Section 1: 8-K/A (AMENDMENT #1 TO FORM 8-K)

1

As filed with the Securities and Exchange Commission on September 10, 1997

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A
Amendment No. 1

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) AUGUST 21, 1997

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

PARK 80 WEST, PLAZA II, SADDLE BROOK, NEW JERSEY	07663
(Address of principal executive offices)	(Zip Code)

(201)587-1000
(Registrant's telephone number, including area code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

2

This form 8-K/A amends Vornado Realty Trust's Form 8-K previously filed on August 29, 1997 to include certain required financial statements and proforma financial information.

Item 1. Not Applicable.

Item 2. Acquisition or Disposition of Assets.

On August 21, 1997, Vornado Realty Trust, which owns 90.4% and is the sole general partner of Vornado Realty L.P., entered into an agreement with the owners of 90 Park Avenue, pursuant to which Vornado restructured the mortgage, took title to the land and obtained a 43 year lease on the building under which Vornado will manage the building and receive the building's cash flow. As part of the restructuring, the amount of the debt was adjusted from the face value of $193,000,000 to Vornado's May 1997 acquisition cost of $185,000,000, the maturity date of the debt was extended to August 31, 2022 and the interest rate was set at 7.5%. Vornado purchased the land from the borrower for $8,000,000, which was further applied to reduce the debt to $177,000,000. The remaining investment will be reclassified as real estate.

90 Park Avenue is an 875,000 square foot office building in Manhattan.

These transactions were arrived at through arms-length negotiations and were consummated through a subsidiary of Vornado

Realty L.P.

Items 3-4. Not Applicable.

Item 5. Other Events.

On August 22, 1997, Vornado Realty Trust entered into an Agreement and Plan of Merger (the "Merger Agreement") among Vornado, Arbor Property Trust ("Arbor") and Trees Acquisition Subsidiary, Inc., ("Merger Sub"), a wholly-owned subsidiary of Vornado, pursuant to which Arbor is to be merged with and into Merger Sub. Holders of Arbor common shares of beneficial interest ("Arbor Common Shares") are to receive 0.121905 common shares of beneficial interest of Vornado per Arbor Common Share or, at the election of the holder of Arbor Common Shares, 0.153846 Series A Convertible Preferred Shares of Vornado per Arbor Common Share. The Merger Agreement provides that simultaneously with the consummation of the merger, Vornado Realty Trust will cause the Green Acres Mall, which is currently indirectly wholly owned by Arbor, to be owned directly or indirectly by Vornado Realty L.P.

Item 6. Not Applicable.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(a) - (b) There are filed herewith (a) the financial statements of Green Acres Mall and the Plaza at Green Acres ("Arbor") and the financial statements of 90 Park Avenue commencing on page 4 and (b) the Condensed Consolidated Pro forma Balance Sheet of Vornado Realty Trust as of June 30, 1997 and the Condensed Consolidated Pro forma Statement of Income of Vornado Realty Trust for the six months ended June 30, 1997 and the year ended December 31, 1996, commencing on page 14, prepared in connection with the restructuring of Vornado Realty Trust's real estate investment in 90 Park Avenue and its merger with Arbor Property Trust. The "Vornado/Mendik" column included in the pro forma statements of income for the year ended December 31, 1996 and the six months ended June 30, 1997 reflects the April 1997 acquisition of interests in all or a portion of seven Manhattan office buildings and a management company (the "Mendik Transaction") as if it had occurred on January 1, 1996. The pro forma financial information relating to this transaction was previously filed with the Securities and Exchange Commission.

(c) Exhibits. - None

Item 8. Not Applicable.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Arbor Property Trust:

We have audited the statement of revenue and certain expenses of Green Acres Mall and The Plaza at Green Acres (the "Property"), described in Note 1, for the year ended December 31, 1996. This financial statement is the responsibility of the Property's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

The statement of revenue and certain expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in a Form 8-K to be filed by Vornado Realty Trust, as described in Note 1, and is not intended to be a complete presentation of the Property's revenue and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenue and certain expenses of the Property for the year ended December 31, 1996, in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Philadelphia, Pa.,
September 4, 1997

GREEN ACRES MALL AND THE PLAZA AT GREEN ACRES

STATEMENTS OF REVENUE AND CERTAIN EXPENSES

(in thousands)

	For the Six Months Ended June 30, 1997 (unaudited)	For the Six Months Ended June 30, 1996 (unaudited)	For the Year Ended December 31, 1996
REVENUE:			
Minimum and percentage rents	$10,163	$ 9,988	$20,398
Operating expense reimbursements	7,619	7,098	15,294
Other income	984	605	1,924
Total revenue	18,766	17,691	37,616
CERTAIN EXPENSES:			
Maintenance, payroll and other operating expenses	2,758	3,286	6,647
Utilities	735	695	1,694
Real estate taxes	4,493	4,271	8,768
Provision for doubtful accounts	319	177	1,120
Total certain expenses	8,305	8,429	18,229
REVENUE IN EXCESS OF CERTAIN EXPENSES	$10,461	$ 9,262	$19,387

The accompanying notes are an integral part of these financial statements.

TENTATIVE & PRELIMINARY

GREEN ACRES MALL AND THE PLAZA AT GREEN ACRES

NOTES TO STATEMENTS OF REVENUE AND CERTAIN EXPENSES

DECEMBER 31, 1996

1. BASIS OF PRESENTATION:

The statements of revenue and certain expenses reflect the operations of Green Acres Mall and the Plaza at Green Acres (the "Property"), located in Nassau County, New York. The Property is expected to be acquired by an affiliate of Vornado Realty Trust (the "Company") from Arbor Property Trust in December, 1997. The Property has aggregate net rentable area of approximately 1.6 million square feet. These statements of revenue and certain expenses are to be included in a Form 8-K to be filed by the Company, as the above described transaction has been deemed significant pursuant to the rules and regulations of the Securities and Exchange Commission.

The accounting records of the Property are maintained in accordance with generally accepted accounting principles. The accompanying financial statements exclude certain expenses such as interest, depreciation and amortization, professional fees, and other administrative costs not directly related to the future operations of the Property.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. The ultimate results could differ from those estimates.

The statements of revenue and certain expenses for the six month periods ended June 30, 1997 and 1996 are unaudited; however, in the opinion of management, all adjustments (consisting solely of normal recurring adjustments) necessary for the fair presentation of these statements of revenue and certain expenses for the interim periods have been included. The results for such interim periods are not necessarily indicative of the results for an entire year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Minimum rental income is recognized from leases with scheduled rent increases on a straight-line basis over the lease term. Percentage rents and payments for taxes, insurance, utilities and maintenance by tenants are estimated and accrued.

3. UNUSUAL ITEMS

In the six month period ended June 30, 1997, the Property reversed reserves established in prior years of approximately $279,000 and increased operating expense reimbursement revenue by this amount. The Property plans to reverse a similar amount of reserves in each of the two remaining in 1997.

In the year ended December 31, 1996, the Property reduced accrued rent receivables by $530,000 as a result of certain leases which terminated, and recorded a corresponding charge to the provision for doubtful accounts. In the six month period ended June 30, 1996, the Property changed an estimate related to operating expense reimbursement revenue, resulting in a $480,000 decrease in revenue for this period.

4. LEASING ARRANGEMENTS

The Property as Lessor

The Property is leased to approximately 200 tenants, generally under non-cancelable operating leases. The leases generally provide for minimum rentals, plus percentage rental based upon the retail stores' sales volume. Percentage rentals were $1,803,000 for the year ended December 31, 1996 and were $841,000 (unaudited) and $853,000 (unaudited) for the six month periods ended June 30, 1997 and 1996 respectively. In addition, the tenants pay certain utility charges, and for most leases, reimburse their proportionate share of real estate taxes and common area expenses.

Future minimum rentals under existing leases at December 31, 1996 are as follows:

Years Ending December 31,	Amount
1997	$ 17,211,000
1998	16,918,000
1999	16,727,000
2000	15,894,000
2001	14,498,000
Thereafter	82,009,000
	$ 163,257,000

As of December 31, 1996, sublease agreements have been signed with certain tenants of the Plaza at Green Acres, which generally provide for rentals based on a percentage of sales in addition to base rental. Sublease income of $35,752,000 will be received over the remaining terms of such subleases, and is included in the future minimum rentals table presented above. Such sublease income totaled $2,409,000 for the year ended December 31, 1996.

Property as Lessee

The Plaza at Green Acres (the "Plaza") is the lessee under a 30-year ground lease (with three six-year renewal options) in favor of an unrelated third party. In addition to specified rents, the Plaza lease requires the lessee to pay property taxes, insurance, operating expenses and additional rentals based on a percentage of revenues generated by the operations of the Plaza. No such additional rentals were paid in 1996. In accordance with generally accepted accounting principles, the portion of the lease related to the building is accounted for as a capital lease while the portion related to the land is accounted for as an operating lease.

The following is a schedule of future minimum lease payments under this lease as of December 31, 1996:

	Capital Lease Component	Operating Lease Component	Total
1997	$ 702,000	$ 788,000	$ 1,490,000
1998	707,000	793,000	1,500,000
1999	707,000	793,000	1,500,000
2000	707,000	793,000	1,500,000
2001	707,000	793,000	1,500,000
Thereafter	26,610,000	29,890,000	56,500,000
	$30,140,000	$33,850,000	$63,990,000

For the year ended December 31, 1996, total rental expense for the operating lease portion of this lease was $724,000, and for the six month periods ended June 30, 1997 and 1996 such rentals were $309,000 (unaudited) and $363,000 (unaudited), respectively.

INDEPENDENT AUDITORS' REPORT

To the Stockholders of Vornado Realty Trust

We have audited the statement of revenues and certain expenses of Ninety Park Avenue, as described in Note 1 for the year ended December 31, 1996. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

The accompanying statement of revenues and certain expenses was prepared in compliance with the rules and regulations of the Securities and Exchange Commission, and as described in Note 1, is not intended to be a complete presentation of Ninety Park Avenue's revenue and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the statement of revenues and certain expenses of Ninety Park Avenue as described in Note 1 for the year ended December 31, 1996 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

Parsippany, New Jersey
September 11, 1997

NINETY PARK AVENUE
STATEMENTS OF REVENUES AND CERTAIN EXPENSES
(in thousands)

	For the Six Months Ended		For the Year Ended
	June 30, 1997 (unaudited)	June 30, 1996 (unaudited)	December 31, 1996
REVENUES:			
Base rent	$12,418	$12,597	$25,173
Tenant recoveries	2,975	3,158	6,543
Other income	264	402	599
Total Revenues	15,657	16,157	32,315
CERTAIN EXPENSES:			
Real estate taxes	3,261	3,128	6,256
Repairs & maintenance	398	335	671
Cleaning	864	854	1,708
Professional fees	279	184	368
Utilities	1,163	1,399	2,799
Insurance	83	136	272
Management fee	53	53	105
Payroll	294	364	728
Administrative	25	111	222
Total Certain Expenses	6,420	6,564	13,129
REVENUES IN EXCESS OF CERTAIN EXPENSES	$ 9,237	$ 9,593	$19,186

See notes to Statements of Revenues and Certain Expenses.

NINETY PARK AVENUE
NOTES TO STATEMENTS OF REVENUES AND CERTAIN EXPENSES

Note 1 - ORGANIZATION AND BASIS OF PRESENTATION

Ninety Park Avenue is an office building located at 90 Park Avenue, New York, N.Y. (the "Property"). The Property was owned and operated by Carol Management

Corporation ("CMC"), Howard Kaskel, Anita Kaskel, Roe and Carole Schragis as tenants-in-common. As of August 19, 1996, the owners each transferred their interests in the Property to wholly-owned Limited Liability Companies (LLCs). The new owners are SBK Realty Holdings LLC, Pine Real Estate LLC, Dolphin Realty LLC, and Tulip Holdings LLC.

The statements of revenues and certain expenses reflect the operations of the Property. The Property has aggregate net rentable area of approximately 875,000 square feet (96% leased as of December 31, 1996.)

The accounting records of the Property are maintained in accordance with generally accepted accounting principles. The accompanying financial statements exclude certain expenses such as interest, depreciation and amortization, certain professional fees, and other costs not directly related to the future operations of the Property.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. The ultimate results could differ from those estimates.

The statements of revenues and certain expenses for the six month periods ended June 30, 1997 and 1996 are unaudited; however, in the opinion of management, all adjustments (consisting solely of normal recurring adjustments) necessary for the fair presentation of these statements of revenue and certain expenses for the interim periods have been included. The results for such interim periods are not necessarily indicative of the results for an entire year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Rental income is recognized from leases with scheduled rent increases on a straight-line basis over the lease term. Differences between the straight-line rent and amounts currently due amounted to $234,000 for the year ended December 31, 1996, and $235,000 and $160,000 for the six month periods ended June 30, 1997 and 1996, respectively, and are included in base rent on the accompanying statements of revenues and certain expenses. Escalation rents based upon payments for taxes, insurance, utilities and maintenance by tenants are estimated and accrued.

Note 3 - RELATED PARTY TRANSACTIONS

Doral Sports Training Center, an entity related to the Tenancy-In-Common, occupies space at Ninety Park Avenue on a month-to-month basis. Rental income from this affiliate for the year ended December 31, 1996 aggregated approximately $132,300.

Note 4 - OPERATING LEASES

The Tenancy-In-Common leases office space to various tenants with lease terms expiring in various years through 2015. Approximately 55% of total rental income was earned from one tenant in the building. The following is a schedule, by years, of the approximate minimum future rentals required under these operating leases as of December 31, 1996:

Year Ending December 31,	Amount
1997	$ 24,350,000
1998	24,559,000
1999	23,717,000
2000	22,405,000
2001	22,383,000
Thereafter	204,379,000
Total	$ 321,793,000

(b) Pro forma financial information

The unaudited condensed consolidated pro forma financial information attached presents (i) the condensed consolidated pro forma statement of income for Vornado Realty Trust for the year ended December 31, 1996 and the six months ended June 30, 1997, as if the restructuring of the 90 Park Avenue mortgage and the $185,000,000 purchase price therefor and the merger with Arbor Property Trust had occurred on January 1, 1996 and (ii) the condensed consolidated pro forma balance sheet of Vornado Realty Trust as of June 30, 1997, as if the 90 Park Avenue and Arbor Property Trust transactions had occurred on June 30, 1997.

The "Vornado/Mendik" column included in the pro forma statements of income for the year ended December 31, 1996 and the six months ended June 30, 1997 reflects the April 1997 acquisition of interests in all or a portion of seven Manhattan office buildings and a management company (the "Mendik Transaction") as if it had occurred on January 1, 1996. The pro forma financial information relating to this transaction was previously filed with the Securities and Exchange Commission.

The unaudited condensed consolidated pro forma financial information is not necessarily indicative of what Vornado Realty Trust's actual results of operations or financial position would have been had these transactions been consummated on the dates indicated, nor does it purport to represent Vornado Realty Trust's results of operations or financial position for any future period. The results of operations for the period ended June 30, 1997 are not necessarily indicative of the operating results for the full year.

The unaudited condensed consolidated pro forma financial information should be read in conjunction with the Consolidated Financial Statements and notes thereto included in Vornado's consolidated financial statements and notes thereto included in Vornado's Annual Report on Form 10-K for the year ended December 31, 1996, as amended, and the Quarterly Report on Form 10-Q for the period ended June 30, 1997 and the financial statements of the significant entities involved in the Mendik Transaction previously included in the Company's Current Report on Form 8-K, dated March 12, 1997, as amended and the financial statements of 90 Park Avenue and Green Acres Mall and the Plaza at Green Acres included herein. In management's opinion, all adjustments necessary to reflect the transactions have been made.

CONDENSED CONSOLIDATED PRO FORMA BALANCE SHEET
JUNE 30, 1997
(AMOUNTS IN THOUSANDS)

	HISTORICAL VORNADO	HISTORICAL ARBOR PROPERTY TRUST	PRO FORMA ADJUSTMENTS	COMPANY PRO FORMA
ASSETS:				
Real estate, net	$ 888,027	$ 141,898	$ 185,000 (A) 102,100 (B) (16,275)(B)	$ 1,300,750
Cash and cash equivalents	260,485			260,485
Investment in and advances to Alexander's, Inc.	108,100			108,100
Investment in partnerships	38,275			38,275
Investment in and advances to management companies	13,008			13,008
Officer's deferred compensation expense	10,419			10,419
Mortgage loans receivable	243,001		(185,000)(A)	58,001
Receivable arising from straight-lining of rents	19,619			19,619
Other assets	65,362	13,180		78,542
	$ 1,646,296	$ 155,078	$ 85,825	$ 1,887,199
LIABILITIES:				
Notes and mortgages payable	$ 862,883	$ 124,873		$ 987,756
Deferred leasing fee income	10,550			10,550

Officer's deferred compensation payable	25,000			25,000
Other liabilities	30,429	13,930		44,359
	928,862	138,803	--	1,067,665
Minority interest of unitholders in the Operating Partnership	178,093	--	--	178,093
EQUITY	539,341	16,275	102,100 (B) (16,275)(B)	641,441
	$ 1,646,296	$ 155,078	$ 85,825	$ 1,887,199

CONDENSED CONSOLIDATED PRO FORMA INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 1997
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	VORNADO/ MENDIK PRO FORMA(1)	HISTORICAL ARBOR PROPERTY TRUST	HISTORICAL 90 PARK AVENUE	PRO FORMA ADJUSTMENTS	COMPANY PRO FORMA
REVENUES:					
Property rentals	$ 100,174	$ 11,147	$ 12,418		$ 123,739
Expense reimbursements	18,069	7,619	2,975		28,663
Other income	1,892		264		2,156
	120,135	18,766	15,657		154,558
EXPENSES:					
Operating	39,463	8,305	6,420		54,188
Depreciation and amortization	13,479			$ 3,129 (C)	16,608
General and administrative	5,825				5,825
Amortization of officer's deferred compensation expense	12,498				12,498
	71,265	8,305	6,420	3,129	89,119
Operating income	48,870	10,461	9,237	(3,129)	65,439
Income applicable to Alexander's	2,842				2,842
Equity in net income of management companies	1,484				1,484
Equity in net income of investees	920				920
Interest income on mortgage loans receivable	4,305			(3,045)(D)	1,260
Interest and dividend income	7,673				7,673
Interest and debt expense	(20,780)			(4,410)(E) (4,555)(F)	(29,745)
Net gain on marketable securities	579				579
Minority interest of unitholders in the Operating Partnership	(5,184)				(5,184)
Net income	40,709	10,461	9,237	(15,139)	45,268
Preferred stock dividends	(9,992)				(9,992)
Net income applicable to common shares	$ 30,717	$ 10,461	$ 9,237	$ (15,139)	$ 35,276
Net income per common share, based on 26,718,841 and 28,217,382 shares, respectively	$ 1.14				$ 1.25
OTHER DATA:					
Funds from Operations ("FFO") (2):					
Net income applicable to common shares	$ 30,717	$ 10,461	$ 9,237	$ (15,139)	$ 35,276
Depreciation and amortization of real property	10,438			3,129	13,567
Straight-lining of property rentals for rent escalations	(938)	(225)	(235)		(1,398)
Leasing fees received in excess of income recognized	2,383				2,383
Proportionate share of adjustments to income from equity investments to arrive at FFO	1,719				1,719
Non-recurring lease cancellation income and write-off of related costs	(11,581)				(11,581)
	$ 32,738	$ 10,236	$ 9,002	$ (12,010)	$ 39,966
CASH FLOW PROVIDED BY (USED) IN:					
Operating activities	$ 53,714	$ 9,424	$ 12,678	$ (12,010)	$ 63,806
Investing activities	$(964,103)	$ --	$ --	$ --	$(964,103)
Financing activities	$ 975,383	$ --	$ --	$ --	$ 975,383

----

(1) See Condensed Consolidated Pro Forma Income Statement for the Six Months Ended June 30, 1997 on page 21.

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

CONDENSED CONSOLIDATED PRO FORMA INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 1996
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	VORNADO/ MENDIK PRO FORMA(1)	HISTORICAL ARBOR PROPERTY TRUST	HISTORICAL 90 PARK AVENUE	PRO FORMA ADJUSTMENTS	COMPANY PRO FORMA
REVENUES:					
Property rentals	$ 181,712	$22,322	$25,173		$ 229,207
Expense reimbursements	40,195	15,294	6,543		62,032
Other income	2,819		599		3,418
	224,726	37,616	32,315		294,657
EXPENSES:					
Operating	83,180	18,229	13,129		114,538
Depreciation and amortization	35,559			$ 6,257 (C)	41,816
General and administrative	8,162				8,162
Amortization of officer's deferred compensation expense	2,083				2,083
	128,984	18,229	13,129	6,257	166,599
Operating income	95,742	19,387	19,186	(6,257)	128,058
Income applicable to Alexander's	7,956				7,956
Equity in net income of management companies	3,326				3,326
Equity in net income of investees	3,418				3,418
Interest income on mortgage note receivable	2,579				2,579
Interest and dividend income	5,667				5,667
Interest and debt expense	(31,708)			(12,775)(E) (9,457)(F)	(53,940)
Net gain on marketable securities	913				913
Minority interest of unitholders in the Operating Partnership	(10,372)				(10,372)
Net income	77,521	19,387	19,186	(28,489)	87,605
Preferred stock dividends	(19,800)				(19,800)
Net income applicable to common shares	$ 57,721	$19,387	$19,186	$ (28,489)	$ 67,805
Net income per common share, based on 24,603,442 and 26,101,983 shares, respectively	$ 2.35				$ 2.60
OTHER DATA:					
Funds from Operations (2):					
Net income applicable to common shares	$ 57,721	$19,387	$19,186	$ (28,489)	$ 67,805
Depreciation and amortization of real property	34,553			6,257	40,810
Straight-lining of property rent escalations	(11,530)	(396)	(234)		(12,160)

Leasing fees received in excess of income recognized	1,805				1,805
Proportionate share of adjustments to income from equity investments to arrive at FFO	17				17
	$ 82,566	$18,991	$18,952	$ (22,232)	$ 98,277
CASH FLOW PROVIDED BY (USED) IN:					
Operating activities	$ 109,377	$22,551	$18,952	$ (15,975)	$ 134,905
Investing activities	$(321,988)	$ --	$ --	$(185,000)	$(506,988)
Financing activities	$ 243,457	$ --	$ --	$ 185,000	$ 428,457

----

(1) See Condensed Consolidated Pro Forma Income Statement for the Year Ended December 31, 1996 on page 24.

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

NOTES TO CONDENSED CONSOLIDATED PRO FORMA FINANCIAL STATEMENTS
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

ARBOR ACQUISITION:

The Arbor acquisition will be recorded under "purchase accounting". The total purchase price is comprised of:

Issuance of Vornado Realty Trust common shares	$ 102,100
Debt	124,873
	$ 226,973

The purchase cost has been allocated in the pro forma financial statements to real estate.

The pro forma financial statements assume that Arbor shareholders elect to exchange their common shares entirely for common shares of Vornado Realty Trust. For purposes of comparison, if 50% of Arbor shareholders elect to receive Series A Convertible Preferred Shares of Vornado Realty Trust in lieu of common shares of Vornado Realty Trust, income applicable to common shares would be $33,739 and $64,732 or $ 1.23 and $ 2.55 per share for the six months ended June 30, 1997 and the year ended December 31, 1996, respectively.

90 PARK AVENUE:

The restructuring of the 90 Park Avenue mortgage is reflected in the pro forma financial statements by reclassifying such investment as real estate. The Historical Vornado column in the Condensed Consolidated Pro Forma Balance Sheet includes the $185,000 purchase price for such mortgage as part of mortgage loans receivable.

FOOTNOTES:

(A) Reclassification of investment in 90 Park Avenue to real estate.

(B) Assumed issuance of 1,498,541 common shares, with a fair value of $102,100 (based on an average price of $68.133 per share), in exchange for all of the common shares of Arbor.

(C) Depreciation based on allocation of the Arbor purchase price and the reclassification of the 90 Park Avenue investment to real estate.

(D) Elimination of interest income earned on mortgage loan receivable from 90 Park Avenue for the period from May 7, 1997 (date of acquisition) to June 30, 1997.

(E) Reflects interest expense of $4,410 and $12,775 for the six months ended June 30, 1997 (January 1, 1997 to May 6, 1997) and for the year ended December 31, 1996, respectively, on the 90 Park Avenue investment of $185,000, based on an average interest rate of approximately 7.0%.

(F) Reflects interest expense of $4,555 and $9,457 for the six months ended June 30, 1997 and for the year ended December 31, 1996, respectively, on Arbor debt.

CONDENSED CONSOLIDATED PRO FORMA INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 1997
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	HISTORICAL VORNADO	HISTORICAL MENDIK JANUARY 1, 1997 TO APRIL 14, 1997	PRO FORMA ADJUSTMENTS	VORNADO/ MENDIK PRO FORMA
REVENUES:				
Property rentals	$ 63,471	$ 34,928	$ 1,775 (A)	$ 100,174
Expense reimbursements	15,161	2,908		18,069
Other income	1,327	3,187	(2,622)(B)	1,892
	79,959	41,023	(847)	120,135
EXPENSES:				
Operating	26,658	12,805		39,463
Depreciation and amortization	8,429	4,682	368 (C)	13,479
General and administrative	4,748	2,684	(1,607)(B)	5,825
Amortization of officer's deferred compensation expense	12,498			12,498
	52,333	20,171	(1,239)	71,265
Operating income	27,626	20,852	392	48,870
Income applicable to Alexander's	2,842			2,842
Equity in net income of management companies	520		964 (B)	1,484
Equity in net income of investees	282	362	276 (D)	920
Interest income on mortgage loans receivable	4,305			4,305
Interest and dividend income	6,774	899		7,673
Interest and debt expense	(17,350)	(7,967)	4,537 (E)	(20,780)
Net gain on marketable securities	579			579
Minority interest of unitholders in the Operating Partnership	(2,100)		(3,084)(F)	(5,184)
Net income	23,478	14,146	3,085	40,709
Preferred stock dividends	(4,855)		(5,137)(G)	(9,992)
Net income applicable to common shares	$ 18,623	$ 14,146	$ (2,052)	$ 30,717
Net income per common share, based on 26,718,841 shares	$ 0.70			$ 1.14
OTHER DATA:				
Funds from Operations (1):				
Net income applicable to common shares	$ 18,623	$ 14,146	$ (2,052)	$ 30,717
Depreciation and amortization of real property	7,857	2,581	368	10,438
Straight-lining of property rentals for rent escalations	(2,567)	1,629	(1,775)	(938)
Leasing fees received in excess of income recognized	2,383			2,383
Proportionate share of adjustments to net income of investees to arrive at funds from operations	887	832		1,719
Non-recurring lease cancellation income and write-off of related costs		(11,581)		(11,581)
	$ 27,183	$ 7,607	$ (3,459)	$ 32,738

CASH FLOW PROVIDED BY (USED) IN:

Operating activities	$ 50,989	$ (671)	$ 3,396	$ 53,714
Investing activities	$(629,813)	$ (5,652)	$(328,638)	$(964,103)
Financing activities	$ 688,954	$ (3,858)	$ 290,287	$ 975,383

----

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

NOTES TO CONDENSED CONSOLIDATED PRO FORMA INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 1997
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

(A) To adjust rentals for the period from January 1, 1997 to April 14, 1997 arising from the straight-lining of property rentals for rent escalations based on the remaining terms of the applicable leases.

(B) To reflect adjustments required to record the Company's investment in the Mendik management company for the period from January 1, 1997 to April 14, 1997 under the equity method of accounting.

(C) Increase in depreciation for the period from January 1, 1997 to April 14, 1997 due to allocation of purchase price.

(D) Increase in equity in investees for the period from January 1, 1997 to April 14, 1997 due to net decrease in interest expense on refinanced debt.

(E) Reflects decrease in interest expense and loan cost amortization for the period from January 1, 1997 to April 14, 1997 resulting from the reduction and refinancing of debt.

(F) To reflect preferential distributions for the period from January 1, 1997 to April 14, 1997.

(G) To reflect preferred stock dividends at a rate of 6.50% plus amortization of the underwriting discount for the period from January 1, 1997 to April 14, 1997 on the proportionate number of Series A Preferred Shares used to fund the acquisition.

CONDENSED CONSOLIDATED PRO FORMA INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 1996
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	HISTORICAL VORNADO	HISTORICAL MENDIK	PRO FORMA ADJUSTMENTS	VORNADO/ MENDIK PRO FORMA
REVENUES:				
Property rentals	$ 87,424	$ 87,261	$ 7,071 (A) (44)(B)	$ 181,712
Expense reimbursements	26,644	13,551		40,195
Other income	2,819	5,378	(5,378)(B)	2,819

	116,887	106,190	1,649	224,726
EXPENSES:				
Operating	36,412	46,691	(39)(B) 116 (F)	83,180
Depreciation and amortization	11,589	14,133	(144)(B) 9,981 (D)	35,559
General and administrative	5,167	6,783	(3,788)(B)	8,162
Amortization of officer's deferred compensation expense	2,083			2,083
	55,251	67,607	6,126	128,984
Operating income	61,636	38,583	(4,477)	95,742
Income applicable to Alexander's	7,956			7,956
Equity in net income of management companies	1,855		1,471 (B)	3,326
Equity in net income of investees		1,663	1,755 (G)	3,418
Interest income on mortgage note receivable	2,579			2,579
Interest and dividend income	3,151	2,536	(20)(B)	5,667
Interest and debt expense	(16,726)	(23,998)	9,016 (C)	(31,708)
Net gain on marketable securities	913			913
Minority interest of unitholders in the Operating Partnership	--	--	(10,372)(H)	(10,372)
Net income	61,364	18,784	(2,627)	77,521
Preferred stock dividends	--	--	(19,800)(E)	(19,800)
Net income applicable to common shares	$ 61,364	$ 18,784	$ (22,427)	$ 57,721
Net income per common share, based on 24,603,442 shares	$ 2.49			$ 2.35
OTHER DATA:				
Funds from Operations (1):				
Net income applicable to common shares	$ 61,364	$ 18,784	$ (22,427)	$ 57,721
Depreciation and amortization of real property	10,583	14,133	9,837	34,553
Straight-lining of property rent escalations	(2,676)	(1,783)	(7,071)	(11,530)
Leasing fees received in excess of income recognized	1,805			1,805
Proportionate share of adjustments to income from equity investments to arrive at FFO	(1,760)	2,747	(970)	17
	$ 69,316	$ 33,881	$ (20,631)	$ 82,566
CASH FLOW PROVIDED BY (USED) IN:				
Operating activities	$ 70,703	$ 29,267	$ 9,407	$ 109,377
Investing activities	$ 14,912	$ (8,262)	$(328,638)	$(321,988)
Financing activities	$ (15,046)	$ (11,706)	$ 270,209	$ 243,457

----

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

NOTES TO CONDENSED CONSOLIDATED PRO FORMA INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31,1996
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

(A) To adjust rentals arising from the straight-lining of property rentals for rent escalations based on the remaining terms of the applicable leases.

(B) To reflect adjustments required to record the Company's investment in the Mendik management company under the equity method of accounting.

(C) Reflects decrease in interest expense and loan cost amortization resulting from the reduction and refinancing of debt.

(D) Increase in depreciation due to preliminary allocation of purchase price.

(E) To reflect preferred stock dividends at a rate of 6.50% plus amortization of the underwriting discount on the proportionate number of Series A Preferred Shares used to fund the acquisition.

(F) Increase in operating expenses due to contract changes.

(G) Increase in equity in investees, due to net decrease in interest expense on refinanced debt.

(H) To reflect preferential distributions.

VORNADO REALTY TRUST

SIGNATURES

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

VORNADO REALTY TRUST

(Registrant)

Date: September 10, 1997

/s/ Joseph Macnow

JOSEPH MACNOW
Vice President,
Chief Financial Officer

(Back To Top)