

PRESS RELEASE

Contact:

Joseph Macnow
(201) 587-1000



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Vornado to acquire Kaempfer Company and Mitchell N. Schearto become President of the Charles E. Smith Division of Vornado

PARAMUS, NEW JERSEY.....VORNADO REALTY TRUST (NYSE:VNO) announced today that it has acquired the Kaempfer Company ("Kaempfer"), which owns interests in six Class A office properties in Washington D.C. and manages and leases these properties and four others for which it receives customary fees. Kaempfer's equity interest in the properties approximates 5.0%. The aggregate purchase price for the equity interests and the management and leasing business was \$33.4 million (which consisted of \$29.8 million in cash and \$3.6 million of Vornado's Operating Partnership Units) which may be increased by up to \$9.0 million based on the performance of the management company.

The six Class 'A' office buildings contain 1.8 million square feet and are as follows:

the 600,000 square foot Warner Building located at 1299 Pennsylvania Avenue,
the 380,000 square foot Investment Building located at 1501 K Street,
the 343,000 square foot Commonwealth Tower located at 1300 Wilson Boulevard in Rosslyn,
the 220,000 square foot Bowen Building located at 875 15th Street,
the 150,000 square foot building located at 1925 K Street (representing 49% of Kaempfer's interest), and
the 123,000 square foot Executive Tower located at 1399 New York Avenue.

Kaempfer is also a partner, with a 5% economic interest, in the planned redevelopment of 401 M Street, a mixed-use project in southwest Washington, D.C.

Kaempfer, which was founded in 1977 and has 65 employees, will be combined with the Company's Charles E. Smith Commercial Realty Division ('CESCR'). Mitchell N. Schear, the President of Kaempfer, will become President of CESCR. Robert H. Smith will remain as Chairman of CESCR.

With the acquisition, the CESCR division of Vornado will own 53 office buildings in the Washington, D.C. and Northern Virginia area containing 13.4 million square feet and partial interests in six Washington D.C. office buildings containing 1.8 million square feet. In addition, CESCR will manage an additional 8.5 million square feet of office and other commercial properties.

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.