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

Company Release - 12/20/2007

PARAMUS, N.J.--(BUSINESS WIRE)--

Vornado Realty Trust (NYSE:VNO) announced today that it will record its 32.7% share of Toys "R" Us' third quarter financial results in its fourth quarter ending December 31, 2007. Vornado's results will include a net loss of $32,620,000, or $.18 per diluted share compared to a net loss of $51,697,000 or $.30 per diluted share recorded in the quarter ended December 31, 2006.

Vornado's share of negative Funds From Operations ("FFO") before income taxes for the quarter ended December 31, 2007 is $50,027,000 or $.28 per share as compared to negative FFO before income taxes of $45,136,000 or $.26 per share in the prior year's quarter. In the quarter ended December 31, 2007, Vornado's results will include negative FFO of $23,689,000, or $.13 per share as compared to negative FFO of $39,827,000, or $.23 per share in the quarter ended December 31, 2006.

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 loss, as well as reconciliations of net loss 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

| (Amounts in thousands) | November 3, 2007 Results on a Historical Basis | November 3, 2007 Results on Vornado's Purchase Price Accounting Basis | October 28, 2006 Results on Vornado's Purchase Price Accounting Basis |
|---|---|---|---|
| Net sales | $ 2,781,000 | $ 2,781,000 | $ 2,534,000 |
| Cost of sales | 1,804,000 | 1,804,000 | 1,673,000 |
| Gross margin | 977,000 | 977,000 | 861,000 |
| Selling, general and administrative expenses | 924,000 | 939,900 | 811,000 |
| Depreciation and amortization | 94,000 | 104,300 | 116,000 |
| Net gains on sales of properties | (18,000) | (4,800) | (52,000) |
| Restructuring and other charges | 3,000 | 3,000 | -- |
| Total operating expenses | 1,003,000 | 1,042,400 | 875,000 |
| Operating loss | (26,000) | (65,400) | (14,000) |
| Interest expense | (136,000) | (141,000) | (145,000) |
| Interest income | 3,000 | 3,000 | 4,000 |
| Loss before income tax benefit | (159,000) | (203,400) | (155,000) |
| Income tax benefit | 81,000 | 96,100 | 16,411 |
| Minority interest | 2,000 | 2,000 | 7,000 |
| Net loss | $ (76,000) | $ (105,300) | $ (131,589) |

| | | |
|---|---|---|
| Vornado's 32.7% equity in Toys' net loss | $ (34,450) | $ (43,227) |
| Adjustment to eliminate Vornado's share of the after-tax net gain recognized by Toys on the stores previously sold to Vornado on October 16, 2006, which Vornado reflected as an adjustment to the basis of its investment | -- | (9,377) |
| Management fee from Toys, net | 1,122 | 907 |
| Interest income on credit facility | 708 | -- |
| Total Vornado net loss from its investment in Toys | $ (32,620) | $ (51,697) |

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

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

| | | |
|---|---|---|
| Net loss | $ (32,620) | $ (51,697) |
| Interest and debt expense | 45,908 | 47,462 |
| Depreciation and amortization | 32,606 | 35,539 |
| Income tax benefit | (31,148) | (10,316) |
| Vornado's 32.7% share of Toys' EBITDA (1) | $ 14,746 | $ 20,988 |

(1) 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 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 November 3, 2007 | For the Quarter Ended October 28, 2006 |
|---|---|---|
| Reconciliation of Vornado's net loss from its investment in Toys to FFO (1): | | |
| Net loss | $ (32,620) | $ (51,697) |
| Depreciation and amortization of real property | 16,260 | 19,054 |
| Net gain on sale of real estate | (2,519) | (2,177) |
| Income tax effect of above adjustments | (4,809) | (5,007) |
| Vornado's share of FFO (1) | $ (23,688) | $ (39,827) |

(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 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 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

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