

Paramus, New Jersey.....Vornado Realty Trust (New York Stock Exchange: VNO) Today Reported:

Company Release - 5/1/2006

PARAMUS, N.J.--(BUSINESS WIRE)--May 2, 2006--VORNADO REALTY TRUST (NYSE: VNO) today reported:

NET INCOME applicable to common shares for the quarter ended March 31, 2006 was \$134.8 million, or \$0.91 per diluted share, versus \$187.4 million, or \$1.39 per diluted share, for the quarter ended March 31, 2005. Net income for the quarter ended March 31, 2006 includes \$52.8 million of earnings from our investment in Toys "R" Us ("Toys"), including our share of Toys' net income for their fourth quarter ended January 28, 2006, which we recognize on a one-quarter lag basis, and \$16.2 million of net gains on sales of real estate. Net income for the quarters ended March 31, 2006 and 2005 also includes certain other items that affect comparability which are listed in the table below. The aggregate of these items and our share of Toys' net income, net of minority interest, increased net income applicable to common shares by \$54.4 million or \$0.35 per diluted share for the quarter ended March 31, 2006 and increased net income by \$80.7 million or \$0.60 per diluted share for the quarter ended March 31, 2005.

FUNDS FROM OPERATIONS applicable to common shares plus assumed conversions ("FFO") for the quarter ended March 31, 2006 was \$211.9 million, or \$1.37 per diluted share, compared to \$248.7 million, or \$1.84 per diluted share, for the prior year's quarter. Adjusting FFO for the Company's share of Toys' FFO and for certain other items that affect comparability which are listed in the table below, FFO for the quarters ended March 31, 2006 and 2005 were \$162.5 million and \$168.0 million, or \$1.05 and \$1.24 per share, respectively.

(Amounts in thousands, except per share amounts)	For the Quarter Ended March 31,
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2006	2005
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FFO applicable to common shares plus assumed conversions (1)	\$211,916	\$248,725
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Per Share	=====	=====	
	\$ 1.37	\$ 1.84	
	=====	=====	
Items that affect comparability (income)			
expense:			
Derivatives:			
GMH warrants	\$ 20,475	\$ 10,178	
Sears Holdings shares	(18,611)	(93,993)	
McDonalds shares	(6,300)	--	
Alexander's (33% share):			
Stock appreciation rights compensation			
expense	12,395	7,433	
Net gain on sale of 731 Lexington Avenue			
condominiums	(1,858)	(20,633)	
Other:			
H Street litigation costs	1,468	--	
Write-off of perpetual preferred share and			
unit issuance costs upon			
their redemption	--	6,052	
Net gain on sale of land parcels	--	(1,469)	
Impairment loss - Newkirk MLP	--	496	
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	7,569	(91,936)	
Our 32.9% share of Toys "R" Us FFO		(62,287)	--
	-----	-----	
	(54,718)	(91,936)	
Minority limited partners' share of above			
adjustments	5,323	11,260	
	-----	-----	
	\$(49,395)	\$(80,676)	
	=====	=====	
Per share	\$ (0.32)	\$ (0.60)	
	=====	=====	
FFO as adjusted for comparability		\$162,521	\$168,049
	=====	=====	
Per Share	\$ 1.05	\$ 1.24	
	=====	=====	

(1) See page 4 for reconciliation of net income to FFO for the quarters ended March 31, 2006 and 2005.

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.

VORNADO REALTY TRUST

OPERATING RESULTS FOR THE QUARTER ENDED
MARCH 31, 2006 AND 2005

FOR THE QUARTER
ENDED MARCH, 31

(Amounts in thousands, except per share
amounts)

	2006	2005
Revenues	\$ 647,601	\$ 596,184
Income from continuing operations	\$ 152,873	\$ 243,920
Income from discontinued operations	17,186	1,635
Income before allocation to limited partners	170,059	245,555
Minority limited partners' interest in the Operating Partnership	(15,874)	(27,195)
Perpetual preferred unit distributions of the Operating Partnership	(4,973)	(18,541)
Net income	149,212	199,819
Preferred share dividends	(14,407)	(12,386)
Net income applicable to common shares	\$ 134,805	\$ 187,433
Net income per common share:		
Basic	\$ 0.96	\$ 1.46

	=====	=====
Diluted	\$ 0.91	\$ 1.39
	=====	=====
Average number of common shares and share equivalents outstanding:		
Basic	141,150	128,313
	=====	=====
Diluted	148,964	135,319
	=====	=====
FFO applicable to common shares plus assumed conversions		
	\$ 211,916	\$ 248,725
	=====	=====
FFO per diluted share		
	\$ 1.37	\$ 1.84
	=====	=====
Average number of common shares and share equivalents outstanding used for determining FFO per diluted share		
	154,495	135,319
	=====	=====

The following table reconciles net income to FFO:

(Amounts in thousands)	For The Quarter	
	Ended March 31,	
	2006	2005
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Net income	\$149,212	\$199,819
Depreciation and amortization of real property	76,443	63,876
Net gains on sale of real estate	(16,160)	--
Proportionate share of adjustments to equity in net income of partially-owned entities to arrive at FFO:		
Depreciation and amortization of real property	25,009	6,297
Net gains on sale of real estate	(329)	(135)
Income tax effect of Toys "R" Us adjustments included above	(5,913)	--
Minority limited partners' share of above adjustments	(7,224)	(9,001)
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FFO	221,038	260,856
Preferred share dividends	(14,407)	(12,386)
	-----	-----
FFO applicable to common shares	206,631	248,470

Interest on 3.875% exchangeable senior debentures	5,094	--	
Series A convertible preferred share dividends		191	255
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FFO applicable to common shares plus assumed conversions	\$211,916	\$248,725	
	=====	=====	

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 Generally Accepted Accounting Principles ("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 page 1 of this press release.

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SOURCE: Vornado Realty Trust