

PRESS RELEASE

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MARCH 4, 1999

Vornado's operating results for the year ended December 31, 1998.

SADDLE BROOK, NEW JERSEY.....VORNADO REALTY TRUST (NYSE:VNO) today reported that funds from operations for the year ended December 31, 1998 were \$219.0 million, or \$2.65 per diluted share, compared to \$72.6 million, or \$1.27 per diluted share, for the year ended December 31, 1997. Net income applicable to common shares for the year ended December 31, 1998 was \$131.2 million, or \$1.59 per diluted share, versus \$45.5 million, or \$.79 per diluted share, for the previous year.

Funds from operations for the fourth quarter ended December 31, 1998 were \$61.2 million, or \$.71 per diluted share, compared to \$28.8 million, or \$.43 per diluted share, for the prior year's quarter. Net income applicable to common shares for the quarter ended December 31, 1998 was \$34.5 million, or \$.40 per diluted share, versus \$16.5 million, or \$.25 per diluted share, for the prior year's quarter.

1998's net income applicable to common shares reflects a net gain in the third quarter and the year of \$9.6 million or \$.12 per share resulting from an insurance settlement and a condemnation proceeding. This gain is not included in Funds from Operations.

1997's results reflect an expense of \$4.9 million, or \$.07 per share, in the quarter and \$25.4 million, or \$.44 per share, in the year representing amortization of an officer's employment arrangement and related compensation.

Vornado Realty Trust is a fully-integrated equity real estate investment trust.

VORNADO REALTY TRUST

OPERATING RESULTS FOR THE YEAR AND THREE MONTHS
ENDED DECEMBER 31, 1998

(amounts in thousands, except per share amounts)	FOR THE YEAR ENDED	
	December 31, 1998 ^(a)	December 31, 1997 ^(a)
Revenues.....	<u>\$ 509,860</u>	<u>\$ 209,131</u>
Net income.....	\$ 152,854	\$ 61,023
Preferred stock dividends.....	<u>(21,690)</u>	<u>(15,549)</u>
Net income applicable to common shares.....	<u>\$ 131,164</u>	<u>\$ 45,474</u>
Funds from operations.....	<u>\$ 219,029</u>	<u>\$ 72,619</u>
Per Common Share:		
Net income.....		
Basic.....	<u>\$ 1.62</u>	<u>\$.83</u>
Diluted.....	<u>\$ 1.59</u>	<u>\$.79</u>
Funds from operations.....	<u>\$ 2.65</u>	<u>\$ 1.27</u>
Average number of share and share equivalents outstanding.....	<u>82,655,950</u>	<u>57,217,209</u>
	FOR THE THREE MONTHS ENDED	
(amounts in thousands, except per share amounts)	December 31, 1998	December 31, 1997 ^(a)
Revenues.....	<u>\$ 150,454</u>	<u>\$ 67,304</u>
Net income.....	\$ 39,969	\$ 21,919
Preferred stock dividends.....	<u>(5,422)</u>	<u>(5,453)</u>
Net income applicable to common shares.....	<u>\$ 34,547</u>	<u>\$ 16,466</u>
Funds from operations.....	<u>\$ 61,240</u>	<u>\$ 28,830</u>
Per Common Share:		
Net income.....		

Basic	<u>\$ 41</u>	<u>\$.26</u>
Diluted	<u>\$ 40</u>	<u>\$.25</u>
Funds from operations	<u>\$.71</u>	<u>\$.43</u>
Per Common Share:		
Net income		
Basic	<u>\$ 41</u>	<u>\$.26</u>
Diluted	<u>\$ 40</u>	<u>\$.25</u>
Funds from operations	<u>\$.71</u>	<u>\$.43</u>
Average number of share and share equivalents outstanding	<u>86,169,617</u>	<u>66,389,724</u>

- (1) Operating results for the year ended December 31, 1998 reflect a net gain from an insurance settlement and a condemnation proceeding of \$9,649 or \$.12 per share.
- (2) Operating results for the three months and the year ended December 31, 1997 reflect amortization of an officer's employment arrangement of \$4,881 and \$25,397 or \$.07 and \$.44 per share.