

## Vornado Announces First Quarter 2012 FFO of \$1.82 Per Share

Company Release - 5/7/2012

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

### First Quarter 2012 Results

NET INCOME attributable to common shareholders for the quarter ended March 31, 2012 was \$233.7 million, or \$1.25 per diluted share, compared to \$399.2 million, or \$2.12 per diluted share, for the quarter ended March 31, 2011. Net income for the quarters ended March 31, 2012 and 2011 include \$56.5 million and \$51.2 million, respectively, of net gains on sale of real estate, and \$8.9 million for our share of real estate impairment losses recorded by certain of our partially owned entities, for the quarter ended March 31, 2012. In addition, the quarters ended March 31, 2012 and 2011 include certain other items that affect comparability, which are listed in the table below. Adjusting net income attributable to common shareholders for net gains on sale of real estate, our share of real estate impairment losses and the items in the table below, net of amounts attributable to noncontrolling interests, net income attributable to common shareholders for the quarters ended March 31, 2012 and 2011 was \$187.5 million and \$178.8 million, or \$1.01 and \$0.97 per diluted share, respectively.

FUNDS FROM OPERATIONS attributable to common shareholders plus assumed conversions ("FFO") for the quarter ended March 31, 2012 was \$348.5 million, or \$1.82 per diluted share, compared to \$505.9 million, or \$2.64 per diluted share, for the prior year's quarter. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the quarters ended March 31, 2012 and 2011 was \$346.8 million and \$331.2 million, or \$1.81 and \$1.73 per diluted share, respectively.

(Amounts in thousands, except per share amounts)

	For the Three Months Ended March 31,	
	2012	2011
FFO (1)	\$ 348,452	\$ 505,931

Per Share	\$ <u>1.82</u>	\$ <u>2.64</u>
<b>Items that affect comparability income (expense):</b>		
Income from the mark-to-market of J.C. Penney derivative position	\$ 1,045	\$ 17,163
Net gain on extinguishment of debt	-	83,907
Mezzanine loans loss reversal and net gain on disposition	-	82,744
Our share of LNR's tax settlement gain	-	8,977
Buy-out of a below market lease	-	(15,000)
FFO attributable to discontinued operations	898	4,928
Other, net	<u>(228)</u>	<u>3,845</u>
	1,715	186,564
Noncontrolling interests' share of above adjustments	<u>(106)</u>	<u>(11,807)</u>
Items that affect comparability, net	\$ <u>1,609</u>	\$ <u>174,757</u>
FFO as adjusted for comparability	\$ <u>346,843</u>	\$ <u>331,174</u>
Per Share	\$ <u>1.81</u>	\$ <u>1.73</u>

(1) See page 3 for a reconciliation of our net income to FFO for the three months ended March 31, 2012 and 2011.

### Supplemental Financial Information

Further details regarding 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. 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, as amended, for the year ended December 31, 2011. 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 MONTHS ENDED MARCH 31, 2012 AND 2011

(Amounts in thousands, except per share amounts)	<u>For the Three Months Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Revenues	\$ <u>727,466</u>	\$ <u>726,883</u>
Income from continuing operations	\$ 223,549	\$ 308,195
Income from discontinued operations	<u>56,715</u>	<u>137,626</u>
Net income	280,264	445,821
Less net income attributable to noncontrolling interests in:		
Consolidated subsidiaries	(9,597)	(1,350)
Operating Partnership, including unit distributions	<u>(19,145)</u>	<u>(31,808)</u>

Net income attributable to Vornado	251,522	412,663
Preferred share dividends	(17,787)	(13,448)
Net income attributable to common shareholders	<u>\$ 233,735</u>	<u>\$ 399,215</u>
Net income per common share:		
Basic	\$ 1.26	\$ 2.17
Diluted	<u>\$ 1.25</u>	<u>\$ 2.12</u>
Weighted average shares:		
Basic	185,370	183,988
Diluted	<u>191,886</u>	<u>191,529</u>
FFO attributable to common shareholders plus assumed conversions	\$ 348,452	\$ 505,931
Per diluted share	<u>\$ 1.82</u>	<u>\$ 2.64</u>
FFO as adjusted for comparability	\$ 346,843	\$ 331,174
Per diluted share	<u>\$ 1.81</u>	<u>\$ 1.73</u>
Weighted average shares used in determining FFO per diluted share	<u>191,886</u>	<u>191,529</u>

The following table reconciles our net income to FFO:

(Amounts in thousands, except per share amounts) Reconciliation of our net income to FFO:	For The Three Months Ended March 31,	
	2012	2011
Net income attributable to Vornado	\$ 251,522	\$ 412,663
Depreciation and amortization of real property	132,558	124,321
Net gains on sale of real estate	(55,817)	(51,165)
Proportionate share of adjustments to equity in net income of Toys, to arrive at FFO:		
Depreciation and amortization of real property	17,288	17,729
Real estate impairment losses	7,026	-
Income tax effect of above adjustments	(8,497)	(6,205)
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	21,376	23,969
Net gains on sale of real estate	(661)	(1,649)
Real estate impairment losses	1,849	-
Noncontrolling interests' share of above adjustments	<u>(7,060)</u>	<u>(6,850)</u>
FFO	359,584	512,813
Preferred share dividends	<u>(17,787)</u>	<u>(13,448)</u>
FFO attributable to common shareholders	341,797	499,365
Interest on 3.88% exchangeable senior debentures	6,626	6,534
Convertible preferred share dividends	29	32
FFO attributable to common shareholders plus assumed conversions	<u>\$ 348,452</u>	<u>\$ 505,931</u>

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 gain from sales of depreciated real estate assets, real estate impairment losses, depreciation and amortization expense from real estate assets, extraordinary items 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 flow 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. Reconciliation of FFO to FFO as adjusted for comparability is provided on page 1 of this press release.

Vornado Realty Trust  
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Source: Vornado Realty Trust