

VORNADO REALTY TRUST
Form 10-K
February 17, 2015

UNITED STATES

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, 2014

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:

001 11954

VORNADO REALTY TRUST
(Exact name of Registrant as specified in its charter)

Maryland
(State or other jurisdiction of incorporation or
organization)

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

888 Seventh Avenue, New York, New York
(Address of Principal Executive Offices)

10019
(Zip Code)

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

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Shares of beneficial interest, \$.04 par value per share	New York Stock Exchange
Cumulative Redeemable Preferred Shares of beneficial interest, no par value:	
6.625% Series G	New York Stock Exchange
6.625% Series I	New York Stock Exchange
6.875% Series J	New York Stock Exchange
5.70% Series K	New York Stock Exchange
5.40% Series L	New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

YES NO

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 NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES 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.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Non-Accelerated Filer (Do not check if smaller reporting company)

Accelerated Filer

Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

The aggregate market value of the voting and non-voting common shares held by non affiliates of the registrant, i.e. by persons other than officers and trustees of Vornado Realty Trust, was \$18,241,786,000 at June 30, 2014.

As of December 31, 2014, there were 187,887,498 of the registrant's common shares of beneficial interest outstanding.

Documents Incorporated by Reference

Part III: Portions of Proxy Statement for Annual Meeting of Shareholders to be held on May 21, 2015.

This Annual Report on Form 10-K omits financial statements required under Rule 3-09 of Regulation S-X, for Toys "R" Us, Inc. An amendment to this Annual Report on Form 10-K will be filed as soon as practicable following the availability of such financial statements.

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(1) These items are omitted in whole or in part because the registrant will file a definitive Proxy Statement pursuant to Regulation 14A under the Securities Exchange Act of 1934 with the Securities and Exchange Commission no later than 120 days after December 31, 2014, portions of which are incorporated by reference herein.

Forward-Looking Statements

Certain statements contained herein constitute forward looking statements as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are not guarantees of future performance. They represent our intentions, plans, expectations and beliefs and are subject to numerous assumptions, risks and uncertainties. Our future results, financial condition and business may differ materially from those expressed in these forward-looking statements. You can find many of these statements by looking for words such as “approximates,” “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “would,” “may” or other similar expressions in this Annual Report on Form 10-K. We also note the following forward-looking statements: in the case of our development and redevelopment projects, the estimated completion date, estimated project cost and cost to complete; and estimates of future capital expenditures, dividends to common and preferred shareholders and operating partnership distributions. Many of the factors that will determine the outcome of these and our other forward-looking statements are beyond our ability to control or predict. For further discussion of factors that could materially affect the outcome of our forward-looking statements, see “Item 1A. Risk Factors” in this Annual Report on Form 10-K.

For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K or the date of any document incorporated by reference. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to our forward-looking statements to reflect events or circumstances occurring after the date of this Annual Report on Form 10-K.

PART I

ITEM 1. BUSINESS

Vornado Realty Trust (“Vornado”) is a fully integrated real estate investment trust (“REIT”) and conducts its business through, and substantially all of its interests in properties are held by, Vornado Realty L.P., a Delaware limited partnership (the “Operating Partnership”). Accordingly, Vornado’s cash flow and ability to pay dividends to its shareholders is dependent upon the cash flow of the Operating Partnership and the ability of its direct and indirect subsidiaries to first satisfy their obligations to creditors. Vornado is the sole general partner of, and owned approximately 94.1% of the common limited partnership interest in the Operating Partnership at December 31, 2014. All references to “we,” “us,” “our,” the “Company” and “Vornado” refer to Vornado Realty Trust and its consolidated subsidiaries, including the Operating Partnership.

On January 15, 2015, we completed the spin-off of substantially all of our retail segment comprised of 79 strip shopping centers, three malls, a warehouse park and \$225 million of cash to Urban Edge Properties (“UE”) (NYSE: UE). As part of this transaction, we received 5,712,000 UE operating partnership units (5.4% ownership interest).

We currently own all or portions of:

New York:

- 20.1 million square feet of Manhattan office space in 31 properties;
- 2.5 million square feet of Manhattan street retail space in 56 properties;
- Four residential properties containing 1,654 units;
- The 1,700 room Hotel Pennsylvania located on Seventh Avenue at 33rd Street in the heart of the Penn Plaza district;

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- A 32.4% interest in Alexander's, Inc. (NYSE: ALX), which owns six properties in the greater New York metropolitan area, including 731 Lexington Avenue, the 1.3 million square foot Bloomberg, L.P. headquarters building;

Washington, DC:

- 16.1 million square feet of office space in 59 properties;
- Seven residential properties containing 2,414 units;

Other Real Estate and Related Investments:

- The 3.6 million square foot Mart in Chicago;
- A 70% controlling interest in 555 California Street, a three-building office complex in San Francisco's financial district aggregating 1.8 million square feet, known as the Bank of America Center;
- A 25.0% interest in Vornado Capital Partners, our real estate fund. We are the general partner and investment manager of the fund;
- A 32.6% interest in Toys "R" Us, Inc.; and
- Other real estate and related investments.

Objectives and Strategy

Our business objective is to maximize shareholder value. We intend to achieve this objective by continuing to pursue our investment philosophy and execute our operating strategies through:

- Maintaining a superior team of operating and investment professionals and an entrepreneurial spirit
- Investing in properties in select markets, such as New York City and Washington, DC, where we believe there is a high likelihood of capital appreciation
- Acquiring quality properties at a discount to replacement cost and where there is a significant potential for higher rents
- Investing in retail properties in select under-stored locations such as the New York City metropolitan area
- Developing and redeveloping our existing properties to increase returns and maximize value
- Investing in operating companies that have a significant real estate component

We expect to finance our growth, acquisitions and investments using internally generated funds, proceeds from possible asset sales and by accessing the public and private capital markets. We may also offer Vornado common or preferred shares or Operating Partnership units in exchange for property and may repurchase or otherwise reacquire these securities in the future.

ACQUISITIONS

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

- A 74.3% interest in the retail condominium of the St. Regis Hotel, located on the Southeast corner of 55th Street and Fifth Avenue, for \$700 million
- The land under our 715 Lexington Avenue retail property, located on the Southeast corner of 58th Street and Lexington Avenue in Manhattan, for \$63 million
- We increased our ownership in One Park Avenue to 55.0% from 46.5% through a joint venture with an institutional investor

- We increased our ownership in Crowne Plaza Times Square Hotel to 33% from 11% by co-investing with our 25% owned Real Estate Fund and one of the Fund's limited partners to buy out the Fund's joint venture partner's 57% interest

Additional details about our acquisitions are provided in the "Overview" of Management's Discussion and Analysis of Financial Condition and Results of Operations.

DISPOSITIONS

Since January 1, 2014, we sold nine assets for an aggregate of \$1.025 billion, with net proceeds of approximately \$989 million. Below is a summary of these sales.

- 1740 Broadway for \$605 million resulting in net proceeds of approximately \$580 million
- Beverly Connection Shopping Center for \$260 million resulting in net proceeds of \$252 million
- Broadway Mall for \$94 million resulting in net proceeds of \$92.2 million
- Six retail assets for an aggregate of \$66.4 million resulting in net proceeds of \$64.8 million

Additional details about our dispositions are provided in the "Overview" of Management's Discussion and Analysis of Financial Condition and Results of Operations.

FINANCINGS

Since January 1, 2014, we completed the following financing transactions:

- Extended one of two \$1.25 billion unsecured revolving credit facilities to November 2018 with two six-month extension options, lowering the interest rate to LIBOR plus 1.05% from LIBOR plus 1.25% and reducing the facility fee to 20 basis points from 25 basis points
- Issued \$450 million 2.50% senior unsecured notes due June 2019
- Redeemed \$445 million 7.875% senior unsecured notes due October 2039
- Redeemed \$500 million 4.25% senior unsecured notes due April 2015
- Obtained \$2.0 billion of mortgage financings and repaid \$519 million and defeased \$193 million of existing mortgages for aggregate net proceeds of \$1.3 billion

Additional details about our financings are provided in the “Overview” of Management’s Discussion and Analysis of Financial Condition and Results of Operations.

SEGMENT DATA

We operate in the following business segments: New York, Washington, DC, Retail Properties, and Toys “R” Us (“Toys”). Financial information related to these business segments for the years ended December 31, 2014, 2013 and 2012 is set forth in Note 25 – Segment Information to our consolidated financial statements in this Annual Report on Form 10-K.

SEASONALITY

Our revenues and expenses are subject to seasonality during the year which impacts quarterly net earnings, cash flows and funds from operations, and therefore impacts comparisons of the current quarter to the previous quarter. The business of Toys is highly seasonal and substantially all of Toys' net income is generated in its fourth quarter, which we record on a one-quarter lag basis in our first quarter. The New York and Washington, DC segments have historically experienced higher utility costs in the first and third quarters of the year. The Retail Properties segment revenue in the fourth quarter is typically higher due to the recognition of percentage and specialty rental income.

tenants ACCOUNTING FOR over 10% of revenues

None of our tenants accounted for more than 10% of total revenues in any of the years ended December 31, 2014, 2013 and 2012.

Certain Activities

We do not base our acquisitions and investments on specific allocations by type of property. We have historically held our properties for long term investment; however, it is possible that properties in our portfolio may be sold when circumstances warrant. Further, we have not adopted a policy that limits the amount or percentage of assets which could be invested in a specific property or property type. While we may seek the vote of our shareholders in connection with any particular material transaction, generally our activities are reviewed and may be modified from time to time by our Board of Trustees without the vote of shareholders.

Employees

As of December 31, 2014, we have approximately 4,503 employees, of which 329 are corporate staff. The New York segment has 3,400 employees, including 2,735 employees of Building Maintenance Services LLC, a wholly owned subsidiary, which provides cleaning, security and engineering services primarily to our New York and Washington, DC properties and 508 employees at the Hotel Pennsylvania. The Washington, DC and Retail Properties segments have 457 and 77 employees, respectively and the Mart properties have 240 employees. The foregoing does not include employees of partially owned entities.

principal executive offices

Our principal executive offices are located at 888 Seventh Avenue, New York, New York 10019; telephone (212) 894 7000.

MATERIALS AVAILABLE ON OUR WEBSITE

Copies of our Annual Report on Form 10 K, Quarterly Reports on Form 10 Q, Current Reports on Form 8 K, and amendments to those reports, as well as Reports on Forms 3, 4 and 5 regarding officers, trustees or 10% beneficial owners of us, filed or furnished pursuant to Section 13(a), 15(d) or 16(a) of the Securities Exchange Act of 1934 are

SEASONALITY

available free of charge through our website (www.vno.com) as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission. Also available on our website are copies of our Audit Committee Charter, Compensation Committee Charter, Corporate Governance and Nominating Committee Charter, Code of Business Conduct and Ethics and Corporate Governance Guidelines. In the event of any changes to these charters or the code or guidelines, changed copies will also be made available on our website. Copies of these documents are also available directly from us free of charge. Our website also includes other financial information, including certain non-GAAP financial measures, none of which is a part of this Annual Report on Form 10-K. Copies of our filings under the Securities Exchange Act of 1934 are also available free of charge from us, upon request.

ITEM 1A. RISK FACTORS

Material factors that may adversely affect our business, operations and financial condition are summarized below. The risks and uncertainties described herein may not be the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business. See “Forward-Looking Statements” contained herein on page 3.

Real Estate Investments’ Value and Income Fluctuate Due to Various Factors.

The value of real estate fluctuates depending on conditions in the general economy and the real estate business. These conditions may also adversely impact our revenues and cash flows.

The factors that affect the value of our real estate investments include, among other things:

- global, national, regional and local economic conditions;
- competition from other available space;
- local conditions such as an oversupply of space or a reduction in demand for real estate in the area;
- how well we manage our properties;
- the development and/or redevelopment of our properties;
- changes in market rental rates;
- the timing and costs associated with property improvements and rentals;
- whether we are able to pass all or portions of any increases in operating costs through to tenants;
- changes in real estate taxes and other expenses;
- whether tenants and users such as customers and shoppers consider a property attractive;
- the financial condition of our tenants, including the extent of tenant bankruptcies or defaults;
- availability of financing on acceptable terms or at all;
- inflation or deflation;
- fluctuations in interest rates;
- our ability to obtain adequate insurance;

- changes in zoning laws and taxation;
- government regulation;
- consequences of any armed conflict involving, or terrorist attacks against, the United States or individual acts of violence in public spaces including retail centers;
- potential liability under environmental or other laws or regulations;
- natural disasters;
- general competitive factors; and
- climate changes.

The rents or sales proceeds we receive and the occupancy levels at our properties may decline as a result of adverse changes in any of these factors. If rental revenues, sales proceeds and/or occupancy levels decline, we generally would expect to have less cash available to pay indebtedness and for distribution to shareholders. In addition, some of our major expenses, including mortgage payments, real estate taxes and maintenance costs generally do not decline when the related rents decline.

Capital markets and economic conditions can materially affect our liquidity, financial condition and results of operations as well as the value of our debt and equity securities.

There are many factors that can affect the value of our debt and equity securities, including the state of the capital markets and the economy. Demand for office and retail space may decline nationwide, as it did in 2008 and 2009 due to the economic downturn, bankruptcies, downsizing, layoffs and cost cutting. Government action or inaction may adversely affect the state of the capital markets. The cost and availability of credit may be adversely affected by illiquid credit markets and wider credit spreads, which may adversely affect our liquidity and financial condition, including our results of operations, and the liquidity and financial condition of our tenants. Our inability or the inability of our tenants to timely refinance maturing liabilities and access the capital markets to meet liquidity needs may materially affect our financial condition and results of operations and the value of our debt and equity securities.

Real estate is a competitive business.

We compete with a large number of property owners and developers, some of which may be willing to accept lower returns on their investments than we are. Principal factors of competition include rents charged, sales prices, attractiveness of location, the quality of the property and the breadth and quality of services provided. Our success depends upon, among other factors, trends of the global, national, regional and local economies, financial condition and operating results of current and prospective tenants and customers, availability and cost of capital, construction and renovation costs, taxes, governmental regulation, legislation and population and employment trends.

We depend on leasing space to tenants on economically favorable terms and collecting rent from tenants who may not be able to pay.

Our financial results depend significantly on leasing space in our properties to tenants on economically favorable terms. In addition, because a majority of our income comes from renting of real property, our income, funds available to pay indebtedness and funds available for distribution to shareholders will decrease if a significant number of our tenants cannot pay their rent or if we are not able to maintain occupancy levels on favorable terms. If a tenant does not pay its rent, we may not be able to enforce our rights as landlord without delays and may incur substantial legal costs. During periods of economic adversity, there may be an increase in the number of tenants that cannot pay their rent and an increase in vacancy rates.

Bankruptcy or insolvency of tenants may decrease our revenue, net income and available cash.

From time to time, some of our tenants have declared bankruptcy, and other tenants may declare bankruptcy or become insolvent in the future. The bankruptcy or insolvency of a major tenant could cause us to suffer lower revenues and operational difficulties, including leasing the remainder of the property. As a result, the bankruptcy or insolvency of a major tenant could result in decreased revenue, net income and funds available to pay our indebtedness or make distributions to shareholders.

We may incur significant costs to comply with environmental laws and environmental contamination may impair our ability to lease and/or sell real estate.

Our operations and properties are subject to various federal, state and local laws and regulations concerning the protection of the environment, including air and water quality, hazardous or toxic substances and health and safety. Under some environmental laws, 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. The owner or operator may also 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 those parties because of the contamination. These laws often impose liability without regard to whether the owner or operator knew of the release of the substances or caused the release. The presence of contamination or the failure to remediate contamination may impair our ability to sell or lease real estate or to borrow using the real estate as collateral. Other laws and regulations govern indoor and outdoor air quality including those that can require the abatement or removal of asbestos-containing materials in the event of damage, demolition, renovation or remodeling and also govern emissions of and exposure to asbestos fibers in the air. The maintenance

and removal of lead paint and certain electrical equipment containing polychlorinated biphenyls (PCBs) are also regulated by federal and state laws. We are also subject to risks associated with human exposure to chemical or biological contaminants such as molds, pollens, viruses and bacteria which, above certain levels, can be alleged to be connected to allergic or other health effects and symptoms in susceptible individuals. Our predecessor companies may be subject to similar liabilities for activities of those companies in the past. We could incur fines for environmental compliance and be held liable for the costs of remedial action with respect to the foregoing regulated substances or related claims arising out of environmental contamination or human exposure to contamination at or from our properties.

Each of our properties has been subject to varying degrees of environmental assessment. To date, these environmental assessments have not revealed any environmental condition material to our business. However, identification of new compliance concerns or undiscovered areas of contamination, changes in the extent or known scope of contamination, human exposure to contamination or changes in clean-up or compliance requirements could result in significant costs to us.

In addition, we may become subject to costs or taxes, or increases therein, associated with natural resource or energy usage (such as a “carbon tax”). These costs or taxes could increase our operating costs and decrease the cash available to pay our obligations or distribute to equity holders.

We face risks associated with our tenants being designated “Prohibited Persons” by the Office of Foreign Assets Control and similar requirements.

Pursuant to Executive Order 13224 and other laws, the Office of Foreign Assets Control of the United States Department of the Treasury (“OFAC”) maintains a list of persons designated as terrorists or who are otherwise blocked or banned (“Prohibited Persons”) from conducting business or engaging in transactions in the United States and thereby restricts our doing business with such persons. Our leases, loans and other agreements may require us to comply with OFAC and related requirements. If a tenant or other party with whom we conduct business is placed on the OFAC list or is otherwise a party with which we are prohibited from doing business, we may be required to terminate the lease or other agreement. Any such termination could result in a loss of revenue or otherwise negatively affect our financial results and cash flows.

Our business and operations would suffer in the event of system failures.

Despite system redundancy, the implementation of security measures and the existence of a disaster recovery plan for our internal information technology systems, our systems are vulnerable to damages from any number of sources, including computer viruses, unauthorized access, energy blackouts, natural disasters, terrorism, war and telecommunication failures. Any system failure or accident that causes interruptions in our operations could result in a material disruption to our business. We may also incur additional costs to remedy damages caused by such disruptions.

The occurrence of cyber incidents, or a deficiency in our cyber security, could negatively impact our business by causing a disruption to our operations, a compromise or corruption of our confidential information, and/or damage to our business relationships, all of which could negatively impact our financial results.

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity, or availability of our information resources. More specifically, a cyber incident is an intentional attack or an unintentional event that can include gaining unauthorized access to systems to disrupt operations, corrupt data, or steal confidential information. As our reliance on technology has increased, so have the risks posed to our systems, both internal and those we have outsourced. Our primary risks that could directly result from the occurrence of a cyber incident are theft of assets, operational interruption, damage to our relationship with our tenants, and private data exposure. We have implemented processes, procedures and controls to help mitigate these risks, but these measures, as well as our increased awareness of a risk of a cyber incident, do not guarantee that our financial results will not be negatively impacted by such an incident.

Some of our potential losses may not be covered by insurance.

We maintain general liability insurance with limits of \$300,000,000 per occurrence and all risk property and rental value insurance with limits of \$2.0 billion per occurrence, with sub-limits for certain perils such as floods. Our California properties have earthquake insurance with coverage of \$180,000,000 per occurrence, subject to a deductible in the amount of 5% of the value of the affected property, up to a \$180,000,000 annual aggregate. We maintain coverage for terrorism acts with limits of \$4.0 billion per occurrence and in the aggregate, and \$2.0 billion per occurrence and in the aggregate for terrorism involving nuclear, biological, chemical and radiological (“NBCR”) terrorism events, as defined by Terrorism Risk Insurance Program Reauthorization Act, which expires in December 2020.

Penn Plaza Insurance Company, LLC (“PPIC”), our wholly owned consolidated subsidiary, acts as a re-insurer with respect to a portion of all risk property and rental value insurance and a portion of our earthquake insurance coverage, and as a direct insurer for coverage for NBCR acts. Coverage for acts of terrorism (excluding NBCR acts) is fully reinsured by third party insurance companies and the Federal government with no exposure to PPIC. For NBCR acts, PPIC is responsible for a deductible of \$3,200,000 and 15% of the balance of a covered loss (16% effective January 1, 2016) and the Federal government is responsible for the remaining 85% of a covered loss (84% effective January 1, 2016). We are ultimately responsible for any loss incurred by PPIC.

We continue to monitor the state of the insurance market and the scope and costs of coverage for acts of terrorism. However, we cannot anticipate what coverage will be available on commercially reasonable terms in the future.

Our debt instruments, consisting of mortgage loans secured by our properties which are non-recourse to us, senior unsecured notes and revolving credit agreements contain customary covenants requiring us to maintain insurance. Although we believe that we have adequate insurance coverage for purposes of these agreements, we may not be able to obtain an equivalent amount of coverage at reasonable costs in the future. Further, if lenders insist on greater coverage than we are able to obtain it could adversely affect our ability to finance our properties and expand our portfolio.

Compliance or failure to comply with the Americans with Disabilities Act or other safety regulations and requirements could result in substantial costs.

The Americans with Disabilities Act (“ADA”) generally requires that public buildings, including our properties, meet certain federal requirements related to access and use by disabled persons. Noncompliance could result in the imposition of fines by the federal government or the award of damages to private litigants and/or legal fees to their counsel. From time to time persons have asserted claims against us with respect to some of our properties under the ADA, but to date such claims have not resulted in any material expense or liability. If, under the ADA, we are required to make substantial alterations and capital expenditures in one or more of our properties, including the removal of access barriers, it could adversely affect our financial condition and results of operations, as well as the amount of cash available for distribution to shareholders.

Our properties are subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If we fail to comply with these requirements, we could incur fines or private damage awards. We do not know whether existing requirements will change or whether compliance with future requirements will require significant unanticipated expenditures that will affect our cash flow and results of operations.

Our Investments Are Concentrated in the New York CITY METROPOLITAN AREA and Washington, DC / NORTHERN VIRGINIA Area. Circumstances Affecting These Areas Generally Could Adversely Affect Our Business.

A significant portion of our properties are located in the New York City / New Jersey metropolitan area and Washington, DC / Northern Virginia area and are affected by the economic cycles and risks inherent to those areas.

In 2014, approximately 98% of our EBITDA, excluding items that affect comparability, came from properties located in the New York City metropolitan area and the Washington, DC / Northern Virginia area. We may continue to concentrate a significant portion of our future acquisitions in these areas or in other geographic real estate markets in the United States or abroad. Real estate markets are subject to economic downturns and we cannot predict how economic conditions will impact these markets in either the short or long term. Declines in the economy or declines in real estate markets in these areas could hurt our financial performance and the value of our properties. In addition to the factors affecting the national economic condition generally, the factors affecting economic conditions in these regions include:

- financial performance and productivity of the media, advertising, financial, technology, retail, insurance and real estate industries;
- space needs of, and budgetary constraints affecting, the United States Government, including the effect of a deficit reduction plan and/or base closures and repositioning under the Defense Base Closure and Realignment Act of 2005, as amended;
- business layoffs or downsizing;
- industry slowdowns;

- relocations of businesses;
- changing demographics;
- increased telecommuting and use of alternative work places;
- infrastructure quality; and
- any oversupply of, or reduced demand for, real estate.

It is impossible for us to assess the future effects of trends in the economic and investment climates of the geographic areas in which we concentrate, and more generally of the United States, or the real estate markets in these areas. Local, national or global economic downturns, would negatively affect our businesses and profitability.

Terrorist attacks, such as those of September 11, 2001 in New York City and the Washington, DC area, may adversely affect the value of our properties and our ability to generate cash flow.

We have significant investments in large metropolitan areas, including the New York, Washington, DC, Chicago and San Francisco metropolitan areas. In the aftermath of a terrorist attack, tenants in these areas may choose to relocate their businesses to less populated, lower-profile areas of the United States that may be perceived to be less likely targets of future terrorist activity and fewer customers may choose to patronize businesses in these areas. This, in turn, would trigger a decrease in the demand for space in these areas, which could increase vacancies in our properties and force us to lease space on less favorable terms. As a result, the value of our properties and the level of our revenues and cash flows could decline materially.

Natural Disasters could have a concentrated impact on the areas where we operate and could adversely impact our results.

Our investments are concentrated in the New York, Washington, DC, Chicago and San Francisco metropolitan areas. Natural disasters, including earthquakes, storms and hurricanes, could impact our properties in these and other areas in which we operate. Potentially adverse consequences of “global warming” could similarly have an impact on our properties. As a result, we could become subject to significant losses and/or repair costs that may or may not be fully covered by insurance and to the risk of business interruption. The incurrence of these losses, costs or business interruptions may adversely affect our operating and financial results.

We May Acquire or Sell Assets or Entities or Develop Properties. Our Failure or Inability to Consummate These Transactions or Manage the Results of These Transactions Could Adversely Affect Our Operations and Financial Results.

We may acquire, develop or redevelop real estate and acquire related companies and this may create risks.

We may acquire, develop or redevelop properties or acquire real estate related companies when we believe doing so is consistent with our business strategy. We may not succeed in (i) developing, redeveloping or acquiring real estate and real estate related companies; (ii) completing these activities on time or within budget; and (iii) leasing or selling developed, redeveloped or acquired properties at amounts sufficient to cover our costs. Competition in these activities could also significantly increase our costs. Difficulties in integrating acquisitions may prove costly or time-consuming and could divert management's attention. Acquisitions or developments in new markets or industries where we do not have the same level of market knowledge may result in weaker than anticipated performance. We may also abandon acquisition or development opportunities that we have begun pursuing and consequently fail to recover expenses already incurred. Furthermore, we may be exposed to the liabilities of properties or companies acquired, some of which we may not be aware of at the time of acquisition.

From time to time we have made, and in the future we may seek to make, one or more material acquisitions. The announcement of such a material acquisition may result in a rapid and significant decline in the price of our common shares.

We are continuously looking at material transactions that we believe will maximize shareholder value. However, an announcement by us of one or more significant acquisitions could result in a quick and significant decline in the price of our common shares.

It may be difficult to buy and sell real estate quickly, which may limit our flexibility.

Real estate investments are relatively difficult to buy and sell quickly. Consequently, we may have limited ability to vary our portfolio promptly in response to changes in economic or other conditions.

We may not be permitted to dispose of certain properties or pay down the debt associated with those properties when we might otherwise desire to do so without incurring additional costs. In addition, when we dispose of or sell assets, we may not be able to reinvest the sales proceeds and earn similar returns.

As part of an acquisition of a property, or a portfolio of properties, we may agree, and in the past have agreed, not to dispose of the acquired properties or reduce the mortgage indebtedness for a long-term period, unless we pay certain of the resulting tax costs of the seller. These agreements could result in us holding on to properties that we would otherwise sell and not pay down or refinance. In addition, when we dispose of or sell assets, we may not be able to reinvest the sales proceeds and earn returns similar to those generated by the assets that were sold.

From time to time we have made, and in the future we may seek to make, investments in companies over which we do not have sole control. Some of these companies operate in industries with different risks than investing and operating real estate.

From time to time we have made, and in the future we may seek to make, investments in companies that we may not control, including, but not limited to, Alexander's, Inc. ("Alexander's"), Toys "R" Us ("Toys"), Lexington Realty Trust ("Lexington"), and other equity and mezzanine investments. Although these businesses generally have a significant real estate component, some of them operate in businesses that are different from investing and operating real estate, including operating or managing toy stores. Consequently, we are subject to operating and financial risks of those industries and to the risks associated with lack of control, such as having differing objectives than our partners or the entities in which we invest, or becoming involved in disputes, or competing directly or indirectly with these partners or entities. In addition, we rely on the internal controls and financial reporting controls of these entities and their failure to maintain effectiveness or comply with applicable standards may adversely affect us.

We are subject to risks that affect the general and New York City retail environments.

Certain of our properties are Manhattan street retail properties. As such, these properties are affected by the general and New York City retail environments, including the level of consumer spending and consumer confidence, the threat of terrorism and increasing competition from retailers, outlet malls, retail websites and catalog companies. These factors could adversely affect the financial condition of our retail tenants and the willingness of retailers to lease space in our retail locations, and in turn, adversely affect us.

Our investment in Toys has in the past and may in the future result in increased seasonality and volatility in our reported earnings.

We carry our Toys investment at zero. As a result, we no longer record our equity in Toys' income or loss. Because Toys is a retailer, its operations subject us to the risks of a retail company that are different than those presented by our other lines of business. The business of Toys is highly seasonal and substantially all of Toys net income is generated in its fourth quarter. It is possible that the value of Toys may increase and we could again resume recording our equity in Toys' income or loss, which would increase the seasonality and volatility of our reported earnings.

Our decision to dispose of real estate assets would change the holding period assumption in our valuation analyses, which could result in material impairment losses and adversely affect our financial results.

We evaluate real estate assets for impairment based on the projected cash flow of the asset over our anticipated holding period. If we change our intended holding period, due to our intention to sell or otherwise dispose of an asset, then under accounting principles generally accepted in the United States of America, we must reevaluate whether that asset is impaired. Depending on the carrying value of the property at the time we change our intention and the amount that we estimate we would receive on disposal, we may record an impairment loss that would adversely affect our financial results. This loss could be material to our results of operations in the period that it is recognized.

We invest in marketable equity securities. The value of these investments may decline as a result of operating performance or economic or market conditions.

We invest in marketable equity securities of publicly-traded companies, such as Lexington Realty Trust. As of December 31, 2014, our marketable securities have an aggregate carrying amount of \$206,323,000, at market. Significant declines in the value of these investments due to, among other reasons, operating performance or economic or market conditions, may result in the recognition of impairment losses which could be material.

Our Organizational and Financial Structure Gives Rise to Operational and Financial Risks.

We may not be able to obtain capital to make investments.

We depend primarily on external financing to fund the growth of our business. This is because one of the requirements of the Internal Revenue Code of 1986, as amended, for a REIT is that it distributes 90% of its taxable income, excluding net capital gains, to its shareholders. There is a separate requirement to distribute net capital gains

or pay a corporate level tax in lieu thereof. Our access to debt or equity financing depends on the willingness of third parties to lend or make equity investments and on conditions in the capital markets generally. Although we believe that we will be able to finance any investments we may wish to make in the foreseeable future, there can be no assurance that new financing will be available or available on acceptable terms. For information about our available sources of funds, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources*” and the notes to the consolidated financial statements in this Annual Report on Form 10-K.

Vornado Realty Trust (“Vornado”) depends on dividends and distributions from its direct and indirect subsidiaries. The creditors and preferred security holders of these subsidiaries are entitled to amounts payable to them by the subsidiaries before the subsidiaries may pay any dividends or distributions to Vornado.

Substantially all of Vornado’s assets are held through its Operating Partnership that holds substantially all of its properties and assets through subsidiaries. The Operating Partnership’s cash flow is dependent on cash distributions to it by its subsidiaries, and in turn, substantially all of Vornado’s cash flow is dependent on cash distributions to it by the Operating Partnership. The creditors of each of Vornado’s direct and indirect subsidiaries are entitled to payment of that subsidiary’s obligations to them, when due and payable, before distributions may be made by that subsidiary to its equity holders. Thus, the Operating Partnership’s ability to make distributions to holders of its units depends on its subsidiaries’ ability first to satisfy their obligations to their creditors and then to make distributions to the Operating Partnership. Likewise, Vornado’s ability to pay dividends to holders of common and preferred shares depends on the Operating Partnership’s ability first to satisfy its obligations to its creditors and make distributions payable to holders of preferred units and then to make distributions to Vornado.

Furthermore, the holders of preferred units of the Operating Partnership are entitled to receive preferred distributions before payment of distributions to holders of Class A units of the Operating Partnership, including Vornado. Thus, Vornado's ability to pay cash dividends to its shareholders and satisfy its debt obligations depends on the Operating Partnership's ability first to satisfy its obligations to its creditors and make distributions to holders of its preferred units and then to holders of its Class A units, including Vornado. As of December 31, 2014, there were three series of preferred units of the Operating Partnership not held by Vornado with a total liquidation value of \$56,206,000.

In addition, Vornado's participation in any distribution of the assets of any of its direct or indirect subsidiaries upon the liquidation, reorganization or insolvency, is only after the claims of the creditors, including trade creditors and preferred security holders, are satisfied.

We have outstanding debt, and the amount of debt and its cost may increase and refinancing may not be available on acceptable terms.

We rely on both secured and unsecured, variable rate and non-variable rate debt to finance acquisitions and development activities and for working capital. If we are unable to obtain debt financing or refinance existing indebtedness upon maturity, our financial condition and results of operations would likely be adversely affected. In addition, the cost of our existing debt may increase, especially in the case of a rising interest rate environment, and we may not be able to refinance our existing debt in sufficient amounts or on acceptable terms. If the cost or amount of our indebtedness increases or we cannot refinance our debt in sufficient amounts or on acceptable terms, we are at risk of credit ratings downgrades and default on our obligations that could adversely affect our financial condition and results of operations.

Covenants in our debt instruments could adversely affect our financial condition and our acquisitions and development activities.

The mortgages on our properties contain customary covenants such as those that limit our ability, without the prior consent of the lender, to further mortgage the applicable property or to discontinue insurance coverage. Our unsecured indebtedness and debt that we may obtain in the future may contain customary restrictions, requirements and other limitations on our ability to incur indebtedness, including covenants that limit our ability to incur debt based upon the level of our ratio of total debt to total assets, our ratio of secured debt to total assets, our ratio of EBITDA to interest expense, and fixed charges, and that require us to maintain a certain level of unencumbered assets to unsecured debt. Our ability to borrow is subject to compliance with these and other covenants. In addition, failure to comply with our covenants could cause a default under the applicable debt instrument, and we may then be required to repay such debt with capital from other sources or give possession of a secured property to the lender. Under those circumstances, other sources of capital may not be available to us, or may be available only on unattractive terms.

Vornado may fail to qualify or remain qualified as a REIT and may be required to pay income taxes at corporate rates.

Although we believe that we will remain organized and will continue to operate so as to qualify as a REIT for federal income tax purposes, we may fail to remain so qualified. Qualifications are governed by highly technical and complex provisions of the Internal Revenue Code for which there are only limited judicial or administrative interpretations and depend on various facts and circumstances that are not entirely within our control. In addition, legislation, new regulations, administrative interpretations or court decisions may significantly change the relevant tax laws and/or the federal income tax consequences of qualifying as a REIT. If, with respect to any taxable year, we fail to maintain our qualification as a REIT and do not qualify under statutory relief provisions, we could not deduct distributions to shareholders in computing our taxable income and would have to pay federal income tax on our taxable income at regular corporate rates. The federal income tax payable would include any applicable alternative minimum tax. If we had to pay federal income tax, the amount of money available to distribute to shareholders and pay our indebtedness would be reduced for the year or years involved, and we would no longer be required to make distributions to shareholders. In addition, we would also be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost, unless we were entitled to relief under the relevant statutory provisions.

We face possible adverse changes in tax laws, which may result in an increase in our tax liability.

From time to time changes in state and local tax laws or regulations are enacted, which may result in an increase in our tax liability. The shortfall in tax revenues for states and municipalities in recent years may lead to an increase in the frequency and size of such changes. If such changes occur, we may be required to pay additional taxes on our assets or income. These increased tax costs could adversely affect our financial condition and results of operations and the amount of cash available for payment of dividends.

Loss of our key personnel could harm our operations and adversely affect the value of our common shares.

We are dependent on the efforts of Steven Roth, the Chairman of the Board of Trustees and Chief Executive Officer of Vornado. While we believe that we could find a replacement for him and other key personnel, the loss of their services could harm our operations and adversely affect the value of our common shares.

Vornado's charter documents and applicable law may hinder any attempt to acquire us.

Our Amended and Restated Declaration of Trust (the "declaration of trust") sets limits on the ownership of our shares.

Generally, for Vornado to maintain its qualification as a REIT under the Internal Revenue Code, not more than 50% in value of the outstanding shares of beneficial interest of Vornado may be owned, directly or indirectly, by five or fewer individuals at any time during the last half of Vornado's taxable year. The Internal Revenue Code defines "individuals" for purposes of the requirement described in the preceding sentence to include some types of entities. Under Vornado's declaration of trust, as amended, no person may own more than 6.7% of the outstanding common shares of any class, or 9.9% of the outstanding preferred shares of any class, with some exceptions for persons who held common shares in excess of the 6.7% limit before Vornado adopted the limit and other persons approved by Vornado's Board of Trustees. These restrictions on transferability and ownership may delay, deter or prevent a change in control of Vornado or other transaction that might involve a premium price or otherwise be in the best interest of the shareholders.

The Maryland General Corporation Law (the "MGCL") contains provisions that may reduce the likelihood of certain takeover transactions.

The MGCL imposes conditions and restrictions on certain "business combinations" (including, among other transactions, a merger, consolidation, share exchange, or, in certain circumstances, an asset transfer or issuance of equity securities) between a Maryland REIT and certain persons who beneficially own at least 10% of the corporation's stock (an "interested shareholder"). Unless approved in advance by the board of trustees of the trust, or otherwise exempted by the statute, such a business combination is prohibited for a period of five years after the most recent date on which the interested shareholder became an interested shareholder. After such five-year period, a business combination with an interested shareholder must be: (a) recommended by the board of trustees of the trust, and (b) approved by the affirmative vote of at least (i) 80% of the trust's outstanding shares entitled to vote and (ii) two-thirds of the trust's outstanding shares entitled to vote which are not held by the interested shareholder with whom the business combination is to be effected, unless, among other things, the trust's common shareholders receive a "fair price" (as defined by the statute) for their shares and the consideration is received in cash or in the same form as previously paid by the interested shareholder for his or her shares.

In approving a transaction, the Board may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the Board. Vornado's Board has adopted a resolution exempting any business combination between Vornado and any trustee or officer of Vornado or its affiliates. As a result, any trustee or officer of Vornado or its affiliates may be able to enter into business combinations with Vornado that may not be in the best interest of Vornado's shareholders. With respect to business combinations with other persons, the business combination provisions of the MGCL may have the effect of delaying, deferring or preventing a change in control of Vornado or other transaction that might involve a premium price or otherwise be in the best interest of the shareholders. The business combination statute may discourage others from trying to acquire control of Vornado and increase the difficulty of consummating any offer.

Vornado has a classified Board of Trustees and that may reduce the likelihood of certain takeover transactions.

Vornado's Board of Trustees is divided into three classes of trustees. Trustees of each class are chosen for three-year staggered terms. Staggered terms of trustees may reduce the possibility of a tender offer or an attempt to change control of Vornado, even though a tender offer or change in control might be in the best interest of Vornado's shareholders.

We may issue additional shares in a manner that could adversely affect the likelihood of certain takeover transactions.

Vornado's declaration of trust authorizes the Board of Trustees to:

- cause Vornado to issue additional authorized but unissued common shares or preferred shares;
- classify or reclassify, in one or more series, any unissued preferred shares;
- set the preferences, rights and other terms of any classified or reclassified shares that Vornado issues; and
- increase, without shareholder approval, the number of shares of beneficial interest that Vornado may issue.

The Board of Trustees could establish a series of preferred shares whose terms could delay, deter or prevent a change in control of Vornado or other transaction that might involve a premium price or otherwise be in the best interest of Vornado's shareholders, although the Board of Trustees does not now intend to establish a series of preferred shares of this kind. Vornado's declaration of trust and bylaws contain other provisions that may delay, deter or prevent a change in control of Vornado or other transaction that might involve a premium price or otherwise be in the best interest of our shareholders.

We may change our policies without obtaining the approval of our shareholders.

Our operating and financial policies, including our policies with respect to acquisitions of real estate or other companies, growth, operations, indebtedness, capitalization and dividends, are exclusively determined by our Board of Trustees. Accordingly, our shareholders do not control these policies.

Our Ownership Structure and Related-Party Transactions May Give Rise to Conflicts of Interest.

Steven Roth and Interstate Properties may exercise substantial influence over us. They and some of our other trustees and officers have interests or positions in other entities that may compete with us.

As of December 31, 2014, Interstate Properties, a New Jersey general partnership, and its partners owned an aggregate of approximately 6.6% of the common shares of Vornado and 26.3% of the common stock of Alexander's Inc. (NYSE: ALX) ("Alexander's"), which is described below. Steven Roth, David Mandelbaum and Russell B. Wight, Jr. are the three partners of Interstate Properties. Mr. Roth is the Chairman of the Board and Chief Executive Officer of Vornado, the managing general partner of Interstate Properties and the Chairman of the Board and Chief Executive Officer of Alexander's. Messrs. Wight and Mandelbaum are trustees of Vornado and also directors of Alexander's.

Because of these overlapping interests, Mr. Roth and Interstate Properties and its partners may have substantial influence over Vornado and on the outcome of any matters submitted to Vornado's shareholders for approval. In addition, certain decisions concerning our operations or financial structure may present conflicts of interest among Messrs. Roth, Mandelbaum and Wight and Interstate Properties and our other equity or debt holders. In addition, Mr. Roth, Interstate Properties and its partners, and Alexander's currently and may in the future engage in a wide variety of activities in the real estate business which may result in conflicts of interest with respect to matters affecting us, such as which of these entities or persons, if any, may take advantage of potential business opportunities, the business focus of these entities, the types of properties and geographic locations in which these entities make investments, potential competition between business activities conducted, or sought to be conducted, competition for properties and tenants, possible corporate transactions such as acquisitions and other strategic decisions affecting the future of these entities.

We manage and lease the real estate assets of Interstate Properties under a management agreement for which we receive an annual fee equal to 4% of base rent and percentage rent. See the related party disclosures in the notes to the consolidated financial statements in this Annual Report on Form 10-K for additional information.

There may be conflicts of interest between Alexander's and us.

As of December 31, 2014, we owned 32.4% of the outstanding common stock of Alexander's. Alexander's is a REIT that has six properties, which are located in the greater New York metropolitan area. In addition to the 2.1% that they

indirectly own through Vornado, Interstate Properties, which is described above, and its partners owned 26.3% of the outstanding common stock of Alexander's as of December 31, 2014. Mr. Roth is the Chairman of the Board and Chief Executive Officer of Vornado, the Managing General Partner of Interstate Properties, and the Chairman of the Board and Chief Executive Officer of Alexander's. Messrs. Wight and Mandelbaum are trustees of Vornado and also directors of Alexander's and general partners of Interstate Properties. Dr. Richard West is a trustee of Vornado and a director of Alexander's. In addition, Joseph Macnow, our Executive Vice President – Finance and Chief Administrative Officer, is the Executive Vice President and Chief Financial Officer of Alexander's, and Stephen W. Theriot, our Chief Financial Officer, is the Assistant Treasurer of Alexander's.

We manage, develop and lease Alexander's properties under management and development agreements and leasing agreements under which we receive annual fees from Alexander's. See the related party disclosures in the notes to the consolidated financial statements in this Annual Report on Form 10-K for additional information.

The Number of Shares of Vornado Realty Trust and the Market for Those Shares Give Rise to Various Risks.

The trading price of our common shares has been volatile and may fluctuate.

The trading price of our common shares has been volatile and may continue to fluctuate widely as a result of a number of factors, many of which are outside our control. In addition, the stock market is subject to fluctuations in the share prices and trading volumes that affect the market prices of the shares of many companies. These broad market fluctuations have in the past and may in the future adversely affect the market price of our common shares. Among the factors that could affect the price of our common shares are:

- our financial condition and performance;
- the financial condition of our tenants, including the extent of tenant bankruptcies or defaults;
- actual or anticipated quarterly fluctuations in our operating results and financial condition;
- our dividend policy;
- the reputation of REITs and real estate investments generally and the attractiveness of REIT equity securities in comparison to other equity securities, including securities issued by other real estate companies, and fixed income securities;
- uncertainty and volatility in the equity and credit markets;
- fluctuations in interest rates;
- changes in revenue or earnings estimates or publication of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to our securities or those of other REITs;
- failure to meet analysts' revenue or earnings estimates;
- speculation in the press or investment community;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- the extent of institutional investor interest in us;
- the extent of short-selling of our common shares and the shares of our competitors;
- fluctuations in the stock price and operating results of our competitors;
- general financial and economic market conditions and, in particular, developments related to market conditions for REITs and other real estate related companies;
- domestic and international economic factors unrelated to our performance; and

- all other risk factors addressed elsewhere in this Annual Report on the Form 10-K.

A significant decline in our stock price could result in substantial losses for shareholders.

Vornado has many shares available for future sale, which could hurt the market price of its shares.

The interests of our current shareholders could be diluted if we issue additional equity securities. As of December 31, 2014, we had authorized but unissued, 62,112,502 common shares of beneficial interest, \$.04 par value and 57,266,023 preferred shares of beneficial interest, no par value; of which 19,488,139 common shares are reserved for issuance upon redemption of Class A Operating Partnership units, convertible securities and employee stock options and 11,200,000 preferred shares are reserved for issuance upon redemption of preferred Operating Partnership units. Any shares not reserved may be issued from time to time in public or private offerings or in connection with acquisitions. In addition, common and preferred shares reserved may be sold upon issuance in the public market after registration under the Securities Act or under Rule 144 under the Securities Act or other available exemptions from registration. We cannot predict the effect that future sales of our common and preferred shares or Operating Partnership Class A and preferred units will have on the market prices of our outstanding shares.

In addition, under Maryland law, the Board has the authority to increase the number of authorized shares without shareholder approval.

Item 1b. unresolved staff comments

There are no unresolved comments from the staff of the Securities Exchange Commission as of the date of this Annual Report on Form 10-K.

Item 2. Properties

We operate in four business segments: New York, Washington, DC, Retail Properties and Toys “R” Us. The following pages provide details of our real estate properties as of December 31, 2014.

Property	% Ownership	Type	% Occupancy	In Service	Square Feet Under Development or Not Available for Lease	Total Property
NEW YORK:						
One Penn Plaza (ground leased through 2098)	100.0%	Office / Retail	95.1%	2,521,000	-	2,521,000
1290 Avenue of the Americas	70.0%	Office / Retail	97.8%	2,109,000	-	2,109,000
Two Penn Plaza	100.0%	Office / Retail	97.7%	1,619,000	-	1,619,000
666 Fifth Avenue Office Condominium ⁽¹⁾	49.5%	Office / Retail	76.9%	1,416,000	-	1,416,000
909 Third Avenue (ground leased through 2063)	100.0%	Office	100.0%	1,344,000	-	1,344,000
280 Park Avenue ⁽¹⁾	50.0%	Office / Retail	100.0%	755,000	486,000	1,241,000
Independence Plaza, Tribeca (1,328 units) ⁽¹⁾	50.1%	Residential / Retail	94.9%	1,241,000	-	1,241,000
Eleven Penn Plaza	100.0%	Office / Retail	99.1%	1,152,000	-	1,152,000
770 Broadway	100.0%	Office / Retail	100.0%	1,148,000	-	1,148,000
One Park Avenue ⁽¹⁾	55.0%	Office / Retail	96.8%	943,000	-	943,000
90 Park Avenue	100.0%	Office / Retail	97.2%	936,000	-	936,000
888 Seventh Avenue (ground leased through 2067)	100.0%	Office / Retail	93.7%	877,000	-	877,000
100 West 33rd Street	100.0%	Office	99.6%	849,000	-	849,000
330 Madison Avenue ⁽¹⁾	25.0%	Office / Retail	99.1%	838,000	-	838,000
330 West 34th Street (ground leased through 2148)	100.0%	Office / Retail	100.0%	379,000	292,000	671,000
650 Madison Avenue ⁽¹⁾	20.1%	Office / Retail	87.9%	598,000	-	598,000
350 Park Avenue	100.0%	Office / Retail	99.4%	570,000	-	570,000

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150 East 58th Street	100.0%	Office / Retail	98.2%	544,000	-	544,000
7 West 34th Street	100.0%	Office / Retail	100.0%	480,000	-	480,000
20 Broad Street (ground leased through 2081)	100.0%	Office	99.3%	472,000	-	472,000
640 Fifth Avenue	100.0%	Office / Retail	89.9%	325,000	-	325,000
595 Madison Avenue	100.0%	Office / Retail	98.7%	322,000	-	322,000
50-70 W 93rd Street (326 units) ⁽¹⁾	49.9%	Residential	98.8%	283,000	-	283,000
Manhattan Mall	100.0%	Retail	92.6%	256,000	-	256,000
40 Fulton Street	100.0%	Office / Retail	99.0%	249,000	-	249,000
4 Union Square South	100.0%	Retail	100.0%	206,000	-	206,000
57th Street (5 buildings) ⁽¹⁾	50.0%	Office / Retail	96.6%	158,000	27,000	185,000
825 Seventh Avenue ⁽¹⁾	51.1%	Office / Retail	100.0%	174,000	-	174,000
1540 Broadway	100.0%	Retail	100.0%	160,000	-	160,000
Paramus	100.0%	Office	96.1%	129,000	-	129,000
608 Fifth Avenue (ground leased through 2033)	100.0%	Office / Retail	96.0%	125,000	-	125,000
666 Fifth Avenue Retail Condominium	100.0%	Retail	100.0%	114,000	-	114,000
1535 Broadway (Marriott Marquis - retail and signage) (ground and building leased through 2032)	100.0%	Retail / Theatre	100.0%	66,000	42,000	108,000
689 Fifth Avenue	100.0%	Office / Retail	100.0%	99,000	-	99,000
478-486 Broadway (2 buildings)	100.0%	Retail	100.0%	85,000	-	85,000
510 Fifth Avenue	100.0%	Retail	90.6%	65,000	-	65,000
655 Fifth Avenue	92.5%	Retail	100.0%	57,000	-	57,000
155 Spring Street	100.0%	Retail	98.5%	49,000	-	49,000
3040 M Street	100.0%	Retail	100.0%	44,000	-	44,000
435 Seventh Avenue	100.0%	Retail	100.0%	43,000	-	43,000
692 Broadway	100.0%	Retail	100.0%	35,000	-	35,000
697-703 Fifth Avenue (St. Regis)	74.3%	Retail	100.0%	25,000	-	25,000
715 Lexington	100.0%	Retail	100.0%	23,000	-	23,000
1131 Third Avenue	100.0%	Retail	85.9%	22,000	-	22,000
828-850 Madison Avenue	100.0%	Retail	100.0%	18,000	-	18,000
443 Broadway	100.0%	Retail	100.0%	16,000	-	16,000
484 Eighth Avenue	100.0%	Retail	n/a	16,000	-	16,000
334 Canal Street	100.0%	Retail	100.0%	3,000	12,000	15,000
304 Canal Street	100.0%	Retail	n/a	-	14,000	14,000

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40 East 66th Street	100.0%	Retail	100.0%	11,000	-	11,000
431 Seventh Avenue	100.0%	Retail	100.0%	10,000	-	10,000
677-679 Madison Avenue	100.0%	Retail	100.0%	8,000	-	8,000
148 Spring Street	100.0%	Retail	100.0%	7,000	-	7,000
150 Spring Street	100.0%	Retail	100.0%	7,000	-	7,000

Item 2. Properties - continued

Property	% Ownership	Type	% Occupancy	In Service	Square Feet Under Development or Not Available for Lease	Total Property
NEW YORK - continued:						
966 Third Avenue	100.0%	Retail	100.0%	7,000	-	7,000
267 West 34th Street	100.0%	Retail	100.0%	6,000	-	6,000
488 Eighth Avenue	100.0%	Retail	100.0%	6,000	-	6,000
968 Third Avenue ⁽¹⁾	50.0%	Retail	100.0%	6,000	-	6,000
Hotel Pennsylvania Alexander's, Inc.:	100.0%	Hotel	n/a	1,400,000	-	1,400,000
		Office /				
731 Lexington Avenue ⁽¹⁾	32.4%	Retail	100.0%	1,059,000	-	1,059,000
Rego Park II, Queens ⁽¹⁾	32.4%	Retail	98.9%	609,000	-	609,000
Rego Park I, Queens ⁽¹⁾	32.4%	Retail	100.0%	343,000	-	343,000
Rego Park II Apartment Tower, Queens ⁽¹⁾	32.4%	Residential	n/a	-	255,000	255,000
Flushing, Queens ⁽¹⁾	32.4%	Retail	100.0%	167,000	-	167,000
Paramus, New Jersey (30.3 acres ground leased through 2041) ⁽¹⁾	32.4%	Retail	100.0%	-	-	-
Rego Park III, Queens (3.2 acres) ⁽¹⁾	32.4%	n/a	n/a	-	-	-
Total New York Vornado's Ownership Interest			96.4%	27,604,000	1,128,000	28,732,000
			96.9%	21,856,000	699,000	22,555,000
WASHINGTON, DC:						
2011-2451 Crystal Drive (5 buildings)	100.0%	Office	89.3%	2,321,000	-	2,321,000
Skyline Properties (7 buildings)	100.0%	Office	42.2%	2,130,000	-	2,130,000
S. Clark Street / 12th Street (5 buildings)	100.0%	Office	76.9%	1,540,000	-	1,540,000
1550-1750 Crystal Drive / 241-251 18th Street (4 buildings)	100.0%	Office	80.4%	1,484,000	-	1,484,000
1800, 1851 and 1901 South Bell Street (3 buildings)	100.0%	Office	93.8%	506,000	363,000	869,000
Fashion Centre Mall ⁽¹⁾	7.5%	Office	98.0%	821,000	-	821,000
Rosslyn Plaza (4 buildings) ⁽¹⁾	46.2%	Office	55.8%	534,000	202,000	736,000
1825-1875 Connecticut Avenue, NW						

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(Universal Buildings) (2 buildings)	100.0%	Office	98.4%	685,000	-	685,000
Waterfront Station ⁽¹⁾	2.5%	Office	n/a	-	675,000	675,000
2200 / 2300 Clarendon Blvd (Courthouse Plaza) (ground leased through 2062) (2 buildings)	100.0%	Office	94.7%	638,000	-	638,000
1299 Pennsylvania Avenue, NW (Warner Building) ⁽¹⁾	55.0%	Office	77.4%	613,000	-	613,000
Fairfax Square (3 buildings) ⁽¹⁾	20.0%	Office	86.2%	559,000	-	559,000
2100 / 2200 Crystal Drive (2 buildings)	100.0%	Office	100.0%	529,000	-	529,000
One Skyline Tower	100.0%	Office	100.0%	518,000	-	518,000
Commerce Executive (3 buildings)	100.0%	Office	86.8%	400,000	19,000	419,000
2101 L Street, NW	100.0%	Office	99.0%	380,000	-	380,000
1501 K Street, NW ⁽¹⁾	5.0%	Office	100.0%	379,000	-	379,000
223 23rd Street / 2221 South Clark Street (2 buildings)	100.0%	Office	n/a	-	316,000	316,000
1750 Pennsylvania Avenue, NW	100.0%	Office	94.0%	277,000	-	277,000
1150 17th Street, NW	100.0%	Office	91.7%	241,000	-	241,000
875 15th Street, NW (Bowen Building)	100.0%	Office	100.0%	231,000	-	231,000
Democracy Plaza One (ground leased through 2084)	100.0%	Office	92.4%	216,000	-	216,000
1101 17th Street, NW ⁽¹⁾	55.0%	Office	97.2%	214,000	-	214,000
1730 M Street, NW	100.0%	Office	90.8%	203,000	-	203,000
Washington Tower ⁽¹⁾	7.5%	Office	100.0%	170,000	-	170,000
2001 Jefferson Davis Highway	100.0%	Office	63.1%	162,000	-	162,000
1399 New York Avenue, NW	100.0%	Office	90.4%	129,000	-	129,000
1726 M Street, NW	100.0%	Office	98.0%	92,000	-	92,000
Crystal City Shops at 2100	100.0%	Office	96.0%	80,000	-	80,000
Crystal Drive Retail	100.0%	Office	100.0%	57,000	-	57,000

Item 2. Properties - continued

Property	% Ownership	Type	% Occupancy	In Service	Square Feet Under Development or Not Available for Lease	Total Property
WASHINGTON, DC - continued:						
Riverhouse (1,670 units) (3 buildings)	100.0%	Residential	97.4%	1,802,000	-	1,802,000
The Bartlett	100.0%	Residential	n/a	-	618,000	618,000
West End 25 (283 units)	100.0%	Residential	96.8%	273,000	-	273,000
220 20th Street (265 units)	100.0%	Residential	98.5%	269,000	-	269,000
Crystal City Hotel	100.0%	Hotel	100.0%	266,000	-	266,000
Rosslyn Plaza (196 units) (2 buildings) ⁽¹⁾	43.7%	Residential	95.9%	253,000	-	253,000
Met Park / Warehouses	100.0%	Warehouse	100.0%	109,000	20,000	129,000
Other (3 buildings)	100.0%	Other	100.0%	9,000	2,000	11,000
Total Washington, DC Vornado's Ownership Interest			84.5%	19,090,000	2,215,000	21,305,000
			83.8%	16,570,000	1,442,000	18,012,000

RETAIL PROPERTIES:

Wayne Town Center, Wayne, NJ (ground leased through 2064)	100.0%	Strip	100.0%	544,000	119,000	663,000
Allentown, PA	100.0%	Strip	100.0%	554,000	-	554,000
Bronx (Bruckner Boulevard), NY	100.0%	Strip	89.6%	501,000	-	501,000
East Brunswick, NJ	100.0%	Strip	100.0%	427,000	-	427,000
North Bergen (Tonnelles Avenue), NJ	100.0%	Strip	98.9%	410,000	-	410,000
East Hanover (200 - 240 Route 10 West), NJ	100.0%	Strip	86.3%	343,000	-	343,000
Wilkes-Barre, PA (461 - 499 Mundy Street), PA	100.0%	Strip	91.7%	329,000	-	329,000
Huntington, NY	100.0%	Strip	100.0%	324,000	-	324,000
Buffalo (Amherst), NY	100.0%	Strip	100.0%	311,000	-	311,000
Bricktown, NJ	100.0%	Strip	92.8%	278,000	-	278,000
Union (Route 22 and Morris Avenue), NJ	100.0%	Strip	99.4%	276,000	-	276,000
Hackensack, NJ	100.0%	Strip	74.5%	275,000	-	275,000
Totowa, NJ	100.0%	Strip	100.0%	271,000	-	271,000
Cherry Hill, NJ	100.0%	Strip	97.3%	261,000	-	261,000
Jersey City, NJ	100.0%	Strip	100.0%	236,000	-	236,000

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Union (2445 Springfield Avenue), NJ	100.0%	Strip	100.0%	232,000	-	232,000
Middletown, NJ	100.0%	Strip	94.9%	231,000	-	231,000
Lancaster, PA	100.0%	Strip	82.1%	228,000	-	228,000
Woodbridge NJ	100.0%	Strip	100.0%	226,000	-	226,000
Chicopee, MA	100.0%	Strip	100.0%	224,000	-	224,000
Marlton, NJ	100.0%	Strip	100.0%	213,000	-	213,000
North Plainfield, NJ	100.0%	Strip	88.3%	212,000	-	212,000
Bergen Town Center - East, Paramus, NJ	100.0%	Strip	93.6%	211,000	-	211,000
Manalapan, NJ	100.0%	Strip	100.0%	208,000	-	208,000
Rochester, NY	100.0%	Strip	100.0%	205,000	-	205,000
East Rutherford, NJ	100.0%	Strip	100.0%	197,000	-	197,000
Garfield, NJ	100.0%	Strip	100.0%	195,000	-	195,000
Mt. Kisco, NY	100.0%	Strip	100.0%	189,000	-	189,000
Newington, CT	100.0%	Strip	100.0%	188,000	-	188,000
Bensalem, PA	100.0%	Strip	98.9%	185,000	-	185,000
Springfield, MA	100.0%	Strip	100.0%	182,000	-	182,000
Morris Plains, NJ	100.0%	Strip	95.9%	177,000	-	177,000

Item 2. Properties - continued

Property	% Ownership	Type	% Occupancy	In Service	Square Feet Under Development or Not Available for Lease	Total Property
RETAIL PROPERTIES - continued:						
Dover, NJ	100.0%	Strip	93.0%	173,000	-	173,000
Freeport (437 East Sunrise Highway), NY	100.0%	Strip	100.0%	173,000	-	173,000
Lodi (Route 17 North), NJ	100.0%	Strip	100.0%	171,000	-	171,000
Watchung, NJ	100.0%	Strip	96.6%	170,000	-	170,000
Broomall, PA	100.0%	Strip	100.0%	169,000	-	169,000
Rochester (Henrietta), NY (ground leased through 2056)	100.0%	Strip	96.2%	165,000	-	165,000
Staten Island, NY	100.0%	Strip	88.2%	165,000	-	165,000
Baltimore (Towson), MD	100.0%	Strip	100.0%	155,000	-	155,000
Waterbury, CT	100.0%	Strip	68.8%	148,000	-	148,000
Bethlehem, PA	100.0%	Strip	98.9%	147,000	-	147,000
Lawnside, NJ	100.0%	Strip	100.0%	145,000	-	145,000
Annapolis, MD (ground and building leased through 2042)	100.0%	Strip	100.0%	128,000	-	128,000
Hazlet, NJ	100.0%	Strip	100.0%	123,000	-	123,000
Glen Burnie, MD	100.0%	Strip	90.5%	121,000	-	121,000
Norfolk, VA (ground and building leased through 2069)	100.0%	Strip	100.0%	114,000	-	114,000
York, PA	100.0%	Strip	86.2%	111,000	-	111,000
Kearny, NJ	100.0%	Strip	100.0%	104,000	-	104,000
Glenolden, PA	100.0%	Strip	100.0%	102,000	-	102,000
New Hyde Park, NY (ground and building leased through 2029)	100.0%	Strip	100.0%	101,000	-	101,000
Inwood, NY	100.0%	Strip	80.1%	96,000	-	96,000
Turnersville, NJ	100.0%	Strip	96.3%	96,000	-	96,000
Rockville, MD	100.0%	Strip	98.1%	94,000	-	94,000
Lodi (Washington Street), NJ	100.0%	Strip	94.1%	85,000	-	85,000
Milford, MA (ground and building leased through 2019)	100.0%	Strip	100.0%	83,000	-	83,000

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Carlstadt, NJ (ground leased through 2050)	100.0%	Strip	100.0%	78,000	-	78,000
Bronx (1750-1780 Gun Hill Road), NY	100.0%	Strip	90.7%	77,000	-	77,000
Wyomissing, PA (ground and building leased through 2065)	100.0%	Strip	93.2%	76,000	-	76,000
West Babylon, NY	100.0%	Strip	95.4%	66,000	-	66,000
Wheaton, MD (ground leased through 2060)	100.0%	Strip	100.0%	66,000	-	66,000
Paramus, NJ (ground leased through 2033)	100.0%	Strip	100.0%	63,000	-	63,000
North Bergen (Kennedy Boulevard), NJ	100.0%	Strip	100.0%	62,000	-	62,000
South Plainfield, NJ (ground leased through 2039)	100.0%	Strip	85.9%	56,000	-	56,000
San Francisco (2675 Geary Street), CA (ground and building leased through 2043)	100.0%	Strip	100.0%	55,000	-	55,000

Item 2. Properties - continued

Property	% Ownership	Type	% Occupancy	In Service	Square Feet Under Development or Not Available for Lease	Total Property
RETAIL PROPERTIES - continued:						
Cambridge, MA (ground and building leased through 2033)	100.0%	Strip	100.0%	48,000	-	48,000
Commack, NY (ground and building leased through 2021)	100.0%	Strip	100.0%	47,000	-	47,000
Arlington Heights, IL (ground and building leased through 2043)	100.0%	Strip	100.0%	46,000	-	46,000
Dewitt, NY (ground leased through 2041)	100.0%	Strip	100.0%	46,000	-	46,000
Charleston, SC (ground leased through 2063)	100.0%	Strip	100.0%	45,000	-	45,000
Signal Hill, CA Vallejo, CA (ground leased through 2043)	100.0%	Strip	100.0%	45,000	-	45,000
Freeport (240 West Sunrise Highway), NY (ground and building leased through 2040)	100.0%	Strip	100.0%	44,000	-	44,000
San Antonio, TX (ground and building leased through 2041)	100.0%	Strip	100.0%	43,000	-	43,000
Chicago, IL (ground and building leased through 2051)	100.0%	Strip	100.0%	41,000	-	41,000
Englewood, NJ Springfield, PA (ground and building leased through 2025)	100.0%	Strip	73.6%	41,000	-	41,000
Tyson's Corner, VA (ground and building leased through 2035)	100.0%	Strip	100.0%	41,000	-	41,000
				38,000	-	38,000

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Salem, NH (ground leased through 2102)	100.0%	Strip	100.0%	37,000	-	37,000
Owensboro, KY (ground and building leased through 2046)	100.0%	Strip	100.0%	32,000	-	32,000
Eatontown, NJ Walnut Creek (1149 South Main Street), CA	100.0%	Strip	73.7%	30,000	-	30,000
East Hanover (280 Route 10 West), NJ	100.0%	Strip	100.0%	26,000	-	26,000
Montclair, NJ	100.0%	Strip	100.0%	18,000	-	18,000
Oceanside, NY	100.0%	Strip	100.0%	16,000	-	16,000
Walnut Creek (Mt. Diablo), CA	95.0%	Strip	100.0%	7,000	-	7,000
Monmouth Mall, Eatontown, NJ ⁽¹⁾	50.0%	Mall	92.5%	1,463,000	-	1,463,000
Bergen Town Center - West, Paramus, NJ	100.0%	Mall	99.4%	952,000	-	952,000
Montehiedra, Puerto Rico	100.0%	Mall	90.9%	542,000	-	542,000
Las Catalinas, Puerto Rico	100.0%	Mall	94.0%	494,000	-	494,000
Total Retail Properties Vornado's Ownership Interest			95.8%	16,797,000	119,000	16,916,000
			95.9%	15,273,000	119,000	15,392,000

Item 2. Properties - continued

Property	% Ownership	Type	% Occupancy	In Service	Square Feet Under Development or Not Available for Lease	Total Property	
OTHER (The Mart):							
		Office / Retail /					
The Mart, Chicago	100.0%	Showroom	94.7%	3,568,000	-	3,568,000	
Other ⁽¹⁾	50.0%	Retail	100.0%	19,000	-	19,000	
Total The Mart			94.7%	3,587,000	-	3,587,000	
Vornado's Ownership							
Interest			94.7%	3,578,000	-	3,578,000	
OTHER (555 California Street):							
555 California Street	70.0%	Office	97.0%	1,506,000	-	1,506,000	
		Office /					
315 Montgomery Street	70.0%	Retail	100.0%	231,000	-	231,000	
		Office /					
345 Montgomery Street	70.0%	Retail	100.0%	64,000	-	64,000	
Total 555 California Street			97.6%	1,801,000	-	1,801,000	
Vornado's Ownership							
Interest			97.6%	1,261,000	-	1,261,000	
OTHER (Vornado Capital Partners Real Estate Fund) ⁽²⁾ :							
800 Corporate Pointe, Culver City, CA (2 buildings)		100.0%	Office	57.0%	243,000	-	243,000
			Office /				
			Retail /				
Crowne Plaza Times Square, NY		38.2%	Hotel	100.0%	235,000	-	235,000
Lucida, 86th Street and Lexington Avenue, NY							
(ground leased through 2082)		100.0%	Retail / Residential	100.0%	146,000	-	146,000
			Retail /				
1100 Lincoln Road, Miami, FL		100.0%	Theatre	100.0%	127,000	-	127,000
520 Broadway, Santa Monica, CA		100.0%	Office	90.9%	112,000	-	112,000
11 East 68th Street Retail, NY		100.0%	Retail	100.0%	8,000	3,000	11,000
501 Broadway, NY		100.0%	Retail	100.0%	9,000	-	9,000
Total Real Estate Fund Properties							