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FOR IMMEDIATE RELEASE – August 6, 2012

## Vornado Announces Second Quarter 2012 Financial Results

PARAMUS, NEW JERSEY.....VORNADO REALTY TRUST (New York Stock Exchange: VNO) filed its Form 10-Q for the quarter ended June 30, 2012 today and reported:

### Second Quarter 2012 Results

NET INCOME attributable to common shareholders for the quarter ended June 30, 2012 was \$20.5 million, or \$0.11 per diluted share, compared to \$91.9 million, or \$0.49 per diluted share, for the quarter ended June 30, 2011. Net income for the quarters ended June 30, 2012 and 2011 include \$17.1 million and \$3.1 million, respectively, of net gains on sale of real estate, and \$14.9 million of real estate impairment losses in the quarter ended June 30, 2012. In addition, the quarters ended June 30, 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, 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 June 30, 2012 and 2011 was \$64.5 million and \$71.6 million, or \$0.35 and \$0.38 per diluted share, respectively.

FUNDS FROM OPERATIONS attributable to common shareholders plus assumed conversions (“FFO”) for the quarter ended June 30, 2012 was \$166.7 million, or \$0.89 per diluted share, compared to \$243.4 million, or \$1.27 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 June 30, 2012 and 2011 was \$211.6 million and \$220.3 million, or \$1.13 and \$1.15 per diluted share, respectively.

(Amounts in thousands, except per share amounts)

	For the Three Months Ended June 30,	
	2012	2011
FFO (1)	\$ 166,672	\$ 243,418
Per Share	\$ 0.89	\$ 1.27

### **Items that affect comparability income (expense):**

Loss from the mark-to-market of J.C. Penney derivative position	\$ (58,732)	\$ (6,762)
FFO attributable to discontinued operations	9,926	15,929
Net gain on sale of condominiums	1,274	-
Net gain resulting from Lexington's stock issuances	-	8,308
Our share of LNR's net gain from asset sales	-	6,020
Other, net	(392)	1,215
	(47,924)	24,710
Noncontrolling interests' share of above adjustments	2,998	(1,552)
Items that affect comparability, net	\$ (44,926)	\$ 23,158
<b>FFO as adjusted for comparability</b>	<b>\$ 211,598</b>	<b>\$ 220,260</b>
<b>Per Share</b>	<b>\$ 1.13</b>	<b>\$ 1.15</b>

(1) See page 4 for a reconciliation of our net income to FFO for the three months ended June 30, 2012 and 2011.

## First Half 2012 Results

NET INCOME attributable to common shareholders for the six months ended June 30, 2012 was \$254.2 million, or \$1.36 per diluted share, compared to \$491.1 million, or \$2.63 per diluted share, for the six months ended June 30, 2011. Net income for the six months ended June 30, 2012 and 2011 include \$73.6 million and \$55.9 million, respectively, of net gains on sale of real estate, and \$23.8 million of real estate impairment losses in the six months ended June 30, 2012. In addition, the six months ended June 30, 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, 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 six months ended June 30, 2012 and 2011 was \$246.0 million and \$244.7 million, or \$1.32 and \$1.34 per diluted share, respectively.

FFO for the six months ended June 30, 2012 was \$516.3 million, or \$2.72 per diluted share, compared to \$749.3 million, or \$3.91 per diluted share, for the prior year's six months. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the six months ended June 30, 2012 and 2011 was \$549.9 million and \$543.7 million, or \$2.90 and \$2.84 per diluted share, respectively.

(Amounts in thousands, except per share amounts)

	<b>For the Six Months Ended June 30,</b>	
	<b>2012</b>	<b>2011</b>
FFO (1)	\$ 516,328	\$ 749,349
Per Share	<u>2.72</u>	<u>3.91</u>
<b>Items that affect comparability income (expense):</b>		
(Loss) income from the mark-to-market of J.C. Penney derivative position	\$ (57,687)	\$ 10,401
FFO attributable to discontinued operations	21,200	29,028
Net gain on sale of condominiums	1,274	4,586
Net gain on extinguishment of debt	-	83,907
Mezzanine loans loss reversal and net gain on disposition	-	82,744
Our share of LNR's asset sales and tax settlement gains	-	14,997
Net gain resulting from Lexington's stock issuances	-	9,760
Buy-out of a below-market lease	-	(15,000)
Other, net	<u>(620)</u>	<u>(978)</u>
	(35,833)	219,445
Noncontrolling interests' share of above adjustments	2,216	(13,820)
Items that affect comparability, net	<u>\$ (33,617)</u>	<u>\$ 205,625</u>
<b>FFO as adjusted for comparability</b>	<b><u>\$ 549,945</u></b>	<b><u>\$ 543,724</u></b>
Per Share	<u><b>2.90</b></u>	<u><b>2.84</b></u>

(1) See page 4 for a reconciliation of our net income to FFO for the six months ended June 30, 2012 and 2011.

## Conference Call and Audio Webcast

As previously announced, the Company will host a quarterly earnings conference call and audio webcast on August 7, 2012 at 1:00 p.m. Eastern Daylight Time (EDT). The conference call can be accessed by dialing 800-446-1671 (domestic) or 847-413-3362 (international) and entering the passcode 32838269. A telephonic replay of the conference call will be available from 4:00 p.m. EDT on August 7, 2012 through August 21, 2012. To access the replay, please dial 888-843-7419 and enter the passcode 32838269#. A live webcast of the conference call will be available on the Company's website [www.vno.com](http://www.vno.com) and an online playback of the webcast will be available on the website for 90 days following the conference call.

## 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.

(tables to follow)

**VORNADO REALTY TRUST**  
**OPERATING RESULTS FOR THE THREE AND SIX MONTHS ENDED**  
**JUNE 30, 2012 AND 2011**

(Amounts in thousands, except per share amounts)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Revenues	\$ 700,591	\$ 696,038	\$ 1,403,015	\$ 1,397,437
Income from continuing operations	\$ 46,216	\$ 120,600	\$ 263,305	\$ 424,589
Income from discontinued operations	12,012	10,369	75,187	152,201
Net income	58,228	130,969	338,492	576,790
Less net income attributable to noncontrolling interests in:				
Consolidated subsidiaries	(14,721)	(13,657)	(24,318)	(15,007)
Operating Partnership, including unit distributions	(5,210)	(8,731)	(24,355)	(40,539)
Net income attributable to Vornado	38,297	108,581	289,819	521,244
Preferred share dividends	(17,787)	(16,668)	(35,574)	(30,116)
Net income attributable to common shareholders	\$ 20,510	\$ 91,913	\$ 254,245	\$ 491,128
Net income per common share:				
Basic	\$ 0.11	\$ 0.50	\$ 1.37	\$ 2.67
Diluted	\$ 0.11	\$ 0.49	\$ 1.36	\$ 2.63
Weighted average shares:				
Basic	185,673	184,268	185,521	184,129
Diluted	186,342	186,144	186,271	191,736
FFO attributable to common shareholders plus assumed conversions	\$ 166,672	\$ 243,418	\$ 516,328	\$ 749,349
Per diluted share	\$ 0.89	\$ 1.27	\$ 2.72	\$ 3.91
FFO as adjusted for comparability	\$ 211,598	\$ 220,260	\$ 549,945	\$ 543,724
Per diluted share	\$ 1.13	\$ 1.15	\$ 2.90	\$ 2.84
Weighted average shares used in determining FFO per diluted share	186,391	191,935	189,701	191,736

The following table reconciles our net income to FFO:

(Amounts in thousands)	<b>For the Three Months Ended June 30,</b>		<b>For the Six Months Ended June 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Reconciliation of our net income to FFO:</b>				
Net income attributable to Vornado	\$ 38,297	\$ 108,581	\$ 289,819	\$ 521,244
Depreciation and amortization of real property	126,063	124,326	258,621	248,647
Net gains on sale of real estate	(16,896)	(458)	(72,713)	(51,623)
Real estate impairment losses	13,511	-	13,511	-
Proportionate share of adjustments to equity in net income of Toys, to arrive at FFO:				
Depreciation and amortization of real property	16,513	17,168	33,801	34,897
Net gains on sale of real estate	-	(491)	-	(491)
Real estate impairment losses	1,368	-	8,394	-
Income tax effect of above adjustments	(6,351)	(5,835)	(14,848)	(12,040)
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	21,684	22,233	43,060	46,202
Net gains on sale of real estate	(234)	(2,120)	(895)	(3,769)
Real estate impairment losses	-	-	1,849	-
Noncontrolling interests' share of above adjustments	(9,524)	(9,906)	(16,584)	(16,756)
FFO	184,431	253,498	544,015	766,311
Preferred share dividends	(17,787)	(16,668)	(35,574)	(30,116)
FFO attributable to common shareholders	166,644	236,830	508,441	736,195
Interest on 3.88% exchangeable senior debentures	-	6,556	7,830	13,090
Convertible preferred share dividends	28	32	57	64
FFO attributable to common shareholders plus assumed conversions	<u>\$ 166,672</u>	<u>\$ 243,418</u>	<u>\$ 516,328</u>	<u>\$ 749,349</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. Reconciliations of FFO to FFO as adjusted for comparability are provided on page 1 and page 2 of this press release.

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