

PRESS RELEASE

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OCTOBER 26, 2001

Vornado's loan to Primestone in default

PARAMUS, NEW JERSEY.....VORNADO REALTY TRUST (NYSE:VNO) today announced that Primestone Investment Partners, L.P. has defaulted on the repayment of a \$62,000,000 loan from Vornado which was due yesterday. The loan is secured by 7,944,893 partnership units in Prime Group Realty L.P., the operating partnership of Prime Group Realty Trust (NYSE:PGE) and is convertible into the same number of shares of PGE. It is also guaranteed by affiliates of the borrower. The loan is subordinate to \$40,000,000 of third party indebtedness secured by the same collateral.

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.