

Vornado Announces Third Quarter 2007 FFO of \$1.35 Per Share

Company Release - 10/30/2007

PARAMUS, N.J.--(BUSINESS WIRE)--

VORNADO REALTY TRUST (New York Stock Exchange: VNO) today reported:

Third Quarter 2007 Financial Results

NET INCOME applicable to common shares for the quarter ended September 30, 2007 was \$116.5 million, or \$0.74 per diluted share, versus \$113.6 million, or \$0.76 per diluted share, for the quarter ended September 30, 2006. Net income for the quarters ended September 30, 2007 and 2006 includes certain items that affect comparability which are listed in the table below. Net income for the quarters ended September 30, 2007 and 2006 also includes net gains on sales of real estate of \$31.9 million and \$10.8 million, respectively. The aggregate of these items, net of minority interest, increased net income applicable to common shares for the quarter ended September 30, 2007 by \$50.5 million, or \$0.31 per diluted share and increased net income applicable to common shares for the quarter ended September 30, 2006 by \$52.3 million, or \$0.34 per diluted share.

FUNDS FROM OPERATIONS applicable to common shares plus assumed conversions ("FFO") for the quarter ended September 30, 2007 was \$221.2 million, or \$1.35 per diluted share, compared to \$204.5 million, or \$1.31 per diluted share, for the quarter ended September 30, 2006. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the quarters ended September 30, 2007 and 2006 was \$199.7 million and \$162.4 million, or \$1.22 and \$1.04 per share, respectively.

For the Quarter	
(Amounts in thousands, except per share amounts) Ended September 30,	
-----	-----
2007	2006
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FFO applicable to common shares plus assumed conversions (1)	\$221,199	\$204,535
	=====	=====
Per Share	\$ 1.35	\$ 1.31
	=====	=====
Items that affect comparability (income) expense:		
Derivatives:		
McDonalds shares	\$(28,190)	\$(68,796)
Other	9,584	(1,891)
32.8% share of Alexander's:		
Stock appreciation rights	(3,075)	10,797
Other:		
Gain on sale of H Street land parcels	(4,803)	--
Prepayment penalties and write-off of unamortized financing costs	1,701	8,548
H Street litigation costs	--	3,033
Other, net	1,073	1,711
	-----	-----
	(23,710)	(46,598)
Minority limited partners' share of above adjustments	2,177	4,436
	-----	-----
	\$(21,533)	\$(42,162)
	=====	=====
Per share	\$ (0.13)	\$ (0.27)
	=====	=====
FFO as adjusted for comparability	\$199,666	\$162,373
	=====	=====
Per share	\$ 1.22	\$ 1.04
	=====	=====

(1) See page 4 for a reconciliation of net income to FFO for the quarters ended September 30, 2007 and 2006.

Nine Months Ended September 2007 Financial Results

NET INCOME applicable to common shares for the nine months ended September 30, 2007 was \$420.8 million, or \$2.65 per diluted share, versus \$397.2 million, or \$2.66 per diluted share, for the nine months ended September 30, 2006. Net income for the nine months ended September 30, 2007 and 2006 includes certain items that affect comparability which are listed in the table below. Net income for the nine months ended September 30, 2007 and 2006 also includes our share of net gains on sales of real estate of \$32.4 million and \$44.6 million, respectively. The aggregate of these items, net of minority interest, increased net income applicable to common shares for the nine

months ended September 30, 2007 by \$111.9 million, or \$0.68 per diluted share and increased net income applicable to common shares for the nine months ended September 30, 2006 by \$115.3 million, or \$0.74 per diluted share.

FFO for the nine months ended September 30, 2007 was \$773.5 million, or \$4.71 per diluted share, compared to \$646.9 million, or \$4.17 per diluted share, for the nine months ended September 30, 2006. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the nine months ended September 30, 2007 and 2006 was \$691.0 million and \$570.9 million, or \$4.21 and \$3.68 per share, respectively.

	For the Nine Months	
(Amounts in thousands, except per share amounts) Ended September 30,		
	2007	2006
FFO applicable to common shares plus assumed conversions (1)	\$ 773,457	\$646,881
Per Share	\$ 4.71	\$ 4.17
Items that affect comparability (income) expense:		
Derivatives:		
McDonalds shares	\$(102,803)	\$(60,581)
Sears Holdings shares	--	(18,611)
GMH Warrants	--	16,370
Other	2,743	(2,767)
32.8% share of Alexander's:		
Stock appreciation rights	(8,991)	18,356
Net gain on sale of 731 Lexington Avenue condominiums	--	(4,580)
Other:		
Gain on sale of H Street land parcels	(4,803)	--
Costs of acquisition not consummated	8,807	--
Prepayment penalties and write-off of unamortized financing costs	7,562	13,481
India Property Fund organization costs	1,677	--
H Street litigation costs	1,891	6,594
Net gain on sale of Sears Canada	--	(55,438)
Other, net	3,204	3,126
	(90,713)	(84,050)
Minority limited partners' share of above adjustments	8,304	8,062

	\$ (82,409)	\$ (75,988)
	=====	=====
Per share	\$ (0.50)	\$ (0.49)
	=====	=====
FFO as adjusted for comparability	\$ 691,048	\$ 570,893
	=====	=====
Per share	\$ 4.21	\$ 3.68
	=====	=====

(1) See page 4 for a reconciliation of net income to FFO for the nine months ended September 30, 2007 and 2006.

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.

VORNADO REALTY TRUST

OPERATING RESULTS FOR THE THREE AND NINE MONTHS ENDED

SEPTEMBER 30, 2007 AND 2006

	FOR THE THREE	FOR THE NINE
	MONTHS ENDED	MONTHS ENDED
	SEPTEMBER, 30	SEPTEMBER, 30

(Amounts in thousands,
except per share amounts) 2007 2006 2007 2006

Revenues	\$853,036	\$675,931	\$2,382,165	\$1,978,488
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	=====	=====	=====	=====
Income from continuing operations	\$121,245	\$147,192	\$ 497,825	\$ 465,830
Income from discontinued operations	24,655	577	24,592	37,865
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Income before allocation to limited partners	145,900	147,769	522,417	503,695
Minority limited partners' interest in the Operating Partnership	(10,241)	(13,103)	(44,270)	(46,301)
Perpetual preferred unit distributions of the Operating Partnership	(4,818)	(6,683)	(14,455)	(17,030)
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Net income	130,841	127,983	463,692	440,364
Preferred share dividends	(14,295)	(14,351)	(42,886)	(43,162)
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Net income applicable to common shares	\$116,546	\$113,632	\$ 420,806	\$ 397,202
	=====	=====	=====	=====

Net income per common share:

Basic	\$ 0.77	\$ 0.80	\$ 2.77	\$ 2.81
	=====	=====	=====	=====
Diluted	\$ 0.74	\$ 0.76	\$ 2.65	\$ 2.66
	=====	=====	=====	=====

Average number of common shares and share equivalents outstanding:

Basic	151,990	141,684	151,739	141,413
	=====	=====	=====	=====
Diluted	158,513	150,096	158,745	149,637
	=====	=====	=====	=====

FFO applicable to common shares plus assumed conversions	\$221,199	\$204,535	\$ 773,457	\$ 646,881
	=====	=====	=====	=====

FFO per diluted share	\$ 1.35	\$ 1.31	\$ 4.71	\$ 4.17
	=====	=====	=====	=====

Average number of common shares and share equivalents

outstanding used for
determining FFO per
diluted share 164,072 155,628 164,213 155,168
=====

The following table reconciles net income to FFO:

(Amounts in thousands)	For The Three Months Ended		For The Nine Months Ended	
	2007	2006	September 30, 2007	September 30, 2006
Net income	\$130,841	\$127,983	\$463,692	\$440,364
Depreciation and amortization of real property	117,148	86,235	325,324	246,834
Net gains on sale of real estate	(22,942)	--	(22,942)	(33,769)
Proportionate share of adjustments to equity in net income of Toys to arrive at FFO:				
Depreciation and amortization of real property	17,949	13,468	68,984	41,391
Net gains on sale of real estate	--	(329)	(493)	--
Income tax effect of above adjustments	(6,282)	(5,190)	(23,972)	(16,031)
Proportionate share of adjustments to equity in net income of partially-owned entities, excluding Toys, to arrive at FFO:				
Depreciation and amortization of real property	13,506	14,058	36,091	34,155
Net gains on sale of real estate	(8,980)	(10,842)	(8,980)	(10,842)
Minority limited partners' share of above adjustments	(11,070)	(11,729)	(37,570)	(27,849)
FFO	230,170	213,654	800,134	674,253
Preferred share dividends	(14,295)	(14,351)	(42,886)	(43,162)

FFO applicable to common				
shares	215,875	199,303	757,248	631,091
Interest on 3.875%				
exchangeable senior				
debentures	5,256	5,093	15,768	15,281
Series A convertible preferred				
share dividends	68	139	441	509
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FFO applicable to common				
shares plus assumed				
conversions	\$221,199	\$204,535	\$773,457	\$646,881
	=====	=====	=====	=====

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 Generally Accepted Accounting Principles ("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 and 2 of this press release.

Source: Vornado Realty Trust

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