

PRESS RELEASE

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Vornado acquires Prime Group Units at foreclosure auction

PARAMUS, NEW JERSEY.....VORNADO REALTY TRUST (NYSE:VNO) announced today that a Vornado subsidiary acquired 7,944,893 partnership units of Prime Group Realty, L.P., the operating partnership of Prime Group Realty Trust (NYSE:PGE), at a foreclosure auction held this afternoon in New York City. The partnership units had been pledged to the Vornado subsidiary as collateral for loans to Primestone Investment Partners L.P. (Primestone). The price the Vornado subsidiary paid for the units was \$8.35 per unit, today's closing price on The New York Stock Exchange of the PGE shares for which the partnership units are exchangeable on a one-for-one basis. Primestone and its affiliated guarantors remain liable for the deficiency under the loans.

As previously reported, a subsidiary of Cadim, Inc. owns a 50% participation interest in the loans to Primestone held by the Vornado subsidiary. Under the participation arrangement, the Cadim affiliate has the right to acquire 50% of the partnership units that the Vornado subsidiary acquired at the foreclosure auction (or the PGE shares into which they may be exchanged).

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.