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Empire State Realty Trust, Inc.
Form 10-K
February 27, 2017

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-36105

EMPIRE STATE REALTY TRUST, INC.

(Exact name of Registrant as specified in its charter)

Maryland

37-1645259

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

111 West 33rd Street, 12th Floor

New York, New York 10120

(Address of principal executive offices) (Zip Code)

(212) 687-8700

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
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Class A Common Stock, par value \$0.01 per share	New York Stock Exchange
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Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes

No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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The aggregate market value of the voting stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter was \$2,331,614,000 based on the June 30, 2016 closing price of our Class A common stock of \$18.99 per share on the New York Stock Exchange.

As of February 21, 2017, there were 155,451,733 shares of the Registrants' Class A Common Stock outstanding and 1,095,737 shares of the Registrants' Class B Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Empire State Realty Trust, Inc.'s Proxy Statement for its 2017 Annual Stockholders' Meeting (which is scheduled to be held on May 11, 2017) to be filed within 120 days after the end of the Registrant's fiscal year are incorporated by reference into Part III of this Annual Report on Form 10-K.

EMPIRE STATE REALTY TRUST, INC.
FORM 10-K
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DEFINITIONS

"annualized rent" represents annualized base rent and current reimbursement for operating expenses and real estate taxes;

"formation transactions" mean a series of transactions pursuant to which we acquired, substantially currently with the completion of the Offering through a series of contributions and merger transactions, our portfolio of real estate assets that were held by the existing entities, the ownership interests in the certain management entities of our predecessor and one development parcel;

"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";

"enterprise value" 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 multiplied by the Class A common share price at December 31, 2016, plus private perpetual preferred units plus consolidated debt at December 31, 2016;

"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 with respect to the formation transactions, 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;

the "Offering" means the initial public offering of our Class A common stock which was completed on October 7, 2013;

"our company," "we," "us" and "our" refer to Empire State Realty Trust, Inc., a Maryland real estate investment trust, together with its consolidated subsidiaries, including Empire State Realty OP, L.P., a Delaware limited partnership, which we refer to as "our operating partnership";

"securityholder" means holders of our Class A common stock and Class B common stock and holders of our operating partnership's Series ES, Series 250, Series 60 and Series PR operating partnership units;

"traded OP units" mean our operating partnership's Series ES, Series 250 and Series 60 operating partnership units.

PART I

ITEM 1. BUSINESS

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, including the Empire State Building, the world's most famous building.

As of December 31, 2016, our total portfolio, containing 10.1 million rentable square feet of office and retail space, was 88.1% occupied. Including signed leases not yet commenced, our total portfolio was 90.2% leased. As of December 31, 2016, we owned 14 office properties (including three long-term ground leasehold interests) encompassing approximately 9.4 million rentable square feet of office space, which were approximately 88.0% occupied or 90.2% leased including signed leases not yet commenced. Nine of these properties are located in the midtown Manhattan market and encompass approximately 7.6 million rentable square feet of office space, including the Empire State Building. Our Manhattan office properties also contain 501,653 rentable square feet of premier retail space on their ground floor and/or contiguous levels. Our remaining five office properties are located in Fairfield County, Connecticut and Westchester County, New York, encompassing approximately 1.9 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 December 31, 2016, 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 December 31, 2016, our standalone retail properties were 99.4% leased in the aggregate. The Empire State Building offers panoramic views of New York and neighboring states from its world-famous 86th and 102nd floor observatories that draw millions of visitors per year. The number of visitors to the observatories was approximately 4.25 million and 4.06 million for the years ended December 31, 2016 and 2015, respectively. The 86th floor observatory has a 360-degree outdoor deck as well as indoor viewing galleries to accommodate guests day and night, all year-round. The 102nd floor observatory is entirely indoors and offers a 360-degree view of New York City from 1,250 feet above ground.

We were organized as a Maryland corporation on July 29, 2011. Our operating partnership holds substantially all of our assets and conducts substantially all of our business. As of December 31, 2016, we owned approximately 52.1% of the aggregate operating partnership units in our operating partnership. Our company, as the sole general partner in our operating partnership, has responsibility and discretion in the management and control in our operating partnership, and the limited partners in our operating partnership, in such capacity, have no authority to transact business for, or participate in the management activities of, our operating partnership. We elected to be taxed as a real estate investment trust ("REIT") and operate in a manner that we believe allows us to qualify as a REIT for federal income tax purposes commencing with our taxable year ended December 31, 2013.

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 December 31, 2016, we owned nine Manhattan office properties (including three long-term ground leasehold interests) encompassing approximately 7.6 million rentable square feet of office space, including the Empire State Building, our flagship property. Unlike traditional office buildings, the Empire State Building provides us with a significant source of income from its observatory and broadcasting operations. All of these properties include premier retail space on their ground floor and/or contiguous levels, which comprise 501,653 rentable square feet in the aggregate and some of which have

recently undergone significant redevelopments. We believe the high quality of our buildings, services and amenities, their desirable locations and commuter access to mass transportation should allow us to increase rents and occupancy to generate positive cash flow and growth.

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Expertise in Repositioning and Redeveloping Manhattan Office Properties. We have substantial expertise in redeveloping and repositioning Manhattan office properties, having invested a total of approximately \$719.0 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 2006. We have substantial experience in upgrading, redeveloping and modernizing building lobbies, corridors, bathrooms, elevator cabs and old, antiquated spaces to include new ceilings, lighting, pantries and base building systems (including electric distribution and air conditioning), as well as enhanced tenant amenities. 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 have 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-redevelopment high quality of our buildings and the service we provide also attract higher credit-quality tenants for larger spaces at rents above similar vintage buildings, and below new construction, thus defining a new price point and allowing us to drive superior returns on invested capital per square foot. In addition, we believe that, based on the results of our base building energy efficiency retrofit, and energy efficient tenant build-outs, at the Empire State Building, the lessons of which we are applying throughout our portfolio, we derive cost savings through innovative energy efficiency retrofitting and sustainability initiatives, reducing direct and indirect energy costs paid both by tenants and by us throughout our other Manhattan office properties and greater New York metropolitan area office properties, which improves our competitive position.

Leader in Energy Efficiency Retrofitting. We have pioneered certain practices in energy efficiency, and at the Empire State Building 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. We believe that higher quality tenants in general place a higher priority on sustainability, controlling costs, and minimizing contributions to greenhouse gases. We believe our expertise in this area gives us the opportunity to attract higher quality tenants at higher rental rates and to reduce our expenses. As a result of our efforts, approximately 74.0% of our portfolio square feet is Energy Star certified, including the Empire State Building. As a result of the energy efficiency retrofits, we estimate that the Empire State Building will save at least 38% of its pre-retrofit level of 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 retrofits in which Johnson Controls Inc. was project leader. Actual 2015 energy cost savings was \$3.2 million. We are implementing cost justified energy efficiency retrofit projects in our Manhattan and greater New York metropolitan area office properties based on our work at the Empire State Building. Finally, we maintain a series of management practices utilizing recycling of tenant and construction waste, recycled content carpets, low off-gassing paints and adhesives, “green” pest control and cleaning solutions and recycled paper products throughout our office portfolio. 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 December 31, 2016, our portfolio also included six standalone retail properties and retail space at the ground floor and/or lower levels of our Manhattan office properties, encompassing 706,105 rentable square feet in the aggregate, which were approximately 88.6% occupied in the aggregate. All of these properties are located in dynamic 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 684,672 rentable square feet located in Manhattan and 21,433 rentable square feet located in Westport, Connecticut. Our current retail rents are meaningfully below current market rents, and as we recapture and redevelop retail space, we are able to drive strong positive spreads on newly leased space. We have significant retail expirations in the coming years that will allow us to further increase our cash flows as we continue our redevelopment program. Our retail tenants cover a number of industries, and include Allen Edmonds; Ann Taylor; AT&T; Bank of America; Bank Santander (Sovereign Bank); Best Buy Mobile; Charles Schwab; Chipotle; Duane Reade;

FedEx/Kinko's; Food Emporium; FootLocker; HSBC; JP Morgan Chase; Lululemon; Men's Wearhouse; Nike; Panera Bread; Potbelly Sandwich Works; Sephora; Shake Shack; Sprint; Starbucks; Theory; TJ Maxx; Urban Outfitters; and Walgreens. Our Westport, Connecticut retail properties are located on Main Street, the main pedestrian thoroughfare in Westport, Connecticut, and have the advantage of being adjacent to one of the few available large-scale parking lots in town.

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 developed relationships we believe enable us to both secure high credit-quality tenants on

attractive terms, as well as provide us with potential acquisition opportunities. 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 32 years with extensive experience in Greater New York area real estate, through many economic cycles. We take an intensive, hands-on approach to the management of our portfolio and quality brand building. As of December 31, 2016, our named executive officers owned 11.6% of our common stock on a fully diluted basis (including shares of common stock and operating partnership units as to which Anthony E. Malkin disclaims beneficial ownership except to the extent of his pecuniary interest therein), and therefore their interests are aligned with those of our securityholders and they are incentivized to maximize returns to our securityholders.

Strong Balance Sheet Supportive of Future Growth. As of December 31, 2016, we had total debt outstanding of approximately \$1.6 billion, with a weighted average interest rate of 4.19% and a weighted average maturity of 4.7 years. Additionally, we had approximately \$1.1 billion of available borrowing capacity under our secured revolving and term credit facility as of December 31, 2016. We had cash and cash equivalents of \$554.4 million at December 31, 2016. Our consolidated net debt represented 14.9% of enterprise value. Excluding principal amortization, we have approximately \$336.0 million of debt maturing in 2017 and \$262.2 million maturing in 2018. We continue to extend and ladder our debt maturities, increase our access to a variety of capital sources and maintain low leverage with significant capacity on our balance sheet. This low level of leverage gives us flexibility to cover our capital program and to take advantage of opportunities to acquire additional properties as and when we see compelling opportunities. We believe that lower levered companies outperform over the long term.

Business and Growth Strategies

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

Vacating, Redeveloping, and Leasing of Redeveloped Space at Our Manhattan Office Properties. As of December 31, 2016, our Manhattan office properties (excluding the retail component of these properties) were approximately 86.8% occupied, or 89.1% leased including signed leases not commenced, and had approximately 0.8 million rentable square feet of available space (excluding signed leases not commenced). Our program of redevelopment necessarily includes vacating older less desirable suites; demolishing them for re-leasing as full or multi-floor blocks, or as new pre-built suites; and re-leasing them. We believe our redevelopment and repositioning program for our Manhattan office properties results in our leasing space to better credit tenants and higher rents, while achieving returns of six to 20 percent. Over time, as we have created and redeveloped large blocks of available space, we have leased them to higher quality tenants at higher rents, and intend to continue to execute on this program over the years to come. 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. We also employ a pre-built suite strategy in selected portions of some of our properties to appeal to many credit-worthy smaller tenants by fitting out some available space with new ceilings, lighting, pantries and base building systems (including electric distribution and air conditioning) for immediate occupancy. These pre-built suites deploy energy efficiency strategies developed in our work at the Empire State Building and are designed with efficient layouts sought by a wide array of users which we believe will require only minor painting and carpeting for future re-leasing thus reducing our future costs. We expect to achieve returns on investment of six to 19 percent on our pre-built suites. Over time, as we have redeveloped the spaces in our buildings, we believe we will increase our occupancy.

Increase Existing Below-Market Rents. The purpose of our redevelopment is to sign leases for larger amounts of space to better credit tenants at higher rents. To date, we have capitalized on this opportunity and we believe we have significant embedded, de-risked growth that we can capture as we execute 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 7.2%, or approximately 541,877 rentable square feet (including month-to-month leases), of our Manhattan office leases expiring during 2017, which we generally believe are currently at below market rates. These expiring leases represent a weighted average base rent of \$48.98 per square foot based on current measurements. As older leases expire, we expect to continue to upgrade certain space to further increase rents. Our concentration in

Manhattan and the greater New York metropolitan area should also enable us to benefit from increased rents associated with current and anticipated near-term improvements in the financial and economic environment in these areas. We also expect to benefit from our price positioning as we command prices that are above comparable vintage properties due to the quality of our newly developed space and our attractive amenities but below new construction.

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 redevelopment 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. We apply rigorous underwriting analysis to determine if aggregation of vacant space for future leasing to larger tenants will improve our cash flows over the long term. 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. For the foreseeable future, 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. We believe we can utilize our industry relationships (including well-known real estate owners in Manhattan), brand recognition, and our expertise in redeveloping and repositioning office properties to identify acquisition opportunities where we believe we can increase occupancy and rental rates. We also believe there is significant growth opportunity to acquire and reposition additional stand-alone retail spaces. 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. Further, we have a development site, Metro Tower at the Stamford Transportation Center, which is adjacent to our Metro Center property, which we believe to be one of the premier office buildings in Connecticut. All required zoning approvals have been obtained to allow development of an approximately 380,000 rentable square foot office tower and garage. We intend to develop this site when we deem the appropriate combination of market and other conditions are in place.

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 foster strong tenant relationships by being responsive to tenant needs. We do this through the amenities we provide, the quality of our buildings and services, our employee screening and training, energy efficiency initiatives, and preventative maintenance and prompt repairs. Our attention to detail is integral to serving our clients and building our brand. Our properties have received numerous industry awards for their operational efficiency. 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. We do extensive diligence on our tenants' (current and prospective) balance sheets, businesses and business models to determine if we will establish long-term relationships in which they will both renew with us and expand over time.

Leasing

We are focused on maintaining a brand that tenants associate with a consistently high level of quality of services, installations, maintenance and amenities with long term financial stability. Through our commitment to brokers, we have developed long-term relationships that focus on negotiating attractive transactions with high credit-quality tenants. We proactively manage and cultivate our industry relationships and make the most senior members of our management team available to our constituencies. We believe that our consistent, open dialogue with our tenants and brokers enables us to maximize our redevelopment and repositioning opportunities. Our focus on performance and perspective allows us to concentrate on the ongoing management of our portfolio, while seeking opportunities for growth in the future.

Property Management

We protect our investments by regularly monitoring our properties, performing routine preventive maintenance, and implementing capital improvement programs in connection with property redevelopment and life cycle replacement of equipment and systems. We presently self-manage all of our properties. We proactively manage our properties and rent rolls to (i) aggregate smaller demised spaces to create large blocks of vacant space, to attract high credit-quality

tenants at higher rental rates, and (ii) create efficient, modern, pre-built offices that can be rented through several lease cycles and attract better credit-quality tenants. We aggressively manage and control operating expenses at all of our properties. In addition, we have made energy efficiency retrofitting and sustainability a portfolio-wide initiative driven by economic return. We pass on cost savings achieved by such improvements to our tenants through lower utility costs and reduced operating expense escalations. We believe these initiatives make our properties more desirable to a broader tenant base than the properties of our competitors.

Business Segments

Our reportable segments consist of a real estate segment and an observatory segment. Our real estate segment includes all activities related to the ownership, management, operation, acquisition, repositioning and disposition of our real estate assets. Our observatory segment operates the 86th and 102nd floor observatories at the Empire State Building. These two lines of businesses are managed separately because each business requires different support infrastructures, provides different services and has dissimilar economic characteristics such as investments needed, stream of revenues and different marketing strategies. We account for intersegment sales and rent as if the sales or rent were to third parties, that is, at current market prices. We include our construction operation in "Other" and it includes all activities related to providing construction services to tenants and to other entities within and outside our company. As of March 27, 2015, we no longer solicited new business for our construction management business. We completed all projects that were in progress. See Note 13 to our consolidated financial statements for further information on our reportable segments.

Regulation

General

The properties in our portfolio are subject to various laws, ordinances and regulations, including regulations relating to common areas. We believe each of the existing properties has the necessary permits and approvals to operate its business.

Americans with Disabilities Act

Our properties must comply with Title III of the Americans with Disabilities Act, or ADA, to the extent that such properties are "public accommodations" as defined by the ADA. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of our properties where such removal is readily achievable. We believe the existing properties are in substantial compliance with the ADA and that we will not be required to make substantial capital expenditures to address the requirements of the ADA. However, noncompliance with the ADA could result in imposition of fines or an award of damages to private litigants. The obligation to make readily achievable accommodations is an ongoing one, and we will continue to assess our properties and to make alterations as appropriate in this respect.

Environmental Matters

Under various federal, state and/or local laws, ordinances and regulations, as a current or former owner or operator of real property, we may be liable for costs and damages resulting from the presence or release of hazardous substances, waste, or petroleum products at, on, in, under or from such property, including costs for investigation or remediation, natural resource damages, or third party liability for personal injury or property damage. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence or release of such materials, and the liability may be joint and several. Some of our properties have been or may be impacted by contamination arising from current or prior uses of the property or adjacent properties for commercial, industrial or other purposes. Such contamination may arise from spills of petroleum or hazardous substances or releases from tanks used to store such materials. We also may be liable for the costs of remediating contamination at off-site disposal or treatment facilities when we arrange for disposal or treatment of hazardous substances at such facilities, without regard to whether we comply with environmental laws in doing so. The presence of contamination or the failure to remediate contamination on our properties may adversely affect our ability to attract and/or retain tenants, and our ability to develop or sell or borrow against those properties. In addition to potential liability for cleanup costs, private plaintiffs may bring claims for personal injury, property damage or for similar reasons. Environmental laws also may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on our properties, environmental laws may impose restrictions on the manner in which that property may be used or how businesses may be operated on that property.

Some of our properties are adjacent to or near other properties used for industrial or commercial purposes or that have contained or currently contain underground storage tanks used to store petroleum products or other hazardous or toxic substances. Releases from these properties could impact our properties. In addition, some of our properties have

previously been used by former owners or tenants for commercial or industrial activities, e.g., gas stations and dry cleaners, and a portion of the Metro Tower site is currently used for automobile parking and fueling, that may release petroleum products or other hazardous or toxic substances at such properties or to surrounding properties. While certain properties contain or contained uses that could have or have impacted our properties, we are not aware of any liabilities related to environmental contamination that we believe will have a material adverse effect on our operations.

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Soil contamination has been identified at 69-97 Main Street in Westport, Connecticut. The affected soils are more than four feet below the ground surface. An Environmental Land Use Restriction has been imposed on this site to ensure the soil is not exposed, excavated or disturbed such that it could create a risk of migration of pollutants or a potential hazard to human health or the environment. While the contamination is currently contained, the potential resale value of this property and our ability to finance or refinance this property in the future may be adversely affected as a result of such contamination. In addition, pursuant to the Environmental Land Use Restriction, plans for the redevelopment of the property would be subject to the review of the Town of Westport, Connecticut among other conditions.

The property situated at 500 Mamaroneck Avenue in Harrison, New York was the subject of a voluntary remedial action work cleanup plan performed by the former owner following its conveyance of title to the present owners under an agreement with the New York State Department of Environmental Conservation, or NYDEC. As a condition to the issuance of a “no further action” letter, NYDEC required that certain restrictive and affirmative covenants be recorded against the subject property. In substantial part, these include prohibition against construction that would disturb the soil cap isolating certain contaminated subsurface soil, limiting the use of such property to commercial uses, implementing engineering controls to assure that improvements be kept in good condition, not using ground water at the site for potable purposes without treatment, implementing safety procedures for workers to follow excavating at the site to protect their health and safety and filing an annual certification that the controls implemented in accordance with the voluntary remedial action work cleanup plan remain in place. Furthermore, a substantial portion of the site that had been substantially unimproved prior to acquisition may not be further developed.

In addition, our properties are subject to various federal, state and local environmental and health and safety laws and regulations. Noncompliance with these environmental and health and safety laws and regulations could subject us or our tenants to liability. These liabilities could affect a tenant’s ability to make rental payments to us. Moreover, changes in laws could increase the potential costs of compliance with such laws and regulations or increase liability for noncompliance. This may result in significant unanticipated expenditures or may otherwise materially and adversely affect our operations, or those of our tenants, which could in turn have a material adverse effect on us. We sometimes require our tenants to comply with environmental and health and safety laws and regulations and to indemnify us for any related liabilities in our leases with them. But in the event of the bankruptcy or inability of any of our tenants to satisfy such obligations, we may be required to satisfy such obligations. We are not presently aware of any instances of material non-compliance with environmental or health and safety laws or regulations at our properties, and we believe that we and/or our tenants have all material permits and approvals necessary under current laws and regulations to operate our properties.

As the owner or operator of real property, we may also incur liability based on various building conditions. For example, buildings and other structures on properties that we currently own or operate or those we acquire or operate in the future contain, may contain, or may have contained, asbestos-containing material, or ACM. Environmental and health and safety laws require that ACM be properly managed and maintained and may impose fines or penalties on owners, operators or employers for non-compliance with those requirements. These requirements include special precautions, such as removal, abatement or air monitoring, if ACM would be disturbed during maintenance, redevelopment or demolition of a building, potentially resulting in substantial costs. In addition, we may be subject to liability for personal injury or property damage sustained as a result of releases of ACM into the environment. We are not presently aware of any material liabilities related to building conditions, including any instances of material non-compliance with asbestos requirements or any material liabilities related to asbestos.

In addition, our properties may contain or develop harmful mold or suffer from other indoor air quality issues, which could lead to liability for adverse health effects or property damage or costs for remediation. When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne

contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants or others if property damage or personal injury occurs. We are not presently aware of any material adverse indoor air quality issues at our properties.

Insurance

We carry comprehensive liability, fire, extended coverage, earthquake, terrorism and rental loss insurance covering all of our Manhattan properties and our greater New York metropolitan area properties under a blanket policy. We carry additional all-risk property and business insurance, which includes terrorism insurance, on the Empire State Building through ESRT Captive Insurance Company L.L.C., or ESRT Captive Insurance, our wholly owned captive insurance company. ESRT Captive Insurance covers terrorism insurance for \$1.2 billion in losses in excess of \$800 million per occurrence suffered by the Empire State Building, providing us with aggregate terrorism coverage of \$2 billion at that property. ESRT Captive Insurance fully reinsures the 16% coinsurance under the Terrorism Risk Insurance Program Reauthorization Act of 2015 (TRIPRA) and the difference between the TRIPRA captive deductible and policy deductible of \$25,000 for non-Nuclear, Biological, Chemical and Radiological exposures. We purchased a \$50 million limit of Nuclear, Biological, Chemical and Radiological (NBCR) insurance in excess of a \$1.0 million deductible in the commercial insurance market. ESRT Captive Insurance provides NBCR insurance with a limit of \$1.95 billion in excess of the \$50 million policy. As a result, we remain only liable for the 16% coinsurance under TRIPRA for NBCR exposures within ESRT Captive Insurance, as well as a deductible equal to 20% of ESRT Captive Insurance's prior year's premium. As long as we own ESRT Captive Insurance, we are responsible for ESRT Captive Insurance's liquidity and capital resources, and ESRT Captive Insurance's accounts are part of our consolidated financial statements. If we experience a loss and ESRT Captive Insurance is required to pay under its insurance policy, we would ultimately record the loss to the extent of its required payment. The policies described above cover certified terrorism losses as defined under the Terrorism Risk Insurance Act of 2002 (TRIA) and subsequent extensions. On January 12, 2015, the President of the United States signed into law TRIPRA, which extends TRIA through December 31, 2020. TRIA provides for a system of shared public and private compensation for insured losses resulting from acts of terrorism. As a result, the certified terrorism coverage provided by ESRT Captive Insurance is eligible for 84% coinsurance provided by the United States Treasury in excess of a statutorily calculated deductible. ESRT Captive Insurance reinsures 100% of its 16% coinsurance for non-NBCR exposures. The 16% coinsurance on NBCR exposures is retained by ESRT Captive Insurance.

Reinsurance contracts do not relieve ESRT Captive Insurance from its primary obligations to its policyholders. Additionally, failure of the various reinsurers to honor their obligations could result in significant losses to ESRT Captive Insurance. The reinsurance has been ceded to reinsurers approved by the State of Vermont. ESRT Captive Insurance continually evaluates the reinsurers' financial condition by considering published financial stability ratings of the reinsurers and other factors. There can be no assurance that reinsurance will continue to be available to ESRT Captive Insurance to the same extent and at the same cost. ESRT Captive Insurance may choose in the future to reevaluate the use of reinsurance to increase or decrease the amounts of risk it cedes.

In addition to insurance held through ESRT Captive Insurance described above, we carry terrorism insurance on all of our properties in an amount and with deductibles which we believe are commercially reasonable.

Competition

The leasing of real estate is highly competitive in Manhattan and the greater New York metropolitan market in which we operate. We compete with numerous acquirers, developers, owners and operators of commercial real estate, many of which own or may seek to acquire or develop properties similar to ours in the same markets in which our properties are located. The principal means of competition are rent charged, location, services provided and the nature and condition of the facility to be leased. In addition, we face competition from other real estate companies including other REITs, private real estate funds, domestic and foreign financial institutions, life insurance companies, pension trusts, partnerships, individual investors and others that may have greater financial resources or access to capital than we do or that are willing to acquire properties in transactions which are more highly leveraged or are less attractive from a financial viewpoint than we are willing to pursue. In addition, competition from new and existing observatories and/or broadcasting operations could have a negative impact on revenues from our observatory operations and/or broadcasting revenues. Adverse impacts on domestic travel and changes in foreign currency exchange rates may also

decrease demand in the future, which could have a material adverse effect on our results of operations, financial condition and ability to make distributions to our securityholders. If our competitors offer space at rental rates below current market rates, below the rental rates we currently charge our tenants, in better locations within our markets or in higher quality facilities, we may lose potential tenants and we may be pressured to reduce our rental rates below those we currently charge in order to retain tenants when our tenants' leases expire.

Our Tax Status

We elected to be taxed as a REIT and operate in a manner that we believe allows us to qualify as a REIT for federal income tax purposes commencing with our taxable year ended December 31, 2013. We believe we have been organized in conformity with the requirements for qualification and taxation as a REIT under the Internal Revenue Code of 1986, as

amended, the ("Code"), and that our intended manner of operation will enable us to meet the requirements for qualification and taxation as a REIT. 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 securityholders. 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.

Inflation

Substantially all of our leases provide for separate real estate tax and operating expense escalations. In addition, many of the leases provide for fixed base rent increases. We believe inflationary increases may be at least partially offset by the contractual rent increases and expense escalations described above. We do not believe inflation has had a material impact on our historical financial position or results of operations.

Seasonality

Our observatory business is subject to tourism trends and weather, and therefore does experience some seasonality. During the past ten years of our annual observatory revenue, approximately 16% to 18% was realized in the first quarter, 26.0% to 28.0% was realized in the second quarter, 31.0% to 33.0% was realized in the third quarter and 23.0% to 25.0% was realized in the fourth quarter. We do not consider the balance of our business to be subject to material seasonal fluctuations.

Employees

As of December 31, 2016, we had 819 employees, 127 of whom were managers and professionals. There are currently collective bargaining agreements which cover the workforce that services all of our office properties. Management believes that its relationship with employees is good.

Offices

Our principal executive offices are located at 111 West 33rd Street, 12th floor, New York, New York 10120. In addition, we have six additional regional leasing and property management offices in Manhattan and the greater New York metropolitan area. Our current facilities are adequate for our present and future operations, although we may add regional offices, depending upon our future operations.

Available Information

Our website address is <http://www.empirestaterealtytrust.com>. The information found on, or otherwise accessible through, our website is not incorporated information and does not form a part of this Annual Report on Form 10-K or any other report or document we file with or furnish to the SEC. We make available, free of charge, on or through the SEC Filings section of our website, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We have also posted on our website the Audit Committee Charter, Compensation Committee Charter, Finance Committee Charter, Nominating and Corporate Governance Committee Charter, Corporate Governance Guidelines and Code of Business Conduct and Ethics, which govern our directors, officers and employees. Within the time period required by the SEC, we will post on our website any amendment to our Code of Business Conduct and Ethics and any waiver applicable to our senior financial officers, and our executive officers or directors. You can also read and copy any materials we file with the SEC at its Public Reference Room at 100 F Street, NE, Washington, DC 20549 (1-800-SEC-0330). The SEC maintains an Internet site (<http://www.sec.gov>) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

ITEM 1A. RISK FACTORS

RISK FACTORS

You should carefully consider these risk factors, together with all of the other information included in this Annual Report on Form 10-K, including our consolidated financial statements and the related notes thereto, before you decide whether to make an investment in our securities. The risks set out below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, prospects, financial condition, cash flows, liquidity, funds from operations, results of operations, share price, ability to service our indebtedness, and/or ability to make cash distributions to our securityholders (including those necessary to maintain our REIT qualification). In such case, the value of our common stock and the trading price of our securities could decline, and you may lose all or a significant part of your investment. Some statements in the following risk factors constitute forward looking statements. See the section entitled "Forward-Looking Statements."

Risks Related to Our Properties and Our Business

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. All of our properties are located in Manhattan and the greater New York metropolitan area, in particular midtown Manhattan, as well as nearby markets in Fairfield County, Connecticut and Westchester County, New York. Nine of our 14 office properties are located in midtown Manhattan. As a result, our business is dependent on the condition of the New York City economy in general and the market for office space in midtown Manhattan in particular, which exposes us to greater economic risks than if we owned a more geographically diverse portfolio. We are susceptible to adverse developments in the New York City economic and regulatory environment (such as business layoffs or downsizing, industry slowdowns, relocations of businesses, increases in real estate and other taxes, costs of complying with governmental regulations or increased regulation). Such adverse developments could materially reduce the value of our real estate portfolio and our rental revenues, and thus materially and adversely affect our ability to service current debt and to pay distributions to securityholders. We could also be impacted by adverse developments in the Fairfield County, Connecticut and Westchester County, New York markets. We cannot assure you that these markets will grow or that underlying real estate fundamentals will be favorable to owners and operators of office or retail properties. Our operations may also be affected if competing properties are built in either of these markets. 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, ability to service debt and our ability to make distributions to our securityholders. Our business may be affected by the volatility and illiquidity in the financial and credit markets, a general global economic recession and other market or economic challenges experienced by the real estate industry or the U.S. economy as a whole. Our business may also be materially and adversely affected by local economic conditions, as substantially all of our revenues are derived from our properties located in Manhattan and the greater New York metropolitan area, particularly in Manhattan, Fairfield County and Westchester County. Because our portfolio consists primarily of commercial office and retail buildings (as compared to a more diversified real estate portfolio) located principally in Manhattan, if economic conditions persist or deteriorate, then our results of operations, financial condition, ability to service current debt and to make distributions to our securityholders may be materially and adversely affected by the following, among other potential conditions:

- the financial condition of our tenants, many of which are consumer goods, financial, legal and other professional firms, may be adversely affected, which may result in tenant defaults under leases due to bankruptcy, lack of liquidity, operational failures or other reasons;
- significant job losses in the financial and professional services industries have occurred and may continue to occur, which may decrease demand for our office space, causing market rental rates and property values to be impacted negatively;
- our ability to borrow on terms and conditions that we find acceptable, or at all, may be limited, which could reduce our ability to pursue acquisition and development opportunities, engage in our redevelopment and repositioning

activities and refinance existing debt, reduce our returns from both our existing operations and our acquisition and development activities and increase our future interest expense;

- reduced values of our properties may limit our ability to dispose of assets at attractive prices or to obtain debt financing secured by our properties and may reduce the availability of unsecured loans;
- reduced liquidity in debt markets and increased credit risk premiums for certain market participants may impair our ability to access capital or make such access more expensive; and
- the value and liquidity of our short-term investments and cash deposits could be reduced as a result of a deterioration of the financial condition of the institutions that hold our cash deposits or the institutions or assets in which we have

made short-term investments, the dislocation of the markets for our short-term investments, increased volatility in market rates for such investments or other factors.

These conditions may continue or worsen in the future, which could materially and adversely affect our results of operations, financial condition and ability to make distributions to our securityholders.

There can be no assurance that our redevelopment 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 redevelopment and repositioning program, which could materially and adversely affect our financial condition and results of operations.

We have been undertaking a comprehensive redevelopment and repositioning program of our Manhattan office properties that has included the physical improvement through upgrades and modernization of, and tenant upgrades in, such properties. We may experience conditions which delay or preclude program completion. In addition, we may not be able to lease available space on favorable terms or at all. Further, our redevelopment and repositioning program may lead to temporary increased vacancy rates at the properties undergoing redevelopment. There can be no assurance that our redevelopment 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 redevelopment and repositioning program or that we will be able to achieve anticipated results which could materially and adversely affect our financial condition and results of operations.

We rely on six properties for a significant portion of our rental revenue.

For the year ended December 31, 2016, six of our properties, the Empire State Building, One Grand Central Place, 1400 Broadway, 111 West 33rd Street, First Stamford Place and 250 West 57th Street together accounted for approximately 71.4% of our portfolio's rental revenues, and no other property accounted for more than approximately 5.0% of our portfolio's rental revenues. For the year ended December 31, 2016, the Empire State Building individually accounted for approximately 32.6% of our portfolio's rental revenues. Our revenue and cash available for distribution to our securityholders would be materially and adversely affected if the Empire State Building, One Grand Central Place, 1400 Broadway, 111 West 33rd Street, First Stamford Place or 250 West 57th Street were materially damaged or destroyed. Additionally, our revenue and cash available for distribution to our securityholders would be materially adversely affected if a significant number of our tenants at these properties experienced a downturn in their business which may weaken their financial condition and result in their failure to make timely rental payments, defaulting under their leases or filing for bankruptcy.

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.

During the year ended December 31, 2016, we derived approximately \$124.8 million of revenue from the Empire State Building's observatory operations, representing approximately 40.6% of the Empire State Building's total revenue for this period. Demand for our observatory is highly dependent on domestic and overseas tourists. In addition, competition from other new and existing observatories could have a negative impact on revenues from our observatory operations which could have a material adverse effect on our results of operations, financial condition and ability to make distributions to our securityholders. Adverse impacts on domestic travel and changes in foreign currency exchange rates may also decrease demand in the future, which could have a material adverse effect on our results of operations, financial condition and ability to make distributions to our securityholders.

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

As of December 31, 2016, we had approximately 1.0 million rentable square feet of vacant space (excluding leases signed but not yet commenced). In addition, leases representing 7.0% and 8.1% of the square footage of the properties in our portfolio will expire in 2017 and 2018, respectively (including month to month leases). We cannot assure you that expiring leases will be renewed or that our properties will be re-leased at net effective rental rates equal to or above the current average net effective rental rates. Above-market rental rates at some of the properties in our portfolio may force us to renew some expiring leases or re-lease properties at lower rates. If the rental rates of our properties decrease, our existing tenants do not renew their leases or we do not re-lease a significant portion of our available space and space for which leases will expire, our financial condition, results of operations, cash flow, per

share/unit trading price of our Class A common stock and our traded OP units and our ability to satisfy our principal and interest obligations and to make distributions to our securityholders would be materially and adversely affected. The actual rents we receive for the properties in our portfolio may be less than our asking rents, and we may experience a decline in realized rental rates from time to time, which could materially and adversely affect our financial condition, results of operations and cash flow.

As a result of various factors, including competitive pricing pressure in our markets, a general economic downturn and the desirability of our properties compared to other properties in our markets, we may be unable to realize our asking rents

across the properties in our portfolio. In addition, the degree of discrepancy between our asking rents and the actual rents we are able to obtain may vary both from property to property and among different leased spaces within a single property. If we are unable to obtain sufficient rental rates across our portfolio, then our ability to generate cash flow growth will be negatively impacted. In addition, depending on market rental rates at any given time as compared to expiring leases in our portfolio, from time to time rental rates for expiring leases may be higher than starting rental rates for new leases.

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 have engaged, and continue to engage, in development and redevelopment activities with respect to our Manhattan office properties. In addition, we own entitled land at the Stamford Transportation Center in Stamford, Connecticut that can support the development of an approximately 380,000 rentable square foot office building and garage. To the extent that we continue to engage in development and redevelopment activities, we will be subject to certain risks, including, without limitation:

- the availability and pricing of financing on favorable terms or at all;
- the availability and timely receipt of zoning and other regulatory approvals;
- the potential for the fluctuation of occupancy rates and rents at properties due to a number of factors, including market and economic conditions, which may result in our investment not being profitable;
- start up, repositioning and redevelopment costs may be higher than anticipated;
- the cost and timely completion of construction (including risks beyond our control, such as weather or labor conditions, or material shortages);
- the potential that we may fail to recover expenses already incurred if we abandon development or redevelopment opportunities after we begin to explore them;
- the potential that we may expend funds on and devote management time to projects which we do not complete;
- the inability to complete construction and leasing of a property on schedule, resulting in increased debt service expense and construction or redevelopment costs; and
- the possibility that properties will be leased at below expected rental rates.

These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation of development and redevelopment activities or the completion of development and redevelopment activities once undertaken, any of which could have an adverse effect on our financial condition, results of operations, cash flow, per share/unit trading price of our Class A common stock and our traded OP units and ability to satisfy our principal and interest obligations and to make distributions to our securityholders.

We may be required to make rent or other concessions and/or significant capital expenditures to improve our properties in order to retain and attract tenants, which could materially and adversely affect us, including our financial condition, results of operations and cash flow.

To the extent there are adverse economic conditions in the real estate market and demand for office space decreases, upon expiration of leases at our properties and with respect to our current vacant space, we will be required to increase rent or other concessions to tenants, accommodate increased requests for renovations, build-to-suit remodeling and other improvements or provide additional services to our tenants. In addition, eight of our existing properties are pre-war office properties, which may require more frequent and costly maintenance to retain existing tenants or attract new tenants than newer properties. As a result, we would have to make significant capital or other expenditures in order to retain tenants whose leases expire and to attract new tenants in sufficient numbers. Additionally, we may need to raise capital to make such expenditures. If we are unable to do so or capital is otherwise unavailable, we may be unable to make the required expenditures. This could result in non-renewals by tenants upon expiration of their leases and our vacant space remaining untenanted, which could materially and adversely affect our financial condition, results of operations, cash flow and per share/unit trading price of our Class A common stock and our traded OP units. As of December 31, 2016, we had approximately 1.0 million rentable square feet of vacant space (excluding leases signed but not yet commenced), and leases representing 7.0% and 8.1% of the square footage of the properties in our portfolio will expire in the in 2017 and 2018, respectively (including month to month leases).

We depend on significant tenants in our office portfolio, including Global Brands Group, Coty, Inc., LinkedIn, Sephora and PVH Corp., which together represented approximately 16.3% of our total portfolio's annualized rent as of December 31, 2016.

As of December 31, 2016, our five largest tenants together represented 16.3% of our total portfolio's annualized rent. Our largest tenant is Global Brands Group. As of December 31, 2016, Global Brands Group leased an aggregate of 0.7 million rentable square feet of office space at three of our office properties, representing approximately 6.8% of the total rentable square feet and approximately 6.2% of the annualized rent in our portfolio. Our rental revenue depends on entering into leases with and collecting rents from tenants. General and regional economic conditions, such as the current challenging economic climate described above, may adversely affect our major tenants and potential tenants in our markets. Our major tenants may experience a material business downturn, weakening their financial condition and potentially resulting in their failure to make

timely rental payments and/or a default under their leases. In many cases, we have made substantial up front investments in the applicable leases, through tenant improvement allowances and other concessions, as well as typical transaction costs (including professional fees and commissions) that we may not be able to recover. In the event of any tenant default, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment.

The bankruptcy or insolvency of a major tenant also may adversely affect the income produced by our properties. If any tenant becomes a debtor in a case under the United States Bankruptcy Code of 1978, as amended, we cannot evict the tenant solely because of the bankruptcy. In addition, the bankruptcy court might authorize the tenant to reject and terminate their lease with us. The bankruptcy of a tenant or lease guarantor could delay our efforts to collect past due balances under the relevant leases, and could ultimately preclude collection of these sums. If a lease is rejected by a tenant in bankruptcy, we would have only a general unsecured claim for damages. Any unsecured claim we hold may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims, and there are restrictions under bankruptcy laws that limit the amount of the claim we can make if a lease is rejected.

Our revenue and cash flow could be materially adversely affected if any of our significant tenants were to become bankrupt or insolvent, or suffer a downturn in their business, default under their leases or fail to renew their leases at all or renew on terms less favorable to us than their current terms.

Competition may impede our ability to attract or retain tenants or re-let space, which could materially and adversely affect our results of operations and cash flow.

The leasing of real estate in the greater New York metropolitan area is highly competitive. The principal means of competition are rent charged, location, services provided and the nature and condition of the premises to be leased. We directly compete with all lessors and developers of similar space in the areas in which our properties are located as well as properties in other submarkets. Demand for retail space may be impacted by the bankruptcy of retail companies, a general trend toward consolidation in the retail industry, and the impact of internet retailing which could adversely affect the ability of our company to attract and retain tenants. In addition, retailers at our properties face increasing competition from outlet malls, discount shopping clubs, electronic commerce, direct mail and telemarketing, which could (i) reduce rents payable to us, (ii) reduce our ability to attract and retain tenants at our properties and (iii) lead to increased vacancy rates at our properties, any of which could materially and adversely affect us.

Our office properties are concentrated in highly developed areas of midtown Manhattan and densely populated metropolitan communities in Fairfield County and Westchester County. Manhattan is the largest office market in the United States. The number of competitive office properties in the markets in which our properties are located (which may be newer or better located than our properties) could have a material adverse effect on our ability to lease office space at our properties, and on the effective rents we are able to charge.

If our tenants are unable to secure financing necessary to continue to operate their businesses and pay us rent, we could be materially and adversely affected.

Many of our tenants rely on external sources of financing to operate their businesses. If our tenants are unable to secure financing necessary to continue to operate their businesses, they may be unable to meet their rent obligations or be forced to declare bankruptcy and reject their leases, which could materially and adversely affect us.

Our dependence on smaller businesses to rent our office space could materially and adversely affect our cash flow and results of operations.

The majority of the tenants in our properties (measured by number of tenants as opposed to aggregate square footage) are smaller businesses that generally do not have the financial strength of larger corporate tenants. Smaller companies generally experience a higher rate of failure than large businesses. There is a current risk with these companies of a higher rate of tenant defaults, turnover and bankruptcies, which could materially and adversely affect our distributable cash flow and results of operations.

Our dependence on rental income may materially and adversely affect our cash flow and results of operations.

A substantial portion of our income is derived from rental income from real property. As a result, our performance depends on our ability to collect rent from tenants. Our income and funds for distribution would be negatively affected

if a significant number of our tenants, or any of our major tenants (as discussed in more detail below):

- delay lease commencements;
- decline to extend or renew leases upon expiration;
- fail to make rental payments when due; or
- declare bankruptcy.

Any of these actions could result in the termination of the tenants' leases and the loss of rental income attributable to the terminated leases. In these events, we cannot be sure that any tenant whose lease expires will renew that lease or that we will be able to re-lease space on economically advantageous terms or at all. The loss of rental revenues from a number of our

tenants and our inability to replace such tenants may adversely affect our profitability, our ability to meet debt and other financial obligations and our ability to make distributions to our securityholders.

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.

The Empire State Building and its broadcasting mast provides radio and data communications services and supports delivery of broadcasting signals to cable and satellite systems and television and radio receivers. We license the use of the broadcasting mast to third party television and radio broadcasters. During the year ended December 31, 2016, we derived approximately \$20.9 million of revenue (excluding tenant reimbursement income) from the Empire State Building's broadcasting licenses and related leased space, representing approximately 6.8% of the Empire State Building's total revenue for this period. Competition from other broadcasting operations could have a negative impact on revenues from our broadcasting operations, and require lease renewal proposals which could yield reduced revenue, higher operating expenses and/ or higher capital expenditures. Our broadcast television and radio licensees also face a range of competition from advances in technologies and alternative methods of content delivery in their respective industries, as well as from changes in consumer behavior driven by new technologies and methods of content delivery, which may reduce the demand for over-the-air broadcast licenses in the future. New government regulations affecting broadcasters, including the implementation of the Federal Communications Commission's (the "FCC") National Broadband Plan, (the "FCC Plan"), also might materially and adversely affect our results of operations by reducing the demand for broadcast licenses. Among other things, the FCC Plan urges Congress to make more spectrum available for wireless broadband service providers by encouraging over-the-air broadcast licensees to relinquish spectrum through a voluntary auction process, which raises many issues that could impact the broadcast industry. At this time we cannot predict whether Congress or the FCC will adopt or implement any of the FCC Plan's recommendations or the rule changes as proposed, or how any such actions might affect our broadcasting operations. Any of these risks might materially and adversely affect us.

We may not be able to control our operating costs, or our expenses may remain constant or increase, even if income from our properties decreases, causing our results of operations to be adversely affected.

Our financial results depend substantially on leasing space in our properties to tenants on terms favorable to us. Costs associated with real estate investment, such as real estate taxes, insurance and maintenance costs, generally are not reduced even when a property is not fully occupied, rental rates decrease or other circumstances cause a reduction in income from the property. As a result, cash flow from the operations of our properties may be reduced if a tenant does not pay its rent or we are unable to rent our properties on favorable terms. Under those circumstances, we might not be able to enforce our rights as landlord without delays and may incur substantial legal costs. The terms of our leases may also limit our ability to charge our tenants for all or a portion of these expenses. Additionally, new properties that we may acquire or redevelop may not produce significant revenue immediately, and the cash flow from existing operations may be insufficient to pay the operating expenses and principal and interest on debt associated with such properties until they are fully leased.

Our breach of or the expiration of our ground leases could materially and adversely affect our results of operations. Our interest in three of our commercial office properties, 1350 Broadway, 111 West 33rd Street and 1400 Broadway are long-term leaseholds of the land and the improvements, rather than a fee interest in the land and the improvements. If we are found to be in breach of these ground leases, we could lose the right to use the properties. In addition, unless we purchase the underlying fee interest in these properties or extend the terms of our leases for these properties before expiration on terms significantly comparable to our current leases, we will lose our right to operate these properties and our leasehold interests in these properties upon expiration of the leases or we will continue to operate them at much lower profitability, which would significantly adversely affect our results of operations. In addition, if we are perceived to have breached the terms of these leases, the fee owner may initiate proceedings to terminate the leases. The long-term leases, including unilateral extension rights available to us, expire, on July 31, 2050 for 1350 Broadway, December 31, 2063 for 1400 Broadway and June 10, 2077 for 111 West 33rd Street.

Pursuant to the ground leases, we, as tenant under the ground leases, perform the functions traditionally performed by owners, as landlords, with respect to our subtenants. In addition to collecting rent from our subtenants, we also

maintain the properties and pay expenses relating to the properties. We do not have a right, pursuant to the terms of our leases or otherwise, to acquire the fee interests in these properties.

We will not recognize any increase in the value of the land or improvements subject to our ground leases, and we may only receive a portion of compensation paid in any eminent domain proceeding with respect to these properties, which could materially and adversely affect us.

We have no economic interest in the land or improvements at the expiration of our ground leases at 1350 Broadway, 111 West 33rd Street and 1400 Broadway, and therefore we will not share in any increase in value of the land or improvements beyond the term of our ground leases, notwithstanding our capital outlay to purchase our interest in the properties.

Furthermore, if the state or federal government seizes the properties subject to the ground leases under its eminent domain power, we may only be entitled to a portion of any compensation awarded for the seizure. In addition, if the value of the properties has increased, it may be more expensive for us to renew our ground leases.

We may be unable to identify and successfully complete acquisitions and even if acquisitions are identified and completed, we may fail to operate successfully acquired properties, which could materially and adversely affect us and impede our growth.

Our current portfolio consists entirely of properties that we acquired (or received the right to acquire) in connection with the formation transactions. Our ability to identify and acquire additional properties on favorable terms and successfully operate or redevelop them may be exposed to the following significant risks:

- even if we enter into agreements for the acquisition of properties, these agreements are subject to customary conditions to closing, including completion of due diligence investigations to our satisfaction and other conditions that are not within our control, which may not be satisfied, and we may be unable to complete an acquisition after making a non-refundable deposit and incurring certain other acquisition-related costs;

- we may be unable to finance the acquisition on favorable terms in the time period we desire, or at all;

- we may spend more than budgeted to make necessary improvements or redevelopments to acquired properties;

- we may not be able to obtain adequate insurance coverage for new properties;

acquired properties may be located in new markets where we may face risks associated with a lack of market knowledge or understanding of the local economy, lack of business relationships in the area and unfamiliarity with local governmental and permitting procedures;

we may be unable to integrate quickly and efficiently new acquisitions, particularly acquisitions of portfolios of properties, into our existing operations, and as a result our results of operations and financial condition could be adversely affected;

- market conditions may result in higher than expected vacancy rates and lower than expected rental rates; and

- we may incur significant costs and divert management attention in connection with evaluating and negotiating potential acquisitions, including ones that we are subsequently unable to complete.

Any delay or failure on our part to identify, negotiate, finance and consummate such acquisitions in a timely manner and on favorable terms, or operate acquired properties to meet our financial expectations, could impede our growth and adversely affect our financial condition, results of operations, cash flow and per share/unit trading price of our Class A common stock and traded OP units.

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.

We plan to acquire properties as we are presented with attractive opportunities. We may face significant competition for acquisition opportunities in the greater New York metropolitan area with other investors, particularly private investors who can incur more leverage, and this competition may adversely affect us by subjecting us to the following risks:

- an inability to acquire a desired property because of competition from other well-capitalized real estate investors, including publicly traded and privately held REITs, private real estate funds, domestic and foreign financial institutions, life insurance companies, sovereign wealth funds, pension trusts, commercial developers, partnerships and individual investors; and

- an increase in the purchase price for such acquisition property, in the event we are able to acquire such desired property.

The significant competition for acquisitions of commercial office and retail properties in the greater New York metropolitan area may impede our growth.

Acquired properties may expose us to unknown liability, which could adversely affect our results of operations, cash flow and the market value of our securities.

We may acquire properties subject to liabilities and without any recourse, or with only limited recourse, against the prior owners or other third parties with respect to unknown liabilities. As a result, if a liability were asserted against us based upon ownership of those properties, we might have to pay substantial sums to settle or contest it, which could

adversely affect our results of operations, cash flow and the market value of our securities. Unknown liabilities with respect to acquired properties might include:

- liabilities for clean-up of undisclosed environmental contamination;
- claims by tenants, vendors or other persons against the former owners of the properties;
- liabilities incurred in the ordinary course of business; and

claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

We may acquire properties or portfolios of properties through tax deferred contribution transactions, which could result in securityholder dilution and limit our ability to sell such assets.

In the future we may acquire properties or portfolios of properties through tax deferred contribution transactions in exchange for partnership interests in our operating partnership, which may result in stockholder/unitholder dilution.

This acquisition structure may have the effect of, among other things, reducing the amount of tax depreciation we could deduct over the tax life of the acquired properties, and may require that we agree to protect the contributors' ability to defer recognition of taxable gain through restrictions on our ability to dispose of the acquired properties and/or the allocation of partnership debt to the contributors to maintain their tax bases. These restrictions could limit our ability to sell an asset at a time, or on terms, that would be favorable absent such restrictions.

Should we decide at some point in the future to expand into new markets, we may not be successful, which could adversely affect our financial condition, result of operations, cash flow and trading price of our Class A common stock and traded OP units.

If opportunities arise, we may explore acquisitions of properties in new markets. Each of the risks applicable to our ability to acquire and integrate successfully and operate properties in our current markets is also applicable to our ability to acquire and integrate successfully and operate properties in new markets. In addition to these risks, we will not possess the same level of familiarity with the dynamics and market conditions of any new markets that we may enter, which could adversely affect the results of our expansion into those markets, and we may be unable to build a significant market share or achieve a desired return on our investments in new markets. If we are unsuccessful in expanding into new markets, it could adversely affect our financial condition, results of operations, cash flow, trading price of our Class A common stock and traded OP units and ability to satisfy our principal and interest obligations and to make distributions to our securityholders.

Our growth depends on external sources of capital that are outside of our control, which may affect our ability to seize strategic opportunities, satisfy debt obligations and make distributions to our securityholders.

In order to qualify as a REIT, we must distribute to our securityholders, on an annual basis, at least 90% of our REIT taxable income, determined without regard to the deduction for distributions paid and excluding net capital gains. In addition, we will be subject to U.S. federal income tax at regular corporate rates to the extent that we distribute less than 100% of our net taxable income (including net capital gains) and will be subject to a 4% nondeductible excise tax on the amount by which our distributions in any calendar year are less than a minimum amount specified under U.S. federal income tax laws. Because of these distribution requirements, we may not be able to fund future capital needs, including any necessary acquisition financing, from operating cash flow. Consequently, we may need to rely on third-party sources to fund our capital needs. We may not be able to obtain financing on favorable terms, in the time period we desire, or at all. Any additional debt we incur will increase our leverage. Our access to third-party sources of capital depends, in part, on:

• general market conditions;

• the market's perception of our growth potential;

• our current debt levels;

• our current and expected future earnings;

• our cash flow and cash distributions; and

• the market price per share/unit of our Class A common stock and traded OP units.

If we cannot obtain capital from third-party sources, we may not be able to acquire or redevelop properties when strategic opportunities exist, satisfy our principal and interest obligations or make the cash distributions to our securityholders necessary to maintain our qualification as a REIT.

If we are unable to sell, dispose of or refinance one or more properties in the future, we may be unable to realize our investment objectives, and our business may be adversely affected.

The real estate investments made, and to be made, by us are relatively difficult to sell quickly. Return of capital and realization of gains from an investment generally will occur upon disposition or refinancing of the underlying

property. In addition, the Internal Revenue Code of 1986, as amended (the "Code"), imposes restrictions on the ability of a REIT to dispose of properties that are not applicable to other types of real estate companies. We may be unable to realize our investment objectives by sale, other disposition or refinancing at attractive prices within any given period of time or may otherwise be

unable to complete any exit strategy. In particular, these risks could arise from weakness in or even the lack of an established market for a property, changes in the financial condition or prospects of prospective purchasers, changes in national or international economic conditions and changes in laws, regulations or fiscal policies of jurisdictions in which our properties are located.

Our outstanding indebtedness, including preferred units, reduces cash available for distribution and may expose us to the risk of default under our debt obligations and may include covenants that restrict our financial and operational flexibility and our ability to make distributions.

As of December 31, 2016, we had total debt outstanding of approximately \$1.6 billion. As of December 31, 2016, we had approximately \$336.0 million of debt maturing in 2017 and \$262.2 million maturing in 2018. As of December 31, 2016, we had 13 mortgage loans outstanding secured by 11 of our properties. As of December 31, 2016, these loans had an aggregate estimated principal balance at maturity of approximately \$752.8 million with maturity dates ranging from 2017 through 2030. See Note 5 to our consolidated financial statements for required payments of our indebtedness. We may incur significant additional debt to finance future acquisition and redevelopment activities. Payments of principal and interest on borrowings may leave us with insufficient cash resources to operate our properties or to pay the distributions currently contemplated or necessary to qualify as a REIT. Our level of debt and the limitations imposed on us by our loan documents could have significant adverse consequences, including the following:

- our cash flow may be insufficient to meet our required principal and interest payments;
- we may be unable to borrow additional funds as needed or on favorable terms;
- we may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of our original indebtedness;
- to the extent we borrow debt that bears interest at variable rates, increases in interest rates could materially increase our interest expense;
- we may be forced to dispose of one or more of our properties, possibly on disadvantageous terms;
- we may default on our obligations or violate restrictive covenants, in which case the lenders or mortgagees may accelerate our debt obligations, foreclose on the properties that secure their loans and/or take control of our properties that secure their loans and collect rents and other property income;
- we may violate restrictive covenants in our loan documents, which would entitle the lenders to accelerate our debt obligations or reduce our ability to make, or prohibit us from making, distributions; and
- our default under any one of our mortgage loans with cross default provisions could result in a default on other indebtedness.

In addition, our unsecured revolving credit facility, our Series A, Series B and Series C senior notes and our senior unsecured term loan facility requires us to maintain designated ratios, including but not limited to, total debt-to-assets, secured debt-to-assets, adjusted EBITDA to consolidated fixed charges, net operating income from unencumbered properties to interest expense on unsecured debt, unsecured debt to unencumbered assets and secured recourse debt-to-assets, and contains a minimum tangible net worth requirement. Our unsecured revolving credit facility, our Series A, Series B and Series C senior notes and our senior unsecured term loan facility do not generally contain restrictions on the payment of dividends or other distributions. The indenture governing our outstanding senior unsecured notes, our Series A, Series B and Series C senior notes and our senior unsecured term loan facility do not contain financial or operational covenants or restrictions on the payments of dividends; however, upon the occurrence of fundamental changes described in the indenture, holders of our outstanding senior unsecured notes, our Series A, Series B and Series C senior notes and our senior unsecured term loan facility may require our operating partnership to repurchase for cash all or part of their notes at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, subject to certain conditions. Further, upon the occurrence of any make-whole fundamental change described in the indenture, the exchange rate for holders who exchange their notes in connection with any such make-whole fundamental change may be increased. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources."

The provisions in the partnership agreement of our operating partnership that govern the preferred units may restrict our ability to pay dividends if we fail to pay the cumulative preferential cash distributions thereon. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Private Perpetual Preferred Units."

If any one of these events were to occur, our financial condition, results of operations, cash flow, per share/unit trading price of our Class A common stock and traded OP units and our ability to satisfy our principal, interest and preferred unit distribution obligations and to make distributions to our securityholders could be adversely affected. In addition, in connection with our debt agreements we may enter into lockbox and cash management agreements pursuant to which substantially all of the income generated by our properties will be deposited directly into lockbox accounts and then swept into cash management

accounts for the benefit of our various lenders and from which cash will be distributed to us only after funding of improvement, leasing and maintenance reserves and the payment of principal and interest on our debt, insurance, taxes, operating expenses and extraordinary capital expenditures and leasing expenses. As a result, we may be forced to borrow additional funds in order to make distributions to our securityholders (including, potentially, to make distributions necessary to allow us to qualify as a REIT). See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources."

Our degree of leverage and the lack of a limitation on the amount of indebtedness we may incur could materially and adversely affect us.

Our organizational documents do not contain any limitation on the amount of indebtedness we may incur. We consider factors other than debt-to-EBITDA in making decisions regarding the incurrence of indebtedness, such as the purchase price of properties to be acquired with debt financing, the estimated market value of our properties upon refinancing and the ability of particular properties and our business as a whole to generate cash flow to cover expected debt service.

Our degree of leverage could affect our ability to obtain additional financing for working capital, capital expenditures, acquisitions, development or other general corporate purposes. Our degree of leverage could also make us more vulnerable to a downturn in business or the economy generally. If we become more leveraged in the future, the resulting increase in debt service requirements could cause us to default on our obligations, which could materially and adversely affect us.

Mortgage debt obligations expose us to the possibility of foreclosure, which could result in the loss of our investment in a property or group of properties subject to mortgage debt.

Incurring mortgage and other secured debt obligations increases our risk of property losses because defaults on indebtedness secured by properties may result in foreclosure actions initiated by lenders and ultimately our loss of the property securing any loans for which we are in default. Any foreclosure on a mortgaged property or group of properties could adversely affect the overall value of our portfolio of properties. For tax purposes, a foreclosure of any of our properties that is subject to a nonrecourse mortgage loan would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds, which could hinder our ability to meet the distribution requirements applicable to REITs under the Code. Foreclosures could also trigger our tax indemnification obligations under the terms of our agreements with certain continuing investors with respect to sales of certain properties, and obligate us to make certain levels of indebtedness available for them to guarantee which.

High mortgage rates and/or unavailability of mortgage debt may make it difficult for us to finance or refinance properties, which could reduce the number of properties we can acquire, our net income and the amount of cash distributions we can make.

If mortgage debt is unavailable at reasonable rates, we may not be able to finance the purchase of properties. If we place mortgage debt on properties, we may be unable to refinance the properties when the loans become due, or to refinance on favorable terms. If interest rates are higher when we refinance our properties, our income could be reduced. If any of these events occur, our cash flow could be reduced. This, in turn, could reduce cash available for distribution to our securityholders and may hinder our ability to raise more capital by issuing more stock or by borrowing more money. In addition, to the extent we are unable to refinance the properties when the loans become due, we will have fewer debt guarantee opportunities available to offer under our tax protection agreement. If we are unable to offer certain guarantee opportunities to the protected parties under the tax protection agreement, or otherwise are unable to allocate sufficient liabilities of our operating partnership to those parties, it could trigger an indemnification obligation of our company under the tax protection agreement.

Some of our financing arrangements involve balloon payment obligations, which may adversely affect our ability to make distributions.

As some of our financing arrangements require us to make a lump-sum or "balloon" payment at maturity. Our ability to make a balloon payment at maturity is uncertain and may depend upon our ability to obtain additional financing or our ability to sell the property. At the time the balloon payment is due, we may or may not be able to refinance the

existing financing on terms as favorable as the original loan or sell the property at a price sufficient to make the balloon payment. The effect of a refinancing or sale could affect the rate of return to securityholders and the projected time of disposition of our

assets. In addition, payments of principal and interest made to service our debts may leave us with insufficient cash to make distributions necessary to meet the distribution requirements applicable to REITs under the Code. Our tax protection agreements could limit our ability either to sell certain properties or to engage in a strategic transaction, or to reduce our level of indebtedness, which could materially and adversely affect us. In connection with the formation transactions, we entered into a tax protection agreement with Anthony E. Malkin and Peter L. Malkin pursuant to which we have agreed 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) acquired by the operating partnership in 2013 for a period of 12 years with respect to First Stamford Place and for the later of (x) October 2021 or (y) the death of both Peter L. Malkin and Isabel W. Malkin who are 83 and 80 years old, respectively, for the three other properties, (ii) the operating partnership failing to maintain until maturity the indebtedness secured by those 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. In addition, in connection with our sale of a 9.9% fully diluted interest in our Company to Q REIT Holding LLC, a Qatar Financial Centre limited liability company and a wholly owned subsidiary of the Qatar Investment Authority, a governmental authority of the State of Qatar ("QIA") in August 2016, we agreed, subject to certain minimum thresholds and conditions, to indemnify QIA for certain applicable U.S. federal and state taxes payable by QIA in connection with any dividends we pay that are attributable to capital gains from the sale or exchange of any U.S. real property interests. If we were to trigger our tax indemnification obligations under these agreements, we would be required to pay damages for the resulting tax consequences to the Malkin Group, the additional third party investor in Metro Center or QIA, as applicable, and we have acknowledged that a calculation of damages with respect to the tax protection agreement with the Malkin Group and the additional third party investor in Metro Center will not be based on the time value of money or the time remaining within the restricted period. Moreover, these obligations may restrict our ability to engage in a strategic transaction, require us to maintain more or different indebtedness than we would otherwise require for our business, and/or inhibit our selling or disposing of a property that might otherwise be in the best interest of the securityholders to do so.

We face risks which would arise if any of our tenants were designated "Prohibited Persons" by the Office of Foreign Assets Control.

Pursuant to Executive Order 13224 and other laws, the Office of Foreign Assets Control of the United States Department of the Treasury ("OFAC") maintains a list of persons designated as terrorists or who are otherwise blocked or banned ("Prohibited Persons"). OFAC regulations and other laws prohibit us from conducting business or engaging in transactions with Prohibited Persons (the "OFAC Requirements"). We have established a compliance program whereby tenants are checked against the OFAC list of Prohibited Persons prior to entering into any lease. Our leases and other agreements, in general, require the other party to comply with OFAC Requirements. If a tenant or other party with whom we contract is placed on the OFAC list or is otherwise a party with which we are prohibited from doing business, we may be required by the OFAC Requirements to terminate the lease or other agreement. Any such termination could result in a loss of revenue or otherwise negatively affect our financial results and cash flows. The continuing threat of a terrorist event may materially and adversely affect our properties, their value and our ability to generate cash flow.

There may be a decrease in demand for space in Manhattan and the greater New York metropolitan area because it is considered at risk for a future terrorist event, and this decrease may reduce our revenues from property rentals. In the

aftermath of a terrorist event, tenants in Manhattan and the greater New York metropolitan area may choose to relocate their businesses to less populated, lower-profile areas of the United States that are not as likely to be targets of future terrorist activity. This in turn could trigger a decrease in the demand for space in Manhattan and the greater New York metropolitan area, which could increase vacancies in our properties and force us to lease our properties on less favorable terms. Further, certain of our properties, including the Empire State Building, may be considered to be susceptible to increased risks of a future terrorist event due to the high-profile nature of the property. In addition, a terrorist event could cause insurance premiums at certain of

our properties to increase significantly. As a result, the value of our properties and the level of our revenues could materially decline.

Potential losses, such as those from adverse weather conditions, natural disasters, possible rise in ocean levels, terrorist events and title claims, may not be fully covered by our insurance policies, and such losses could materially and adversely affect us.

Our business operations are susceptible to, and could be significantly affected by, adverse weather conditions, terrorist events, possible rise in ocean levels and natural disasters that could cause significant damage to the properties in our portfolio. Our insurance may not be adequate to cover business interruption or losses resulting from such events. In addition, our insurance policies include substantial self-insurance portions and significant deductibles and co-payments for such events, and hurricanes in the United States have affected the availability and price of such insurance. As a result, we may incur significant costs in the event of adverse weather conditions, terrorist events and natural disasters. We may discontinue certain insurance coverage on some or all of our properties in the future if the cost of premiums for any of these policies in our judgment exceeds the value of the coverage discounted for the risk of loss. See "Item 1. Business - Insurance."

Furthermore, we do not carry insurance for certain losses, including, but not limited to, losses caused by war. In addition, while our title insurance policies insure for the current aggregate market value of our portfolio, we do not intend to increase our title insurance policies as the market value of our portfolio increases. As a result, we may not have sufficient coverage against all losses that we may experience, including from adverse title claims.

If we experience a loss that is uninsured or which exceeds our policy limits, we could incur significant costs and lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

In addition, certain of our properties could not be rebuilt to their existing height or size at their existing location under current land-use laws and policies. In the event that we experience a substantial or comprehensive loss of one of our properties, we may not be able to rebuild such property to its existing specifications and otherwise may have to upgrade such property to meet current code requirements.

Our debt instruments, consisting of mortgage loans secured by our properties (which are generally non-recourse to us), ground leases, our unsecured term loan and our unsecured revolving credit facility, contain customary covenants requiring us to maintain insurance, including terrorism insurance. While we do not believe it will be likely, there can be no assurance that the lenders or ground lessors under these instruments will not take the position that a total or partial exclusion from "all-risk" insurance coverage for losses due to terrorist acts is a breach of these debt and ground lease instruments that allows the lenders or ground lessors to declare an event of default and accelerate repayment of debt or recapture of ground lease positions for those properties in our portfolio which are not insured against terrorist events. In addition, if lenders insist on full coverage for these risks and prevail in asserting that we are required to maintain such coverage, it could result in substantially higher insurance premiums.

Certain mortgages on our properties contain requirements concerning the financial ratings of the insurers who provide policies covering the property. We provide the lenders on a regular basis with the identity of the insurance companies in our insurance programs. While the ratings of our insurers currently satisfy the rating requirements in some of our loan agreements, in the future, we may be unable to obtain insurance with insurers which satisfy the rating requirements which could give rise to an event of default under such loan agreements. Additionally, in the future our ability to obtain debt financing secured by individual properties, or the terms of such financing, may be adversely affected if lenders generally insist on ratings for insurers which are difficult to obtain or which result in a commercially unreasonable premium.

We may become subject to liability relating to environmental and health and safety matters, which could have a material and adverse effect on us.

Under various federal, state and/or local laws, ordinances and regulations, as a current or former owner or operator of real property, we may be liable for costs and damages resulting from the presence or release of hazardous substances, waste, or petroleum products at, on, in, under or from such property, including costs for investigation or remediation, natural resource damages, or third party liability for personal injury or property damage. These laws often impose

liability without regard to whether the owner or operator knew of, or was responsible for, the presence or release of such materials, and the liability may

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be joint and several. Some of our properties have been or may be impacted by contamination arising from current or prior uses of the property or adjacent properties for commercial, industrial or other purposes. Such contamination may arise from spills of petroleum or hazardous substances or releases from tanks used to store such materials. We also may be liable for the costs of remediating contamination at off-site disposal or treatment facilities when we arrange for disposal or treatment of hazardous substances at such facilities, without regard to whether we comply with environmental laws in doing so. The presence of contamination or the failure to remediate contamination on our properties may adversely affect our ability to attract and/or retain tenants and our ability to develop or sell or borrow against those properties. In addition to potential liability for cleanup costs, private plaintiffs may bring claims for personal injury, property damage or for similar reasons. Environmental laws also may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on our properties, environmental laws may impose restrictions on the manner in which that property may be used or how businesses may be operated on that property. For example, our property at 69-97 Main Street is subject to an Environmental Land Use Restriction that imposes certain restrictions on the use, occupancy and activities of the affected land beneath the property. This restriction may prevent us from conducting certain redevelopment activities at the property, which may adversely affect its resale value and may adversely affect our ability to finance or refinance this property. See “Item 1. Business - Environmental Matters.”

Some of our properties are adjacent to or near other properties used for industrial or commercial purposes or that have contained or currently contain underground storage tanks used to store petroleum products or other hazardous or toxic substances. Releases from these properties could impact our properties. In addition, some of our properties have previously been used by former owners or tenants for commercial or industrial activities, e.g., gas stations and dry cleaners, and a portion of the Metro Tower site is currently used for automobile parking and fueling, that may release petroleum products or other hazardous or toxic substances at such properties or to surrounding properties.

In addition, our properties are subject to various federal, state and local environmental and health and safety laws and regulations. Noncompliance with these environmental and health and safety laws and regulations could subject us or our tenants to liability. These liabilities could affect a tenant’s ability to make rental payments to us. Moreover, changes in laws could increase the potential costs of compliance with such laws and regulations or increase liability for noncompliance. This may result in significant unanticipated expenditures or may otherwise materially and adversely affect our operations, or those of our tenants, which could in turn have a material adverse effect on us.

As the owner or operator of real property, we may also incur liability based on various building conditions. For example, buildings and other structures on properties that we currently own or operate or those we acquire or operate in the future contain, may contain, or may have contained, asbestos-containing material, or ACM. Environmental and health and safety laws require that ACM be properly managed and maintained and may impose fines or penalties on owners, operators or employers for non-compliance with those requirements. These requirements include special precautions, such as removal, abatement or air monitoring, if ACM would be disturbed during maintenance, redevelopment or demolition of a building, potentially resulting in substantial costs. In addition, we may be subject to liability for personal injury or property damage sustained as a result of releases of ACM into the environment.

In addition, our properties may contain or develop harmful mold or suffer from other indoor air quality issues, which could lead to liability for adverse health effects or property damage or costs for remediation. When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants or others if property damage or personal injury occurs.

We cannot assure you that costs or liabilities incurred as a result of environmental issues will not affect our ability to make distributions to our securityholders or that such costs, liabilities, or other remedial measures will not have a material adverse effect on our financial condition and results of operations.

Monetary policy actions by the U.S Federal Reserve could adversely impact our financial condition and our ability to make distributions to our stockholders.

In December 2016, the U.S. Federal Reserve raised the target range for the federal funds rate to a range from 0.50 to 0.75 percent, which followed a similar quarter-point raise in December 2015. These decisions ended the low-interest-rate policy that has been in effect for the last seven years. The targeted federal funds rate increase will likely result in an increase in market interest rates, which may increase our interest expense under our unhedged variable-rate borrowings and the costs of refinancing existing indebtedness or obtaining new debt. In addition, increases in market interest rates may result in a decrease in the value of our real estate and a decrease in the market price of our common stock. Increases in market interest rates may also adversely affect the securities markets generally, which could reduce the market price of our common stock without regard to our operating performance. Any such unfavorable changes to our borrowing costs and stock price could significantly impact our ability to raise new debt and equity capital going forward.

Failure to hedge interest rates effectively could have a material and adverse effect on us.

We may seek to manage our exposure to interest rate volatility by using interest rate hedging arrangements that involve risk, such as the risk that counterparties may fail to honor their obligations under these arrangements, and that these arrangements may not be effective in reducing our exposure to interest rate changes. Moreover, there can be no assurance that our hedging arrangements will qualify for hedge accounting or that our hedging activities will have the desired beneficial impact on our results of operations. Should we desire to terminate a hedging agreement, there could be significant costs and cash requirements involved to fulfill our initial obligation under the hedging agreement.

Failure to hedge effectively against interest rate changes may adversely affect our results of operations.

When a hedging agreement is required under the terms of a mortgage loan, it is often a condition that the hedge counterparty maintains a specified credit rating. When there is volatility in the financial markets, there is an increased risk that hedge counterparties could have their credit rating downgraded to a level that would not be acceptable under the loan provisions. If we were unable to renegotiate the credit rating condition with the lender or find an alternative counterparty with acceptable credit rating, we could be in default under the loan and the lender could seize that property through foreclosure.

We may incur significant costs complying with the ADA and similar laws, which could adversely affect our financial condition, results of operations, cash flow and per share/unit trading price of our Class A common stock and traded OP units.

Under the Americans with Disabilities Act of 1990, or the ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. If one or more of the properties in our portfolio is not in compliance with the ADA, we would be required to incur additional costs to bring the property into compliance. Additional federal, state and local laws also may require modifications to our properties, or restrict our ability to renovate our properties. We cannot predict the ultimate cost of compliance with the ADA or other legislation. If we incur substantial costs to comply with the ADA and any other legislation, our financial condition, results of operations, cash flow, per share/unit trading price of our Class A common stock and traded OP units and our ability to satisfy our principal and interest obligations and to make distributions to our securityholders could be adversely affected.

Changes in generally accepted accounting principles could adversely affect the operating results and the reported financial performance of us and our tenants.

Accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Uncertainties posed by various initiatives of accounting standard-setting by the Financial Accounting Standards Board and the Securities and Exchange Commission, which create and interpret applicable accounting standards for U.S. companies, may change the financial accounting and reporting standards or their interpretation and application of these standards that govern the preparation of our financial statements. Proposed changes include, but are not limited to, changes in lease accounting and the adoption of accounting standards likely to require the increased use of "fair-value" measures.

These changes could have a material impact on our reported financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in potentially material restatements of prior period financial statements. Similarly, these changes could have a material impact on our tenants' reported financial condition or results of operations or could affect our tenants' preferences regarding leasing real estate.

Recent legislation modifies the rules applicable to partnership tax audits.

A recent law change enacted under the Bipartisan Budget Act of 2015, effective for taxable years beginning after December 31, 2017, requires our operating partnership and any subsidiary partnership to pay the hypothetical increase in partner-level taxes (including interest and penalties) resulting from an adjustment of partnership tax items on audit or in other tax proceedings, unless the partnership elects an alternative method under which the taxes resulting from the adjustment (and interest and penalties) are assessed at the partner level. Many uncertainties remain as to the application of these rules, including the application of the alternative method to partners that are REITs, and the impact they will have on us. However, it is possible, that partnerships in which we invest may be subject to U.S. federal income tax, interest and penalties in the event of a U.S. federal income tax audit as a result of these law changes.

Our state and local taxes could increase due to property tax rate changes, reassessment and/or changes in state and local tax laws which could impact our cash flows.

Even if we qualify as a REIT for U.S. federal income tax purposes, we will be required to pay state and local taxes on our properties. From time to time changes in state and local tax laws or regulations are enacted, which may result in an increase in our tax liability. A shortfall in tax revenues for states and municipalities in which we operate may lead to an increase in the frequency and size of such changes. If such changes occur, we may be required to pay additional taxes on our assets or income. These increased tax costs could adversely affect our financial condition and results of operations and the amount of cash available for the payment of dividends and distributions to our securityholders.

The real property taxes on our properties may increase as property tax rates change or as our properties are assessed or reassessed by taxing authorities. Therefore, the amount of property taxes we pay in the future may increase substantially from what we have paid in the past. If the property taxes we pay increase, our financial condition, results of operations, cash flows, per share trading price of our Class A common stock and our ability to satisfy our principal and interest obligations and to make distributions to our securityholders could be adversely affected.

We may become subject to litigation, which could have a material and adverse effect on our financial condition, results of operations, cash flow and per share/unit trading price of our Class A common stock and our traded OP units. In the future we may become subject to litigation, including claims relating to our operations, offerings, and otherwise in the ordinary course of business. Some of these claims may result in significant defense costs and potentially significant judgments against us, some of which are not, or cannot be, insured against. We generally intend to defend ourselves vigorously; however, we cannot be certain of the ultimate outcomes of any claims that may arise in the future. Resolution of these types of matters against us may result in our having to pay significant fines, judgments, or settlements, which, if uninsured, or if the fines, judgments, and settlements exceed insured levels, could adversely impact our earnings and cash flows, thereby having an adverse effect on our financial condition, results of operations, cash flow and per share/unit trading price of our Class A common stock and our traded OP units. Certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage, which could adversely impact our results of operations and cash flows, expose us to increased risks that would be uninsured, and/or adversely impact our ability to attract officers and directors. There is currently arbitration pending, and the potential for additional legal proceedings, associated with the consolidation. We may incur costs for these proceedings. Please see Note 9 "Commitments and Contingencies" to the financial statements of this Annual Report in Form 10-K for a further description.

We face risks relating to cybersecurity attacks that could cause loss of confidential information and other business disruptions.

We rely extensively on computer systems to process transactions and manage our business, and our business is increasingly at risk from and may be impacted by cybersecurity attacks that continue to increase in number, intensity and sophistication. These could include internal and external attempts to gain unauthorized access to our data and computer systems to disrupt operations, corrupt data, or steal confidential information. As our reliance on technology has increased, so have the risks posed to our systems, both internal and those we have outsourced. Attacks can be both individual and/or highly organized attempts organized by very sophisticated hacking organizations. We employ a number of processes, procedures and controls to prevent, detect and mitigate these threats, which include password protection, frequent password change events, firewall detection systems, frequent backups, a redundant data system for core applications and annual penetration testing; however, there is no guarantee such measures, as well as our

increased awareness of a risk of a cybersecurity attack, will be successful in preventing such an attack. A cybersecurity attack could compromise the confidential information of our employees, tenants and vendors. A successful attack could disrupt and materially affect our business operations, including damaging relationships with tenants, customers and vendors. Any compromise of our security could also result in a violation of applicable privacy and other laws, significant legal and financial exposure, damage to our reputation, loss or misuse of the

information (which may be confidential, proprietary and/or commercially sensitive in nature) and a loss of confidence in our security measures, which could harm our business.

Our failure to maintain satisfactory labor relations could have a material adverse effect on our business.

As of December 31, 2016, we employed 819 employees. There are currently collective bargaining agreements which cover 599 employees, or 73% of our workforce, that service all of our office properties. We have not experienced a strike or work stoppage at any of our properties and in the opinion of management overall employee relations are good and no labor stoppages are anticipated. Our inability to negotiate acceptable contracts with any of these unions as existing agreements expire could result in strikes or work stoppages by the affected workers. If our unionized employees were to engage in a strike or other work stoppage, we could experience a significant disruption of our operations, which could adversely affect our business, financial condition and results of operations. In the event of a work stoppage for any extended period of time, we would likely seek to engage temporary workers to provide tenant services, which would result in increased operating costs.

Risks Related to Our Organization and Structure

Holders of our Class B common stock have a significant vote in matters submitted to a vote of our securityholders.

As part of our formation, original investors were offered the opportunity to contribute their interests to us in exchange for Class A common stock, operating partnership units, a combination of one share of Class B common stock for each 50 operating partnership units to which an investor was entitled, resulting in one share of Class B common stock and 49 operating partnership units, or a combination of any of the above. Each outstanding share of Class B common stock, when accompanied by 49 operating partnership units, entitles the holder thereof to 50 votes on all matters on which Class A common securityholders are entitled to vote, including the election of directors. Holders of our Class B common stock are entitled to share equally, on a per share basis, in all distributions payable with respect to shares of our Class A common stock. Holders of our Class B common stock may have interests that differ from those holders of our Class A common stock, including by reason of their interest in our operating partnership, and may accordingly vote as a stockholder in ways that may not be consistent with the interests of holders of our Class A common stock. This significant voting influence over certain matters may have the effect of delaying, preventing or deterring a change of control of our company, or could deprive holders of our Class A common stock of an opportunity to receive a premium for their Class A common stock as part of a sale of our company. Class B common stock has been issued only in connection with the formation transactions as described above, and any such share is automatically converted to a share of Class A common stock (having a single vote) upon its holder conveying the related 49 operating partnership units to any person other than a family member, affiliate or controlled entity of such person.

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

Our success depends on the efforts of key personnel, particularly Anthony E. Malkin, our Chairman and Chief Executive Officer. Among the reasons Anthony E. Malkin is important to our success is that he has a national industry reputation that benefits us in many ways. He has led the acquisition, operating and repositioning of our assets for the last two decades. If we lost his services, our external relationships and internal leadership resources would be materially diminished.

Other members of our senior management team also have strong industry reputations and experience, which aid us in attracting, identifying and exploiting opportunities. The loss of the services of one or more members of our senior management team, particularly Anthony E. Malkin, could have a material and adverse impact on us.

Tax consequences to holders of operating partnership units upon a sale or refinancing of our properties may cause the interests of certain members of our senior management team to differ from your own.

As a result of the unrealized built-in gain attributable to a property at the time of contribution, some holders of operating partnership units, including Anthony E. Malkin and Peter L. Malkin, may suffer different and more adverse tax consequences than holders of our Class A common stock upon the sale or refinancing of the properties owned by our operating partnership, including disproportionately greater allocations of items of taxable income and gain upon a realization event. As those holders will not receive a correspondingly greater distribution of cash proceeds, they may have different objectives regarding the appropriate pricing, timing and other material terms of any sale or refinancing

of certain properties, or whether to sell or refinance such properties at all. As a result, the effect of certain transactions on Anthony E. Malkin and Peter L. Malkin may influence their decisions affecting these properties and may cause such members of our senior management team to attempt to delay, defer or prevent a transaction that might otherwise be in the best interests of our other securityholders. In connection with the formation transactions, we entered into a tax protection agreement with Anthony E. Malkin and Peter L.

Malkin pursuant to which we have agreed 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) acquired by the operating partnership in the consolidation for a period of 12 years from the consolidation in 2013 with respect to First Stamford Place and for the later of (x) eight years from the consolidation in 2013 or (y) the death of both Peter L. Malkin and Isabel W. Malkin who are 83 and 80 years old, respectively, for the three other properties, (ii) the operating partnership failing to maintain until maturity the indebtedness secured by those 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. As a result of entering into the tax protection agreement, Anthony E. Malkin and Peter L. Malkin may have an incentive to cause us to enter into transactions from which they may personally benefit.

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

Anthony E. Malkin, our Chairman and Chief Executive Officer, has agreed to devote a majority of his business time and attention to our business and, under his employment agreement, he may also devote time to the excluded properties, the excluded businesses and certain family investments to the extent that such activities do not materially interfere with the performance of his duties to us. He owns interests in the excluded properties and excluded businesses that were not contributed to us in the formation transactions, some of which are managed by our company and certain non-real estate family investments. In some cases, Anthony E. Malkin or his affiliates have certain management and fiduciary obligations that may conflict with such person's responsibilities as an officer or director of our company and may adversely affect our operations. In addition, under his employment agreement, Anthony E. Malkin has agreed not to engage in certain business activities in competition with us (both during, and for a period of time following, his employment with us). We may choose not to enforce, or to enforce less vigorously, our rights under this agreement because of our desire to maintain our ongoing relationship with our Chairman and Chief Executive Officer given his significant knowledge of our business, relationships with our customers and significant equity ownership in us, and this could have a material adverse effect on our business.

Our rights and the rights of our securityholders to take action against our directors and officers are limited, which could limit your recourse in the event of actions not in your best interest.

Our charter limits the liability of our present and former directors and officers to us and our securityholders for money damages to the maximum extent permitted under Maryland law. Under current Maryland law, our present and former directors and officers will not have any liability to us or our securityholders for money damages other than liability resulting from (1) actual receipt of an improper benefit or profit in money, property or services or (2) active and deliberate dishonesty by the director or officer that was established by a final judgment and is material to the cause of action. As a result, we and our securityholders may have limited rights against our present and former directors and officers, as well as persons who served as members, managers, shareholders, directors, partners, officers, controlling persons certain agents of our predecessor, which could limit your recourse in the event of actions not in your best interest.

Conflicts of interest exist or could arise in the future between the interests of our securityholders and the interests of holders of operating partnership units, which may impede business decisions that could benefit our securityholders. Conflicts of interest exist or could arise in the future as a result of the relationships between us and our affiliates, on the one hand, and our operating partnership or any partner thereof, on the other. Our directors and officers have duties to our company under applicable Maryland law in connection with their management of our company. At the same

time, we, as the general partner in our operating partnership, have fiduciary duties and obligations to our operating partnership and its limited partners under Delaware law and the partnership agreement of our operating partnership in connection with the management of our operating partnership. Our fiduciary duties and obligations as general partner to our operating partnership and its partners may come into conflict with the duties of our directors and officers to our company.

Additionally, the partnership agreement provides that we and our directors and officers will not be liable or accountable to our operating partnership for losses sustained, liabilities incurred or benefits not derived if we, or such director

or officer acted in good faith. The partnership agreement also provides that we will not be liable to the operating partnership or any partner for monetary damages for losses sustained, liabilities incurred or benefits not derived by the operating partnership or any limited partner, except for liability for our intentional harm or gross negligence. Moreover, the partnership agreement provides that our operating partnership is required to indemnify its directors and officers, us and our directors and officers and authorizes our operating partnership to indemnify present and former members, managers, shareholders, directors, limited partners, general partners, officers or controlling persons of our predecessor and authorizes us to indemnify members, partners, employees and agents of us or our predecessor, in each case for actions taken by them in those capacities from and against any and all claims that relate to the operations of our operating partnership, except (1) if the act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (2) for any transaction for which the indemnified party received an improper personal benefit, in money, property or services or otherwise, in violation or breach of any provision of the partnership agreement or (3) in the case of a criminal proceeding, if the indemnified person had reasonable cause to believe that the act or omission was unlawful. No reported decision of a Delaware appellate court has interpreted provisions similar to the provisions of the partnership agreement of our operating partnership that modify and reduce our fiduciary duties or obligations as the general partner or reduce or eliminate our liability for money damages to the operating partnership and its partners, and we have not obtained an opinion of counsel as to the enforceability of the provisions set forth in the partnership agreement that purport to modify or reduce the fiduciary duties that would be in effect were it not for the partnership agreement.

We could increase or decrease the number of authorized shares of stock, classify and reclassify unissued stock and issue stock without stockholder approval, which could prevent a change in our control and negatively affect the market value of our shares.

Our board of directors, without stockholder approval, has the power under our charter to amend our charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue, to authorize us to issue authorized but unissued shares of our common stock or preferred stock and to classify or reclassify any unissued shares of our common stock or preferred stock into one or more classes or series of stock and set the terms of such newly classified or reclassified shares. As a result, we may issue series or classes of common stock or preferred stock with preferences, distributions, powers and rights, voting or otherwise, that are senior to, or otherwise conflict with, the rights of holders of our common stock. Any such issuance could dilute our existing securityholders' interests. Although our board of directors has no such intention at the present time, it could establish a class or series of preferred stock that could, depending on the terms of such series, delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our securityholders otherwise believe to be in their best interest.

Our operating partnership may issue additional operating partnership units without the consent of our securityholders, which could have a dilutive effect on our securityholders.

Our operating partnership may issue additional operating partnership units to third parties without the consent of our securityholders, which would reduce our ownership percentage in our operating partnership and would have a dilutive effect on the amount of distributions made to us by our operating partnership and, therefore, the amount of distributions we can make to our securityholders. Any such issuances, or the perception of such issuances, could materially and adversely affect the market price of our Class A common stock.

Certain provisions in the partnership agreement of our operating partnership may delay or prevent unsolicited acquisitions of us.

Provisions in the partnership agreement of our operating partnership may delay or make more difficult unsolicited acquisitions of us or changes of our control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or change of our control, although some securityholders might consider such proposals, if made, desirable. These provisions include, among others:

- redemption rights of qualifying parties;
- transfer restrictions on operating partnership units;

our ability, as general partner, in some cases, to amend the partnership agreement and to cause the operating partnership to issue units with terms that could delay, defer or prevent a merger or other change of control of us or our operating partnership without the consent of the limited partners;

the right of the limited partners to consent to transfers of the general partnership interest and mergers or other transactions involving us under specified circumstances; and

a redemption premium payable to the holders of our operating partnership's preferred units if our operating partnership decides, at its option, to redeem preferred units for cash upon the occurrence of certain fundamental transactions, such as a change of control.

Our charter, bylaws, the partnership agreement of our operating partnership and Maryland law also contain other provisions that may delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our securityholders otherwise believe to be in their best interest.

Our charter contains stock ownership limits, which may delay or prevent a change of control.

In order for us to qualify as a REIT no more than 50% in value of our outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals during the last half of any calendar year, and at least 100 persons must beneficially own our stock during at least 335 days of a taxable year of 12 months, or during a proportionate portion of a shorter taxable year. "Individuals" for this purpose include natural persons, private foundations, some employee benefit plans and trusts and some charitable trusts. To assist us in complying with these limitations, among other purposes, our charter generally prohibits any person from directly or indirectly owning more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our capital stock or more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock. These ownership limitations could have the effect of discouraging a takeover or other transaction in which holders of our common stock might receive a premium for their shares over the then prevailing market price or which holders might believe to be otherwise in their best interests. We have entered into a waiver of the 9.8% ownership limit with an institutional investor to permit this investor to own up to 15% of the outstanding shares of our Class A common stock, as well as an additional waiver to permit affiliates of QIA to own an aggregate amount of Class A common stock equal to a 9.9% fully diluted economic interest in the Company (inclusive of all outstanding common OP units and LTIP units), which currently equals in excess of 19.1% of our outstanding Class A common stock.

Our charter's constructive ownership rules are complex and may cause the outstanding shares owned by a group of related individuals or entities to be deemed to be constructively owned by one individual or entity. As a result, the acquisition of less than these percentages of the outstanding shares by an individual or entity could cause that individual or entity to own constructively in excess of these percentages of the outstanding shares and thus violate the share ownership limits. Our charter also provides that any attempt to own or transfer shares of our common stock or preferred stock (if and when issued) in excess of the stock ownership limits without the consent of our board of directors or in a manner that would cause us to be "closely held" under Section 856(h) of the Code (without regard to whether the shares are held during the last half of a taxable year) will result in the shares being deemed to be transferred to a trustee for a charitable trust or, if the transfer to the charitable trust is not automatically effective to prevent a violation of the share ownership limits or the restrictions on ownership and transfer of our shares, any such transfer of our shares will be null and void.

The concentration of our voting power may adversely affect the ability of new investors to influence our policies. As of December 31, 2016, Anthony E. Malkin, our Chairman and Chief Executive Officer, together with the Malkin Group, has the right to vote 42,101,592 shares of our common stock, which represents approximately 20.1% of the voting power of our outstanding common stock. Consequently, Mr. Malkin has the ability to influence the outcome of matters presented to our securityholders, including the election of our board of directors and approval of significant corporate transactions, including business combinations, consolidations and mergers and the determination of our day-to-day corporate and management policies.

As of December 31, 2016, QIA had a 9.9% fully diluted interest in us, which represented 19.1% of the outstanding Class A common stock. Pursuant to the terms of our stockholders agreement with QIA, QIA generally has the right (but not the obligation) to maintain its fully diluted economic interest in us by purchasing additional shares of our Class A common stock when we or our operating partnership issue additional common equity securities from time to time. While QIA has agreed to limit its voting power on all matters presented to our securityholders to no more than 9.9% of total number of votes entitled to be cast, QIA has also agreed to vote its shares in favor of the election of all director nominees recommended by our board of directors.

The interests of Mr. Malkin and QIA could conflict with or differ from your interests as a holder of our common stock, and these large securityholders may exercise their right as securityholders to restrict our ability to take certain actions that may otherwise be in the best interests of our securityholders. This concentration of voting power might also have the effect of delaying or preventing a change of control that our securityholders may view as beneficial.

Our board of directors may change our strategies, policies or procedures without stockholder consent, which may subject us to different and more significant risks in the future.

Our investment, financing, leverage and distribution policies and our policies with respect to all other activities, including growth, debt, capitalization and operations, will be determined by our board of directors. These policies may be amended or revised at any time and from time to time at the discretion of the board of directors without notice to or a vote of our securityholders. This could result in our conducting operational matters, making investments or pursuing different business or growth strategies. Under these circumstances, we may expose ourselves to different and more significant risks in the future, which could have a material adverse effect on our business and growth. In addition, the board of directors may change our policies with respect to conflicts of interest provided that such changes are consistent with applicable legal requirements. A change in these policies could have an adverse effect on our financial condition, results of operations, cash flow, per share/unit trading price of our Class A common stock and traded OP units and ability to satisfy our principal and interest obligations and to make distributions to our securityholders.

Our board of directors has approved very broad investment guidelines for our company and will not review or approve each investment decision made by our senior management team.

Our senior management team is authorized to follow broad investment guidelines and, therefore, has great latitude in determining the types of assets that are proper investments for us, as well as the individual investment decisions. Our senior management team may make investments with lower rates of return than those anticipated under current market conditions and/or may make investments with greater risks to achieve those anticipated returns. Our board of directors will not review or approve each proposed investment by our senior management team.

Risks Related to our Common Stock and Traded OP Units

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

We intend to make distributions to holders of shares of our common stock and holders of operating partnership units. All dividends and distributions will be made at the discretion of our board of directors and will depend on our earnings, financial condition, maintenance of REIT qualification and other factors as our board of directors may deem relevant from time to time. If sufficient cash is not available for distribution from our operations, we may have to fund distributions from working capital or to borrow to provide funds for such distribution, or to reduce the amount of such distribution. We cannot assure you that our distributions will be made or sustained. Any distributions we pay in the future will depend upon our actual results of operations, economic conditions and other factors that could differ materially from our current expectations.

The market price of shares of our Class A common stock and traded OP units could be adversely affected by our level of cash distributions.

The market value of the equity securities of a REIT is based primarily upon the market's perception of the REIT's growth potential and its current and potential future cash distributions, whether from operations, sales or refinancings, and is secondarily based upon the real estate market value of the underlying assets. For that reason, our Class A common stock and traded OP units may trade at prices that are higher or lower than our net asset value per share. To the extent we retain operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of our Class A common stock and traded OP units. Our failure to meet the market's expectations with regard to future earnings and cash distributions likely would adversely affect the market price of our Class A common stock and traded OP units.

The future exercise of registration rights may adversely affect the market price of our common stock.

We cannot predict whether future issuances of shares of our common stock or operating partnership units or the availability of shares for resale in the open market will decrease the market price per share/unit of our common stock and traded OP units. In August 2016, we entered into a registration rights agreement with QIA in connection with its purchase of 29,610,854 shares of our Class A common stock, which requires us to use commercially reasonable efforts to file with the Securities and Exchange Commission within 180 days following the closing of the sale, a resale shelf registration statement providing for the resale of QIA's shares. We filed the resale shelf registration statement with the SEC on February 2, 2017. Subsequently, QIA will be entitled to cause us to include in the registration

statement such additional shares of our Class A common stock as QIA may acquire from time to time, up to a 9.9% fully diluted interest in us. We will bear the costs of

registering the securities subject to the registration rights agreement, and once these shares are registered, they will be freely tradable, subject to any applicable lock-up agreements. The registration and availability of such a significant number of securities for trading in the public market may have an adverse effect on the market price of our common stock and could impair our ability to raise additional capital through the sale of equity securities in the future. In particular, as of December 31, 2016, QIA owns in excess of 19.1% of the outstanding shares of our Class A common stock. If QIA decides to sell all or a substantial portion of its shares, it could have a material adverse impact on the market price of our common stock.

Future issuances of debt securities or preferred units and future issuances of equity securities (including operating partnership units), may materially and adversely affect the market price of shares of our Class A common stock and traded OP units.

In the future, we may issue debt or equity securities or make other borrowings. Upon liquidation, holders of our debt securities, preferred units and other loans and preferred shares will receive a distribution of our available assets before holders of shares of our common stock. We are not required to offer any such additional debt or equity securities to existing securityholders on a preemptive basis. Therefore, additional shares of our common stock issuances, directly or through convertible or exchangeable securities (including operating partnership units), warrants or options, will dilute the holdings of our existing common securityholders and such issuances or the perception of such issuances may reduce the market price of shares of our common stock. Our preferred units or shares, if issued, would likely have a preference on distribution payments, periodically or upon liquidation, which could limit our ability to make distributions to holders of shares of our common stock. Because our decision to issue debt or equity securities or otherwise incur debt in the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future capital raising efforts. Thus, holders of shares of our common stock bear the risk that our future issuances of debt or equity securities or our other borrowings will reduce the market price of shares of our Class A common stock and traded OP units and dilute their ownership in us.

Our balance sheet includes significant amounts of goodwill. The impairment of a significant portion of this goodwill could negatively affect our business, financial condition and results of operations.

Our balance sheet includes goodwill of approximately \$491.5 million at December 31, 2016. These assets consist primarily of goodwill associated with our acquisition of the controlling interest in Empire State Building Company L.L.C. and 501 Seventh Avenue Associates L.L.C. We also expect to engage in additional acquisitions, which may result in our recognition of additional goodwill. Under accounting standards goodwill is not amortized. On an annual basis and whenever events or changes in circumstances indicate the carrying value or goodwill may be impaired, we are required to assess whether there have been impairments in the carrying value of goodwill. If the carrying value of the asset is determined to be impaired, then it is written down to fair value by a charge to operating earnings. An impairment of goodwill could have a material adverse effect on our business, financial condition and results of operations.

Tax Risks Related to Ownership of Our Shares

Our failure to qualify or remain qualified as a REIT would subject us to U.S. federal income tax and applicable state and local taxes, which would reduce the amount of cash available for distribution to our securityholders.

We have been organized and we intend to operate in a manner that we believe will enable us to qualify as a REIT for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2013. We have not requested and do not intend to request a ruling from the Internal Revenue Service, or the IRS, that we qualify as a REIT. Qualification as a REIT involves the application of highly technical and complex Code provisions and Treasury Regulations promulgated thereunder for which there are limited judicial and administrative interpretations. The complexity of these provisions and of applicable Treasury Regulations is greater in the case of a REIT that, like us, holds its assets through partnerships. To qualify as a REIT, we must meet, on an ongoing basis, various tests regarding the nature and diversification of our assets and our income, the ownership of our outstanding shares, and the amount of our distributions. Our ability to satisfy these asset tests depends upon our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. Our compliance with the REIT income and quarterly asset requirements also depends

upon our ability to manage successfully the composition of our income and assets on an ongoing basis. Moreover, new legislation, court decisions or administrative guidance, in each case possibly with retroactive effect, may make it more difficult or impossible for us to qualify as a REIT. Thus, while we intend to operate so that we will qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual

determinations, and the possibility of future changes in our circumstances, no assurance can be given that we will so qualify for any particular year. These considerations also might restrict the types of assets that we can acquire in the future.

If we fail to qualify as a REIT in any taxable year, and we do not qualify for certain statutory relief provisions, we would be required to pay U.S. federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates, and distributions to our securityholders would not be deductible by us in determining our taxable income. In such a case, we might need to borrow money, sell assets, or reduce or even cease making distributions in order to pay our taxes. Our payment of income tax would reduce significantly the amount of cash available for distribution to our securityholders. Furthermore, if we fail to maintain our qualification as a REIT, we no longer would be required to distribute substantially all of our net taxable income to our securityholders. In addition, unless we were eligible for certain statutory relief provisions, we could not re-elect to qualify as a REIT until the fifth calendar year following the year in which we failed to qualify.

Failure to qualify as a domestically-controlled REIT could subject our non-U.S. securityholders to adverse federal income tax consequences.

A foreign person (other than a “qualified shareholder” or a “qualified foreign pension plan”) disposing of a U.S. real property interest, including shares of a U.S. corporation whose assets consist principally of U.S. property interests, is generally subject to tax under the Foreign Investment in Real Property Tax Act of 1980 (“FIRPTA”) on the gain recognized on the disposition. FIRPTA does not apply, however, to the disposition of stock in a REIT if the REIT is a “domestically controlled REIT.” In general, we will be a domestically controlled REIT if at all times during a specified testing period, less than 50% in value of our shares is held directly or indirectly by non-U.S. holders. While we intend to continue to qualify as a “domestically controlled” REIT, we cannot assure that result, as our Class A common stock is publicly traded, QIA (a non-U.S. holder) recently acquired more than 19% of our common stock and other non-U.S. holders may now or in the future hold additional shares. If we were to fail to qualify, gain realized by a foreign investor (other than a “qualified shareholder” or a “qualified foreign pension plan”) on a sale of our common stock would be subject to FIRPTA unless (a) our common stock was traded on an established securities market and the foreign investor did not at any time during a specific testing period directly or indirectly own more than 10% of the value of our outstanding common stock, or (b) another exemption from FIRPTA were applicable.

Complying with the REIT requirements may cause us to forego and/or liquidate otherwise attractive investments. To qualify as a REIT, we must ensure that we meet the REIT gross income tests annually. In addition, we must ensure that, at the end of each calendar quarter, at least 75% of the value of our total assets consists of cash, cash items, government securities and qualified REIT real estate assets, including certain mortgage loans and certain kinds of mortgage-backed securities. The remainder of our investment in securities (other than government securities, securities of corporations that are treated as Taxable REIT Subsidiaries (“TRSs”) and qualified REIT real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets (other than government securities and qualified real estate assets) can consist of the securities of any one issuer, and no more than 25% (20% for taxable years beginning after December 31, 2017) of the value of our total securities can be represented by securities of one or more TRSs. If we fail to comply with these asset requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences.

To meet these tests, we may be required to take or forego taking actions that we would otherwise consider advantageous. For instance, in order to satisfy the gross income or asset tests applicable to REITs under the Code, we may be required to forego investments that we otherwise would make. Furthermore, we may be required to liquidate from our portfolio otherwise attractive investments. In addition, we may be required to make distributions to securityholders at disadvantageous times or when we do not have funds readily available for distribution. These actions could have the effect of reducing our income and amounts available for distribution to our securityholders. Thus, compliance with the REIT requirements may hinder our investment performance.

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 securityholders.

In order to qualify as a REIT, we must distribute to our securityholders, on an annual basis, at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains. In addition, we

will be subject to U.S. federal income tax at regular corporate rates to the extent that we distribute less than 100% of our net taxable income (including net capital gains) and will be subject to a 4% nondeductible excise tax on the amount by which our distributions in any calendar year are less than a minimum amount specified under U.S. federal income tax laws. We intend to distribute our net income to our securityholders in a manner intended to satisfy the REIT 90% distribution requirement and to avoid U.S. federal income tax and the 4% nondeductible excise tax. In addition, our taxable income may exceed our net income as determined by GAAP because, for example, realized capital losses will be deducted in determining our GAAP net income, but may not be deductible in computing our taxable income. In addition, we may incur nondeductible capital expenditures or be required to make debt or amortization payments. As a result of the foregoing, we may generate less cash flow than taxable income in a particular year and we may incur U.S. federal income tax and the 4% nondeductible excise tax on that income if we do not distribute such income to securityholders in that year. In that event, we may be required to use cash reserves, incur debt or liquidate assets at rates or times that we regard as unfavorable or make a taxable distribution of our shares in order to satisfy the REIT 90% distribution requirement and to avoid U.S. federal income tax and the 4% nondeductible excise tax in that year.

If our operating partnership is treated as a corporation for U.S. federal income tax purposes, we will cease to qualify as a REIT.

We believe our operating partnership qualifies as a partnership for U.S. federal income tax purposes. Assuming that it qualifies as a partnership for U.S. federal income tax purposes, our operating partnership will not be subject to U.S. federal income tax on its income. Instead, each of its partners, including us, is required to pay tax on its allocable share of the operating partnership's income. No assurance can be provided, however, that the IRS will not challenge our operating partnership's status as a partnership for U.S. federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating our operating partnership as a corporation for U.S. federal income tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, therefore, cease to qualify as a REIT and our operating partnership would become subject to U.S. federal, state and local income tax. The payment by our operating partnership of income tax would reduce significantly the amount of cash available to our partnership to satisfy obligations to make principal and interest payments on its debt and to make distribution to its partners, including us.

If we are not able to continue to lease the Empire State Building observatory to a TRS in a manner consistent with the ruling that we have received from the IRS, or if we are not able to maintain our broadcast licenses in a manner consistent with the ruling we have received from the IRS, we would be required to restructure our operations in a manner that could adversely affect the value of our stock.

Rents from real property are generally not qualifying income for purposes of the REIT gross income tests if the rent is treated as "related party rent." Related party rent generally includes (i) any rent paid by a corporation if the REIT (or any person who owns 10% or more of the stock of the REIT by value) directly or indirectly owns 10% or more of the stock of the corporation by vote or value and (ii) rent paid by a partnership if the REIT (or any person who owns 10% or more of the stock of the REIT by value) directly or indirectly owns an interest of 10% or more in the assets or net profits of the partnership. Under an exception to this rule, related party rent is treated as qualifying income for purposes of the REIT gross income tests if it is paid by a TRS of the REIT and (i) at least 90% of the leased space in the relevant property is rented to persons other than either TRSs or other related parties of the REIT, and (ii) the amounts paid to the REIT as rent from real property are substantially comparable to the rents paid by unrelated tenants of the REIT for comparable space.

Income from admissions to the Empire State Building observatory, and certain other income generated by the observatory, would not likely be qualifying income for purposes of the REIT gross income tests. We jointly elected with Observatory TRS, which is the current lessee and operator of the observatory and which is wholly owned by our operating partnership, for Observatory TRS to be treated as a TRS of ours for U.S. federal income tax purposes. Observatory TRS leases the Empire State Building observatory from the operating partnership pursuant to a 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. Given the unique nature of the real estate comprising the observatory, we do not believe that there is any space in the Empire State Building or in the same geographic area as

the Empire State Building that is likely to be considered sufficiently comparable to the observatory for the purpose of applying the exception to related party rent described above. We have received from the IRS a private letter ruling that the rent that our operating partnership receives from Observatory TRS pursuant to the lease of the Empire State Building observatory is qualifying income for purposes of the REIT gross income tests so long as such rent reflects the fair market rental value of the Empire State Building observatory as determined by an appraisal rendered by a qualified third party appraiser.

In addition, our operating partnership has acquired various license agreements (i) granting certain third party broadcasters the right to use space on the tower on the top of the Empire State Building for certain broadcasting and other communication purposes and (ii) granting certain third party vendors the right to operate concession stands in the observatory. We have received from the IRS a private letter ruling that the license fees that our operating partnership receives under the license agreements described above constitute qualifying income for purposes of the REIT gross income tests.

We are entitled to rely upon these private letter rulings only to the extent that we did not misstate or omit a material fact in the ruling request and that we continue to operate in accordance with the material facts described in such request, and no assurance can be given that we will always be able to do so. If we were not able to treat the rent that our operating partnership receives from Observatory TRS as qualifying income for purposes of the REIT gross income tests, we would be required to restructure the manner in which we operate the observatory, which would likely require us to cede operating control of the observatory by leasing the observatory to an affiliate or third party operator. If we were not able to treat the license fees that our operating partnership will receive from the license agreements described above as qualifying income for purposes of the REIT gross income tests, we would be required to enter into the license agreements described above through a TRS, which would cause the license fees to be subject to U.S. federal income tax and accordingly reduce the amount of our cash flow available to be distributed to our securityholders. In either case, if we are not able to appropriately restructure our operations in a timely manner, we would likely realize significant income that does not qualify for the REIT gross income tests, which could cause us to fail to qualify as a REIT.

Although our use of TRSs may partially mitigate the impact of meeting certain requirements necessary to maintain our qualification as a REIT, there are limits on our ability to own TRSs, and a failure to comply with the limits would jeopardize our REIT qualification and may result in the application of a 100% excise tax.

A REIT may own up to 100% of the stock of one or more TRSs. A TRS may hold assets and earn income that would not be qualifying assets or income if held or earned directly by a REIT. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a TRS. Overall, no more than 25% (20% for taxable years beginning after December 31, 2017) of the value of a REIT's assets may consist of securities of one or more TRSs. In addition, the TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The rules also impose a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis.

We have jointly elected with each of Observatory TRS and Holding TRS, for each of Observatory TRS and Holding TRS to be treated as a TRS under the Code for U.S. federal income tax purposes in 2013. Observatory TRS, Holding TRS, and any other TRSs that we form pay U.S. federal, state and local income tax on their taxable income, and their after-tax net income is available for distribution to us but is not required to be distributed to us unless necessary to maintain our REIT qualification. Although we monitor the aggregate value of the securities of such TRSs and intend to conduct our affairs so that such securities will represent less than 25% (20% for taxable years beginning after December 31, 2017) of the value of our total assets, there can be no assurance that we will be able to comply with the TRS limitation in all market conditions.

Dividends payable by REITs do not qualify for the reduced tax rates on dividend income from regular corporations, which could adversely affect the value of our Class A common stock.

The maximum U.S. federal income tax rate for certain qualified dividends payable to U.S. securityholders that are individuals, trusts and estates is 20% as of December 31, 2016. Dividends payable by REITs, however, are generally not eligible for the reduced rates and therefore may be subject to a 39.6% maximum U.S. federal income tax rate on ordinary income when paid to such securityholders. Although the reduced U.S. federal income tax rate applicable to dividend income from regular corporate dividends does not adversely affect the taxation of REITs or dividends paid by REITs, the more favorable rates applicable to regular corporate dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our Class A common stock.

The ability of our board of directors to revoke our REIT election without stockholder approval may cause adverse consequences to our securityholders.

Our charter provides that the board of directors may revoke or otherwise terminate our REIT election, without the approval of our securityholders, if the board determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to qualify as a REIT, we would become subject to U.S. federal income tax on our net taxable income and we

generally would no longer be required to distribute any of our net taxable income to our securityholders, which may have adverse consequences on our total return to our securityholders.

We may have inherited tax liabilities from the entities that have been merged into our company or our subsidiaries in the formation transactions.

Pursuant to the formation transactions, Malkin Properties of Connecticut, Inc., a Connecticut corporation, or Malkin Properties CT, and Malkin Construction Corp., a Connecticut corporation, or Malkin Construction merged with and into a subsidiary of ours, with the subsidiary surviving, in a transaction that was intended to be treated as a reorganization under the Code. Each of Malkin Properties CT and Malkin Construction had previously elected to be treated as an S Corporation for U.S. federal income tax purposes under Section 1361 of the Code with respect to periods preceding our formation transaction. If either of Malkin Properties CT or Malkin Construction had failed to qualify as an S corporation with respect to periods preceding our formation transaction, we could have assumed material U.S. federal income tax liabilities in connection with the formation transactions and/or may be subject to certain other adverse tax consequences. In addition, to qualify as a REIT under these circumstances, we would be required to distribute, prior to the close of our first taxable year in which we elect to be taxed as a REIT under the Code, any earnings and profits of these entities to which we were deemed to succeed. No rulings from the IRS were requested and no opinions of counsel were rendered regarding the U.S. federal income tax treatment of any of Malkin Properties CT or Malkin Construction with respect to periods preceding our formation transaction. Accordingly, no assurance can be given that Malkin Properties CT or Malkin Construction qualified as an S corporation for U.S. federal income tax purposes during such periods, or that these entities did not have any other tax liabilities. In addition, the supervisor merged with a subsidiary of our operating partnership in the formation transactions, and as a result, we may have inherited any liabilities, including any tax liabilities, of the supervisor.

Legislative or regulatory tax changes related to REITs and other business entities could materially and adversely affect our business.

At any time, the U.S. federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations may be changed, possibly with retroactive effect. We cannot predict if or when any new U.S. federal income tax law, regulation or administrative interpretation, or any amendment to any existing U.S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective or whether any such law, regulation or interpretation may take effect retroactively. We and our securityholders could be adversely affected by any such change in, or any new, U.S. federal income tax law, regulation or administrative interpretation.

In addition, according to publicly released statements, a top legislative priority of the Trump administration and the next Congress may be significant reform of the Code, including significant changes to taxation of business entities and the deductibility of interest expense. There is a substantial lack of clarity around the likelihood, timing and details of any such tax reform and the impact of any potential tax reform on our business and on the price of our common stock. Your investment has various tax risks.

Although this section describes certain tax risks relevant to an investment in shares of our Class A common stock, you should consult your tax advisor concerning the effects of U.S. federal, state, local and foreign tax laws to you with regard to an investment in shares of our Class A common stock.

If a transaction intended to qualify as a Section 1031 Exchange is later determined to be taxable, we may face adverse consequences, and if the laws applicable to such transactions are amended or repealed, we may not be able to dispose of properties on a tax deferred basis.

From time to time we may dispose of properties in transactions that are intended to qualify as Section 1031 Exchanges. It is possible that the qualification of a transaction as a Section 1031 Exchange could be successfully challenged and determined to be currently taxable. In such case, our taxable income and earnings and profits would increase. This could increase the dividend income to our stockholders by reducing any return of capital they received. In some circumstances, we may be required to pay additional dividends or, in lieu of that, corporate income tax, possibly including interest and penalties. As a result, we may be required to borrow funds in order to pay additional dividends or taxes, and the payment of such taxes could cause us to have less cash available to distribute to our

stockholders. In addition, if a Section 1031 Exchange were later to be determined to be taxable, we may be required to amend our tax returns for the applicable year in question, including any information reports we sent our stockholders. Moreover, it is possible that legislation could be enacted that could modify or

repeal the laws with respect to Section 1031 Exchanges, which could make it more difficult or not possible for us to dispose of properties on a tax deferred basis.

ITEM 1B. UNRESOLVED STAFF COMMENTS

As of December 31, 2016, we did not have any unresolved comments with the staff of the SEC.

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ITEM 2. PROPERTIES

Our Portfolio Summary

As of December 31, 2016, our portfolio consisted of 14 office properties and six standalone retail properties totaling approximately 10.1 million rentable square feet and was approximately 88.1% occupied, yielding approximately \$489.2 million of annualized rent. Giving effect to leases signed but not yet commenced, our portfolio was approximately 90.2% leased as of December 31, 2016. 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. The table below presents an overview of our portfolio as of December 31, 2016.

Property Name	Location or Sub-Market	Rentable		Annualized Rent ⁽³⁾	Annualized Rent per	
		Square Feet ⁽¹⁾	Percent Occupied ⁽²⁾		Occupied Square Foot ⁽⁴⁾	Number of Leases ⁽⁵⁾
Manhattan Office Properties - Office						
The Empire State Building ⁽⁶⁾	Penn Station -Times Sq. South	2,706,202	91.3 %	\$ 127,563,431	\$ 51.65	182
One Grand Central Place	Grand Central Central	1,241,665	84.4 %	56,698,775	54.10	236
1400 Broadway ⁽⁷⁾	Penn Station -Times Sq. South	905,880	92.2 %	38,131,012	45.65	47
111 West 33rd Street ⁽⁸⁾	Penn Station -Times Sq. South	636,949	55.4 %	18,230,207	51.66	17
250 West 57th Street	Columbus Circle - West Side	488,877	75.7 %	20,450,783	55.26	96
501 Seventh Avenue	Penn Station -Times Sq. South	459,329	98.8 %	19,232,207	42.39	37
1359 Broadway	Penn Station -Times Sq. South	455,303	90.9 %	20,513,574	49.59	35
1350 Broadway ⁽⁹⁾	Penn Station -Times Sq. South	373,602	88.7 %	17,869,821	53.91	65
1333 Broadway	Penn Station -Times Sq. South	292,629	98.8 %	13,773,871	47.64	10
Manhattan Office Properties - Office		7,560,436	86.8 %	332,463,681	50.65	725
Manhattan Office Properties - Retail						
The Empire State Building ⁽¹⁰⁾	Penn Station -Times Sq.	115,568	73.8 %	13,587,056	159.35	15

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One Grand Central Place	South Grand Central	66,810	99.4	%	7,194,415	108.39	14
1400 Broadway ⁽⁷⁾	Penn Station -Times Sq.	21,803	63.4	%	1,517,622	109.81	8
112 West 34th Street ⁽⁸⁾	South Penn Station -Times Sq.	86,934	54.2	%	18,082,376	383.81	3
250 West 57th Street	South Columbus Circle - West	48,962	100.0	%	8,010,165	163.60	8
501 Seventh Avenue	Side Penn Station -Times Sq.	35,558	96.9	%	1,940,753	56.35	9
1359 Broadway	South Penn Station -Times Sq.	27,243	100.0	%	2,155,646	79.13	6
1350 Broadway	South Penn Station -Times Sq.	31,774	100.0	%	6,711,102	211.21	6
1333 Broadway	South Penn Station -Times Sq.	67,001	100.0	%	8,397,109	125.33	4
Manhattan Office Properties - Retail		501,653	84.1	%	67,596,244	160.18	73
Sub-Total/Weighted Average Manhattan Office Properties - Office and Retail		8,062,089	86.7	%	400,059,925	57.27	798

Greater New York
Metropolitan Area Office
Properties

First Stamford Place ⁽¹¹⁾	Stamford, CT	794,623	95.7 %	32,537,043	42.80	58
Metro Center	Stamford, CT	285,228	95.8 %	15,299,888	56.01	29
383 Main Street	Norwalk, CT	262,501	91.5 %	7,548,885	31.44	22
500 Mamaroneck Avenue	Harrison, NY	294,821	92.0 %	7,861,196	28.99	34
10 Bank Street	White Plains, NY	235,285	83.4 %	7,015,578	35.75	32
Sub-Total/Weighted Average Greater New York Metropolitan Office Properties		1,872,458	93.0 %	70,262,590	40.36	175

Standalone Retail
Properties

10 Union Square	Union Square	58,005	98.0 %	6,212,594	109.34	12
1542 Third Avenue	Upper East Side	56,250	100.0 %	3,468,724	61.67	4
1010 Third Avenue	Upper East Side	44,662	100.0 %	3,539,989	79.26	2
77 West 55th Street	Midtown	24,102	100.0 %	2,733,043	113.39	3
69-97 Main Street	Westport, CT	17,103	100.0 %	2,196,199	128.41	5
103-107 Main Street	Westport, CT	4,330	100.0 %	714,348	164.98	1
Sub-Total/Weighted Average Standalone Retail Properties		204,452	99.4 %	18,864,897	92.81	27
Portfolio Total		10,138,999	88.1 %	\$489,187,412	\$54.78	1,000
Total/Weighted Average Office Properties		9,432,894	88.0 %	\$402,726,271	\$48.49	900
Total/Weighted Average Retail Properties ⁽¹²⁾		706,105	88.6 %	86,461,141	138.28	100
Portfolio Total		10,138,999	88.1 %	\$489,187,412	\$54.78	1,000

(1) Excludes (i) 151,618 square feet of space across our portfolio attributable to building management use and tenant amenities and (ii) 69,789 square feet of space attributable to our observatory.

(2) Based on leases signed and commenced as of December 31, 2016 and calculated as (i) rentable square feet less available square feet divided by (ii) rentable square feet.

(3) Represents annualized base rent and current reimbursement for operating expenses and real estate taxes.

(4) Represents annualized rent under leases commenced as of December 31, 2016 divided by occupied square feet.

(5)

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.

- (6) Includes 75,161 rentable square feet of space leased by our broadcasting tenants.
- (7) Denotes a ground leasehold interest in the property with a remaining term, including unilateral extension rights available to the Company, of approximately 47 years (expiring December 31, 2063).
- (8) Denotes a ground leasehold interest in the property with a remaining term, including unilateral extension rights available to the Company, of approximately 61 years (expiring May 31, 2077).
- (9) Denotes a ground leasehold interest in the property with a remaining term, including unilateral extension rights available to us, of approximately 34 years (expiring July 31, 2050).
- (10) Includes 5,300 rentable square feet of space leased by WDFG North America, a licensee of our observatory.
- (11) First Stamford Place consists of three buildings.
- (12) Includes 501,653 rentable square feet of retail space in our Manhattan office properties.

Tenant Diversification

As of December 31, 2016, our office and retail portfolios were leased to a diverse tenant base consisting of approximately 1,000 leases. Our tenants represent a broad array of industries as follows:

Diversification by Industry	Percent (1)
Arts and entertainment	1.3 %
Broadcast	2.2 %
Consumer goods	21.5 %
Finance, insurance, real estate	17.6 %
Government entity	1.9 %
Healthcare	1.4 %
Industrials and natural resources	0.9 %
Legal services	3.1 %
Media and advertising	3.8 %
Non-profit	4.2 %
Professional services (not including legal services)	11.4 %
Retail	16.9 %
Technology	8.5 %
Others	5.3 %
Total	100.0%

(1) Based on annualized rent.

The following table sets forth information regarding the 20 largest tenants in our portfolio based on annualized rent as of December 31, 2016.

Tenant	Property	Lease Expiration (1)	Weighted Average Lease Term (2)	Total Square Feet (3)	Percent of Portfolio Rentable Square Feet (4)	Annualized Rent (5)	Percent of Portfolio Annualized Rent (6)
Global Brands Group	ESB, 1333 B'Way, 111 West 33rd	June 2017-Oct. 2028	10.7 years	688,600	6.8 %	\$30,543,248	6.2 %
Coty	Empire State Building	Jan. 2030	13.1 years	312,700	3.1 %	15,463,374	3.2 %
LinkedIn	Empire State Building	Feb. 2026	9.2 years	278,023	2.7 %	14,395,469	2.9 %
Sephora	112 West 34th Street	Jan. 2029	12.1 years	11,334	0.1 %	10,432,766	2.1 %
PVH Corp.	501 West 57th Street	June 2017-Oct. 2028	11.5 years	217,293	2.1 %	9,142,695	1.9 %
Thomson Reuters	Metro Center, First Stamford Place	Apr. 2018-Apr. 2020	2.6 years	147,208	1.5 %	7,523,906	1.5 %
Li & Fung	1359 Broadway	Oct. 2021-Oct. 2027	7.3 years	149,436	1.5 %	7,172,674	1.5 %
Federal Deposit Insurance Corp.	Empire State Building	Jan. 2020	3.1 years	121,879	1.2 %	6,841,176	1.4 %
Macy's	111 West 33rd Street	May 2030	13.4 years	131,117	1.3 %	6,626,117	1.4 %
Urban Outfitters	1333 Broadway	Sept. 2029	12.8 years	56,730	0.6 %	6,594,879	1.3 %
Footlocker	112 West 34th Street	Sept. 2031	14.8 years	34,192	0.3 %	6,214,260	1.3 %
Duane Reade/Walgreen's			7.9 years	47,541	0.5 %	6,203,743	1.3 %

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	ESB, 1350 B'Way, 250 West 57th	Feb. 2021-Sept. 2027								
Legg Mason	First Stamford Place	Sept. 2024	7.8 years	137,583	1.4	%	6,200,427	1.3	%	
On Deck Capital	1400 Broadway	Dec. 2026	10.0 years	107,800	1.1	%	5,743,805	1.2	%	
WDFG North America	Empire State Building	Dec. 2025	9.0 years	5,300	0.1	%	5,351,699	1.1	%	
Shutterstock	Empire State Building	Apr. 2029	12.3 years	110,236	1.1	%	4,886,141	1.0	%	
Kohl's	1400 Broadway	May 2029	12.4 years	113,032	1.1	%	4,802,479	1.0	%	
HNTB Corporation	Empire State Building	Feb. 2026	9.2 years	78,361	0.8	%	4,466,577	0.9	%	
Odyssey America Reinsurance	First Stamford Place	Sept. 2022	5.8 years	101,619	1.0	%	4,249,775	0.9	%	
The Interpublic Group of Companies	1400 Broadway	Jul. 2024	7.6 years	87,076	0.9	%	3,962,524	0.8	%	
Total				2,937,060	29.2	%	\$166,817,734	34.2	%	

(1) Expiration dates are per lease and do not assume exercise of renewal or extension options. For tenants with more than two leases, the lease expiration is shown as a range.

(2) Represents the weighted average lease term, based on annualized rent.

(3) Based on leases signed and commenced as of December 31, 2016.

(4) Represents the percentage of rentable square feet of our office and retail portfolios in the aggregate.

(5) Represents annualized base rent and current reimbursement for operating expenses and real estate taxes.

(6) Represents the percentage of annualized rent of our office and retail portfolios in the aggregate.

Lease Expirations

We expect to benefit from the re-leasing of 7.2%, or approximately 541,877 rentable square feet, of our Manhattan office leases expiring during 2017, which we generally believe are currently at below-market rates. During 2014, 2015 and 2016, we generally obtained higher base rents on new and renewed leases at our Manhattan office properties. These increased rents are partly due to an increase in the total rentable square footage of such space as a result of remeasurement and application of market loss factors to our space.

During the year ended December 31, 2016, we entered into new and renewed leases at our Manhattan office properties representing approximately 724,417 rentable square feet. The last weighted average annualized fully escalated gross rent prior to the renewal or re-leasing of these leases was \$41.36 per rentable square foot compared to \$58.83 per rentable square foot based on the weighted average annualized contractual first monthly base rent (after free rent periods) for the new and renewed leases, representing a 42.2% increase in mark-to-market rent. During the year ended December 31, 2015, we entered into new and renewed leases at our Manhattan office properties representing approximately 958,704 rentable square feet. The last weighted average annualized fully escalated gross rent prior to the renewal or re-leasing of these leases was \$38.27 per rentable square foot compared to \$54.84 per rentable square foot based on the weighted average annualized contractual first monthly base rent (after free rent periods) for the new and renewed leases, representing a 43.3% increase in mark-to-market rent. During the year ended December 31, 2014, we entered into new and renewed leases at our Manhattan office properties representing approximately 621,224 rentable square feet. The last weighted average annualized fully escalated gross rent prior to the renewal or re-leasing of these leases was \$40.86 per rentable square foot compared to \$50.42 per rentable square foot based on the weighted average annualized contractual first monthly base rent (after free rent periods) for the new and renewed leases, representing a 23.4% increase in mark-to-market rent.

The following tables set forth a summary schedule of the lease expirations for leases in place as of December 31, 2016 plus available space for each of the ten calendar years beginning with the year ending December 31, 2017 at the properties in our portfolio. The information set forth in the table assumes that tenants exercise no renewal options and all early termination rights.

All properties

Year of Lease Expiration	Number of Leases	Rentable Square Feet	Percent of Portfolio		Annualized Rent (3)	Percent of Annualized Rent	Annualized Rent Per Square Foot
			Expiring	Rentable Square Feet			
Available	—	993,286	9.8	%	\$—	—	% \$ —
Signed leases not commenced	27	215,526	2.1	%	—	—	% —
2017	176	705,873	7.0	%	34,476,553	7.0	% 48.84
2018	171	822,372	8.1	%	41,727,230	8.5	% 50.74
2019	131	756,760	7.5	%	37,827,413	7.7	% 49.99
2020	135	897,033	8.8	%	47,752,884	9.8	% 53.23
2021	96	697,973	6.9	%	37,323,479	7.6	% 53.47
2022	64	549,039	5.4	%	31,934,831	6.5	% 58.16
2023	51	543,385	5.4	%	30,627,106	6.3	% 56.36
2024	43	488,731	4.8	%	27,727,453	5.7	% 56.73
2025	38	320,016	3.2	%	24,413,546	5.0	% 76.29

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2026	39	944,620	9.3	%	49,591,862	10.1	%	52.50
Thereafter	56	2,204,385	21.7	%	125,785,055	25.8	%	57.06
Total	1,027	10,138,999	100.0	%	\$489,187,412	100.0	%	\$ 54.78

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Manhattan Office Properties ⁽⁴⁾

Year of Lease Expiration	Number of Leases	Rentable Square Feet	Percent of Portfolio		Annualized Rent ⁽³⁾	Percent of Annualized Rent	Annualized Rent Per Square Foot
			Rentable Square Feet	Expiring			
Available	—	822,129	10.9	%	\$—	—	% \$ —
Signed leases not commenced	19	174,295	2.3	%	—	—	% —
2017	146	541,877	7.2	%	26,542,389	8.0	% 48.98
2018	134	561,814	7.4	%	30,295,048	9.1	% 53.92
2019	101	494,725	6.5	%	24,421,526	7.3	% 49.36
2020	99	609,742	8.1	%	32,349,929	9.7	% 53.06
2021	58	442,918	5.9	%	22,867,415	6.9	% 51.63
2022	40	256,320	3.4	%	14,515,812	4.4	% 56.63
2023	37	398,977	5.3	%	20,553,291	6.2	% 51.51
2024	26	301,019	4.0	%	14,772,797	4.4	% 49.08
2025	21	201,891	2.7	%	11,048,309	3.3	% 54.72
2026	29	824,755	10.9	%	43,655,894	13.1	% 52.93
Thereafter	34	1,929,974	25.4	%	91,441,271	27.6	% 47.38
Total	744	7,560,436	100.0	%	\$332,463,681	100.0	% \$ 50.65

Greater New York Metropolitan Area Office Properties

Year of Lease Expiration	Number of Leases	Rentable Square Feet	Percent of Portfolio		Annualized Rent ⁽³⁾	Percent of Annualized Rent	Annualized Rent Per Square Foot
			Rentable Square Feet	Expiring			
Available	—	97,606	5.2	%	\$—	—	% \$ —
Signed leases not commenced	6	33,946	1.8	%	—	—	% —
2017	20	119,282	6.4	%	4,989,533	7.1	% 41.83
2018	31	236,882	12.7	%	8,897,104	12.7	% 37.56
2019	21	229,887	12.3	%	8,946,856	12.7	% 38.92
2020	26	230,508	12.3	%	9,856,388	14.0	% 42.76
2021	31	225,410	12.0	%	9,696,998	13.8	% 43.02
2022	14	230,418	12.3	%	8,973,890	12.8	% 38.95
2023	8	95,771	5.1	%	4,543,159	6.5	% 47.44
2024	4	154,688	8.3	%	6,995,826	10.0	% 45.23
2025	10	83,805	4.5	%	2,971,218	4.2	% 35.45
2026	1	45,361	2.4	%	1,393,214	2.0	% 30.71
Thereafter	9	88,894	4.7	%	2,998,404	4.2	% 33.73
Total	181	1,872,458	100.0	%	\$70,262,590	100.0	% \$ 40.36

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Retail ⁽⁵⁾

Year of Lease Expiration	Number of Leases	Square Feet	Percent of Rentable Portfolio		Annualized Rent ⁽³⁾	Percent of Annualized Rent	Annualized Rent Per Square Foot
			Expiring	Expiring			
	(1)	(2)	Expiring	Expiring	Rent ⁽³⁾	Rent	Square Foot
Available	—	73,551	10.4 %	%	\$—	— %	\$ —
Signed leases not commenced	2	7,285	1.0 %	%	—	— %	—
2017	10	44,714	6.3 %	%	2,944,631	3.4 %	65.85
2018	6	23,676	3.4 %	%	2,535,078	2.9 %	107.07
2019	9	32,148	4.6 %	%	4,459,031	5.2 %	138.70
2020	10	56,783	8.0 %	%	5,546,567	6.4 %	97.68
2021	7	29,645	4.2 %	%	4,759,066	5.5 %	160.54
2022	10	62,301	8.8 %	%	8,445,129	9.8 %	135.55
2023	6	48,637	6.9 %	%	5,530,656	6.4 %	113.71
2024	13	33,024	4.7 %	%	5,958,830	6.9 %	180.44
2025	7	34,320	4.9 %	%	10,394,019	12.0 %	302.86
2026	9	74,504	10.6 %	%	4,542,754	5.3 %	60.97
Thereafter	13	185,517	26.2 %	%	31,345,380	36.2 %	168.96
Total	102	706,105	100.0 %	%	\$86,461,141	100.0 %	\$ 138.28

The Empire State Building ⁽⁶⁾

Year of Lease Expiration	Number of Leases	Square Feet	Percent of Rentable Portfolio		Annualized Rent ^{(3) (7)}	Percent of Annualized Rent	Annualized Rent Per Square Foot
			Expiring	Expiring			
	(1)	(2)	Expiring	Expiring	Rent ^{(3) (7)}	Rent	Square Foot
Available	—	199,749	7.4 %	%	\$—	— %	\$ —
Signed leases not commenced	4	36,858	1.4 %	%	—	— %	—
2017	27	95,849	3.5 %	%	5,317,993	4.2 %	55.48
2018	19	68,554	2.5 %	%	3,884,488	3.0 %	56.66
2019	17	72,186	2.7 %	%	3,492,419	2.7 %	48.38
2020	39	305,273	11.3 %	%	17,226,096	13.5 %	56.43
2021	19	118,447	4.4 %	%	6,296,146	4.9 %	53.16
2022	13	61,509	2.3 %	%	3,817,551	3.0 %	62.06
2023	10	53,885	2.0 %	%	3,326,228	2.6 %	61.73
2024	8	66,859	2.5 %	%	3,781,898	3.0 %	56.57
2025	6	57,433	2.1 %	%	3,003,760	2.4 %	52.30
2026	11	497,393	18.4 %	%	26,856,836	21.1 %	54.00
Thereafter	13	1,072,207	39.5 %	%	50,560,016	39.6 %	47.16
Total	186	2,706,202	100.0 %	%	\$127,563,431	100.0 %	\$ 51.65

The Empire State Building Broadcasting Licenses and Leases

Year of Lease Expiration	Annualized		Annualized Rent ⁽³⁾	Percent of Annualized	
	Base Rent ⁽⁸⁾	Expense Reimbursements		Annualized Rent	Annualized Rent
2017	\$5,341,238	\$ 3,649,488	\$8,990,726	30.9	%
2018	5,226,644	2,762,405	7,989,049	27.5	%
2019	212,240	47,628	259,868	0.9	%
2020	1,513,053	412,901	1,925,954	6.6	%
2021	2,186,388	328,181	2,514,569	8.6	%
2022	2,101,006	330,299	2,431,305	8.4	%
2023	651,922	113,019	764,941	2.6	%
2024	44,558	43,054	87,612	0.3	%
2025	1,599,000	287,415	1,886,415	6.5	%
2026	750,000	177,666	927,666	3.2	%
Thereafter	1,113,800	195,507	1,309,307	4.5	%
Total	\$20,739,849	\$ 8,347,563	\$29,087,412	100.0	%

- (1) If a lease has two different expiration dates, it is considered to be two leases (for the purposes of lease count and square footage).
- (2) Excludes (i) 151,618 rentable square feet across our portfolio attributable to building management use and tenant amenities and (ii) 69,789 square feet of space attributable to our observatory.
- (3) Represents annualized base rent and current reimbursement for operating expenses and real estate taxes.
- (4) Excludes (i) retail space in our Manhattan office properties and (ii) the Empire State Building broadcasting licenses and observatory operations.
- (5) Includes an aggregate of 501,653 rentable square feet of retail space in our Manhattan office properties. Excludes the Empire State Building broadcasting licenses and observatory operations.
- (6) Excludes retail space, broadcasting licenses and observatory operations.
- (7) Includes approximately \$5.9 million of annualized rent related to physical space occupied by broadcasting tenants for their broadcasting operations. Does not include license fees charges to broadcast tenants.
- (8) Represents license fees for the use of the Empire State Building mast and base rent for the physical space occupied by broadcasting tenants.

Undeveloped Properties

We own entitled land that will support the development of a 17-story, multi-tenanted commercial office building that is expected to comprise approximately 380,000 rentable square feet on 13 floors of office space, which we refer to as Metro Tower. The site is directly adjacent to Metro Center, one of our office properties, and the Stamford Transportation Center. All required zoning approvals have been obtained to allow for development of Metro Tower. We intend to develop this site when we deem the appropriate combination of market and other conditions are in place.

Redevelopment and Repositioning

From 2002 through 2006, we gradually gained full control of the day-to-day management of our Manhattan office properties (with the estate of Leona M. Helmsley previously holding certain approval rights at some of these properties as a result of its interest in the entities owning the properties). Since then, we have been undertaking a comprehensive redevelopment 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 assumed full control of the day-to-day management of our Manhattan office properties beginning with One Grand Central Place in 2002, and through December 31, 2016, we have invested a total of approximately \$719.0 million (excluding tenant improvement costs and leasing commissions) in our Manhattan office properties pursuant to this

program. Of the \$719.0 million invested pursuant to this program, \$379.0 million was invested at the Empire State Building. We intend to fund capital improvements through a combination of operating cash flow, cash on hand, and borrowings.

These improvements, within our redevelopment 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 what we believe to be attractive results to date, 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-redevelopment leases continue to expire and be re-leased.

ITEM 3. LEGAL PROCEEDINGS

Please see Note 9 “Commitments and Contingencies” to the financial statements of this Annual Report in Form 10-K for a description of such legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our Class A common stock is listed on the New York Stock Exchange (the "NYSE"), under the symbol "ESRT." Our Class B common stock is not listed on any exchange and is not traded. Each share of Class B common stock may be converted to one share of Class A common stock at any time.

Our operating partnership has four series of partnership units ("OP Units") - Series PR OP Units, Series ES OP Units, Series 60 OP Units and Series 250 OP Units. The Series ES OP Units, Series 60 OP Units and Series 250 OP Units (together the "traded OP units") are listed on the NYSE Arca, Inc. exchange ("NYSE Arca") under the symbols "ESBA," "OGCP," and "FISK," respectively. The Series PR OP Units are not listed on any exchange and are not traded.

On February 21, 2017, the last sales price for our Class A common stock on the NYSE was \$21.49 per share.

The following table sets forth the high and low sales prices per share of our Class A common stock reported on the NYSE and the distributions declared and paid by us during the calendar quarters of 2016 and 2015:

	2016 Quarters			
	First	Second	Third	Fourth
High	\$ 18.00	\$ 19.77	\$ 22.31	\$ 20.94
Low	\$ 14.58	\$ 17.31	\$ 18.47	\$ 18.62
Dividend per share	\$ 0.085	\$ 0.105	\$ 0.105	\$ 0.105

	2015 Quarters			
	First	Second	Third	Fourth
High	\$ 19.16	\$ 19.00	\$ 17.99	\$ 18.73
Low	\$ 17.24	\$ 16.97	\$ 15.85	\$ 16.79
Dividend per share	\$ 0.085	\$ 0.085	\$ 0.085	\$ 0.085

Holders

As of February 21, 2017, we had 519 registered holders of our Class A common stock and 719 registered holders of our Class B common stock. As of February 21, 2017, our operating partnership had 797 registered holders of Series PR OP Units, 2,045 registered holders of Series ES OP Units, 666 registered holders of Series 60 OP Units and 450 registered holders of Series 250 OP Units. Such information was obtained through our registrar and transfer agent. Certain shares of common stock and OP Units are held in "street" name and accordingly, the number of beneficial owners of such shares of common stock and OP Units is not known or included in the foregoing number.

Dividends

We intend to pay regular quarterly dividends to holders of our Class A common stock and Class B common stock. Any distributions we pay in the future will depend upon our actual results of operations, economic conditions and other factors that could differ materially from our current expectations. Our actual results of operations will be affected by a number of factors, including the revenue we receive from our properties, our operating expenses, interest expense, the ability of our tenants to meet their obligations and unanticipated expenditures.

Distributions declared by us will be authorized by our board of directors in its sole discretion out of funds legally available therefor and will be dependent upon a number of factors, including restrictions under applicable law, our capital requirements and the distribution requirements necessary to maintain our qualification as a REIT. See Item 1A, "Risk Factors," and Item 7, "Management's Discussion and Analysis of Financial Conditions and Results of Operations," of this Annual Report on Form 10-K, for information regarding the sources of funds used for dividends and for a discussion of factors, if any, which may adversely affect our ability to make distributions to our securityholders.

Earnings and profits, which determine the tax treatment of distributions to securityholders, will differ from income reported for financial reporting purposes due to the differences for federal income tax purposes, including, but not limited to, treatment of loss on extinguishment of debt, revenue recognition, compensation expense, and basis of depreciable assets and estimated useful lives used to compute depreciation. The 2016 dividends of \$0.40 per share are classified for income tax purposes as 100.0% taxable ordinary dividends.

Stockholder Return Performance

The following graph is a comparison of the cumulative total stockholder return on our Class A common stock, the Standard & Poor's 500 Index (the "S&P 500 Index"), the NAREIT All Equity Index (the "NAREIT All Equity Index") and the NAREIT Office Index ("NAREIT Office Index"). The graph assumes that \$100.00 was invested on October 7, 2013 and dividends were reinvested without the payment of any commissions. There can be no assurance that the performance of our shares will continue in line with the same or similar trends depicted in the graph below.

	October 7, 2013	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
Empire State Realty Trust, Inc.	\$ 100.00	\$ 115.77	\$ 135.85	\$ 142.39	\$ 162.43
S&P 500 Index	\$ 100.00	\$ 110.84	\$ 126.01	\$ 127.75	\$ 143.03
NAREIT All Equity Index	\$ 100.00	\$ 99.83	\$ 127.81	\$ 131.42	\$ 141.39
NAREIT Office Index	\$ 100.00	\$ 100.71	\$ 126.75	\$ 127.11	\$ 141.60

The graph shall not be deemed incorporated by reference by any general statement of incorporation by reference in any filing made under the Securities Act of 1933, as amended (the "Securities Act"), or the Securities Exchange Act of 1934, as amended (the "Exchange Act" and, together with the Securities Act, the "Acts"), and shall not otherwise be deemed filed under such Acts.

Securities Authorized For Issuance Under Equity Compensation Plans

During 2013, we adopted our Empire State Realty Trust, Inc. Empire State Realty OP, L.P. 2013 Equity Incentive Plan, as amended and restated as of April 4, 2016 (the "Plan"). The Plan provides for grants of stock options, shares of restricted Class A common stock, dividend equivalent rights and other equity-based awards, including LTIP Units, up to an aggregate of 12.2 million shares of our common stock. For a further discussion of the Plan, see Note 10 to the consolidated financial statements included under Item 8 "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

The following table presents certain information about our equity compensation plans as of December 31, 2016:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column of this table)
Equity compensation plans approved by securityholders	N/A	N/A	8,290,874
Equity compensation plans not approved by securityholders	—	—	—
Total	N/A	N/A	8,290,874

As of December 31, 2016, we issued 219,673 shares of restricted stock and 3,709,968 LTIP units under the Plan.

Recent Sales of Unregistered Securities Use of Proceeds from Registered Securities; Repurchases
None.

ITEM 6. SELECTED FINANCIAL DATA.

The following table sets forth our selected financial data and should be read in conjunction with our Financial Statements and notes thereto included in Item 8, "Financial Statements and Supplementary Data" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report on Form 10-K.

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(amounts in thousands, except per share data)	The Company Year Ended December 31,			October 7, through December 31, 2013	The Predecessor January 1, through October 6, 2013		Year Ended December 31, 2012
	2016	2015	2014				
Operating Data							
Total revenues	\$678,000	\$657,634	\$635,326	\$127,583	\$206,072	\$260,294	
Operating expenses:							
Property operating expenses	153,850	158,638	148,676	33,074	41,297	55,707	
Ground rent expenses	9,326	9,326	5,339	398	—	—	
General and administrative expenses	49,078	38,073	39,037	16,379	23,600	20,963	
Observatory expenses	29,833	32,174	31,413	6,668	—	—	
Construction expenses	—	3,222	38,596	5,468	19,821	19,592	
Real estate taxes	96,061	93,165	82,131	17,191	24,331	30,406	
Formation transaction expenses	—	—	—	—	4,507	2,247	
Acquisition expenses	98	193	3,382	138,140	—	—	
Depreciation and amortization	155,211	171,474	145,431	27,375	38,963	42,690	
Total operating expenses	493,457	506,265	494,005	244,693	152,519	171,605	
Operating income (loss)	184,543	151,369	141,321	(117,110)	53,553	88,689	
Other income (expense):							
Equity in net income of non-controlled entities	—	—	—	—	14,875	14,348	
Interest expense	(71,147)	(67,492)	(66,456)	(13,147)	(50,660)	(54,394)	
Settlement expense	—	—	—	—	(55,000)	—	
Gain on consolidation of non-controlled entities	—	—	—	322,563	—	—	
Income (loss) before income taxes	113,396	83,877	74,865	192,306	(37,232)	48,643	
Income tax (expense) benefit	(6,146)	(3,949)	(4,655)	1,125	—	—	
Net income (loss)	107,250	79,928	70,210	193,431	(37,232)	48,643	
Private perpetual preferred unit distributions	(936)	(936)	(476)	—	—	—	
Net income attributable to non-controlling interests	(54,858)	(45,262)	(43,067)	(118,186)	—	—	
Net income (loss) attributable to the predecessor	—	—	—	—	37,232	(48,643)	
Net income attributable to common stockholders	\$51,456	\$33,730	\$26,667	\$75,245	\$—	\$—	
Dividends and distributions declared and paid per share							
Net income per share attributable to common stockholders - basic	\$0.38	\$0.30	\$0.27	\$0.79			
Net income per share attributable to common stockholders - diluted	\$0.38	\$0.29	\$0.27	\$0.79			
Total weighted average shares - basic	133,881	114,245	97,941	95,463			
Total weighted average shares - diluted	277,568	266,621	254,506	244,420			
Balance Sheet Data							
	\$2,458,629	\$2,276,330	\$2,139,863	\$1,649,423		\$939,330	

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Commercial real estate properties, at cost

Total assets	\$3,890,953	\$3,300,650	\$3,283,497	\$2,459,862		\$1,052,553
Debt	\$1,612,331	\$1,632,416	\$1,598,654	\$1,191,913		\$996,489
Equity	\$1,982,863	\$1,372,686	\$1,381,097	\$1,003,185		\$—
Predecessor owners' equity (deficit)	\$—	\$—	\$—	\$—		\$(10,859)

Other Data

Funds from operations attributable to common stockholders and non-controlling interests ⁽¹⁾	\$260,519	\$249,924	\$214,849	\$220,783	\$7,432	\$97,943
Modified funds from operations attributable to common stockholders and non-controlling interests ⁽²⁾	\$268,350	\$257,755	\$219,452	\$221,181	\$7,432	\$97,943
Core funds from operations attributable to common stockholders and non-controlling interests ⁽³⁾	\$269,000	\$257,677	\$227,422	\$41,793	\$62,432	\$97,943
Net cash provided by (used in) operating activities	\$218,583	\$203,187	\$138,558	\$(131,927)	\$73,381	\$94,353
Net cash used in investing activities	\$(181,838)	\$(142,316)	\$(299,057)	\$(620,307)	\$(56,450)	\$(108,281)
Net cash provided by (used in) financing activities	\$470,941	\$(59,918)	\$145,488	\$696,017	\$48,530	\$(20,889)

-
- We compute Funds From Operations ("FFO") in accordance with the "White Paper" on FFO published by the National Association of Real Estate Investment Trusts, or NAREIT, which defines FFO as net income (loss) (determined in accordance with GAAP), excluding impairment writedowns of investments in depreciable real estate and investments in in-substance real estate investments, gains or losses from debt restructurings and sales of depreciable operating properties, plus real estate-related depreciation and amortization (excluding amortization of deferred financing costs), less distributions to non-controlling interests and gains/losses from discontinued operations and after adjustments for unconsolidated partnerships and joint ventures. FFO is a widely recognized non-GAAP financial measure for REITs that we believe, when considered with financial statements determined in accordance with GAAP, is useful to investors in understanding financial performance and providing a relevant basis for comparison among REITs. In addition, FFO is useful to investors as it captures features particular to real estate performance by recognizing that real estate has generally appreciated over time or maintains residual value to a much greater extent than do other depreciable assets. Investors should review FFO, along with GAAP net income, when trying to understand an equity REIT's operating performance. We present FFO because we consider
- (1) it an important supplemental measure of our operating performance and believe that it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs. However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effect and could materially impact our results from operations, the utility of FFO as a measure of performance is limited. There can be no assurance that FFO presented by us is comparable to similarly titled measures of other REITs. FFO does not represent cash generated from operating activities and should not be considered as an alternative to net income (loss) determined in accordance with GAAP or to cash flow from operating activities determined in accordance with GAAP. FFO is not indicative of cash available to fund ongoing cash needs, including the ability to make cash distributions. Although FFO is a measure used for comparability in assessing the performance of REITs, as the NAREIT White Paper only provides guidelines for computing FFO, the computation of FFO may vary from one company to another. For a reconciliation of FFO, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Funds from Operations."
 - Modified FFO adds back an adjustment for any above or below-market ground lease amortization to traditionally defined FFO. We consider this a useful supplemental measure in evaluating our operating performance due to the non-cash accounting treatment under GAAP, which stems from the third quarter 2014 acquisition of two option properties following our formation transactions as they carry significantly below market ground leases, the amortization of which is material to our overall results. We present Modified FFO because we consider it an
 - (2) important supplemental measure of our operating performance in that it adds back the non-cash amortization of below-market ground leases. There can be no assurance that Modified FFO presented by us is comparable to similarly titled measures of other REITs. Modified FFO does not represent cash generated from operating activities and should not be considered as an alternative to net income (loss) determined in accordance with GAAP or to cash flow from operating activities determined in accordance with GAAP. Modified FFO is not indicative of cash available to fund ongoing cash needs, including the ability to make cash distributions.
 - (3) Core FFO adds back to traditionally defined FFO the following items associated with our initial public offering, or IPO, and formation transactions: gain on consolidation of non-controlling entities, acquisition expenses, severance expenses and retirement equity compensation expenses. It also adds back private perpetual preferred exchange offering expenses, acquisition expenses, prepayment penalty and deferred financing costs write-off and gain on settlement of lawsuit related to the Observatory, net of income taxes and ground lease amortization, construction severance expenses and acquisition break-up fee. We present Core FFO because we consider it an important supplemental measure of our operating performance in that it excludes items associated with the Offering and formation transactions. There can be no assurance that Core FFO presented by us is comparable to similarly titled measures of other REITs. Core FFO does not represent cash generated from operating activities and should not be considered as an alternative to net income (loss) determined in accordance with GAAP or to cash flow from

operating activities determined in accordance with GAAP. Core FFO is not indicative of cash available to fund ongoing cash needs, including the ability to make cash distributions. For a reconciliation of Core FFO, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Core Funds from Operations."

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). For these statements, we claim the protections of the safe harbor for forward-looking statements contained in such Section. Forward-looking statements are subject to substantial risks and uncertainties, many of which are difficult to predict and are generally beyond our control. In particular, statements pertaining to our capital resources, portfolio performance, dividend policy and results of operations contain forward-looking statements. Likewise, all of our statements regarding anticipated growth in our portfolio from operations, acquisitions and anticipated market conditions, demographics and results of operations are forward-looking statements. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates," "contemplates," "aims," "continues," "would" or "anticipates" or the negative of these words and phrases or similar words or phrases. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- the factors included in this Annual Report on Form 10-K, including those set forth under the heading "Business," "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations";
- changes in our industry, the real estate markets, either nationally or in Manhattan or the greater New York metropolitan area;
- resolution of legal proceedings involving the company;
- reduced demand for office or retail space;
- new office development in our market;
- general volatility of the capital and credit markets and the market price of our Class A common stock and our publicly-traded OP Units;
- changes in our business strategy;
- changes in technology and market competition, which affect utilization of our broadcast or other facilities;
- changes in domestic or international tourism, including geopolitical events and currency exchange rates;
- defaults on, early terminations of, or non-renewal of leases by, tenants;
- bankruptcy or insolvency of a major tenant or a significant number of smaller tenants;
- fluctuations in interest rates;
- increased operating costs;
- declining real estate valuations and impairment charges;
- termination or expiration of our ground leases;
- availability, terms and deployment of capital;
- our failure to obtain necessary outside financing, including our unsecured revolving credit facility;
- our leverage;
- decreased rental rates or increased vacancy rates;
- our failure to generate sufficient cash flows to service our outstanding indebtedness;
- our failure to redevelop and reposition properties successfully or on the anticipated timeline or at the anticipated costs;
- difficulties in identifying properties to acquire and completing acquisitions;
- risks of real estate development (including our Metro Tower development site), including the cost of construction delays and cost overruns;

- inability to manage our properties and our growth effectively;
- inability to make distributions to our securityholders in the future;
- impact of changes in governmental regulations, tax law and rates and similar matters;
- failure to continue to qualify as a real estate investment trust, or REIT;
- a future terrorist event in the U.S.;
- environmental uncertainties and risks related to adverse weather conditions and natural disasters;
- lack or insufficient amounts of insurance;
- misunderstanding of our competition;
- changes in real estate and zoning laws and increases in real property tax rates;

- inability to comply with the laws, rules and regulations applicable to similar companies; and
- risks associated with security breaches through cyberattacks, cyber intrusions or otherwise, as well as other significant disruptions of our technology (IT) networks related systems, which support our operations and our buildings.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. Actual results may differ materially from our current projection. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes after the date of this Annual Report on Form 10-K, except as required by applicable law. For a further discussion of these and other factors that could impact our future results, performance or transactions, see the section entitled "Risk Factors" of this Annual Report on Form 10-K. You should not place undue reliance on any forward-looking statements, which are based only on information currently available to us.

Overview

Unless the context otherwise requires or indicates, references in this section to "we," "our" and "us" refer to (i) our company and its consolidated subsidiaries.

The following discussion and analysis should be read in conjunction with "Selected Financial Data," and our consolidated financial statements as of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014 and the notes related thereto which are included in this Annual Report on Form 10-K.

2016 Highlights

• Achieved net income attributable to the Company of \$51.5 million and Core FFO of \$269.0 million.

• Occupancy and leased percentages at December 31, 2016:

• Total portfolio was 88.1% occupied; including signed leases not commenced ("SLNC"), the total portfolio was 90.2% leased.

• Manhattan office portfolio (excluding the retail component of these properties) was 86.8% occupied; including SLNC, the Manhattan office portfolio was 89.1% leased.

• Retail portfolio was 88.6% occupied; including SLNC, the retail portfolio was 89.6% leased.

• Empire State Building was 90.5% occupied; including SLNC, the Empire State Building was 91.8% leased.

• Executed 207 leases, representing 991,806 rentable square feet across the total portfolio, achieving a 32.7% increase in mark-to-market rent over previously fully escalated rents on new, renewal, and expansion leases; 155 of these leases, representing 724,417 rentable square feet, were within the Manhattan office portfolio (excluding the retail component of these properties) capturing a 42.2% increase in mark-to-market rent over previously fully escalated rents on new, renewal and expansion leases.

• Executed 19 leases, representing 47,835 rentable square feet within the Manhattan retail portfolio, achieving a 35.0% increase in mark-to-market rent over previously fully escalated rents on new, renewal, and expansion leases.

• Signed 78 new leases representing 542,190 rentable square feet in 2016 for the Manhattan office portfolio (excluding the retail component of these properties), achieving an increase of 50.6% in mark-to-market rent over expired previously fully escalated rents.

• The Empire State Building Observatory revenue grew 11.2% to \$124.8 million from \$112.2 million in 2015.

• Issued 29,610,854 Class A common shares at \$21.00 per share in a private placement transaction with QIA which raised approximately \$622 million in gross proceeds.

• Increased the Company's committed borrowing capacity under the unsecured revolving credit facility from \$800 million to \$1.1 billion.

Declared and paid aggregate dividends of \$0.40 per share during 2016, an 18% increase from the previous year. As of December 31, 2016, our total portfolio, contained 10.1 million rentable square feet of office and retail space. We owned 14 office properties (including three long-term ground leasehold interests) encompassing approximately 9.4 million rentable square feet of office space. Nine of these properties are located in the midtown Manhattan market and aggregate approximately 7.6 million rentable square feet of office space, including the Empire State Building. Our Manhattan office properties also contain an aggregate of 501,653 rentable square feet of premier retail space on their ground floor and/or contiguous levels. Our remaining five office properties are located in Fairfield County, Connecticut and Westchester County, New York, encompassing in the aggregate approximately 1.9 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 December 31, 2016, our portfolio 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.

The Empire State Building is our flagship property. The Empire State Building provides us with a diverse source of revenue through its office and retail leases, observatory operations and broadcasting licenses, and related leased space. Our observatory operations are a separate reporting segment. Our observatory operations are subject to regular patterns of tourist activity in Manhattan. During the past ten years, approximately 16% to 18% of our annual observatory revenue was realized in the first quarter, 26.0% to 28.0% was realized in the second quarter, 31.0% to 33.0% was realized in the third quarter, and 23.0% to 25.0% was realized in the fourth quarter.

The components of the Empire State Building revenue are as follows (dollars in thousands):

	Year Ended December 31,					
	2016			2015		
Office leases	\$120,082	39.1	%	\$108,873	37.5	%
Retail leases	9,313	3.0	%	11,092	3.8	%
Tenant reimbursements & other income	24,153	7.9	%	28,061	9.7	%
Observatory operations	124,814	40.6	%	112,172	38.7	%
Broadcasting licenses and leases	28,905	9.4	%	29,837	10.3	%
Total	\$307,267	100.0	%	\$290,035	100.0	%

We have been undertaking a comprehensive redevelopment and repositioning strategy of our Manhattan office properties. This strategy is designed to improve the overall value and attractiveness of our properties and has: 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. These improvements 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. 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 what we believe to be attractive results to date, 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-redevelopment leases continue to expire and be re-leased. From 2002 through December 31, 2016, we have invested a total of approximately \$719.0 million (excluding tenant improvement costs and leasing commissions) in our Manhattan office properties pursuant to this program. We are in the process of substantially completing the redevelopment and repositioning program as originally contemplated. We intend to fund these capital improvements through a combination of operating cash flow, cash on hand and borrowings.

As of December 31, 2016, excluding principal amortization, we have approximately \$336.0 million of debt maturing in 2017 and approximately \$262.2 million of debt maturing in 2018, and we have total debt outstanding of approximately \$1.6 billion, with a weighted average interest rate of 4.19% (excluding premiums and discount) and a weighted average maturity of 4.7 years and 83.6% of which is fixed-rate indebtedness. Our consolidated net debt to total market capitalization was approximately 14.9% as of December 31, 2016.

As of March 27, 2015, we no longer solicited new business for our construction management business. We have since completed all projects that were in progress and closed that business.

Results of Operations

Overview

The discussion below relates to the financial condition and results of operations for the years ended December 31, 2016, 2015, and 2014.

Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015

The following table summarizes the historical results of operations for the years ended December 31, 2016 and 2015 (amounts in thousands):

	Years Ended		Change	%	
	2016	2015			
Revenues:					
Rental revenue	\$460,653	\$447,784	\$12,869	2.9	%
Tenant expense reimbursement	73,459	79,516	(6,057)	(7.6)	%
Observatory revenue	124,814	112,172	12,642	11.3	%
Construction revenue	—	1,981	(1,981)	(100.0)	%
Third-party management and other fees	1,766	2,133	(367)	(17.2)	%
Other revenues and fees	17,308	14,048	3,260	23.2	%
Total revenues	678,000	657,634	20,366	3.1	%
Operating expenses:					
Property operating expenses	153,850	158,638	(4,788)	(3.0)	%
Ground rent expenses	9,326	9,326	—	—	%
General and administrative expenses	49,078	38,073	11,005	28.9	%
Observatory expenses	29,833	32,174	(2,341)	(7.3)	%
Construction expenses	—	3,222	(3,222)	(100.0)	%
Real estate taxes	96,061	93,165	2,896	3.1	%
Acquisition expenses	98	193	(95)	(49.2)	%
Depreciation and amortization	155,211	171,474	(16,263)	(9.5)	%
Total operating expenses	493,457	506,265	(12,808)	(2.5)	%
Operating income	184,543	151,369	33,174	21.9	%
Interest expense	(71,147)	(67,492)	(3,655)	5.4	%
Income before income taxes	113,396	83,877	29,519	35.2	%
Income tax expense	(6,146)	(3,949)	(2,197)	55.6	%
Net income	107,250	79,928	27,322	34.2	%
Private perpetual preferred unit distributions	(936)	(936)	—	—	%
Net income attributable to non-controlling interests	(54,858)	(45,262)	(9,596)	(21.2)	%
Net income attributable to common shareholders	\$51,456	\$33,730	\$17,726	52.6	%

Rental Revenue

The increase in rental income was primarily attributable to increased rental rates.

Tenant Expense Reimbursement

The decrease in tenant expense reimbursement was primarily due to a decrease in property operating expenses in the year ended December 31, 2016.

Observatory Revenue

The increase in observatory revenues was due to increased tourist visits, ticket price increases, changes in ticket mix and more favorable weather conditions in 2016.

Construction Revenue

The construction business ceased operations in 2015, which is reflected in the elimination of construction revenues.

Third-Party Management and Other Fees

The decrease reflects lower management fee income due to the wind-down of activities in managed entities.

Other Revenues and Fees

The increase in other revenues and fees was primarily due to higher lease cancellation income of \$5.7 million in 2016, partially offset by a \$2.5 million acquisition break-up fee received in 2015.

Property Operating Expenses

The decrease in property operating expenses was primarily due to lower repairs and maintenance costs and lower utility costs.

Ground Rent Expenses

The ground rent expense was consistent with 2015.

General and Administrative Expenses

The increase in general and administrative expenses was due to \$5.2 million related to higher 2016 incentive compensation bonus accruals and salaries, \$4.2 million related to higher equity compensation expense and \$1.7 million of incremental legal costs pertaining to formation transactions litigation.

Observatory Expenses

The decrease in Observatory expenses primarily reflects lower personnel costs and lower professional fees.

Construction Expenses

The construction business ceased operations in 2015, which is reflected in the elimination of construction expenses.

Real Estate Taxes

The increase in real estate taxes was primarily attributable to higher assessed values for several properties.

Acquisition Expenses

Acquisition expenses were consistent with 2015.

Depreciation and Amortization

The decrease in depreciation and amortization was primarily attributable to assets that became fully depreciated during 2015 and 2016.

Interest Expense

The increase in interest expense was due to higher interest rates. In March 2015, we issued \$350.0 million of senior unsecured notes with a weighted average fixed interest rate of 4.08%. The proceeds were partially used to repay our unsecured revolving credit facility which had a variable interest rate of 1.33% in the first quarter 2015.

Income Taxes

The increase in income tax expense was attributable to activities within our taxable REIT subsidiaries, primarily due to higher Observatory taxable income.

Private Perpetual Preferred Unit Distributions

Represents distributions to holders of private perpetual preferred units which were issued in August 2014.

Net Income Attributable to Non-controlling Interests

The increase is due to an increase in net income offset by a lower non-controlling ownership percentage due to issuance of new Class A common shares and redemption of operating partnership units into Class A common shares.

Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014

The following table summarizes the historical results of operations for years ended December 31, 2015 and 2014 (amounts in thousands):

	Years Ended December 31,		Change	%
	2015	2014		
Revenues:				
Rental revenue	\$447,784	\$400,825	\$46,959	11.7 %
Tenant expense reimbursement	79,516	67,651	11,865	17.5 %
Observatory revenue	112,172	111,541	631	0.6 %
Construction revenue	1,981	38,648	(36,667)	(94.9)%
Third-party management and other fees	2,133	2,376	(243)	(10.2)%
Other revenues and fees	14,048	14,285	(237)	(1.7)%
Total revenues	657,634	635,326	22,308	3.5 %
Operating expenses:				
Property operating expenses	158,638	148,676	9,962	6.7 %
Ground rent expenses	9,326	5,339	3,987	74.7 %
General and administrative expenses	38,073	39,037	(964)	(2.5)%
Observatory expenses	32,174	31,413	761	2.4 %
Construction expenses	3,222	38,596	(35,374)	(91.7)%
Real estate taxes	93,165	82,131	11,034	13.4 %
Acquisition expenses	193	3,382	(3,189)	(94.3)%
Depreciation and amortization	171,474	145,431	26,043	17.9 %
Total operating expenses	506,265	494,005	12,260	2.5 %
Operating income (loss)	151,369	141,321	10,048	7.1 %
Interest expense	(67,492)	(66,456)	(1,036)	1.6 %
Income before income taxes	83,877	74,865	9,012	12.0 %
Income tax (expense) benefit	(3,949)	(4,655)	706	(15.2)%
Net income	79,928	70,210	9,718	13.8 %
Private perpetual preferred unit distributions	(936)	(476)	(460)	96.6 %
Net income attributable to non-controlling interests	(45,262)	(43,067)	(2,195)	5.1 %
Net income attributable to common shareholders	\$33,730	\$26,667	\$7,063	26.5 %

Rental Revenue

The increase in rental income was primarily attributable to the acquisition of two properties during July 2014 which increased rental income by \$38.6 million. The remaining increase is primarily due to increased rental rates.

Tenant Expense Reimbursement

The increase in tenant expense reimbursement was primarily attributable to the acquisition of two properties during July 2014 which increased tenant expense reimbursements by \$6.1 million. Higher real estate tax reimbursements, electric submeter expense reimbursements and cleaning reimbursements also contributed to the increase.

Observatory Revenue

2015 Observatory revenues were consistent with the 2014 revenues.

Construction Revenue

The construction business ceased operations during 2015, which is reflected in the decline in construction revenues.

Third-Party Management and Other Fees

The decrease in third party management and other fees revenue was primarily due to the acquisition of two properties during July 2014 and the subsequent elimination of fees due to the consolidation of these properties.

Other Revenues and Fees

The decrease in other revenues and fees was primarily due to lower lease cancellation income of \$4.1 million offset by \$2.5 million acquisition break-up fee income and increased parking income of \$0.7 million.

Property Operating Expenses

The increase in property operating expenses was primarily attributable to the acquisition of two properties during July 2014 which increased property operating expenses by \$10.1 million.

Ground Rent Expenses

The increase in ground rent expenses was attributable to the acquisition of two properties during July 2014.

General and Administrative Expenses

The variance was primarily due to private perpetual preferred exchange offering costs of \$1.4 million which were incurred in the year ended 2014 and no such costs in 2015.

Observatory Expenses

2015 Observatory expenses were consistent with the 2014 expenses.

Construction Expenses

The decline in construction expenses correlated with the lower revenues due to the construction business ceasing operation in 2015. Construction expenses in 2015 included severance expenses of \$0.9 million.

Real Estate Taxes

The increase in real estate taxes was primarily attributable to the acquisition of two properties during July 2014 which increased real estate taxes by \$5.9 million, as well as higher taxes of \$5.1 million resulting from higher assessed values and rates for several properties.

Acquisition Expenses

The decrease in acquisition expenses was primarily attributable to the acquisition of two properties during July 2014.

Depreciation and Amortization

The increase in depreciation and amortization was primarily attributable to the acquisition of two properties during July 2014 which increased depreciation and amortization by \$23.4 million.

Interest Expense

The increase in interest expense was attributable to the acquisition of two properties during July 2014 and the write-off of \$1.7 million of deferred finance costs related to the recast of the credit facility and the early repayments of mortgage loans. These higher expenses were partially offset by reductions in interest rates for debt refinanced during 2014 and 2015.

Income Taxes

Income taxes decreased due to taxable income activities within our TRSs, primarily lower taxable income related to our construction operations and Observatory operations.

Private Perpetual Preferred Unit Distributions

Represents distributions to holders of private perpetual preferred units which were issued in August 2014.

Net Income Attributable to Non-controlling Interests

The increase is due to an increase in net income offset by a lower non-controlling ownership percentage due to redemption of operating partnership units into Class A common shares.

Liquidity and Capital Resources

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain our assets and operations, including lease-up costs, fund our redevelopment and repositioning programs, acquire properties, make distributions to our securityholders and other general business needs. Based on the historical experience of our management and our business strategy, in the foreseeable future we anticipate we will generate positive cash flows from operations. In order to qualify as a REIT, we are required under the Code to distribute to our securityholders, on an annual basis, at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains. We expect to make quarterly distributions to our securityholders.

While we may be able to anticipate and plan for certain liquidity needs, there may be unexpected increases in uses of cash that are beyond our control and which would affect our financial condition and results of operations. For example, we may be required to comply with new laws or regulations that cause us to incur unanticipated capital expenditures for our properties, thereby increasing our liquidity needs. Even if there are no material changes to our anticipated liquidity requirements, our sources of liquidity may be fewer than, and the funds available from such sources may be less than, anticipated or needed. Our primary sources of liquidity will generally consist of cash on hand and cash generated from our operating activities, debt issuances and unused borrowing capacity under our unsecured revolving credit facility. We expect to meet our short-term liquidity requirements, including distributions, operating expenses, working capital, debt service, and capital expenditures from cash flows from operations, debt issuances, and available borrowing capacity under our unsecured revolving credit facility. The availability of these borrowings is subject to the conditions set forth in the applicable loan agreements. We expect to meet our long-term capital requirements, including acquisitions, redevelopments and capital expenditures through our cash flows from operations, our unsecured revolving credit facility, mortgage financings, debt issuances, common and/or preferred equity issuances and asset sales. Our properties require periodic investments of capital for individual lease related tenant improvements allowances, general capital improvements and costs associated with capital expenditures. Our overall leverage will depend on our mix of investments and the cost of leverage. Our charter does not restrict the amount of leverage that we may use.

At December 31, 2016, we had approximately \$554.4 million available in cash and cash equivalents and there was \$1.1 billion available under our unsecured revolving credit facility.

On August 23, 2016, QIA purchased 29,610,854 newly issued Class A common shares at \$21.00 per share, equivalent to a 9.9% economic interest in us on a fully diluted basis (representing a 19.4% ownership of Class A common shares), however, QIA can only vote shares equivalent to 9.9% of all voting securities, with the balance of their shares to be voted by us in accord with the votes of all other voting securities. QIA has a top-up right to maintain their ownership stake at 9.9% over time. We received approximately \$621.8 million in gross proceeds from the sale. Proceeds from the investment were used to pay down the \$45.0 million balance on our revolving credit facility. We intend to use the remaining proceeds for general corporate purposes, including redevelopment of the portfolio and future investments.

In addition, for an initial period of five years from August 23, 2016, QIA will have a right of first offer to co-invest with us as a joint venture partner in real estate investment opportunities initiated by us where we have elected, at our discretion, to seek out a joint venture partner. The right of first offer period will be extended for 30 months so long as

at least one joint venture transaction is consummated by us and QIA during the initial term, and will be extended for a further 30-month term if at least one more joint venture transaction is consummated during such initial extension period.

As of December 31, 2016, we had approximately \$1.6 billion of total consolidated indebtedness outstanding, with a weighted average interest rate of 4.19% and a weighted average maturity of 4.7 years. As of December 31, 2016, exclusive of

principal amortization, we have approximately \$336.0 million of debt maturing in 2017 and approximately \$262.2 million of debt maturing in 2018. Given our current liquidity, including availability under our unsecured revolving credit facility, we believe we will be able to refinance the maturing debt.

Unsecured Revolving Credit Facility

On January 23, 2015, we entered into an unsecured revolving credit agreement, which is referred to herein as the “unsecured revolving credit facility,” with Bank of America, Merrill Lynch, Goldman Sachs and the other lenders party thereto. Merrill Lynch acted as joint lead arranger; Bank of America acted as administrative agent; and Goldman Sachs acted as syndication agent and joint lead arranger.

Amount. The unsecured revolving credit facility is comprised of a revolving credit facility in the maximum original principal amount of \$800.0 million. The unsecured revolving credit facility contains an accordion feature that would allow us to increase the maximum aggregate principal amount to \$1.25 billion under specified circumstances. On July 6, 2016, we partially exercised the accordion feature and increased our borrowing capacity under the unsecured revolving credit facility from \$800 million to \$1.1 billion.

Guarantors. Certain of our subsidiaries are guarantors of our obligations under the unsecured revolving credit facility.

Interest. Amounts outstanding under the unsecured revolving credit facility will bear interest at a floating rate equal to, at our election, (x) a Eurodollar rate, plus a spread that we expect will range from 0.875% to 1.600% depending upon its leverage ratio and credit rating; or (y) a base rate, plus a spread that we expect will range from 0.000% to 0.600% depending upon its leverage ratio and credit rating. In addition, the unsecured revolving credit facility permits us to borrow at competitive bid rates determined in accordance with the procedures described in the unsecured revolving credit facility.

Maturity. The unsecured revolving credit facility has an initial maturity of January 23, 2019. We have the option to extend the initial term of the unsecured revolving credit facility for up to two additional six-month periods, subject to certain conditions, including the payment of an extension fee equal to 0.075% of the then outstanding commitments under the unsecured revolving credit facility.

Financial Covenants. The unsecured revolving credit facility includes the following financial covenants: (i) maximum leverage ratio of total indebtedness to total asset value of the loan parties and their consolidated subsidiaries will not exceed 60%, (ii) consolidated secured indebtedness will not exceed 40% of total asset value, (iii) tangible net worth will not be less than \$745.4 million plus 75% of net equity proceeds received by the operating partnership (other than proceeds received within ninety (90) days after the redemption, retirement or repurchase of ownership or equity interests in the operating partnership up to the amount paid by the operating partnership in connection with such redemption, retirement or repurchase, where, the net effect is that the operating partnership shall not have increased its net worth as a result of any such proceeds), (iv) adjusted EBITDA (as defined in the unsecured revolving credit facility) to consolidated fixed charges will not be less than 1.50x, (v) the aggregate net operating income with respect to all unencumbered eligible properties to the portion of interest expense attributable to unsecured indebtedness will not be less than 1.75x, (vi) the ratio of total unsecured indebtedness to unencumbered asset value will not exceed 60%, and (vii) consolidated secured recourse indebtedness will not exceed 10% of total asset value (provided, however, this covenant shall not apply at any time after either the company or the operating partnership achieves debt ratings from at least two of Moody’s, S&P and Fitch, and such debt ratings are Baa3 or better (in the case of a rating by Moody’s) or BBB- or better (in the case of a rating by S&P or Fitch)). As of December 31, 2016, we were in compliance with the covenants, as described below:

Financial covenant	Required	December 31, 2016	In Compliance
Maximum total leverage	< 60%	24.5	% Yes
Maximum secured debt	< 40%	11.5	% Yes
Minimum fixed charge coverage	> 1.50x	4.1x	Yes
Minimum unencumbered interest coverage	> 1.75x	7.5x	Yes
Maximum unsecured leverage	< 60%	21.8	% Yes

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Maximum secured recourse indebtedness	<10%	—	%	Yes
Minimum tangible net worth	\$1,203,815	\$1,648,433		Yes

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Other Covenants. The unsecured revolving credit facility contains customary covenants, including limitations on liens, investment, debt, fundamental changes, and transactions with affiliates, and requires certain customary financial reports.

Events of Default. The unsecured revolving credit facility contains customary events of default (subject in certain cases to specified cure periods), including but not limited to non-payment, breach of covenants, representations or warranties, cross defaults, bankruptcy or other insolvency events, judgments, ERISA events, invalidity of loan documents, loss of real estate investment trust qualification, and occurrence of a change of control (defined in the definitive documentation for the unsecured credit facility).

Senior Unsecured Notes

During March 2015, we issued and sold an aggregate principal amount of \$350.0 million of senior unsecured notes ("Series A, B and C Senior Notes") in a private placement to entities affiliated with Prudential Capital Group. The Series A, B and C Senior Notes consist of \$100 million of 3.93% Series A Senior Notes due 2025, \$125 million of 4.09% Series B Senior Notes due 2027, and \$125 million of 4.18% Series C Senior Notes due 2030.

The Series A, B and C Senior Notes are senior unsecured obligations and are unconditionally guaranteed by each of our subsidiaries that guarantees indebtedness under the unsecured revolving credit facility. Interest on the Series A, B and C Senior Notes is payable quarterly.

The terms of the Series A, B and C Senior Notes include customary covenants, including limitations on liens, investment, debt, fundamental changes, and transactions with affiliates and require certain customary financial reports. The Series A, B and C Senior Notes also require compliance with financial ratios consistent with the unsecured credit facility including a maximum leverage ratio, a maximum secured leverage ratio, a minimum amount of tangible net worth, a minimum fixed charge coverage ratio, a minimum unencumbered interest coverage ratio, a maximum unsecured leverage ratio and a maximum amount of secured recourse indebtedness. As of December 31, 2016, we were in compliance with the covenants under the Series A, B and C Senior Notes.

Unsecured Term Loan Facility

During August 2015, we closed on a seven year \$265.0 million senior unsecured term loan facility ("term loan facility"). The term loan facility matures on August 24, 2022. The term loan facility bears interest at a floating rate equal to, at our election, a LIBOR rate, plus a spread ranging from 1.400% to 2.350%; or a base rate, plus a spread ranging from 0.400% to 1.350%. In each case such spread is determined by our leverage ratio and credit rating. Pursuant to a forward interest rate swap agreement, we effectively fixed LIBOR at 2.1485% for \$265.0 million of the term loan facility for the period from August 31, 2017 through maturity.

The terms of the term loan facility agreement include customary covenants, including limitations on liens, investment, debt, fundamental changes, and transactions with affiliates and require certain customary financial reports. The term loan facility requires compliance with financial ratios including a maximum leverage ratio, a maximum secured leverage ratio, a minimum amount of tangible net worth, a minimum fixed charge coverage ratio, a minimum unencumbered interest coverage ratio, a maximum unsecured leverage ratio and a maximum amount of secured recourse indebtedness. The term loan facility also contains customary events of default (subject in certain cases to specified cure periods). These terms in the term loan facility agreement are consistent with the terms under our unsecured revolving credit facility agreement. As of December 31, 2016, we were in compliance with the covenants under the term loan facility.

Senior Unsecured Notes - Exchangeable

During August 2014, we issued \$250.0 million principal amount of 2.625% Exchangeable Senior Notes ("Senior Notes") due August 2019. In connection with this offering, we received net proceeds of \$246.9 million, after deducting

the related underwriting discounts and commissions and issuance costs.

Mortgage Debt

As of December 31, 2016, we had mortgage debt outstanding of \$759.0 million. During 2016, we refinanced at a lower rate a \$20.2 million 6% mortgage loan secured by 10 Union Square East with a new \$50.0 million mortgage loan due

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2026 which bears interest at a fixed rate of 3.7%. During 2015, we repaid a mortgage collateralized by 1359 Broadway and we repaid a mortgage collateralized by One Grand Central Place.

Leverage Policies

We expect to employ leverage in our capital structure in amounts determined from time to time by our board of directors. Although our board of directors has not adopted a policy that limits the total amount of indebtedness that we may incur, we anticipate that our board of directors will consider a number of factors in evaluating our level of indebtedness from time to time, as well as the amount of such indebtedness that will be either fixed or floating rate. Our charter and bylaws do not limit the amount or percentage of indebtedness that we may incur nor do they restrict the form in which our indebtedness will be taken (including, but not limited to, recourse or non-recourse debt and cross collateralized debt). Our overall leverage will depend on our mix of investments and the cost of leverage, however, we initially intend to maintain a level of indebtedness consistent with our plan to seek an investment grade credit rating. Our board of directors may from time to time modify our leverage policies in light of the then-current economic conditions, relative costs of debt and equity capital, market values of our properties, general market conditions for debt and equity securities, fluctuations in the market price of our common stock, growth and acquisition opportunities and other factors.

Capital Expenditures

The following tables summarize our tenant improvement costs, leasing commission costs and our capital expenditures for each of the periods presented (dollars in thousands, except per square foot amounts).

Office Properties⁽¹⁾

	Years Ended December 31,		
	2016	2015	2014
Total New Leases, Expansions, and Renewals			
Number of leases signed ⁽²⁾	187	233	229
Total square feet	941,008	1,138,205	766,635
Leasing commission costs ⁽³⁾	\$ 15,408	\$ 16,452	\$ 10,000
Tenant improvement costs ⁽³⁾	55,088	59,790	34,720
Total leasing commissions and tenant improvement costs ⁽³⁾	\$ 70,496	\$ 76,242	\$ 44,720
Leasing commission costs per square foot ⁽³⁾	\$ 16.37	\$ 14.45	\$ 13.04
Tenant improvement costs per square foot ⁽³⁾	58.54	52.53	45.29
Total leasing commissions and tenant improvement costs per square foot ⁽³⁾	\$ 74.91	\$ 66.98	\$ 58.33

Retail Properties⁽⁴⁾

Years Ended December 31,

	2016	2015	2014
Total New Leases, Expansions, and Renewals			
Number of leases signed ⁽²⁾	20	12	10
Total Square Feet	50,798	70,940	18,166
Leasing commission costs ⁽³⁾	\$ 2,847	\$ 10,262	\$ 1,116
Tenant improvement costs ⁽³⁾	4,744	2,234	448
Total leasing commissions and tenant improvement costs ⁽³⁾	\$ 7,591	\$ 12,496	\$ 1,564
Leasing commission costs per square foot ⁽³⁾	\$ 56.03	\$ 144.67	\$ 61.43
Tenant improvement costs per square foot ⁽³⁾	93.40	31.49	24.66
Total leasing commissions and tenant improvement costs per square foot ⁽³⁾	\$ 149.43	\$ 176.16	\$ 86.09

(1) Excludes an aggregate of 501,653 rentable square feet of retail space in our Manhattan office properties. Includes the Empire State Building broadcasting licenses and observatory operations.

(2) Presents a renewed and expansion lease as one lease signed.

(3) Presents all tenant improvement and leasing commission costs as if they were incurred in the period in which the lease was signed, which may be different than the period in which they were actually paid.

(4) Includes an aggregate of 501,653 rentable square feet of retail space in our Manhattan office properties. Excludes the Empire State Building broadcasting licenses and observatory operations.

Years Ended December
31,
2016 2015 2014

Total Portfolio

Capital expenditures ⁽¹⁾ \$80,043 \$54,811 \$64,788

Includes all capital expenditures, excluding tenant improvements and leasing commission costs, which are (1) primarily attributable to the redevelopment and repositioning program conducted at our Manhattan office properties.

As of December 31, 2016, we expect to incur additional costs relating to obligations under signed new leases of approximately \$57.3 million, consisting of approximately \$56.2 million for tenant improvements and other improvements related to new leases and approximately \$1.1 million on leasing commissions. We intend to fund the tenant improvements and leasing commission costs through a combination of operating cash flow, cash on hand and borrowings under the unsecured revolving credit facility.

Capital expenditures are considered part of both our short-term and long-term liquidity requirements. We intend to fund the capital improvements to complete the redevelopment and repositioning program through a combination of operating cash flow, cash on hand and borrowings under the unsecured revolving credit facility.

Contractual Obligations

The following table summarizes the amounts due in connection with our contractual obligations described below for the years ending December 31, 2017 through 2021 and thereafter (amounts in thousands).

	Years Ended December 31,						Total
	2017	2018	2019	2020	2021	Thereafter	
Mortgages and other debt ⁽¹⁾							
Interest expense	\$58,514	\$34,931	\$31,349	\$24,721	\$24,624	\$103,180	\$277,319
Amortization	9,904	2,880	2,188	2,268	2,350	7,356	26,946
Principal repayment	336,009	262,210	250,000	—	—	742,675	1,590,894
Ground lease	1,518	1,518	1,518	1,518	1,518	55,212	62,802
Tenant improvement and leasing commission costs	53,025	3,568	746	—	—	—	57,339
Total	\$458,970	\$305,107	\$285,801	\$28,507	\$28,492	\$908,423	\$2,015,300

(1) Assumes no extension options are exercised.

(2) Does not include various standing or renewal service contracts with vendors related to our property management.

Off-Balance Sheet Arrangements

As of December 31, 2016, we did not have any off-balance sheet arrangements.

Distribution Policy

In order to qualify as a REIT, we must distribute to our securityholders, on an annual basis, at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains. In addition, we will be subject to U.S. federal income tax at regular corporate rates to the extent that we distribute less than 100% of our net taxable income (including net capital gains) and will be subject to a 4% nondeductible excise tax on the amount, if any, by which our distributions in any calendar year are less than a minimum amount specified under U.S. federal income tax laws. We intend to distribute our net income to our securityholders in a manner intended to satisfy the REIT 90% distribution requirement and to avoid U.S. federal income tax liability on our income and the 4% nondeductible excise tax.

Before we pay any distribution, whether for U.S. federal income tax purposes or otherwise, we must first meet both our operating requirements and obligations to make payments of principal and interest, if any. However, under some circumstances, we may be required to use cash reserves, incur debt or liquidate assets at rates or times that we regard as unfavorable or make a taxable distribution of our shares in order to satisfy the REIT 90% distribution requirement

and to avoid U.S. federal income tax and the 4% nondeductible excise tax in that year.

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Distribution to Equity Holders

Distributions and dividends have been made to equity holders in 2014, 2015 and 2016 as follows (amounts in thousands):

Year ended December 31, 2014 \$87,721

Year ended December 31, 2015 91,900

Year ended December 31, 2016 114,954

Cash Flows

Comparison of Year Ended December 31, 2016 to the Year Ended December 31, 2015

Net cash. Cash on hand was \$554.4 million and \$46.7 million, respectively, as of December 31, 2016 and 2015. The increase was primarily due to net proceeds on issuance of common stock to QIA in 2016.

Operating activities. Net cash provided by operating activities increased by \$15.4 million to \$218.6 million for the year ended December 31, 2016 compared to \$203.2 million for the year ended December 31, 2015 primarily due to higher cash rents.

Investing activities. Net cash used in investing activities increased by \$39.5 million to \$181.8 million for the year ended December 31, 2016 compared to \$142.3 million for the year ended December 31, 2015. The increase was primarily due to higher expenditures on building and tenant improvements.

Financing activities. Net cash provided by financing activities increased by \$530.8 million to \$470.9 million for the year ended December 31, 2016 compared to \$(59.9) million used in financing activities for the year ended December 31, 2015. The increase was from the net proceeds on issuance of common stock to QIA in 2016.

Comparison of Year Ended December 31, 2015 to the Year Ended December 31, 2014

Net cash. Cash on hand was \$46.7 million and \$45.7 million, respectively, as of December 31, 2015 and 2014.

Operating activities. Net cash provided by operating activities increased by \$64.6 million to \$203.2 million for the year ended December 31, 2015 compared to \$138.6 million for the year ended December 31, 2014. This was primarily due to the acquisition of two properties in July 2014 and the expirations of free rent periods.

Investing activities. Net cash used in investing activities decreased by \$156.8 million to \$142.3 million for the year ended December 31, 2015 compared to \$299.1 million for the year ended December 31, 2014. The decrease was primarily due to the acquisition of two properties in 2014 partially offset by higher expenditures on tenant improvements.

Financing activities. Net cash (used in) provided by financing activities decreased by \$205.4 million to \$(59.9) million for the year ended December 31, 2015 compared to \$145.5 million for the year ended December 31, 2014. The decrease was primarily due to financing associated with the acquisition of two properties in 2014.

Net Operating Income

Our financial reports include a discussion of property net operating income, or NOI. NOI is a non-GAAP financial measure of performance. NOI is used by our management to evaluate and compare the performance of our properties and to determine trends in earnings and to compute the fair value of our properties as it is not affected by: (i) the cost of funds of the property owner, (ii) the impact of depreciation and amortization expenses as well as gains or losses from the sale of operating real estate assets that are included in net income computed in accordance with GAAP, (iii) acquisition expenses and break-up fee, or (iv) general and administrative expenses and other gains and losses that are specific to the property owner. The cost of funds is eliminated from NOI because it is specific to the particular financing capabilities and constraints of the owner. The cost of funds is eliminated because it is dependent on historical interest rates and other costs of capital as well as past decisions made by us regarding the appropriate mix of capital which may have changed or may change in the future. Depreciation and amortization expenses as well as gains or losses from the sale of operating real estate assets are eliminated because they may not accurately represent the actual change in value in our office or retail properties that result from use of the properties or changes in market conditions. While certain aspects of real property do decline in value over time in a manner that is reasonably captured by depreciation and amortization, the value of the properties as a whole have historically increased or decreased as a result of changes in overall economic conditions instead of from actual use of the property or the passage of time. Gains and losses from the sale of real property vary from property to property and are affected by market conditions at

the time of sale which will usually change from period to period. These gains and losses can create distortions

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when comparing one period to another or when comparing our operating results to the operating results of other real estate companies that have not made similarly-timed purchases or sales. We believe that eliminating these costs from net income is useful because the resulting measure captures the actual revenue, generated and actual expenses incurred in operating our properties as well as trends in occupancy rates, rental rates and operating costs.

However, the usefulness of NOI is limited because it excludes general and administrative costs, interest expense, depreciation and amortization expense and gains or losses from the sale of properties, and other gains and losses as stipulated by GAAP, the level of capital expenditures and leasing costs necessary to maintain the operating performance of our properties, all of which are significant economic costs. NOI may fail to capture significant trends in these components of net income which further limits its usefulness.

NOI is a measure of the operating performance of our properties but does not measure our performance as a whole. NOI is therefore not a substitute for net income as computed in accordance with GAAP. This measure should be analyzed in conjunction with net income computed in accordance with GAAP and discussions elsewhere in this Management's Discussion and Analysis of Financial Condition and Results of Operations regarding the components of net income that are eliminated in the calculation of NOI. Other companies may use different methods for calculating NOI or similarly titled measures and, accordingly, our NOI may not be comparable to similarly titled measures reported by other companies that do not define the measure exactly as we do.

The following table presents a reconciliation of our net income, the most directly comparable GAAP measure, to NOI for the periods presented (amounts in thousands):

	Years Ended December 31,		
	2016	2015	2014
Net income	\$ 107,250	\$ 79,928	\$ 70,210
Add:			
General and administrative expenses	49,078	38,073	39,037
Depreciation and amortization	155,211	171,474	145,431
Interest expense	71,147	67,492	66,456
Construction expenses	—	3,222	38,596
Acquisition expenses	98	193	3,382
Income tax expense	6,146	3,949	4,655
Less:			
Construction revenue	—	(1,981)	(38,648)
Third-party management and other fees	(1,766)	(2,133)	(2,376)
Acquisition break-up fee	—	(2,500)	—
Gain on settlement of lawsuit related to the Observatory	—	—	(975)
Net operating income	\$ 387,164	\$ 357,717	\$ 325,768
Other Net Operating Income Data			
Straight line rental revenue	\$ 30,147	\$ 21,056	\$ 39,715
Net increase in rental revenue from the amortization of above and below-market lease assets and liabilities	\$ 8,794	\$ 19,353	\$ 14,095
Amortization of acquired below-market ground leases	\$ 7,831	\$ 7,831	\$ 4,603

Funds from Operations ("FFO")

We present below a discussion of FFO. We compute FFO in accordance with the "White Paper" on FFO published by the National Association of Real Estate Investment Trusts, or NAREIT, which defines FFO as net income (loss) (determined in accordance with GAAP), excluding impairment writedowns of investments in depreciable real estate and investments in in-substance real estate investments, gains or losses from debt restructurings and sales of depreciable operating properties, plus real estate-related depreciation and amortization (excluding amortization of

deferred financing costs), less distributions to non-controlling interests and gains/losses from discontinued operations and after adjustments for unconsolidated partnerships and joint ventures. FFO is a widely recognized non-GAAP financial measure for REITs that we

believe, when considered with financial statements determined in accordance with GAAP, is useful to investors in understanding financial performance and providing a relevant basis for comparison among REITs. In addition, FFO is useful to investors as it captures features particular to real estate performance by recognizing that real estate has generally appreciated over time or maintains residual value to a much greater extent than do other depreciable assets. Investors should review FFO, along with GAAP net income, when trying to understand an equity REIT's operating performance. We present FFO because we consider it an important supplemental measure of our operating performance and believe that it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs. However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effect and could materially impact our results of operations, the utility of FFO as a measure of performance is limited. There can be no assurance that FFO presented by us is comparable to similarly titled measures of other REITs. FFO does not represent cash generated from operating activities and should not be considered as an alternative to net income (loss) determined in accordance with GAAP or to cash flow from operating activities determined in accordance with GAAP. FFO is not indicative of cash available to fund ongoing cash needs, including the ability to make cash distributions. Although FFO is a measure used for comparability in assessing the performance of REITs, as the NAREIT White Paper only provides guidelines for computing FFO, the computation of FFO may vary from one company to another.

Modified Funds From Operations ("Modified FFO")

Modified FFO adds back an adjustment for any above or below-market ground lease amortization to traditionally defined FFO. We consider this a useful supplemental measure in evaluating our operating performance due to the non-cash accounting treatment under GAAP, which stems from the third quarter 2014 acquisition of two option properties following our formation transactions as they carry significantly below market ground leases, the amortization of which is material to our overall results. We present Modified FFO because we consider it an important supplemental measure of our operating performance in that it adds back the non-cash amortization of below-market ground leases. There can be no assurance that Modified FFO presented by us is comparable to similarly titled measures of other REITs. Modified FFO does not represent cash generated from operating activities and should not be considered as an alternative to net income (loss) determined in accordance with GAAP or to cash flow from operating activities determined in accordance with GAAP. Modified FFO is not indicative of cash available to fund ongoing cash needs, including the ability to make cash distributions.

Core Funds From Operations ("Core FFO")

Core FFO adds back to traditionally defined FFO the following items associated with the Company's initial public offering, or IPO, and formation transactions: gain on consolidation of non-controlling entities, acquisition expenses, severance expenses and retirement equity compensation expenses. It also adds back private perpetual preferred exchange offering expenses, prepayment penalty expense, deferred financing costs write-off, acquisition expenses, gain on settlement of lawsuit related to the Observatory, net of income taxes, ground lease amortization, construction severance expenses and acquisition break-up fee. The Company presents Core FFO because it considers it an important supplemental measure of its operating performance in that it excludes items associated with its IPO and formation transactions and other non-recurring items. There can be no assurance that Core FFO presented by the Company is comparable to similarly titled measures of other REITs. Core FFO does not represent cash generated from operating activities and should not be considered as an alternative to net income (loss) determined in accordance with GAAP or to cash flow from operating activities determined in accordance with GAAP. Core FFO is not indicative of cash available to fund ongoing cash needs, including the ability to make cash distributions. In future periods, we may also exclude other items from Core FFO that we believe may help investors compare our results.

The following table presents a reconciliation of net income, the most directly comparable GAAP measure, to FFO, Modified FFO and Core FFO for the periods presented (amounts in thousands):

	Years Ended December 31,		
	2016	2015	2014
Net income	\$ 107,250	\$ 79,928	\$ 70,210
Private perpetual preferred unit distributions	(936)	(936)	(476)
Real estate depreciation and amortization	154,205	170,932	145,115
Funds from operations attributable to common stockholders and non-controlled interests	260,519	249,924	214,849
Amortization of below-market ground leases	7,831	7,831	4,603
Modified funds from operations attributable to common stockholders and non-controlled interests	268,350	257,755	219,452
Prepayment penalty expense and deferred financing costs write-off	552	1,749	3,771
Acquisition expenses	98	193	3,382
Acquisition break-up fee	—	(2,500)	—
Construction severance expenses, net of income taxes	—	480	—
Gain on settlement of lawsuit related to the Observatory, net of income taxes	—	—	(540)
Private perpetual preferred exchange offering expenses	—	—	1,357
Core funds from operations attributable to common stockholders and non-controlled interests	\$ 269,000	\$ 257,677	\$ 227,422
Weighted average shares and Operating Partnership units			
Basic	276,848	265,914	254,506
Diluted	277,568	265,914	254,506

Factors That May Influence Future Results of Operations

Rental Revenue

We derive revenues primarily from rents, rent escalations, expense reimbursements and other income received from tenants under existing leases at each of our properties. “Escalations and expense reimbursements” consist of payments made by tenants to us under contractual lease obligations to reimburse a portion of the property operating expenses and real estate taxes incurred at each property.

We believe that the average rental rates for in-place leases at our properties are generally below the current market rates, although individual leases at particular properties presently may be leased above, at or below the current market rates within its particular submarket.

The amount of net rental income and reimbursements that we receive depends principally on our ability to lease currently available space, re-lease space to new tenants upon the scheduled or unscheduled termination of leases or renew expiring leases and to maintain or increase our rental rates. Factors that could affect our rental incomes include, but are not limited to: local, regional or national economic conditions; an oversupply of, or a reduction in demand for, office or retail space; changes in market rental rates; our ability to provide adequate services and maintenance at our properties; and fluctuations in interest rates, all of which could adversely affect our rental income in future periods. Future economic or regional downturns affecting our submarkets, or downturns in our tenants’ industries, could impair our ability to lease vacant space and renew or re-lease space as well as the ability of our tenants to fulfill their lease commitments, and could adversely affect our ability to maintain or increase the occupancy at our properties.

Tenant Credit Risk

The economic condition of our tenants may also deteriorate, which could negatively impact their ability to fulfill their lease commitments and in turn adversely affect our ability to maintain or increase the occupancy level and/or rental rates of our properties. Potential tenants may look to consolidate, reduce overhead and preserve operating capital and may also defer strategic decisions, including entering into new, long-term leases at properties.

Leasing

We signed 1.0 million, 1.2 million, and 0.8 million rentable square feet of new leases, expansions and lease renewals, for the years ended December 31, 2016, 2015, and 2014, respectively.

Due to the relatively small number of leases that are signed in any particular quarter, one or more larger leases may have a disproportionately positive or negative impact on average rent, tenant improvement and leasing commission costs for that period. As a result, we believe it is more appropriate when analyzing trends in average rent and tenant improvement and leasing commission costs to review activity over multiple quarters or years. Tenant improvement costs include expenditures for general improvements occurring concurrently with, but that are not directly related to, the cost of installing a new tenant. Leasing commission costs are similarly subject to significant fluctuations depending upon the length of leases being signed and the mix of tenants from quarter to quarter.

As of December 31, 2016, there were approximately 1.0 million rentable square feet of space in our portfolio available to lease (excluding leases signed but not yet commenced) representing 9.8% of the net rentable square footage of the properties in our portfolio. In addition, leases representing 7.0% and 8.1% of net rentable square footage of the properties in our portfolio will expire in 2017 and in 2018, respectively. These leases are expected to represent approximately 7.0% and 8.5%, respectively, of our annualized rent for such periods. Our revenues and results of operations can be impacted by expiring leases that are not renewed or re-leased or that are renewed or re-leased at base rental rates equal to, above or below the current average base rental rates. Further, our revenues and results of operations can also be affected by the costs we incur to re-lease available space, including payment of leasing commissions, redevelopments and build-to-suit remodeling that may not be borne by the tenant.

We believe that as we complete the redevelopment and repositioning of our properties we will, over the long-term, experience increased occupancy levels and rents. Over the short term, as we renovate and reposition our properties, which includes aggregating smaller spaces to offer large blocks of space, we may experience lower occupancy levels as a result of having to relocate tenants to alternative space and the strategic expiration of existing leases. We believe that despite the short-term lower occupancy levels we may experience, we will continue to experience increased rental revenues as a result of the increased rents which we expect to obtain in following the redevelopment and repositioning of our properties.

Market Conditions

The properties in our portfolio are located in Manhattan and the greater New York metropolitan area, which includes Fairfield County, Connecticut and Westchester County, New York. Positive or negative changes in conditions in these markets, such as business hirings or layoffs or downsizing, industry growth or slowdowns, relocations of businesses, increases or decreases in real estate and other taxes, costs of complying with governmental regulations or changed regulation, can impact our overall performance.

Observatory and Broadcasting Operations

For the year ended December 31, 2016, the Empire State Building Observatory hosted 4.25 million visitors, compared to 4.06 million visitors for the same period in 2015. Observatory revenue for the year ended December 31, 2016 was \$124.8 million, an 11.2% increase from \$112.2 million for the year ended December 31, 2015. For the year ended December 31, 2016, there were 45 bad weather days, 13 of which fell on weekend days compared to 67 bad weather days, 15 of which fell on weekend days, in the year ended December 31, 2015.

Observatory revenues and admissions are dependent upon the following: (i) the number of tourists (domestic and international) that come to New York City and visit the observatory, as well as any related tourism trends; (ii) the prices per admission that can be charged; (iii) seasonal trends affecting the number of visitors to the observatory; (iv) competition, in particular from other new and existing observatories; and (v) weather trends.

We license the use of the Empire State Building mast to third party television and radio broadcasters and providers of data communications. We also lease space in the upper floors of the building to such licensees to house their transmission equipment and related facilities. During the year ended December 31, 2016, we derived \$20.9 million of revenue and \$8.0 million of expense reimbursements from the Empire State Building's broadcasting licenses and related leases. The broadcasting licenses and related leases generally expire between 2017 and 2031. The business of broadcasting TV and radio signals over the air is in flux, due to deteriorating industry fundamentals and the ongoing Federal Communications Commission spectrum auction, and there is competition from other broadcasting operations.

We have renewed and extended our leases with Univision Television Group from their current expirations in 2016 and 2018 to a new expiration in December 2025. Three of our existing broadcast tenants, CBS Broadcasting, NBC Universal Media and WNET, have notified us that they will vacate the Empire State Building at the end of their current lease terms. The non-renewing leases with CBS, NBC and WNET generated approximately \$5.9 million in aggregate revenue in 2016, inclusive of expense reimbursements, and their leases expire in 2018. Revenue from Univision totaled approximately \$2.9 million, inclusive of expense reimbursements in 2015. Effective January 2016, annual revenue from Univision adjusted to an initial amount of \$1.9 million, and is subject to escalations.

During 2016, we renewed and extended our lease and licenses with Emmis Communications, which operates three FM radio stations at the Empire State Building, for 16 years. For the year ended December 31, 2015, revenue from Emmis Communications totaled approximately \$1.7 million (inclusive of expense reimbursements). Effective January 2016, annual revenue from Emmis Communications adjusted to an initial amount of \$1.3 million, and is subject to escalations.

With respect to certain of our other remaining broadcasters, we have made preliminary renewal proposals which, if accepted, would yield reduced revenues and higher capital expenditures.

We have renewed and extended an additional lease and license with two broadcast tenants with terms subject to a confidentiality agreement.

Operating Expenses

Our operating expenses generally consist of depreciation and amortization, real estate taxes, ground lease expenses, repairs and maintenance, security, utilities, property-related payroll, insurance and bad debt expense. Factors that may affect our ability to control these operating costs include: increases in insurance premiums, tax rates, the cost of periodic repair, redevelopment costs and the cost of re-leasing space, the cost of compliance with governmental regulation, including zoning and tax laws, the potential for liability under applicable laws and interest rate levels. If our operating costs increase as a result of any of the foregoing factors, our future cash flow and results of operations may be adversely affected.

The expenses of owning and operating a property are not necessarily reduced when circumstances, such as market factors and competition, cause a reduction in income from the property. If revenues drop, we may not be able to reduce our expenses accordingly. Costs associated with real estate investments, such as real estate taxes and maintenance generally, will not be materially reduced even if a property is not fully occupied or other circumstances cause our revenues to decrease. As a result, if revenues decrease in the future, static operating costs may adversely affect our future cash flow and results of operations. If similar economic conditions exist in the future, we may experience future losses.

Cost of Funds and Interest Rates

We expect future changes in interest rates will impact our overall performance. Subject to maintaining our qualification as a REIT for U.S. federal income tax purposes, we may mitigate the risk of interest rate volatility through the use of hedging instruments, such as interest rate swap agreements and interest rate cap agreements. As of December 31, 2016, we entered into forward starting interest rate LIBOR swap agreement with an aggregate notional value of \$890.0 million that fixed LIBOR rates at pay rates between 2.1485% to 2.7620% for periods from July 2017 to June 2028. While we may seek to manage our exposure to future changes in rates, portions of our overall outstanding debt will likely remain at floating rates. As of December 31, 2016, our variable rate debt represented 16.4% of our indebtedness and 3.4% of total enterprise value. This variable rate debt included \$265.0 million of borrowings as of December 31, 2016. Our variable rate debt may increase to the extent we use available borrowing capacity to fund capital improvements. We continually evaluate our debt maturities, and, based on management's current assessment, believe we have viable financing and refinancing alternatives that will not materially adversely impact our expected financial results. As of December 31, 2016, excluding principal amortization, we have approximately \$336.0 million of debt maturing in 2017 and approximately \$262.2 million of debt maturing in 2018.

Competition

The leasing of real estate is highly competitive in Manhattan and the greater New York metropolitan market in which we operate. We compete with numerous acquirers, developers, owners and operators of commercial real estate, many of which own or may seek to acquire or develop properties similar to ours in the same markets in which our properties are located. The principal means of competition are rent charged, location, services provided and the nature and condition of the facility to be leased. In addition, we face competition from other real estate companies including other REITs, private real estate funds, domestic and foreign financial institutions, life insurance companies, pension trusts, partnerships, individual investors and others that may have greater financial resources or access to capital than we do or that are willing to acquire properties in

transactions which are more highly leveraged or are less attractive from a financial viewpoint than we are willing to pursue. In addition, competition from new and existing observatories and/or broadcasting operations could have a negative impact on revenues from our observatory and/or broadcasting operations. Adverse impacts on domestic travel and changes in foreign currency exchange rates may also decrease demand in the future, which could have a material adverse effect on our results of operations. If our competitors offer space at rental rates below current market rates, below the rental rates we currently charge our tenants, in better locations within our markets or in higher quality facilities, we may lose potential tenants and may be pressured to reduce our rental rates below those we currently charge in order to retain tenants when our tenants' leases expire.

Critical Accounting Estimates

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in conformity with GAAP and with the rules and regulations of the SEC represent our assets and liabilities and operating results. The consolidated financial statements include our accounts and our wholly owned subsidiaries as well as our operating partnership and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. For purposes of comparison, certain items shown in the 2014 and 2015 consolidated financial statements have been reclassified to conform to the presentation used for 2016.

We consolidate entities in which we have a controlling financial interest. In determining whether we have a controlling financial interest in a partially owned entity and the requirement to consolidate the accounts of that entity, we consider factors such as ownership interest, board representation, management representation, authority to make decisions, and contractual and substantive participating rights of the partners/members as well as whether the entity is a variable interest entity ("VIE") and we are the primary beneficiary. The primary beneficiary of a VIE is the entity that has (i) the power to direct the activities that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could be significant to the VIE. The primary beneficiary is required to consolidate the VIE.

We will assess the accounting treatment for each investment we may have in the future. This assessment will include a review of each entity's organizational agreement to determine which party has what rights and whether those rights are protective or participating. For all VIEs, we will review such agreements in order to determine which party has the power to direct the activities that most significantly impact the entity's economic performance and benefit. In situations where we or our partner could approve, among other things, the annual budget, or leases that cover more than a nominal amount of space relative to the total rentable space at each property, we would not consolidate the investment as we consider these to be substantive participation rights that result in shared power of the activities that would most significantly impact the performance and benefit of such joint venture investment.

A non-controlling interest in a consolidated subsidiary is defined as the portion of the equity (net assets) in a subsidiary not attributable, directly or indirectly, to a parent. Non-controlling interests are required to be presented as a separate component of equity in the consolidated balance sheets and in the consolidated statements of operations by requiring earnings and other comprehensive income to be attributed to controlling and non-controlling interests.

Goodwill

Goodwill is tested annually for impairment and is tested for impairment more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount, including goodwill, exceeds the reporting unit's fair value and the implied fair value of goodwill is less than the carrying amount of that goodwill. Non-amortizing intangible assets, such as trade names and trademarks, are subject to an annual impairment test based on fair value and amortizing intangible assets are tested whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

We performed an annual review of goodwill for impairment and concluded there was no impairment of goodwill. Our methodology to review goodwill impairment, which includes a significant amount of judgment and estimates, provides a reasonable basis to determine whether impairment has occurred. However, many of the factors employed in determining whether or not goodwill is impaired are outside of our control and it is reasonably likely that assumptions and estimates will change in future periods.

Income Taxes

We elected to be taxed as a REIT under sections 856 through 860 of the Internal Revenue Code of 1986, as amended, commencing with the taxable year ended December 31, 2013 and believe we qualify as a REIT at December 31, 2016. REITs are subject to a number of organizational and operational requirements, including a requirement that 90% of ordinary "REIT taxable income" (as determined without regard to the dividends paid deduction or net capital gains) be distributed. As a REIT, we will generally not be subject to U.S. federal income tax to the extent that we meet the organizational and operational requirements and our distributions equal or exceed REIT taxable income. For all periods subsequent to the effective date of our REIT election, we have met the organizational and operational requirements and distributions have exceeded net taxable income. Accordingly, no provision has been made for federal and state income taxes.

We have elected to treat ESRT Observatory TRS, L.L.C., our subsidiary which holds our observatory operations, and ESRT Holdings TRS, L.L.C., our subsidiary that holds our third party management, construction (through cessation of our construction business in the first quarter of 2015), restaurant, cafeterias, health clubs and certain cleaning operations, as taxable REIT subsidiaries. Taxable REIT subsidiaries may participate in non-real estate activities and/or perform non-customary services for tenants and their operations are generally subject to regular corporate income taxes. Our taxable REIT subsidiaries account for their income taxes in accordance with GAAP, which includes an estimate of the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our financial statements or tax returns. The calculation of the taxable REIT subsidiaries' tax provisions may require interpreting tax laws and regulations and could result in the use of judgments or estimates which could cause its recorded tax liability to differ from the actual amount due. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The taxable REIT subsidiaries periodically assess the realizability of deferred tax assets and the adequacy of deferred tax liabilities, including the results of local, state, or federal statutory tax audits or estimates and judgments used.

We apply provisions for measuring and recognizing tax benefits associated with uncertain income tax positions. Penalties and interest, if incurred, would be recorded as a component of income tax expense. As of December 31, 2016 and 2015, we do not have a liability for uncertain tax positions. As of December 31, 2016, the tax years ended December 31, 2013 through December 31, 2016 remain open for an audit by the Internal Revenue Service, state or local authorities.

Share-Based Compensation

Share-based compensation is measured at the fair value of the award on the date of grant and recognized as an expense on a straight-line basis over the vesting period. The determination of fair value of these awards is subjective and involves significant estimates and assumptions including expected volatility of our stock, expected dividend yield, expected term, and assumptions of whether these awards will achieve parity with other operating partnership units or achieve performance thresholds. We believe that the assumptions and estimates utilized are appropriate based on the information available to management at the time of grant.

Segment Reporting

We have identified two reportable segments: (1) Real Estate and (2) Observatory. Our real estate segment includes all activities related to the ownership, management, operation, acquisition, repositioning and disposition of our real estate assets. Our observatory segment operates the 86th and 102nd floor observatories at the Empire State Building. These two lines of businesses are managed separately because each business requires different support infrastructures, provides different services and has dissimilar economic characteristics such as investments needed, stream of revenues and different marketing strategies. We account for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current market prices. We include our construction operation in "Other" and includes all activities related to providing construction services to tenants and to other entities within and outside our company. As of March 27, 2015, we no longer solicited new business for our construction management business. We have since completed all projects that were in progress and closed that business.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our future income, cash flows and fair values relevant to financial instruments are dependent upon prevalent market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. One of the principal market risks facing us is interest rate risk on our variable rate indebtedness. As of December 31, 2016, our variable rate debt of \$265.0 million represented 3.4% of our total enterprise value.

Subject to maintaining our qualification as a REIT for U.S. federal income tax purposes, we may mitigate the risk of interest rate volatility through the use of hedging instruments, such as interest rate swap agreements and interest rate cap agreements. Our primary objectives when undertaking hedging transactions and derivative positions will be to reduce our floating rate exposure and to fix a portion of the interest rate for anticipated financing and refinancing transactions. This in turn will reduce the risk that the variability of cash flows will impose on floating rate debt. However, we can provide no assurances that our efforts to manage interest rate volatility will successfully mitigate the risks of such volatility on our portfolio. We are not subject to foreign currency risk.

We are exposed to interest rate changes primarily on our term loan, unsecured revolving credit facility and mortgage refinancings. Our objectives with respect to interest rate risk are to limit the impact of interest rate changes on operations and cash flows, and to lower our overall borrowing costs. To achieve these objectives, we may borrow at fixed rates and may enter into derivative financial instruments such as interest rate swaps or caps in order to mitigate our interest rate risk on a related floating rate financial instrument. We do not enter into derivative or interest rate transactions for speculative purposes.

During 2016, we entered into five interest rate LIBOR swaps with effective dates of January 5, 2018 and June 1, 2018 and an aggregate notional value of \$425.0 million, which fix interest rates at 2.486% and 2.762% and mature between January 5, 2028 and June 1, 2028. During 2015, we entered into three interest rate LIBOR swaps with effective dates of July 5, 2017 and August 31, 2017 and an aggregate notional value of \$465.0 million, which fix interest rates at 2.1485% and 2.5050%, and mature between August 24, 2022 and July 5, 2027. These interest rate swaps have been designated as cash flow hedges and are deemed effective as of December 31, 2016 with a fair value of \$0.6 million which is included in prepaid expenses and other assets and (\$5.6 million) which is included in accounts payable and accrued expenses on the condensed consolidated balance sheet.

Based on our variable balances, interest expense would have increased by approximately \$2.6 million for the year ended December 31, 2016, if short-term interest rates had been 1% higher. As of December 31, 2016, the weighted average interest rate on the \$1.4 billion of fixed-rate indebtedness outstanding was 4.54% per annum, each with maturities at various dates through March 27, 2030.

As of December 31, 2016, the fair value of our outstanding debt was approximately \$1.6 billion which was approximately \$30.0 million more than the historical book value as of such date. Interest risk amounts were determined by considering the impact of hypothetical interest rates on our financial instruments. These analyses do not consider the effect of any change in overall economic activity that could occur in that environment. Further, in the event of a change of that magnitude, we may take actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, these analyses assume no changes in our financial structure.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements beginning on Page F-1 of this Annual Report on Form 10-K are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the SEC's rules and regulations and that such information is accumulated and communicated to management, including our Chief

Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of December 31, 2016, the end of the period covered by this Report, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, regarding the effectiveness of our disclosure controls and procedures at the end of the period covered by this Report. Based on

the foregoing, our Chief Executive Officer and Chief Financial Officer concluded, as of that time, that our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in reports filed or submitted under the Exchange Act (i) is processed, recorded, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow for timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

No significant changes to our internal control over financial reporting were identified in connection with the evaluation referenced above that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

(a) Management's Report on Internal Control over Financial Reporting

Management of Empire State Realty Trust, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Securities Exchange Act of 1934 Rule 13(a)-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2016 as required by the Securities Exchange Act of 1934 Rule 13(a)-15(c). In making this assessment, we used the criteria set forth in the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). Based on our evaluation under the COSO criteria, our management concluded that our internal control over financial reporting was effective as of December 31, 2016 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

Ernst & Young LLP, an independent registered public accounting firm that audited our Financial Statements included in this Annual Report, has issued an attestation report on our internal control over financial reporting as of December 31, 2016, which appears in paragraph (b) of this Item 9A.

(b) Attestation report of the independent registered public accounting firm

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Empire State Realty Trust, Inc.

We have audited Empire State Realty Trust, Inc.'s (the "Company") internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with

generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Empire State Realty Trust, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Empire State Realty Trust, Inc. as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2016 of Empire State Realty Trust, Inc. and our report dated February 27, 2017 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

New York, New York

February 27, 2017

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 will be set forth in our definitive proxy statement for our 2017 Annual Meeting of Stockholders (which is scheduled to be held on May 11, 2017), to be filed pursuant to Regulation 14A under the Securities and Exchange Act of 1934, as amended, or our Proxy Statement, and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 will be set forth in our Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 will be set forth in our Proxy Statement and is incorporated herein by reference.

The information under Item 5 of this Form 10-K under the heading "Securities Authorized For Issuance Under Equity Compensation Plans" is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 will be set forth in our Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 will be set forth in our Proxy Statement and is incorporated herein by reference.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS AND SCHEDULES

(a) The following documents are filed as part of this report:

1. The consolidated financial statements are set forth in Item 8 of this Annual Report on Form 10-K.
2. The following financial statement schedules should be read in conjunction with the financial statements included in Item 8 of this Annual Report on Form 10-K.

Schedule II-Valuation and Qualifying Accounts for the years ended December 31, 2016, 2015 and 2014 on page F-44.

Schedule III-Real Estate and Accumulated Depreciation as of December 31, 2016 on page F-45.

Schedules other than those listed are omitted as they are not applicable or the required or equivalent information has been included in the financial statements or notes thereto.

(b) The exhibits required by Item 601 of Regulation S-K are listed in the Exhibit Index on page 74 of this Annual Report on Form 10-K and is incorporated herein by reference.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EMPIRE STATE REALTY TRUST, INC.

Date: February 27, 2017 By: /s/ Anthony E. Malkin
Chairman and Chief Executive Officer

Date: February 27, 2017 By: /s/ David A. Karp
Executive Vice President and Chief Financial Officer

Date: February 27, 2017 By: /s/ Andrew J. Prentice
Senior Vice President,
Chief Accounting Officer and Treasurer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Anthony E. Malkin Anthony E. Malkin	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	February 27, 2017
/s/ David A. Karp David A. Karp	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 27, 2017
/s/ Andrew J. Prentice Andrew J. Prentice	Senior Vice President, Chief Accounting Officer and Treasurer (Principal Accounting Officer)	February 27, 2017
/s/ William H. Berkman William H. Berkman	Director	February 27, 2017
/s/ Thomas J. DeRosa Thomas J. DeRosa	Director	February 27, 2017
/s/ Steven J. Gilbert Steven J. Gilbert	Lead Independent Director	February 27, 2017
/s/ S. Michael Giliberto S. Michael Giliberto	Director	February 27, 2017
/s/ James D. Robinson IV James D. Robinson IV	Director	February 27, 2017

Exhibit Index

Exhibit No. Description

3.1 Articles of Amendment and Restatement of Empire State Realty Trust, Inc., in