

Vornado Announces Fourth Quarter 2006 FFO of \$1.34 Per Share and Full Year FFO of \$5.51 Per Share

Company Release - 2/27/2007

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

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

Fourth Quarter 2006 Results

NET INCOME applicable to common shares for the quarter ended December 31, 2006 was \$105.4 million, or \$0.69 per diluted share, versus \$105.7 million, or \$0.71 per diluted share, for the quarter ended December 31, 2005. Net income for the quarters ended December 31, 2006 and 2005 include certain other items that affect comparability which are listed in the table below. The aggregate of these items, net of minority interest, increased net income applicable to common shares for the quarters ended December 31, 2006 and 2005 by \$51.1 million and \$33.7 million, or \$0.32 and \$0.22 per diluted share, respectively.

FUNDS FROM OPERATIONS applicable to common shares plus assumed conversions ("FFO") for the quarter ended December 31, 2006 was \$211.8 million, or \$1.34 per diluted share, compared to \$194.1 million, or \$1.26 per diluted share, for the quarter ended December 31, 2005. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the quarters ended December 31, 2006 and 2005 was \$162.8 million and \$160.4 million, or \$1.03 and \$1.04 per share, respectively.

	For the Three Months	
(Amounts in thousands, except per share amounts)	Ended December 31,	
	2006	2005
FFO applicable to common shares plus assumed conversions (1)	\$211,812	\$194,101

	=====	=====
Per Share	\$ 1.34	\$ 1.26
	=====	=====
Items that affect comparability (income) expense:		
Derivatives:		
McDonalds shares	\$(78,234)	\$(7,395)
GMH warrants	--	(6,267)
Sears Holdings shares	--	23,744
Other	(9,386)	--
33% share of Alexander's:		
Stock appreciation rights compensation expense	30,687	(6,324)
Net gain on sale of 731 Lexington Avenue condominiums	--	(2,761)
Other:		
Net gain recognized upon merger of Newkirk Realty Trust and Lexington Realty Trust	(10,794)	--
Prepayment penalties and write-off of unamortized financing costs	8,513	--
H Street litigation costs	2,998	2,134
Net gain on disposition of preferred investment in 3700 Las Vegas Boulevard	--	(12,110)
Newkirk - gain on disposition of T-2 assets, net of losses on early extinguishment of debt and expense from payment of promoted obligation to partner	--	(6,120)
Income from Sears Canada special dividend	--	(22,885)
Other, net	2,000	750
	-----	-----
	(54,216)	(37,234)
Minority limited partners' share of above adjustments	5,202	3,572
	-----	-----
	\$(49,014)	\$(33,662)
	=====	=====
Per share	\$ (0.31)	\$ (0.22)
	=====	=====
FFO as adjusted for comparability	\$162,798	\$160,439
	=====	=====
Per share	\$ 1.03	\$ 1.04
	=====	=====

(1) See page 4 for a reconciliation of net income to FFO for the quarters ended December 31, 2006 and 2005.

Year Ended December 31, 2006 Results

Net income applicable to common shares for the year ended December 31, 2006 was \$502.6 million, or \$3.35 per diluted share, versus \$493.1 million, or \$3.50 per diluted share, for the year ended December 31, 2005. Net income for the year ended December 31, 2006 includes income of \$137.8 million for certain items that affect comparability which are listed in the table below, net gains of \$46.9 million on sales of real estate and a net loss of \$47.5 million from our investment in Toys "R" Us. Net income for the year ended December 31, 2005 includes income of \$108.8 million for certain items that affect comparability which are listed in the table below, net gains on sale of real estate of \$34.5 million and a net loss of \$40.5 million from our investment in Toys. The aggregate of these items, net of minority interest, increased net income applicable to common shares for the years ended December 31, 2006 and 2005 by \$123.0 million and \$91.8 million, or \$0.79 and \$0.63 per diluted share, respectively.

FFO for the year ended December 31, 2006 was \$858.7 million, or \$5.51 per diluted share, compared to \$757.2 million, or \$5.21 per diluted share, for the prior year. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the years ended December 31, 2006 and 2005 was \$743.4 million and \$689.5 million, or \$4.77 and \$4.75 per share, respectively.

For the Year		
(Amounts in thousands, except per share amounts) Ended December 31,		
	2006	2005
FFO applicable to common shares plus assumed conversions (1)	\$ 858,693	\$ 757,219
Per Share	\$ 5.51	\$ 5.21
Items that affect comparability (income) expense:		
Derivatives:		
McDonalds shares	\$(138,815)	\$ (17,254)
Sears Holdings shares	(18,611)	(41,482)
GMH warrants	16,370	(14,080)
Other	(12,153)	--
33% share of Alexander's:		
Stock appreciation rights compensation expense	49,043	9,104
Net gain on sale of 731 Lexington Avenue condominiums	(4,580)	(30,895)
Newkirk:		
Net gain recognized upon merger of Newkirk		

Realty Trust and Lexington Realty Trust	(10,362)	--
Net gain on disposition of T-2 assets	--	(16,053)
Net losses on early extinguishment of debt and related write-off of deferred financing costs	--	9,455
Expense from payment of promoted obligation partner	--	8,470
Impairment losses	--	6,602
Other:		
Net gain on sale of Sears Canada common shares	(55,438)	(22,885)
Prepayment penalties and write off of unamortized financing costs resulting from refinancings	21,994	--
H Street litigation costs	9,592	2,134
Senior unsecured notes consent solicitation advisory fees	1,415	--
Write-off of perpetual preferred share and unit issuance costs	1,125	22,869
Net gain on disposition of preferred investment in 3700 Las Vegas Boulevard	--	(12,110)
Net gain on disposition of Prime Group common shares	--	(9,017)
Other, net	2,586	(3,642)

	(137,834)	(108,784)
32.9% share of Toys "R" Us FFO in 2006 and negative FFO in 2005	10,289	32,918

	(127,545)	(75,866)
Minority limited partners' share of above adjustments	12,219	8,098

	\$(115,326)	\$(67,768)
	=====	=====
Per share	\$ (0.74)	\$ (0.46)
	=====	=====
FFO as adjusted for comparability	\$ 743,367	\$ 689,451
	=====	=====
Per share	\$ 4.77	\$ 4.75
	=====	=====

(1) See page 4 for a reconciliation of net income to FFO for the years ended December 31, 2006 and 2005.

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 QUARTER AND YEAR ENDED
DECEMBER 31, 2006 AND 2005

	FOR THE QUARTER ENDED DECEMBER 31,		FOR THE YEAR ENDED DECEMBER 31,	
	2006	2005	2006	2005
(Amounts in thousands, except per share amounts)				
Revenues	\$723,252	\$694,514	\$2,712,095	\$2,534,702
Income from continuing operations	\$137,102	\$138,745	\$ 607,292	\$ 637,963
(Loss) income from discontinued operations, net	(97)	(330)	33,408	35,515
Income before allocation to limited partners	137,005	138,415	640,700	673,478
Minority limited partners' interest in the Operating Partnership	(12,411)	(12,243)	(58,712)	(66,755)
Perpetual preferred unit distributions of the Operating Partnership	(4,818)	(6,211)	(21,848)	(67,119)
Net income	119,776	119,961	560,140	539,604

Preferred share dividends	(14,349)	(14,211)	(57,511)	(46,501)

Net income applicable to common shares	\$105,427	\$105,750	\$ 502,629	\$ 493,103
=====				
Net income per common share:				
Basic	\$ 0.73	\$ 0.75	\$ 3.54	\$ 3.69
=====				
Diluted	\$ 0.69	\$ 0.71	\$ 3.35	\$ 3.50
=====				
Average number of common shares and share equivalents outstanding:				
Basic	144,319	140,695	142,145	133,768
=====				
Diluted	152,338	148,232	150,410	141,012
=====				
FFO applicable to common shares plus assumed conversions				
	\$211,812	\$194,101	\$ 858,693	\$ 757,219
=====				
FFO per diluted share				
	\$ 1.34	\$ 1.26	\$ 5.51	\$ 5.21
=====				
Average number of common shares and share equivalents outstanding used for determining FFO per diluted share				
	157,897	153,763	155,802	145,210
=====				

The following table reconciles net income to FFO:

(Amounts in thousands)	For The Quarter		For The Year	
	Ended December 31,		Ended December 31,	
	2006	2005	2006	2005

Net income	\$119,776	\$119,961	\$560,140	\$539,604
Depreciation and amortization of real property	90,896	76,463	337,730	276,921
Net gains on sale of real estate	--	--	(33,769)	(31,614)

Proportionate share of adjustments to equity in net income of partially-owned entities to arrive at FFO:					
Depreciation and amortization of real property	30,083	20,474	105,629	42,052	
Net (gains) losses on sale of real estate	(2,324)	476	(13,166)	(2,918)	
Income tax effect of Toys "R" Us adjustments included above	(5,007)	(4,284)	(21,038)	(4,613)	
Minority limited partners' share of above adjustments		(11,960)	(9,663)	(39,809)	(31,990)

FFO	221,464	203,427	895,717	787,442	
Preferred share dividends		(14,349)	(14,211)	(57,511)	(46,501)

FFO applicable to common shares	207,115	189,216	838,206	740,941	
Interest on 3.875% exchangeable senior debentures	4,575	4,663	19,856	15,335	
Series A convertible preferred share dividends	122	222	631	943	

FFO applicable to common shares plus assumed conversions	\$211,812	\$194,101	\$858,693	\$757,219	
	=====				

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

Contact: Vornado Realty Trust Joseph Macnow, 201-587-1000