

Vornado Board of Trustees Declares a \$.77 Special Dividend

Company Release - 12/16/2005

PARAMUS, N.J.--(BUSINESS WIRE)--Dec. 16, 2005--Vornado Realty Trust (NYSE:VNO) today announced that its Board of Trustees has declared a \$.77 special dividend payable on December 30, 2005 to shareholders of record on December 27, 2005. This dividend is expected to be taxed at the qualified dividend rate of 15% for Federal tax purposes.

The dividend is the result of Vornado's ownership of 7,500,000 common shares of Sears Canada Inc., which were accumulated between February and September of this year in connection with the Company's investment in Sears Holdings Corporation.

The source of Vornado's dividend was a special dividend paid by Sears Canada today, of which Vornado's share was \$120.5 million. As a result of the Sears Canada dividend, Vornado will recognize approximately \$25 million of income in the fourth quarter and mark-to-market the 7,500,000 shares, adjusting the cost basis to \$61 million or \$8.10 per share. Vornado will mark-to-market this investment on a quarterly basis through Accumulated Other Comprehensive Income on the balance sheet. At yesterday's closing share price of \$15.51, the unrecognized gain is approximately \$56 million.

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.

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

SOURCE: Vornado Realty Trust