Empire State Realty Trust, Inc.
Form S-11/A
July 10, 2013
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As filed with the Securities and Exchange Commission on July 10, 2013

Registration Statement No. 333-179485

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 4

to

FORM S-11

FOR REGISTRATION

UNDER

THE SECURITIES ACT OF 1933

OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES

EMPIRE STATE REALTY TRUST, INC.

(Exact name of registrant as specified in its governing instruments)

One Grand Central Place

60 East 42nd Street

New York, New York 10165

(212) 953-0888

(Address, including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Anthony E. Malkin

Chairman, Chief Executive Officer and President

c/o Empire State Realty Trust, Inc.

One Grand Central Place

60 East 42nd Street

New York, New York 10165

(212) 953-0888

(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent for Service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement. ¨

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box: ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	x (Do not check if a smaller reporting company)	Smaller Reporting Company	¨

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is declared effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus, dated July 10, 2013

PROSPECTUS

Shares

Class A Common Stock

Empire State Realty Trust, Inc. is a Maryland corporation organized to qualify as a real estate investment trust that owns, manages, operates, acquires and repositions office and retail properties in Manhattan and the greater New York metropolitan area.

This is our initial public offering and no public market currently exists for our Class A common stock. We are offering shares of our Class A common stock as described in this prospectus. All of the shares of Class A common stock offered by this prospectus are being sold by us. We currently expect the initial public offering price to be between $ and $ per share of our Class A common stock. We intend to apply to have our Class A common stock listed on the New York Stock Exchange under the symbol ESB.

Shares of our common stock are subject to ownership limitations that are intended to, among other purposes, assist us in qualifying and maintaining our qualification as a real estate investment trust for U.S. federal income tax purposes. Our charter contains certain restrictions relating to the ownership and transfer of our common stock, including, subject to certain exceptions, a 9.8% ownership limit for all stockholders. See Description of Securities Restrictions on Ownership and Transfer beginning on page 281 of this prospectus.

Investing in our Class A common stock involves risks. See Risk Factors beginning on page 30 of this prospectus for a discussion of certain risk factors that you should consider before investing in our Class A common stock.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to us	$	$

We have granted the underwriters the option to purchase an additional shares of our Class A common stock for 30 days after the date of this prospectus on the same terms and conditions set forth above if the underwriters sell more than shares of Class A common stock in this offering.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of our Class A common stock on or about , 2013.

BofA Merrill Lynch **Goldman, Sachs & Co.**

The date of this prospectus is , 2013.

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[PICTURE, TEXT AND/OR GRAPHICS FOR INSIDE COVER TO COME]

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You should rely only on the information contained in this prospectus or in any free writing prospectus prepared by us or information to which we have referred you. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus and any free writing prospectus prepared by us is accurate only as of their respective dates or on the date or dates which are specified in these documents. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates.

Unless the context otherwise requires or indicates, references in this prospectus to we, our, us and our company refer to (i) Empire Stat Realty Trust, Inc. (formerly known as Empire Realty Trust, Inc.), a Maryland corporation, together with its consolidated subsidiaries, including Empire State Realty OP, L.P. (formerly known as Empire Realty Trust, L.P.), a Delaware limited partnership, which we refer to in this prospectus as our operating partnership, after giving effect to the formation transactions described in this prospectus and (ii) our predecessor before giving effect to the formation transactions described in this prospectus. Unless the context otherwise requires or indicates, the information contained

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in this prospectus assumes (i) the formation transactions, as described under the caption Structure and Formation of Our Company beginning on page 257 have been completed; (ii) the shares of Class A common stock to be sold in this offering are sold at $ per share, which is the mid-point of the range of prices set forth on the front cover of this prospectus; (iii) no exercise by the underwriters of their option to purchase up to an additional shares of our Class A common stock; (iv) the Series PR operating partnership units, the Series ES operating partnership units, the Series 60 operating partnership units and the Series 250 operating partnership units to be issued in the formation transactions are valued at $ per unit; (v) the Class B common stock to be issued in the formation transactions is valued at $ per share; and (vi) all property information is as of March 31, 2013.

Market Data

We use market data and industry forecasts and projections throughout this prospectus, and in particular in the sections entitled Economic and Market Overview and Business and Properties. We have obtained all of this information from a market study prepared for us by Rosen Consulting Group, or RCG, a nationally recognized real estate consulting firm in June 2013. We have paid RCG a fee for such services. Such information is included herein in reliance on RCG s authority as an expert on such matters. See Experts. We believe the data prepared by RCG is reliable, but we have not independently verified this information. Any forecasts prepared by RCG are based on data (including third party data), models and experience of various professionals, and are based on various assumptions, all of which are subject to change without notice. There is no assurance that any of the forecasts will be achieved.

We own, manage, operate, acquire and reposition office and retail properties in Manhattan and the greater New York metropolitan area. We refer to our properties in Manhattan as our Manhattan properties. We use the term greater New York metropolitan area to refer only to Fairfield County, Connecticut and Westchester County, New York. We refer to our office and retail properties collectively as our portfolio. Our targeted office markets as defined by RCG include the Midtown Manhattan market, which spans from 30th Street north to Central Park (59th Street) and includes the Penn Station, Times Square South, Grand Central and West Side submarkets, and the Westchester County and Fairfield County markets. Our targeted retail markets as defined by RCG include Midtown Manhattan, Union Square (where Park Avenue meets 14th Street), the Upper East Side and Fairfield County. The manner in which we define our property markets and submarkets differs from how RCG has done so in its market study included herein. Further, RCG s definition of the New York metropolitan area differs from our definition of the greater New York metropolitan area. RCG s definition includes Putnam County and Rockland County in New York and Bergen County, Hudson County, and Passaic County in Northern New Jersey and excludes Fairfield County in Connecticut.

Predecessor Definition

Our predecessor is not a legal entity but rather a combination of (i) controlling interests in (a) 16 office and retail properties, (b) one development parcel, and (c) certain management companies, which are owned by certain entities that the sponsors (Anthony E. Malkin and Peter L. Malkin) own interests in and control, which we collectively refer to as the controlled entities, and (ii) non-controlling interests in four office properties (which include two of the 16 properties set forth in (i) above), held through entities we collectively refer to as the non-controlled entities, and are presented as uncombined entities in our combined financial statements. Specifically, the term our predecessor means (i) Malkin Holdings LLC, a New York limited liability company that acts as the supervisor of, and performs various asset management services and routine administration with respect to, certain of the existing entities (as described below), which we refer to as the supervisor; (ii) the limited liability companies or limited partnerships that currently (a) own, directly or indirectly and either through a fee interest or a long-term leasehold in the underlying land, and/or (b) operate, directly or indirectly and through a fee interest, an operating lease, an operating sublease or an operating sub-sublease, the 18 office and retail properties (which include non-controlling interests in four office properties for which Malkin Holdings LLC acts as the supervisor but that are not consolidated into our predecessor for accounting purposes) and

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entitled land that will support the development of an approximately 380,000 rentable square foot office building and garage that we will own after the formation transactions described in this prospectus, which we refer to as the existing entities; (iii) Malkin Properties, L.L.C., a New York limited liability company that serves as the manager and leasing agent for certain of the existing entities in Manhattan, which we refer to as Malkin Properties; (iv) Malkin Properties of New York, L.L.C., a New York limited liability company that serves as the manager and leasing agent for certain of the existing entities in Westchester County, New York, which we refer to as Malkin Properties NY; (v) Malkin Properties of Connecticut, Inc., a Connecticut corporation that serves as the manager and leasing agent for certain of the existing entities in the State of Connecticut, which we refer to as Malkin Properties CT; and (vi) Malkin Construction Corp., a Connecticut corporation that is a general contractor and provides services to certain of the existing entities and third parties (including certain tenants at the properties in our portfolio), which we refer to as Malkin Construction. The term our predecessor s management companies refers to the supervisor, Malkin Properties, Malkin Properties NY, Malkin Properties CT and Malkin Construction, collectively. Our predecessor accounts for its investment in the non-controlled entities under the equity method of accounting.

Class A and Class B Common Stock and Operating Partnership Units

Following this offering, our company will have two classes of common stock, Class A common stock and Class B common stock. Operating partnership units have economic rights similar to the Class A common stock but do not have the right to vote on matters presented to holders of Class A common stock and Class B common stock. The continuing investors that had an option to elect operating partnership units at the time they made their election of consideration in the formation transactions had an option to elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such continuing investor would otherwise receive in the consolidation. The Class B common stock provides its holder with a voting right that is no greater than if such holder had received solely Class A common stock in the consolidation. Each outstanding share of Class B common stock entitles the holder thereof to 50 votes on all matters on which Class A common stockholders are entitled to vote, including the election of directors, and holders of shares of Class A common stock and Class B common stock will vote together as a single class. Each share of Class B common stock has the same economic interest as a share of Class A common stock, and one share of Class B common stock and 49 operating partnership units together represent a similar economic value as 50 shares of Class A common stock. One share of Class B common stock may be converted into one share of Class A common stock at any time, and one share of Class B common stock is subject to automatic conversion into one share of Class A common stock upon a direct or indirect transfer of such share of Class B common stock or certain transfers of the operating partnership units held by the holder of Class B common stock (or a permitted transferee thereof) to a person other than a permitted transferee. We intend to apply to have our Class A common stock listed on the New York Stock Exchange under the symbol ESB. Unless the context otherwise requires or indicates, the term common stock as used herein means both our Class A and Class B common stock. For a description of the material terms of our common stock, see Description of Securities.

Interests in our operating partnership are denominated in units of limited partnership interest. Following this offering and the formation transactions, our operating partnership will have two classes of limited partnership interest operating partnership units and LTIP units. The operating partnership units will have four series Series PR operating partnership units, Series ES operating partnership units, Series 60 operating partnership units and Series 250 operating partnership units, which we refer either collectively, or with respect to one or more series, as the operating partnership units, as the context requires or indicates. Operating partnership units are redeemable for cash, or at our election, exchangeable for shares of our Class A common stock on a one-for-one basis. As used herein, when we refer to our ownership interest in our operating partnership, we mean the percentage of all operating partnership units that are expected to be held by us. We will hold only Series PR operating partnership units. When we refer to operating partnership units to be held by the Malkin Group and continuing investors in the private existing entities, we mean Series PR operating partnership units, which will not be listed on a national securities exchange. When we refer to operating partnership units to be held by continuing investors in the public existing entities, we mean Series ES operating partnership units, Series 60

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operating partnership units and Series 250 operating partnership units, which we intend to apply to have listed on the New York Stock Exchange under the symbols ESBA, OGCP, and FISK, respectively.

The term fully diluted basis means all outstanding shares of our Class A common stock at such time plus shares of Class A common stock that may be issuable upon the exchange of operating partnership units on a one-for-one basis and shares of Class A common stock issuable upon the conversion of Class B common stock on a one-for-one basis, which is not the same as the meaning of fully diluted under generally accepted accounting principles in the United States of America, or GAAP. The term owns in respect of ownership of securities of our company means the direct beneficial ownership of such securities or the ability to control the vote or disposition of such securities.

IPO Grants Under our Equity Incentive Plan

Upon completion of this offering, we expect to grant LTIP units and/or restricted shares of our Class A common stock (at the grantee s discretion) to our independent directors, executive officers (other than Anthony E. Malkin) and certain other employees, which will be subject to time-based and/or performance-based vesting over a three to four year period. The aggregate number of LTIP units/shares we intend to grant to such individuals, including a total of LTIP units and/or restricted shares of our Class A common stock which we intend to grant to our independent directors, will be in an amount equal to 1.5% of the gross proceeds raised in this offering (excluding proceeds from any exercise of the underwriters option to purchase additional shares of our Class A common stock) divided by the initial public offering price. Assuming we receive gross proceeds from this offering of $ (excluding proceeds from any exercise of the underwriters option to purchase additional shares of our Class A common stock), which is based on an initial public offering price of $ per share (the mid-point of the price range set forth on the front cover of this prospectus), the aggregate number of LTIP units and/or restricted shares of our Class A common stock we intend to grant to our independent directors, executive officers (other than Anthony E. Malkin) and certain other employees will be units/shares and will have an aggregate dollar value of $.

Non-GAAP Financial Measures

We use non-GAAP financial measures in this prospectus. For definitions and reconciliations of these non-GAAP financial measures, see Management s Discussion and Analysis of Financial Condition and Results of Operations Net Operating Income, Funds from Operations and EBITDA.

Miscellaneous

The term reposition means the strategic improvement of one or more of the following characteristics of a building: (i) tenant type, composition and credit quality, (ii) aggregate rentable square feet, (iii) average space leased per tenant, (iv) aggregate space leased, (v) lease term, (vi) average rent per square foot, (vii) aggregate rental revenue and/or (viii) branding and associated marketing efforts, and requires significant capital expenditures for physical improvements to the building and its amenities.

The term Malkin Group means all of the following, as a group: Anthony E. Malkin, Peter L. Malkin and each of their spouses and lineal descendants (including spouses of such descendants), any estates of any of the foregoing, any trusts now or hereafter established for the benefit of any of the foregoing, or any corporation, partnership, limited liability company or other legal entity controlled by Anthony E. Malkin or any permitted successor in such entity for the benefit of any of the foregoing; provided, however that solely with respect to tax protection rights and parties who entered into the contribution agreements described in this prospectus, the Malkin Group shall also include the lineal descendants of Lawrence A. Wien and his spouse (including spouses of such descendants), any estates of the foregoing, any trusts now or hereafter established for the benefit of any of the foregoing, or any corporation, partnership, limited liability company or other legal entity controlled by Anthony E. Malkin for the benefit of the foregoing.

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We refer to Anthony E. Malkin, our Chairman, Chief Executive Officer and President, David A. Karp, our Chief Financial Officer, Executive Vice President and Treasurer, Thomas P. Durels, our Executive Vice President and Chief of Property Operations and Leasing, and Thomas N. Keltner, Jr., our Executive Vice President, General Counsel and Secretary, collectively as our senior management team.

The term the Helmsley estate means the interests of the estate of Leona M. Helmsley (including any interests in the existing entities transferred from the Helmsley estate to the Leona M. and Harry B. Helmsley Charitable Trust).

Enterprise Value

The term enterprise value means our total market capitalization based on the mid-point of the price range set forth on the cover of this prospectus, on a fully diluted basis, plus our pro forma total consolidated indebtedness less our pro forma cash and cash equivalents based on March 31, 2013 pro forma outstanding balances.

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PROSPECTUS SUMMARY

You should read the following summary together with the more detailed information regarding our company, including under the caption Risk Factors, as well as the historical and unaudited pro forma financial statements, including the related notes, appearing elsewhere in this prospectus.

THE COMPANY

Overview

We are a self-administered and self-managed real estate investment trust, or REIT, that owns, manages, operates, acquires and repositions office and retail properties in Manhattan and the greater New York metropolitan area. We were formed to continue and expand the commercial real estate business of our predecessor Malkin Holdings LLC and its affiliates. Our primary focus will be to continue to own, manage and operate our current portfolio and to acquire and reposition office and retail properties in Manhattan and the greater New York metropolitan area.

As of March 31, 2013, we owned 12 office properties (including one long-term ground leasehold interest) encompassing approximately 7.8 million rentable square feet of office space, which were approximately 79.8% leased (or 83.9% giving effect to leases signed but not yet commenced as of that date). Seven of these properties are located in the midtown Manhattan market and encompass in the aggregate approximately 5.9 million rentable square feet of office space, including the Empire State Building. Our Manhattan office properties also contain an aggregate of 432,148 rentable square feet of premier retail space on their ground floor and/or lower levels. Our remaining five office properties are located in Fairfield County, Connecticut and Westchester County, New York, encompassing in the aggregate approximately 1.8 million rentable square feet. The majority of square footage for these five properties is located in densely populated metropolitan communities with immediate access to mass transportation. Additionally, we have entitled land at the Stamford Transportation Center in Stamford, Connecticut, adjacent to one of our office properties, that will support the development of an approximately 380,000 rentable square foot office building and garage, which we refer to herein as Metro Tower. As of March 31, 2013, our portfolio also included four standalone retail properties located in Manhattan and two standalone retail properties located in the city center of Westport, Connecticut, encompassing 204,452 rentable square feet in the aggregate. As of March 31, 2013, our standalone retail properties were 100% leased in the aggregate.

In addition, we have an option to acquire from affiliates of our predecessor two additional Manhattan office properties encompassing approximately 1.5 million rentable square feet of office space and 154,649 rentable square feet of ground floor retail space. These option properties have been subject to litigation (which is ongoing with respect to 1400 Broadway) and we have an option to acquire fee, long-term leasehold, sub-leasehold and/or sub-subleasehold interests in these two properties, as applicable, after such litigation is resolved. We refer to these properties as our option properties. For more information, please see Business and Properties Description of Option Properties.

From 2002 through 2006, we gradually gained full control of the day-to-day management of our Manhattan office properties (with the Helmsley estate holding certain approval rights at some of these properties as a result of its interest in the entities owning the properties). Helmsley-Spear, Inc. had provided property management services to our Manhattan office properties during the period from 2002 through 2006 prior to its removal as property manager. See Business and Properties History for more information regarding how we gained full control of the day-to-day management of our Manhattan office properties. Since then, we have been undertaking a comprehensive renovation and repositioning strategy of our Manhattan office properties that has included the physical improvement through upgrades and modernization of, and tenant upgrades in, such properties. Since we

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assumed full control of the day-to-day management of our Manhattan office properties beginning with One Grand Central Place in 2002 and through March 31, 2013, we have invested a total of approximately $369.0 million (excluding tenant improvement costs and leasing commissions) in our Manhattan office properties pursuant to this program. We currently intend to invest between $60.0 million and $90.0 million of additional capital through the end of 2013. We expect to complete substantially this program by the end of 2013, except with respect to the Empire State Building, which is the last Manhattan office property that began its renovation program. In addition, we currently estimate that between $90.0 million and $120.0 million of capital is needed beyond 2013 to complete substantially the renovation program at the Empire State Building, which we expect to occur by the end of 2016, due to the size and scope of our remaining work and our desire to minimize tenant disruptions at the property. We intend to fund these capital improvements through a combination of operating cash flow and borrowings.

These improvements, within our renovation and repositioning program, include restored, renovated and upgraded or new lobbies; elevator modernization; renovated public areas and bathrooms; refurbished or new windows; upgrade and standardization of retail storefront and signage; façade restorations; modernization of building-wide systems; and enhanced tenant amenities. These improvements are designed to improve the overall value and attractiveness of our properties and have contributed significantly to our tenant repositioning efforts, which seek to increase our occupancy; raise our rental rates; increase our rentable square feet; increase our aggregate rental revenue; lengthen our average lease term; increase our average lease size; and improve our tenant credit quality. We have also aggregated smaller spaces in order to offer larger blocks of office space, including multiple floors, that are attractive to larger, higher credit-quality tenants and to offer new, pre-built suites with improved layouts. This strategy has shown attractive results to date, as illustrated by the case studies which are described in Business and Properties Renovation and Repositioning Case Studies, and we believe has the potential to improve our operating margins and cash flows in the future. We believe we will continue to enhance our tenant base and improve rents as our pre-renovation leases continue to expire and be re-leased.

The Empire State Building is our flagship property and provides us with a significant and diversified source of revenue through its office and retail leases, observatory operations and broadcasting licenses and related leased space. On a pro forma basis, during the three months ended March 31, 2013 and the year ended December 31, 2012, respectively, we generated approximately $50.6 million and $240.8 million of revenue from the Empire State Building. The ongoing repositioning of the Empire State Building, which comprises 2,709,726 rentable square feet of office space and 167,788 rentable square feet of retail space, is representative of our strategic vision for our Manhattan office properties. To date, our renovation and repositioning efforts have enabled us to lease significant amounts of space at the Empire State Building to new higher credit-quality tenants, including: LF USA; Skanska; Coty, Inc.; the Federal Deposit Insurance Corporation; Funaro & Co.; Kaltex North America, Inc.; LinkedIn; Noven Pharmaceuticals; People s Daily Online USA; Shutterstock; Taylor Global; The Freeh Group; Turkish Airlines; and World Monuments Fund. We believe completing the repositioning program for the Empire State Building, as well as our other Manhattan office properties, represents a significant growth opportunity for our company.

We are led by Anthony E. Malkin, our Chairman, Chief Executive Officer and President, who has a strong reputation in the industry for quality management, repositioning and marketing expertise. Mr. Malkin, together with our senior management team, has developed our strategy with a focus on tenant and broker relationships and the cultivation of our brand to attract higher credit-quality tenants to our improved buildings and negotiate attractive rental terms. Mr. Malkin has over 24 years of real estate experience specifically in expanding, renovating, repositioning and managing this portfolio. Our senior management team has an average of approximately 30 years of experience covering all aspects of real estate, including asset and property management, leasing, marketing, acquisitions, construction, development, legal and finance, and Messrs. Malkin, Thomas P. Durels and Thomas N. Keltner, Jr. have worked together for our predecessor for approximately 23 years, with Messrs. Malkin and Durels being responsible for supervising the design and implementation of our renovation and repositioning program.

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Market Information

Unless otherwise indicated, all information in this Market Information section is derived from the market studies prepared by Rosen Consulting Group, or RCG, a national commercial real estate advisory company. Forecasts prepared by RCG are based on data (including third-party data), models and experience of various professionals, and are based on various assumptions, all of which are subject to change without notice. There is no assurance any of the forecasts will be achieved. We believe the data utilized by RCG that is contained in this section is reliable, but we have not independently verified this information.

Manhattan Office Market

Manhattan s office market is by far the largest in the United States, measured by total square footage, with approximately 392 million square feet of office space. Manhattan s sustained job growth, skilled labor force, excellent transportation access and broad range of service industries drive strong demand for office space through economic cycles. Correspondingly, the Manhattan office market commands the highest overall average gross asking rents of any market in the United States based on asking rents as of March 31, 2013. While the office tenant base is broad, several industries are more prominent than others, including financial services, legal services, media and publishing, advertising, communications, and fashion/apparel. As of March 31, 2013, RCG s outlook for Manhattan s office market as a whole is positive, marked by an expected decrease in the vacancy rate through the end of 2016. The pace of recovery in the near term is not expected to match the early bounce-back period in 2010 and 2011 and improving fundamentals are expected to be more broad-based, driven by growing demand for Class B/C space. For a definition of Class B and Class C properties, see Economic and Market Overview Office Markets Manhattan Demand-Supply Analysis. Demand for office space in Manhattan continued its recovery in 2012 with office employment in the New York metropolitan area growing 1.5% year-over-year through March 2013, representing 21,900 new office jobs.

The trailing two-quarter leasing volume increased through the first quarter 2013 from a year-earlier with a total of 12.1 million square feet of space leased in the first half of 2012, a 2.2% increase over the two-quarter leasing volume through the first quarter 2012. The overall vacancy rate decreased to 9.1% through the first quarter of 2013 from 9.4% at year-end 2012 and was even with 9.1% from the first quarter of 2012. RCG expects this recovery to continue with average annual rent growth of 4.6% between 2013 and 2017. Through the near term, RCG expects the overall vacancy rate of midtown Manhattan office space, to trend slightly downward, reaching 8.3% by the end of 2017 from 9.4% in 2012.

New York City and Manhattan Retail Market

New York s retail market benefits from positive fundamentals, including favorable demographics, high average income, strong local demand base, significant barriers to entry, and a high volume of domestic and international visitors. RCG s outlook for the New York City and Manhattan retail markets is positive with sustained job growth, declining unemployment, stabilizing home values and improving consumer confidence. With a combined population approaching 20 million, New York City metropolitan region is by far the most populous in the country. In addition to the local population, domestic and international leisure travelers are drawn to New York City for its theaters, historical sites, museums, shopping and other cultural opportunities. A record high 50.9 million travelers visited New York City in 2011, according to NYC & Company, while direct visitor spending in New York City reached $34.5 billion in 2011, up from $14.7 billion in 1998.

The borough of Manhattan contains approximately 110 million square feet of retail space according to the Real Estate Board of New York. The main retail corridors have improved during the early stages of economic recovery as consumer spending has stabilized and tourism activity has rebounded. Spaces in prime corridors are among the most highly sought-after retail locations in the world and therefore command among the highest rents. Retail demand in Manhattan is driven by an affluent local population, commuters and a high concentration of business and leisure travelers.

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Our Competitive Strengths

We believe that we distinguish ourselves from other owners and operators of office and retail properties as a result of the following competitive strengths:

Irreplaceable Portfolio of Office Properties in Midtown Manhattan. Our Manhattan office properties are located in one of the most prized office markets in the world due to a combination of supply constraints, high barriers to entry, near-term and long-term prospects for job creation, vacancy absorption and rental rate growth. Management believes these properties could not be replaced today on a cost-competitive basis, if at all. As of March 31, 2013, we owned seven Manhattan office properties (including one long-term ground leasehold interest) encompassing approximately 5.9 million rentable square feet of office space, including the Empire State Building, our flagship property.

Expertise in Repositioning and Renovating Manhattan Office Properties. We have substantial expertise in renovating and repositioning Manhattan office properties, having invested a total of approximately $369.0 million (excluding tenant improvement costs and leasing commissions) in our Manhattan office properties since we assumed full control of the day-to-day management of these properties beginning with One Grand Central Place in November 2002 through March 31, 2013. We have successfully aggregated and are continuing to aggregate smaller spaces to offer larger blocks of space, including multiple floors, that are attractive to larger, higher credit-quality tenants and to offer new, pre-built suites with improved layouts. As part of this program, we converted some or all of the second floor office space of certain of our Manhattan office properties to higher rent retail space. We believe that the post-renovation high quality of our buildings and the service we provide also attract higher credit-quality tenants and allow us to grow cash flow.

Leader in Energy Efficiency Retrofitting. We have pioneered certain practices in energy efficiency at the Empire State Building where we have partnered with the Clinton Climate Initiative, Johnson Controls Inc., Jones Lang LaSalle and the Rocky Mountain Institute to create and implement a groundbreaking, replicable process for integrating energy efficiency retrofits in the existing built environment. The reduced energy consumption reduces costs for us and our tenants, and we believe creates a competitive advantage for our properties. As a result of the energy efficiency retrofits, we currently estimate that the Empire State Building will save at least 38% of its energy use, resulting in at least $4.4 million of annual energy cost savings. Johnson Controls Inc. has guaranteed minimum energy cost savings of $2.2 million annually, from 2010 through 2025, with respect to certain of the energy efficiency retrofits which Johnson Controls Inc. was responsible for installing. In 2012, the actual energy cost savings for the energy efficiency retrofits which Johnson Controls Inc. was responsible for installing was $2.3 million. As a result of our efforts, the Empire State Building is now an Energy Star building and has been awarded LEED EBOM-Gold certification. We are currently underway with the design and specification process to implement energy efficiency retrofitting projects in our Manhattan and greater New York metropolitan area office properties based on our work at the Empire State Building. We believe that our portfolio s attractiveness is enhanced by these practices and that this should result in higher rental rates, longer lease terms and higher quality tenants.

Attractive Retail Locations in Densely Populated Metropolitan Communities. As of March 31, 2013, our portfolio also included six standalone retail properties and retail space at the ground floor and/or lower levels of our Manhattan office properties. All of these properties are located in premier retail corridors with convenient access to mass transportation, a diverse tenant base and high pedestrian traffic and/or main destination locations. Our retail portfolio includes 615,167 rentable square feet located in Manhattan and 21,433 rentable square feet located in Westport, Connecticut. Our retail tenants cover a number of industries, including financial services, and include Allen Edmonds, Ann Taylor; AT&T; Bank of America; Bank Leumi; Bank Santander (Sovereign Bank); Best Buy Mobile; Charles Schwab; Chipotle; Duane Reade (a division of Walgreen Co.); Ethan Allen; FedEx/Kinko s; Food Emporium; Foot Locker; Gamestop; HSBC; JP Morgan Chase; Kate Spade (a division of Fifth &

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Pacific Companies, Inc.); Loews Theatre; Lululemon; Men s Wearhouse; Nike; Panera Bread; Payless Shoesource; Potbelly Sandwich Works; Sprint; Starbucks; Theory; TJ Maxx; Urban Outfitters; and Walgreens.

Experienced and Committed Management Team with Proven Track Record. Our senior management team is highly regarded in the real estate community and has extensive relationships with a broad range of brokers, owners, tenants and lenders. We have substantial in-house expertise and resources in asset and property management, leasing, marketing, acquisitions, construction, development and financing and a platform that is highly scalable. Members of our senior management team have worked in the real estate industry for an average of approximately 30 years, and Messrs. Malkin, Durels and Keltner have worked together for our predecessor for approximately 23 years. Upon completion of this offering, our senior management team is expected to own % of our common stock on a fully diluted basis (including shares of common stock on a fully diluted basis as to which Anthony E. Malkin has the right to vote, but does not have a pecuniary interest), and therefore their interests are expected to be aligned with those of our stockholders, and they are incentivized to maximize returns for our stockholders.

Strong Balance Sheet Well Positioned For Future Growth. Upon completion of this offering, we expect to have pro forma total debt outstanding of approximately $1.16 billion, with a weighted average interest rate of 4.83%, a weighted average maturity of 3.7 years and 74.1% of which is fixed-rate indebtedness. Additionally, we expect to have approximately $545.1 million of available borrowing capacity under our loans and secured revolving and term credit facility on a pro forma basis upon the consummation of this offering and the formation transactions (based on March 31, 2013 pro forma outstanding balances). Upon completion of this offering and on a pro forma basis for the year ended December 31, 2012, we had a debt-to-earnings before interest, income tax, depreciation and amortization, or EBITDA, ratio of approximately 4.72x and our debt represented % of enterprise value. For the year ended December 31, 2012, our pro forma EBITDA and pro forma net income were approximately $236.3 million and $77.7 million, respectively. We have, on a pro forma basis, approximately $56.1 million of debt maturing in the remainder of 2013 and approximately $145.3 million in 2014.

Business and Growth Strategies

Our primary business objectives are to maximize cash flow and total returns to our stockholders and to increase the value of our properties through the pursuit of the following business and growth strategies:

Lease-up Available Space at Manhattan Office Properties. As of March 31, 2013, our Manhattan office properties were approximately 77.8% leased (or 82.2% giving effect to leases signed but not yet commenced as of that date) and had approximately 1.1 million rentable square feet of available space (excluding leases signed but not yet commenced). This compares to an average of 89.9% leased in midtown Manhattan according to RCG as of March 31, 2013. We believe our renovation and repositioning program for our Manhattan office properties is a catalyst for additional lease-up. To date we believe these efforts have accelerated our ability to lease space to new higher credit-quality tenants, many of which have expanded the office space they lease from us over time. Examples of this include LF USA, Coty, Inc., the Federal Deposit Insurance Corporation and Actimize which collectively have leases signed with us for over 1,397,250 rentable square feet that represent additional annualized base rent of $56,424,227 as of March 31, 2013.

Increase Existing Below-Market Rents. We believe we can capitalize on the successful repositioning of our Manhattan office portfolio and improving market fundamentals to increase rents. For example, we expect to benefit from the re-leasing of 11.2%, or approximately 662,813 rentable square feet (including month-to-month leases), of our Manhattan office leases expiring through December 31, 2014, which we generally believe are currently at below-market rates. These expiring leases represent a weighted average base rent of $40.39 per square foot based on current measurements. As older leases expire, we expect to continue to upgrade certain space to further increase rents and we expect to increase the total rentable square footage of such space as a result of remeasurement and application of market loss factors to our space which we expect will generate additional rental revenue.

Complete the Redevelopment and Repositioning of Our Current Portfolio. We intend to continue to increase occupancy, improve tenant quality and enhance cash flow and value by completing the renovation and repositioning of our Manhattan office properties. We intend selectively to continue to allow leases for smaller spaces to expire or relocate smaller tenants in order to aggregate, demolish and re-demise existing office space into larger blocks of vacant space, which we believe will attract higher credit-quality tenants at higher rental rates. In addition, we are a leader in developing economically justified energy efficiency retrofitting and sustainability and have made it a portfolio-wide initiative. We believe this makes our properties desirable to high credit-quality tenants at higher rental rates and longer lease terms.

Pursue Attractive Acquisition and Development Opportunities. We will opportunistically pursue attractive opportunities to acquire office and retail properties, including the option properties. For more information regarding the option properties, please see Business and Properties Description of Option Properties. We intend to focus our acquisition strategy primarily on Manhattan office properties and, to a lesser extent, office and multi-tenanted retail properties in densely populated communities in the greater New York metropolitan area and other markets we may identify in the future. Our strong balance sheet, access to capital, and ability to offer operating partnership units in tax deferred acquisition transactions should give us significant flexibility in structuring and consummating acquisitions.

Proactively Manage Our Portfolio. We believe our proactive, service-intensive approach to asset and property management helps increase occupancy and rental rates. We utilize our comprehensive building management services and our strong commitment to tenant and broker relationships and satisfaction to negotiate attractive leasing deals and to attract high credit-quality tenants. We proactively manage our rent roll and maintain continuous communication with our tenants. We believe long-term tenant relationships will improve our operating results over time by reducing leasing, marketing and tenant improvement costs and reducing tenant turnover.

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Our Portfolio Summary

As of March 31, 2013, our portfolio consisted of 12 office properties and six standalone retail properties totaling approximately 8.4 million rentable square feet and was approximately 80.0% leased (or 83.8% giving effect to leases signed but not yet commenced as of that date). In addition, we owned entitled land that will support the development of an approximately 380,000 rentable square foot office building and garage (Metro Tower) at the Stamford Transportation Center in Stamford, Connecticut, adjacent to one of our office properties, as of March 31, 2013. The table below presents an overview of our portfolio and our option properties as of March 31, 2013

Property Name	Submarket	Year Built /Renovated[1]	Rentable Square Feet[2]	Percent Leased[3]	Annualized Base Rent[4]	Annualized Base Rent Per Leased Square Foot[5]	Net Effective Rent Per Leased Square Foot[6]	Number of Leases[7]
Manhattan Office Properties								
The Empire State Building	Penn Station-Times Sq. South	1931/ In process					$ 45.23	
Office[8]			2,709,726	69.5%	$ 74,637,950	$ 39.66		232
Retail[9]			167,788	83.6%	$ 15,108,871	$ 107.71		22
One Grand Central Place	Grand Central	1930/ In process					$ 49.12	
Office			1,174,199	76.6%	$ 41,031,563	$ 45.61		295
Retail			68,005	92.9%	$ 6,552,189	$ 103.75		20
250 West 57th Street	Columbus Circle-West Side	1921/ In process					$ 42.83	
Office			483,758	87.5%	$ 17,208,652	$ 40.65		157
Retail			52,247	71.3%	$ 3,439,150	$ 92.30		5
501 Seventh Avenue	Penn Station-Times Sq. South	1923/ In process					$ 34.21	
Office			452,938	88.3%	$ 13,724,343	$ 34.31		31
Retail			35,502	100.0%	$ 1,802,707	$ 50.78		10
1359 Broadway	Penn Station-Times Sq. South	1924/In process					$ 39.22	
Office			439,881	91.5%	$ 15,322,812	$ 38.06		27
Retail			27,618	28.7%	$ 1,082,614	$ 136.54		4
1350 Broadway[10]	Penn Station-Times Sq. South	1929/ In process					$ 56.32	
Office			361,870	83.1%	$ 12,422,139	$ 41.31		70
Retail			30,925	100.0%	$ 5,736,131	$ 185.49		6
1333 Broadway	Penn Station-Times Sq. South	1915/ In process					$ 43.96	
Office			291,977	100.0%	$ 12,229,288	$ 41.88		10
Retail			50,063	6.4%	$ 760,000	$ 237.57		3
Sub-Total / Weighted Average Manhattan Office Properties			**6,346,497**	**77.5%**	**$ 221,058,409**	**$ 44.95**	**$ 44.96**	**892**
Office			**5,914,349**	**77.8%**	**$ 186,576,748**	**$ 40.56**		**822**
Retail			**432,148**	**73.6%**	**$ 34,481,661**	**$ 108.35**		**70**
Greater New York Metropolitan Area Office Properties								
First Stamford Place[11]	Stamford, Connecticut[12]	1986/2003	786,072	84.4%	$ 25,605,439	$ 38.61	$ 39.57	45
Metro Center	Stamford, Connecticut[13]	1987/1999	279,385	95.7%	$ 13,048,077	$ 48.80	$ 48.74	27
383 Main Avenue	Norwalk, Connecticut[14]	1985/1996	259,533	76.7%	$ 5,519,611	$ 27.72	$ 28.12	17
500 Mamaroneck Avenue	Harrison, New York[15]	1986/2004	289,622	91.2%	$ 7,216,934	$ 27.32	$ 26.73	31
10 Bank Street	White Plains, New York[15]	1989/2001	228,994	85.4%	$ 6,527,790	$ 33.38	$ 34.39	28

Sub-Total / Weighted Average Greater New York Metropolitan Area Office Properties	**1,843,606**	**86.2%**	**$ 57,917,851**	**$ 36.44**	**$ 36.91**	**148**

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Property Name	Submarket	Year Built /Renovated[1]	Rentable Square Feet[2]	Percent Leased[3]	Annualized Base Rent[4]	Annualized Base Rent Per Leased Square Foot[5]	Net Effective Rent Per Leased Square Foot[6]	Number of Leases[7]
Total / Weighted Average Office Properties			**7,757,955**	**79.8%**	**$ 244,494,598**	**$ 39.50**		**970**
Standalone Retail Properties								
10 Union Square	Union Square	1988/1997	58,005	100.0%	$ 5,093,035	$ 87.80	$ 88.55	13
1542 Third Avenue	Upper East Side	1993[16]	56,250	100.0%	$ 2,775,618	$ 49.34	$ 47.71	3
1010 Third Avenue	Upper East Side	1963/2007[17]	44,662	100.0%	$ 3,048,085	$ 68.25	$ 65.88	2
77 West 55th Street	Midtown	1962[18]	24,102	100.0%	$ 2,254,366	$ 93.53	$ 81.41	3
69-97 Main Street	Westport, Connecticut	1922/2005	17,103	100.0%	$ 1,513,984	$ 88.52	$ 90.79	5
103-107 Main Street	Westport, Connecticut	1900[16]	4,330	100.0%	$ 400,653	$ 92.53	$ 89.37	3
Sub-Total / Weighted Average Standalone Retail Properties			**204,452**	**100.0%**	**$ 15,085,741**	**$ 73.79**	**$ 71.73**	**29**
Total / Weighted Average Retail Properties[18]			**636,600**	**82.1%**	**$ 49,567,402**	**$ 94.83**		**99**
Portfolio Total			**8,394,555**	**80.0%**	**$ 294,062,001**	**$ 43.79**	**$ 43.87**	**1,069**
Option Properties								
112-122 West 34th Street[19]	Penn Station-Times Sq. South	1954/ In process					$ 35.83	
Office			611,499	81.7%				45
Retail			133,437	98.1%				2
1400 Broadway	Penn Station-Times Sq. South	1930/ In process					$ 37.52	
Office			872,045	83.5%				80
Retail			21,212	45.2%				6
Option Properties Total			**1,638,193**					**133**

(1) For more information regarding the status of ongoing renovations at certain of our properties, see Business and Properties Description of Our Properties.
(2) Office property measurements are based on the Real Estate Board of New York measurement standards; retail property measurements are based on useable square feet. Excludes (i) 135,130 square feet of space across our portfolio attributable to building management use and tenant amenities and (ii) 68,935 square feet of space attributable to our observatory.
(3) Based on leases signed and commenced as of March 31, 2013 and calculated as (i) rentable square feet less available square feet divided by (ii) rentable square feet.
(4) Annualized base rent for office properties is calculated by multiplying (i) base rental payments (defined as cash base rents (before abatements and free rent)) for the month ended March 31, 2013 for leases commenced as of March 31, 2013, by (ii) 12. Total abatements and free rent with respect to the office properties for leases in effect as of March 31, 2013 for the 12 months ending March 31, 2014 are $7,979,496. Total annualized base rent, net of abatements and free rent, for our office properties is $236,515,102. Annualized base rent for retail properties (including the retail space in our Manhattan office properties) is calculated by multiplying (i) base rental payments (defined as cash base rents (before abatements, tenant reimbursements and free rent)) for the month ended March 31, 2013 for leases commenced as of March 31, 2013, by (ii) 12. Total abatements, tenant reimbursements and free rent with respect to the retail properties (including the retail space in our Manhattan office properties) for leases in effect as of March 31, 2013 for the 12 months ending March 31, 2014 are $2,000. Total annualized base rent, net of abatements, tenant reimbursements and free rent, for our retail properties is $49,565,403. Annualized base rent data for our office and retail properties is as of March 31, 2013 and does not reflect scheduled lease expirations for the 12 months ending March 31, 2014.
(5) Represents Annualized Base Rent under leases commenced as of March 31, 2013 divided by leased square feet.

(6) Net effective rent per leased square foot represents (i) the contractual base rent for office and retail leases in place as of March 31, 2013, calculated on a straight-line basis to amortize free rent periods and abatements, but without regard to tenant improvement allowances and leasing commissions, divided by (ii) square footage under commenced leases as of March 31, 2013.

(7) Represents the number of leases at each property or on a portfolio basis. If a tenant has more than one lease, whether or not at the same property, but with different expirations, the number of leases is calculated equal to the number of leases with different expirations.

(8) Includes 85,842 rentable square feet of space leased by our broadcasting tenants.

(9) Includes 6,180 rentable square feet of space leased by Host Services of New York, a licensee of our observatory.

(10) Denotes a ground leasehold interest in the property with a remaining term, including unilateral extension rights available to us, of approximately 38 years (expiring July 31, 2050).

(11) First Stamford Place consists of three buildings.

(12) This submarket is part of the Stamford, Connecticut central business district (CBD) submarket as defined by RCG. See Economic and Market Overview.

(13) This submarket is part of the South Central Stamford, Connecticut submarket as defined by RCG. See Economic and Market Overview.

(14) This submarket is part of the Eastern Westchester County submarket as defined by RCG. See Economic and Market Overview.

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(15) This submarket is part of the White Plains, New York CBD submarket as defined by RCG. See Economic and Market Overview.
(16) No major renovation activity was undertaken at this property.
(17) This property underwent major renovations in 2007 to coincide with the signing of a significant retail lease.
(18) Includes 432,148 rentable square feet of retail space in our Manhattan office properties.
(19) 112-122 West 34th Street consists of two parcels having separate owners and ownership structures. The real property interests that we will acquire with respect to the parcel located at 112-120 West 34th Street if the option is exercised consist of (i) a ground leasehold interest currently held by 112 West 34th Street Associates L.L.C., one of the affiliates of our predecessor with whom we have entered into an option agreement and (ii) an operating leasehold interest currently held by 112 West 34th Street Company L.L.C., another affiliate of our predecessor with whom we have entered into an option agreement. The real property interests that we will acquire with respect to the parcel located at 122 West 34th Street if the option is exercised consist of (i) a fee interest and a subleasehold interest currently held by 112 West 34th Street Associates L.L.C. and (ii) an operating leasehold interest currently held by 112 West 34th Street Company L.L.C.

Renovation and Repositioning Case Studies

The below table provides case study information regarding our renovation and repositioning efforts at two of our buildings, Empire State Building and 1333 Broadway. The data represents full floors where we have completed renovation and repositioning efforts, including 24 of the 76 office floors at the Empire State Building and eight of the ten non-retail floors at 1333 Broadway. These renovation activities are illustrative of the renovation efforts we have made which have allowed us to improve the overall value and attractiveness of our properties and have contributed significantly to our tenant repositioning efforts, which seek to increase our occupancy; raise our rental rates; increase our rentable square feet; increase our aggregate rental revenue; lengthen our average lease term; increase our average lease size; and improve our tenant credit quality. There can be no assurance that our renovation and repositioning program will be completed in its entirety in accordance with the anticipated timing or at the anticipated cost or that the results we expect to achieve will be accomplished. Accordingly, the information presented in the case studies should not be considered as indicative of our possible results and you should not rely on this information as an indication of our future performance.

The pre-renovation and repositioning statistics in the table below represent the leases existing on the applicable floor of the applicable building at a date within a three-year period prior to the commencement of tenant repositioning efforts which were implemented on such floor and which generally represented the highest occupancy for such floor during such period. The tenant repositioning efforts include the exercise of our rights to relocate tenants, negotiated relocations of tenants, the strategic expiration of existing leases to aggregate large blocks of space, including whole floors, as well as the implementation of marketing efforts in such space including the signing of significant tenants prior to the onset of the renovation work. Post-renovation and repositioning statistics in the table below represent full floors where we have completed our renovation and repositioning efforts and reflect leases signed for such space. In certain circumstances, certain tenants have signed leases where only a portion of their lease has commenced with the remainder of the lease to commence through 2013, except with respect to one tenant at the Empire State Building where such tenant s leases will commence through 2014. The information in the table below presents statistics as if all such space under such leases have commenced.

	Number of Leases	Total Rentable Square Feet(1)	Percent Leased(2)	Average Rentable Square Feet per Leased Space	Weighted Average Lease Term (years)	Annualized Gross Rent(3)	Weighted Average Annualized Gross Rent per Leased Square Foot(4)
Empire State Building (completed floors)							
Pre	201	994,646	73.9%	3,659	9.0	$ 25,794,316	$ 35.08
Post	20	1,287,762	99.1%	63,837	14.6	$ 53,878,944(5)	$ 42.20
Change	**(181)**	**293,116**	**25.2%**	**60,178**	**5.6**	**108.9%**	**20.3%**
1333 Broadway (completed floors)							
Pre	59	216,622	52.0%	1,909	4.6	$ 3,468,743	$ 30.80
Post	6	235,337	100.0%	39,223	13.3	$ 9,854,310	$ 41.87
Change	**(53)**	**18,715**	**48.0%**	**37,314**	**8.7**	**184.1%**	**36.0%**

(1) The change in total rentable square footage results from a combination of remeasurement of, and changes in loss factor applied to, the renovated spaces. Post-renovation and repositioning property measurements are based on the Real Estate Board of New York measurement standards. Includes leases that have been signed but have not yet commenced.
(2) Percent leased is calculated as (a) rentable square feet less available square feet divided by (b) rentable square feet.
(3) Pre-renovation and repositioning annualized gross rent represents the last annualized fully escalated gross rent prior to the start of the renovation and repositioning of the floor and post-renovation and repositioning annualized gross rent represents annualized contractual first monthly base rent (after free rent periods) for leases that have been signed and assumes the lease has commenced.
(4) Represents annualized gross rent divided by leased square feet.
(5) 42.6% of post-renovation and repositioning annualized gross rent relates to one tenant at the Empire State Building where a portion of such tenant s leases have commenced, with the remainder of the leases to commence through 2014.

Summary Risk Factors

Investing in our Class A common stock involves a high degree of risk. You should carefully consider the following risk factors, together with all the other information contained in this prospectus, before making an investment decision to purchase our Class A common stock. The occurrence of any of the following risks could materially and adversely affect our business, prospects, financial condition, results of operations and our ability to make cash distributions to our stockholders, which could cause you to lose all or a significant part of your investment in our Class A common stock.

All of our properties are located in Manhattan and the greater New York metropolitan area, in particular midtown Manhattan, and adverse economic or regulatory developments in this area could materially and adversely affect us.

Adverse economic and geopolitical conditions in general and in Manhattan and the greater New York metropolitan area commercial office and retail markets in particular, could have a material adverse effect on our results of operations, financial condition and our ability to make distributions to our stockholders.

There can be no assurance that our renovation and repositioning program will be completed in its entirety in accordance with the anticipated timing or at the anticipated cost, or that we will achieve the results we expect from our renovation and repositioning program, which could materially and adversely affect our financial condition and results of operations.

We may be unable to renew leases, lease vacant space or re-lease space on favorable terms as leases expire, which could materially and adversely affect our financial condition, results of operations and cash flow.

We are exposed to risks associated with property redevelopment and development that could materially and adversely affect our financial condition and results of operations.

We depend on significant tenants in our office portfolio, including LF USA, Coty, Inc., Legg Mason, Warnaco, a subsidiary of PVH Corp., and Thomson Reuters, which together represented approximately 20.2% of our total portfolio s annualized base rent as of March 31, 2013.

Our dependence on rental income may materially and adversely affect our profitability, our ability to meet our debt obligations and our ability to make distributions to our stockholders.

Our option properties are subject to various risks, and we may not be able to acquire them.

Competition for acquisitions may reduce the number of acquisition opportunities available to us and increase the costs of those acquisitions, which may impede our growth.

The observatory operations at the Empire State Building are not traditional real estate operations, and competition and changes in tourist trends may subject us to additional risks, which could materially and adversely affect us.

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The broadcasting operations at the Empire State Building are not traditional real estate operations, and competition and changes in the broadcasting of signals over air may subject us to additional risks, which could materially and adversely affect us.

Our outstanding indebtedness upon completion of this offering reduces cash available for distribution and may expose us to the risk of default under our debt obligations.

The continuing threat of a terrorist event may materially and adversely affect our properties, their value and our ability to generate cash flow.

There is currently litigation pending, and the potential for additional litigation, associated with the consolidation. We may incur costs from these litigations, which could materially and adversely affect us.

We may assume unknown liabilities in connection with the formation transactions, which, if significant, could materially and adversely affect our business.

The departure of any of our key personnel could materially and adversely affect us.

Our Chairman, Chief Executive Officer and President has outside business interests that will take his time and attention away from us, which could materially and adversely affect us.

Our operating performance and value are subject to risks associated with real estate assets and the real estate industry, the occurrence of which could materially and adversely affect us.

We have no operating history as a REIT or as a publicly-traded company, and our inexperience could materially and adversely affect us.

Certain provisions of Maryland law could inhibit changes in control of our company, which could negatively affect the market price of our shares.

There has been no public market for our Class A common stock prior to this offering and an active trading market may not develop or be sustained following this offering, which may negatively affect the market price of shares of our Class A common stock and make it difficult for investors to sell their shares.

Initial estimated cash available for distribution may not be sufficient to make distributions at expected levels.

You will experience immediate and substantial dilution from the purchase of the shares of Class A common stock sold in this offering.

Failure of our operating partnership to maintain its status as a partnership for U.S. federal income tax purposes and/or our failure to qualify or remain qualified as a REIT would subject our operating partnership and/or us to U.S. federal income tax and applicable state and local taxes, which would reduce the amount of cash available for distribution to holders of operating partnership units and/or our stockholders.

The REIT distribution requirements could require us to borrow funds during unfavorable market conditions or subject us to tax, which would reduce the cash available for distribution to our stockholders.

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Structure and Formation of Our Company

Prior to or concurrently with the completion of this offering, we will consummate the formation transactions, which consist of a series of contributions, mergers and other transactions and which are designed to:

- consolidate the ownership of our portfolio and our predecessor s management companies into our operating partnership, which we refer to herein as the consolidation;
- facilitate this offering;
- enable us to raise capital on more favorable, flexible terms than typical mortgage financings or financings that otherwise previously have been available to us as a private company;
- enable us to qualify as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2013;
- defer the recognition of taxable gain by certain continuing investors (as defined below); and
- enable continuing investors to obtain liquidity (after the expiration of applicable lock-up periods) for their investments.

Pursuant to the formation transactions, the following have occurred or will occur prior to or concurrently with the completion of this offering (all amounts are based on the mid-point of the range of prices set forth on the front cover of this prospectus):

- We were formed as a Maryland corporation on July 29, 2011.
- Our operating partnership was formed as a Delaware limited partnership on November 28, 2011. We are the sole general partner of our operating partnership.
- We will acquire, prior to or concurrently with the completion of this offering, through a series of contributions and merger transactions, the assets and liabilities of our predecessor, and the holders of interests in our predecessor will receive operating partnership units, shares of our common stock and/or cash. We refer to holders of interests in our predecessor that will own operating partnership units and/or shares of our common stock following consummation of the formation transactions as predecessor continuing investors. The agreements relating to the consolidation are subject to customary closing conditions, including the closing of this offering.
- We will acquire, through a series of contributions and merger transactions, the assets and liabilities of the entities through which our predecessor holds non-controlling interests in four properties, or the related properties, for which our predecessor acts as the supervisor but which are not combined into our predecessor for accounting purposes, and the holders of interests in such properties will receive operating partnership units, shares of our common stock and/or cash. We refer to holders of interests in these four properties that will own operating partnership units and/or shares of our common stock following consummation of the formation transactions as non-predecessor continuing investors. We refer to predecessor continuing investors and non-predecessor continuing investors collectively as the continuing investors.

We will jointly elect with Empire State Realty Observatory TRS, LLC (f/k/a ESB Observatory LLC), a New York limited liability company, or Observatory TRS, which is the current lessee and operator of the observatory and which will be wholly owned by our operating partnership following the completion of this offering, for Observatory TRS to be treated as a taxable REIT subsidiary, or a TRS, under the Internal Revenue Code of 1986, as amended, or the Code, for U.S. federal income tax purposes following the completion of this offering. Observatory TRS will lease the Empire State Building observatory from the operating partnership pursuant to an existing lease that provides for fixed base rental payments and variable rental payments equal to certain percentages of Observatory TRS s gross receipts from the operation of the observatory. In addition, we will jointly elect with Empire State

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Realty Holdings TRS, LLC, a Delaware limited liability company, or Holding TRS, that will be wholly owned by our operating partnership following the completion of this offering, for Holding TRS to be treated as a TRS under the Code for U.S. federal income tax purposes following the completion of this offering. Holding TRS and/or its wholly owned subsidiaries will provide certain construction services to third parties and will provide certain services to the tenants of our properties.

In consideration for the acquisition of our predecessor and the related properties, we expect to issue an aggregate of operating partnership units (of which units will be received by certain members of our senior management team, their affiliates and related persons and operating partnership units will be received by our other continuing investors), shares of our Class A common stock (of which shares will be received by certain members of our senior management team, their affiliates and related persons and shares will be received by our other continuing investors) and shares of our Class B common stock (of which shares will be received by certain members of our senior management team, their affiliates and related persons and shares will be received by our other continuing investors), and pay approximately $ in cash from the net proceeds of this offering (of which $ is expected to be paid to non-accredited investors, and none of which will be paid to members of our senior management team, their affiliates and related persons). The aggregate value of the consideration to be issued and paid by us in the consolidation will be approximately $ million (of which approximately $ will be paid to certain members of our senior management team, their affiliates and related persons and $ will be paid to our other continuing investors). An increase in the actual public offering price will result in an increase in the value of the consideration paid to continuing investors, including certain members of our senior management team, their affiliates and related persons. Likewise, a decrease in the actual public offering price will result in a decrease in the value of the consideration paid to continuing investors. Investors who are not accredited investors, as defined under Regulation D of the Securities Act of 1933, as amended, or the Securities Act, will receive cash consideration rather than shares of our common stock or operating partnership units to ensure that the issuance of common stock and/or operating partnership units to accredited investors in the formation transactions can be effected in reliance upon an exemption from registration provided by Section 4(2) and Regulation D of the Securities Act.

The aggregate historical combined net tangible book value of our predecessor was a deficit of approximately $(118.7) million as of March 31, 2013. Net tangible book value measures the historical costs of tangible assets (net of accumulated depreciation) reduced by outstanding tangible liabilities and is reflective of the manner in which assets and liabilities are recorded on the balance sheet of a business enterprise under GAAP. Because the net tangible book value of our predecessor is based on the historical costs of tangible assets acquired and tangible liabilities incurred over more than 50 years of business activities, we do not believe that net tangible book value is reflective of the fair market value of the existing entities.

As a result of the formation transactions, we will assume approximately $1.16 billion of total debt (based on March 31, 2013 pro forma outstanding balances), and we expect to have approximately $545.1 million of available borrowing capacity under our loans and secured revolving and term credit facility on a pro forma basis upon the consummation of this offering and the formation transactions (based on March 31, 2013 pro forma outstanding balances).

We will sell shares of our Class A common stock in this offering and an additional shares of our Class A common stock if the underwriters exercise their option to purchase additional shares of our Class A common stock in full. We will contribute the net proceeds from this offering to our operating partnership in exchange for operating partnership units (or operating partnership units if the underwriters exercise their option to purchase up to an additional shares of our Class A common stock in full).

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We intend to grant to certain members of our senior management team (other than Anthony E. Malkin) a total of LTIP units and/or restricted shares of our Class A common stock, and we intend to grant a total of LTIP units and/or restricted shares of our Class A common stock to our independent directors, all of which LTIP units and shares will be subject to certain vesting requirements. See Management IPO Grants Under our Equity Incentive Plan.

We have entered into a representation, warranty and indemnity agreement with Anthony E. Malkin and his siblings, Scott D. Malkin and Cynthia M. Blumenthal, pursuant to which they have made limited representations and warranties to us regarding the entities, properties and assets that we will own following the formation transactions for one year following the completion of this offering and agreed to indemnify us and our operating partnership for breaches of such representations subject to a $1,000,000 deductible and a cap of $25,000,000. Other than these individuals, none of the continuing investors, other owners of the existing entities or our predecessor will provide us with any indemnification.

We intend to enter into a tax protection agreement with Anthony E. Malkin and Peter L. Malkin pursuant to which we will agree to indemnify the Malkin Group and one additional third party investor in Metro Center (who was one of the original landowners and was involved in the development of the property) against certain tax liabilities if those tax liabilities result from (i) the operating partnership s sale, transfer, conveyance or other taxable disposition of four specified properties (First Stamford Place, Metro Center, 10 Bank Street and 1542 Third Avenue, which collectively represent approximately 2.8% of the total consideration to be issued in the consolidation) to be acquired by the operating partnership in the consolidation, for a period of 12 years with respect to First Stamford Place and for the later of (x) eight years or (y) the death of both of Peter L. Malkin and Isabel W. Malkin who are 79 and 76 years old, respectively, for the three other properties, (ii) the operating partnership failing to maintain until maturity the indebtedness secured by these properties or failing to use commercially reasonable efforts to refinance such indebtedness upon maturity in an amount equal to the principal balance of such indebtedness, or, if the operating partnership is unable to refinance such indebtedness at its current principal amount, at the highest principal amount possible, or (iii) the operating partnership failing to make available to any of these continuing investors the opportunity to guarantee, or otherwise bear the risk of loss, for U.S. federal income tax purposes, of their allocable share of $160 million of aggregate indebtedness meeting certain requirements, until such continuing investor owns less than the aggregate number of operating partnership units and shares of common stock equal to 50% of the aggregate number of such units and shares such continuing investor received in the formation transactions. Our operating partnership estimates that if all of its assets subject to the tax protection agreement were sold in a taxable transaction immediately after this offering, the amount of our operating partnership s indemnification obligations (based on current tax rates and the valuations of our assets as determined by an independent valuation firm, or the independent valuer, and including additional payments to compensate the indemnified partners for additional tax liabilities resulting from the indemnification payments) would be approximately $119.6 million. We do not presently intend to sell or take any other action which would result in a tax protection payment with respect to the properties covered by the tax protection agreement.

We expect to use a portion of the net proceeds from this offering to repay a loan in the amount of $3.6 million made in connection with 500 Mamaroneck Avenue to fund leasing costs at the property, of which approximately $1.2 million of such loan was made by Anthony E. Malkin and Peter L. Malkin.

In addition, we expect to assume a loan, which we expect to repay shortly after the closing, in the amount of approximately $1.5 million made by an entity, which is controlled by and interests in which are held by Anthony E. Malkin and Peter L. Malkin, to fund cash needs including the payment of leasing commissions and expenditures on tenant installations at First Stamford Place.

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We expect to obtain an $800.0 million secured revolving and term credit facility upon the closing of this offering from lenders that will include certain of the underwriters of this offering or their respective affiliates. We have obtained a commitment for $400.0 million of availability under the secured revolving and term credit facility, subject to satisfaction of certain conditions precedent, from the representatives of the underwriters or their respective affiliates and they have also agreed to use commercially reasonable efforts to syndicate the remainder of the facility. We expect to use this secured revolving and term credit facility to, among other things, fund capital expenditures, potential acquisitions, general corporate matters and working capital. We expect that the secured revolving and term credit facility will include an accordion feature that would allow us to increase availability thereunder to $1.25 billion, under specified circumstances. See Management s Discussion and Analysis of Financial Condition and Results of Operations Consolidated Indebtedness to be Outstanding After This Offering Secured Revolving and Term Credit Facility. There is no assurance that we will be able to enter into a definitive agreement relating to this facility on acceptable terms, or at all.

We intend to enter into management and/or services agreements with the entities that own interests in the excluded properties and services agreements with certain of the excluded businesses or the managers thereof (other than with respect to the registered broker dealer). See Certain Relationships and Related Transactions Excluded Properties and Businesses.

We have executed option agreements with affiliates of our predecessor granting us the right to acquire long-term leasehold and/or sub-leasehold interests in the option properties. Concurrently with the consummation of this offering, we intend to enter into management and/or services agreements with respect to each of the option properties. See Certain Relationships and Related Transactions Option Agreements.

Consequences of This Offering and the Formation Transactions

Upon completion of this offering and the formation transactions (all amounts are based on the mid-point of the range of prices set forth on the front cover of this prospectus):

Our operating partnership will directly or indirectly own 100% of the fee simple, leasehold or other interests in all of the properties in our portfolio and the assets of our predecessor s management companies.

Purchasers of shares of our Class A common stock in this offering are expected to own % of our outstanding common stock, or % on a fully diluted basis. If the underwriters exercise their option to purchase an additional shares of our Class A common stock in full, purchasers of shares of our Class A common stock in this offering will own % of our outstanding common stock, or % on a fully diluted basis.

Continuing investors will own % of our outstanding common stock, or % on a fully diluted basis. If the underwriters exercise their option to purchase an additional shares of our Class A common stock in full, the continuing investors will own % of our outstanding common stock, or % on a fully diluted basis.

Continuing investors that receive shares of our Class B common stock in the formation transactions will own % of our outstanding common stock, or % on a fully diluted basis (% of our outstanding common stock, or % on a fully diluted basis, if the underwriters exercise their option to purchase an additional shares of our Class A common stock in full), while such continuing investors will have % of the voting power in our company (% if the underwriters exercise their option to purchase an additional shares of our Class A common stock in full).

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We are the sole general partner in our operating partnership. We will contribute the net proceeds from this offering to our operating partnership in exchange for operating partnership units.

We will own % of the operating partnership units and the continuing investors, including certain members of our senior management team, their affiliates and related persons, will own % of the operating partnership units. If the underwriters exercise their option to purchase an additional shares of our Class A common stock in full, we are expected to own % of the operating partnership units and the continuing investors, including certain members of our senior management team, their affiliates and related persons, are expected to own % of the operating partnership units.

We will have an option to purchase each of the option properties.

We expect to be a party to management agreements with the entities that own long-term leasehold, sub-leasehold and/or sub-subleasehold interests in the option properties and management agreements and services agreements with the entities that own interests in and/or manage the excluded properties and the excluded businesses (other than with respect to the registered broker dealer).

Substantially all of the current employees of our predecessor s management companies will become our employees.

We expect to have pro forma total consolidated indebtedness of approximately $1.16 billion, and we expect to have approximately $545.1 million of additional borrowing capacity under our loans and secured revolving and term credit facility on a pro forma basis upon the consummation of this offering and the formation transactions (based on March 31, 2013 pro forma outstanding balances).

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Our Structure

The following diagram depicts our ownership structure upon completion of this offering and the formation transactions, based on the mid-point of the range of prices set forth on the front cover of this prospectus.[(1)]

(1) On a fully diluted basis, our public stockholders, our senior management team, their affiliates and related persons and our directors, and our other continuing investors, as a group, are expected to own %, % and %, respectively, of our outstanding common stock. If the underwriters exercise their option to purchase an additional shares of our Class A common stock in full, on a fully diluted basis, our public stockholders, our senior management team, their affiliates and related persons and our directors, and our other continuing investors, as a group, are expected to own %, % and %, respectively, of our outstanding common stock.

(2) Our public stockholders, certain members of our senior management team, their affiliates and related persons and our directors, and our other continuing investors, as a group, will own %, % and %, respectively, of our outstanding common stock, and we, certain members of our senior management team, their affiliates and related persons and our directors, and our other continuing investors will own %, % and %, respectively, of the outstanding operating partnership units. If the underwriters exercise their

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option to purchase an additional shares of our Class A common stock in full, our public stockholders, certain members of our senior management team, their affiliates and related persons and our directors, and our other continuing investors, as a group, will own %, % and %, respectively, of our outstanding common stock, and we, certain members of our senior management team, their affiliates and related persons and our directors, and our other continuing investors will own %, % and %, respectively, of the outstanding operating partnership units. The Helmsley estate is expected to own % of our outstanding Class A common stock (or % if the underwriters exercise their option in full) and % of the outstanding operating partnership units (or % if the underwriters exercise their option in full). Anthony E. Malkin, together with the Malkin Group, is expected to own % of our outstanding Class B common stock.

(3) We, the Malkin Group and the continuing investors in the private existing entities will hold only Series PR operating partnership units. Continuing investors in the public existing entities will hold Series ES operating partnership units, Series 60 operating partnership units and Series 250 operating partnership units.

Benefits to Related Parties

Upon completion of this offering or in connection with the formation transactions, our senior management team, our directors and our continuing investors will receive material benefits, including the following (all amounts are based on the mid-point of the range of prices set forth on the front cover of this prospectus):

- Anthony E. Malkin, our Chairman, Chief Executive Officer and President, together with the Malkin Group, is expected to own % of our outstanding common stock, or % on a fully diluted basis (% if the underwriters exercise their option to purchase an additional shares of our Class A common stock in full, or % on a fully diluted basis), with a total value of $ million represented by shares of our Class A common stock, shares of our Class B common stock and operating partnership units.

- Peter L. Malkin, our Chairman Emeritus, together with the Malkin Group, is expected to own % of our outstanding common stock, or % on a fully diluted basis (% if the underwriters exercise their option to purchase an additional shares of our Class A common stock in full, or % on a fully diluted basis), with a total value of $ million represented by shares of our Class A common stock, shares of our Class B common stock and operating partnership units.

- David A. Karp, our Chief Financial Officer, Executive Vice President and Treasurer, is expected to own % of our outstanding common stock, or % on a fully diluted basis (% if the underwriters exercise their option to purchase an additional shares of our Class A common stock in full, or % on a fully diluted basis), with a total value of $ million represented by LTIP units and/or restricted shares of Class A common stock.

- Thomas P. Durels, our Executive Vice President and Chief of Property Operations and Leasing, is expected to own % of our outstanding common stock, or % on a fully diluted basis (% if the underwriters exercise their option to purchase an additional shares of our Class A common stock in full, or % on a fully diluted basis), with a total value of $ million represented by shares of our Class A common stock, operating partnership units and LTIP units and/or restricted shares of Class A common stock.

- Thomas N. Keltner, Jr., our Executive Vice President, General Counsel and Secretary, is expected to own % of our outstanding common stock, or % on a fully diluted basis (% if the underwriters exercise their option to purchase an additional shares of our Class A common stock in full, or % on a fully diluted basis), with a total value of $ million represented by shares of our Class A common stock, operating partnership units and LTIP units and/or restricted shares of Class A common stock.

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We intend to enter into (i) an employment agreement with Anthony E. Malkin, providing for salary, bonus and other benefits, including severance upon a termination of employment under certain circumstances and the issuance of equity awards as described under Management Executive Compensation and Management Employment Agreement and (ii) change in control severance agreements with David A. Karp, Thomas P. Durels and Thomas N. Keltner, Jr. as described under Management Change in Control Severance Agreements.

We intend to enter into indemnification agreements with our directors, executive officers, chairman emeritus and certain other parties at the closing of this offering, providing for the indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against (i) our directors, executive officers and chairman emeritus and (ii) our executive officers, chairman emeritus and certain other parties who are former members, managers, shareholders, directors, limited partners, general partners, officers or controlling persons of our predecessor in their capacities as such.

We intend to enter into a tax protection agreement with Anthony E. Malkin and Peter L. Malkin pursuant to which we will agree to indemnify the Malkin Group and one additional third party investor in Metro Center (who was one of the original landowners and was involved in the development of the property) against certain tax liabilities if those tax liabilities result from (i) the operating partnership s sale, transfer, conveyance or other taxable disposition of four specified properties (First Stamford Place, Metro Center, 10 Bank Street and 1542 Third Avenue, which collectively represent approximately 2.8% of the total consideration to be issued in the consolidation) to be acquired by the operating partnership in the consolidation, for a period of 12 years with respect to First Stamford Place and for the later of (x) eight years or (y) the death of both of Peter L. Malkin and Isabel W. Malkin who are 79 and 76 years old, respectively, for the three other properties, (ii) the operating partnership failing to maintain until maturity the indebtedness secured by these properties or failing to use commercially reasonable efforts to refinance such indebtedness upon maturity in an amount equal to the principal balance of such indebtedness, or, if the operating partnership is unable to refinance such indebtedness at its current principal amount, at the highest principal amount possible, or (iii) the operating partnership failing to make available to any of these continuing investors the opportunity to guarantee, or otherwise bear the risk of loss, for U.S. federal income tax purposes, of their allocable share of $160 million of aggregate indebtedness meeting certain requirements, until such continuing investor owns less than the aggregate number of operating partnership units and shares of common stock equal to 50% of the aggregate number of such units and shares such continuing investor received in the formation transactions. Our operating partnership estimates that if all of its assets subject to the tax protection agreement were sold in a taxable transaction immediately after this offering, the amount of our operating partnership s indemnification obligations (based on current tax rates and the valuations of our assets as determined by an independent valuation firm, or the independent valuer, and including additional payments to compensate the indemnified partners for additional tax liabilities resulting from the indemnification payments) would be approximately $119.6 million. We do not presently intend to sell or take any other action which would result in a tax protection payment with respect to the properties covered by the tax protection agreement.

We have entered into the option agreements with affiliates of our predecessor.

We intend to enter into management and/or service agreements with the entities that own long-term leasehold and/or sub-leasehold interests in the option properties, which entities are owned in part by Anthony E. Malkin, together with the Malkin Group. See Certain Relationships and Related Transactions Option Agreements.

We intend to enter into management and/or service agreements with the entities that own interests in the excluded properties and services agreements with the managers of certain of the excluded businesses, which entities are owned in part by Anthony E. Malkin, together with the Malkin Group. See Certain Relationships and Related Transactions Excluded Properties and Businesses.

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Peter L. Malkin and Anthony E. Malkin will be released from or otherwise indemnified for liabilities arising under certain guarantees and indemnities with respect to approximately $1.3 billion of mortgage loans (including currently undrawn amounts) on our properties, which will be assumed by us upon closing of the formation transactions in respect of obligations arising after the closing. The guarantees and indemnities with respect to mortgage loans of many of the existing entities, including the public existing entities, were undertaken by Messrs. Malkin and Malkin to meet a conventional lender requirement which became standard only long after such entities were formed. The guarantees and indemnities with respect to all of the indebtedness are, in most instances, limited to losses incurred by the applicable lender arising from acts such as fraud, misappropriation of funds, intentional breach, bankruptcy and certain environmental matters. In connection with our assumption of these mortgage loans, we will seek to have the guarantors and/or indemnitors released from these guarantees and indemnities and to have our operating partnership assume any such guarantee and indemnity obligations as replacement guarantor and/or indemnitor. To the extent lenders do not consent to the release of these guarantors and/or indemnitors, and they remain guarantors and/or indemnitors on assumed indebtedness following this offering, our operating partnership will enter into indemnification agreements with the guarantors and/or indemnitors pursuant to which our operating partnership will be obligated to indemnify such guarantors and/or indemnitors for any amounts paid by them under guarantees and/or indemnities with respect to the assumed indebtedness. We believe that since the mortgage loans relating to these guarantees and indemnities will be assumed by us upon closing of the formation transactions, and we will have greater financial resources than the individual property owning entities which are subject to the mortgage loans, it is appropriate, and consistent with market practice, for Messrs. Malkin and Malkin to be indemnified by our operating partnership if the lenders do not consent to the release of these guarantors and/or indemnitors. Under the organizational documents of the existing entities, Messrs. Malkin and Malkin are already generally entitled to indemnification from investors in the existing entities for liabilities incurred by them in good faith and not arising out of their own willful misconduct or gross negligence, including any such liabilities under these guarantees and indemnities. In addition, in connection with future mortgage loans that we would enter into in connection with future property acquisitions or refinancing of our properties, we intend to enter into any necessary guarantees directly and neither Messrs. Malkin and Malkin nor any of our other directors, executive officers or stockholders would be expected to enter into such guarantees.

As part of the contribution agreements, we will release (i) Anthony E. Malkin and Peter L. Malkin from all claims, liabilities, damages and obligations against them related to their ownership of our predecessor s management companies and interests in our predecessor and (ii) certain members of our senior management team from all claims, liabilities, damages and obligations against them related to their ownership in the existing entities and their employment with our predecessor s management companies that exist at the closing of the formation transactions, other than breaches by them or entities related to them, as applicable, of the employment and non-competition agreement and the contribution agreements and the merger agreements entered into by them and these entities in connection with the formation transactions.

We intend to enter into a registration rights agreement with certain persons receiving shares of our common stock or operating partnership units in the formation transactions, including certain members of our senior management team and our other continuing investors. The registration rights agreement will provide for the registration of our shares of Class A common stock received in the formation transactions or that are issuable upon the redemption, conversion or exchange of shares of Class B common stock or operating partnership units.

We intend to grant an aggregate of LTIP units and/or restricted shares of our Class A common stock, subject to certain vesting requirements, to our executive officers (other than Anthony E. Malkin).

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We intend to grant an aggregate of LTIP units and/or restricted shares of our Class A common stock, subject to certain vesting requirements, to our independent directors.

We expect to use a portion of the net proceeds from this offering to repay a loan in the amount of $3.6 million made in connection with 500 Mamaroneck Avenue to fund leasing costs at the property, of which approximately $1.2 million of such loan was made by Anthony E. Malkin and Peter L. Malkin.

In addition, we expect to assume a loan, which we expect to repay shortly after the closing, in the amount of approximately $1.5 million made by an entity, which is controlled by and interests in which are held by Anthony E. Malkin and Peter L. Malkin, to fund cash needs including the payment of leasing commissions and expenditures on tenant installations at First Stamford Place.

As part of the contribution agreements, we will reimburse $ of expenses incurred in connection with the formation transactions and this offering that have been paid by each applicable existing entity and the entities which own the option properties, or the option entities, and of which $ will be paid to the Malkin Group, including Anthony E. Malkin and Peter L. Malkin, in accordance to their ownership interests in our predecessor and each applicable existing entity.

The existing entities and our predecessor s management companies will declare final distributions to the investors in such entities, including members of our senior management team and certain of our directors, in the amount of approximately $ in the aggregate, and of which $ will be paid to the Malkin Group, including Anthony E. Malkin and Peter L. Malkin, in accordance to their ownership interests in each applicable existing entity and predecessor management company.

Restrictions on Transfer

Under the operating partnership agreement, holders of operating partnership units do not have redemption or exchange rights and may not otherwise transfer their operating partnership units, except under certain limited circumstances, for a period of 12 months after consummation of this offering. In addition, each continuing investor, including members of our senior management team, and our independent directors will be required to execute a lock-up agreement that prohibits such person, subject to certain exceptions, for one year after the date of this prospectus, without the written consent of the representatives of the underwriters, from directly or indirectly, offering for sale, selling, pledging, or otherwise disposing of (or entering into any transaction or agreement which is designed to, or could be expected to have any such result) any operating partnership units or shares of our common stock. However, commencing on the date that is 180 days after the date of this prospectus, each continuing investor (other than the Malkin Group and members of our senior management team) may sell up to 50% of the shares of our common stock or securities convertible or exchangeable into Class A common stock (including operating partnership units) held by it. In addition, each continuing investor that receives Series ES operating partnership units may, immediately following this offering, sell his or her *pro rata* portion of the greater of 1,100,000 Series ES operating partnership units and $40.0 million in value of Series ES operating partnership units (based on the initial public offering price of our Class A common stock) and each continuing investor that receives Series 60 operating partnership units and Series 250 operating partnership units may, immediately following this offering, sell up to the same percentage as the percentage of each continuing investor s Series ES operating partnership units that can be sold immediately following this offering. In addition, our company has agreed with the representatives of the underwriters, subject to certain exceptions, not to sell or otherwise transfer or encumber any shares of our common stock or securities convertible or exchangeable into Class A common stock (including operating partnership units) owned by it at the completion of this offering for a period of 180 days after the date of this prospectus without the prior written consent of the representatives.

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Restrictions on Ownership of Our Capital Stock

To assist us in complying with the limitations on the concentration of ownership of a REIT imposed by the Code among other purposes, our charter generally prohibits, with certain exceptions, any stockholder from beneficially or constructively owning (taking into account applicable attribution rules under the Code), more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock, or 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our capital stock. Our board of directors may, in its sole discretion, waive (prospectively or retroactively) the 9.8% ownership limits with respect to a particular stockholder if it receives certain representations and undertakings required by our charter and is presented with evidence satisfactory to it that such ownership will not then or in the future cause it to fail to qualify as a REIT.

Option Properties

Our option properties consist of 112-122 West 34th Street, an office property in midtown Manhattan that was 84.6% leased as of March 31, 2013 (or 84.6% giving effect to leases signed but not yet commenced as of that date) and that encompasses approximately 744,936 rentable square feet (inclusive of the retail space on the ground, first and lower floors), and 1400 Broadway, an office property in midtown Manhattan that was 82.6% leased as of March 31, 2013 (or 91.5% giving effect to leases signed but not yet commenced as of that date) and that encompasses approximately 893,257 rentable square feet (inclusive of the retail space on the ground floor). Our management team believes that, if acquired, 112-122 West 34th Street and 1400 Broadway would be consistent with our portfolio composition and strategic direction. 112-122 West 34th Street and 1400 Broadway will not be contributed to us in the formation transactions due to the litigation related to these properties (which is ongoing with respect to 1400 Broadway), but we have entered into agreements granting us the option to acquire the interests in the option properties following the resolution of the ongoing litigation brought by the applicable ground lessor. Regarding the litigation relating to 112-122 West 34th Street, in September 2011, the court granted summary judgment dismissing the ground lessor s claims. The ground lessor appealed, and in May 2012, the Appellate Division, First Department, unanimously affirmed the judgment. The ground lessor thereafter filed motions for leave to appeal in the Appellate Division, which was denied, and then in the Court of Appeals, which was denied, so the ground lessor now has no further ability to appeal. Regarding the litigation relating to 1400 Broadway, in June 2012, the court granted summary judgment dismissing the ground lessor s claims. The ground lessor is currently pursuing an appeal of that judgment. We do not intend to exercise the option for the interests in 112-122 West 34th Street or 1400 Broadway prior to closing of this offering. The purchase price for each of the option properties will be based on an appraisal by independent third parties, unless we and the owners of the properties, with the consent of the Helmsley estate, agree to a negotiated price and the investors in the entities owning the option properties will receive consideration in connection with the consolidation on the same basis as investors in other entities contributing properties in connection with the consolidation. We have agreed that Anthony E. Malkin, our Chairman, Chief Executive Officer and President, will not participate in the negotiations and valuation process on our behalf. One or more of our independent directors will lead the appraisal or negotiation process on our behalf and a majority of our independent directors must approve the price and terms of the acquisition of interests in each of our option properties. The purchase price is payable in a combination of cash, shares of our common stock and operating partnership units, but the Helmsley estate will have the right to elect to receive all cash. The Helmsley estate is estimated to receive 28.1% and 23.7% of the aggregate consideration for 112-122 West 34th Street and 1400 Broadway, respectively. The Malkin Group is estimated to receive 14.6% and 10.3% of the aggregate consideration for 112-122 West 34th Street and 1400 Broadway, respectively, if all of the options are exercised pursuant to override interests held by it. These estimated percentages are based on valuations of the option properties that were conducted by the independent valuer and are subject to change. Our option expires on the later of (i) 12 months after we receive notice of a settlement or a final, non-appealable judgment in relation to certain ongoing litigation with respect to the properties or (ii) six months after the completion of the independent valuation described above, but in no event later than seven years from the completion of this offering.

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Our predecessor s affiliates interests in our option properties, 112-122 West 34th Street and 1400 Broadway, are fee (in the case of a portion of the 112-122 West 34th Street property), long-term leaseholds (in the case of both of the option properties) and sub-leasehold or sub-subleasehold (in the case of 112-122 West 34th Street only) in the land and the improvements. Each of the Malkin Group and the Helmsley estate owns interests in the owners of these properties. Pursuant to management and/or service agreements with the owner of the long-term leasehold interest (in the case of 1400 Broadway) and the owner of the long-term sub-leasehold interest or sub-subleasehold interest, as applicable, in the case of 112-122 West 34th Street, we will be designated as the asset and property manager for the option properties and we will receive a management fee for services rendered under the agreements.

Excluded Properties and Businesses

The Malkin Group, including Anthony E. Malkin, our Chairman, Chief Executive Officer and President, owns non-controlling interests in, and Anthony E. Malkin and Peter L. Malkin control the general partners or managers of, the entities that own interests in six multi-family properties, five net leased retail properties, one former post office property which is subject to rezoning before it will be converted into a single tenant retail property, and a development parcel that is zoned for residential use. The Malkin Group also owns non-controlling interests in one Manhattan office property, two Manhattan retail properties and several retail properties outside of Manhattan, none of which will be contributed to us in the formation transactions. We refer to the non-controlling interests described above collectively as the excluded properties. In addition, the Malkin Group owns interests in six mezzanine and senior equity funds, two industrial funds, five residential property managers and a registered broker dealer, none of which will be contributed to us in the formation transactions, and which we refer to collectively as the excluded businesses. The Malkin Group owns certain non-real estate family investments that will not be contributed to us in the formation transactions. We do not believe that the excluded properties or the excluded businesses are consistent with our portfolio geographic or property type composition, management or strategic direction. In addition, we will not acquire the name Malkin Holdings LLC. We have no plan to use this name for any purpose. Pursuant to management and/or service agreements with the owners of interests in those excluded properties and services agreements with the five residential property managers and the managers of certain other excluded businesses which historically were managed by affiliates of our predecessor, we will be designated as the manager of the excluded properties and will provide services to the owners of certain of the excluded properties and the five residential property managers and provide services and access to offices space to the existing managers of the other excluded businesses (other than with respect to the registered broker dealer). As the manager or service provider, we will be paid a management or other fee with respect to those excluded properties and excluded businesses (other than with respect to the registered broker dealer) where our predecessor had previously received a management fee on the same terms as the fee paid to our predecessor, and reimbursed for our costs in providing the management and other services to those excluded properties and businesses where our predecessor had not previously received a management fee. Our management of the excluded properties and the five residential property managers and the existing managers of the other excluded businesses will represent a minimal portion of our overall business. There is no established time period in which we will manage such properties or provide services to the owners of certain of the excluded properties and the five residential property managers and provide services and access to office space to the existing managers of the other excluded businesses and Peter L. Malkin and Anthony E. Malkin expect to sell certain of these properties or unwind certain of these businesses over time.

Conflicts of Interest

Following the completion of this offering, there will be conflicts of interest with respect to certain transactions between the holders of operating partnership units and our stockholders. In particular, the consummation of certain business combinations, the sale of any properties or a reduction of indebtedness could have adverse tax consequences to holders of operating partnership units, which would make those transactions less desirable to them. Certain members of our senior management team will hold operating partnership units, shares of our Class A common stock and shares of our Class B common stock upon completion of this offering and the formation transactions.

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We did not conduct arm s-length negotiations with the parties involved regarding the terms of the formation transactions. In the course of structuring the formation transactions, certain members of our senior management team and other contributors had the ability to influence the type and level of benefits that they will receive from us. Additionally, Anthony E. Malkin has a conflict of interest because we entered into agreements granting us the option to acquire long-term leasehold and/or sub-leasehold interests in the option properties in which the Malkin Group controls and owns economic interests. As a result, an exercise of such options by us could economically benefit him. A majority of our independent directors must approve the price and terms of the acquisition of interests in each of our option properties.

We have adopted policies designed to eliminate or minimize certain potential conflicts of interest, and the limited partners of our operating partnership have agreed that in the event of a conflict in the duties owed by us to our stockholders and the fiduciary duties owed by us, in our capacity as general partner of our operating partnership, to such limited partners, we will fulfill our fiduciary duties to such limited partners by acting in the best interests of our stockholders. See Policies with Respect to Certain Activities Conflict of Interest Policies and Description of the Partnership Agreement of Empire State Realty OP, L.P. Fiduciary Responsibilities.

Distribution Policy

We intend to make regular quarterly distributions to holders of shares of our common stock. We intend to pay a *pro rata* initial distribution with respect to the period commencing on the completion of this offering and ending , based on $ per share for a full quarter. On an annualized basis, this would be $ per share, or an annual distribution rate of approximately % based on the mid-point of the range of prices set forth on the front cover of this prospectus. We estimate that this initial annual distribution will represent approximately % of our estimated cash available for distribution to our common stockholders for the 12 months ending March 31, 2014. Although we have not previously paid distributions, we intend to maintain our initial distribution rate for the 12-month period following completion of this offering unless actual results of operations, economic conditions or other factors differ materially from the assumptions used in our estimate. Actual distributions may be significantly different from the expected distributions.

Distributions declared by us will be authorized by our board of directors in its sole discretion out of funds legally available therefore and will be dependent upon a number of factors, including restrictions under applicable law, the capital requirements of our company and the distribution requirements necessary to maintain our qualification as a REIT. We may be required to fund distributions from working capital or borrow to provide funds for such distributions or we may choose to make a portion of the required distributions in the form of a taxable stock dividend to preserve our cash balance. However, we currently have no intention to use the net proceeds from this offering to make distributions nor do we currently intend to make distributions using shares of our common stock.

Our Tax Status

We intend to elect and to qualify as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2013. We believe we have been organized in conformity with the requirements for qualification and taxation as a REIT under the Code, and that our intended manner of operation will enable us to meet the requirements for qualification and taxation as a REIT commencing with our taxable year ending December 31, 2013 and thereafter. So long as we qualify as a REIT, we generally will not be subject to U.S. federal income tax on our net taxable income that we distribute currently to our stockholders. If we fail to qualify as a REIT in any taxable year and do not qualify for certain statutory relief provisions, we will be subject to U.S. federal income tax at regular corporate rates and may be precluded from qualifying as a REIT for the subsequent four taxable years following the year during which we lost our REIT qualification. Even if we qualify for taxation as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income or property. See U.S. Federal Income Tax Considerations.

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Company Information

As of March 31, 2013, we had approximately 607 employees, 109 of whom were managers and professionals. Our principal executive offices are located at One Grand Central Place, 60 East 42nd Street, New York, New York 10165. In addition, we have seven additional regional leasing and property management offices in Manhattan and the greater New York metropolitan area. Our telephone number is (212) 953-0888. Our website address is www.empirestaterealtytrust.com. The information on, or otherwise accessible through, our website does not constitute a part of this prospectus.

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This Offering

Class A common stock offered by us	shares (plus up to an additional shares that we may issue and sell upon the exercise of the underwriters option in full)
Class A common stock to be outstanding after this offering	shares[1]
Class B common stock to be outstanding after the formation transactions	shares
Class A common stock, Class B common stock and operating partnership units to be outstanding after this offering and the formation transactions	shares / units[2]
Use of proceeds	We intend to use the net proceeds of this offering or the secured revolving and term credit facility to:

pay $ to certain holders of interests (other than the Helmsley estate) in the existing entities that are non-accredited investors or who elect to receive cash for their equity interests in certain of the existing entities;

pay $ to the Helmsley estate for equity interests in certain of the existing entities;

pay fees of $ associated with the expected new secured revolving and term credit facility;

pay fees of $ in connection with the assumption of indebtedness;

pay expenses of $ incurred in connection with this offering and the formation transactions;

repay borrowings of $ under our $500.0 million term loan secured by the Empire State Building, using the proceeds of the secured revolving and term credit facility;

repay a loan of $ that was made to one of the existing entities by certain of the investors in such entity;

	repay a loan of $ that was made to one of the existing entities by an entity, which is controlled by and interests of which are held by Anthony E. Malkin and Peter L. Malkin, using the proceeds of the secured revolving and term credit facility; and
	apply the remaining amounts for general working capital purposes and to fund potential future acquisitions.
Risk Factors	Investing in our Class A common stock involves a high degree of risk. You should carefully read and consider the information set forth under the heading Risk Factors beginning on page 30 and other information included in this prospectus before investing in our Class A common stock.
Proposed New York Stock Exchange symbol	ESB

(1) Includes shares of our restricted Class A common stock to be granted by us concurrently with this offering to our independent directors, executive officers (other than Anthony E. Malkin) and certain other employees and shares of our Class A common stock to be issued in connection with the formation transactions. Assumes no exercise by the underwriters of their option to purchase up to an additional shares of our Class A common stock. Excludes shares of our Class A common stock available for future issuance under our equity incentive plan.

(2) Includes (i) Series PR operating partnership units owned by us and Series ES operating partnership units, Series 60 operating partnership units and Series 250 operating partnership units not owned by us expected to be outstanding following the consummation of the formation transactions and (ii) shares of our Class B common stock expected to be outstanding following the consummation of the formation transactions. The operating partnership units may, subject to the limits in the operating partnership agreement, be exchanged for cash or, at our option, shares of our Class A common stock on a one-for-one basis generally commencing 12 months after the date of this prospectus. Shares of Class B common stock are subject to automatic conversion into an equal number of shares of our Class A common stock upon a direct or indirect transfer of Class B common stock or certain operating partnership units held by the holder of such Class B common stock to a person other than a qualified transferee (as defined in our charter).

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Summary Historical and Unaudited Pro Forma Financial and Other Data

The following table sets forth summary financial and other data on (i) a combined historical basis for our predecessor beginning on page F-43 and (ii) a pro forma basis for our company giving effect to this offering and the formation transactions, the related use of proceeds thereof and the other adjustments described in the unaudited pro forma financial information beginning on page F-3. We have not presented historical information for Empire State Realty Trust, Inc. because we have not had any corporate activity since our formation other than the issuance of shares of common stock in connection with the initial capitalization of our company and because we believe a discussion of the results of our company would not be meaningful.

Our predecessor s combined historical financial information includes: