

Vornado Reports Fourth Quarter and Year-End Results

Company Release - 2/25/2005

PARAMUS, N.J.--(BUSINESS WIRE)--Feb. 25, 2005--VORNADO REALTY TRUST (New York Stock Exchange: VNO) today reported:

Year Ended December 31, 2004 Results

NET INCOME applicable to common shares for the year ended December 31, 2004 was \$571.0 million, or \$4.35 per diluted share, versus \$439.9 million, or \$3.80 per diluted share, for the prior year. Net income for the years ended December 31, 2004 and 2003 includes the adjustments listed in the table below, as well as net gains on sales of real estate of \$75.8 million and \$161.8 million (primarily Palisades in 2004 and Two Park Avenue in 2003). These items, net of minority interest, increased net income by \$177.5 million, or \$1.33 per diluted share for the year ended December 31, 2004 and \$117.9 million, or \$1.01 per diluted share for the year ended December 31, 2003.

FUNDS FROM OPERATIONS (FFO)(1) applicable to common shares plus assumed conversions for the year ended December 31, 2004 was \$750.0 million, or \$5.63 per diluted share, compared to \$518.2 million, or \$4.44 per diluted share, for the prior year. Adjusting for certain items that affect comparability, the year ended December 31, 2004 is 5.3% higher than the prior year on a per share basis, as detailed below:

FOR THE YEAR ENDED				
(Amounts in thousands, except per share amounts)	December 31, 2004		December 31, 2003	
	Amount	Per Share	Amount	Per Share
FFO(1) applicable to common shares plus assumed conversions, as shown above	\$ 750,043	\$5.63	\$518,242	\$4.44

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Adjustments:				
Net gain on mark-to-market of Sears option shares	(81,730)		--	
Net gains on investment in GMH Communities L.P.	(61,451)		--	
Net gain on investment in Americold and income from Vornado Operating Company, net of litigation costs	(19,044)		--	
Alexander's stock appreciation rights compensation expense	25,340			14,868
Impairment losses on partially-owned entities, write-off of perpetual preferred issuance costs and other	12,104			3,575
Bonuses to four executive vice presidents in connection with Alexander's	6,500		--	
Gain on sale of Newkirk MLP option units	(7,494)		--	
Gains on sales of land parcels and condominiums	(2,050)		(282)	
Loss (gain) on early extinguishment of debt of partially-owned entities	1,434		(1,600)	
Minority interest share of above adjustments	15,404		(3,115)	
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Subtotal adjustments	(110,987)			13,446
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FFO, applicable to common shares plus assumed conversions, as adjusted for comparability	\$ 639,056		\$4.80	\$531,688 \$4.56
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(1) See page 4 for a reconciliation of net income to FFO for the years ended December 31, 2004 and 2003.

Fourth Quarter 2004 Results

Net income applicable to common shares for the quarter ended December 31, 2004 was \$233.6 million, or \$1.73 per diluted share, versus \$200.3 million, or \$1.66 per diluted share, for the quarter ended December 31, 2003. Net income for the quarters ended December 31, 2004 and 2003 includes the adjustments listed in the table below. In addition, the quarter ended December 31, 2003 includes net gains on sales of real estate of \$158.4 million (Two Park Avenue). These items, net of minority interest, increased net income by \$133.7 million or \$0.99 per diluted share for the quarter ended December 31, 2004, and \$123.6 million or \$1.02 per share for the quarter ended

December 31, 2003.

FFO(1) applicable to common shares plus assumed conversions for the quarter ended December 31, 2004 was \$299.4 million, or \$2.22 per diluted share, compared to \$130.7 million, or \$1.08 per diluted share, for the prior year's quarter. Adjusting for certain items that affect comparability, the fourth quarter 2004 is 8.8% higher than the fourth quarter 2003 on a per share basis, as detailed below:

FOR THE THREE MONTHS ENDED			

(Amounts in thousands, except per share amounts)	December 31, 2004	December 31, 2003	
	Amount Per Share	Amount Per Share	

FFO(1) applicable to common shares plus assumed conversions, as shown above	\$ 299,441	\$130,729	\$2.22 \$1.08
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Adjustments:			
Net gain on mark-to-market of Sears option shares	(81,730)	--	
Net gains on investment in GMH Communities L.P.	(61,451)	--	
Net gain on investment in Americold and income from Vornado Operating Company, net of litigation costs	(19,044)	--	
Bonuses to four executive vice presidents in connection with Alexander's	6,500	--	
Alexander's stock appreciation rights compensation expense	4,460	5,391	
Write-off of perpetual preferred issuance costs and other	--	2,187	
Minority interest share of above adjustments	17,523	(1,369)	

Subtotal adjustments	(133,742)	6,209	

FFO, applicable to common shares plus assumed conversions, as adjusted for comparability	\$ 165,699	\$136,938	\$1.23 \$1.13
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(1) See page 4 for a reconciliation of net income to FFO for the

quarters ended December 31, 2004 and 2003.

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 QUARTER AND YEAR ENDED
DECEMBER 31, 2004 AND 2003

FOR THE THREE MONTHS ENDED
DECEMBER 31,
FOR THE YEAR ENDED
DECEMBER 31,

(Amounts in thousands, except per share amounts)	2004	2003	2004	2003
Revenues	\$504,714	\$385,349	\$1,707,262	\$1,497,983
Income from continuing operations	\$239,753	\$46,603	\$514,320	\$284,315
Income from discontinued operations	201	158,541	78,597	176,388
Net income	239,954	205,144	592,917	460,703
Preferred stock dividends	(6,351)	(4,885)	(21,920)	(20,815)

 Net income applicable to
 common shares \$233,603 \$200,259 \$ 570,997 \$ 439,888
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Net income per common
 share:
 Basic \$ 1.84 \$ 1.73 \$ 4.56 \$ 3.92
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 Diluted \$ 1.73 \$ 1.66 \$ 4.35 \$ 3.80
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Average number of common
 shares and share
 equivalents outstanding:
 Basic 127,071 115,685 125,241 112,343
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 Diluted 135,142 120,894 133,135 116,651
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FFO applicable to common
 shares plus assumed
 conversions \$299,441 \$130,729 \$ 750,043 \$ 518,242
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FFO per diluted share \$ 2.22 \$ 1.08 \$ 5.63 \$ 4.44
 =====

Average number of common
 shares and share
 equivalents outstanding
 used for determining funds
 from operations
 per diluted share 135,142 120,894 133,135 116,651
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The following table reconciles FFO(1) and net income:

	For the Three Months Ended		For the Year Ended	
(Amounts in thousands)	December 31,		December 31,	
	2004	2003	2004	2003

Net income	\$239,954	\$ 205,144	\$592,917	\$ 460,703
Depreciation and amortization of				

real property	63,367	58,125	228,298	208,624
Net (gains) losses on sale of real estate	--	(158,378)	(75,755)	(161,789)
Proportionate share of adjustments to equity in net income of partially-owned entities to arrive at FFO:				
Depreciation and amortization of real property	9,817	14,455	49,440	54,762
Net (gains) losses on sale of real estate	(226)	219	(3,048)	(6,733)
Minority interest's share of above adjustments	(9,159)	15,742	(27,991)	(20,080)

FFO(1)	303,753	135,307	763,861	535,487
Preferred dividends	(6,351)	(4,885)	(21,920)	(20,815)

FFO applicable to common shares	297,402	130,422	741,941	514,672
Series B-1 and B-2 convertible preferred dividends	1,522	--	4,710	--
Series A convertible preferred dividends	263	307	1,068	3,570
Series F-1 convertible preferred distributions	254	--	743	--
Series E-1 convertible preferred distributions	--	--	1,581	--

FFO applicable to common shares plus assumed conversions	\$299,441	\$ 130,729	\$750,043	\$ 518,242
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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 pages 1 and 2 of this press release.

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SOURCE: VORNADO REALTY TRUST