

# PRESS RELEASE

## Contact:

Joseph Macnow  
(201) 587-1000



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## Vornado announces operating results for the quarter ended June 30, 2001

PARAMUS, NEW JERSEY.....VORNADO REALTY TRUST (NYSE:VNO) today reported:

### Second Quarter 2001 Results

Funds from operations for the quarter ended June 30, 2001 was \$83.9 million, or \$.86 per diluted share, compared to \$83.0 million, or \$.86 per diluted share, for the quarter ended June 30, 2000. Net income applicable to common shares for the quarter ended June 30, 2001 was \$56.9 million, or \$.64 per diluted share, versus \$47.3 million, or \$.53 per diluted share, for the quarter ended June 30, 2000.

Funds from operations and net income for the quarter ended June 30, 2001 include a charge of \$13.6 million resulting from the write-off of all of the Company's remaining investments in technology companies. Funds from operations before the write-off was \$95.6 million, or \$.98 per diluted share, a 14.0% increase over last year's \$.86 per diluted share.

Net income for the quarter ended June 30, 2001 also includes net gains from the sale of real estate and condemnation proceedings of \$15.5 million. Funds from operations does not include these gains.

### First Half 2001 Results

Funds from operations for the six months ended June 30, 2001 was \$165.8 million, or \$1.70 per diluted share, compared to \$163.2 million, or \$1.70 per diluted share, for the prior year's period. Net income applicable to common shares for the six months ended June 30, 2001 was \$103.8 million, or \$1.16 per diluted share, versus \$94.8 million, or \$1.08 per diluted share, for the prior year's period.

Funds from operations and net income for the six months ended June 30, 2001, include (i) a charge of \$18.3 million resulting from the write-off of all of the Company's investments in technology companies and (ii) a charge of \$5.0 million for the costs of acquisitions not consummated. Funds from operations before these items was \$185.8 million, or \$1.91 per diluted share, a 12.4% increase over last year's \$1.70 per diluted share.

Further, net income for the six months ended June 30, 2001 includes the following items: (i) the gains noted above of \$15.5 million, (ii) the Company's share of Alexander's net gain on sale of real estate of \$6.3 million, (iii) the Company's share of Alexander's extraordinary gain on early extinguishment of debt of \$1.2 million and (iv) a charge of \$4.1 million resulting from the cumulative effect of the application of SFAS 133, "Accounting for Derivative Instruments and Hedging Activities". These items aggregate \$18.9 million, or \$.21 per diluted share of income. Funds from operations does not include these items.

Net income for the six months ended June 30, 2000 includes a net gain on the sale of real estate of \$2.6 million, or \$.03 per diluted share and an extraordinary charge of \$1.1 million, or \$.01 per diluted share in connection with the prepayment of debt as part of a refinancing. Funds from operations does not include these items.

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

## VORNADO REALTY TRUST

### OPERATING RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2001

(amounts in thousands, except per share amounts)	For the Three Months Ended	
	June 30, 2001	June 30, 2000
Revenues.....	\$ 246,075	\$ 198,745
Net income .....	\$ 66,112	\$ 56,953
Preferred stock dividends.....	(9,192)	(9,672)
Net income applicable to common shares.....	\$ 56,920 <sup>(1)</sup>	\$ 47,281
Funds from operations.....	\$ 83,930 <sup>(1)</sup>	\$ 83,003
Per Common Share:		
Net income:		

Net income:		
Basic .....	<u>\$ .65</u>	<u>\$ .55</u>
Diluted .....	<u>\$ .64</u>	<u>\$ .53</u>
Average number of common shares and share equivalents outstanding .....	<u>89,601,723</u>	<u>88,745,882</u>
Funds from operations .....	<u>\$ .86</u>	<u>\$ .86</u>
Average number of common shares and share equivalents outstanding used for determining funds from operations per share ...	<u>97,619,519</u>	<u>96,764,210</u>
	<u>For the Six Months Ended</u>	
	<u>June 30,</u>	<u>June 30,</u>
	<u>2001</u>	<u>2000</u>
Revenues .....	<u>\$ 488,685</u>	<u>\$ 394,024</u>
Income before cumulative effect of change in accounting principle and extraordinary item .....	<u>\$ 125,561</u>	<u>\$ 115,274</u>
Cumulative effect of changes in accounting principle .....	<u>(4,110)</u>	<u>--</u>
Extraordinary item .....	<u>1,170</u>	<u>(1,125)</u>
Net income .....	<u>122,621</u>	<u>114,149</u>
Preferred stock dividends .....	<u>(18,865)</u>	<u>(19,345)</u>
Net income applicable to common shares .....	<u>\$ 103,756<sup>(2)</sup></u>	<u>\$ 94,804<sup>(3)</sup></u>
Funds from operations .....	<u>\$ 165,837<sup>(2)</sup></u>	<u>\$ 163,179</u>
Per Common Share:		
Net income:		
Basic .....	<u>\$ 1.19</u>	<u>\$ 1.10</u>
Diluted .....	<u>\$ 1.16</u>	<u>\$ 1.08</u>
Average number of common shares and share equivalents outstanding .....	<u>89,500,962</u>	<u>88,078,006</u>
Funds from operations .....	<u>\$ 1.70</u>	<u>\$ 1.70</u>
Average number of common shares and share equivalents outstanding used for determining funds from operations per share ...	<u>97,518,758</u>	<u>96,096,334</u>

(1) Funds from operations and net income for the quarter ended June 30, 2001 include a charge of \$13.6 million resulting from the write-off of all of the Company's remaining investments in technology companies. Funds from operations before the write-off was \$95.6 million or \$.98 per diluted share, a 14.0% increase over last year's \$.86 per diluted share. Net income for the quarter ended June 30, 2001 also includes net gains from the sale of real estate and condemnation proceedings of \$15.5 million. Funds from operations does not include these gains.

(2) Funds from operations and net income for the six months ended June 30, 2001, include (i) a charge of \$18.3 million resulting from the write-off of all of the Company's investments in technology companies and (ii) a charge of \$5.0 million for the costs of acquisitions not consummated. Funds from operations before these items was \$185.8 million, or \$1.91 per diluted share, a 12.4% increase over last year's \$1.70 per share. Further, net income for the six months ended June 30, 2001 includes the following items: (i) the gains noted above aggregating \$15.5 million, (ii) the Company's share of Alexander's net gain on sale of real estate of \$6.3 million, (iii) the Company's share of Alexander's extraordinary gain on early extinguishment of debt of \$1.2 million and (iv) a charge of \$4.1 million resulting from the cumulative effect of the application of SFAS 133, "Accounting for Derivative Instruments and Hedging Activities". These items aggregate \$18.9 million, or \$.21 per diluted share of income. Funds from operations does not include these items.

(3) Net income for the six months ended June 30, 2000 includes a net gain on the sale of real estate of \$2.6 million, or \$.03 per diluted share and an extraordinary charge of \$1.1 million, or \$.01 per diluted share in connection with the prepayment of debt as part of a refinancing. Funds from operations does not include these items.