

PRESS RELEASE

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Vornado's operating results for the quarter ended March 31, 2003

PARAMUS, NEW JERSEY.....VORNADO REALTY TRUST (NYSE:VNO) today reported that NET INCOME applicable to common shares for the quarter ended March 31, 2003 was \$86.3 million, or \$.77 per diluted share, versus \$45.4 million, or \$.42 per diluted share, for the quarter ended March 31, 2002.

Net income for the three months ended March 31, 2003 includes (i) the Company's \$1.6 million share of Newkirk Master Limited Partnership's ('Newkirk') gain on early extinguishment of debt, (ii) the Company's \$6.4 million share of Newkirk's net gain on sale of real estate, (iii) a \$2.6 million net gain on sale of other real estate and (iv) a \$0.2 million gain on the sale of condominiums. These items, net of minority interest, increased net income by \$8.7 million, or \$.08 per diluted share.

Net income for the three months ended March 31, 2002 includes (i) a charge of \$6.9 million for the amortization of an officer's employment arrangement, (ii) 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' and (iii) a \$1.5 million gain on the sale of condominiums. These items, net of minority interest, decreased net income by \$28.4 million, or \$.26 per diluted share.

FUNDS FROM OPERATIONS (FFO) for the quarter ended March 31, 2003 was \$130.1 million(1), or \$1.15 per diluted share, compared to \$118.4 million(1), or \$1.06 per diluted share, for the prior year's quarter. Adjusting FFO for certain items that affect comparability, first quarter 2003 FFO is 3.6% higher than first quarter 2002 on a per share basis, as detailed below:

	FOR THE THREE MONTHS ENDED			
	March 31, 2003		March 31, 2002	
(amounts in thousands, except per share amounts)	Amount	Per Share	Amount	Per Share
FFO as shown above.....	\$ 130,105	\$ 1.15	\$ 118,448	\$ 1.06
Adjustments:				
Gain on early extinguishment of debt of a partially-owned entity (Newkirk).....	(1,600)	(.01)	--	--
Amortization of Officer's employment arrangement....	--	--	6,875	.06
Gain on sale of Chicago condominiums.....	(188)	(.00)	(1,531)	(.01)
	(1,788)	(.01)	5,344	.05
Minority Interest.....	357	.00	(1,108)	(.01)
FFO, as adjusted for comparability.....	\$ 128,674	\$ 1.14	\$ 122,684	\$ 1.10

(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 \$6.9 million or \$.06 per share and \$6.6 million or \$.06 per share for the quarters ended March 31, 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 \$1.4 million or \$.01 per share and \$3.1 million or \$.02 per share in the three months ended March 31, 2003 and 2002, respectively. See page 4 for a reconciliation of net income applicable to common shares to FFO for the quarters ended March 31, 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.

(amounts in thousands, except per share amounts)	FOR THE THREE MONTHS ENDED	
	March 31, 2003	March 31, 2002
Revenues	\$ 377,005	\$ 349,441
Income before gain on sale of real estate and cumulative effect of change in accounting principle.....	\$ 89,098	\$ 81,656
Gain on sale of real estate.....	2,644	--
Cumulative effect of change in accounting principle.....	--	(30,129)
Net income	91,742	51,527
Preferred stock dividends.....	(5,425)	(6,131)
Net income applicable to common shares	\$ 86,317 ⁽¹⁾⁽²⁾	\$ 45,396 ⁽¹⁾⁽³⁾
FFO.....	\$ 130,105 ⁽¹⁾	\$ 118,448 ⁽¹⁾
Per Common Share:		
Net income		
Basic	\$.79	\$.44
Diluted.....	\$.77	\$.42
Average number of common shares and share equivalents outstanding	111,174,000	107,217,000
FFO.....	\$ 1.15	\$ 1.06
Average number of common shares and share equivalents outstanding used for determining funds from operations per share	113,178,000	111,520,000

- (1) This quarter's FFO and net income include (i) income of \$6.9 million from straight-lining of property rentals, (ii) the Company's \$1.6 million share of Newkirk Master Limited Partnership's gain on early extinguishment of debt, (iii) income of \$1.4 million from the amortization of below market leases net of above market leases and (iv) a \$0.2 million gain on the sale of Chicago condominiums. FFO and net income for the three months ended March 31, 2002, include (i) income of \$8.6 million from straight-lining of property rentals, (ii) a charge of \$6.9 million representing amortization of an officer's employment arrangement, (iii) income of \$3.1 million from the amortization of below market leases net of above market leases, and (iv) a \$1.5 million gain on the sale of Chicago condominiums.
- (2) Net income for the three months ended March 31, 2003 includes (i) income of \$1.6 million representing gains noted above on the early extinguishment of debt and the sale of condominiums, (ii) the Company's \$6.4 million share of Newkirk Master Limited Partnership's net gain on sale of real estate and (iii) a \$2.6 million net gain on sale of real estate. These items, net of minority interest, increased net income by \$6.7 million, or \$.06 per diluted share.
- (3) Net income for the three months ended March 31, 2002 includes (i) a charge of 6.9 million representing amortization of an officer's employment arrangement, noted above, (ii) a \$1.5 million gain on the sale of Chicago condominiums also referred to above and (iii) 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, net of minority interest, decreased net income by \$28.4 million, or \$.26 per diluted share.

The following table reconciles FFO and net income:

(amounts in thousands)	FOR THE THREE MONTHS ENDED MARCH 31,	
	2003	2002
Net income applicable to common shares.....	\$ 86,317	\$ 45,396
Cumulative effect of a change in accounting principle.....	--	30,129
Depreciation and amortization of real property.....	49,507	46,048
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.....	13,248	12,881
Net gain on sale of real estate.....	(6,400)	--
Other.....	893	(191)
Minority interest in excess of preferential distributions	(11,991)	(17,696)
	128,930	116,567
Series A preferred shares	1,175	1,881
FFO--diluted (1).....	\$ 130,105	\$ 118,448

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 page 1 of this press release.