VORNADO REALTY TRUST
Form 10-K
February 23, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-K

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

For the Fiscal Year Ended:December 31, 2009

OR

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

For the transition period from **to**
Commission File Number: **1 11954**

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

Maryland	**22 1657560**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
888 Seventh Avenue, New York, New York	**10019**

(Address of Principal Executive Offices) (Zip Code)

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

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

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Shares of beneficial interest, $.04 par value per share	New York Stock Exchange
Series A Convertible Preferred Shares of beneficial interest, no par value	New York Stock Exchange
Cumulative Redeemable Preferred Shares of beneficial interest, no par value:	
8.5% Series B	New York Stock Exchange
8.5% Series C	New York Stock Exchange
7.0% Series E	New York Stock Exchange
6.75% Series F	New York Stock Exchange
6.625% Series G	New York Stock Exchange
6.75% Series H	New York Stock Exchange
6.625% Series I	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 x NO o

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 o NO x

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 o

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 x No o

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. o

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.

x Large Accelerated Filer	o Accelerated Filer
o Non-Accelerated Filer (Do not check if smaller reporting company)	o 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 o NO x

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 $7,216,326,000 at June 30, 2009.

As of December 31, 2009, there were 181,214,161 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 13, 2010.

This Annual Report on Form 10-K omits financial statements required under Rule 3-09 of Regulation S-X, for Toys R Us, Inc. and Lexington Realty Trust. An amendment to this Annual Report on Form 10-K will be filed as promptly 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 not later than 120 days after December 31, 2009, portions of which are incorporated by reference herein. See Executive Officers of the Registrant on page 57 of this Annual Report on Form 10 K for information relating to executive officers.

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 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, pla 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 projects, the estimated completion date, estimated project cost and cost to complete; and estimates of future capital expenditures, common and preferred share dividends 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

The Company

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). Vornado is the sole general partner of, and owned approximately 92.5% of the common limited partnership interest in, the Operating Partnership at December 31, 2009. All references to we, us, our, the Company and Vornado refer to Vornado Realty Trust and its consolidated subsidiaries, including the Operating Partnership.

On May 14, 2009, our Board of Trustees executed its long-planned management succession strategy and elected Michael D. Fascitelli, as our Chief Executive Officer, succeeding Steven Roth, who continues to serve as Chairman of the Board.

As of December 31, 2009, we own directly or indirectly:

Office Properties:

(i) all or portions of 28 properties aggregating 16.2 million square feet in the New York City metropolitan area (primarily Manhattan);

(ii) all or portions of 84 properties aggregating 18.6 million square feet in the Washington, DC / Northern Virginia areas;

(iii) a 70% controlling interest in 555 California Street, a three-building complex aggregating 1.8 million square feet in San Francisco s financial district;

Retail Properties:

(iv) 162 properties aggregating 22.6 million square feet, including 3.9 million square feet owned by tenants on land leased from us, primarily in Manhattan, the northeast states, California and Puerto Rico;

<u>Merchandise Mart Properties</u>:

(v) 8 properties aggregating 8.9 million square feet of showroom and office space, including the 3.5 million square foot Merchandise Mart in Chicago;

<u>Toys R Us, Inc. (Toys</u>):

(vi) a 32.7% interest in Toys which owns and/or operates 1,567 stores worldwide, including 851 stores in the United States and 716 stores internationally;

<u>Other Real Estate Investments</u>:

(vii) 32.4% of the common stock of Alexander s, Inc. (NYSE: ALX), which has seven properties in the greater New York metropolitan area;

(viii) the Hotel Pennsylvania in New York City;

(ix) mezzanine loans on real estate; and

(x) other real estate and investments, including marketable securities.

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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 executing 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;
- Investing in fully-integrated operating companies that have a significant real estate component; and
- Developing and redeveloping existing properties to increase returns and maximize value.

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 our shares or any other securities in the future.

We may also determine to raise capital for future real estate acquisitions through an institutional investment fund. We would serve as the general partner of the fund and would also expect to be a limited partner of the fund and have the potential to earn certain incentives based on the fund s performance. The fund may serve as our exclusive investment vehicle for a limited period of time for all investments that fit within the fund s investment parameters. If we determine to raise capital through a fund, the partnership interests offered would not be registered under the Securities Act of 1933 and could not be offered or sold in the United States absent registration under that act or an applicable exemption from those registration requirements.

BUSINESS ENVIRONMENT

The economic recession and illiquidity and volatility in the financial and capital markets have negatively affected substantially all businesses, including ours. Demand for office and retail space has declined nationwide due to bankruptcies, downsizing, layoffs and cost cutting. Real estate transactions and development opportunities have significantly curtailed and capitalization rates have risen. These trends have negatively impacted our 2008 and 2009 financial results, which include losses associated with abandoned development projects, valuation allowances on investments in mezzanine loans and impairments on other real estate investments. The details of these non-cash charges are described in Management s Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of this annual report on Form 10-K. It is not possible for us to quantify the impact of the above trends, which may continue in 2010 and beyond, on our future financial results.

ACQUISITIONS and DISPOSITIONS

We did not make any significant investments in real estate during 2009.

On September 1, 2009, we sold 1999 K Street, a newly developed 250,000 square foot office building, in Washington s Central Business District, for $207,800,000 in cash, which resulted in a net gain of $41,211,000. We also sold 15 retail properties during 2009 in separate transactions for an aggregate of $55,000,000 in cash, which resulted in net gains aggregating $4,073,000.

Financing Activities

In April 2009, we sold 17,250,000 common shares, including underwriters over-allotment, in an underwritten public offering pursuant to an effective registration statement at an initial public offering price of $43.00 per share. We received net proceeds of $710,226,000, after underwriters discount and offering expenses and contributed the net proceeds to the Operating Partnership in exchange for 17,250,000 Class A units of the Operating Partnership.

On September 30, 2009, we completed a public offering of $460,000,000 principal amount of 7.875% callable senior unsecured 30-year notes (NYSE: VNOD) due October 1, 2039. The notes were sold to the public at par and may be redeemed at our option, in whole or in part, beginning in October 2014 at a price equal to the principal amount plus accrued and unpaid interest. We received net proceeds of approximately $446,000,000 from the offering which were used to repay debt and for general corporate purposes.

During 2009, we purchased $1,912,724,000 (aggregate face amount) of our convertible senior debentures and $352,740,000 (aggregate face amount) of our senior unsecured notes for $1,877,510,000 and $343,694,000 in cash, respectively. This debt was acquired through tender offers and in the open market and has been retired. We also repaid $650,285,000 of existing property level debt and completed $277,000,000 of property level financings.

Development and Redevelopment Projects

We are currently engaged in certain development/redevelopment projects for which we have budgeted approximately $200,000,000. Of this amount, $78,118,000 was expended prior to 2009 and $50,513,000 was expended during 2009. Substantially all of the estimated costs to complete these projects, aggregating approximately $71,000,000, are anticipated to be expended during 2010, of which approximately $18,000,000 will be funded by existing construction loans. We are also evaluating other development opportunities for which final plans, budgeted costs and financing have yet to be determined. There can be no assurance that any of our development projects will commence, or if commenced, be completed on schedule or within budget.

Segment Data

We operate in the following business segments: New York Office Properties, Washington, DC Office Properties, Retail Properties, Merchandise Mart Properties and Toys. Financial information related to these business segments for the years ended December 31, 2009, 2008 and 2007 are set forth in Note 22 Segment Information to our consolidated financial statements in this Annual Report on Form 10-K. The Merchandise Mart Properties segment has trade show operations in Canada and Switzerland. The Toys segment has 716 locations internationally. In addition, we have five partially owned nonconsolidated investments in real estate partnerships located in India, which are included in the Other segment.

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 comparisons of the current quarter to the previous quarter. The business of Toys is highly seasonal. Historically, Toys   fourth quarter net income, which we record on a one-quarter lag basis in our first quarter, accounts for more than 80% of its fiscal year net income. The New York and Washington, DC Office Properties and Merchandise Mart Properties segments have historically experienced higher utility costs in the first and third quarters of the year. The Merchandise Mart Properties segment has also experienced higher earnings in the second and fourth quarters of the year due to major trade shows occurring in those quarters. The Retail Properties segment revenue in the fourth quarter is typically higher due to the recognition of percentage 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, 2009, 2008 and 2007.

Certain Activities

We are not required to 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 the portfolio may be sold as 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, 2009, we have approximately 4,597 employees, of which 308 are corporate staff. The New York Office Properties segment has 128 employees and an additional 2,512 employees of Building Maintenance Services LLC, a wholly owned subsidiary, which provides cleaning, security and engineering services primarily to our New York Office and Washington, DC Office properties. The Washington, DC Office Properties, Retail Properties and Merchandise Mart Properties segments have 396, 176 and 582 employees, respectively, and the Hotel Pennsylvania has 495 employees. The foregoing does not include employees of partially owned entities, including Toys or Alexander s, in which we own 32.7% and 32.4%, respectively.

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 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 about us, including certain non-GAAP financial measures, none of which is a part of this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

Material factors that may adversely affect our business, operations and financial condition are summarized below.

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 limit our revenues and available cash.

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

- 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;
- changes in market rental rates;
- the timing and costs associated with property improvements and rentals;
- whether we are able to pass some or all 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;
- fluctuations in interest rates;
- our ability to secure adequate insurance;
- changes in taxation;
- changes in zoning laws;

- government regulation;
- consequences of any armed conflict involving, or terrorist attack against, the United States;
- natural disasters;
- potential liability under environmental or other laws or regulations; and
- general competitive factors.

The rents 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 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 financial condition and results of operations and 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, which have recently negatively affected substantially all businesses, including ours. Demand for office and retail space has declined nationwide due to bankruptcies, downsizing, layoffs and cost cutting. Real estate transactions and development opportunities have significantly curtailed and capitalization rates have risen. As a result, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide funding to borrowers, and this may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our tenants. If these market conditions continue, they may limit our ability and the ability of our tenants, to timely refinance maturing liabilities and access the capital markets to meet liquidity needs which 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.

Our business segments New York Office Properties, Washington, DC Office Properties, Retail Properties, Merchandise Mart Properties, Toys and Other operate in highly competitive environments. We have a large concentration of properties in the New York City metropolitan area and in the Washington, DC / Northern Virginia areas. We compete with a large number of property owners and developers, some of which may be willing to accept lower returns on their investments. Principal factors of competition are rents charged, 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 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 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 substantial 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 such as we are currently experiencing, 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 revenues 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. In the case of our shopping centers, 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 a lower level of net income and funds available for the payment of indebtedness or for distribution to shareholders. The current economic environment and market conditions may result in tenant bankruptcies and write-offs, which could, in the aggregate, be material to our results of operations in a particular period.

We may incur costs to comply with environmental laws.

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) and underground storage tanks 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. 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 tanks 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. The environmental assessments did not, as of this date, reveal 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, discovery of additional sites, human exposure to the contamination or changes in clean-up or compliance requirements could result in significant costs to us.

Inflation or deflation may adversely affect our financial condition and results of operations.

Although neither inflation nor deflation has materially impacted our operations in the recent past, increased inflation could have a pronounced negative impact on our mortgages and interest rates and general and administrative expenses, as these costs could increase at a rate higher than our rents. Inflation could also have an adverse effect on consumer spending which could impact our tenants sales and, in turn, our percentage rents, where applicable. Conversely, deflation could lead to downward pressure on rents and other sources of income. In addition, we own 9 residential properties which are leased to tenants with one-year lease terms. Because these are short-term leases, declines in market rents will impact our residential properties faster than if the leases were for longer terms.

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, including coverage for terrorist acts, with sub-limits for certain perils such as floods. Our California properties have earthquake insurance with coverage of $150,000,000 per occurrence, subject to a deductible in the amount of 5% of the value of the affected property, and a $150,000,000 annual aggregate.

Penn Plaza Insurance Company, LLC (PPIC), our wholly owned consolidated subsidiary, acts as a re-insurer with respect to a portion of our earthquake insurance coverage and as a direct insurer for coverage for acts of terrorism, including nuclear, biological, chemical and radiological (NBCR) acts, as defined by TRIPRA. 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. Our coverage for NBCR losses is up to $2 billion per occurrence, for which PPIC is responsible for a deductible of $3,200,000 and 15% of the balance of a covered loss and the Federal government is responsible for the remaining 85% of a covered loss. We are ultimately responsible for any loss borne 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 future policy years.

Our debt instruments, consisting of mortgage loans secured by our properties which are non-recourse to us, senior unsecured notes, exchangeable senior debentures, convertible senior debentures 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 and/or refinance our properties and expand our portfolio.

Because we operate a hotel, we face the risks associated with the hospitality industry.

We own and operate the Hotel Pennsylvania in New York City. The following factors, among others, are common to the hotel industry and may reduce the revenues generated by the hotel, which would reduce cash available for distribution to our shareholders:

- our hotel competes for guests with other hotels, a number of which have greater marketing and financial resources;
- if there is an increase in operating costs resulting from inflation and other factors, we may not be able to offset such increase by increasing room rates;
- our hotel is subject to the fluctuating and seasonal demands of business travelers and tourism;
- our hotel is subject to general and local economic and social conditions that may affect demand for travel in general, including war and terrorism; and
- physical condition, which may require substantial additional capital.

Because of the ownership structure of the Hotel Pennsylvania, we face potential adverse effects from changes to the applicable tax laws.

Under the Internal Revenue Code, REITs like us are not allowed to operate hotels directly or indirectly. Accordingly, we lease the Hotel Pennsylvania to our taxable REIT subsidiary (TRS). While the TRS structure allows the economic benefits of ownership to flow to us, the TRS is subject to tax on its income from the operations of the hotel at the federal and state level. In addition, the TRS is subject to detailed tax regulations that affect how it may be capitalized and operated. If the tax laws applicable to a TRS are modified, we may be forced to modify the structure for owning the hotel, and such changes may adversely affect the cash flows from the hotel. In addition, the Internal Revenue Service, the United States Treasury Department and Congress frequently review federal income tax legislation, and we cannot predict whether, when or to what extent new federal tax laws, regulations, interpretations or rulings will be adopted. Any of such actions may prospectively or retroactively modify the tax treatment of the TRS and, therefore, may adversely affect our after-tax returns from the hotel.

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 generally requires that public buildings, including our properties, be made accessible to disabled persons. Noncompliance could result in the imposition of fines by the federal government or the award of damages to private litigants. From time to time persons have asserted claims against us with respect to some of our properties under this Act, but to date such claims have not resulted in any material expense or liability. If, under the Americans with Disabilities Act, 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 Areas. Circumstances Affecting These Areas Generally Could Adversely Affect Our Business.

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

During 2009, approximately 75% of our EBITDA, excluding items that affect comparability, came from properties located in the New York City / New Jersey metropolitan areas and the Washington, DC / Northern Virginia areas. 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, as they are currently and have been in the past, and we cannot predict how economic conditions will impact these markets in both the short and long term. Declines in the economy or a decline in the real estate markets in these areas could hurt our financial performance and the value of our properties. The factors affecting economic conditions in these regions include:

- financial performance and productivity of the publishing, advertising, financial, technology, retail, insurance and real estate industries;

- space needs of the United States Government, including the effect of 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 with certainty, the future effects of the current adverse 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. If these conditions persist or if there is any further local, national or global economic downturn, our businesses and future profitability will be adversely affected.

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, Boston 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.

We May Acquire or Sell Additional Assets or Entities or Develop Additional 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 have grown rapidly since 1998 through acquisitions. We may not be able to maintain this rapid growth and our failure to do so could adversely affect our stock price.

We have experienced rapid growth since 1998, increasing our total assets from approximately $4.4 billion at December 31, 1998 to approximately $20.2 billion at December 31, 2009. We may not be able to maintain a similar rate of growth in the future or manage growth effectively. Our failure to do so may have a material adverse effect on our financial condition and results of operations and ability to pay dividends to shareholders.

We may acquire or develop properties or acquire other real estate related companies and this may create risks.

We may acquire or develop properties or acquire other real estate related companies when we believe that an acquisition or development is consistent with our business strategies. We may not, however, succeed in consummating desired acquisitions or in completing developments on time or within budget. In addition, we may face competition in pursuing acquisition or development opportunities that could increase our costs. When we do pursue a project or acquisition, we may not succeed in leasing newly developed or acquired properties at rents sufficient to cover our costs of acquisition and development or in operating the businesses we acquired. 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 poorer than anticipated performance. We may also abandon acquisition or development opportunities that we have begun pursuing and consequently fail to recover expenses already incurred and have devoted management time to a matter not consummated. Furthermore, acquisitions of new properties or companies will expose us to the liabilities of those properties or companies, some of which we may not be aware at the time of acquisition. In addition, development of our existing properties presents similar risks.

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 will 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 and convertible and exchangeable securities.

It may be difficult to buy and sell real estate quickly.

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.

As part of an acquisition of a property, including our January 1, 2002 acquisition of Charles E. Smith Commercial Realty L.P. s 13.0 million square foot portfolio, we may agree, and in the case of Charles E. Smith Commercial Realty L.P. did agree, with the seller that we will not dispose of the acquired properties or reduce the mortgage indebtedness on them for a period of 12 years, 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 indebtedness that we would otherwise pay down or refinance.

On January 1, 2002, we completed the acquisition of the 66% interest in Charles E. Smith Commercial Realty L.P. that we did not previously own. The terms of the merger restrict our ability to sell or otherwise dispose of, or to finance or refinance, the properties formerly owned by Charles E. Smith Commercial Realty L.P., which could result in our inability to sell these properties at an opportune time and increase costs to us.

As indicated above, subject to limited exceptions, we are restricted from selling or otherwise transferring or disposing of certain properties located in the Crystal City area of Arlington, Virginia for a period of 12 years. These restrictions, which currently cover approximately 13.0 million square feet of space, could result in our inability to sell these properties at an opportune time and increase costs to us.

From time to time we make investments in companies over which we do not have sole control. Some of these companies operate in industries that differ from our current operations, with different risks than investing in real estate.

From time to time we make debt or equity investments in other companies that we may not control or over which we may not have sole control. These investments include but are not limited to, Alexander s, Inc., Toys R Us, Lexington Realty Trust, and equity and mezzanine investments in other entities that have significant real estate assets. Although these businesses generally have a significant real estate component, some of them operate in businesses that are different from our primary lines of business including, without limitation, operating or managing toy stores and department stores. Consequently, investments in these businesses, among other risks, subjects us to the operating and financial risks of industries other than real estate and to the risk that we do not have sole control over the operations of these businesses. From time to time we may make additional investments in or acquire other entities that may subject us to additional similar risks. Investments in entities over which we do not have sole control, including joint ventures, present additional risks such as having differing objectives than our partners or the entities in which we invest, or becoming involved in disputes, or competing with those persons. In addition, we rely on the internal controls and financial reporting controls of these entities and their failure to comply with applicable standards may adversely affect us.

We are subject to risks that affect the general retail environment.

A substantial portion of our properties are in the retail shopping center real estate market and we have a significant investment in retailers such as Toys. See *Our investment in Toys subjects us to risks different from our other lines of business and may result in increased seasonality and volatility in our reported earnings* below. This means that we are subject to factors that affect the retail environment generally, including the level of consumer spending and consumer confidence, the threat of terrorism and increasing competition from discount retailers, outlet malls, retail websites and catalog companies. These factors could adversely affect the financial condition of our retail tenants and the retailers in which we hold an investment and the willingness of retailers to lease space in our shopping centers, and in turn, adversely affect us.

We depend upon our anchor tenants to attract shoppers.

We own several regional malls and other shopping centers that are typically anchored by well-known department stores and other tenants who generate shopping traffic at the mall or shopping center. The value of our properties would be adversely affected if tenants or anchors failed to meet their contractual obligations, sought concessions in order to continue operations or ceased their operations, including as a result of bankruptcy. If the sales of stores operating in our properties were to decline significantly due to economic conditions, closing of anchors or for other reasons, tenants may be unable to pay their minimum rents or expense recovery charges. In the event of a default by a tenant or anchor, we may experience delays and costs in enforcing our rights as landlord.

Our investment in Toys subjects us to risks that are different from our other lines of business and may result in increased seasonality and volatility in our reported earnings.

On July 21, 2005, a joint venture that we own equally with Bain Capital and Kohlberg Kravis Roberts & Co. acquired Toys. 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. Historically, Toys fourth quarter net income accounts for more than 80% of its fiscal year net income. In addition, our fiscal year ends on December 31 whereas, as is common for retailers, Toys fiscal year ends on the Saturday nearest to January 31. Therefore, we record our pro-rata share of Toys net earnings on a one-quarter lag basis. For example, our financial results for the year ended December 31, 2009 include Toys financial results for its first, second and third quarters ended October 31, 2009, as well as Toys fourth quarter results of 2008. Because of the seasonality of Toys, our reported net income shows increased volatility. We may also, in the future and from time to time, invest in other businesses that may report financial results that are more volatile than our historical financial results.

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 generally accepted accounting principles 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 subordinated or mezzanine debt of certain entities that have significant real estate assets. These investments involve greater risk of loss than investments in senior mortgage loans.

We invest, and may in the future invest, in subordinated or mezzanine debt of certain entities that have significant real estate assets. These investments, which are subordinate to the mortgage loans secured by the real property, are generally secured by pledges of the equity interests of the entities owning the underlying real estate. These investments involve greater risk of loss than investments in senior mortgage loans which are secured by real property. If a borrower defaults on debt to us or on debt senior to us, or declares bankruptcy, we may not be able to recover some or all of our investment. In addition, there may be significant delays and costs associated with the process of foreclosing on collateral securing or supporting these investments. The value of the assets securing or supporting our investments could deteriorate over time due to factors beyond our control, including acts or omissions by owners, changes in business, economic or market conditions, or foreclosure. Such deteriorations in value may result in the recognition of impairment losses and/or valuation allowances on our statements of income. As of December 31, 2009, our mezzanine debt securities have an aggregate carrying amount of $203,286,000, net of a $190,738,000 valuation allowance.

We evaluate the collectibility of both interest and principal of each of our loans each quarter, if circumstances warrant, in determining whether they are impaired. A loan is impaired when based on current information and events, it is probable that we will be unable to collect all amounts due according to the existing contractual terms. When a loan is impaired, the amount of the loss accrual is calculated by comparing the carrying amount of the investment to the estimated fair value of the loan or, as a practical expedient, to the value of the collateral if repayment of the loan is collateral dependent. There can be no assurance that our estimates of collectible amounts will not change over time or that they will be representative of the amounts we will actually collect, including amounts we would collect if we chose to sell these investments before their maturity. If we collect less than our estimates, we will record impairment losses which could be material.

We invest in marketable equity securities of companies that have significant real estate assets. The value of these investments may decline as a result of operating performance or economic or market conditions.

We invest, and may in the future invest, in marketable equity securities of publicly-traded real estate companies or companies that have significant real estate assets. As of December 31, 2009, our marketable securities have an aggregate carrying amount of $380,652,000. Significant declines in the value of these investments due to 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 net 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. As a result of the current capital markets and environmental conditions referred to above, we and other companies in the real estate industry are currently experiencing limited availability of financing and there can be no assurances as to when more financing will be available. Although we believe that we will be able to finance any investments we may wish to make in the foreseeable future, new financing may not be 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 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 Realty Trust.

Substantially all of Vornado Realty Trust 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 Realty Trust s cash flow is dependent on cash distributions to it by the Operating Partnership. The creditors of each of Vornado Realty Trust 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 Realty Trust 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 Realty Trust.

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 Realty Trust. Thus, Vornado Realty Trust 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 Realty Trust. As of December 31, 2009, there were seven series of preferred units of the Operating Partnership not held by Vornado Realty Trust with a total liquidation value of $340,078,000.

In addition, Vornado Realty Trust 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 it and its cost may increase and refinancing may not be available on acceptable terms.

As of December 31, 2009, we had approximately $14.1 billion of total debt outstanding, including our pro rata share of debt of partially owned entities. Our ratio of total debt to total enterprise value was approximately 47%. When we say enterprise value in the preceding sentence, we mean market equity value of Vornado Realty Trust s common and preferred shares plus total debt outstanding, including our pro rata share of debt of partially owned entities. In the future, we may incur additional debt to finance acquisitions or property developments and thus increase our ratio of total debt to total enterprise value. If our level of indebtedness increases, there may be an increased risk of a credit rating downgrade or a default on our obligations that could adversely affect our financial condition and results of operations. In addition, in a rising interest rate environment, the cost of existing variable rate debt and any new debt or other market rate security or instrument may increase. Furthermore, we may not be able to refinance existing indebtedness in sufficient amounts or on acceptable terms.

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 credit facilities, unsecured debt securities and other loans that we may obtain in the future contain, or 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. Under those circumstances, other sources of capital may not be available to us, or may be available only on unattractive terms.

We rely on debt financing, including borrowings under our unsecured credit facilities, issuances of unsecured debt securities and debt secured by individual properties, to finance acquisitions and development activities and for working capital. If we are unable to obtain debt financing from these or other sources, or refinance existing indebtedness upon maturity, our financial condition and results of operations would likely be adversely affected. If we breach covenants in our debt agreements, the lenders can declare a default and, if the debt is secured, can take possession of the property securing the defaulted loan.

Vornado Realty Trust 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 qualified in this way. Qualification as a REIT for federal income tax purposes is governed by highly technical and complex provisions of the Internal Revenue Code for which there are only limited judicial or administrative interpretations. Our qualification as a REIT also depends 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 tax laws with respect to the requirements for qualification as a REIT 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. Although we currently intend to operate in a manner designed to allow us to qualify as a REIT, future economic, market, legal, tax or other considerations may cause us to revoke the REIT election or fail to qualify as a REIT.

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 of Vornado Realty Trust, and Michael D. Fascitelli, the President and Chief Executive Officer of Vornado Realty Trust. While we believe that we could find replacements for these key personnel, the loss of their services could harm our operations and adversely affect the value of our common shares.

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

Our Amended and Restated Declaration of Trust sets limits on the ownership of our shares.

Generally, for Vornado Realty Trust 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 Realty Trust may be owned, directly or indirectly, by five or fewer individuals at any time during the last half of Vornado Realty Trust 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 Realty Trust s Amended and Restated 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 Realty Trust adopted the limit and other persons approved by Vornado Realty Trust s Board of Trustees. These restrictions on transferability and ownership may delay, deter or prevent a change in control of Vornado Realty Trust or other transaction that might involve a premium price or otherwise be in the best interest of the shareholders. We refer to Vornado Realty Trust s Amended and Restated Declaration of Trust, as amended, as the declaration of trust.

We have a classified Board of Trustees and that may reduce the likelihood of certain takeover transactions.

Vornado Realty Trust 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 Realty Trust, even though a tender offer or change in control might be in the best interest of Vornado Realty Trust s shareholders.

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

Vornado Realty Trust s declaration of trust authorizes the Board of Trustees to:

- cause Vornado Realty Trust 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 Realty Trust issues; and
- increase, without shareholder approval, the number of shares of beneficial interest that Vornado Realty Trust 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 Realty Trust or other transaction that might involve a premium price or otherwise be in the best interest of Vornado Realty Trust s shareholders, although the Board of Trustees does not now intend to establish a series of preferred shares of this kind. Vornado Realty Trust s declaration of trust and bylaws contain other provisions that may delay, deter or prevent a change in control of Vornado Realty Trust or other transaction that might involve a premium price or otherwise be in the best interest of our shareholders.

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

Under the Maryland General Corporation Law, as amended, which we refer to as the MGCL, as applicable to REITs, certain business combinations, including certain mergers, consolidations, share exchanges and asset transfers and certain issuances and reclassifications of equity securities, between a Maryland REIT and any person who beneficially owns ten percent or more of the voting power of the trust s shares or an affiliate or an associate, as defined in the MGCL, of the trust who, at any time within the two-year period before the date in question, was the beneficial owner of ten percent or more of the voting power of the then outstanding voting shares of beneficial interest of the trust, which we refer to as an interested shareholder, or an affiliate of the interested shareholder, are prohibited for five years after the most recent date on which the interested shareholder becomes an interested shareholder. After that five-year period, any business combination of these kinds must be recommended by the board of trustees of the trust and approved by the affirmative vote of at least (a) 80% of the votes entitled to be cast by holders of outstanding voting shares of beneficial interest of the trust and (b) two-thirds of the votes entitled to be cast by holders of voting shares of beneficial interest of the trust other than shares held by the interested shareholder with whom, or with whose affiliate, the business combination is to be effected or held by an affiliate or associate of the interested shareholder. These supermajority voting requirements do not apply if the trust s common shareholders receive a minimum price, as defined in the MGCL, for their shares and the consideration is received in cash or in the same form as previously paid by the interested shareholder for its common shares.

The provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by the board of trustees of the applicable trust before the interested shareholder becomes an interested shareholder, and a person is not an interested shareholder if the board of trustees approved in advance the transaction by which the person otherwise would have become an interested shareholder.

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 Realty Trust s Board has adopted a resolution exempting any business combination between any trustee or officer of Vornado Realty Trust, or their affiliates, and Vornado Realty Trust. As a result, the trustees and officers of Vornado Realty Trust and their affiliates may be able to enter into business combinations with Vornado Realty Trust that may not be in the best interest of its 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 Realty Trust 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 Realty Trust and increase the difficulty of consummating any offer.

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, 2009, Interstate Properties, a New Jersey general partnership, and its partners owned approximately 7.3% of the common shares of Vornado Realty Trust and approximately 27.2% of the common stock of Alexander s, Inc. (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 of Vornado Realty Trust, 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 Realty Trust 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 Realty Trust and on the outcome of any matters submitted to Vornado Realty Trust 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.

Vornado Realty Trust currently manages and leases the real estate assets of Interstate Properties under a management agreement for which it receives an annual 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 60 days notice at the end of the term. Vornado Realty Trust earned $782,000, $803,000, and $800,000 of management fees under the management agreement for the years ended December 31, 2009, 2008 and 2007. Because of the relationship among Vornado Realty Trust, Interstate Properties and Messrs. Roth, Mandelbaum and Wight, as described above, the terms of the management agreement and any future agreements between Vornado Realty Trust and Interstate Properties may not be comparable to those Vornado Realty Trust could have negotiated with an unaffiliated third party.

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

As of December 31, 2009, the Operating Partnership owned 32.4% of the outstanding common stock of Alexander s. Alexander s is a REIT engaged in leasing, managing, developing and redeveloping properties, focusing primarily on the locations where its department stores operated before they ceased operations in 1992. Alexander s has seven properties, which are located in the greater New York metropolitan area. In addition to the 32.4% that they own indirectly through Vornado, Interstate Properties, which is described above, and its partners owned 27.2% of the outstanding common stock of Alexander s as of December 31, 2009. Mr. Roth is the Chairman of the Board of Vornado Realty Trust, the managing general partner of Interstate, and the Chairman of the Board and Chief Executive Officer of Alexander s. Messrs. Wight and Mandelbaum are trustees of Vornado Realty Trust and also directors of Alexander s and general partners of Interstate. Michael D. Fascitelli is the President and Chief Executive Officer of Vornado Realty Trust and the President of Alexander s and Dr. Richard West is a trustee of Vornado and a director of Alexander s. In addition, Joseph Macnow, our Executive Vice President and Chief Financial Officer, holds the same position with Alexander s. Alexander s common stock is listed on the New York Stock Exchange under the symbol ALX.

The Operating Partnership manages, develops and leases the Alexander s properties under management and development agreements and leasing agreements under which the Operating Partnership receives annual fees from Alexander s. These agreements have a one-year term expiring in March of each year and are all automatically renewable. Because Vornado Realty Trust and Alexander s share common senior management and because certain of the trustees of Vornado Realty Trust constitute a majority of the directors of Alexander s, the terms of the foregoing agreements and any future agreements between us and Alexander s may not be comparable to those we could have negotiated with an unaffiliated third party.

For a description of Interstate Properties ownership of Vornado Realty Trust and Alexander s, see 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 above.

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 recently been volatile and may fluctuate.

The trading price of our common shares has recently 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 adversely affected and may continue to adversely affect the market price of our common shares. Among the factors that could affect the price of our common shares are:

- actual or anticipated quarterly fluctuations in our operating results and financial condition;
- 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;
- continued uncertainty and volatility in the equity and credit markets;
- 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 real estate investment trusts;
- 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 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 real estate investment trusts and other real estate related companies; and
- domestic and international economic factors unrelated to our performance.

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

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

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

As of December 31, 2009, we had authorized but unissued, 68,785,839 common shares of beneficial interest, $.04 par value and 76,047,676 preferred shares of beneficial interest, no par value; of which 34,058,475 common shares are reserved for issuance upon redemption of Class A Operating Partnership units, convertible securities and employee stock options and 8,000,000 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.

Increased market interest rates may hurt the value of Vornado Realty Trust s common and preferred shares.

We believe that investors consider the distribution rate on REIT shares, expressed as a percentage of the price of the shares, relative to market interest rates as an important factor in deciding whether to buy or sell the shares. If market interest rates go up, prospective purchasers of REIT shares may expect a higher distribution rate. Higher interest rates would likely increase our borrowing costs and might decrease funds available for distribution. Thus, higher market interest rates could cause the market price of Vornado Realty Trust s common and preferred shares to decline.

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 five business segments: New York Office Properties, Washington, DC Office Properties, Retail Properties, Merchandise Mart Properties and Toys R Us (Toys). The following pages provide details of our real estate properties.

Item 2. Properties - continued

Property	% Ownership	% Occupancy	Annualized Rent PSF (1)	Square Feet Total	Square Feet In Service Owned by Company	Square Feet In Service Owned By Tenant	Square Feet Out of Service Under Development	Encumbrances (in thousands)	Major Tenants
NEW YORK OFFICE:									
New York City:									
Penn Plaza:									
One Penn Plaza (ground leased through 2098)	100.0%	95.6%	$ 54.77	2,446,000	2,446,000	-	-	$ -	BMG Columbia House, Buck Consultants, Cisco, Kmart, MWB Leasing, Parsons Brinkerhoff, United Health Care, United States Customs Department
Two Penn Plaza	100.0%	98.5%	46.60	1,577,000	1,577,000	-	-	282,492	LMW Associates, EMC, Forest Electric, IBI, Madison Square Garden, McGraw-Hill Co., Inc.
Eleven Penn Plaza	100.0%	95.5%	50.81	1,065,000	1,065,000	-	-	203,198	Macy s, Madison Square Garden, Rainbow Media Holdings
100 West 33rd Street	100.0%	92.4%	47.19	846,000	846,000	-	-	159,361	Bank of America, Draft FCB
330 West 34th Street (ground leased through 2148)	100.0%	99.2%	34.32	637,000	637,000	-	-	-	City of New York, Interieurs Inc., The Bank of New York
Total Penn Plaza		96.2%	49.18	6,571,000	6,571,000	-	-	645,051	
East Side:									
909 Third Avenue	100.0%	92.9%	58.05(2)	1,323,000	1,323,000	-	-	210,660	J.P. Morgan Securities Inc., Citibank, Forest Laboratories,

(ground leased through 2063)								Geller & Company, Morrison Cohen LLP, Robeco USA Inc., United States Post Office, Ogilvy Public Relations, The Procter & Gamble Distributing LLC.
150 East 58th Street	100.0%	94.6%	56596,000	536,000	-	-	-	Castle Harlan, Tournesol Realty LLC. (Peter Marino), Various showroom tenants
Total East Side		93.4%	51,8759,000	1,859,000	-	-	210,660	
West Side:								
888 Seventh Avenue (ground leased through 2067)	100.0%	95.2%	77857,000	857,000	-	-	318,554	Kaplan Management LLC, New Line Realty, Soros Fund, TPG-Axon Capital, Vornado Executive Headquarters
1740 Broadway	100.0%	99.3%	58597,000	597,000	-	-	-	Davis & Gilbert, Limited Brands, Dept. of Taxation of the State of N.Y.
57th Street	50.0%	91.9%	46189,000	189,000	-	-	29,000	Various
825 Seventh Avenue	50.0%	100.0%	45165,000	165,000	-	-	20,773	Young & Rubicam
Total West Side		96.6%	61,5808,000	1,808,000	-	-	368,327	
Park Avenue:								
350 Park Avenue	100.0%	95.3%	73551,000	551,000	-	-	430,000	Tweedy Browne Company, M&T Bank, Veronis Suhler & Associates, Ziff Brothers Investment Inc., Kissinger Associates, Inc.
Grand Central:								
90 Park Avenue	100.0%	98.3%	57902,000	902,000	-	-	-	Alston & Bird, Amster, Rothstein & Ebenstein, First Manhattan Consulting,

								Sanofi-Synthelabo Inc., STWB Inc.
330 Madison Avenue	25.0%	87.7%	51795,000	794,000	-	-	150,000	Acordia Northeast Inc., Artio Global Management, BDO Seidman, Dean Witter Reynolds Inc., HSBC Bank AFS
Total Grand Central		93.4%	55.1696,000	1,696,000	-	-	150,000	

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Item 2. Properties - continued

roperty	% Ownership	% Occupancy	Annualized Rent PSF (1)	Square Feet Total	In Service Owned by Company	In Service Owned By Tenant	Out of Service Under Development	Encumbrances (in thousands)	Major Tenants
EW YORK FFICE Continued):									
ladison/Fifth:									
40 Fifth venue	100.0%	82.4%	$ 77.04	322,000	322,000	-	-	$ -	ROC Capital Management LP, Citibank N.A., Fidelity Investments, Hennes & Mauritz, Janus Capital Group Inc., GSL Enterprises Inc., Scout Capital Management, Legg Mason Investment Counsel
95 Madison venue	100.0%	92.7%	67.70	313,000	313,000	-	-	-	Beauvais Carpets, Coach, Levin Capital Strategies LP, Prada, Cosmetech Mably Int'l LLC.
39 Fifth venue	100.0%	98.9%	66.59	88,000	88,000	-	-	-	Elizabeth Arden, Red Door Salons, Zara, Yamaha Artis Services Inc.
Total ladison/Fifth		88.9%	71.73	723,000	723,000	-	-	-	

nited ations:									
66 United ations Plaza	100.0%	98.1%	54.44	357,000	357,000	-	-	44,978	Fross Zelnick, Mission of Japan, The United Nations, Mission of Finland
lidtown outh:									
70 Broadway	100.0%	99.8%	52.32	1,059,000	1,059,000	-	-	353,000	AOL, J. Crew Kmart, Structure Tone VIACOM International Inc., Nielsen Company (US Inc.
ockefeller enter:									
290 Avenue of e Americas	70.0%	95.8%	59.49	2,065,000	2,065,000	-	-	434,643	AXA Equitabl Life Insurance Bank of New York Mellon, Broadpoint Gleacher Securities Group, Bryan Cave LLP, Microsoft Corporation, Morrison & Foerster LLP, Warner Music Group, Cushman & Wakefield, Fitzpatrick, Cella, Harper & Scinto
owntown:									
0 Broad Street (ground ased through 081)	100.0%	92.1%	49.38	472,000	472,000	-	-	-	New York Stock Exchange

0 Fulton Street	100.0%	79.7%	40.00	244,000	244,000	-	-	-	PBA/Health and Welfare Fund
0-42 hompson treet	100.0%	87.7%	45.94	28,000	28,000	-	-	-	Crown Management
Total owntown		87.9%	46.18	744,000	744,000	-	-	-	
otal New ork City		95.2%	55.17	17,433,000	17,433,000	-	-	2,636,659	
ew Jersey									
Paramus		91.5%	20.31	132,000	132,000	-	-	-	Vornado's Administrativ Headquarters
otal New ork City ffice		**95.2%**	**55.00**	**17,565,000**	**17,565,000**	**-**	**-$**	**2,636,659**	
ornado's wnership terest		**95.5%**	**55.00**	**16,173,000**	**16,173,000**	**-**	**-$**	**2,368,880**	

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Item 2. Properties - continued

					Square Feet In Service		Out of Service		
operty	% Ownership	% Occupancy	Annualized Rent PSF (1)	Total	Owned by Company	Owned By Tenant	Under Development	Encumbrances (in thousands)	Major Tenan
ASHINGTON C OFFICE:									
ystal City:									
11-2451 ystal Drive - 5 ldings	100.0%	96.9%	$ 39.10	2,288,000	2,288,000	-	-	$ 130,711	General Service Administration, Lockheed Marti Conservation International, Boeing, Smithsonian Institution, Natl. Consumer Coop. Bank, Archstone Trus Council on Foundations, Vornado / Char E. Smith Divisional Headquarters, KBR, General Dynamics, Scit Corp., Food Marketing Institute
Clark Street / h Street - 5 ldings	100.0%	98.1%	39.18	1,507,000	1,507,000	-	-	149,014	General Service Administration, SAIC, Inc., Boeing, L-3 Communicatio The Int'l Justice Mission
50-1750 ystal Drive / 1-251 18th eet - 4 buildings	100.0%	93.6%	37.98	1,477,000	1,477,000	-	-	173,861	General Service Administration, Alion Science & Technologies, Booz Allen,

									SAIC, Inc., Arete Associate L-3 Communication Battelle Memor Institute
00, 1851 and 01 South Bell eet - 3 buildings	100.0%	96.9%	34.46	868,000	868,000	-	-	19,339	General Service Administration, Lockheed Marti
00 / 2200 ystal Drive - 2 ildings	100.0%	100.0%	31.54	529,000	529,000	-	-	-	General Service Administration, Public Broadcasting Service
3 23rd Street / 21 South Clark eet - 2 buildings	100.0%	87.7%	35.09	306,000	218,000	-	88,000	-	General Service Administration
01 Jefferson vis Highway	100.0%	80.2%	33.99	162,000	162,000	-	-		Arena Stage, Institute for Psychology, Qinetiq North America
ystal City ops at 2100	100.0%	63.0%	41.06	81,000	81,000	-	-	-	Various
ystal Drive tail	100.0%	88.5%	43.23	57,000	57,000	-	-	-	Various
tal Crystal y	100.0%	95.6%	37.57	7,275,000	7,187,000	-	88,000	472,925	
ntral siness strict:									
arner Building 299 nnsylvania Avenue, NW	100.0%	99.9%	64.90	604,000	604,000	-	-	292,700	Howrey LLP, Baker Botts, LL General Electric
iversal ildings	100.0%	98.9%	44.03	613,000	613,000	-	-	106,629	Academy for Educational Development

1825-1875 nnecticut enue, NW - 2 buildings									
9 3rd Street, V	100.0%	98.5%	40.63	388,000	388,000	-	-	-	General Service Administration
50 nnsylvania enue, NW	100.0%	95.7%	43.27	256,000	256,000	-	-	45,877	General Service Administration, PA Consulting Group Holdings
wen Building 75 15th Street, V	100.0%	98.4%	64.38	231,000	231,000	-	-	115,022	Paul, Hastings, Janofsky & Walker LLP, Millennium Challenge Corporation
50 17th Street, V	100.0%	85.0%	44.45	232,000	232,000	-	-	29,047	American Enterprise Institute
01 17th Street, V	100.0%	95.8%	43.57	212,000	212,000	-	-	24,054	American Federation of States
30 M Street, V	100.0%	94.2%	41.77	202,000	202,000	-	-	15,018	General Service Administration
40 Connecticut enue, NW	100.0%	92.6%	43.23	186,000	186,000	-	-	17,791	Elizabeth Glase Pediatric AIDS Foundation, Defense Group Inc., National Legal Aid and Defender Assoc

Item 2. Properties - continued

				Square Feet					
					In Service		Out of Service		
operty	% Ownership	% Occupancy	Annualized Rent PSF (1)	Total	Owned by Company	Owned By Tenant	Under Development	Encumbrances (in thousands)	Major Tenant
ASHINGTON C OFFICE ontinued):									
27 25th Street, V	100.0%	77.1%	$ 52.24	133,000	133,000	-	-	$ -	Epstein, Becker Green, P.C., General Service Administration
01 L Street, V	100.0%	87.3%	55.90	379,000	379,000	-	-	150,000	Greenberg Traurig, LLP, U Green Building Council, American Insurance Association, RTKL Associat Cassidy & Turl
26 M Street, V	100.0%	83.6%	37.09	89,000	89,000	-	-	-	Aptima, Inc., Nelnet Corporation
empfer erests:									
1 M Street, V	2.5%	-	-	2,100,000	-	-	2,100,000	183,742	District of Columbia (lease not commenced
01 K Street, V	5.0%	97.2%	57.43	378,000	378,000	-	-	101,750	Sidley Austin LLP, UBS
99 New York enue, NW	2.5%	100.0%	85.72	124,000	124,000	-	-	39,797	Bloomberg
tal Central siness District		94.6%	50.04	6,127,000	4,027,000	-	2,100,000	1,121,427	
95 Corridor:									
yline Place - 7 ldings	100.0%	93.8%	32.05	2,109,000	2,109,000	-	-	543,300	General Service Administration, SAIC, Inc.,

									Northrop Grumman, Boo Allen, Jacer Corporati Intellidyne, Inc.
e Skyline wer	100.0%	100.0%	32.50	518,000	518,000	-	-	134,700	General Service Administration
tal I-395 rridor	100.0%	95.0%	32.15	2,627,000	2,627,000	-	-	678,000	
sslyn / llston:									
00 / 2300 arendon Blvd Courthouse aza) - 2 ldings	100.0%	95.4%	38.47	628,000	628,000	-	-	65,133	Arlington Coun General Service Administration, AMC Theaters
sslyn Plaza - fice - 4 ldings	46.0%	84.8%	32.86	724,000	724,000	-	-	56,680	General Service Administration
tal Rosslyn / llston		91.7%	38.47	1,352,000	1,352,000	-	-	121,813	
sons Corner:									
rfax Square - buildings	20.0%	85.1%	36.30	521,000	521,000	-	-	72,500	EDS Informatio Services, Dean Company, Womble Carlyl
tal Tysons rner		85.1%	36.30	521,000	521,000	-	-	72,500	
ston:									
ston Executive buildings	100.0%	90.8%	33.98	490,000	490,000	-	-	93,000	SAIC, Inc., Quadramed Co
mmerce ecutive - 3 ldings	100.0%	89.8%	28.53	417,000	394,000	-	23,000		L-3 Communicatio SAIC, Inc., Concert Management Services, BT

North America

tal Reston	90.4%	31.61	907,000	884,000	-	23,000	93,000	
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Item 2. Properties - continued

operty	% Ownership	% Occupancy	Annualized Rent PSF (1)	Square Feet In Service Total	Owned by Company	Owned By Tenant	Out of Service Under Development	Encumbrances (in thousands)	Major Tenant
ASHINGTON C OFFICE ontinued):									
ckville/Bethesda:									
mocracy Plaza e	100.0%	94.7%	$ 41.53	214,000	214,000	-	-	$ -	National Institutes Health
ntagon City:									
shion Centre Mall	7.5%	98.9%	39.02	819,000	819,000	-	-	149,341	Macy s, Nordstron
ashington Tower	7.5%	100.0%	43.20	170,000	170,000	-	-	40,000	The Rand Corporati
tal Pentagon City		99.1%	39.75	989,000	989,000	-	-	189,341	
tal Washington, C office operties		**94.8%**	**$ 39.61**	**20,012,000**	**17,801,000**	**-**	**2,211,000**	**$ 2,749,006**	
rnado's vnership Interest		**94.9%**	**$ 39.01**	**15,764,000**	**15,600,000**	**-**	**164,000**	**$ 2,171,128**	
her:									
r rent residential:									
verhouse (1,680 ts)	100.0%	96.0%	$ -	1,802,000	1,802,000	-	-	$ 259,546	
sslyn Plaza (196 ts)	43.7%	97.2%	-	253,000	253,000	-	-	-	
est End 25 (283 ts)	100.0%	27.1%	-	272,000	272,000	-	-	85,735	
) 20th Street (265 ts)	100.0%	55.4%	-	271,000	271,000	-	-	75,629	
ystal City Hotel	100.0%	100.0%	-	266,000	266,000	-	-	-	
arehouses	100.0%	100.0%	-	228,000	228,000		-	-	

her - 3 buildings	100.0%	100.0%		-	11,000	11,000	-	-		-
tal Other					3,103,000	3,103,000	-	-		420,910
tal Washington, C Properties		**93.7%**	**$**	**39.61**	**23,115,000(3)**	**20,904,000**	**-**	**2,211,000**	**$**	**3,169,916**
rnado's wnership Interest		**93.6%**	**$**	**39.01**	**18,724,000**	**18,560,000**	**-**	**164,000**	**$**	**2,592,038**

Item 2. Properties - continued

operty	% Ownership	% Occupancy	Annualized Rent PSF (1)	Total	Square Feet In Service Owned by Company	Owned By Tenant	Out of Service Under Development	Encumbrances (in thousands)	Major Tenants
ETAIL:									
EGIONAL ALLS:									
een Acres ll, Valley eam, NY 10% und and lding sed through 39)	100.0%	87.6%	$ 44.09(4)	1,871,000	1,753,000	79,000	39,000	$ 335,000	Macy s, Sears, Wal-Mart, JCPenney, Best Buy, BJ's Wholesale Club, Koh (lease not commence Raymour & Flanigan
onmouth ll, ontown,	50.0%	91.7%	37.88(4)	1,467,000(5)	741,000	719,000(5)	7,000	165,000	Macy s(5), JCPenney Lord & Taylor, Loews Theatre, Barnes & Noble
ringfield ll, ringfield, (66.8% of al square t is in vice)	97.5%	100.0%	26.36(4)	1,408,000(5)	551,000	390,000(5)	467,000	242,583	Macy s, JCPenney Target (5)
rgen Town nter, ramus, NJ (64.7% of al square	100.0%	100.0%	42.04(4)	1,243,000	791,000	13,000	439,000	261,903	Target, Whole Foo Market, Century 21 Nordstrom Rack, Saks Fifth Avenue Of

t is in vice)											5th, Filene Basement, Marshalls, Nike Facto Store, Low (lease not commence
oadway ll, cksville,	100.0%	86.0%		34.33(4)	1,140,000(5)	764,000	376,000(5)	-		92,601	Macy s, I Target (5), National Amusemen
ontehiedra, erto Rico	100.0%	91.2%		43.34(4)	540,000	540,000	-	-		120,000	The Home Depot, Kmart, Marshalls, Caribbean Theatres, Tiendas Capri
s talinas, erto Rico	100.0%	89.0%		52.51(4)	495,000(5)	356,000	139,000(5)	-		59,305	Kmart, Sea (5)
tal gional lls		**91.1%**	**$**	**39.33**	**8,164,000**	**5,496,000**	**1,716,000**	**952,000**	**$**	**1,276,392**	
rnado's wnership erest		**91.1%**	**$**	**39.56**	**6,376,000**	**5,112,000**	**327,000**	**937,000**	**$**	**1,187,827**	
RIP OPPING NTERS: w Jersey:											
rth Bergen onnelle enue)	100.0%	100.0%	$	22.36	410,000	147,000	206,000	57,000	$	-	Wal-Mart, BJ's Wholesale Club
st Hanover nd II	100.0%	95.9%		19.73	369,000	363,000	6,000	-		-	The Home Depot, Dic Sporting Goods, Marshalls Loehmann

rfield	100.0%	-	-	325,000	-	-	325,000	-	Wal-Mart, The Home Depot (und developme by tenants)
towa	100.0%	85.6%	17.61	317,000	223,000	94,000	-	-	The Home Depot, Bed Bath & Beyond (6) Marshalls
cktown	100.0%	99.1%	17.11	279,000	276,000	3,000	-	-	Kohl's, ShopRite, Marshalls
ion (Route and rris enue)	100.0%	100.0%	25.87	276,000	113,000	163,000	-	-	Lowe's, To "R" Us
ckensack	100.0%	96.4%	21.29	275,000	209,000	66,000	-	-	The Home Depot (6), Pathmark
erry Hill	100.0%	98.1%	15.94	263,000	51,000	212,000	-	-	Wal-Mart, Toys "R" U
sey City	100.0%	100.0%	20.50	236,000	66,000	170,000	-	-	Lowe's
ion (2445 ringfield enue)	100.0%	100.0%	17.85	232,000	232,000	-	-	-	The Home Depot
st unswick I 325 - 333 ute 18 uth)	100.0%	100.0%	15.95	232,000	222,000	10,000	-	-	Kohl's, Dick's Sporting Goods, P.C Richard & Son, T.J. Maxx
ddletown	100.0%	84.2%	14.66	231,000	179,000	52,000	-	-	Kohl's, Sto & Shop
odbridge	100.0%	100.0%	17.62	227,000	87,000	140,000	-	-	Wal-Mart, Syms
rth infield	100.0%	79.7%	7.79	219,000	219,000	-	-	-	Kmart, Pathmark

ground sed ough 50)									
rlton	100.0%	89.1%	11.40	214,000	210,000	4,000	-	-	Kohl's (6), ShopRite, PetSmart

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Item 2. Properties - continued

roperty	% Ownership	% Occupancy	Annualized Rent PSF (1)	Total	Square Feet In Service Owned by Company	Square Feet In Service Owned By Tenant	Out of Service Under Development	Encumbrances (in thousands)	Major Tenants
ETAIL Continued):									
analapan	100.0%	97.8%	$ 15.30	208,000	206,000	2,000	-	$ -	Best Buy, Bed Bath & Beyond, Babies "R" Us
ast utherford	100.0%	96.7%	31.27	197,000	42,000	155,000	-	-	Lowe's
ast runswick II 39-341 oute 18 outh)	100.0%	83.1%	-	196,000	33,000	163,000	-	-	Lowe's
ordentown	100.0%	90.9%	7.11	179,000	179,000	-	-	-	ShopRite
orris Plains	100.0%	98.2%	19.13	177,000	176,000	1,000	-	-	Kohl's, ShopRite
over	100.0%	93.9%	11.21	173,000	167,000	6,000	-	-	ShopRite, T.J. Maxx
elran	100.0%	76.6%	4.25	171,000	168,000	3,000	-	-	Sam's Clul
odi (Route North)	100.0%	100.0%	10.29	171,000	171,000	-	-	-	National Wholesale Liquidator
atchung	100.0%	97.3%	23.19	170,000	54,000	116,000	-	-	BJ's Wholesale Club
awnside	100.0%	100.0%	12.82	145,000	142,000	3,000	-	-	The Home Depot, PetSmart
azlet	100.0%	100.0%	2.44	123,000	123,000	-	-	-	Stop & Shop

earny	100.0%	100.0%	14.24	104,000	32,000	72,000	-	-	Pathmark, Marshalls
urnersville	100.0%	100.0%	6.25	96,000	89,000	7,000	-	-	Haynes Furniture [(
odi Washington reet)	100.0%	100.0%	23.09	85,000	85,000	-	-	10,320	A&P
arlstadt (ground ased through 050)	100.0%	95.5%	22.11	78,000	78,000	-	-	7,570	Stop & Shop
orth Bergen Kennedy oulevard)	100.0%	100.0%	29.78	62,000	6,000	56,000	-	-	Waldbaum
outh ainfield (ground ased through 039)	100.0%	100.0%	21.14	56,000	56,000	-	-	-	Staples
nglewood	100.0%	94.8%	30.39	41,000	41,000	-	-	12,358	New York Sports Clu
atontown	100.0%	100.0%	26.14	30,000	30,000	-	-	-	Petco
ontclair	100.0%	100.0%	20.48	18,000	18,000	-	-	-	Whole Foods Market
otal New rsey				6,585,000	4,493,000	1,710,000	382,000	30,248	
ennsylvania:									
llentown	100.0%	99.5%	14.78	626,000	269,000	357,000	-	-	Wal-Mart, Sam's Clul ShopRite, Burlingtor Coat Factory, T.J. Maxx, Dick's Sporting Goods
hiladelphia	100.0%	78.1%	13.20	430,000	430,000	-	-	-	

									Kmart, Health Partners
ilkes-Barre	100.0%	83.3%	13.08	329,000(5)	204,000	125,000(5)	-	20,957	Target (5), Babies "R' Us, Ross Dres For Less
ncaster	100.0%	100.0%	4.43	228,000	58,000	170,000	-	-	Lowe's, Weis Markets
ensalem	100.0%	100.0%	10.45	185,000	177,000	8,000	-	-	Kohl's (6), Ross Dres for Less, Staples
roomall	100.0%	86.5%	10.40	169,000	147,000	22,000	-	-	Giant Foo (6), A.C. Moore, PetSmart
ethlehem	100.0%	87.1%	5.64	167,000	164,000	3,000	-	-	Giant Foo Superpetz

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Item 2. Properties - continued

Property	% Ownership	% Occupancy	Annualized Rent PSF (1)	Total	Square Feet In Service Owned by Company	Square Feet In Service Owned By Tenant	Out of Service Under Development	Encumbrances (in thousands)	Major Tenants
RETAIL (Continued):									
Upper Moreland	100.0%	100.0%	$ 9.75	122,000	122,000	-	-	$ -	Sam's Club
York	100.0%	100.0%	8.16	110,000	110,000	-	-	-	Ashley Furniture
Levittown	100.0%	100.0%	6.25	105,000	105,000	-	-	-	Haynes Furniture (6)
Glenolden	100.0%	100.0%	23.13	102,000	10,000	92,000	-	-	Wal-Mart
Wilkes-Barre	100.0%	50.1%	4.65	81,000	81,000	-	-	-	Ollie's Bargain Outlet
(ground and building leased through 2040)									
Wyomissing	100.0%	89.0%	14.17	79,000	79,000	-	-	-	LA Fitness, PetSmart
(ground and building leased through 2065)									
Total Pennsylvania				2,733,000	1,956,000	777,000	-	20,957	
New York:									
Poughkeepsie, NY	100.0%	100.0%	7.55	503,000	391,000	3,000	109,000	-	Kmart, Burlington Coat Factory, ShopRite, Hobby Lobby, Christmas Tree Shops
(78.3% of total square feet in service)									

Bronx (Bruckner Boulevard)	100.0%	98.5%	20.64	500,000	386,000	114,000	-	-	Bobs Discount Furniture Kmart, Toys "R" Us, Key Food
Buffalo (Amherst) (ground leased through 2017)	100.0%	45.0%	5.59	296,000	227,000	69,000	-	-	T.J. Maxx, Toys "R" Us
Huntington	100.0%	96.4%	13.01	208,000	208,000	-	-	15,595	Kmart
Rochester	100.0%	100.0%	-	205,000	-	205,000	-	-	Wal-Mart
Mt. Kisco	100.0%	98.4%	21.00	189,000	72,000	117,000	-	29,703	Target, A&P
Freeport (437 East Sunrise Highway)	100.0%	100.0%	18.00	167,000	167,000	-	-	-	The Home Depot, Cablevision
Staten Island	100.0%	93.1%	17.42	165,000	165,000	-	-	17,400	Waldbaum's
Rochester (Henrietta) (ground leased through 2056)	100.0%	89.2%	3.31	158,000	158,000	-	-	-	Kohl's, Ollie's Bargain Outlet
Albany (Menands)	100.0%	74.0%	9.00	140,000	140,000	-	-	-	Bank of America
New Hyde Park (ground and building leased through 2029)	100.0%	100.0%	18.73	101,000	101,000	-	-	-	Stop & Shop
Inwood	100.0%	95.1%	20.52	100,000	100,000	-	-	-	Stop & Shop
North Syracuse (ground and building	100.0%	100.0%	-	98,000	-	98,000	-	-	Wal-Mart

leased through 2014)									
West Babylon	100.0%	84.5%	11.40	79,000	79,000	-	-	6,550	Waldbaum's
Bronx (1750-1780 Gun Hill Road)	100.0%	45.3%	45.02	83,000	55,000	-	28,000	-	T.G.I. Friday's, Duane Reade
Queens	100.0%	74.4%	38.78	58,000	58,000	-	-	-	New York Sports Club
Oceanside	100.0%	100.0%	27.83	16,000	16,000	-	-	-	Party City
Total New York				3,066,000	2,323,000	606,000	137,000	69,248	

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Item 2. Properties - continued

roperty	% Ownership	% Occupancy	Annualized Rent PSF (1)	Total	Square Feet In Service Owned by Company	Square Feet In Service Owned By Tenant	Out of Service Under Development	Encumbrances (in thousands)	Major Tenants
ETAIL (Continued):									
aryland:									
altimore (owson)	100.0%	100.0%	$ 14.30	150,000	150,000	-	-	$ -	Shoppers Food Warehouse Staples, A.C. Moor Golf Galax
nnapolis (ground and ilding leased rough 2042)	100.0%	100.0%	8.99	128,000	128,000	-	-	-	The Home Depot
len Burnie	100.0%	78.5%	10.42	121,000	65,000	56,000	-	-	Weis Markets
ockville	100.0%	99.3%	23.06	94,000	94,000	-	-	13,880	Regal Cinemas
otal Maryland				493,000	437,000	56,000	-	13,880	
assachusetts:									
nicopee	100.0%	100.0%	-	224,000	-	224,000	-	-	Wal-Mart
pringfield	100.0%	97.3%	14.86	152,000	33,000	119,000	-	-	Wal-Mart
ilford (ground and ilding leased rough 2019)	100.0%	100.0%	8.01	83,000	83,000	-	-	-	Kohl's (6)
otal assachusetts				459,000	116,000	343,000	-	-	
alifornia:									
an Jose	45.0%	100.0%	29.10	646,000(5)	427,000	161,000(5)	58,000	132,570	Target (5) , The Home Depot, Toy "R" Us, Be

									Buy
(91.0% of tal square feet in service)									
everly onnection, os Angeles (71.2% of tal square feet in service)	100.0%	100.0%	36.33	271,000	193,000	-	78,000	100,000	Marshalls, Old Navy, Sports Chalet, Loehmann Nordstrom Rack, Ross Dress for Less
asadena round leased rough 2077)	100.0%	64.1%	30.21	133,000	133,000	-	-	-	Breakthru Fitness, Trader Joe
an Francisco The Cannery) 801 Leavenworth reet)	95.0%	23.4%	26.37	104,000	104,000	-	-	18,013	
an Francisco 75 acramento reet)	100.0%	100.0%	31.31	76,000	76,000	-	-	-	Open TV Inc.
an Francisco 700 Geary oulevard)	100.0%	100.0%	30.00	30,000	30,000	-	-	-	OfficeMax
alnut Creek 149 South ain Street)	100.0%	100.0%	39.79	29,000	29,000	-	-	-	Barnes & Noble
alnut Creek 556 Mt. iablo oulevard)	95.0%	-	-	-	-	-	-	-	
otal California				1,289,000	992,000	161,000	136,000	250,583	
onnecticut:									
ewington	100.0%	100.0%	15.01	188,000	43,000	145,000	-	-	Wal-Mart, Staples
aterbury	100.0%	100.0%	14.83	148,000	143,000	5,000	-	-	ShopRite

otal onnecticut				336,000	186,000	150,000	-	-		
orida:										
ampa	72.0%	75.5%	21.25	263,000	263,000	-	-	22,759	Pottery Barn, CineBistro, Brooks Brothers Williams Sonoma, Lifestyle Family Fitness	
ichigan:										
oseville	100.0%	100.0%	5.26	119,000	119,000	-	-	-	JC Penney	
irginia:										
orfolk	100.0%	100.0%	5.85	114,000	114,000	-	-	-	BJ's Wholesale Club	
ground and uilding leased rough 2069)										

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Item 2. Properties - continued

Property	% Ownership	% Occupancy	Annualized Rent PSF (1)	Square Feet In Service Total	Square Feet In Service Owned by Company	Square Feet In Service Owned By Tenant	Out of Service Under Development	Encumbrances (in thousands)	Major Tenants
RETAIL (Continued):									
Washington, DC									
3040 M Street	100.0%	100.0%	$ 46.36	42,000	42,000	-	-	$ -	Barnes & Noble, Barneys
New Hampshire:									
Salem (ground leased through 2102)	100.0%	100.0%	-	37,000	-	37,000	-	-	Babies "R" Us
ACQUIRED FROM TOYS 'R' US									
Wheaton, MD (ground leased through 2060)	100.0%	100.0%	13.58	66,000	66,000	-	-	-	Best Buy
San Francisco, CA (2675 Geary Street) (ground and building leased through 2043)	100.0%	100.0%	45.76	55,000	55,000	-	-	-	Best Buy
Cambridge, MA (ground and building leased through 2033)	100.0%	100.0%	19.84	48,000	48,000	-	-	-	PetSmart
Battle Creek, MI	100.0%	-	-	47,000	47,000	-	-	-	

Commack, NY (ground and building leased through 2021)	100.0%	59.0%	22.56	47,000	47,000	-	-	-	PetSmart
Lansing, IL	100.0%	-	-	47,000	47,000	-	-	-	
Springdale, OH (ground and building leased through 2046)	100.0%	-	-	47,000	47,000	-	-	-	
Arlington Heights, IL (ground and building leased through 2043)	100.0%	100.0%	9.00	46,000	46,000	-	-	-	RVI
Bellingham, WA	100.0%	-	-	46,000	46,000	-	-	-	
Dewitt, NY (ground leased through 2041)	100.0%	100.0%	18.60	46,000	46,000	-	-	-	Best Buy
Ogden, UT	100.0%	-	-	46,000	46,000	-	-	-	
Redding, CA	100.0%	49.7%	13.00	46,000	46,000	-	-	-	PetSmart
Antioch, TN	100.0%	100.0%	6.96	45,000	45,000	-	-	-	Best Buy
Charleston, SC (ground leased through 2063)	100.0%	100.0%	13.51	45,000	45,000	-	-	-	Best Buy
Dorchester, MA	100.0%	100.0%	29.85	45,000	45,000	-	-	-	Best Buy
Signal Hill, CA	100.0%	100.0%	21.89	45,000	45,000	-	-	-	Best Buy
Tampa, FL	100.0%	100.0%	-	45,000	45,000	-	-	-	

									Nordstrom Rack (lease not commenced)
Vallejo, CA (ground leased through 2043)	100.0%	100.0%	15.92	45,000	45,000	-	-	-	Best Buy
Freeport, NY (240 West Sunrise Highway) (ground and building leased through 2040)	100.0%	100.0%	18.44	44,000	44,000	-	-	-	Bob's Discount Furniture
Fond Du Lac, WI (ground leased through 2073)	100.0%	100.0%	7.12	43,000	43,000	-	-	-	PetSmart
San Antonio, TX (ground and building leased through 2041)	100.0%	100.0%	9.06	43,000	43,000	-	-	-	Best Buy
Chicago, IL (ground and building leased through 2051)	100.0%	100.0%	10.94	41,000	41,000	-	-	-	Best Buy

Item 2. Properties - continued

operty	% Ownership	% Occupancy	Annualized Rent PSF (1)	Square Feet In Service Total	Owned by Company	Owned By Tenant	Out of Service Under Development	Encumbrances (in thousands)	Majo Tenan
ETAIL ontinued):									
ringfield, PA (ground and ilding leased rough 2025)	100.0%	100.0%	$ 19.00	41,000	41,000	-	-	$ -	PetSma
son's Corner, VA (ground and ilding leased rough 2035)	100.0%	100.0%	35.57	38,000	38,000	-	-	-	Best B
iami, FL (ground and ilding leased rough 2034)	100.0%	79.9%	13.17	33,000	33,000	-	-	-	Office Depot
wensboro, KY (ground and ilding leased rough 2046)	100.0%	100.0%	6.96	32,000	32,000	-	-	-	Best B
ubuque, IA (ground leased rough 2043)	100.0%	100.0%	9.00	31,000	31,000	-	-	-	PetSma
erced, CA	100.0%	100.0%	13.27	31,000	31,000	-	-	-	PetSma
idland, MI (ground ased through 2043)	100.0%	83.6%	8.38	31,000	31,000	-	-	-	PetSma
xarkana, TX round leased rough 2043)	100.0%	100.0%	4.39	31,000	31,000	-	-	-	Home Zone
otal Acquired om Toys 'R' Us				1,296,000	1,296,000	-	-	-	
ALIFORNIA UPERMARKETS									
	100.0%	100.0%	4.44	73,000	73,000	-	-	-	

lton (1904 North ancho Avenue)									Stater Brothe
verside (9155 rupa Road)	100.0%	100.0%	6.00	42,000	42,000	-	-	-	Stater Brothe
n Bernadino (1522 st Highland venue)	100.0%	100.0%	7.23	40,000	40,000	-	-	-	Stater Brothe
verside (5571 ission Boulevard)	100.0%	100.0%	4.97	39,000	39,000	-	-	-	Stater Brothe
ojave (ground ased through 2079)	100.0%	100.0%	6.55	34,000	34,000	-	-	-	Stater Brothe
orona (ground ased through 2079)	100.0%	100.0%	7.76	33,000	33,000	-	-	-	Stater Brothe
ucaipa	100.0%	100.0%	4.13	31,000	31,000	-	-	-	Stater Brothe
rstow	100.0%	100.0%	7.15	30,000	30,000	-	-	-	Stater Brothe
oreno Valley	100.0%	-	-	30,000	30,000	-	-	-	
n Bernadino (648 est 4th Street)	100.0%	100.0%	6.74	30,000	30,000	-	-	-	Stater Brothe
eaumont	100.0%	100.0%	5.58	29,000	29,000	-	-	-	Stater Brothe
esert Hot Springs	100.0%	100.0%	5.61	29,000	29,000	-	-	-	Stater Brothe
alto	100.0%	100.0%	5.74	29,000	29,000	-	-	-	Stater Brothe
lton (151 East lley Boulevard)	100.0%	100.0%	6.03	26,000	26,000	-	-	-	Stater Brothe
ntana	100.0%	100.0%	6.26	26,000	26,000	-	-	-	Stater Brothe
otal California permarkets				521,000	521,000	-	-	-	
otal Strip opping Centers		**91.6%**	**$ 15.61**	**17,353,000**	**12,858,000**	**3,840,000**	**655,000**	**$ 407,675**	

ornado's wnership Interest	**91.5%**	**$**	**15.30**	**16,730,000**	**12,544,000**	**3,563,000**	**623,000**	**$**	**327,488**

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Item 2. Properties - continued

roperty	% Ownership	% Occupancy	Annualized Rent PSF (1)	Total	Square Feet In Service Owned by Company	Owned By Tenant	Out of Service Under Development	Encumbrances (in thousands)	Major Tenants
ETAIL ontinued): ANHATTAN TREET ETAIL									
anhattan Mall	100.0%	96.3%	$ 79.30	242,000	242,000	-	-	$ 72,639	JC Penney, Charlotte Russe, Aeropostal Express
Union Square uth	100.0%	100.0%	53.25	203,000	203,000	-	-	75,000	Filene's Basement, Whole Foo Market, DSW, Forever 21
40 Broadway	100.0%	100.0%	80.26	161,000	127,000	-	34,000	-	Forever 21, Planet Hollywood Disney (lea not commence
(78.9% of al square feet in service)									
8-486 oadway	100.0%	100.0%	100.53	85,000	81,000	-	4,000	-	Top Shop, Madewell, Crew
West 14th reet	100.0%	100.0%	57.47	62,000	62,000	-	-	-	Guitar Center, Levi's
5 Seventh venue	100.0%	100.0%	165.32	43,000	43,000	-	-	52,000	Hennes & Mauritz
5 Spring reet	100.0%	76.8%	100.65	43,000	43,000	-	-	-	Sigrid Olse

2 Broadway	100.0%	-	-	35,000	35,000	-	-	-	
35 Third venue	100.0%	100.0%	98.43	25,000	25,000	-	-	-	GAP
5 Lexington round leased rough 2041)	100.0%	100.0%	155.56	23,000	23,000	-	-	-	New York Company, Zales
West 34th reet	100.0%	100.0%	185.33	21,000	21,000	-	-	-	Express
8-850 adison Avenue	100.0%	100.0%	342.02	18,000	18,000	-	-	80,000	Gucci, Chloe, Cartier
4 Eighth venue	100.0%	100.0%	84.72	14,000	14,000	-	-	-	T.G.I. Friday's
East 66th reet	100.0%	100.0%	380.08	12,000	12,000	-	-	-	Dennis Basso, Nespresso USA J. Crew (lease not commence
1 Seventh venue	100.0%	75.0%	49.38	10,000	10,000	-	-	-	
7 West oadway	100.0%	100.0%	134.42	9,000	9,000	-	-	-	Reiss
7-679 adison Avenue	100.0%	100.0%	329.89	8,000	8,000	-	-	-	Anne Fontaine
8 Spring reet	100.0%	100.0%	84.88	7,000	7,000	-	-	-	Briel
0 Spring reet	100.0%	100.0%	110.33	7,000	7,000	-	-	-	Puma
1-217 olumbus venue	100.0%	100.0%	281.51	6,000	6,000	-	-	-	Club Mona
8 Third venue	50.0%	100.0%	161.29	6,000	6,000	-	-	-	ING Bank
6 West oadway	100.0%	100.0%	191.31	4,000	4,000	-	-	4,361	Miss Sixty

5 Seventh venue	100.0%	100.0%		181.55	4,000	4,000	-	-		- Lindy's
tal anhattan reet Retail		**94.4%**	**$**	**96.57**	**1,048,000**	**1,010,000**	**-**	**38,000**	**$**	**284,000**
rnado's wnership terest		**94.4%**	**$**	**96.37**	**1,045,000**	**1,007,000**	**-**	**38,000**	**$**	**284,000**
tal Retail ace		**91.6%**			**26,565,000**	**19,364,000**	**5,556,000**	**1,645,000**	**$**	**1,968,067**
rnado's wnership terest		**91.6%**			**24,151,000**	**18,663,000**	**3,890,000**	**1,598,000**	**$**	**1,799,315**

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Item 2. Properties - continued

					Square Feet				
					In Service		Out of Service		
perty	% Ownership	% Occupancy	Annualized Rent PSF (1)	Total	Owned by Company	Owned By Tenant	Under Development	Encumbrances (in thousands)	Major Tena
RCHANDISE RT:									
INOIS:									
chandise Mart, cago	100.0%	94.0%	$ 29.58	3,494,000	3,494,000	-	-	$ 550,000	American Intercontinen University (AIU), Baker, Knap Tubbs, CCC Information Services, Ogilvy Grou (WPP), Chic Teachers Un Office of the Special Depu Receiver, Publicis Groupe, Bankers Life Casualty, Ho Hunt Ltd., Merchandise Mart Headquarter Steelcase, Chicago Sch of Professio Psychology Royal Bank Canada
West Mart ter, Chicago	100.0%	81.1%	25.71	1,223,000	1,223,000	-	-	-	21st Century Telecom/RC Ameritech, Chicago Sun-Times, Comcast, Fis Solutions, Ogilvy Grou (WPP), Illino Institute of A

										Ronin Capit
er	50.0%	79.4%		31.64	19,000	19,000	-	-	24,758	
al Illinois		90.6%		28.66	4,736,000	4,736,000	-	-	574,758	
SHINGTON,										
hington Design ter	100.0%	94.2%		37.91	393,000	393,000	-	-	44,247	General Services Administrati
GH POINT, RTH ROLINA										
ket Square nplex	100.0%	86.5%		16.21	2,011,000	2,011,000	-	-	217,815	ART Furnitu Cambium Business, Canadel Furniture, Century Furniture Company, Classic Furniture, H Brands, La-Z-Boy, Legacy Clas Furniture, Progressive Furniture, Robinson & Robinson, Vaughan Furniture
LIFORNIA										
. Mart	100.0%	69.8%		19.93	781,000	781,000	-	-	-	Penstan Investments
W YORK										
est 34th Street	100.0%	91.7%		38.17	419,000	419,000	-	-	-	Kurt Adler
SSACHUSETTS										
ton Design Center	100.0%	97.6%		29.61	553,000	553,000	-	-	69,667	Boston Brewing/Fit Puma, Rober Allen
ground leased ugh 2060)										
		88.5%	**$**	**26.16**	**8,893,000**	**8,893,000**	**-**	**-$**	**906,487**	

al Merchandise rt								
nado's nership Interest	**88.5%**	**$**	**26.16**	**8,884,000**	**8,884,000**	**-**	**-$**	**894,108**

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Item 2. Properties - continued

Property	% Ownership	% Occupancy	Annualized Rent PSF (1)	Square Feet Total	In Service Owned by Company	In Service Owned By Tenant	Out of Service Under Development	Encumbrances (in thousands)	Major Tenants
555 CALIFORNIA STREET:									
555 California Street	70.0%	93.8%	$ 57.35	1,502,000	1,502,000	-	-	$ 664,118(7)	Bank of America, N.A., Dodge & Cox, Goldman Sachs & Co., Jones Day, Kirkland & Ellis LLP, Morgan Stanley & Co. Inc., McKinsey & Company Inc., UBS Financial Services,
315 Montgomery Street	70.0%	100.0%	42.37	228,000	228,000	-	-	-	Bank of America, N.A.
345 Montgomery Street	70.0%	100.0%	104.87	64,000	64,000	-	-	-	Bank of America, N.A.
Total 555 California Street		**94.8%**	**$ 57.25**	**1,794,000**	**1,794,000**	**-**	**-**	**$ 664,118**	
Vornado's Ownership Interest		**94.8%**	**$ 57.25**	**1,256,000**	**1,256,000**	**-**	**-**	**$ 472,192**	

Item 2. Properties - continued

Property	% Ownership	% Occupancy	Annualized Rent PSF (1)	Square Feet In Service Total	Square Feet In Service Owned by Company	Square Feet In Service Owned By Tenant	Out of Service Under Development	Encumbrances (in thousands)	Major Tenants
WAREHOUSES: NEW JERSEY									
East Hanover - Five Buildings	100.0%	89.4%	$ 5.40	942,000	942,000	-	-	$ 24,813	J, Leven & Company, Foremost Int'l Trading Inc., Tri-coastal Design Group Inc., Fidelity Paper & Supply Inc., Gardner Industries, Stephen Gould Paper Co., Givaudan Flavors Corp.
Edison	100.0%	-	-	272,000	272,000	-	-	-	
Total Warehouses		**69.4%**	**$ 5.40**	**1,214,000**	**1,214,000**	**-**	**-**	**$ 24,813**	
Vornado's Ownership Interest		**69.4%**	**$ 5.40**	**1,214,000**	**1,214,000**	**-**	**-**	**$ 24,813**	

Item 2. Properties - continued

Property	% Ownership	% Occupancy	Annualized Rent PSF (1)	Total	Square Feet In Service Owned by Company	Square Feet In Service Owned By Tenant	Out of Service Under Development	Encumbrances (in thousands)	Major Tenants
ALEXANDER'S NC.:									
New York:									
731 Lexington Avenue, Manhattan									
Office	32.4%	100.0%	$ 81.01	885,000	885,000	-	-	$ 362,989	Bloomberg
Retail	32.4%	100.0%	154.61	174,000	174,000	-	-	320,000	Hennes & Mauritz, Home Depot, The Container Store
				1,059,000	1,059,000	-	-	682,989	
Kings Plaza Regional Shopping Center, Brooklyn (24.3 cres)	32.4%	92.0%	40.63	1,098,000	759,000	339,000(8)	-	183,318	Sears, Lowe's (ground lessee), Macy (8)
Rego Park I, Queens (4.8 cres)	32.4%	85.4%	32.28	351,000	351,000	-	-	78,246	Sears, Bed Bath & Beyond, Marshalls
Rego Park II adjacent to Rego Park I), Queens (6.6 cres) (67.2% of otal square feet s in service)	32.4%	100.0%	36.25	600,000	403,000	-	197,000	266,411	Century 21, Costco, Kohl's
	32.4%	100.0%	14.99	167,000	167,000	-	-	-	

lushing, Queens(9) (1.0 cre)									New World Mall LLC
ew Jersey:									
aramus, New ersey (30.3 acres round leased to KEA through 2041)	32.4%	100.0%	-	-	-	-	-	68,000	IKEA (ground lessee)
roperty to be Developed:									
ego Park III adjacent to Rego ark II), Queens, NY 3.4 acres)	32.4%	-	-	-	-	-	-	-	
otal lexander's				**3,275,000**	**2,739,000**	**339,000**	**197,000**	**$ 1,278,964**	
ornado's wnership nterest				**1,061,000**	**887,000**	**110,000**	**64,000**	**$ 414,384**	

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Item 2. Properties - continued

(1) Annualized Rent PSF excludes ground rent, storage rent and garages.

(2) Excludes US Post Office leased through 2038 (including five five-year renewal options) for which the annual escalated rent is $11.03 per square foot.

(3) Excludes 918,000 square feet in two buildings owned by ground lessees on land leased from us, including Pentagon Row Retail and Residential and Ritz Carlton (7.5% interest).

(4) Annualized base rent disclosed is for mall tenants only.

(5) Includes square footage of anchors who own the land and building.

(6) The leases for these former Bradlees locations are guaranteed by Stop and Shop (70% as to Totowa).

(7) Cross-collateralized by 555 California Street and 315 and 345 Montgomery Streets.

(8) Owned by Macy s, Inc.

(9) Leased by Alexander's through January 2037.

New York Office Properties

As of December 31, 2009, we own 28 office properties in New York City aggregating 16.2 million square feet, including 15.2 million square feet of office space, 817,000 square feet of retail space and 183,000 square feet of showroom space. In addition, the New York Office Properties segment includes 6 garages totaling 368,000 square feet (1,739 spaces) which are managed by, or leased, to third parties. The garage space is excluded from the statistics provided in this section.

Occupancy and average annual escalated rent per square foot, excluding retail space:

As of December 31,	Rentable Square Feet	Occupancy Rate	Average Annual Escalated Rent per Square Foot
2009	16,173,000	95.5%	$ 55.00
2008	16,108,000	96.7%	53.08
2007	15,994,000	97.6%	49.34
2006	13,692,000	97.5%	46.33
2005	12,972,000	96.0%	43.67

2009 New York Office Properties rental revenue by tenants industry:

Industry	Percentage
Retail	15%
Finance	14%
Legal Services	9%
Banking	7%
Insurance	5%
Communications	5%
Technology	5%
Publishing	4%
Government	4%
Pharmaceuticals	4%
Real Estate	4%
Advertising	3%
Not-for-Profit	3%
Engineering	2%
Service Contractors	1%

Health Services	1%
Other	14%
	100%

New York Office Properties lease terms generally range from five to seven years for smaller tenants to as long as 15 years for major tenants, and may provide for extension options at market rates. Leases typically provide for periodic step ups in rent over the term of the lease and pass through to tenants their share of increases in real estate taxes and operating expenses over a base year. Electricity is provided to tenants on a sub-metered 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.

New York Office Properties continued

Tenants accounting for 2% or more of 2009 New York Office Properties total revenues:

Tenant	Square Feet Leased	2009 Revenues	Percentage of New York Office Properties Revenues	Percentage of Total Company Revenues
Macy s, Inc.	537,000	$ 26,669,000	2.5%	1.0%
Madison Square Garden L.P. / Rainbow Media Holdings, Inc.	473,000	23,984,000	2.2%	0.9%
McGraw-Hill Companies, Inc.	480,000	22,558,000	2.1%	0.8%
Limited Brands	368,000	21,454,000	2.0%	0.8%

2009 New York Office Properties Leasing Activity:

Location	Square Feet	Average Initial Rent Per Square Foot (1)
909 Third Avenue	279,000	$ 48.96
595 Madison Avenue	170,000	65.10
One Penn Plaza	161,000	52.53
770 Broadway	156,000	45.77
Two Penn Plaza	139,000	44.72
1290 Avenue of the Americas	104,000	57.63
866 United Nations Plaza	87,000	54.93
57th Street	75,000	46.16
100 West 33rd Street	61,000	41.41
Eleven Penn Plaza	61,000	45.00
350 Park Avenue	56,000	70.07
150 East 58th Street	45,000	53.57
90 Park Avenue	34,000	55.99
888 Seventh Avenue	29,000	65.58
330 Madison Avenue	24,000	57.86
40 Fulton Street	20,000	34.78
689 Fifth Avenue	2,000	67.05

Total	1,503,000	52.17
Vornado s Ownership Interest	1,417,000	52.13

(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, during 2009 we leased 43,000 square feet of retail space contained in office buildings at an average initial rent of $188.09, a 55.7% increase over the prior escalated rent per square foot.

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New York Office Properties continued

Lease expirations as of December 31, 2009 assuming none of the tenants exercise renewal options:

Office Space: Year	Number of Expiring Leases	Square Feet of Expiring Leases		Percentage of New York Office Properties Square Feet	Annual Escalated Rent of Expiring Leases Total	Per Square Foot
Office Space:						
Month to month	75	180,000		1.1%	$ 10,268,000	$ 57.04
2010	106	760,000		4.7%	39,825,000	52.40
2011	83	861,000		5.4%	51,249,000	59.52
2012	96	1,727,000		10.8%	87,787,000	50.83
2013	59	868,000	(1)	5.4%	42,998,000	49.54
2014	78	733,000		4.6%	41,404,000	56.49
2015	83	2,135,000		13.3%	117,262,000	54.92
2016	46	930,000		5.8%	48,270,000	51.90
2017	33	836,000		5.2%	47,265,000	56.54
2018	30	760,000		4.7%	49,322,000	64.90
2019	26	577,000		3.6%	33,082,000	57.33
Retail Space: (contained in office buildings)						
Month to month	2	3,000			$ 444,000	$ 148.00
2010	12	31,000		0.2%	1,827,000	60.90
2011	5	37,000		0.2%	1,981,000	53.54
2012	6	21,000		0.1%	3,938,000	187.52
2013	17	51,000		0.3%	8,130,000	159.41
2014	10	86,000		0.5%	18,252,000	212.23
2015	8	32,000		0.2%	7,098,000	221.81
2016	4	319,000		2.0%	17,204,000	53.93
2017	2	22,000		0.1%	2,137,000	97.14
2018	8	115,000		0.7%	12,199,000	106.08
2019	5	33,000		0.2%	7,672,000	232.48

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(1) Excludes 492,000 square feet at 909 Third Avenue leased to the U.S. Post Office through 2038 (including five 5-year renewal options) for which the annual escalated rent is $11.03 per square foot.

Washington, DC Office Properties

As of December 31, 2009, we own 84 properties aggregating 18.6 million square feet in the Washington, DC / Northern Virginia area including 76 office buildings, 7 residential properties, a hotel property and 20.8 acres of undeveloped land. In addition, the Washington, DC Office Properties segment includes 51 garages totaling approximately 9.1 million square feet (29,000 spaces) which are managed by or leased to third parties. The garage space is excluded from the statistics provided in this section.

As of December 31, 2009, 33% percent of the space in our Washington, DC Office Properties segment was leased to various agencies of the U.S. Government.

Occupancy and average annual escalated rent per square foot:

As of December 31,	Rentable Square Feet	Occupancy Rate	Average Annual Escalated Rent per Square Foot
2009	18,560,000	94.9%	$ 39.01
2008	17,666,000	95.0%	37.70
2007	17,483,000	93.3%	35.15
2006	17,456,000	92.6%	32.36
2005	17,112,000	90.9%	31.68

2009 Washington, DC Office Properties rental revenue by tenants industry:

Industry	Percentage
U.S. Government	34%
Government Contractors	23%
Legal Services	10%
Membership Organizations	7%
Manufacturing	3%
Real Estate	3%
Computer and Data Processing	3%
Business Services	3%

Communication	1%
Television Services	1%
Health Services	1%
Education	1%
Radio and Television	1%
Other	9%
	100%

Washington, DC Office Properties lease terms generally range from five to seven years, and may provide for extension options at either pre-negotiated or market rates. Leases typically provide for periodic step-ups in rent over the term of the lease and pass through to tenants, the tenants share of increases in real estate taxes and certain property operating expenses over a base year. Periodic step-ups in rent are usually 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.

Washington, DC Office Properties continued

Tenants accounting for 2% or more of Washington, DC Office Properties total revenues:

Tenant	Square Feet Leased	2009 Revenues	Percentage of Washington, DC Office Properties Revenues	Percentage of Total Company Revenues
U.S. Government	5,870,000	$ 182,874,000	26.5%	6.7%
Howrey LLP	327,000	21,807,000	3.2%	0.8%
Academy for Educational Development	367,000	15,256,000	2.2%	0.6%
Boeing	387,000	15,158,000	2.2%	0.6%
SAIC, Inc.	449,000	15,126,000	2.2%	0.6%
Greenberg Traurig LLP	115,000	13,514,000	2.0%	0.5%

2009 Washington, DC Office Properties Leasing Activity:

Location	Square Feet	Average Initial Rent Per Square Foot (1)
S. Clark Street / 12th Street	866,000	$ 40.89
Skyline Place / One Skyline Tower	519,000	36.27
2011-2451 Crystal Drive	467,000	41.82
1800, 1851 and 1901 South Bell Street	390,000	42.41
1550-1750 Crystal Drive / 241-251 18th Street	353,000	41.90
2001 Jefferson Davis Highway and 223 23rd Street / 2221 South Clark Street	203,000	38.46
2200 / 2300 Clarendon Blvd (Courthouse Plaza)	71,000	39.15
1730 M Street, NW	45,000	42.45
Commerce Executive	40,000	28.74
Reston Executive	35,000	29.64
Partially Owned Entities	35,000	36.40
1227 25th Street, NW	32,000	53.87
Democracy Plaza One	30,000	35.74
1150 17th Street, NW	21,000	43.69
1726 M Street, NW	15,000	40.52
1101 17th Street, NW	9,000	44.67

Universal Buildings (1825-1875 Connecticut Avenue, NW)	8,000	42.38
2101 L Street, NW	6,000	50.00
1750 Pennsylvania Avenue, NW	4,000	48.75
Warner Building 1299 Pennsylvania Avenue, NW	4,000	64.87
1140 Connecticut Avenue, NW	3,000	39.00
1999 K Street, NW (sold in 2009)	2,000	76.50
	3,158,000	40.26

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

Washington, DC Office Properties continued

Lease expirations as of December 31, 2009 assuming none of the tenants exercise renewal options:

Year	Number of Expiring Leases	Square Feet of Expiring Leases	Percentage of Washington, DC Office Properties Square Feet	Annual Escalated Rent of Expiring Leases Total	Per Square Foot
Month to month	76	258,000	1.7%	$ 7,387,000	$ 28.61
2010	301	2,012,000	13.6%	74,643,000	37.11
2011	287	2,033,000	13.8%	73,957,000	36.38
2012	225	2,591,000	17.6%	96,717,000	37.32
2013	135	1,011,000	6.9%	39,558,000	39.12
2014	116	1,039,000	7.0%	36,713,000	35.33
2015	87	1,184,000	8.0%	44,342,000	37.44
2016	34	825,000	5.6%	32,124,000	38.94
2017	35	342,000	2.3%	12,505,000	36.58
2018	44	987,000	6.7%	47,038,000	47.66
2019	40	1,046,000	7.1%	40,708,000	38.92

RETAIL PROPERTIES

As of December 31, 2009, we own 162 retail properties, of which 132 are strip shopping centers located primarily in the Northeast, Mid-Atlantic and California; 7 are regional malls located in New York, New Jersey, Virginia and San Juan, Puerto Rico; and 23 are retail properties located in Manhattan (Manhattan Street Retail). Our strip shopping centers and malls are generally located on major highways in mature, densely populated areas, and therefore attract consumers from a regional, rather than a neighborhood market place.

Strip Shopping Centers

Our strip shopping centers contain an aggregate of 16.1 million square feet and are substantially (over 80%) leased to large stores (over 20,000 square feet). Tenants include destination retailers such as discount department stores, supermarkets, home improvement stores, discount apparel stores and membership warehouse clubs. 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 and location.

Regional Malls

The Green Acres Mall in Valley Stream, Long Island, New York contains 1.8 million square feet, and is anchored by Macy s, Sears, Wal-Mart, J.C. Penney, Best Buy and a BJ s Wholesale Club.

The Monmouth Mall in Eatontown, New Jersey, in which we own a 50% interest, contains 1.5 million square feet and is anchored by Macy s, Lord & Taylor and J.C. Penney, two of which own their stores aggregating 457,000 square feet.

The Springfield Mall in Springfield, Virginia, contains 1.4 million square feet and is anchored by Macy s, J.C. Penney and Target who own their stores aggregating 390,000 square feet. We continue to evaluate plans to renovate and reposition the mall; given current economic conditions, that may require us to renegotiate the terms of the existing debt and, accordingly, we have requested that the debt be placed with the special servicer.

The Bergen Town Center in Paramus, New Jersey contains 950,000 square feet and is anchored by Century 21, Whole Foods and Target under leases aggregating 416,000 square feet. We are currently developing 250,000 square feet of retail space adjacent to the mall which will be anchored by Lowe s Home Improvement. This development is expected to be completed in 2010.

The Broadway Mall in Hicksville, Long Island, New York contains 1.1 million square feet and is anchored by Macy s, Ikea, Multiplex Cinema and Target, which owns its store containing 141,000 square feet.

The Montehiedra Mall in San Juan, Puerto Rico contains 540,000 square feet and is anchored by Home Depot, Kmart, and Marshalls.

The Las Catalinas Mall in San Juan, Puerto Rico, contains 495,000 square feet and is anchored by Kmart and Sears, which owns its 139,000 square foot store.

Manhattan Street Retail

Manhattan Street Retail is comprised of 23 properties containing 1,048,000 square feet. These properties include (i) properties in the Penn Plaza district, such as the Manhattan Mall which contains 242,000 square feet, anchored by JC Penney; (ii) 4 Union Square which contains 203,000 square feet, anchored by Whole Foods Market, Filenes Basement and DSW; (iii) 1540 Broadway in Times Square which contains 161,000 square feet, anchored by Forever 21 and Disney, which will open their flagship stores in 2010, and Planet Hollywood; and (iv) properties on Madison Avenue and in So-Ho occupied by retailers including H&M, Top Shop, Madewell, the GAP, Gucci, Chloe and Cartier. In addition, we own 817,000 square feet of retail space in certain of our New York office buildings, which is part of our New York Office Properties segment.

RETAIL PROPERTIES   CONTINUED

Occupancy and average annual net rent per square foot:

As of December 31, 2009, the aggregate occupancy rate for the entire Retail Properties segment of 22.6 million square feet was 91.6%.   Details of our ownership interest in the strip shopping centers, regional malls and Manhattan Street retail for the past five years are provided below.

Strip Shopping Centers:

As of December 31,	Rentable Square Feet	Occupancy Rate	Average Annual Net Rent per Square Foot	
2009	16,107,000	91.5%	$	15.30
2008	15,755,000	91.9%		14.52
2007	15,463,000	94.1%		14.12
2006	12,933,000	92.9%		13.48
2005	10,750,000	95.5%		12.07

Regional Malls:

			Average Annual Net Rent Per Square Foot			
As of December 31,	Rentable Square Feet	Occupancy Rate	Mall Tenants		Mall and Anchor Tenants	
2009	5,439,000	91.1%	$	39.56	$	20.67
2008	5,232,000	93.0%		37.59		20.38
2007	5,528,000	96.1%		34.94		19.11
2006	5,640,000	93.4%		32.64		18.12
2005	4,817,000	96.2%		31.83		18.24

For the years ending December 31, 2009 and 2008, mall sales per square foot, including partially owned malls, were $457.00 and $487.00, respectively.

Manhattan Street Retail:

As of December 31,	Rentable Square Feet	Occupancy Rate	Average Annual Net Rent per Square Foot	
2009	1,007,000	95.3%	$	96.37
2008	874,000	90.4%		97.18
2007	943,000	86.8%		89.86
2006	691,000	83.6%		83.53
2005	602,000	90.9%		81.94

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RETAIL PROPERTIES   CONTINUED

2009 Retail Properties rental revenue by type of retailer:

Industry	**Percentage**
Discount Stores	13%
Women s Apparel	11%
Family Apparel	10%
Supermarkets	9%
Home Entertainment and Electronics	7%
Restaurants	6%
Home Improvement	6%
Banking and Other Business Services	5%
Department Stores	5%
Personal Services	3%
Home Furnishings	3%
Membership Warehouse Clubs	2%
Jewelry	2%
Other	18%
	100%

Retail Properties lease terms generally range from five years or less in some instances for smaller tenants to as long as 25 years for major tenants. Leases generally provide for reimbursements of real estate taxes, insurance and common area maintenance charges (including roof and structure in strip shopping centers, unless it is the tenant s direct responsibility), and percentage rents based on tenant sales volume. Percentage rents accounted for less than 1% of the Retail Properties total revenues during 2009.

Tenants accounting for 2% or more of 2009 Retail Properties total revenues:

Tenant	**Square Feet Leased**	**2009 Revenues**	**Percentage of Retail Properties Revenues**	**Percentage of Total Company Revenues**
The Home Depot, Inc	990,000	$ 18,184,000	3.3%	0.7%
Best Buy Co, Inc.	619,000	16,982,000	3.1%	0.6%
Wal-Mart/Sam s Wholesale	1,674,000	16,643,000	3.0%	0.6%
Stop & Shop Companies, Inc. (Stop & Shop)	729,000	14,055,000	2.5%	0.5%

Sears Holdings Corporation (Sears and Kmart)	1,017,000	12,172,000	2.2%	0.4%

RETAIL PROPERTIES CONTINUED

Lease expirations as of December 31, 2009 assuming none of the tenants exercise renewal options:

Year	Number of Expiring Leases	Square Feet of Expiring Leases	Percentage of Retail Properties Square Feet	Annual Net Rent of Expiring Leases Total	Per Square Foot
Strip Shopping Centers:					
Month to month	17	46,000	0.2%	$ 962,000	$ 20.79
2010	52	490,000	2.4%	7,484,000	15.26
2011	71	949,000	4.7%	10,145,000	10.69
2012	65	872,000	4.3%	12,194,000	13.98
2013	113	1,980,000	9.7%	24,466,000	12.35
2014	104	1,191,000	5.8%	19,413,000	16.30
2015	45	598,000	2.9%	10,583,000	17.70
2016	41	688,000	3.4%	10,475,000	15.22
2017	32	323,000	1.6%	4,562,000	14.11
2018	54	932,000	4.6%	14,173,000	15.21
2019	44	930,000	4.6%	16,807,000	18.07
Malls:					
Month to month	51	110,000	0.5%	$ 3,693,000	$ 33.50
2010	89	262,000	1.3%	7,459,000	28.43
2011	61	251,000	1.2%	7,619,000	30.29
2012	47	216,000	1.1%	5,486,000	25.40
2013	72	272,000	1.3%	8,223,000	30.28
2014	48	343,000	1.7%	6,412,000	18.70
2015	53	267,000	1.3%	6,900,000	25.86
2016	43	388,000	1.9%	4,844,000	12.47
2017	43	467,000	2.3%	7,760,000	16.61
2018	45	114,000	0.6%	5,145,000	44.97
2019	45	182,000	0.9%	6,532,000	35.94
Manhattan Street Retail:					
Month to month	3	4,000		$ 154,000	$ 34.83
2010	2	7,000		1,210,000	177.26
2011	9	96,000	0.5%	6,247,000	65.06
2012	8	36,000	0.2%	2,028,000	55.91
2013	4	23,000	0.1%	2,993,000	129.24
2014	7	30,000	0.1%	4,049,000	136.37
2015	6	23,000	0.1%	2,439,000	107.27
2016	8	20,000	0.1%	4,044,000	206.03
2017	6	17,000	0.1%	2,539,000	152.43
2018	16	128,000	0.6%	20,963,000	164.00
2019	10	58,000	0.3%	8,259,000	142.85

RETAIL PROPERTIES   CONTINUED

2009 Retail Properties Leasing Activity:

Location	Square Feet	Average Initial Rent Per Square Foot (1)	
Bergen Town Center, Paramus, NJ	222,000	$	25.01
Green Acres Mall, Valley Stream, NY	190,000		15.46
Poughkeepsie, NY	130,000		4.35
Albany (Menands), NY	104,000		9.00
Tampa, FL	45,000		19.80
San Francisco (275 Sacramento Street), CA	43,000		42.50
Wilkes-Barre, PA	40,000		6.53
East Hanover I and II, NJ	35,000		21.42
Baltimore (Towson), MD	33,000		16.45
Bricktown, NJ	28,000		14.06
Huntington, NY	25,000		16.23
Las Catalinas, Puerto Rico	19,000		49.56
155 Spring Street, New York, NY	17,000		40.01
Springfield Mall, Springfield, VA	16,000		47.66
North Plainfield, NJ	13,000		9.58
Inwood, NY	12,000		29.79
York, PA	12,000		9.20
Bethlehem, PA	11,000		3.00
Totowa, NJ	11,000		34.00
Buffalo (Amherst), NY	10,000		12.25
North Bergen (Tonnelle Ave), NJ	9,000		44.86
Cherry Hill, NJ	8,000		22.60
Hackensack, NJ	8,000		30.55
Broadway Mall, Hicksville, NY	7,000		63.09
Glenolden, PA	7,000		21.50
Bronx (Bruckner Boulevard), NY	6,000		24.17
Monmouth Mall, Eatontown, NJ	6,000		43.64
Rockville, MD	6,000		28.50
San Francisco (The Cannery) (2801 Leavenworth Street), CA	6,000		25.00
148 Spring Street, New York, NY	5,000		42.16
Springfield, MA	5,000		23.39
Union (Route 22 and Morris Avenue), NJ	5,000		29.00
Other	45,000		115.66
	1,139,000		23.28

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

MERCHANDISE MART PROPERTIES

As of December 31, 2009, we own 8 Merchandise Mart Properties containing an aggregate of 8.9 million square feet. The Merchandise Mart Properties segment also contains 7 garages totaling 1.0 million square feet (3,312 spaces). The garage space is excluded from the statistics provided in this section.

Square feet by location and use as of December 31, 2009:

(Amounts in thousands)			**Showroom**			
	Total	**Office**	**Total**	**Permanent**	**Temporary Trade Show**	**Retail**
Chicago, Illinois:						
Merchandise Mart	3,494	1,040	2,387	1,805	582	67
350 West Mart Center	1,223	1,135	88	88		
Other	10					10
Total Chicago, Illinois	4,727	2,175	2,475	1,893	582	77
High Point, North Carolina:						
Market Square Complex	1,751	32	1,691	1,227	464	28
National Furniture Mart	260		260	260		
Total High Point, North Carolina	2,011	32	1,951	1,487	464	28
Los Angeles, California:						
L.A. Mart	781	32	740	686	54	9
Boston, Massachusetts:						
Boston Design Center	553	124	424	424		5
New York, New York:						
7 West 34th Street	419	15	404	362	42	
Washington, DC:						
Washington Design Center	393	86	307	307		
Total Merchandise Mart Properties	8,884	2,464	6,301	5,159	1,142	119
Occupancy rate	88.5%	88.9%	88.4%			87.0%

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MERCHANDISE MART PROPERTIES CONTINUED

Office Space

Occupancy and average annual escalated rent per square foot:

As of December 31,	Rentable Square Feet	Occupancy Rate	Average Annual Escalated Rent Per Square Foot
2009	2,464,000	88.9%	$ 23.52
2008	2,424,000	96.5%	25.18
2007	2,358,000	96.7%	24.99
2006	2,316,000	97.2%	23.82
2005	2,703,000	96.7%	25.05

2009 Merchandise Mart Properties office rental revenues by tenants industry:

Industry	Percentage
Service	31%
Telecommunications	13%
Education	13%
Banking	9%
Government	7%
Publications	7%
Insurance	6%
Other	14%
	100%

Office lease terms generally range from three to seven years for smaller tenants to as long as 15 years for major tenants. Leases typically provide for periodic step-ups in rent over the term of the lease and pass through to tenants their share of increases in real estate taxes and operating expenses over a base year. Electricity is provided to tenants on a sub-metered basis or included in rent 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.

Office tenants accounting for 2% or more of Merchandise Mart Properties 2009 total revenues:

Tenant	**Square Feet Leased**	**2009 Revenues**	**Percentage of Merchandise Mart Properties Revenues**	**Percentage of Total Company Revenues**
Ogilvy Group (WPP)	270,000	$ 7,961,000	3.0%	0.3%

MERCHANDISE MART PROPERTIES CONTINUED

2009 leasing activity Merchandise Mart Properties office space:

	Square Feet	Average Initial Rent Per Square Foot (1)
350 West Mart Center	146,000	$ 33.68
Merchandise Mart	42,000	34.58
Washington Design Center	15,000	45.66
Total	203,000	34.76

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

Lease expirations for Merchandise Mart Properties office space as of December 31, 2009 assuming none of the tenants exercise renewal options:

Year	Number of Expiring Leases	Square Feet of Expiring Leases	Percentage of Merchandise Mart Properties Office Square Feet	Annual Escalated Rent of Expiring Leases Total	Per Square Foot
2010	7	33,000	1.6%	$ 843,000	$ 25.70
2011	17	77,000	3.8%	2,048,000	26.51
2012	8	105,000	5.2%	2,984,000	28.46
2013	19	84,000	4.2%	2,514,000	29.77
2014	5	106,000	5.2%	3,055,000	28.79
2015	9	235,000	11.6%	6,614,000	28.12
2016	5	118,000	5.8%	3,086,000	26.16
2017	5	86,000	4.2%	1,705,000	19.85

2018	10	287,000	14.1%	8,350,000	29.06
2019	4	8,000	0.4%	326,000	39.71

MERCHANDISE MART PROPERTIES CONTINUED

Showroom Space

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, gift, carpet, crafts, apparel and design industries. Merchandise Mart Properties own and operate five of the leading furniture and gift trade shows, including the contract furniture industry s largest trade show, NeoCon, which attracts over 50,000 attendees each June and is hosted at the Merchandise Mart building in Chicago. The Market Square Complex is co-host to the home furniture industry s semi-annual (April and October) market weeks which occupy over 1.2 million square feet in the High Point, North Carolina region.

Occupancy and average escalated rent per square foot:

As of December 31,	Rentable Square Feet	Occupancy Rate	Average Annual Escalated Rent Per Square Foot
2009	6,301,000	88.4%	$ 27.17
2008	6,332,000	92.2%	26.72
2007	6,139,000	93.7%	26.16
2006	6,370,000	93.6%	25.17
2005	6,290,000	94.7%	24.04

2009 Merchandise Mart Properties showroom rental revenues by tenants industry:

Industry	Percentage
Residential Design	31%
Gift	20%
Contract Furnishing	17%
Residential Furnishing	15%
Casual Furniture	6%
Apparel	5%
Building Products	4%
Art	2%
	100%

2009 Leasing Activity Merchandise Mart Properties showroom space:

Square Feet

		Average Initial Rent Per Square Foot (1)	
Market Square Complex	484,000	$	12.83
Merchandise Mart	299,000		40.78
L.A. Mart	149,000		19.84
7 West 34th Street	108,000		43.98
Washington Design Center	89,000		47.23
Boston Design Center	89,000		36.76
350 West Mart Center	20,000		28.01
Total	1,238,000		27.58

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

MERCHANDISE MART PROPERTIES CONTINUED

Lease expirations for the Merchandise Mart Properties showroom space as of December 31, 2009 assuming none of the tenants exercise renewal options:

Year	Number of Expiring Leases	Square Feet of Expiring Leases	Percentage of Merchandise Mart Properties Showroom Square Feet	Annual Escalated Rent of Expiring Leases Total	Per Square Foot
Month to month	35	80,000	1.8%	$ 2,091,000	$ 26.14
2010	180	555,000	12.7%	15,477,000	27.89
2011	154	577,000	13.2%	16,685,000	28.93
2012	143	610,000	14.0%	16,180,000	26.53
2013	128	631,000	14.4%	18,507,000	29.33
2014	119	543,000	12.4%	15,469,000	28.49
2015	61	363,000	8.3%	10,493,000	28.93
2016	37	197,000	4.5%	6,537,000	33.13
2017	45	407,000	9.3%	13,736,000	33.73
2018	34	212,000	4.9%	7,705,000	36.32
2019	17	89,000	2.0%	3,224,000	36.04

Retail Space

The Merchandise Mart Properties segment also contains approximately 119,000 square feet of retail space, which was 87.0% occupied at December 31, 2009.

TOYS R US, INC. (TOYS)

As of December 31, 2009 we own a 32.7% interest in Toys, a worldwide specialty retailer of toys and baby products, which has a significant real estate component. Toys had $5.9 billion of outstanding debt at October 31, 2009, of which our pro rata share was $1.9 billion, none of which is recourse to us.

The following table sets forth the total number of stores operated by Toys as of December 31, 2009:

	Total	Owned	Building Owned on Leased Ground	Leased
Domestic	851	300	231	320
International	514	79	26	409
Subtotal	1,365	379	257	729
Franchised stores	202			
Total	1,567			

OTHER INVESTMENTS

555 California Street Complex

As of December 31, 2009, we own a 70% controlling interest in a three-building complex containing 1.8 million square feet, known as The Bank of America Center, located at California and Montgomery Streets in San Francisco s financial district (555 California Street), which we acquired in 2007.

Occupancy and average annual rent per square foot as of December 31, 2009:

As of December 31,	**Rentable Square Feet**	**Occupancy Rate**	**Average Annual Escalated Rent Per Square Foot**	
2009	1,794,000	94.8%	$	57.25
2008	1,789,000	94.0%		57.98
2007	1,789,000	95.0%		59.84

2009 rental revenue by tenants industry:

Industry	**Percentage**
Finance	39%
Banking	42%
Legal Services	11%
Retail	1%
Others	