

Vornado Announces First Quarter Results

Company Release - 4/28/2005

PARAMUS, N.J.--(BUSINESS WIRE)--April 28, 2005--Vornado Realty Trust (New York Stock Exchange: VNO) today reported:

NET INCOME applicable to common shares for the quarter ended March 31, 2005 was \$187.4 million, or \$1.39 per diluted share, versus \$74.5 million, or \$.59 per diluted share, for the prior year. Net income for the quarters ended March 31, 2005 and 2004 includes certain items that affect comparability which are listed in the table below. These items, net of minority interest, increased net income by \$80.7 million, or \$.60 per diluted share for the quarter ended March 31, 2005 and decreased net income by \$12.2 million or \$0.10 per diluted share for the prior year's quarter.

FUNDS FROM OPERATIONS (FFO)(1) applicable to common shares plus assumed conversions for the quarter ended March 31, 2005 was \$248.7 million, or \$1.84 per diluted share, compared to \$129.0 million, or \$1.01 per diluted share, for the prior year's quarter. Adjusting for certain items that affect comparability, the quarter ended March 31, 2005 is 11.7% higher than the prior year's quarter on a per share basis, as detailed below:

FOR THE QUARTER ENDED				

(Amounts in thousands, except per share amounts)	March 31, 2005		March 31, 2004	
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	Per	Per	Per	Per
	Amount	Share	Amount	Share

FFO(1) applicable to common shares plus assumed conversions, as shown above	\$248,725	\$1.84	\$128,975	\$1.01
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Adjustments:				
Net gain on conversion of Sears common shares and derivative position to Sears Holdings common shares and				

derivative position	(86,094)	--
Net gain on mark-to-market of Sears Holdings derivative position	(7,899)	--
Net gain on sale of Alexander's 731 Lexington Avenue condominiums	(20,633)	--
Net loss on mark-to-market of GMH warrants	10,178	--
Alexander's stock appreciation rights compensation expense	7,433	9,913
Write-off of perpetual preferred share and unit issuance costs	6,052	3,895
Net gain on sale of land parcels	(1,469)	(776)
Net loss on early extinguishment of debt and impairment loss of partially-owned entities	496	1,434
Limited partners' share of above adjustments	11,260	(2,261)
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Subtotal adjustments	(80,676)	12,205
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FFO applicable to common shares plus assumed conversions, as adjusted for comparability	\$168,049	\$1.24 \$141,180 \$1.11
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(1) See page 3 for a reconciliation of net income to FFO for the quarters ended March 31, 2005 and 2004.

Supplemental Financial Information

Further details regarding the Company's results of operations, properties and tenants can be accessed at the Company's website www.vno.com.

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

Certain statements contained herein may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, risks associated with the timing of and costs associated with property improvements, financing commitments and general competitive factors. See the Company's annual report on Form 10-K for the year ended December 31, 2004 for further

discussion of trends, risks, uncertainties and other factors.

VORNADO REALTY TRUST

OPERATING RESULTS FOR THE QUARTERS ENDED
MARCH 31, 2005 AND 2004

FOR THE THREE
MONTHS ENDED
MARCH 31,

(Amounts in thousands, except per share amounts) 2005 2004

		2005	2004
Revenues	\$597,478	\$391,368	
Income from continuing operations	\$244,192	\$113,947	
Income from discontinued operations	1,363	247	
Income before allocation to limited partners	245,555	114,194	
Limited partners' interest in the Operating Partnership	(27,195)	(14,457)	
Perpetual preferred unit distributions of the Operating Partnership	(18,541)	(17,298)	
Net income	199,819	82,439	
Preferred share dividends	(12,386)	(7,982)	
Net income applicable to common shares	\$187,433	\$74,457	

Net income per common share:

Basic	\$1.46	\$.61
Diluted	\$1.39	\$.59

Average number of common shares and share
equivalents outstanding:

Basic	128,313	121,588
Diluted	135,319	127,011

FFO applicable to common shares plus assumed
conversions

\$248,725	\$128,975
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FFO per diluted share	\$1.84	\$1.01
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Average number of common shares and share equivalents outstanding used for determining FFO per diluted share	135,319	127,484
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The following table reconciles FFO(1) and net income:

(Amounts in thousands)	For the Three Months Ended	
	March 31,	
	2005	2004

Net income	\$199,819	\$82,439
Depreciation and amortization of real property	63,876	53,640
Proportionate share of adjustments to equity in net income of partially-owned entities to arrive at FFO:		
Depreciation and amortization of real property	6,297	13,104
Net gains on sale of real estate	(135)	(1,917)
Limited partners' share of above adjustments	(9,001)	(10,586)

FFO(1)	260,856	136,680
Preferred dividends	(12,386)	(7,982)

FFO applicable to common shares	248,470	128,698
Series A convertible preferred dividends	255	277

FFO applicable to common shares plus assumed conversions	\$248,725	\$128,975
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(1) FFO is computed in accordance with the definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"). NAREIT defines FFO as net income or loss determined in accordance with GAAP, excluding extraordinary items as defined under GAAP and gains or losses from sales of previously depreciated operating real estate assets, plus specified non-cash items, such as real estate asset depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO and FFO per diluted share are used by management, investors and industry analysts as supplemental measures of operating performance of equity REITs. FFO and FFO per diluted share should be evaluated along with GAAP net

income and income per diluted share (the most directly comparable GAAP measures), as well as cash flow from operating activities, investing activities and financing activities, in evaluating the operating performance of equity REITs. Management believes that FFO and FFO per diluted share are helpful to investors as supplemental performance measures because these measures exclude the effect of depreciation, amortization and gains or losses from sales of real estate, all of which are based on historical costs which implicitly assumes that the value of real estate diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, these non-GAAP measures can facilitate comparisons of operating performance between periods and among other equity REITs. FFO does not represent cash generated from operating activities in accordance with GAAP and is not necessarily indicative of cash available to fund cash needs as disclosed in the Company's Consolidated Statements of Cash Flows. FFO 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. In addition to FFO, the Company also discloses FFO before certain items that affect comparability. Although this non-GAAP measure clearly differs from NAREIT's definition of FFO, the Company believes it provides a meaningful presentation of operating performance. A reconciliation of net income to FFO is provided above. In addition, a reconciliation of FFO to FFO before certain items that affect comparability is provided on page 1 of this press release.

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SOURCE: Vornado Realty Trust