

## Vornado Announces its First Quarter Share of Toys `R' Us Financial Results

Company Release - 5/1/2006

PARAMUS, N.J.--(BUSINESS WIRE)--May 1, 2006--Vornado Realty Trust (NYSE:VNO) announced today that it will record its 32.9% share of Toys' fourth quarter results in its first quarter ending March 31, 2006; first quarter net income will include \$52,760,000 or \$.35 per diluted share, and its first quarter Funds From Operations ("FFO") will include \$62,287,000 or \$.36 per diluted share. The business of Toys is highly seasonal; historically, Toys' fourth quarter net income accounts for more than 80% of its fiscal year net income.

Attached is a summary of Toys' financial results and Vornado's 32.9% share of its equity in Toys' net income, as well as reconciliations of net income to earnings before interest, taxes, depreciation and amortization ("EBITDA") and FFO.

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.

Toys "R" Us, Inc.  
Condensed Consolidated Statements of Operations - Unaudited  
For the Quarter Ended January 28, 2006

Toys "R" Us, Inc.  
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(Amounts in thousands)

Results on a

Basis of  
Results on a Vornado's  
Historical Purchase Price  
Basis Accounting

Net sales	\$4,887,000	\$4,887,000
Cost of sales	3,426,000	3,426,000
Gross Margin	\$1,461,000	\$1,461,000
Selling, general and administrative expenses	919,000	955,000
Transaction and related costs	8,000	--
Depreciation and amortization	131,000	104,000
Restructuring and other charges	30,000	(1,000)
Total operating expenses	1,088,000	1,058,000
Operating income	373,000	403,000
Interest expense	(184,000)	(186,000)
Interest income	9,000	9,000
Income before income taxes	198,000	226,000
Income tax expense	(56,000)	(76,000)
Net income	\$142,000	\$150,000

Vornado's 32.9% equity in Toys' \$150,000 net income		
	\$49,275	
Management fee from Toys		829
Interest income on Vornado's share of a bridge loan to Toys	2,656	
Total Vornado net income from its investment in Toys	\$52,760	

See page 3 for reconciliation of net income to FFO

Reconciliation of Vornado's net income from its investment in Toys to EBITDA

(1):		
Net income	\$52,760	

Interest and debt expense	61,101
Depreciation and amortization	34,164
Income tax expense	24,966
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Vornado's 32.9% share of Toys' EBITDA	\$172,991
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(1) EBITDA represents "Earnings Before Interest, Taxes, Depreciation and Amortization." Management considers EBITDA a supplemental measure for making decisions and assessing the unlevered performance of its segments as it relates to the total return on assets as opposed to the levered return on equity. As properties are bought and sold based on a multiple of EBITDA, management utilizes this measure to make investment decisions as well as to compare the performance of its assets to that of its peers. EBITDA should not be considered a substitute for net income. EBITDA may not be comparable to similarly titled measures employed by other companies.

Toys "R" Us, Inc.  
Funds From Operations - Unaudited  
For the Quarter Ended January 28, 2006

(Amounts in thousands)

Reconciliation of Vornado's net income from its investment in Toys to FFO (1):

Net income	\$52,760	
Depreciation and amortization of real property		15,111
Net gains on sale of real estate	(329)	
Proportionate share of adjustments to equity in income of partially-owned entities to arrive at FFO:		
Depreciation and amortization of real property		658
Income tax effect of above adjustments		(5,913)
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Vornado's share of FFO	\$62,287	
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(1) 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 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 is

used by management, investors and industry analysts as supplemental measures of operating performance of equity REITs. FFO 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 is 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.

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SOURCE: Vornado Realty Trust