

PRESS RELEASE

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NOVEMBER 20, 2001

Sale of a 50% participation in loans to Primestone

PARAMUS, NEW JERSEY.....VORNADO REALTY TRUST (NYSE:VNO) today announced the sale to a subsidiary of Cadim inc. of a 50% participation in two loans to Primestone Investment Partners, L.P. for approximately \$50 million. The loans, which are in default, have an aggregate outstanding balance of approximately \$100 million, excluding unpaid interest and fees, and are secured by 7,944,893 partnership units in Prime Group Realty, L.P., the operating partnership of Prime Group Realty Trust (NYSE:PGE), which units are exchangeable for the same number of shares of PGE. The loans are also guaranteed by affiliates of the borrower.

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 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.