, Philadelphia	--	933	3,230	5,670	933	8,900	9,833
Upper Moreland	3,517 *	683	2,497	564	683	3,061	3,744
York	1,463 *	421	1,700	1,204	409	2,916	3,325
Total Pennsylvania	28,743	5,966	22,909	28,025	7,863	49,037	56,900
MARYLAND							
Baltimore (Belair Rd.)	--	785	1,333	3,419	785	4,752	5,537
Baltimore (Towson)	5,779 *	581	2,756	690	581	3,446	4,027
Baltimore (Dundalk)	4,084 *	667	1,710	3,190	667	4,900	5,567
Glen Burnie	2,299 *	462	1,741	1,486	462	3,227	3,689
Hagerstown	--	168	1,453	867	168	2,320	2,488
Total Maryland	12,162	2,663	8,993	9,652	2,663	18,645	21,308
CONNECTICUT							
Newington	3,042 *	502	1,581	760	502	2,341	2,843
Waterbury	3,889 *	--	2,103	1,441	667	2,877	3,544
Total Connecticut	6,931	502	3,684	2,201	1,169	5,218	6,387
MASSACHUSETTS							
Chicopee	1,999 *	510	2,031	358	510	2,389	2,899
Springfield (4)	--	505	1,657	817	2,586	393	2,979
Total Massachusetts	1,999	1,015	3,688	1,175	3,096	2,782	5,878
TEXAS							
Dallas							
Lewisville (5)	764 *	2,433	2,271	676	2,469	2,911	5,380
Mesquite (5)	3,445 *	3,414	4,704	1,331	3,395	6,054	9,449
Skillman (5)	1,987 *	3,714	6,891	1,161	3,714	8,052	11,766
Total Texas	6,196	9,561	13,866	3,168	9,578	17,017	26,595

DESCRIPTION	COLUMN F ACCUMULATED DEPRECIATION AND AMORTIZATION	COLUMN G DATE OF CONSTRUCTION(3)	COLUMN H DATE ACQUIRED	COLUMN I LIFE ON WHICH DEPRECIATION IN LATEST INCOME STATEMENT IS COMPUTED
Allentown	5,422	1957	1957	20 - 42 Years
Bensalem (4)	1,265	1972/1999	1972	40 Years
Bethlehem	3,592	1966	1966	9 - 40 Years
Broomall	2,100	1966	1966	9 - 40 Years
Glenolden	1,111	1975	1975	18 - 40 Years
Lancaster	3,222	1966	1966	12 - 40 Years
Levittown	1,172	1964	1964	7 - 40 Years
10th and Market Streets, Philadelphia	1,175	1977	1994	27 - 30 Years

Upper Moreland	1,994	1974	1974	15 - 40 Years
York	1,797	1970	1970	15 - 40 Years

Total Pennsylvania	22,850			

MARYLAND				
Baltimore (Belair Rd.)	3,096	1962	1962	10 - 33 Years
Baltimore (Towson)	2,251	1968	1968	13 - 40 Years
Baltimore (Dundalk)	2,940	1966	1966	12 - 40 Years
Glen Burnie	1,863	1958	1958	16 - 33 Years
Hagerstown	1,459	1966	1966	9 - 40 Years

Total Maryland	11,609			

CONNECTICUT				
Newington	1,620	1965	1965	9 - 40 Years
Waterbury	1,882	1969	1969	21 - 40 Years

Total Connecticut	3,502			

MASSACHUSETTS				
Chicopee	1,848	1969	1969	13 - 40 Years
Springfield (4)	86	1993	1966	28 - 30 Years

Total Massachusetts	1,934			

TEXAS				
Dallas				
Lewisville (5)	934	1989	1990	25 - 30 Years
Mesquite (5)	1,870	1988	1990	24 - 30 Years
Skillman (5)	2,455	1988	1990	26 - 30 Years

Total Texas	5,259			

**VORNADO REALTY L.P.
AND SUBSIDIARIES**

**SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1999
(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	ACQUISITION	LAND	BUILDINGS AND IMPROVEMENTS	TOTAL(2)
PUERTO RICO (SAN JUAN) Montehiedra	61,618	9,182	66,701	231	9,182	66,932	76,114
TOTAL SHOPPING CENTERS	442,427	201,124	334,977	143,370	223,409	456,062	679,471
MERCHANDISE MART PROPERTIES							
ILLINOIS							
Merchandise Mart, Chicago	250,000	64,528	319,146	12,472	64,528	331,618	396,146
Apparel Center, Chicago	40,000	14,238	67,008	19,417	14,238	86,425	100,663
WASHINGTON D.C.							
Washington Office Center	49,537	10,719	69,658	154	10,719	69,812	80,531
Washington Design Center	23,932	12,274	40,662	3,150	12,274	43,812	56,086
Other	--	9,174	6,273	61	9,174	6,334	15,508
NORTH CAROLINA							
Market Square Complex, High Point	42,758	11,969	85,478	15,882	11,969	101,360	113,329
National Furniture Mart, High Point	13,695	1,069	16,761	52	1,069	16,813	17,882
TOTAL MERCHANDISE MART	419,922	123,971	604,986	51,188	123,971	656,174	780,145
WAREHOUSE/INDUSTRIAL							
NEW JERSEY							
East Brunswick	--	--	4,772	2,867	--	7,639	7,639
East Hanover	8,210 *	576	7,752	7,226	691	14,863	15,554
Edison	2,455 *	705	2,839	1,350	705	4,189	4,894
Garfield	--	96	8,068	4,872	96	12,940	13,036
TOTAL WAREHOUSE/INDUSTRIAL	10,665	1,377	23,431	16,315	1,492	39,631	41,123
OTHER PROPERTIES							
NEW JERSEY							
Montclair	--	66	470	330	66	800	866
Rahway	--	--	--	25	--	25	25
Total New Jersey	--	66	470	355	66	825	891

DESCRIPTION	COLUMN F ACCUMULATED DEPRECIATION AND AMORTIZATION	COLUMN G DATE OF CONSTRUCTION(3)	COLUMN H DATE ACQUIRED	COLUMN I LIFE ON WHICH DEPRECIATION IN LATEST INCOME STATEMENT IS COMPUTED
PUERTO RICO (SAN JUAN) Montehiedra	4,569	1996	1997	40 Years
TOTAL SHOPPING CENTERS	150,944			
MERCHANDISE MART PROPERTIES				
ILLINOIS				
Merchandise Mart, Chicago	14,839	1930	1998	40 Years

Apparel Center, Chicago	3,989	1977	1998	40 Years
WASHINGTON D.C.				
Washington Office Center	3,100	1990	1998	40 Years
Washington Design Center	2,066	1919	1998	40 Years
Other	276		1998	40 Years
NORTH CAROLINA				
Market Square Complex, High Point	2,285	1902-1989	1998	40 Years
National Furniture Mart, High Point	454	1964	1998	40 Years
TOTAL MERCHANDISE MART	27,009			
WAREHOUSE/INDUSTRIAL				
NEW JERSEY				
East Brunswick	4,367	1972	1972	18 - 40 Years
East Hanover	10,204	1963-1967	1963	7 - 40 Years
Edison	2,324	1954	1982	12 - 25 Years
Garfield	9,546	1942	1959	11 - 33 Years
TOTAL WAREHOUSE/INDUSTRIAL	26,441			
OTHER PROPERTIES				
NEW JERSEY				
Montclair	539	1972	1972	4 -15 Years
Rahway	25	1972	1972	14 Years
Total New Jersey	564			

**VORNADO REALTY L.P.
AND SUBSIDIARIES**

**SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1999
(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)
NEW YORK							
Hotel Pennsylvania (Commercial)	47,761	12,542	51,047	--	12,542	51,047	63,589
1135 Third Avenue	--	7,844	7,844	--	7,844	7,844	15,688
Riese	--	19,276	7,348	21	19,276	7,369	26,645
Total New York	47,761	39,662	66,239	21	39,662	66,260	105,922
TOTAL OTHER PROPERTIES	47,761	39,728	66,709	376	39,728	67,085	106,813
LEASEHOLD IMPROVEMENTS AND EQUIPMENT				14,992		14,992	14,992
TOTAL -- DECEMBER 31, 1999	\$ 1,681,804	\$ 804,077	\$ 2,698,298	\$ 419,132	\$ 826,477	\$ 3,095,030	\$3,921,507

DESCRIPTION	COLUMN F ACCUMULATED DEPRECIATION AND AMORTIZATION	COLUMN G DATE OF CONSTRUCTION(3)	COLUMN H DATE ACQUIRED	COLUMN I LIFE ON WHICH DEPRECIATION IN LATEST INCOME STATEMENT IS COMPUTED
NEW YORK				
Hotel Pennsylvania (Commercial)	2,889	1919	1997	40 Years
1135 Third Avenue	392		1997	40 Years
Riese	472	1911-1987	1997	39 Years
Total New York	3,753			
TOTAL OTHER PROPERTIES	4,317			
LEASEHOLD IMPROVEMENTS AND EQUIPMENT	9,129			3 - 20 Years
TOTAL -- DECEMBER 31, 1999	\$ 308,542			

* These encumbrances are cross collateralized under a blanket mortgage in the amount of \$224,865 at December 31, 1999 which was repaid as part of a \$500,000 financing completed on March 1, 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 \$1,617,000 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.

5) Properties were sold subsequent to December 31, 1999.

**VORNADO REALTY L.P.
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,		
	1999	1998	1997
Real Estate			
Balance at beginning of period.....	\$ 3,315,891	\$ 1,564,093	\$ 397,298
Additions during the period:			
Land.....	83,153	308,261	374,996
Buildings & improvements.....	522,463	1,464,595	792,397
	-----	-----	-----
	3,921,507	3,336,949	1,564,691
Less: Cost of assets written-off.....	--	21,058	598
	-----	-----	-----
Balance at end of period.....	\$ 3,921,507	\$ 3,315,891	\$ 1,564,093
	=====	=====	=====
 ACCUMULATED DEPRECIATION			
Balance at beginning of period	\$ 226,816	\$ 173,434	\$ 151,049
Additions charged to operating expenses.....	81,726	59,227	22,983
	-----	-----	-----
	308,542	232,661	174,032
Less: Accumulated depreciation on assets written-off.....	--	5,845	598
	-----	-----	-----
Balance at end of period.....	\$ 308,542	\$ 226,816	\$ 173,434
	=====	=====	=====

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 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.....	*
3.3	--	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.....	*
3.4	--	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.....	*
3.5	--	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.....	*
3.6	--	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.....	*
3.7	--	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.....	*
3.8	--	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 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.....	*
3.9	--	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.....	*
3.10	--	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.....	*

* Incorporated by reference

EXHIBIT
NO.

3.11	--	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.....	*
3.12	--	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, dated March 7, 2000 (File No. 001-11954), filed on March 9, 2000.....	*
3.13	--	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").....	*
3.14	--	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.....	*
3.15	--	Second Amendment to Second Amendment and Restated Agreement of Limited Partnership of the Operating 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.....	*
3.16	--	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.....	*
3.17	--	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.....	*
3.18	--	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.....	*
3.19	--	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.....	*
3.20	--	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.....	*
3.21	--	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.....	*

* Incorporated by reference

EXHIBIT
NO.

3.22	--	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.....	*
3.23	--	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.....	*
3.24	--	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.....	*
3.25	--	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.....	*
3.26	--	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.....	*
4.1	--	Instruments defining the rights of security holders (see Exhibits 3.1 through 3.15 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.....	*
10.1	--	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.....	*

* Incorporated by reference

EXHIBIT
NO.

10.2	--	Master Agreement and Guaranty, between Vornado, Inc. and Bradlees New Jersey, Inc. dated as of May 1, 1992 - Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for quarter ended March 31, 1992 (File No. 001-11954), filed May 8, 1992.....	*
10.3**	--	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.....	*
10.4**	--	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...	*
10.5**	--	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.....	*
10.6**	--	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 May 2, 1987 (File No. 001-11954), filed June 9, 1987.....	*
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 October 26, 1985 (File No. 001-11954), filed December 9, 1985.....	*
10.8**	--	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.....	*
10.9**	--	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.....	*
10.10**	--	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.....	*
10.11**	--	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.....	*
10.12	--	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.....	*
10.13	--	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.....	*

* Incorporated by reference ** Management contract or compensatory plan

EXHIBIT
NO.

10.14	--	Stock Pledge Agreement between Vornado, Inc. and Steven Roth dated December 29, 1992 - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993.....	*
10.15	--	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....	*
10.16	--	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.....	*
10.17	--	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.....	*
10.18	--	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.....	*
10.19	--	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.....	*
10.20	--	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.....	*
10.21	--	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.....	*
10.22	--	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.....	*
10.23	--	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.....	*
10.24	--	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.....	*
10.25	--	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.....	*
10.26	--	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.....	*

* Incorporated by reference

EXHIBIT
NO.

10.27	--	Revolving Credit Agreement dated as of February 27, 1995 among Vornado Realty Trust, as borrower, and Union Bank of Switzerland, as Bank and Administrative Agent - Incorporated by reference to Exhibit 10(F)9 of Vornado's Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 001-11954), filed March 23, 1995.....	*
10.28	--	Form of Intercompany Agreement between Vornado Realty L.P. and Vornado Operating, Inc. -Incorporated by reference to Exhibit 10.1 of Amendment No. 1 to Vornado Operating, Inc.'s Registration Statement on Form S-11 (File No. 333-40701), filed on January 23, 1998.....	*
10.29	--	Form of Revolving Credit Agreement between Vornado Realty L.P. and Vornado Operating, Inc., together with related form of Note - Incorporated by reference to Exhibit 10.2 of Amendment No. 1 to Vornado Operating, Inc.'s Registration Statement on Form S-11 (File No.333-40701).....	*
10.30	--	Amended and Restated Revolving Credit Agreement, dated as of February 23, 1998, between Vornado Realty L.P., as Borrower, Vornado Realty Trust, as General Partner and Union Bank of Switzerland (New York Branch), as Bank, the other banks signatory hereto, each as a bank, Union Bank of Switzerland (New York Branch), as Administrative Agent and Citicorp Real Estate, Inc., The Chase Manhattan Bank and Nationsbank, as Syndication Agents - Incorporated by reference to Exhibit 10.29 of the 1997 10-K.....	*
10.31	--	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.....	*
10.32	--	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.....	*
10.33	--	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.....	*
10.34	--	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.....	*
10.35	--	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.....	*
10.36	--	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.....	*
10.37	--	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.....	*

* Incorporated by reference

EXHIBIT
NO.

10.38	--	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.....	*
10.39	--	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.....	*
10.40	--	Underwriting Agreement, dated April 9, 1998, among Vornado, Vornado Realty L.P. and Goldman, Sachs & Co. - Incorporated by reference to Exhibit 1.1 of Vornado's Current Report on Form 8-K, dated April 9, 1998 (File No. 001-11954), filed on April 16, 1998.....	*
10.41	--	Pricing Agreement, dated April 9, 1998, between Vornado and Goldman, Sachs & Co. - Incorporated by reference to Exhibit 1.2 of Vornado's Current Report on Form 8-K, dated April 9, 1998 (File No. 001-11954), filed on April 16, 1998.....	*
10.42	--	Underwriting Agreement, dated April 23, 1998, among Vornado, Vornado Realty L.P. and Merrill Lynch, Pierce, Fenner & Smith Incorporated - Incorporated by reference to Exhibit 1.1 of Vornado's Current Report on Form 8-K, dated April 22, 1998 (File No. 001-11954), filed on April 28, 1998.....	*
10.43	--	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.....	*
10.44	--	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.....	*
10.45	--	Underwriting Agreement, dated March 12, 1999, among Vornado, Vornado Realty L.P., Merrill Lynch, Pierce, Fenner & Smith Incorporated - Incorporated by reference to Exhibit 1.1 of Vornado's Current Report on Form 8-K, dated March 3, 1999 (File No. 001-11954), filed on March 17, 1999.....	*
10.46	--	Underwriting Agreement, dated May 17, 1999, among Vornado Realty Trust, Vornado Realty L.P., Salomon Smith Barney Inc. and the other underwriters named therein - Incorporated by reference to Exhibit 1.1 of Vornado's Current Report on Form 8-K, dated May 17, 1999 (File No. 001-11954), filed on May 26, 1999.....	*
10.47	--	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, dated March 7, 2000 (File No. 001-11954), filed on March 9, 2000.....	*
10.48	--	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, dated March 7, 2000 (File No. 001-11954), filed on March 9, 2000.....	*
10.49	--	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, dated March 7, 2000 (File No. 001-11954), filed on March 9, 2000.....	*

* Incorporated by reference

EXHIBIT
NO.

10.50	--	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, dated March 7, 2000 (File No. 001-11954), filed on March 9, 2000.....	*
10.51	--	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, dated March 7, 2000 (File No. 001-11954), filed on March 9, 2000.....	*
12	--	Consolidated Ratios of Earnings to Fixed Charges and Combined Fixed Charges and Preferred Share Dividend Requirements	
13	--	Not applicable	
16	--	Not applicable	
18	--	Not applicable	
19	--	Not applicable	
21	--	Subsidiaries of the Registrant	
22	--	Not applicable	
23	--	Consent of independent auditors	
25	--	Not applicable	
27	--	Financial Data Schedule	
29	--	Not applicable	

EXHIBIT 12

VORNADO REALTY L.P.

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

**PREFERRED UNIT DISTRIBUTION
REQUIREMENTS**

	DECEMBER 31,				
	1999	1998*	1997*	1996*	1995*
EARNINGS:					
Net income applicable to Class A unitholders	\$ 177,427	\$133,153	\$ 45,474	\$ 61,364	\$ 53,008
Preferential allocations not reflected in fixed charges below	6,082	1,743	--	--	--
Equity in income from certain partially owned entities in excess of distributions	(16,391)	(983)	(1,325)	(1,108)	2,389
Fixed Charges	227,459	152,217	66,397	17,214	17,333
Earnings	\$ 394,577	\$286,130	\$110,546	\$ 77,470	\$ 72,730
FIXED CHARGES:					
Interest and debt expense	\$ 141,683	\$114,686	\$ 42,888	\$ 16,726	\$ 16,426
Capitalized interest	7,012	1,410	--	--	442
Preferred unit distributions	33,438	21,690	15,549	--	--
Preferential allocations	40,570	12,452	7,293	--	--
1/3 of rent expense--interest factor	4,756	1,979	667	488	465
Total Fixed Charges	\$ 227,459	\$152,217	\$ 66,397	\$ 17,214	\$ 17,333
Ratio of Earnings to Fixed Charges	1.73	1.88	1.66	4.50	4.20
Rent Expense	\$ 14,268	\$ 5,937	\$ 2,001	\$ 1,465	\$ 1,395

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

EXHIBIT 21

VORNADO REALTY L.P.
SUBSIDIARIES OF THE REGISTRANT

NAME OF SUBSIDIARY	STATE OF ORGANIZATION
14 West 64th Street Corp.	New York
150 East 58th Street L.L.C.	New York
1740 Broadway Associates L.P.	Delaware
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
350 North Orleans L.L.C.	Delaware
40 East 14 Realty Associates L.L.C.	New York
40 Fulton Street L.L.C.	New York
401 Commercial Son, L.L.C.	Delaware
401 Commercial, L.P.	Delaware
401 General Partner, L.L.C.	Delaware
401 Hotel General Partner, L.L.C.	Delaware
401 Hotel, L.P.	Delaware
527 West Kinzie L.L.C.	Delaware
570 Lexington Associates, L.P.	New York
570 Lexington Company, L.P.	New York
689 5th Avenue L.L.C.	Delaware
715 Lexington Avenue LLC	New York
770 Broadway Company L.L.C.	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 GP LLC	Delaware
909 Third Mortgage Holder LLC	Delaware
AmeriCold Corporation	Oregon
AmeriCold Logistics II L.L.C.	Delaware
AmeriCold Logistics L.L.C	Delaware
AmeriCold Real Estate, L.P.	Delaware
AmeriCold Realty, Inc.	Delaware
AmeriCold Services Corporation	Delaware
Amherst Holding L.L.C.	New York
Amherst Industries L.L.C.	New York
Arbor Property, L.P.	Delaware
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
Bethlehem Holding Company L.L.C.	Pennsylvania
Bethlehem Holding Company L.P.	Pennsylvania

NAME OF SUBSIDIARY

STATE OF ORGANIZATION

Bethlehem Properties Holding Company L.L.C.	Pennsylvania
Bethlehem Properties Holding Company L.P.	Pennsylvania
Bordentown Holding L.L.C.	New Jersey
Brentwood Development L.L.C.	New York
Bridgeland Warehouses L.L.C.	New Jersey
Camden Holding L.L.C.	New Jersey
Carmar Freezers Russellville, L.L.C.	Missouri
Carmar Group, Inc.	Missouri
Carmar Industries, L.L.C.	Missouri
Charles E. Smith Commercial Realty L.P.	Delaware
Chicopee Holding L.L.C.	Massachusetts
Clementon Holding 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
Design Center Owner (D.C.) L.L.C.	Delaware
Dover Holding L.L.C.	New Jersey
DSAC L.L.C.	Texas
DUN L.L.C.	Maryland
Durham Leasing L.L.C.	New Jersey
EH L.L.C.	Maryland
Eleven Penn Plaza L.L.C.	New York
Evesham Holding L.L.C.	New Jersey
Fuller Madison LLC	New York
Gallery Market Holding Company L.L.C.	Pennsylvania
Gallery Market Holding Company L.P.	Pennsylvania
Gallery Market Properties Holding Company L.L.C.	Pennsylvania
Gallery Market Properties Holding Company L.P.	Pennsylvania
GBSPI L.L.C.	Maryland
Graybar Building L.L.C.	New York
Green Acres Mall, L.L.C.	Delaware
Greenwich Holding Corporation	New York
Hackbridge L.L.C.	New Jersey
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
Henrietta Holding L.L.C.	New York
HHC L.L.C.	Maryland
Jersey City Leasing L.L.C.	New Jersey
Kearny Holding L.L.C.	New Jersey
Kearny Leasing L.L.C.	New Jersey
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
Lawnwhite Holding L.L.C.	New Jersey
Lewisville Centre L.P.	Texas
Lewisville TC L.L.C.	Texas
Littleton Holding L.L.C.	New Jersey
Lodi Industries L.L.C.	New Jersey
Lodi Leasing L.L.C.	New Jersey
M 330 Associates, L.P.	New York
M 393 Associates L.L.C.	New York

NAME OF SUBSIDIARY	STATE OF ORGANIZATION
M/H Two Park Associates	New York
Manalapan Industries L.L.C.	New Jersey
Market Square Condominium LLC	Delaware
Market Square Furniture Plaza LLC	Delaware
Market Square Hamilton Center	Delaware
Market Square Hotel LLC	Delaware
Market Square L.L.C.	Illinois
Market Square Main Street LLC	Delaware
Marple Holding Company L.L.C.	Pennsylvania
Marple Holding Company L.P.	Pennsylvania
Mart Franchise Center, Inc.	Delaware
Mart Franchise Venture, L.L.C.	Delaware
Menands Holding L.L.C.	New York
Mendik Management Company Inc.	New York
Merchandise Mart Enterprises, Inc.	Delaware
Merchandise Mart L.L.C.	Delaware
Merchandise Mart Properties, Inc.	Delaware
Merchandise Mart Properties, Inc.	Illinois
Merchandise Mart Properties, Inc. (DE)	Delaware
Mesquite - Texas Crossing L.P.	Texas
Mesquite TC L.L.C.	Texas
Middletown Holding L.L.C.	New Jersey
Montclair Holding L.L.C.	New Jersey
Morris Plains Leasing L.L.C.	New Jersey
MRC Management L.L.C.	New York
National Furniture Mart (NC) LLC	Delaware
National Hydrant L.L.C.	New York
New Hanover L.L.C.	New Jersey
New Woodbridge L.L.C.	New Jersey
Newington Connecticut Holding L.L.C.	Connecticut
NFM Corp.	Delaware
NFM Partners LP	Delaware
Ninety Park Lender LLC	New York
Ninety Park Lender QRS, Inc.	Delaware
Ninety Park Manager LLC	New York
Ninety Park Option LLC	New York
Ninety Park Property LLC	New York
North Bergen Stores L.L.C.	New Jersey
North Plainfield Holding L.L.C.	New Jersey
Office Center Owner (D.C.) L.L.C.	Delaware
One Penn Plaza LLC	New York
Philadelphia Holding Company L.L.C.	Pennsylvania
Philadelphia Holding Company 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
Rahway Leasing L.L.C.	New Jersey
RF Operations LLC	
Rochester Holding L.L.C.	New York
Russia Fund, L.L.C.	Delaware
Skillman Abrams Crossing L.P.	Texas
South Capital L.L.C.	Delaware
Springfield Holding L.L.C.	Massachusetts
Star Universal L.L.C.	New Jersey
Stardial GP Corporation	Delaware

NAME OF SUBSIDIARY	STATE OF ORGANIZATION
T.G. Hanover L.L.C.	New Jersey
T53 Condominium L.L.C.	New York
TGSI L.L.C.	Maryland
The Second Lawnside L.L.C.	New Jersey
The Second Rochester Holding L.L.C.	New York
Trees Acquisition Subsidiary, Inc.	Delaware
Turnersville Holding L.L.C.	New Jersey
Two Guys From Harrison Holding Co. L.P.	Pennsylvania
Two Guys From Harrison Holding Co. LLC	Pennsylvania
Two Guys From Harrison L.L.C.	New Jersey
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
Unifreeze Services Partnership	Delaware
Upper Moreland Holding Company L.L.C.	Pennsylvania
Upper Moreland Holding Company L.P.	Pennsylvania
URS Logistics, Inc.	Delaware
URS Real Estate, L.P.	Delaware
URS Realty, Inc.	Delaware
VC Carthage, L.L.C.	Delaware
VC Freezer Amarillo, L.P.	Delaware
VC Freezer Fremont. L.L.C.	Delaware
VC Freezer Garden City, L.L.C.	Delaware
VC Freezer Omaha Amarillo, 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 Logistics, L.L.C.	Delaware
VC Missouri Holdings, L.L.C.	Delaware
VC Missouri Real Estate Holding, L.L.C.	Delaware
VC Omaha Holdings, L.L.C.	Delaware
VC Omaha Real Estate Holdings, L.L.C.	Delaware
VC Omaha Texas, L.L.C.	Delaware
VC Superior, L.L.C.	Delaware
VC Texas, L.P.	Delaware
VFC Connecticut Holding L.L.C.	Delaware
VFC Massachusetts Holding L.L.C.	Delaware
VFC New Jersey Holding L.L.C.	Delaware
VNK Corp	Massachusetts
VNO 63rd Street LLC	New York
Vornado - Westport L.L.C.	Connecticut
Vornado 1740 Broadway L.L.C.	New York
Vornado 330 West 34th Street L.L.C.	Delaware
Vornado 401 Commercial L.L.C.	New York
Vornado 401 Hotel II, Inc.	New York
Vornado 401 Hotel, Inc.	New York
Vornado 550/600 Mamoroneck L.P.	Delaware
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

NAME OF SUBSIDIARY	STATE OF ORGANIZATION
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 LLC	Delaware
Vornado Caguas LP	Delaware
Vornado CAPI L.L.C.	Delaware
Vornado Catalinas GP Inc.	Delaware
Vornado Catalinas LLC	Delaware
Vornado Catalinas LP	Delaware
Vornado CCA Gainesville, LLC	Delaware
Vornado Center Building L.L.C.	New York
Vornado CESCO Holdings L.L.C.	Delaware
Vornado CESCO II L.L.C.	Delaware
Vornado CESCO L.L.C.	Delaware
Vornado Crescent Atlanta Partnership	Delaware
Vornado Crescent Holding L.P.	Delaware
Vornado Crescent Logistics Operating Partnership	Delaware
Vornado Crescent Omaha Partnership	Delaware
Vornado Crescent Portland Partnership	Delaware
Vornado Communications L.L.C.	Delaware
Vornado Deer Park L.L.C.	New York
Vornado Finance Corporation	Delaware
Vornado Finance GP L.L.C.	Delaware
Vornado Finance L.P.	Delaware
Vornado Finance SPE, Inc.	Delaware
Vornado Fort Lee LLC	New Jersey
Vornado Green Acres Acquisition L.L.C.	Delaware
Vornado Green Acres Delaware L.L.C.	Delaware
Vornado Green Acres Funding L.L.C.	Delaware
Vornado Green Acres Holdings L.L.C.	Delaware
Vornado Green Acres SPE Managing Member, Inc.	Delaware
Vornado Investment Corporation	New York
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 M/H L.L.C.	Delaware
Vornado Mamaroneck L.L.C.	Delaware
Vornado Management Corp.	New Jersey
Vornado Montehiedra Acquisition L.L.C.	Delaware
Vornado Montehiedra Acquisition L.P.	Delaware
Vornado Montehiedra Holding II L.P.	Delaware
Vornado Montehiedra Holding L.L.C.	Delaware
Vornado Montehiedra Holding L.P.	Delaware
Vornado Montehiedra Inc.	Delaware
Vornado Montehiedra OP L.L.C.	Delaware
Vornado Montehiedra OP L.P.	Delaware
Vornado New York RR One L.L.C.	New York
Vornado Newkirk L.L.C.	Massachusetts
Vornado NK Loan L.L.C.	Massachusetts
Vornado Omaha Holdings, Inc.	Delaware
Vornado Realty L.L.C.	Delaware
Vornado Realty L.P.	Delaware
Vornado RR Inc.	Delaware

NAME OF SUBSIDIARY

STATE OF
ORGANIZATION

Vornado RR Midtown L.L.C.	New York
Vornado RTR, Inc.	Delaware
Vornado SC Properties LLC	Delaware
Vornado Two Park Holdings L.L.C.	Delaware
Vornado Two Penn Plaza L.L.C.	New York
Vornado/Team Room L.L.C.	New York
VR LLC	Delaware
VR Retail Holdings LLC	New York
VRT Development Rights LLC	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
West Windsor Holding L.L.C.	New Jersey
Whitehorse Lawnside L.L.C.	New Jersey
York Holding Company L.L.C.	Pennsylvania
York Holding Company 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 7, 2000 appearing in this Annual Report on Form 10-K of Vornado Realty L.P. for the year ended December 31, 1999:

Vornado Realty Trust:

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 7, 2000

ARTICLE 5

EXHIBIT 27 VORNADO REALTY L.P. FINANCIAL DATA SCHEDULE (AMOUNTS IN THOUSANDS EXCEPT PER SHARE AMOUNTS) This schedule contains summary financial information extracted from the Company's audited financial statements for the year ended December 31, 1999 and is qualified in its entirety by reference to such financial statements.

PERIOD TYPE	12 MOS
FISCAL YEAR END	DEC 31 1999
PERIOD END	DEC 31 1999
CASH	143,201
SECURITIES	106,503
RECEIVABLES	49,719
ALLOWANCES	36,408
INVENTORY	0
CURRENT ASSETS	0
PP&E	3,921,507
DEPRECIATION	308,542
TOTAL ASSETS	5,479,218
CURRENT LIABILITIES	0
BONDS	2,048,804
PREFERRED MANDATORY	1,700,000
PREFERRED	478,585
COMMON	0
OTHER SE	1,084,035
TOTAL LIABILITY AND EQUITY	5,479,218
SALES	0
TOTAL REVENUES	696,958
CGS	0
TOTAL COSTS	282,118
OTHER EXPENSES	123,736
LOSS PROVISION	5,131
INTEREST EXPENSE	141,683
INCOME PRETAX	255,677
INCOME TAX	0
INCOME CONTINUING	255,677
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	177,427
EPS BASIC	1.97
EPS DILUTED	1.94

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