

## Vornado Announces Second Quarter 2007 FFO of \$1.72 per share

Company Release - 7/31/2007

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

VORNADO REALTY TRUST (NYSE: VNO) today reported:

### Second Quarter 2007 Results

NET INCOME applicable to common shares for the quarter ended June 30, 2007 was \$151.6 million, or \$0.96 per diluted share, versus \$148.8 million, or \$0.99 per diluted share, for the quarter ended June 30, 2006. Net income for the quarters ended June 30, 2007 and 2006 includes certain items that affect comparability which are listed in the table below. Net income for the quarter ended June 30, 2006 also includes a \$17.6 million net gain on sale of real estate. The aggregate of these items, net of minority interest, increased net income applicable to common shares for the quarter ended June 30, 2007 by \$63.6 million, or \$0.39 per diluted share and increased net income applicable to common shares for the quarter ended June 30, 2006 by \$55.8 million, or \$0.36 per diluted share.

FUNDS FROM OPERATIONS applicable to common shares plus assumed conversions ("FFO") for the quarter ended June 30, 2007 was \$281.7 million, or \$1.72 per diluted share, compared to \$230.4 million, or \$1.49 per diluted share, for the quarter ended June 30, 2006. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the quarters ended June 30, 2007 and 2006 was \$218.6 million and \$190.5 million, or \$1.33 and \$1.23 per share, respectively.

	For the Quarter	
(Amounts in thousands, except per share amounts)	Ended June 30,	
	2007	2006
FFO applicable to common shares plus assumed conversions (1)	\$281,741	\$230,430

	=====	=====
Per Share	\$ 1.72	\$ 1.49
	=====	=====
Items that affect comparability (income) expense:		
Derivatives:		
McDonalds shares	\$(71,390)	\$ 14,515
GMH Warrants	--	(4,105)
Other	(684)	--
32.8% share of Alexander's:		
Stock appreciation rights	(1,222)	(4,836)
Net gain on sale of 731 Lexington Avenue condominiums	--	(2,722)
Other:		
India Property Fund organization costs	1,677	--
Net gain on sale of Sears Canada common shares	--	(55,438)
Prepayment penalties and write-off of unamortized financing costs	--	4,933
H Street litigation costs	--	2,093
Other, net	2,131	1,415
	-----	-----
	(69,488)	(44,145)
Minority limited partners' share of above adjustments	6,347	4,237
	-----	-----
	\$(63,141)	\$(39,908)
	=====	=====
Per share	\$ (0.39)	\$ (0.26)
	=====	=====
FFO as adjusted for comparability	\$218,600	\$190,522
	=====	=====
Per share	\$ 1.33	\$ 1.23
	=====	=====

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

#### First Half 2007 Results

NET INCOME applicable to common shares for the six months ended June 30, 2007 was \$304.3 million, or \$1.92 per diluted share, versus \$283.6 million, or \$1.90 per diluted share, for the six months ended June 30, 2006. Net income for the six months ended June 30, 2007 and 2006 includes certain items that affect comparability which are listed in the table below. Net income for the six months ended June 30, 2006 also includes \$33.8 million for our share of net gains on sale of real estate. The aggregate of these items, net of minority interest, increased net income applicable

to common shares for the six months ended June 30, 2007 by \$61.3 million, or \$0.37 per diluted share and increased net income applicable to common shares for the six months ended June 30, 2006 by \$62.5 million, or \$0.40 per diluted share.

FFO for the six months ended June 30, 2007 was \$551.9 million, or \$3.36 per diluted share, compared to \$442.3 million, or \$2.86 per diluted share, for the six months ended June 30, 2006. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the six months ended June 30, 2007 and 2006 was \$491.1 million and \$409.3 million, or \$2.99 and \$2.65 per share, respectively.

	For the Six Months	
(Amounts in thousands, except per share amounts)	Ended June 30,	
	2007	2006
FFO applicable to common shares plus assumed conversions (1)	\$551,906	\$442,346
Per Share	\$ 3.36	\$ 2.86
Items that affect comparability (income) expense:		
Derivatives:		
McDonalds shares	\$(74,613)	\$ 8,215
Sears Holdings shares	--	(18,611)
GMH Warrants	--	16,370
Other	(6,841)	--
32.8% share of Alexander's:		
Stock appreciation rights	(5,916)	7,559
Net gain on sale of 731 Lexington Avenue condominiums	--	(4,580)
Other:		
Costs of acquisition not consummated	8,807	--
Prepayment penalties and write-off of unamortized financing costs	5,861	4,933
India Property Fund organization costs	1,677	--
H Street litigation costs	1,891	3,561
Net gain on sale of Sears Canada	--	(55,438)
Other, net	2,131	1,415
	(67,003)	(36,576)
Minority limited partners' share of above adjustments	6,152	3,536
	\$(60,851)	\$(33,040)

Per share	=====	=====
	\$ (0.37)	\$ (0.21)
	=====	=====
FFO as adjusted for comparability	\$491,055	\$409,306
	=====	=====
Per share	\$ 2.99	\$ 2.65
	=====	=====

(1) See page 4 for a reconciliation of net income to FFO for the six months ended June 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](http://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 SIX MONTHS ENDED  
JUNE 30, 2007 AND 2006

FOR THE THREE  
MONTHS      FOR THE SIX MONTHS  
ENDED JUNE, 30      ENDED JUNE, 30

(Amounts in thousands, except  
per share amounts)

	2007	2006	2007	2006
Revenues	\$793,457	\$663,032	\$1,530,513	\$1,310,369
Income from continuing operations	\$187,631	\$169,105	\$ 376,588	\$ 322,429

(Loss) income from discontinued operations	(40)	16,762	(71)	33,497
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Income before allocation to limited partners	187,591	185,867	376,517	355,926
Minority limited partners' interest in the Operating Partnership	(16,852)	(17,324)	(34,029)	(33,198)
Perpetual preferred unit distributions of the Operating Partnership	(4,819)	(5,374)	(9,637)	(10,347)
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Net income	165,920	163,169	332,851	312,381
Preferred share dividends	(14,295)	(14,404)	(28,591)	(28,811)
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Net income applicable to common shares	\$151,625	\$148,765	\$ 304,260	\$ 283,570
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Net income per common share:

Basic	\$ 1.00	\$ 1.05	\$ 2.01	\$ 2.01
=====				
Diluted	\$ 0.96	\$ 0.99	\$ 1.92	\$ 1.90
=====				

Average number of common shares and share equivalents outstanding:

Basic	151,794	141,418	151,612	141,275
=====				
Diluted	164,241	154,893	164,209	154,650
=====				

FFO applicable to common shares plus assumed conversions	\$281,741	\$230,430	\$ 551,906	\$ 442,346
=====				

FFO per diluted share	\$ 1.72	\$ 1.49	\$ 3.36	\$ 2.86
=====				

Average number of common shares and share equivalents outstanding used for determining FFO per diluted share	164,241	154,893	164,209	154,650
=====				

The following table reconciles net income to FFO:

(Amounts in thousands)	For The Three Months		For The Six Months	
	Ended June 30,		Ended June 30,	
	2007	2006	2007	2006
Net income	\$165,920	\$163,169	\$332,851	\$312,381
Depreciation and amortization of real property	114,511	84,156	208,176	160,599
Net gains on sale of real estate	--	(17,609)	--	(33,769)
Proportionate share of adjustments to equity in net income of Toys to arrive at FFO:				
Depreciation and amortization of real property	17,112	12,155	51,035	27,923
Net (gains) losses on sale of real estate	(493)	658	(493)	329
Income tax effect of above adjustments	(5,807)	(4,928)	(17,690)	(10,841)
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	13,403	10,856	22,464	20,097
Minority limited partners' share of above adjustments	(13,882)	(8,896)	(26,500)	(16,120)
FFO	290,764	239,561	569,843	460,599
Preferred share dividends	(14,295)	(14,404)	(28,591)	(28,811)
FFO applicable to common shares	276,469	225,157	541,242	431,788
Interest on 3.875% exchangeable senior debentures	5,203	5,094	10,512	10,188
Series A convertible preferred share dividends	69	179	142	370
FFO applicable to common shares plus assumed				

conversions	\$281,741	\$230,430	\$551,906	\$442,346
	=====	=====	=====	=====

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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