

Vornado Announces its Share of Toys "R" Us Second Quarter Financial Results

Company Release - 9/30/2009

PARAMUS, N.J.--(BUSINESS WIRE)-- Vornado Realty Trust (NYSE:VNO) announced today that it will record its 32.7% share of Toys "R" Us' second quarter financial results in its third quarter ending September 30, 2009. Vornado's results will include net income of \$22,083,000 or \$.11 per diluted share compared to a net loss of \$8,141,000 or \$.04 per diluted share recorded in the quarter ended September 30, 2008.

Vornado's share of Funds From Operations ("FFO") before income taxes for the quarter ending September 30, 2009 is \$3,482,000 or \$.02 per share as compared to negative FFO before income taxes of \$1,359,000 or \$.01 per share in the prior year's quarter. Vornado's share of FFO after income taxes for the quarter ending September 30, 2009 is \$33,472,000, or \$.17 per share as compared to FFO after income taxes of \$3,381,000 or \$.02 per share in the quarter ended September 30, 2008.

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 32.7% 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

August 1, 2009

August 2, 2008

(Amounts in thousands)	Results on		Results on
	Results on a Historical Accounting Basis	Vornado's Purchase Price Accounting Basis	Vornado's Purchase Price
Net sales	\$ 2,567,000	\$ 2,567,000	\$ 2,771,000
Cost of sales	1,616,000	1,616,000	1,757,000
Gross margin	951,000	951,000	1,014,000
Selling, general and administrative expenses	828,000	839,100	883,400
Depreciation and amortization	101,000	109,200	111,300
Other income, net	(64,000)	(64,200)	(10,200)
Total operating expenses	865,000	884,100	984,500
Operating income	86,000	66,900	29,500
Interest expense	(117,000)	(121,400)	(103,600)
Interest income	2,000	2,000	4,000
Loss before income tax benefit and noncontrolling interest	(29,000)	(52,500)	(70,100)
Income tax benefit	54,000	112,100	35,700
Net earnings (loss)	25,000	59,600	(34,400)
Less: Net loss attributable	2,000	2,000	3,500

to noncontrolling interest

Net earnings (loss)

attributable to Toys "R" Us, \$ 27,000 \$ 61,600 \$ (30,900)
Inc.

Vornado's 32.7% equity in \$ 20,137 \$ (10,107)
Toys' net income (loss)

Management fee from Toys, 1,570 1,447
net

Interest income on credit 376 519
facility

Total Vornado net income
(loss) from its investment \$ 22,083 \$ (8,141)
in Toys

See page 3 for a
reconciliation of net income
to FFO.

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

Net income (loss) \$ 22,083 \$ (8,141)

Interest and debt expense 39,136 33,570

Depreciation and 34,357 35,155
amortization

Income tax benefit (36,122) (10,945)

Vornado's share of Toys'
EBITDA (1) \$ 59,454 \$ 49,639

EBITDA represents "Earnings Before Interest, Taxes, Depreciation and Amortization." Management considers EBITDA a supplemental measure for making decisions and assessing the un-levered performance of its segments as it relates to the total return on assets as opposed to the levered

- (1) 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

(Amounts in thousands)	For the Quarter Ended	
	August 1, 2009	August 2, 2008
Reconciliation of Vornado's net income (loss) from its investment in Toys to FFO (1):		
Net income (loss)	\$ 22,083	\$ (8,141)
Depreciation and amortization of real property	17,521	17,891
Net gains on sale of real estate	--	(164)
Income tax effect of above adjustments	(6,132)	(6,205)
Vornado's share of Toys' FFO (1)	\$ 33,472	\$ 3,381

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 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

(1) 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.

Source: Vornado Realty Trust

Contact: Vornado Realty Trust Joseph Macnow, 201-587-1000