

Vornado Announces Third Quarter 2009 FFO of \$1.25 Per Share

Company Release - 11/3/2009

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

Third Quarter 2009 Results

NET INCOME attributable to common shareholders for the quarter ended September 30, 2009 was \$126.3 million, or \$0.69 per diluted share, versus \$22.7 million, or \$0.14 per diluted share, for the quarter ended September 30, 2008. Net income for the quarters ended September 30, 2009 and 2008 includes \$43.3 million and \$1.3 million, respectively, of net gains on sale of real estate. In addition, net income for the quarters ended September 30, 2009 and 2008 includes certain items that affect comparability which are listed in the table below. The aggregate of the net gains on sale of real estate and the items in the table below, net of amounts attributable to noncontrolling interests, increased net income attributable to common shareholders for the quarter ended September 30, 2009 by \$52.8 million, or \$0.29 per diluted share and decreased net income attributable to common shareholders for the quarter ended September 30, 2008 by \$32.3 million, or \$0.20 per diluted share.

FUNDS FROM OPERATIONS attributable to common shareholders plus assumed conversions ("FFO") for the quarter ended September 30, 2009 was \$234.2 million, or \$1.25 per diluted share, compared to \$159.8 million, or \$0.97 per diluted share, for the quarter ended September 30, 2008. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the quarters ended September 30, 2009 and 2008 was \$221.4 million and \$193.3 million, or \$1.18 and \$1.17 per diluted share, respectively.

For the Three Months

Ended September 30,

(Amounts in thousands, except per share amounts) 2009 2008

FFO attributable to common shareholders plus assumed conversions (1) \$ 234,246 \$ 159,838

Per Share \$ 1.25 \$ 0.97

Items that affect comparability (income) expense:

Our share of partially owned entities' adjustments:

Lexington Realty Trust - impairment losses related to its investment in Concord Debt Holdings LLC \$ 14,541 \$ 7,175

Toys "R" Us - litigation settlement income (10,200) -

Alexander's:

Income tax benefit (13,668) -

Stock appreciation rights - 14,557

Net gains on early extinguishment of debt (3,407) -

Marketable equity securities - impairment losses - 11,808

Derivative positions in marketable equity securities - 3,982

Other, net (1,172) (721)

(13,906) 36,801

Noncontrolling interests' share of above adjustments 1,036 (3,347)

Items that affect comparability, net \$ (12,870) \$ 33,454

Per share \$ (0.07) \$ 0.20

FFO as adjusted for comparability \$ 221,376 \$ 193,292

Per share \$ 1.18 \$ 1.17

(1) See page 4 for a reconciliation of our net income to FFO for the quarters ended September 30, 2009 and 2008.

Nine Months Ended September 30, 2009 Results

NET INCOME attributable to common shareholders for the nine months ended September 30, 2009 was \$200.3 million, or \$1.16 per diluted share, versus \$529.2 million, or \$3.22 per diluted share, for the nine months ended September 30, 2008. Net income for the nine months ended September 30, 2009 and 2008 includes \$44.0 million, and \$65.9 million, respectively, of net gains on sale of real estate. In addition, net income for the nine months ended September 30, 2009 and 2008 includes certain items that affect comparability which are listed in the table below. The aggregate of the net gains on sale of real estate and the items in the table below, net of amounts attributable to noncontrolling interests, decreased net income attributable to common shareholders for the nine months ended September 30, 2009 by \$55.4 million, or \$0.32 per diluted share and increased net income attributable to common shareholders for the nine months ended September 30, 2008 by \$274.8 million, or \$1.67 per diluted share.

FFO for the nine months ended September 30, 2009 was \$602.8 million, or \$3.37 per diluted share, compared to \$894.8 million, or \$5.27 per diluted share, for the nine months ended September 30, 2008. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the nine months ended September 30, 2009 and 2008 was \$698.9 million and \$672.6 million, or \$3.90 and \$3.96 per diluted share, respectively.

	For the Nine Months	
	Ended September 30,	
(Amounts in thousands, except per share amounts)	2009	2008
FFO attributable to common shareholders plus assumed conversions (1)	\$ 602,825	\$ 894,829
Per Share	\$ 3.37	\$ 5.27
Items that affect comparability (income) expense:		
Mezzanine loans receivable loss accrual (reversal)	\$ 122,738	\$ (10,300)
Write-off of unamortized costs from the voluntary surrender of equity awards	32,588	-
Net gains on early extinguishment of debt	(26,996)	-
Our share of partially owned entities' adjustments:		
Lexington Realty Trust - impairment losses related to	19,121	7,175

its investment in Concord Debt Holdings LLC

Toys "R" Us:

Non-cash purchase price accounting adjustments (13,946) 14,900

Litigation settlement income (10,200) -

Alexander's:

Stock appreciation rights (11,105) 7,605

Income tax benefit (13,668) -

Filene's, Boston - lease termination payment 7,650 -

Development joint ventures - non-cash asset
write-downs - 34,200

Reversal of deferred income taxes initially recorded
in connection with H Street acquisition - (222,174)

Net gain on sale of our 47.6% interest in Americold
Realty Trust - (112,690)

Derivative positions in marketable equity securities - 25,812

Marketable equity securities - impairment losses - 20,881

Other, net (1,791) (3,341)

104,391 (237,932)

Americold's FFO - sold on March 31, 2008 - (6,098)

104,391 (244,030)

Noncontrolling interests' share of above adjustments (8,314) 21,829

Items that affect comparability, net \$ 96,077 \$ (222,201)

Per share \$ 0.53 \$ (1.31)

FFO as adjusted for comparability \$ 698,902 \$ 672,628

Per share \$ 3.90 \$ 3.96

(1) See page 4 for a reconciliation of our net income to FFO for the nine months ended September 30, 2009 and 2008.

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. For a discussion of factors that could materially affect the outcome of our forward-looking statements and our future results and financial condition, see "Risk Factors" in Part I, Item 1A, of our Annual Report on Form 10-K for the year ended December 31, 2008. 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, 2009 AND 2008

	For The Three Months		For The Nine Months	
	Ended September 30,		Ended September 30,	

(Amounts in thousands,
except per share
amounts)

	2009	2008	2009	2008
Revenues	\$ 671,219	\$ 676,068	\$ 2,023,575	\$ 1,997,533
Income from continuing operations	\$ 112,523	\$ 42,701	\$ 222,624	\$ 466,298
Income from discontinued	43,321	846	49,276	172,814

operations

Net income	155,844	43,547	271,900	639,112
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Net income attributable to noncontrolling interests, including unit distributions	(15,227)	(6,540)	(28,808)	(67,135)
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Net income attributable to Vornado	140,617	37,007	243,092	571,977
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Preferred share dividends	(14,269)	(14,271)	(42,807)	(42,820)
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Net income attributable to common shareholders	\$ 126,348	\$ 22,736	\$ 200,285	\$ 529,157
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Net income per common share:

Basic	\$ 0.70	\$ 0.14	\$ 1.17	\$ 3.32
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Diluted	\$ 0.69	\$ 0.14	\$ 1.16	\$ 3.22
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Weighted average number of common shares and share equivalents outstanding:

Basic	179,422	159,761	171,620	159,405
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Diluted	181,710	164,424	173,178	164,099
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FFO attributable to common shareholders plus assumed conversions	\$ 234,246	\$ 159,838	\$ 602,825	\$ 894,829
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FFO per diluted share	\$ 1.25	\$ 0.97	\$ 3.37	\$ 5.27
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Weighted average number of common shares and share equivalents outstanding used in determining FFO per diluted share	187,474	164,505	179,018	169,863
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The following table reconciles our net income to FFO:

	For The Three Months		For The Nine Months	
	Ended September 30,		Ended September 30,	
(Amounts in thousands)	2009	2008	2009	2008
Net income attributable to Vornado	\$ 140,617	\$ 37,007	\$ 243,092	\$ 571,977
Depreciation and amortization of real property	122,760	127,975	375,549	380,062
Net gains on sale of real estate	(42,653)	(112)	(42,653)	(57,523)
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	18,552	12,524	52,508	35,778
Net gains on sale of real estate	(512)	(1,037)	(1,185)	(8,231)
Proportionate share of adjustments equity in net income of Toys to arrive at FFO:				
Depreciation and amortization of real property	17,685	17,892	49,831	50,902
Net gains on sale of real estate	(164)	(164)	(164)	(164)

Income tax effect of above adjustments	(6,133)	(6,205)	(17,384)	(17,981)
Noncontrolling interests' share of above adjustments	(8,146)	(13,816)	(33,358)	(36,232)
FFO	242,006	174,064	626,236	918,588
Preferred share dividends	(14,269)	(14,271)	(42,807)	(42,820)
FFO attributable to common shareholders	227,737	159,793	583,429	875,768
Interest on 3.875% exchangeable senior debentures	6,466	-	19,268	18,916
Series A convertible preferred share dividends	43	45	128	145
FFO attributable to common shareholders plus assumed conversions	\$ 234,246	\$ 159,838	\$ 602,825	\$ 894,829

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 GAAP net income or loss adjusted to exclude net gains from sales of depreciated real estate assets and GAAP extraordinary items, and to include depreciation and amortization expense from real estate assets and other specified non-cash items, including the pro rata share of such adjustments of unconsolidated subsidiaries. FFO and FFO per diluted share are used by management, investors and analysts to facilitate meaningful comparisons of operating performance between periods and among our peers because it excludes the effect of real estate depreciation and amortization and net gains on sales, which are based on historical costs and implicitly assume that the value of real estate diminishes predictably over time, rather than fluctuating based on existing market conditions. FFO does not represent cash generated from operating activities and is not necessarily indicative of cash available to fund cash requirements and should not be considered as an alternative to net income as a performance measure or cash flows as a liquidity measure. FFO may not be comparable to similarly titled measures employed by other companies. A reconciliation of our net income to FFO is provided above. In addition to FFO, we also disclose FFO before certain items that affect comparability. Although this non-GAAP measure clearly differs from NAREIT's definition of FFO, we believe it

provides a meaningful presentation of operating performance. A reconciliation of FFO to FFO as adjusted for comparability is provided on pages 1 and 2 of this press release.

Source: Vornado Realty Trust

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