

PRESS RELEASE

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Vornado's operating results for the quarter ended June 30, 2003

PARAMUS, NEW JERSEY.....VORNADO REALTY TRUST (NYSE:VNO) today reported:

Second Quarter 2003 Results

NET INCOME applicable to common shares for the quarter ended June 30, 2003 was \$82.3 million, or \$.71 per diluted share, versus \$64.5 million, or \$.58 per diluted share, for the quarter ended June 30, 2002.

Net income for the three months ended June 30, 2003 includes (i) the Company's \$1.9 million share of Newkirk Master Limited Partnership's net gains on sale of real estate and (ii) a \$1.4 million loss on settlement of the Primestone guarantees. These items, net of minority interest, increased net income by \$0.5 million, but had no effect on diluted per share results.

Net income for the three months ended June 30, 2002 includes (i) a charge of \$6.9 million from amortization of an officer's employment arrangement, (ii) a charge of \$17.7 million from the loss on Primestone foreclosure, (iii) a gain of \$12.3 million on the sale of marketable securities and (iv) a gain of \$.3 million on sale of Chicago condominium units. These items reduced net income by an aggregate of \$12.0 million or \$.11 per diluted share.

FUNDS FROM OPERATIONS (FFO) for the quarter ended June 30, 2003 was \$133.4 million(1), or \$1.14 per diluted share, compared to \$116.8 million(1), or \$1.03 per diluted share, for the prior year's quarter. Adjusting FFO for certain items that affect comparability, second quarter 2003 FFO is 3.6% higher than second quarter 2002 on a per share basis, as detailed below:

	FOR THE THREE MONTHS ENDED			
	June 30, 2003		June 30, 2002	
(Amounts in thousands, except per share amounts)	Amount	Per Share	Amount	Per Share
FFO as shown above (1).....	\$133,410	\$ 1.14	\$116,779	\$ 1.03
Adjustments:				
Loss on Primestone foreclosure (2002) and settlement of guarantees (2003).....	1,388	.01	17,671	.16
Gain on sale of marketable securities.....	--	--	(12,346)	(.11)
Gain on sale of condominiums.....	(94)	--	(344)	(.01)
Amortization of Officer's employment arrangement.....	--	--	6,875	.06
Minority interest.....	134,704	1.15	128,635	1.13
FFO, as adjusted for comparability.....	<u>\$134,467</u>	<u>\$ 1.15</u>	<u>\$126,215</u>	<u>\$ 1.11</u>

(1) Effective with the first quarter of 2003, the Company has revised its definition of FFO to include both the effect of income arising from the straight-lining of rents and income from the amortization of acquired below market leases, net of above market leases. Included in FFO are straight-lining of rents amounting to \$8.1 million or \$.06 per share and \$8.8 million or \$.06 per share for the quarters ended June 30, 2003 and 2002, respectively. Also included in FFO is income from the amortization of acquired below market leases net of above market leases amounting to \$2.3 million or \$.02 per share and \$3.1 million or \$.02 per share in the three months ended June 30, 2003 and 2002, respectively. See page 4 for a reconciliation of net income applicable to common shares to FFO for the quarters ended June 30, 2003 and 2002.

First Half 2003 Results

Net income applicable to common shares for the six months ended June 30, 2003 was \$168.6 million, or \$1.49 per diluted share, versus \$109.9 million, or \$1.01 per diluted share, for the six months ended June 30, 2002.

Net income for the six months ended June 30, 2003 includes (i) the Company's \$9.9 million share of Newkirk's net gains on sale of real estate and early extinguishment of debt, (ii) a \$2.6 million net gain on sale of other real estate, (iii) a \$1.4 million loss on settlement of the Primestone guarantees, and (iv) a \$0.2 million gain on the sale of condominiums. These items, net of minority interest, increased net income by \$9.3 million, or \$.08 per diluted share.

Net income for the six months ended June 30, 2002 includes (i) a charge of \$13.8 million from amortization of an officer's employment arrangement, (ii) a charge of \$17.7 million from the loss on Primestone foreclosure, (iii) a gain of \$12.3 million on the sale of marketable securities, (iv) a gain of \$1.9 million on sale of Chicago condominium units, and (v) a charge of \$30.1 million for the write-off of goodwill arising from the Company's investment in Temperature

Controlled Logistics and the Hotel Pennsylvania resulting from the cumulative effect of the application of SFAS 142, "Goodwill and Other Intangible Assets." These items reduced net income by an aggregate of \$47.4 million or \$.44 per diluted share.

FFO for the six months ended June 30, 2003 was \$263.5 million(1), or \$2.29 per diluted share, compared to \$235.2 million(1), or \$2.09 per diluted share, for the prior year's six months. Adjusting FFO for certain items that affect comparability, first half 2003 FFO is 3.6% higher than first half 2002 on a per share basis, as detailed below:

(Amounts in thousands, except per share amounts)	FOR THE SIX MONTHS ENDED			
	June 30, 2003		June 30, 2002	
	Amount	Per Share	Amount	Per Share
FFO as shown above (1).....	\$263,515	\$ 2.29	\$235,227	\$ 2.09
Adjustments:				
Gain on early extinguishment of debt of a partially-owned entity (Newkirk MLP).....	(1,600)	(.01)	--	--
Loss on Primestone foreclosure (2002) and settlement of guarantees (2003).....	1,388	.01	17,671	.16
Gain on sale of marketable securities.....	--	--	(12,346)	(.11)
Gain on sale of condominiums.....	(282)	--	(1,875)	(.02)
Amortization of Officer's employment arrangement.....	--	--	13,750	.12
	263,021	2.29	252,429	2.24
Minority interest.....	94	--	(3,531)	(.03)
FFO, as adjusted for comparability.....	\$263,115	\$ 2.29	\$248,896	\$ 2.21

(1) Effective with the first quarter of 2003, the Company has revised its definition of FFO to include both the effect of income arising from the straight-lining of rents and income from the amortization of acquired below market leases, net of above market leases. Included in FFO are straight-lining of rents amounting to \$16.6 million or \$.12 per share and \$16.9 million or \$.12 per share for the six months ended June 30, 2003 and 2002, respectively. Also included in FFO is income from the amortization of acquired below market leases net of above market leases amounting to \$3.8 million or \$.03 per share and \$6.2 million or \$.04 per share in the six months ended June 30, 2003 and 2002, respectively. See page 4 for a reconciliation of net income applicable to common shares to FFO for the six months ended June 30, 2003 and 2002.

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.

(tables to follow)

VORNADO REALTY TRUST

OPERATING RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2003 AND 2002

(Amounts in thousands, except per share amounts)	FOR THE THREE MONTHS ENDED JUNE 30,		FOR THE SIX MONTHS ENDED JUNE 30,	
	2003	2002	2003	2002
Revenues	\$ 369,927	\$ 341,266	\$ 733,052	\$ 675,915
Income from continuing operations.....	\$ 80,015	\$ 64,066	\$ 162,336	\$ 139,099
Discontinued operations.....	7,742	6,383	17,163	13,006
Cumulative effect of change in accounting principle	--	--	--	(30,129)
Net income	87,757	70,449	179,449	121,976
Preferred stock dividends.....	(5,426)	(5,896)	(10,851)	(12,027)
Net income applicable to common shares.....	\$ 82,331	\$ 64,553	\$ 168,648	\$ 109,949
Net income per common share:				
Basic	\$.74	\$.61	\$ 1.53	\$ 1.05
Diluted	\$.71	\$.58	\$ 1.49	\$ 1.01

Average number of common shares and share equivalents outstanding:				
Basic	<u>111,478</u>	<u>105,903</u>	<u>110,297</u>	<u>104,486</u>
Diluted	<u>116,881</u>	<u>110,714</u>	<u>115,086</u>	<u>108,954</u>
FFO	<u>\$ 133,410</u>	<u>\$ 116,779</u>	<u>\$ 263,515</u>	<u>\$ 235,229</u>
FFO per diluted share	<u>\$ 1.14</u>	<u>\$ 1.03</u>	<u>\$ 2.29</u>	<u>\$ 2.09</u>
Average number of common shares and share equivalents outstanding used for determining funds from operations per diluted share	<u>116,881</u>	<u>113,563</u>	<u>115,086</u>	<u>112,526</u>

The following table reconciles FFO and net income:

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2003	2002	2003	2002
Net income applicable to common shares	\$ 82,331	\$ 64,553	\$ 168,648	\$ 109,949
Cumulative effect of a change in accounting principle	--	--	--	30,129
Depreciation and amortization of real property	51,066	48,553	100,573	94,601
Net gain on sale of real estate	--	--	(2,644)	--
Proportionate share of adjustments to equity in net income of partially-owned entities to arrive at funds from operations:				
Depreciation and amortization of real property	13,537	12,903	26,785	25,784
Net gain on sale of real estate	(1,400)	--	(7,800)	--
Other	(17)	1,337	876	1,146
Minority interest in excess of preferential distributions	<u>(13,283)</u>	<u>(12,214)</u>	<u>(25,274)</u>	<u>(29,910)</u>
	132,234	115,132	261,164	231,699
Series A preferred shares	<u>1,176</u>	<u>1,647</u>	<u>2,351</u>	<u>3,528</u>
FFO--diluted (1)	<u>\$ 133,410</u>	<u>\$ 116,779</u>	<u>\$ 263,515</u>	<u>\$ 235,227</u>

(1) FFO does not represent cash generated from operating activities in accordance with accounting principles generally accepted in the United States of America and is not necessarily indicative of cash available to fund cash needs which is disclosed in the Consolidated Statements of Cash Flows for the applicable periods. 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. Management considers FFO a relevant supplemental measure of operating performance because it provides a basis for comparison among REITs. Funds from operations is computed in accordance with NAREIT's definition, which may not be comparable to FFO reported by other REITs that do not compute FFO in accordance with NAREIT's definition. 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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