Section 1: 8-K (VORNADO REALTY L.P.)

Exhibit Index on Page 32

As filed with the Securities and Exchange Commission on February 12, 1999

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

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 12, 1998

Commission File Number: 000-22635

VORNADO REALTY L.P.

(Exact name of registrant as specified in its charter)

DELAWARE	13-3925979
(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)

ITEM 1. NOT APPLICABLE

ITEM 2. On August 12, 1998, Vornado Realty Trust ("Vornado") acquired 689 Fifth Avenue, an 84,000 square foot Manhattan office building, for approximately $33 million. The transaction was financed with borrowings under the revolving credit facility.

On November 18, 1998, Vornado completed the previously announced acquisition of certain properties from the Mendik Real Estate Limited Partnership ("Mendik RELP") (an unaffiliated entity) in accordance with a previously disclosed Settlement Agreement between Vornado and certain limited partners of Mendik RELP. The acquired real estate assets include (i) the Saxon Woods Corporate Center located in Harrison, New York, which contains approximately 232,000 square feet, (ii) the remaining 60% interest in an office building located at Two Park Avenue in Manhattan, which contains approximately 946,000 square feet (Vornado already owned the other 40%) and (iii) a leasehold interest in an office building located at 330 West 34th Street in Manhattan, which contains approximately 637,000 square feet (collectively, the "Mendik RELP properties"). The aggregate purchase price was approximately $106 million, consisting of $31 million of cash from borrowings under the revolving credit facility, $29 million of Vornado common shares and $46 million of assumed debt.

On December 2, 1998, Vornado completed its previously announced acquisition of the 1.05 million square foot Market Square Complex of showrooms in High Point, North Carolina. The consideration was approximately $95 million in the aggregate consisting of approximately $45 million in debt, $44 million in a combination of Class A Units of Vornado Realty L.P. (the "Operating Partnership") and Series C-1 Preferred Operating Partnership Units and $6 million of cash.

On January 12, 1999, Vornado completed its previously announced acquisition of the leasehold interest in 888 Seventh Avenue, a 46 story office building located in midtown Manhattan which contains approximately 847,000 square feet. The aggregate purchase price was approximately $100 million, consisting of $45 million of cash from borrowings under the revolving credit facility and $55 million of assumed debt.

These transactions were consummated through subsidiaries of the Operating Partnership, a limited partnership of which Vornado owns an approximate 88.7% limited partnership interest at December 22, 1998 and is the sole general partner.

ITEMS 3-6. NOT APPLICABLE

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

The Consolidated Financial Statements for Mendik Real Estate Limited Partnership for the Year Ended December 31, 1997 (including the report thereon of KPMG Peat Marwick LLP) and the nine months ended September 30, 1998 and 1997 are incorporated herein by reference to the Vornado Form 8-K filed with the Securities and Exchange Commission on August 12, 1998 and to Exhibit 10.1 of the Vornado Form 8-K filed with the Securities and Exchange Commission on February 12, 1999, respectively.

There are filed herewith:

(a) The Statement of Revenues and Certain Expenses for (i) 689 Fifth Avenue, New York, New York, (ii) the Statements of Income and Expense for Market Square Limited Partnership and (iii) the Statements of Revenues and Certain Expenses for 888 Seventh Avenue.

(b) The Condensed Consolidated Pro Forma Balance Sheet of the Operating Partnership as of September 30, 1998 and the Condensed Consolidated Pro Forma Income Statement of the Operating Partnership for the nine months ended September 30, 1998 and the year ended December 31, 1997 commencing on page 21, prepared to give pro forma effect to the completed acquisitions of 689 Fifth Avenue, the Mendik RELP Properties, the Market Square Complex, 888 Seventh Avenue, and the previously reported acquisitions and investments reflected in the Form 8/K-A filed with the Securities and Exchange Commission on July 15, 1998 for the completed acquisitions of 770 Broadway and the additional interest in 570 Lexington Avenue and those previously reported acquisitions (Mendik Company, Arbor Property Trust, 90 Park Avenue, Americold Corporation and URS Logistics, Inc., The Montehiedra Town Center, The Riese Transaction, 15% investment in Charles E. Smith Commercial Realty L.P., 40% investment in the Hotel Pennsylvania, 640 Fifth Avenue, One Penn Plaza, 150 East 58th Street and the Merchandise Mart Group of Properties) and the financings attributable thereto.

PAGE REFERENCE

Pro Forma financial information:

EXHIBIT NO.	EXHIBIT
23.1	Consent of Friedman Alpren & Green LLP
23.2	Consent of Sharrard, McGee & Co., P.A.
23.3	Consent of KPMG Peat Marwick LLP
23.4	Consent of Deloitte & Touche LLP

ITEM 8. NOT APPLICABLE.

INDEPENDENT AUDITORS' REPORT

TO THE PARTNERS OF ARDEN-ESQUIRE REALTY COMPANY

We have audited the accompanying statement of revenues and certain expenses of the property located at 689 Fifth Avenue, New York, New York, described in Note 1 (the "Property"), for the year ended December 31, 1997. This financial statement is the responsibility of the Partnership'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 for the purpose of complying 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 the Property's revenues and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and certain expenses of the Property for the year ended December 31, 1997, in conformity with generally accepted accounting principles.

FRIEDMAN ALPREN & GREEN LLP

July 14, 1998

689 FIFTH AVENUE
NEW YORK, NEW YORK

STATEMENT OF REVENUES AND CERTAIN EXPENSES
(In Thousands)

	Six Months Ended June 30, 1998	Six Months Ended June 30, 1997	Year Ended December 31, 1997
	(Unaudited)	(Unaudited)	
Revenues			
Base rents	$1,650	$1,622	$3,289
Escalation charges	7	148	176
Water and sprinkler	4	2	3
Miscellaneous	7	28	52
	1,668	1,800	3,520
Certain expenses			
Renting	2	2	7
Administrative	83	51	99
Operating	490	438	802
Real estate taxes	396	384	787
	971	875	1,695
Excess of revenues over certain expenses	$ 697	$ 925	$1,825

The accompanying notes are an integral part of this financial statement.

689 FIFTH AVENUE
NEW YORK, NEW YORK

NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES

1 - ORGANIZATION AND BASIS OF PRESENTATION

The Property is a 15-story office building located at 689 Fifth Avenue in New York City. It has an aggregate net rentable area of approximately 84,000 square feet (approximately 68% of which is leased at June 30, 1998). The Property's accounting records are maintained in accordance with generally accepted accounting principles.

The accompanying financial statement is presented in conformity with Rule 3-14 of the Securities and Exchange Commission. Accordingly, the financial statement is not representative of the actual operations for the periods presented, as certain expenses, which may not be comparable to the expenses expected to be incurred in the future operations of the acquired property, have been excluded. Expenses excluded consist of interest, depreciation and amortization, and certain professional fees not directly related to the future operations of the Property.

The preparation of the financial statement 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 periods. Actual results could differ from those estimates.

The statement of revenues and certain expenses for the six months ended June 30, 1998 and 1997 is unaudited. However, in the opinion of management, all adjustments (consisting solely of normal recurring adjustments) necessary for the fair presentation of this statement of revenues and certain expenses for the interim periods on the basis described above 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 POLICY

Revenue Recognition

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

689 FIFTH AVENUE
NEW YORK, NEW YORK

NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES

3 - OPERATING LEASES

Office and retail space in the Property is rented to tenants under various operating leases. Approximate minimum future rentals required under these leases at December 31, 1997 are as follows:

Year Ending December 31,	
1998	$ 3,200,000
1999	3,191,000
2000	3,256,000
2001	3,350,000
2002	3,392,000
Thereafter	13,426,000
	$ 29,815,000

[SHARRARD, MCGEE & CO., P.A. LETTERHEAD]

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

September 30, 1998

Market Square Limited Partnership
High Point, North Carolina

We have audited the accompanying Statement of Income and Expense of Market Square Limited Partnership, as described in Note 2, for the year ended December 31, 1997. This Statement is the responsibility of the management of Market Square Limited Partnership. Our responsibility is to express an opinion on the Statement of Income and Expense 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 Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Income and Expense. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement of Income and Expense. We believe our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared for the purpose of complying with the provisions of the Contribution Agreement as described in Note 2 and is not intended to be a complete presentation of Market Square Limited Partnership's revenues and expenses.

In our opinion, the Statement of Income and Expense referred to above present fairly, in all material respects, the Income and Expense as described in Note 2 of Market Square Limited Partnership for the year ended December 31, 1997, in conformity with generally accepted accounting principles.

/s/ Sharrard, McGee & Co., P.A.

Sharrard, McGee & Co., P.A.

MARKET SQUARE LIMITED PARTNERSHIP

STATEMENT OF INCOME AND EXPENSE

YEAR ENDED DECEMBER 31, 1997

REVENUES:	
Showroom and Office	$12,653,115
Hotel and Restaurant	2,471,147
Total	15,124,262
COSTS AND EXPENSES (EXCLUDING DEPRECIATION AND INTEREST):	
Showroom and Office	4,439,012
Hotel and Restaurant	1,883,831
Total	6,322,843
Operating profit	8,801,419
INTEREST EXPENSE	3,760,703
NET INCOME BEFORE DEPRECIATION	5,040,716
DEPRECIATION	1,393,310
NET INCOME	$ 3,647,406

See accompanying summary of accounting policies and notes to financial statements.

MARKET SQUARE LIMITED PARTNERSHIP

SUMMARY OF ACCOUNTING POLICIES

ACCOUNTING BASIS

The accompanying Statement of Income and Expense has been prepared on the accrual method of accounting.

BASIS OF REPORTING

This report does not give effect to any assets that the partners may have outside their interests in the Partnership nor to any personal obligations, including income taxes, of the partners. It also does not give effect to any assets or liabilities of the Partnership that are not part of the Contribution Agreement.

DEPRECIATION

Depreciation is computed over the estimated useful life of assets using the straight-line method for financial reporting and accelerated methods for income tax purposes.

MANAGEMENT ESTIMATES

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

See accompanying summary of accounting policies and notes to financial statements.

MARKET SQUARE LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - OPERATIONS

The Partnership is engaged in showroom rentals, office rentals, hotel operations and restaurant operations located in High Point, North Carolina.

NOTE 2 - CONTRIBUTION AGREEMENT

The accompanying Statement of Income and Expense has been prepared to comply with the provisions of the Contribution Agreement between Vornado Realty, L.P. and Market Square Limited Partnership, dated August 18, 1998. This Statement includes income and expenses of all properties included in the Contribution Agreement, and does not include income and expenses of other properties owned by Market Square Limited Partnership that are not part of the Contribution Agreement.

NOTE 3 - RELATED PARTY TRANSACTIONS

The Partnership has various transactions with partners and entities that are controlled by partners in the Partnership. Following is a summary of transactions and balances with related entities for 1997 that pertain to the properties included in the Contribution Agreement described in Note 2.

Due from related entities	$	3,813
Rental income from related entities	$	417,456
Rent paid related entities	$	22,827
Management fees paid related entities	$	576,319

NOTE 4 - ADVERTISING

The Partnership expenses advertising costs as incurred. Total advertising costs were $123,364 in 1997.

See accompanying summary of accounting policies and notes to financial statements.

[SHARRARD, MCGEE & CO., P.A. LETTERHEAD]

ACCOUNTANTS' COMPILATION REPORT

November 12, 1998

Market Square Limited Partnership
High Point, North Carolina

We have compiled the accompanying Statements of Income and Expense of Market Square Limited Partnership, as described below, for the nine months ended September 30, 1998 and 1997, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of statements information that is the representation of management. We have not audited or reviewed the accompanying Statements of Income and Expense and, accordingly, do not express an opinion or any other form of assurance on them.

The accompanying Statements of Income and Expense have been prepared to comply with the provisions of the Contribution Agreement between Vornado Realty, L.P. and Market Square Limited Partnership, dated August 18, 1998. The Statements include income and expenses of all properties included in the Contribution Agreement, and do not include income and expenses of other properties owned by Market Square Limited Partnership that are not part of the Contribution Agreement. The Statements are not intended to be a complete presentation of Market Square Limited Partnership's income and expenses.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's income and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

/s/ Sharrard, McGee & Co., P.A.

Sharrard, McGee & Co., P.A.

MARKET SQUARE LIMITED PARTNERSHIP

STATEMENTS OF INCOME AND EXPENSE

	Nine months ended September 30, 1998	Nine months ended September 30, 1997
REVENUES:		
Showroom and Office	$ 8,908,153	$ 8,512,008
Hotel and Restaurant	1,828,677	1,747,248

Total	10,736,830	10,259,256
COSTS AND EXPENSES (EXCLUDING DEPRECIATION AND INTEREST):		
Showroom and Office	3,497,183	3,116,251
Hotel and Restaurant	1,437,836	1,332,431
Total	4,935,019	4,448,682
Operating profit	5,801,811	5,810,574
INTEREST EXPENSE	2,730,820	2,848,480
NET INCOME BEFORE DEPRECIATION	3,070,991	2,962,094
DEPRECIATION	1,011 128	1,045 530
NET INCOME	$ 2,059,863	$ 1,916,564

See accountants' compilation report.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Vornado Realty Trust:

We have audited the statement of revenues and certain expenses of 888 7th Avenue, as described in Note 1 for the year ended December 31, 1997. This financial statement is the responsibility of management. Our responsibility is to express an opinion on the 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 for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion in the filing of Form 8-K of Vornado Realty Trust and Vornado Realty L.P.) as described in Note 1 and is not intended to be a complete presentation of 888 7th Avenue's revenues and expenses.

In our opinion, such financial statement presents fairly, in all material respects, the revenues and certain expenses of 888 7th Avenue as described in Note 1 for the year ended December 31, 1997, in conformity with generally accepted accounting principles.

Deloitte & Touche LLP
New York, New York
March 20, 1998

888 7TH AVENUE

STATEMENTS OF REVENUES AND CERTAIN EXPENSES

	Year Ended December 31, 1997	Nine Months Ended September 30, 1997	1998
		(Unaudited)	
REVENUES:			
Rental income	$18,175,531	$12,887,618	$ 17,248,942
Tenant recoveries	3,343,023	2,584,472	2,558,590
Other income	1,225,912	596,067	865,318

Total operating revenues	22,744,466	16,068,157	20,672,850
CERTAIN EXPENSES:			
Building operating expenses	10,944,200	8,289,363	6,915,756
Real estate taxes	3,929,900	2,909,400	2,770,241
Ground lease expense	375,000	281,250	1,297,109
Other expense (income)	572,296	245,775	(191,691)
Total certain expenses	15,821,396	11,725,788	10,791,415
REVENUES IN EXCESS OF CERTAIN EXPENSES	$ 6,923,070	$ 4,342,369	$ 9,881,435

See notes to statements of revenues and certain expenses.

888 7TH AVENUE

NOTES TO STATEMENTS OF REVENUES AND CERTAIN EXPENSES

1. ORGANIZATION AND BASIS OF PRESENTATION

888 7th Avenue (the "Property") is a 46-story office building located on Seventh Avenue at 56th Street in New York City. The Property has an aggregate net rentable area of approximately 843,000 square feet (approximately 95% leased as of September 30, 1998). The accounting records for the Property are maintained in accordance with generally accepted accounting principles. The statements of revenues and certain expenses include information related to the operations of the Property as recorded by its current owner.

The accompanying historical financial information is presented in conformity with Rule 3-14 of the Securities and Exchange Commission. Accordingly, the financial statements are not representative of the actual operations for the periods presented as certain expenses, which may not be comparable to the expenses expected to be incurred in the future operations of the acquired property, have been excluded. Expenses excluded consist of interest, depreciation and amortization and other costs not directly related to the future operations of the Property.

The preparation of the 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 reported period. Actual results could differ from those estimates.

The statements of revenues and certain expenses for the nine months ended September 30, 1997 and 1998 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 revenues and certain expenses for the interim periods, on the basis described above, have been included. The results of such interim periods are not necessarily indicative of the results for an entire year.

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. Escalation rents based upon payments for real estate taxes, insurance, utilities and maintenance by tenants are estimated and accrued.

OPERATING LEASES

The Property leases office space to various tenants with lease terms expiring in various years. The following is a schedule, by years, of the approximate minimum future rentals required under these operating leases as of December 31, 1997:

YEAR ENDING DECEMBER 31,	
1998	$ 19,619,000

1999	18,124,000
2000	17,594,000
2001	16,704,000
2002	16,353,000
Thereafter	$ 114,861,000

GROUND LEASE

The office building is located on land subject to a ground lease which expires in 2066. The ground lease, which was amended effective May 29, 1998, provided for annual rent, exclusive of real estate taxes and other expenses, of $375,000 through May 28, 1998. Effective May 29, 1998 annual rent increased to $3,350,000. The ground lease provides for further increases in rent during 2028 and 2048 based upon increases in the value of the land.

PRO FORMA FINANCIAL INFORMATION:

The unaudited condensed consolidated pro forma financial information attached presents: (A) the Condensed Consolidated Pro Forma Income Statements of Vornado Realty L.P. (the "Operating Partnership") for the year ended December 31, 1997 and for the nine months ended September 30, 1998, as if the following had occurred on January 1, 1997 (i) the completed acquisitions of 689 Fifth Avenue, the Mendik RELP Properties, the Market Square Complex and 888 Seventh Avenue with the financings attributable thereto and (ii) the previously reported acquisitions and investments reflected in the Form 8-K/A filed with the Securities and Exchange Commission on July 15, 1998 for the completed acquisition of 770 Broadway and the additional interest in 570 Lexington Avenue and previously reported acquisitions (Mendik Company, 90 Park Avenue, Arbor Property Trust, Americold Corporation and URS Logistics, Inc., The Montehiedra Town Center, The Riese Transaction, 15% investment in Charles E. Smith Commercial Realty L.P., 40% investment in The Hotel Pennsylvania, 640 Fifth Avenue, One Penn Plaza, 150 East 58th Street and the Merchandise Mart Group of Properties) and the financings attributable thereto and (B) the Condensed Consolidated Pro Forma Balance Sheet of the Operating Partnership as of September 30, 1998, as if all of the above acquisitions had occurred on September 30, 1998.

The unaudited condensed consolidated pro forma financial information is not necessarily indicative of what the Operating Partnership'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 the Operating Partnership's results of operations or financial position for any future period.

The unaudited condensed consolidated pro forma financial information should be read in conjunction with the Consolidated Financial Statements and notes thereto included in the Operating Partnership's Annual Report on Form 10-K for the year ended December 31, 1997, the Consolidated Financial Statements and notes thereto included in the Operating Partnership's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998, the Consolidated Financial Statements and notes thereto included in Mendik RELP's Annual Report on Form 10-K for the year ended December 31, 1997, and the Consolidated Financial Statements and notes thereto of Mendik RELP's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998. In management's opinion, all adjustments necessary to reflect these transactions have been made.

CONDENSED CONSOLIDATED PRO FORMA BALANCE SHEET
September 30, 1998
(unaudited)
(amounts in thousands)

	HISTORICAL OPERATING PARTNERSHIP	PRO FORMA ADJUSTMENTS	TOTAL PRO FORMA
ASSETS:			
Real estate, net	$ 2,803,795	$ 106,000 (A)	$ 3,150,085
		94,500 (B)	
		45,790 (C)	
		100,000 (D)	
Cash and cash equivalents	269,952	(31,000)(A)	263,552
		(6,400)(B)	
		(45,000)(D)	
		31,000 (E)	
		45,000 (E)	
Investment in partially-owned entities, including investment in			

and advances to Alexander's	840,986	(19,790)(C)	821,196
Mortgage loans receivable	10,625		10,625
Receivable arising from straight-lining of rents	41,847		41,847
Other assets	160,515		160,515
	$ 4,127,720	$ 320,100	$ 4,447,820
LIABILITIES:			
Notes and mortgages payable	$ 1,234,314	$ 46,000 (A)	$ 1,405,914
		44,600 (B)	
		26,000 (C)	
		55,000 (D)	
Revolving credit facility	683,250	31,000 (E)	759,250
		45,000 (E)	
Deferred leasing fee income	9,868		9,868
Officer's deferred compensation payable	34,664		34,664
Other liabilities	78,948		78,948
	2,041,044	247,600	2,288,644
Minority interest	12,549	--	12,549
PARTNERS' CAPITAL:			
Total partners' capital	2,074,127	29,000 (A)	2,146,627
		43,500 (B)	
	$ 4,127,720	$ 320,100	$ 4,447,820

CONDENSED CONSOLIDATED PRO FORMA UNAUDITED INCOME STATEMENT
For the Nine Months Ended September 30, 1998
(amounts in thousands, except per unit amounts)

	HISTORICAL OPERATING PARTNERSHIP	PREVIOUSLY REPORTED ACQUISITIONS	OPERATING PARTNERSHIP PRO FORMA	HISTORICAL-CURRENT ACQUISITIONS COMBINED	PRO FORMA ADJUSTMENTS	TOTAL PRO FORMA
Revenues:						
Property rentals	$ 299,924	$ 40,628	$ 340,552	$ 58,080	$ 5,969 (F)	$ 403,184
	--	--	--	--	(1,417) (G)	
Expense reimbursements	53,000	1,955	54,955	2,570	3	57,528
Other income	6,482	1,481	7,963	872	2	8,837
	359,406	44,064	403,470	61,522	4,557	469,549
EXPENSES:						
Operating	144,214	19,582	163,796	32,005	(1,216) (G)	194,585
Depreciation and amortization	41,605	6,049	47,654	1,159	3,848 (H)	52,661
General and administrative	18,792	--	18,792	506	21	19,319
	204,611	25,631	230,242	33,670	2,653	266,565
Operating income	154,795	18,433	173,228	27,852	1,904	202,984
Income applicable to Alexander's	806	--	806	--	--	806
Income from partially owned entities	20,871	(519)	20,352	--	(1,118) (I)	19,234
Interest and other investment income	18,067	(786)	17,281	246	--	17,527
Interest and debt expense	(80,536)	(17,867)	(98,403)	(6,888)	(10,278) (J)	(115,569)
Net gain from insurance settlement and condemnation proceedings	9,649	--	9,649	--	--	9,649
Minority interest	(275)	--	(275)	(2,714)	2,714 (K)	(275)
Net income	123,377	(739)	122,638	18,496	(6,778)	132,356
Preferential allocations	(10,492)	(1,379)	(11,871)	--	(2,390) (L)	(14,261)
Preferred unit distributions	(16,268)	--	(16,268)	--	--	(16,268)
Net income applicable to Class A units	$ 96,617	$ (2,118)	$ 94,499	$ 18,496	$ (9,168)	$ 103,827
Net income per Class A unit - basic (based on 79,407 units and 85,064 units)	$ 1.22					$ 1.22
Net income per Class A unit - diluted						

(based on 81,482 units and 87,139 units)	$ 1.19	$ 1.19
	=========	=========

CONDENSED COMBINING PRO FORMA UNAUDITED INCOME STATEMENT
For the Periods in 1998 Prior to Acquisition
(Amounts in thousands)

	SIX MONTHS ENDED JUNE 30, 1998	NINE MONTHS ENDED SEPTEMBER 30, 1998			
	689 FIFTH AVENUE (1)	MENDIK RELP PROPERTIES	MARKET SQUARE COMPLEX	888 SEVENTH AVENUE	HISTORICAL-CURRENT ACQUISITIONS COMBINED
Revenues:					
Property rentals	$ 1,650	$ 28,444	$ 10,737	$17,249	$ 58,080
Expense reimbursements	11	--	--	2,559	2,570
Other income	7	--	--	865	872
	1,668	28,444	10,737	20,673	61,522
EXPENSES:					
Operating	888	15,391	4,935	10,791	32,005
Depreciation and amortization	--	148	1,011	--	1,159
General and administrative	83	423	--	--	506
	971	15,962	5,946	10,791	33,670
Operating income	697	12,482	4,791	9,882	27,852
Equity in net income of investees	--	--	--	--	--
Interest and dividend income	--	246	--	--	246
Interest and debt expense	--	(4,157)	(2,731)	--	(6,888)
Minority interest	--	(2,714)	--	--	(2,714)
Net income	$ 697	$ 5,857	$ 2,060	$ 9,882	$ 18,496
	=======	========	========	=======	========

(1) Certain revenue and expense items have been reclassified to conform to the Operating Partnership's presentation.

CONDENSED COMBINING PRO FORMA UNAUDITED INCOME STATEMENT
FOR PREVIOUSLY REPORTED ACQUISITIONS
For the Periods in 1998 Prior to Acquisition
(Amounts in thousands)

	ONE PENN PLAZA	150 EAST 58TH STREET	MERCHANDISE MART GROUP OF PROPERTIES	770 BROADWAY	PRO FORMA ADJUSTMENTS	PREVIOUSLY REPORTED ACQUISITIONS
Revenues:						
Property rentals	$4,034	$ 2,896	$ 25,729	$ 7,418	$ 551	$ 40,628
Expense reimbursements	430	427	--	1,098	--	1,955
Other income	661	114	580	126	--	1,481
	5,125	3,437	26,309	8,642	551	44,064
EXPENSES:						
Operating	3,126	1,692	12,957	2,804	(997)	19,582
Depreciation and amortization	--	--	--	--	6,049	6,049
General and administrative	--	--	--	--	--	--
	3,126	1,692	12,957	2,804	5,052	25,631
Operating income	1,999	1,745	13,352	5,838	(4,501)	18,433
Equity in net income of investees	--	--	--	--	(519)	(519)
Interest and dividend income	--	--	--	--	(786)	(786)
Interest and debt expense	--	--	--	--	(17,867)	(17,867)
Preferential allocations	--	--	(1,012)	(367)	--	(1,379)

Net income	$1,999	$ 1,745	$ 12,340	$ 5,471	$(23,673)	$ (2,118)

CONDENSED CONSOLIDATED PRO FORMA UNAUDITED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 1997
(AMOUNTS IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)

	HISTORICAL OPERATING PARTNERSHIP	PREVIOUSLY REPORTED ACQUISITIONS	OPERATING PARTNERSHIP PRO FORMA	HISTORICAL-CURRENT ACQUISITIONS COMBINED	PRO FORMA ADJUSTMENTS	TOTAL PRO FORMA
Revenues:						
Property rentals	$ 168,321	$ 244,202	$ 412,523	$ 72,777	$ 9,432 (M)	$ 492,261
		--	--	--	(2,471)(N)	
Expense reimbursements	36,652	33,552	70,204	3,522	--	73,726
Other income	4,158	11,175	15,333	4,199	(2,921)(O)	16,611
	209,131	288,929	498,060	80,498	4,040	582,598
Expenses:						
Operating	74,745	137,769	212,514	44,567	(1,884)(N)	255,197
Depreciation and amortization	22,983	36,469	59,452	6,640	139 (P)	66,231
General and administrative	13,580	4,668	18,248	735	--	18,983
Amortization of officer's deferred compensation expense	22,917	(22,917)	--	--	--	--
	134,225	155,989	290,214	51,942	(1,745)	340,411
Operating income	74,906	132,940	207,846	28,556	5,785	242,187
Income applicable to Alexander's	7,873	--	7,873	--	--	7,873
Income from partially owned entities	4,658	16,382	21,040	--	(672)(Q)	20,368
Interest and other investment income	23,767	(3,475)	20,292	245	--	20,537
Interest and debt expense	(42,888)	(81,882)	(124,770)	(9,923)	(14,062)(R)	(148,755)
Gain on marketable securities	--	--	--	--	--	--
Minority interest	--	--	--	(1,370)	1,370 (S)	--
Net income	68,316	63,965	132,281	17,508	(7,579)	142,210
Preferential allocations	(7,293)	(9,010)	(16,303)	--	(2,780)(T)	(19,083)
Preferred unit distributions	(15,549)	(5,137)	(20,686)	--	--	(20,686)
Net income applicable to Class A units	$ 45,474	$ 49,818	$ 95,292	$ 17,508	$ (10,359)	$ 102,441
Net income per Class A unit - basic (based on 55,098 units and 85,064 units)	$ 0.83					$ 1.20
Net income per Class A unit - diluted (based on 57,217 units and 87,139 units)	$ 0.79					$ 1.18

CONDENSED COMBINING PRO FORMA INCOME STATEMENT
For the Year Ended December 31, 1997
(Amounts in thousands)

	689 FIFTH AVENUE (1)	MENDIK RELP PROPERTIES	MARKET SQUARE COMPLEX	888 SEVENTH AVENUE	HISTORICAL-CURRENT ACQUISITIONS COMBINED
Revenues:					
Property rentals	$ 3,289	$ 36,189	$ 15,124	$18,175	$ 72,777
Expense reimbursements	179	--	--	3,343	3,522
Other income	52	2,921	--	1,226	4,199

	3,520	39,110	15,124	22,744	80,498
EXPENSES:					
Operating	1,596	20,827	6,323	15,821	44,567
Depreciation and amortization	--	5,247	1,393	--	6,640
General and administrative	99	636	--	--	735
Amortization of officer's deferred compensation expense	--	--	--	--	--
	1,695	26,710	7,716	15,821	51,942
Operating income	1,825	12,400	7,408	6,923	28,556
Equity in net income of investees	--	--	--	--	--
Interest and dividend income	--	245	--	--	245
Interest and debt expense	--	(6,162)	(3,761)	--	(9,923)
Minority interest	--	(1,370)	--	--	(1,370)
Net income	$ 1,825	$ 5,113	$ 3,647	$ 6,923	$ 17,508

(1) Certain revenue and expense items have been reclassified to conform to the Operating Partnership's presentation.

CONDENSED COMBINING PRO FORMA UNAUDITED INCOME STATEMENT
FOR PREVIOUSLY REPORTED ACQUISITIONS
FOR THE YEAR ENDED DECEMBER 31, 1997 OR THE PERIODS IN 1997 PRIOR TO ACQUISITION
(AMOUNTS IN THOUSANDS)

	MENDIK COMPANY	ARBOR PROPERTY TRUST	90 PARK AVENUE	THE MONTEHIEDRA TOWN CENTER	THE RIESE TRANSACTION	640 FIFTH AVENUE	ONE PENN PLAZA
Revenues:							
Property rentals	$ 34,928	$ 19,837	$12,418	$2,059	$ 805	$ 5,053	$48,412
Expense reimbursements	2,908	16,089	2,975	470	43	1,837	5,155
Other income	3,187	72	264	57	23	--	7,936
	41,023	35,998	15,657	2,586	871	6,890	61,503
EXPENSES:							
Operating	12,805	16,500	6,420	585	667	4,355	37,511
Depreciation and amortization	4,682	4,301	--	--	--	--	--
General and administrative	2,684	1,539	--	--	--	--	--
Amortization of officer's deferred Compensation expense	--	--	--	--	--	--	--
	20,171	22,340	6,420	585	667	4,355	37,511
Operating income	20,852	13,658	9,237	2,001	204	2,535	23,992
Equity in net income of investees	362	--	--	--	--	--	--
Interest and dividend income	899	--	--	--	--	--	--
Interest and debt expense	(7,967)	(10,272)	--	--	--	--	--
Preferential allocations	(3,077)	--	--	--	--	--	--
Preferred unit distributions	--	--	--	--	--	--	--
Net income	$ 11,069	$ 3,386	$ 9,237	$2,001	$ 204	$ 2,535	$23,992

	150 EAST 58TH STREET	MERCHANDISE MART GROUP OF PROPERTIES	770 BROADWAY	PRO FORMA ADJUSTMENTS	PREVIOUSLY REPORTED ACQUISITIONS
Revenues:					
Property rentals	$ 13,901	$ 99,087	$ 14,910	$ (7,208)	$ 244,202
Expense reimbursements	2,049	--	2,026	--	33,552
Other income	547	1,711	--	(2,622)	11,175
	16,497	100,798	16,936	(9,830)	288,929
EXPENSES:					
Operating	8,121	49,339	6,235	(4,769)	137,769
Depreciation and amortization	--	--	--	27,486	36,469
General and administrative	--	--	--	445	4,668
Amortization of officer's deferred Compensation expense	--	--	--	(22,917)	(22,917)
	8,121	49,339	6,235	245	155,989

Operating income	8,376	51,459	10,701	(10,075)	132,940
Equity in net income of investees	--	--	--	16,020	16,382
Interest and dividend income	--	897	--	(5,271)	(3,475)
Interest and debt expense	--	--	--	(63,643)	(81,882)
Preferential allocations	--	(4,048)	(734)	(1,151)	(9,010)
Preferred unit distributions	--	--	--	(5,137)	(5,137)
Net income	$ 8,376	$ 48,308	$ 9,967	$ (69,257)	$ 49,818

NOTES TO CONDENSED CONSOLIDATED PRO FORMA FINANCIAL STATEMENTS
(amounts in thousands, except per unit amounts)

The unaudited Condensed Consolidated Pro Forma Financial Statements were prepared to give pro forma effect to the completed acquisitions of 689 Fifth Avenue, the Mendik RELP Properties, the Market Square Complex, and 888 Seventh Avenue, the previously reported completed acquisitions and investments (Mendik Company, Arbor Property Trust, 90 Park Avenue, Americold Corporation and URS Logistics, Inc., The Montehiedra Town Center, The Riese Transaction, 15% investment in Charles E. Smith Commercial Realty L.P., 40% investment in The Hotel Pennsylvania, 640 Fifth Avenue, One Penn Plaza, 150 East 58th Street, the Merchandise Mart Group of Properties, 770 Broadway and additional interest in 570 Lexington Avenue (all included in the column headed "Previously Reported Acquisitions")) and the financings attributable thereto, for the period of time during 1998 prior to their acquisition. The Pro Forma data for certain previously completed acquisitions, which were disclosed in Forms 8-K previously filed with the Securities and Exchange Commission has been updated to (i) include information through September 30, 1998 and (ii) reflect pro forma adjustments to revenues for straight-line rents for the period, depreciation adjustments based upon the new basis of the acquired assets, interest expense on debt used to fund the acquisition and additional minority interest.

The column headed "Historical - Current Acquisitions Combined" included in the Condensed Consolidated Pro Forma Income Statement for the nine months ended September 30, 1998 and the year ended December 31, 1997, includes the revenues and expenses from the Mendik RELP's Consolidated Statement of Operations for the nine months ended September 30, 1998 as filed on Mendik RELP's Form 10-Q and the Consolidated Statement of Operations for the year ended December 31, 1997 as filed on Mendik RELP's Annual Report on Form 10-K. These amounts include the 40% interest in Two Park Avenue that was owned by Vornado prior to the acquisition of the remaining 60% interest and accordingly, adjustments are required to eliminate this equity investment. Such adjustments are included in the column headed "Pro Forma Adjustments".

The "Historical - Current Acquisitions Combined" column in the Condensed Consolidated Pro Forma Unaudited Income Statement for the Nine Months Ended September 30, 1998 reflects revenues and certain expenses for the six months ended June 30, 1998 for 689 Fifth Avenue. This asset was acquired on August 12, 1998 and accordingly, adjustments are required to record historical revenues and expenses from June 30, 1998 through the acquisition date. Such adjustments are included in the Pro Forma Adjustment column. The "Historical - Current Acquisitions Combined" column also includes the revenues and certain expenses for the nine months ended September 30, 1998 for the Mendik RELP Properties, the Market Square Complex and 888 Seventh Avenue.

Acquisitions were consummated through subsidiaries or preferred stock affiliates of the Operating Partnership (of which Vornado Realty Trust owns an approximate 88.7% limited partnership interest at December 22, 1998 and is the sole general partner) and were recorded under the purchase method of accounting. The respective purchase costs were allocated to acquired assets and assumed liabilities using their relative fair values as of the closing dates, based on valuations and other studies which are not yet complete. Accordingly, the initial valuations are subject to change as such information is finalized. The Operating Partnership believes that any such change will not be significant since the allocations were principally to real estate.

NOTES TO CONDENSED CONSOLIDATED PRO FORMA FINANCIAL STATEMENTS (CONTINUED)
(amounts in thousands, except per unit amounts)

The following adjustments were required to give pro forma effect to the transactions being reported:

Pro Forma September 30, 1998 Balance Sheet:

(A) Reflects the acquisition of the Mendik RELP Properties (330 West 34th Street, the Saxon Woods Corporate Center and the additional 60% interest in Two Park Avenue) for approximately $106 million, consisting of $31 million in cash from borrowings under the revolving credit facility, the issuance of $29 million of common shares and assumed debt of $46 million.

(B) To record the acquisition of the Market Square Complex for approximately $94.5 million, consisting of $44.6 million in debt, $43.5 million in a combination of Class A Operating Partnership Units and Series C-1 Preferred Operating Partnership Units and $6.4 million in cash.

(C) Reflects the reclassification of the equity investment in the original 40% interest in Two Park Avenue into its balance sheet components.

(D) To record the acquisition of 888 Seventh Avenue for approximately $100 million, consisting of $45 million of cash from borrowings under the revolving credit facility and $55 million of assumed debt.

(E) Reflects borrowings under the revolving credit facility to fund the cash portion of the purchase price.

Pro Forma September 30, 1998 Income Statement:

(F) To adjust property rentals arising from the straight-lining of tenant leases that contain escalations over the lease term.

(G) To eliminate revenues and expenses of non-real estate operations of the Market Square Complex.

(H) To adjust depreciation expense for the new basis of the acquired assets, offset by the elimination of historical depreciation as recorded on the Mendik RELP and Market Square income statements.

(I) To eliminate income accounted for under the equity method on the original 40% interest in Two Park Avenue included in the Operating Partnership's historical income statement.

(J) To record interest expense from assumed debt, at applicable rates, and from borrowings on the revolving credit facility used to finance the cash portion of the acquisitions of the Mendik RELP Properties, 689 Fifth Avenue and 888 Seventh Avenue at an assumed borrowing rate of 6.5%.

(K) To eliminate historical minority interest in the Mendik RELP.

(L) To record preferential allocations on income from acquisitions.

Pro Forma December 31, 1997 Income Statement:

(M) To adjust property rentals arising from the straight-lining of tenant leases that contain escalations over the lease term.

(N) To eliminate revenues and expenses of non-real estate operations of the Market Square Complex.

(O) To eliminate gain relating to the Mendik RELP properties which would not be a part of the proposed future operations of the properties being acquired.

NOTES TO CONDENSED CONSOLIDATED PRO FORMA FINANCIAL STATEMENTS (CONTINUED)
(amounts in thousands, except per unit amounts)

(P) To adjust depreciation expense for the new basis of the acquired assets, offset by the elimination of historical depreciation as recorded on the Mendik RELP and Market Square income statements.

(Q) To eliminate income accounted for under the equity method on the original 40% interest in Two Park Avenue included in the Operating Partnership's historical income statement.

(R) To record interest expense from assumed debt, at applicable rates, and from borrowings on the revolving credit facility used to finance the cash portion of the acquisitions of the Mendik RELP Properties, 689 Fifth Avenue and 888 Seventh Avenue at an assumed borrowing rate of 6.5%.

(S) To eliminate historical minority interest in the Mendik RELP.

(T) To record preferential allocations on income from acquisitions.

VORNADO REALTY L.P.

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 L.P.

(Registrant)

By: Vornado Realty Trust,
----
as general partner

Date: February 12, 1999

By: /s/ Irwin Goldberg

IRWIN GOLDBERG
Vice President,
Chief Financial Officer

INDEX TO EXHIBITS

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Section 2: EX-23.1 (CONSENT OF FRIEDMAN ALPREN & GREEN LLP)

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 333-64015 of Vornado Realty Trust on Form S-3, Amendment No. 1 to Registration Statement No. 333-50095 of Vornado Realty Trust on Form S-3 and Registration Statement Nos. 333-52573, 333-29011 and 333-09159 on Form S-8 of Vornado Realty Trust and Amendment No. 4 to Registration Statement No. 333-40787 and Amendment No. 4 to Registration Statement No. 333-29013 of Vornado Realty Trust and Vornado Realty L.P. both on Form S-3, of our report dated July 30, 1998 on the statement of revenues and certain expenses of 689 Fifth Avenue New York, New York, for the year ended December 31, 1997, which report appears in the Form 8-K of Vornado Realty Trust and Vornado Realty L.P. filed with the Securities and Exchange Commission on or about February 10, 1999.

FRIEDMAN ALPREN & GREEN LLP
New York, New York
February 10, 1999

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Section 3: EX-23.2 (CONSENT OF SHARRARD, MCGEE & CO., P.A.)

1

EXHIBIT 23.2

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 333-64015 of Vornado Realty Trust on Form S-3, Amendment No. 1 to Registration Statement No. 333-50095 of Vornado Realty Trust on Form S-3 and Registration Statement Nos. 333-52573, 333-29011 and 333-09159 on Form S-8 of Vornado Realty Trust and Amendment No. 4 to Registration Statement No. 333-40787 and Amendment No. 4 to Registration Statement No. 333-29013 of Vornado Realty Trust and Vornado Realty L.P. both on Form S-3, of our report dated September 30, 1998 on the statement of income and expense of the Market Square Limited Partnership for the year ended December 31, 1997 and our report dated November 12, 1998 on the statement of income and expense of the Market Square Limited Partnership for the nine months ended September 30, 1998 and 1997, which reports appear in the Form 8-K of Vornado Realty Trust and Vornado Realty L.P. dated February 12, 1999.

SHARRARD, MCGEE & CO., P.A.
High Point, NC
February 10, 1999

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Section 4: EX-23.3 (COSENT OF KPMG PEAT MARWICK LLP)

1

EXHIBIT 23.3

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 333-64015 of Vornado Realty Trust on Form S-3, Amendment No. 1 to Registration Statement No. 333-50095 of Vornado Realty Trust on Form S-3 and Registration Statement Nos. 333-52573, 333-29011 and 333-09159 on Form S-8 of Vornado Realty Trust and Amendment No. 4 to Registration Statement No. 333-40787 and Amendment No. 4 to Registration Statement No. 333-29013 of Vornado Realty Trust and Vornado Realty L.P. both on Form S-3, of our report dated March 20, 1998 with respect to the consolidated balance sheets of Mendik Real Estate Limited Partnership and consolidated venture as of December 31, 1997 and 1996, and the related consolidated statements of operations, partners' capital (deficit), and cash flows for each of the years in the three-year period ended December 31, 1997, which report is incorporated by reference in the Form 8-K of Vornado Realty L.P. as filed with the Securities and Exchange Commission on February 12, 1999.

KPMG Peat Marwick LLP
Boston, Massachusetts
February 12, 1999

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Section 5: EX-23.4 (CONSENT OF DELOITTE & TOUCHE LLP)

1

EXHIBIT 23.4

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in the Joint Registration Statements of Vornado Realty Trust and Vornado Realty L.P. (Amendment No. 4 to Registration Statement No. 333-40787 and Amendment No. 4 to Registration Statement No. 333-29013), both on Form S-3, of our report dated March 20, 1998 on the statement of revenues and certain expenses of 888 7th Avenue for the year ended December 31, 1997, which report appears in the Form 8-K of Vornado Realty L.P. filed with the Securities and Exchange Commission on or about February 12, 1999.

DELOITTE & TOUCHE LLP

New York, New York
February 8, 1999

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