

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

Company Release - 12/14/2005

PARAMUS, N.J.--(BUSINESS WIRE)--Dec. 14, 2005--Vornado Realty Trust (NYSE:VNO) announced today that it will record in its fourth quarter of 2005, a Net loss from its 32.95% investment in Toys "R" Us ("Toys") of \$39,575,000 or \$.23 per share, and negative Funds From Operations of \$32,996,000 representing Vornado's share of Toys third quarter 2005 financial results. This compares to a pro-forma Net loss of \$24,267,000 and negative Funds From Operations of \$23,047,000 for the same period in 2004. The business of Toys is highly seasonal; historically, Net income in Toys' fourth quarter accounts for more than 80% of its fiscal year Net income, which Vornado will report in its first quarter of 2006.

Attached is a summary of Toys' financial results and Vornado's 32.95% share of its equity in Toys' net loss, as well as reconciliations of net loss to earnings before interest, taxes, depreciation and amortization ("EBITDA") and Funds From Operations ("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 October 29, 2005

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Results on

(Amounts in thousands)	a Basis of Results Vornado's on a Purchase Basis Accounting		Historical Price
Net sales	\$2,157,000	\$2,157,000	
Cost of sales	1,463,000	1,463,000	
Gross margin	694,000	694,000	
Selling, general and administrative expenses		678,000	684,000
Transaction and related costs		2,000	-
Depreciation and amortization		86,000	93,000
Restructuring and other charges		(1,000)	(1,000)
Total operating expenses		765,000	776,000
Operating loss	(71,000)	(82,000)	
Interest expense	(125,000)	(130,000)	
Interest income	2,000	2,000	
Loss before income taxes		(194,000)	(210,000)
Income tax benefit		68,000	74,000
Net loss	\$ (126,000)	\$ (136,000)	

Vornado's 32.95% interest in Toys'		
\$136,000 Net loss	\$ (44,812)	
Management fee to Vornado		1,259
Interest income on Vornado's share of a bridge loan to Toys	3,978	
Total Vornado Net loss from its investment in Toys	\$ (39,575)	

See page 3 for a reconciliation of Net loss to FFO.

Reconciliation to Vornado's share of EBITDA (1):		
Net loss	\$ (39,575)	
Interest and debt expense		42,835
Depreciation and amortization		30,644
Income tax benefit	(24,383)	
Vornado's 32.95% share of Toys' EBITDA		\$ 9,521

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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 ("FFO") - Unaudited  
For the Quarter Ended October 29, 2005

(Amounts in thousands)

Reconciliation of Vornado's share of Net loss to FFO (1):	
Net loss	\$(39,575)
Depreciation and amortization of real property	9,226
Net loss on sale of real estate	989
Proportionate share of adjustments to equity in income of partially-owned entities to arrive at FFO:	
Depreciation and amortization of real property	659
Income tax (benefit) effect of above adjustments	(4,295)
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Vornado's share of FFO	\$(32,996)
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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. A reconciliation of net income to FFO is provided above.

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SOURCE: Vornado Realty Trust