Empire State Realty Trust, Inc.
Form DEF 14A
April 04, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:
Preliminary Proxy Statement
CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to Section 240.14a-12

Empire State Realty Trust, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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No fee required.

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(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

111 West 33rd Street, 12th Floor
New York, NY 10120
T (212) 687-8700
F (212) 850-2751

DEAR STOCKHOLDER

You are invited to attend the Annual Stockholders Meeting of Empire State Realty Trust, Inc., which will be held on Thursday, May 16, 2019, at 11:00 a.m., local (Eastern) time, at State Grill, 21 West 33rd Street, New York, New York 10118.

Please refer to the accompanying Notice of Annual Stockholders Meeting and Proxy Statement for detailed information on the meeting and each of the proposals to be considered and voted upon at the meeting.

TELEPHONE AND INTERNET PROXY AUTHORIZATION

Empire State Realty Trust, Inc.'s Class A and Class B common stockholders of record on the close of business on March 7, 2019, the record date for the 2019 Annual Stockholders Meeting, may authorize their proxies by telephone or Internet by following the instructions on their Proxy Card. If you have any question regarding how to authorize your proxy by telephone or Internet, please call (212) 850-2678.

YOUR VOTE IS VERY IMPORTANT. WHETHER YOU PLAN TO ATTEND THE MEETING OR NOT, WE ASK YOU PLEASE TO CAST YOUR VOTE.

YOU MAY VOTE YOUR SHARES BY TELEPHONE, INTERNET, MAIL OR IN PERSON AT THE MEETING.

We look forward to your participation.

Sincerely,

ANTHONY E. MALKIN

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

April 4, 2019

111 West 33rd Street, 12th Floor
New York, NY 10120
T (212) 687-8700
F (212) 850-2751

NOTICE OF ANNUAL

STOCKHOLDERS MEETING **April 4, 2019**

MEETING INFORMATION

MAY 16, 2019

11:00 a.m., local (Eastern) time

State Grill
21 West 33rd Street
New York, New York 10118

The 2019 Annual Stockholders Meeting of Empire State Realty Trust, Inc., a Maryland corporation, will be held on Thursday, May 16, 2019 at 11:00 a.m., local (Eastern) time, at State Grill, 21 West 33rd Street, New York, New York 10118. At such Meeting, Class A and Class B common stockholders will be asked to consider and vote upon the following proposals:

1. a proposal to elect the seven director nominees named in the enclosed Proxy Statement to serve on our Board of Directors until the next annual stockholders meeting or until their successors are elected and qualify;

2. a proposal to approve, on a non-binding, advisory basis, the compensation of our named executive officers;

3. a proposal to approve the Empire State Realty Trust, Inc. Empire State Realty OP, L.P. 2019 Equity Incentive Plan; and

4. a proposal to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019.

In addition, stockholders may be asked to consider and act upon any other matter that may properly be brought before the Annual Stockholders Meeting or at any adjournment or postponement thereof. Any action may be taken on the foregoing matters at the Annual Stockholders Meeting on the date specified above, or on any date or dates to which, by original or later adjournment, the Annual Stockholders Meeting may be adjourned, or to which the Annual Stockholders Meeting may be postponed.

Our Board of Directors has fixed the close of business on March 7, 2019 as the record date for determining the Class A and Class B common stockholders entitled to notice of, to vote at, and to attend, the Annual Stockholders Meeting and any adjournment or postponement thereof. Only holders of record of our Class A common stock and Class B common stock at the close of business on that date will be entitled to such notice, vote, and attendance.

If you plan to attend the Annual Stockholders Meeting, please bring a picture I.D. and, if your shares are held in "street name" (*i.e.*, through a broker, bank or other nominee), a copy of a brokerage statement reflecting your stock ownership as of the close of business on March 7, 2019. If your shares are held in "street name," you will also need a duly authorized proxy from your broker, bank or other nominee to vote your shares at the Annual Stockholders Meeting. If you do not plan to attend the Annual Stockholders Meeting and vote your shares of common stock in person, we urge you to vote your shares as instructed in the Proxy Statement. Regardless of whether you attend the Annual Stockholders Meeting, please authorize your proxy electronically through the Internet or by telephone or by completing and mailing your proxy card so that your votes can be cast at the Annual Stockholders Meeting in accordance with your instructions. For specific instructions on authorizing a proxy, please refer to the instructions on the proxy card. Authorizing a proxy in any of these ways will not prevent you from voting in person at the Annual Stockholders Meeting if you are a stockholder of record as of March 7, 2019 or if you hold a proxy from a record holder.

If your shares of common stock are held by a broker, bank or other agent, please follow the instructions you receive from your broker, bank or other agent to have your shares voted.

Our Board of Directors recommends a vote "FOR" each of the seven director nominees and "FOR" each of proposals 2, 3 and 4.

By Order of our Board of Directors,

THOMAS N. KELTNER, JR.

Secretary

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL STOCKHOLDERS MEETING TO BE HELD ON MAY 16, 2019. THIS PROXY STATEMENT AND OUR 2018 ANNUAL REPORT TO STOCKHOLDERS ARE AVAILABLE AT *WWW.PROXYVOTE.COM*.

Table of Contents

Back to Contents

Back to Contents

PROXY SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement carefully before voting. Page references (“XX”) are supplied to help you find further information in this Proxy Statement.

References in this Proxy Statement to (i) “we,” “us,” “our,” “ours,” “ESRT,” and the “company” refer to Empire State Realty T Inc. and its consolidated subsidiaries and (ii) “stockholders” refers to holders of our Class A common stock and Class B common stock, unless the context requires otherwise.

MEETING INFORMATION

DATE AND TIME:	**LOCATION:**	
May 16, 2019 11:00 a.m. Eastern Time	State Grill, 21 West 33rd Street New York, New York 10118	Your vote is very important. Please submit your proxy as soon as possible (see “How do I vote?” on page 87 for voting instructions).

VOTING AGENDA / VOTING MATTERS

Proposal		**Board Recommendation**	**Page Reference**
Proposal 1:	the election of the seven director nominees named in the Proxy Statement to serve on our Board of Directors until the next annual stockholders meeting or until their successors are elected and qualify	**FOR** each nominee	10
Proposal 2:	the approval, on a non-binding, advisory basis, of the compensation of our named executive officers	**FOR**	74
Proposal 3:	the approval of the Empire State Realty Trust, Inc. Empire State Realty OP, L.P. 2019 Equity Incentive Plan (the “2019 Equity Plan”)	**FOR**	75
Proposal 4:	the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019	**FOR**	82

ABOUT US

Who We Are

We are a fully integrated real estate investment trust ("REIT") that 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. Our portfolio contains 10.1 million rentable square feet, comprised of 9.4 million rentable square feet in 14 office buildings and approximately 700,000 rentable square feet in the retail portfolio.

Our Strategy

When we went public in October 2013, we laid out a strategy that has remained consistent:

- Focus on office and retail properties in New York City and the Greater New York Metropolitan Area,
- Vacate and redevelop our older office and retail spaces and deliver our embedded, "de-risked" growth,
- Proactively manage our portfolio with a service-intensive approach to build long-term tenant and broker relationships, and
- Develop and maintain a low-levered, flexible balance sheet which gives us capacity for external growth.

Our Points of Differentiation

We differentiate ourselves from our peers and competitors in several ways.

- Fully modernized assets, centrally located near mass-transit,
- Embedded, de-risked growth potential and market-leading cash leasing spreads,
- Lowest levered balance sheet among public New York City office REITs, significant cash position, and fully undrawn credit facility,
- Secure market position between trophy/class A and class B properties with both upside opportunity and downside protection, and
- Industry leader in sustainability and energy efficiency.

Back to Contents

Our four drivers of top line de-risked and embedded growth over the next five years are shown in the graphic below, with a breakdown of these top-line revenue growth drivers that we estimated, as of December 31, 2018, will total $112 million:

FOUR DRIVERS OF EMBEDDED

DE-RISKED REVENUE GROWTH[(1)]

(1) *Amounts reflect management's estimates of additional revenues from the four drivers as of December 31, 2018 to be realized over the next 5 years. While such estimates reflect our management's good faith beliefs, they are not guarantees of future performance, and actual results may differ from our current projections.*

(2) *Represents the anticipated lease-up of 438,000 square feet of redeveloped Manhattan office space at an average starting rent of $64 per square foot ("PSF").*

(3) *Includes the mark-to-market opportunity for Manhattan and Greater New York Metropolitan Area office portfolios.*

(4) *Does not include the potential loss of revenue from tenants who are intentionally vacated for redevelopment or who do not renew.*

GOVERNANCE AND BOARD HIGHLIGHTS

We are committed to good corporate governance, which strengthens the accountability of our Board of Directors and promotes the long-term interests of our stockholders. The lists below highlight our independent Board and leadership practices and notable stockholder rights, as further discussed in this Proxy Statement.

INDEPENDENT BOARD AND LEADERSHIP PRACTICES

Majority of directors are independent (6 out of 7 current directors)

Board leadership structure where the Lead Independent Director has well-defined responsibilities separate from the Chairman of the Board

All Board committees are composed of independent directors

Board is focused on enhancing diversity and refreshment, with two new independent directors, or one-third of all independent directors, appointed in the last four years

Comprehensive risk oversight practices, including cybersecurity and other critical evolving areas

Independent directors conduct regular executive sessions

Directors maintain open communication and strong working relationships among themselves and regular access to management

Directors conduct robust annual Board and committee self-assessment process with third party support

Directors adhere to Minimum Share Ownership Guidelines

STOCKHOLDER RIGHTS

Frequent and robust stockholder engagement efforts

Mandatory director resignation policy for directors receiving less than a majority of votes cast in uncontested elections
Stockholder right to amend bylaws, recently added in part in response to investor feedback
Stockholder proxy access, adopted in 2018 in part in response to investor feedback
All directors elected annually (declassified Board)
Annual say-on-pay voting
No stockholder rights plan (i.e., no poison pill)

Back to Contents

Board Nominees

Name	Position	Age	Director Since	Independent	Committees
Anthony E. Malkin	Chairman and Chief Executive Officer	56	2011		None
William H. Berkman	Independent Director	54	2013		Finance (Chair) and Nominating and Corporate Governance
Leslie D. Biddle	Independent Director	52	2017		Audit and Nominating and Corporate Governance
Thomas J. DeRosa	Independent Director	61	2013		Audit
Steven J. Gilbert	Lead Independent Director	72	2013		Compensation, Finance and Nominating and Corporate Governance
S. Michael Giliberto	Independent Director	68	2013		Audit (Chair), Finance and Nominating and Corporate Governance
James D. Robinson IV	Independent Director	56	2015		Compensation (Chair) and Nominating and Corporate Governance (Chair)

Our Board, which is comprised entirely of independent directors other than our Chairman and Chief Executive Officer, is diverse in its perspectives and experience.

EXECUTIVE COMPENSATION HIGHLIGHTS

We tie a significant portion of our Chairman and Chief Executive Officer and executive officers' variable incentive pay to stock price or operational performance metrics that are directly aligned with the company's short- and long-term business plans. For 2018, 9% of our Chairman and Chief Executive Officer's pay was delivered in cash, and the remaining 91% was delivered in equity.

Our 2018 executive compensation program reflects our commitment to aligning pay with performance. A significant portion of our executive officers' compensation is in the form of multi-year, performance-based equity awards tied to total stockholder return ("TSR"). For the first time as a public company, our entire 2016-2018 three-year performance-based equity award was forfeited because the company did not achieve the threshold TSR rankings.

There has been no change in our Chairman and Chief Executive Officer's base salary, annual bonus target or long-term equity incentive compensation target since 2016, and our compensation programs for our other named executive officers are materially unchanged from 2016.

Back to Contents

The following chart shows base salary, annual incentive bonus and long-term equity incentive compensation awarded for the year ended 2018.

Named Executive Officer	Base Salary ($)	Annual Bonus ($)	Long-Term Equity Incentive Compensation ($)	Summary Compensation Table Total ($)
Anthony E. Malkin	810,000	2,000,000	6,545,801	9,530,041
John B. Kessler	700,000	750,000	3,093,122	4,544,372
David A. Karp	650,000	680,000	2,034,081	3,365,331
Thomas P. Durels	650,000	1,000,000	3,017,602	4,668,852
Thomas N. Keltner, Jr.	625,000	430,000	1,041,514	2,097,764

Base Salary Annual Bonus Long-Term Equity Incentive Compensation

We have adopted many market best practices with respect to our compensation practices. A number of those practices are set forth below.

WHAT WE DO

We pay for performance, and our compensation programs are designed to have direct alignment with TSR; salaries comprise a relatively modest portion of each named executive officer's overall compensation opportunity

We use multiple performance metrics and various performance periods in granting equity awards, which mitigates compensation-related risk

We have implemented a clawback policy that allows for the recovery of previously paid cash and equity compensation

We have "double-trigger" change in control benefits

We have robust stock ownership guidelines for our named executive officers and directors

We have a conservative compensation-related risk profile, as our compensation structure does not encourage excessive or inappropriate risk taking

We align the interests of our stockholders and executive officers by granting long-term equity awards that vest based on both achievement of TSR targets and continued service over time

We engage an independent compensation consultant to advise the Compensation Committee, which is comprised solely of independent directors

WHAT WE DO NOT DO

We do not provide "golden parachute" tax gross-up payments

We do not have "single-trigger" change of control benefits

We do not allow hedging; our Compensation Committee must approve any pledge of company stock by executives and other key employees

We do not encourage unnecessary or excessive risk taking; incentive awards are not based on a single performance metric and do not have guaranteed minimum payouts

We do not allow repricing of stock options unless with stockholder consent (at this time, we have not granted stock options at all)

We do not provide perquisites for our named executive officers, with the exception of very limited perquisites for our Chairman and Chief Executive Officer structured with safety considerations and for specific business purposes

EQUITY INCENTIVE PLAN PROPOSAL

We are asking stockholders to approve the 2019 Equity Plan, which the Compensation Committee has recommended to the Board for adoption and the Board has adopted, subject to stockholder approval, to enable the company to continue making equity awards to executives and other employees. The 2019 Equity Plan is an important part of our pay-for-performance philosophy, as it allows the company to award compensation that is tied to performance and aligned with the interests of our stockholders. The material features of the 2019 Equity Plan are set forth below in "Proposal 3: Approval of the 2019 Equity Incentive Plan" beginning on page 75.

Back to Contents

PROPOSAL 1: ELECTION OF DIRECTORS

Our Board of Directors currently consists of seven members, each serving for a term of one year or until his/her successor is duly elected and qualifies. Peter L. Malkin, our Chairman Emeritus, may attend meetings of our Board of Directors, but does not have board member voting status.

At the Annual Stockholders Meeting, stockholders will be asked to elect each of the director nominees to serve until the 2020 annual stockholders meeting or until their successors are duly elected and qualify. Our Board of Directors, upon recommendation of the Nominating and Corporate Governance Committee, has nominated Anthony E. Malkin, William H. Berkman, Leslie D. Biddle, Thomas J. DeRosa, Steven J. Gilbert, S. Michael Giliberto and James D. Robinson IV to serve as directors. Each of the nominated persons currently serves as a member of the Board and has consented to being named in this Proxy Statement and to serve as a director, if elected. If any nominee is unable to accept election, proxies voted in favor of such nominee will be voted for the election of such other person or persons as our Board of Directors may select.

The election of each nominee requires the affirmative vote of a plurality of all the votes cast at the Annual Stockholders Meeting at which a quorum is present in person or by proxy.

POLICY ON MAJORITY VOTING

Our Board of Directors has adopted a policy regarding the election of directors in uncontested elections. Pursuant to such policy, in an uncontested election of directors, any nominee who receives a greater number of votes affirmatively "against" his or her election than votes "for" his or her election will, within two weeks following certification of the stockholder vote with respect to such election, submit a written resignation offer to our Board of Directors for consideration by our Nominating and Corporate Governance Committee. Our Nominating and Corporate Governance Committee will consider the resignation offer and, within 60 days following such certification, make a recommendation to our Board of Directors concerning the acceptance or rejection of the resignation offer. Our Board of Directors will take formal action on the recommendation no later than 90 days following such certification. We will publicly disclose, in a Current Report on Form 8-K or periodic report filed with the Securities and Exchange Commission (the "SEC"), the decision of our Board of Directors, including an explanation of the process by which the decision was made and, if applicable, its reason or reasons for rejecting the tendered resignation.

We believe that each of our director nominees has the specific experience, qualifications, attributes, and skills necessary to serve as an effective director on our Board of Directors. A description of our process for identifying and evaluating director nominees, as well as our criteria for membership on our Board of Directors, is set forth below in "Consideration of Director Candidates" on page 14.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A **VOTE "FOR"** EACH DIRECTOR NOMINEE.

Back to Contents

INFORMATION REGARDING THE NOMINEES

The following biographical descriptions set forth certain information with respect to each nominee for election as a director at the Annual Stockholders Meeting. The biographical information includes the specific experience, qualifications, attributes and skills that led to the conclusion by our Board of Directors that such person should serve as a director.

ANTHONY E. MALKIN

	BIOGRAPHY:
Age 56 Director since: 2011 **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**	Anthony E. Malkin is our Chairman and Chief Executive Officer. He joined our predecessor entities in 1989. Mr. Malkin has been a leader in existing building energy efficiency retrofits through coordinating the team of Clinton Climate Initiative, Johnson Controls, JLL, and Rocky Mountain Institute in a groundbreaking project at the Empire State Building *(www.esbnyc.com)*. Mr. Malkin led the development of standards for energy efficient office tenant installations which is now known as the Tenant Energy Optimization Program at the Urban Land Institute. Mr. Malkin is a board member of the Real Estate Roundtable and Chair of its Sustainability Policy Advisory Committee, a member of the Urban Land Institute, member of the Board of Governors of the Real Estate Board of New York, member of the Partnership for New York City's Innovation Council, member of the Building Committee of the Metropolitan Museum of Art, and a member of the Committee Encouraging Corporate Philanthropy. Mr. Malkin received a bachelor's degree cum laude from Harvard College. **Mr. Malkin was selected to serve as a member of our Board of Directors based on his history with, and knowledge of, the company and his performance and achievements in his capacity as Chairman of the Board and Chief Executive Officer of the company.**

WILLIAM H. BERKMAN

	BIOGRAPHY:
Age 54 Director since: 2013	William H. Berkman is an entrepreneur and investor in the communications, media, technology and energy industries. Since January 2000, he has been the Co-Managing Partner at Associated Partners, LP and its predecessor partnership, Liberty Associated Partners, LP, both investment partnerships with Liberty Media Corporation that own controlling interests in wireless communications infrastructure companies AP Wireless Infrastructure Services, LLC and AP Towers, LLC. Mr. Berkman has co-founded multiple other telecommunications companies, such as Current Group, Teligent, Inc. and Nextel Mexico. Mr. Berkman previously served as a member of the board of directors for public companies IAC/InterActiveCorp, Liberty Satellite & Technology, Inc. and

INDEPENDENT

Teligent, Inc. He serves as a member of the board of directors for The Partnership for New York City and the Partnership's Fund for New York City. Mr. Berkman holds multiple patents for smart electric grid and communications systems. He has an A.B. from Harvard University, and in 1997, his family established the Berkman Center for Internet & Society at Harvard Law School. Mr. Berkman is a member of the 2009 class of Henry Crown Fellows and the Aspen Global Leadership Network at the Aspen Institute.

COMMITTEE MEMBERSHIP:

Finance (Chair)
Nominating and Corporate Governance

Mr. Berkman was selected to serve as a member of our Board of Directors because of his experience as an investor and as a director of publicly traded companies.

LESLIE D. BIDDLE

Age 52

Director since: 2017

INDEPENDENT

BIOGRAPHY:

Leslie D. Biddle is currently a Partner and President at Serengeti Asset Management. Prior to joining Serengeti in 2013, Ms. Biddle spent nearly 10 years at Goldman Sachs, where she was most recently Global Head of Commodity Sales and the Chief Financial Officer of the firm's investments in the metals and mining sector. She held positions as head of Power, Metals/Industrial, Latin American and Environmental Commodities. Ms. Biddle was responsible for many of the structured transactions in the private equity and power spaces including the monetization of the Allegheny DWR Contract, the structuring of Calpine Construction Finance Company hedge, the Texas Genco acquisition, the Northern Tier Energy financing and the TXU leveraged buyout. Ms. Biddle was also a member of the firm's Finance Committee, Business Practices Committee, Firmwide New Activity Committee, Structured Investment Products Committee, and European Audit and Compliance Committee. She was named Managing Director in 2004 and Partner in 2006. Prior to joining Goldman Sachs, Ms. Biddle was a Vice President at the AES Corporation focusing on project finance and power plant development. She also served as a Vice President at the Overseas Investment Corporation, providing political risk insurance and financing to U.S. companies expanding overseas. Ms. Biddle currently serves as a member of the Board of Directors of CenterPoint Energy, Inc. She holds an A.B. from Colby College, where she is Vice Chair of the Board of Trustees.

COMMITTEE MEMBERSHIP:

Audit
Nominating and Corporate Governance

OTHER CURRENT PUBLIC DIRECTORSHIPS:

CenterPoint Energy, Inc.

Ms. Biddle was selected to serve as a member of our Board of Directors based on her extensive experience in global investment and finance.

Back to Contents

THOMAS J. DEROSA

Age 61

Director

since: 2013

INDEPENDENT

BIOGRAPHY:

Thomas J. DeRosa is currently Chief Executive Officer and a member of the board of directors of Welltower Inc. (NYSE: WELL). Welltower is an owner, manager, and developer of health care real estate and infrastructure, structured as a REIT. Previously, he served as the Vice Chairman and Chief Financial Officer of the Rouse Company, a leading owner, operator and developer of commercial real estate and master planned residential communities, from September 2002 until November 2004 when it was merged with General Growth Properties, Inc. (NYSE: GGP). Prior to joining the Rouse Company, Mr. DeRosa spent over 20 years in investment banking. From 1992 to September 2002, Mr. DeRosa held various positions at Deutsche Bank AG (NYSE: DB), including Global Co-Head of the Health Care Investment Banking Group, and at Alex Brown & Sons, including Managing Director of the Real Estate Investment Banking Group. Mr. DeRosa also served as a member of the board of directors of Dover Corporation (NYSE: DOV), a manufacturer and service provider for a broad range of specialized products and components, from 2007 to 2010, and as a member of the board of directors of CBL & Associates Properties, Inc. (NYSE: CBL), a REIT that invests in mall properties, from 2010 to 2015. Mr. DeRosa is a member of the board of directors of Value Retail PLC, a U.K.-based owner, operator and developer of luxury outlet shopping villages in Europe. Mr. DeRosa served on the board of directors of Georgetown University from 2007 to 2013. Mr. DeRosa currently is Governor of the World Economic Forum, a member of the Advisory Board of the Health Care and Pharmaceutical Management Program at Columbia Business School, a member of the Board of the Park Avenue Armory and a Director of CECP, The CEO Force for Good which was founded by our Chairman Emeritus, and actor and philanthropist, Paul Newman. In 2018, Mr. DeRosa was named to the Board of Overseers of the Columbia University School of Business. Mr. DeRosa received a bachelor’s degree from Georgetown University and an M.B.A. from Columbia University.

COMMITTEE MEMBERSHIP:	**OTHER CURRENT PUBLIC DIRECTORSHIPS:**
Audit	Welltower Inc.

Mr. DeRosa was selected to serve as a member of our Board of Directors because of his extensive experience as a senior executive and director of public, NYSE-listed companies, including REITs.

STEVEN J. GILBERT

BIOGRAPHY:

Age 72

Director

since: 2013

INDEPENDENT

LEAD INDEPENDENT DIRECTOR

Steven J. Gilbert has over 47 years of experience in private equity investing, investment banking and law, and he has invested in and managed numerous companies during his career. Mr. Gilbert has served as Chairman of the board of directors of Gilbert Global Equity Partners, L.P., a private equity fund since 1998, as Vice Chairman of the Executive Board of MidOcean Capital Partners, L.P., a private equity firm since 2005, and as Co-Chairman of Birch Grove Capital, a credit hedge fund since 2013. Mr. Gilbert also serves as a director of MBIA, Inc. (NYSE: MBI), a provider of financial guarantee insurance, fixed-income asset management and other specialized financial services, since 2011, as Chairman of the Board of TRI Pointe Homes, Inc. (NYSE: TPH), a single family home builder, since 2013, as a director of Oaktree Capital Group LLC (NYSE: OAK), a global alternative investment manager, and a director of The Fairholme Funds (NASDAQ: FAIRX). He was previously Director of Waterpik, Inc., a manufacturer of personal and oral healthcare products, from 2013 to 2017, Vice Chairman of Stone Tower Capital, a leading independent investment manager, from 2010 to 2012, and Chairman and Senior Managing Director of SUN Group (USA), an investment firm, from 2007 to 2009. Within the past five years, Mr. Gilbert has served as Chairman of the board of directors of DURA Automotive Systems, Inc., an independent designer and manufacturer of driver control systems, CPM Holdings, Inc. (HKG: 0906), a manufacturer of process equipment used for oilseed and animal feed production, Co-Chairman of True Temper Sports, Inc., a manufacturer of golf shafts and precision sports equipment, and director of Olympus Re, a reinsurance company, as well as director of several privately held companies. Mr. Gilbert is a member of the Writer’s Guild of America (East) and the Council on Foreign Relations and a director of the Lauder Institute at the University of Pennsylvania. He was previously a Trustee of the New York University Langone Medical Center. Mr. Gilbert received a bachelor’s degree in economics from the Wharton School at the University of Pennsylvania, a law degree from the Harvard Law School, and an M.B.A. from Harvard Business School.

COMMITTEE MEMBERSHIP:	**OTHER CURRENT PUBLIC DIRECTORSHIPS:**
Compensation	MBIA, Inc.
Finance	TRI Pointe Homes, Inc.
Nominating and Corporate Governance	Oaktree Capital Group LLC
	The Fairholme Funds

Mr. Gilbert was selected to serve as a member of our Board of Directors based on his extensive experience leading companies in the financial services industry and serving as a director of public, NYSE-listed companies.

Back to Contents

S. MICHAEL GILIBERTO

Age 68

Director

since: 2013

INDEPENDENT

BIOGRAPHY:

S. Michael Giliberto currently consults with investment management firms and has produced the Giliberto-Levy Commercial Mortgage Performance Index, an index that measures the investment performance of institutional-grade commercial mortgage whole loans, since 1993. He has consulted for several major real estate investment management firms and serves on the Advisory Committee on Real Estate at the University of Washington and on the Real Estate Advisory Committee for the New York State Common Retirement Fund. He previously served as Director of Portfolio Strategy and Senior Portfolio Manager at J.P. Morgan Asset Management from 2002 to 2010, and before that, he served as the head of Real Estate Research at J.P. Morgan Investment Management from 1996 to 2002. Prior to joining J.P. Morgan, Mr. Giliberto worked at Lehman Brothers, Inc. in the Fixed-Income Research department from 1993 to 1996 and at Salomon Brothers Inc. in the Real Estate Research department from 1989 to 1992. Before his career in the financial services industry, Mr. Giliberto was a professor in the Real Estate and Urban Land Economics Department at Southern Methodist University in Dallas, Texas. Mr. Giliberto has authored multiple publications about real estate investment, performance, asset allocation and capital markets, and he has been an Adjunct Professor at Columbia University’s Graduate School of Business since 2007. In the past, he has served on the Real Estate Information Standards Board, and he was a director of the Pension Real Estate Association, where he served as Treasurer and Chairman and was awarded the 1996 Graaskamp Award for research excellence. Mr. Giliberto received a bachelor’s degree from Harvard College, a master’s degree in business economics from the University of Hartford, and a Ph.D. in finance from the University of Washington, and is a Fellow of the Royal Institution of Chartered Surveyors.

COMMITTEE MEMBERSHIP:

- Audit (Chair)
- Finance
- Nominating and Corporate Governance

Mr. Giliberto was selected to serve as a member of our Board of Directors based on his extensive experience in real estate investment and finance.

JAMES D. ROBINSON IV

Age 56

Director

since: 2015

BIOGRAPHY:

James D. Robinson IV is currently a Founder and Managing Partner at RRE Ventures. He has been active within the technology community for over 30 years, and has led investments in and served on the boards of more than 40 technology companies. He is a Co-Founder and Director of Abra, and a Director of HYPR, Netsertive, NihaoPay, Noom, OLO and TheSkimm. Mr. Robinson is a Board Observer at Digital Currency Group (DCG) and Bitpay. Mr. Robinson has been recognized on the Forbes Midas List of Top 100 VC’s, as well as Institutional Investors’ Top Fintech Investors. Previously, he worked at H&Q Venture Capital and J.P. Morgan & Co. Earlier, he founded IV

INDEPENDENT

Systems (Unix applications). Mr. Robinson holds an MBA from Harvard and a joint degree in Computer Science & Business Administration from Antioch College. He is a director of the New York City Partnership Investment Fund and the HBS Alumni Angels.

COMMITTEE MEMBERSHIP:

Compensation (Chair)

Nominating and Corporate Governance (Chair)

Mr. Robinson was selected to serve as a member of our Board of Directors based on his more than 30 years of management and board experience in his industry, which drives the bulk of the business and job growth in our markets.

Back to Contents

CONSIDERATION OF DIRECTOR CANDIDATES

The Nominating and Corporate Governance Committee considers candidates it identifies and properly submitted stockholder recommendations for candidates for membership on our Board of Directors. In evaluating such candidates, the Nominating and Corporate Governance Committee seeks to achieve a balance of knowledge, experience, diversity and capability on our Board of Directors and to address the membership criteria set forth below in "Director Qualifications." Any stockholder recommendation for consideration by the Nominating and Corporate Governance Committee should include the nominee's name and qualifications for membership on our Board of Directors. The recommending stockholder should also submit evidence of the stockholder's ownership of our shares, including the number of shares owned and the length of time of ownership. The recommendation should be addressed to the Corporate Secretary, Empire State Realty Trust, Inc., 111 West 33rd Street, 12th Floor, New York, New York 10120.

Director Qualifications

Our Corporate Governance Guidelines contain the membership criteria for our Board of Directors. Directors should:

- possess the highest personal and professional ethics and integrity, exercise good business judgment, and be committed to representing the long-term interests of the company and our stockholders;
- have an inquisitive and objective perspective, practical wisdom and mature judgment; and
- serve our goal of diversity in professional experience and expertise to provide a range of viewpoints relevant to our business.

Directors must be willing to devote sufficient time and effort to carrying out their duties and responsibilities effectively and should be committed to serve on our Board of Directors for an extended period of time. A director who also serves as chief executive officer or holds an equivalent position at another company should not serve on more than two other boards of public companies in addition to our Board of Directors, and other directors should not serve on more than four other boards of public companies in addition to our Board of Directors. Pre-existing positions in excess of these limits may be maintained, unless our Board of Directors determines that doing so would impair the quality of the director's service to our Board of Directors.

The Nominating and Corporate Governance Committee ensures that any potential nominee is not an employee or agent of, and does not serve on the board of directors or similar managing body of, any of our competitors. The Nominating and Corporate Governance Committee also determines whether the potential nominee has a material interest in any transaction to which we are a party.

Identifying and Evaluating Candidates for Director

The Nominating and Corporate Governance Committee regularly identifies, reviews and discusses potential new candidates for director who could be valuable assets to our Board and to the company. The Nominating and Corporate Governance Committee considers whether, among other things, such candidates' backgrounds and experiences would align with the company's long-term strategy, enhance the Board's diversity and preserve the dynamic and effective culture that it believes exists in the Board's current composition. The Nominating and Corporate Governance Committee also takes the results of the Board's annual self-evaluation into account when considering Board candidates and composition.

The Nominating and Corporate Governance Committee may identify or solicit recommendations for director nominees from any or all of the following sources: non-management directors, the Chairman and Chief Executive Officer, other executive officers, third-party search firms or any other source it deems appropriate. The Nominating and Corporate Governance Committee will also consider candidates recommended by stockholders. At the majority of its in-person meetings, the Nominating and Corporate Governance Committee reviews the Board's current composition and its on-going list of potential new candidates for director.

The Nominating and Corporate Governance Committee routinely reviews and evaluates the qualifications and background of any director candidate whom it selects or who is proposed in accordance with its charter. In identifying and evaluating director candidates, the Nominating and Corporate Governance Committee may consider, in addition to the minimum qualifications for its recommended director nominees, all facts and circumstances that it deems appropriate or advisable, including the skills of the proposed director candidate,

Back to Contents

his or her depth and breadth of business experience, his or her independence and the needs of the Board. Once the Nominating and Corporate Governance Committee has identified candidates and has recommended such candidates to the Board, the Board selects nominees to be voted upon by the stockholders.

Prior to a vote as to whether a potential nominee is recommended to our Board of Directors, each member of the Nominating and Corporate Governance Committee is provided reasonable access to such potential nominee. Such access includes a reasonable opportunity to interview such potential nominee in person or by telephone and to submit questions to such potential nominee. In addition, each potential nominee must provide the Nominating and Corporate Governance Committee with a written detailed biography and must identify the committees of our Board of Directors on which the potential nominee would be willing to serve.

Board Diversity

Diversity is an important objective at our company and for our Board. We look at diversity in all of its manifestations, including current and past business activities, and our Board represents diversity in age, perspectives and experience, and we value each component as a link to new ideas and constituents.

We are committed to maintain and improve diversity within the limitations of our Board size, as we believe our stockholders benefit from the deep engagement and responsiveness of our seven member Board. In addition, each director individually conducts a separate conference with our Chairman and Chief Executive Officer and President during each period between quarterly Board meetings.

Our last Board vacancy (upon the death of Alice M. Connell in 2017) was filled by a distinguished woman, Leslie D. Biddle. We continue to look for opportunities to enhance diversity on our Board and continue to evaluate the ideal size, roles, diversity and desired experience for our Board going forward. Our Board does not discriminate on the basis of race, color, national origin, gender, religion, disability, or sexual preference in selecting director candidates. The Nominating and Corporate Governance Committee will evaluate all proposed director candidates whom it considers or who have been properly recommended to it by stockholders based on the same criteria and in substantially the same manner, without regard to the source of the initial recommendation of the proposed director candidate.

LEADERSHIP STRUCTURE OF OUR BOARD OF DIRECTORS

Our Board of Directors understands there is no single, generally accepted approach to providing board leadership and does not have a fixed policy regarding the separation of the roles of Chief Executive Officer and Chairman of our Board of Directors. Given the dynamic and competitive environment in which we operate, the Board believes that the appropriate leadership may vary as circumstances warrant and that currently it is in our company's best interests to have Anthony E. Malkin serve as Chairman of our Board of Directors and Chief Executive Officer, because combining these roles in him promotes effective leadership, taps his depth of knowledge about our company and assets, and provides the clear focus needed to execute our business strategies and objectives.

Except for our Chairman, our Board of Directors consists entirely of independent directors. Further, our Board has appointed Steven J. Gilbert as Lead Independent Director, to assume duties which include chairing executive sessions of the independent directors, reviewing and commenting on Board agendas prior to meetings, facilitating communications, resolving any conflict among directors or between directors and senior management, and consulting with and providing counsel to our Chief Executive Officer as needed or requested.

BOARD OVERSIGHT OF STRATEGY

Our Board actively participates with management in the development, evaluation and refinement of our business strategy to help ensure that our strategic priorities are thoughtfully constructed and well-articulated to all constituents. The Board receives updates from management, including on progress toward our long-term redevelopment and repositioning program, proactive management of our portfolio and tenant relationships, changes in market conditions and external opportunities and challenges. The Board assists our management to refine its business strategy and react to particular opportunities or challenges that arise. While management is charged with executing strategy on a daily basis, the Board monitors and evaluates performance through regular updates and active dialogue with our senior management team. Aspects of our business strategy are discussed at every meeting, and key elements of our strategy are embedded in the work performed by the committees of the Board. The directors on our Board believe that, through these ongoing efforts, they are able to focus on our performance over the short, intermediate and long-term to secure long-term growth of the business for our stockholders.

Back to Contents

OUR BOARD OF DIRECTORS' ROLE IN RISK OVERSIGHT

While risk management is primarily the responsibility of our senior management team, our Board of Directors plays an active role in overseeing management's processes and controls to address our company's risks.

While each committee assumes certain responsibilities to evaluate certain risks and oversee management's plan regarding such risks, the full Board of Directors keeps itself regularly informed regarding such risks through committee reports and otherwise.

In addition to our Board of Directors' review of risks applicable to our company generally, the Board conducts an annual self-assessment in order to evaluate performance for the purpose of improving Board and committee processes and effectiveness.

Back to Contents

BOARD OF DIRECTORS AND COMMITTEE SELF-EVALUATIONS

Throughout the year, our Board of Directors discusses corporate governance practices with management and third party advisers to ensure that the Board and its committees follow practices that are optimal for the company and its stockholders. As part of this process, the Board conducts an annual self-evaluation in order to determine whether it and its committees are functioning effectively. With concurrence from the Board, the Nominating and Corporate Governance Committee develops and implements procedures for the design and implementation of the Board self-evaluation process. In 2018, our Board again engaged a third party service provider to assist with developing and administering a director self-assessment questionnaire, with topics that included Board and committee composition and culture, Board and committee meetings and administration, the company's strategy and performance, succession planning and risk management. Our Chairman and Chief Executive Officer and Lead Independent Director conferred with Board members and each committee Chair to summarize the questionnaire responses and recommendations for discussion with the Board. At its next in-person meeting, each committee and the Board held a discussion of these topics.

DIRECTOR ON-BOARDING AND CONTINUING EDUCATION

The Board has an orientation and on-boarding program as part of its effort to integrate new directors in their role and familiarize them with the company. The company also provides continuing education for all directors.

New Director Orientation	Our orientation program is tailored to the needs of each new director depending on his or her level of experience serving on other boards and knowledge of the company or industry acquired before joining the Board. Materials provided to new directors include information on the company's business plan, financial matters, corporate governance practices, the Code of Business Conduct and Ethics ("Code of Conduct"), and other key policies and practices. New directors meet with the Chairman and Chief Executive Officer, executive officers and other members of senior management for briefings on the executives' responsibilities, programs and challenges. New directors are invited for tours of our properties, including the visitor experience of the Observatory at the Empire State Building. New Audit Committee members meet with representatives from our independent registered accounting firm.
Continuing Director Education	Representatives of management brief the Board regularly on topics designed to provide directors a deeper understanding of various aspects of our business. Continuing director education is provided during portions of Board and committee meetings and other Board discussions. Our focus is on items necessary to enable the Board to consider effectively longer-term strategic issues and topics that address their fiduciary responsibilities. During 2018, for example, the Board received a presentation from the company's employment counsel on best practices for handling harassment or discrimination matters. The Audit Committee devotes time to educating committee members about new accounting rules and standards, and topics necessary to having a good understanding of our accounting practices and financial statements. The Nominating and Corporate Governance Committee receives presentations by legal advisors on topics such as governance trends and shareholder activism. The Board uses property visits as a regular part of education. Our Board's engagement in the company's business, such as these on-site visits at our properties and to the Observatory at the Empire State Building, provides it with useful information and perspectives that enhance its performance.

Back to Contents

DIRECTOR INDEPENDENCE

Background

Our Corporate Governance Guidelines provide that a majority of our directors serving on our Board of Directors must be independent as required by the listing standards of the New York Stock Exchange (“NYSE”). In addition, our Board of Directors has adopted director independence standards that assist our Board of Directors in making determinations with respect to the independence of directors.

Independence Determinations Made by Our Board of Directors

Our Board of Directors has determined, based upon its review of all relevant facts and circumstances and after considering all applicable relationships of which our Board of Directors has knowledge between or among the directors and the company or our management, that each of our directors, other than Anthony E. Malkin, has no material relationship with us (either directly or as a partner, stockholder, director or officer of an organization that has a relationship with us) and is “independent” as defined in the NYSE listing standards and our director independence standards. No director participated in the final determination of his own independence.

EXECUTIVE SESSIONS OF INDEPENDENT DIRECTORS

The independent members of our Board of Directors meet in executive session during each regularly scheduled meeting of our Board of Directors without the presence of any persons who are part of our management. The executive sessions are chaired by our Lead Independent Director.

BOARD MEETINGS AND ATTENDANCE

During 2018, our Board of Directors held four meetings and acted by unanimous written consent on four occasions. We encourage each member of our Board of Directors to attend each annual stockholders meeting in person, and all such members did so in 2018, as in prior years.

In 2018, **each director attended 100% of the meetings** of our Board of Directors and of each committee of our Board of Directors on which such director served.

Back to Contents

BOARD COMMITTEES

Our Board has four standing committees: an Audit Committee, a Compensation Committee, a Finance Committee and a Nominating and Corporate Governance Committee. The current charter for each of these committees is available on our corporate website at *www.empirestaterealtytrust.com* in the "Investors/Governance Documents" section.

AUDIT COMMITTEE

MEMBERS:

S. Michael Giliberto (Chair)
Leslie D. Biddle
Thomas J. DeRosa

Meetings held in 2018: **11**

We have adopted an Audit Committee Charter, which outlines the principal functions of the Audit Committee, including assisting our Board of Directors in overseeing:

- our financial reporting, auditing and internal control activities, including the integrity of our financial statements;
- our compliance with legal and regulatory requirements and ethical behavior;
- the independent auditor's qualifications and independence;
- the performance of our internal audit function and independent auditor; and
- the preparation of Audit Committee reports for inclusion in this Proxy Statement.

The Audit Committee is also responsible for:

- engaging our independent registered public accounting firm;
- reviewing with our independent registered public accounting firm the plans and results of the audit engagement;
- approving professional services provided by our independent registered public accounting firm;
- reviewing the independence of our independent registered public accounting firm,
- considering the range of audit and non-audit fees; and
- reviewing the adequacy of our internal accounting controls.

Additional information regarding the functions performed by our Audit Committee is set forth in the "Audit Committee Report" included in this Proxy Statement on page 84.

Each of the current members of the Audit Committee is "independent" and "financially literate" as such terms are defined by the applicable rules of the SEC and/or NYSE. Our Board of Directors has also determined that each of them is an "audit committee financial expert" as defined in the rules promulgated by the SEC under the Sarbanes-Oxley Act of 2002, as amended.

COMPENSATION COMMITTEE

MEMBERS:

James D. Robinson IV (Chair)
Steven J. Gilbert

Meetings held in 2018: **6**

We have adopted a Compensation Committee Charter, which outlines the principal functions of the Compensation Committee, including:

- reviewing and approving on an annual basis the corporate goals and objectives relevant to the compensation paid by us to our Chief Executive Officer and the other members of our senior management team, evaluating the performance of our Chief Executive Officer and the other members of our senior management team in light of such goals and objectives, and determining and approving the remuneration of our Chief Executive Officer and the other members of our senior management team based on such evaluation;

- with advice from an independent consultant, reviewing and making recommendations to the Board of Directors with respect to non-executive director compensation;
- overseeing any equity-based remuneration plans and programs;
- assisting our Board of Directors and its Chairman in overseeing the development of executive succession plans;
- preparing and recommending to the Board of Directors for inclusion in the annual proxy statement the Compensation Committee report; and
- retaining and approving the compensation of any compensation advisors and evaluating the independence of any such compensation advisors.

Each of the current members of the Compensation Committee is "independent" as defined by the applicable rules of the NYSE and is a "non-employee director" as defined by the applicable rules and regulations of the SEC.

Back to Contents

FINANCE COMMITTEE

MEMBERS:

William H. Berkman (Chair)
Steven J. Gilbert
S. Michael Giliberto

Meetings held in 2018: **2**

We have adopted a Finance Committee Charter, which outlines the principal functions of the Finance Committee, including:

- assisting the Board of Directors in its oversight of our capital structure, financial policies and strategies; and
- at the request of the Board of Directors, providing advice to management, and a vote on management's recommendations to the Board of Directors, regarding the debt and equity structure of the company, which may include: (i) the company's credit rating strategies, (ii) the company's hedging program, if any, and the policies and procedures governing the use of financial instruments, and (iii) material terms of the company's issuance of debt and equity securities and authorization for stock repurchases and stock splits.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

MEMBERS:

James D. Robinson IV (Chair)
William H. Berkman
Leslie D. Biddle
Steven J. Gilbert
S. Michael Giliberto

Meetings held in 2018: **4**

We have adopted a Nominating and Corporate Governance Committee Charter, which outlines the principal functions of the Nominating and Corporate Governance Committee, including:

- providing counsel to our Board of Directors with respect to the organization, function and composition of our Board of Directors and its committees;
- developing and implementing procedures and exercising oversight of our Board's annual self-evaluation and evaluation of management and reporting same to our Board;
- periodically reviewing and, if appropriate, recommending to our Board of Directors changes to, our corporate governance policies and procedures, including our Code of Conduct;
- identifying and recommending to our Board of Directors potential director candidates for nomination; and
- recommending to our Board of Directors the appointment of each of our executive officers.

Each of the current members of the Nominating and Corporate Governance Committee is "independent" as such term is defined by the applicable rules of the NYSE.

Back to Contents

CORPORATE GOVERNANCE POLICIES AND PRACTICES

Corporate Governance Guidelines

Our Board of Directors has adopted Corporate Governance Guidelines which address significant issues of corporate governance, including among others director qualification standards, director responsibilities, director access to management and independent advisors, director compensation, director orientation and continuing education, director self-evaluation, management responsibilities, management succession, annual performance evaluation of management by our Board of Directors, and meeting procedures. These guidelines meet or exceed the listing standards adopted by the NYSE, on which our Class A common stock is listed. Our Nominating and Corporate Governance Committee is responsible for assessing and periodically reviewing the adequacy of the Corporate Governance Guidelines and will recommend, as appropriate, proposed changes to our Board of Directors.

Standards of Business Conduct, Ethics and Corporate Culture

Our corporate standards are clearly articulated so that they may be understood by every person at the company. To this end, the company has documented the Code of Conduct as well as a set of Guiding Principles that, together, provide the principles that govern employee conduct with our tenants and vendors, stockholders and one another, as well as with the markets and communities in which we do business.

CODE OF BUSINESS CONDUCT AND ETHICS

Our Board of Directors has adopted the Code of Conduct, which applies to our directors, officers and employees and is reviewed and overseen by our Nominating and Corporate Governance Committee. We train our employees on the Code of Conduct on an annual basis and provide additional compliance training on key topics on a rotational basis, including insider trading, anti-harassment and discrimination and cybersecurity. All employees are required annually to reaffirm their compliance with the Code of Conduct. The Code of Conduct's focus is on maintaining a strong corporate culture that instills and enhances a sense of personal accountability. Among other matters, the Code of Conduct is designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest involving personal and/ or professional relationships;
- fair, accurate, timely and understandable disclosure in our SEC reports and other public communications;
- compliance with applicable governmental laws, rules and regulations; and
- prompt internal reporting of violations of the Code of Conduct to appropriate persons identified in the Code of Conduct.

Employees are required to speak up about misconduct and report suspected or known Code of Conduct violations. The Code of Conduct prohibits retaliation against anyone who raises an issue or concern in good faith. Any waiver of the Code of Conduct for our directors or executive officers may be made only by our Board of Directors or one of our Board committees. We intend to disclose on our website any amendment to, or waiver of, any provision of the Code of Conduct that would be required to be disclosed under the rules of the SEC or the NYSE.

GUIDING PRINCIPLES

The company's Guiding Principles are a compilation of authentic traits which made the company's predecessor entities successful. These principles are intended to remind long-term team members, and acquaint new team members, regarding the company's genuine characteristics which are important to the company's past and its future success. Our Guiding Principles set forth five central tenets for the company:

- ESRT is not about buildings, it is about service, and our service is our Brand;
- ESRT is a Team;
- ESRT acts on Knowledge: we do what we know; if we do not know, we ask, and if we do know, we teach;
- ESRT relies on communication; and
- ESRT's goal is Once Right: we look for development of repeatable processes to provide certainty and save time.

You are encouraged to visit our website at *www.empirestaterealtytrust.com* to view or obtain copies of our Corporate Governance Guidelines and Code of Conduct. The information found on, or accessible through, our website is not incorporated into, and does not (including, with respect to environmental sustainability, as noted below) form a part of, this Proxy Statement or any other report or document we file with or furnish to the SEC. You may also obtain, free of charge, a copy of our Corporate Governance Guidelines and Code of Conduct by directing your request in writing to Corporate Secretary, Empire State Realty Trust, Inc., 111 West 33rd Street, 12th Floor, New York, New York 10120.

Back to Contents

Whistleblower Policy

Our Audit Committee has adopted procedures for (i) the anonymous and confidential submission by employees or other interested parties of complaints or concerns regarding violations of securities laws or questionable accounting, internal accounting controls or auditing matters, and (ii) the receipt, retention and treatment of employee complaints or concerns regarding such matters. If you wish to contact our Audit Committee to report complaints or concerns relating to the financial reporting of our company, you may do so via our hotline at (855) 326-9626, via email at *https://reportlineweb.com/empirestaterealtytrust*, or in writing to our General Counsel or the Chairman of our Audit Committee, Empire State Realty Trust, Inc., 111 West 33rd Street, 12th Floor, New York, New York 10120. Any such communication may be made anonymously.

COMMUNICATIONS WITH OUR BOARD OF DIRECTORS

We have a process by which stockholders and/or other parties may communicate with our Board of Directors, our independent directors as a group, or our individual directors by e-mail or regular mail. Any such communication may be made anonymously. All communications by e-mail should be sent to Investor Relations at *ir@empirestaterealtytrust.com*. Communications sent by regular mail should be sent to the attention of the Board of Directors, the Independent Directors, the Lead Independent Director, any of the Chairs of the Audit Committee, Compensation Committee, Finance Committee, or Nominating and Corporate Governance Committee, in each instance in care of the company's Chief Financial Officer at the company's office at 111 West 33rd Street, 12th Floor, New York, New York 10120.

The company's Chief Financial Officer will review each communication received in accordance with this process to determine whether the communication requires immediate action. All appropriate communications received, or a summary of such communications, will then be forwarded to the appropriate member(s) of our Board of Directors. However, we reserve the right to disregard any communication which the company's Chief Financial Officer determines is unduly hostile, threatening, illegal, unrelated to the company, or otherwise inappropriate.

Back to Contents

ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRINCIPLES

Environmental, social and governance ("ESG") principles play a strategically important role in our capital allocation, innovation process and the way in which we interact with our stakeholders. We believe that disclosure about our ESG practices allows our stockholders to see our company holistically and understand its trajectory beyond fundamentals and financial metrics. This section of our Proxy Statement contains information about a variety of our ESG practices, which we pursue in a manner which we believe ultimately benefits our stockholders and positions us to be an industry leader. Additional information about the corporate governance of our company is also included in other sections of this Proxy Statement.

ENVIRONMENTAL SUSTAINABILITY

Our sustainability initiatives are a critical component of our commitment to corporate responsibility. Our focus is on facts reported clearly, and our innovation in sustainability gives us a competitive edge as we compete to lease space to quality tenants, and thus improve stockholder value.

We are committed to integrated portfolio-wide strategies for energy efficiency and sustainability. We have requirements in our buildings for practices to enhance the health and wellness of our building occupants during design, construction, operations and maintenance. Our sustainability program is structured around quantifiable improvement in key areas, including: energy efficiency, water efficiency, recycling and waste diversion and healthy work environments for our tenants and employees (indoor environmental quality, or "IEQ"). Key performance indicators allow us to measure the success of our sustainability efforts.

Our sustainability priorities are shaped by our Sustainability Committee. The Sustainability Committee meets quarterly, and its standing members include our Chairman and Chief Executive Officer, other named executive officers, a number of our senior executives, property construction and operations executives, and an outside consultant. The Sustainability Committee's agenda has been customized over time to reflect the company's proactive leadership and commitment to results.

High performance design and construction guidelines are integrated into all of our leases. These guidelines include performance-based criteria for energy, water, healthy IEQ, responsible materials specifications and waste diversion. Our lease requirements allow for collaboration between tenant and landlord to achieve efficiency improvements. We share energy, water, waste and IEQ data with our tenants and provide them with expertise and on-going advice to ensure continued efficient performance.

Back to Contents

We engage in numerous ways on our sustainability efforts, including through these initiatives:

KEY PERFORMANCE INDICATORS

We continue to grow our sustainability initiatives based upon innovation and continuous feedback from our tenants and other constituents:

- education and engagement with our tenants at annual town hall meetings, one-on-one customized meetings, tenant Green Committee meetings, education materials in emails and on our elevator screens, and building events;
- training sessions with building engineers and property managers on code changes, demand management, building management systems, recycling and tenant energy management;
- monitoring and verification of energy efficiency measures within tenant spaces;
- dedicated sessions during leasing, broker and project management meetings; and
- sessions with our employees at ESRT University, which provides educational seminars.

We have developed a comprehensive goal-setting, tracking and reporting sustainability program, reported via our portfolio sustainability matrix that is built around investment and return-oriented measures of success and verified benefits to our employees and tenants. We choose to pursue our own approach rather than participate in certain third-party certification programs of limited utility. We believe our approach advances our sustainability and our tenants' goals with quantifiable results.

Our Chairman and Chief Executive Officer speaks nationally and internationally on the subject of energy efficiency in the existing built environment. He is also the Chair of the Real Estate Roundtable's Sustainability Policy Advisory.

We are also industry leaders and have achieved recognition for our leadership in energy performance, green leasing, purchasing of renewable energy, the Urban Land Institute's Tenant Energy Optimization Program, and Energy Star for Tenant Spaces. We have received the Environmental Protection Agency's Energy Star Green Power and Green Lease Leaders Awards.

Back to Contents

Energy

Our industry-leading energy efficiency and sustainability work, which we first undertook at the Empire State Building, continues to be implemented throughout our entire portfolio. Because our tenants' energy usage impacts our overall building performance, we partner with our tenants to drive return-on-investment-based energy efficiency by monitoring our reduction in energy consumption and continuously developing new energy conservation measures and technologies for our buildings and tenants. Our energy efficiency practices not only help save tenants money through reduced direct utility costs, but they also create healthy workplace environments. To the extent the energy sources we use produce carbon, our comprehensive work lowers carbon emissions. Our team of experts conducts on-going monitoring and verification audits and Tenant Energy Management (TEM) analytics.

We completed a groundbreaking deep energy retrofit project at the Empire State Building, which serves as the leading global model demonstrating the business case for deep energy retrofits. All project information is publicly available and open source at *www.esbsustainability.com*. We developed practices for high performing tenant installations, and our Chairman and Chief Executive Officer led the program which made that information available as the Tenant Energy Optimization Program at the Urban Land Institute for which project information is publicly available and open source at *https://tenantenergy.uli.org*.

Based upon the latest methodology and available certified scores, 84% of our eligible office portfolio measured by square feet is Energy Star Certified. Energy Star-certified buildings meet strict energy performance standards set by the Environmental Protection Agency. They use less energy and are less expensive to operate, and have a reduced impact on the environment.

(1) Based upon the latest methodology and available certified scores.

Back to Contents

Water Use Reduction

We strive to reduce water usage and promote conservation efforts by implementing water conservation initiatives such as ultra-low flow water closets, urinals, lavatory sinks and efficient cleaning and landscaping policies. Aggregate water usage across our portfolio may vary year-over-year based upon factors such as weather, building population at different points during the year and changes in retail usage in the building. Below are several of our historical water use metrics that demonstrate the aggregate results of our water use reduction efforts across our portfolio over time, alongside the applicable year-end occupancy percentage:

(1) *As measured by New York City Department of Environmental Protection billing data, which is subject to adjustment, typically within 12–18 months after a calendar year.*

(2) *Building population may vary from occupancy figures shown, which are defined by lease commencement.*

Waste Management and Recycling

We recycle tenant waste and construction debris throughout our entire portfolio. Our goal is to increase recycling diversion rates and the types of materials recycled, both in daily waste and in renovation and new construction. Our team provides tenant education programs to ensure waste is diverted from landfills at every step, from the individual employee, to the bins on tenants' floors, to the cleaning team, to the waste hauler and customized recycling, reuse and donation programs.

Indoor Environmental Quality

In an effort to improve the IEQ in our buildings, we have upgraded our systems to improve efficiencies and tenant comfort levels through demand controlled ventilation, CO_2 sensors, air purification systems and the installation of higher performance air filters. Furthermore, we and our tenants are required to use low or no Volatile Organic Compound ("VOC") paints, wall covering, carpet, base, and adhesives in all projects. We have implemented best practices in green cleaning, using Green Seal products and practices, as well as integrated pest management ("IPM") procedures, including the use of Green Shield Certified products and vendors to minimize the impact to the environment and the overall well-being of our tenants. We perform regular IEQ testing to ensure all VOCs, particulate matter, CO_2, CO and other contaminants remain below the most stringent acceptable levels. The graphic below shows the greenhouse gas emissions associated with the energy use in our buildings and the applicable year-end occupancy percentage.

Back to Contents

Portfolio Sustainability Matrix

A summary version of our portfolio sustainability matrix is included below. It is our customized approach to depicting comprehensive efficiency and sustainability initiatives at our properties. An in-depth version of the portfolio sustainability matrix, along with other data, information and achievements regarding our sustainability program, is available on our website at ***www.empirestaterealtytrust.com/about-us/sustainability***.

Key Sustainability Focus Area	**In Total Portfolio Wherever Practical**
Sustainability Program Management	
Sustainability Committee	
Annual & Long Term Sustainability Targets	
Tenant Engagement & Education Programs	
Leadership & Sharing	
Energy Initiatives	
Whole Building Energy Retrofit Analysis (Replicate ESB Model)	
High Performance Tenant Installation Required per Lease	
Utilities Billed by Submetering (as installed)	
Demand Response/Peak Load Shaving	
Water Initiatives	
Ultra low flow fixtures	
Reduce process/HVAC water use	
Waste Initiatives	
Waste Management/Recycling	
Construction Debris	
Comprehensive Waste Diversion for Tenant Waste	
Separate Electronic Recycling	
Dual Stream Recycling	
Indoor Environmental Quality (IEQ) Initiatives	
Green Cleaning Products and Practices	
Green Pest Management Products and Practices	
Ongoing IEQ Testing	

Back to Contents

SOCIAL INITIATIVES

Our people drive our success — who we are is what we do. We are fully committed to investment in the personal and professional development of our people. We strive to create a dynamic environment where all employees can achieve and contribute. In addition to our charitable donations, we believe in developing a strong relationship with our surrounding communities. We take the responsibility of corporate citizenship seriously and encourage the same of our employees.

The health and wellness of our employees and their families are our focus, and we offer a range of programs to our corporate employees to support this. We host a series of wellness programs providing guidance on nutrition, sickness prevention and general healthy living. Employees enjoy complimentary access to our state-of-the-art company fitness centers. Our ESRT University program presents our employees with monthly educational seminars on a variety of topics such as public speaking, Internet trends and U.S. tax reform. Our tuition reimbursement program is also offered to strengthen and develop further our employees both in and out of the office. Through our comprehensive benefits package, we offer an Employee Assistance Program which provides professional assistance in connection with various personal challenges, such as depression, financial difficulties and elder care.

To assist our corporate employees with retirement planning, we have a 401(k) Retirement Plan (our “401(k) Plan”). Our 401(k) Plan permits an eligible employee to defer a percentage of eligible annual compensation, subject to certain limitations imposed by the Internal Revenue Code of 1986, as amended (the “IRS Code”). The employee’s elective deferrals are immediately vested and non-forfeitable upon contribution to the 401(k) Plan. In order to encourage employee participation, we match up to $1,250 of employee contributions in cash, and these contributions vest over time.

GOVERNANCE ENHANCEMENTS

Stockholder Outreach

Our Board of Directors and senior management believe that engaging in stockholder outreach is an essential element of strong corporate governance. We strive for a collaborative approach on issues of importance to investors and continually seek to understand better the views of our investors. Our senior management team engages with our stockholders throughout the year in a variety of forums and discusses, among other things, our business strategy and overall performance, executive compensation program and corporate governance.

Leading up to our 2018 annual stockholders meeting, our Lead Independent Director, the Chairman of the Compensation Committee, other directors, and/or members of senior management, contacted more than 35 stockholders representing more than 81% of our outstanding Class A common stock regarding matters to be voted on at the meeting, including executive compensation, corporate governance, and related matters of interest to the stockholders. We shared the feedback received during the stockholder outreach process with all members of the Board, who discuss it and consider it as a point of reference in all actions which follow, as further discussed below.

Topic	**Result**	**Section**	**Page(s)**
Environmental, Social and Governance	Enhanced disclosure on ESRT's leadership in this area, including the environmental, social and governance issues that materially impact our business and our collaborative efforts with constituents across our portfolio	Environmental Sustainability	23–27
Adoption of Proxy Access	Adopted a proxy access bylaw provision in March 2018	Adoption of Proxy Access and Stockholder Amendment of the Bylaws	29
Stockholders' Right to Amendment of the Bylaws	Adopted a bylaw provision providing our stockholders with the right to amend our bylaws in March 2019	Adoption of Proxy Access and Stockholder Amendment of the Bylaws	29
Executive Compensation	Enhanced our disclosure regarding the progression of our executive compensation program since our initial public offering ("IPO") and the main topics that we review with stockholders in discussion about such program	Compensation Discussion and Analysis (including "Stockholder Engagement on Executive Compensation" on pages 39–40)	33–55

Back to Contents

Adoption of Proxy Access and Stockholder Amendment of the Bylaws

As a result of our stockholder engagement efforts described above and our commitment to corporate governance:

- in March 2018, we adopted a proxy access bylaw provision, enabling our stockholders to include their own director nominees in our proxy materials along with candidates nominated by the Board, so long as stockholder-nominees meet certain requirements, as set forth in our bylaws; and
- in March 2019, we provided our stockholders with the right to amend our bylaws, co-extensive with the right of the Board to do the same.

PROXY ACCESS

Our bylaws include a proxy access right that permits a stockholder, or group of no more than 20 stockholders, meeting specified eligibility requirements, to include director nominees in the company's proxy materials for our annual meetings of stockholders. The maximum number of director nominees that may be submitted pursuant to these provisions may not exceed 20% of the number of directors then in office. In order to be eligible to utilize the proxy access provisions, a stockholder, or group of stockholders, must, among other requirements:

- have owned shares of common stock equal to at least 3% of the aggregate of the issued and outstanding shares of common stock of the company continuously for at least the prior three (3) years;
- represent that such shares were acquired in the ordinary course of business and not with the intent to change or influence control at the company and that such stockholder or group does not presently have such intent; and
- provide a notice requesting the inclusion of director nominees in the company's proxy materials and provide other required information to the company not earlier than 150 days nor later than 120 days prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting of stockholders (with adjustments if the date for the upcoming annual meeting of stockholders is advanced or delayed by more than 30 days from the anniversary date of the prior year's annual meeting).

Additionally, all director nominees submitted through these provisions must be independent (pursuant to the requirements under the rules of the primary stock exchange on which the common stock of the company is listed, the SEC and any publicly disclosed standards used by the Board of Directors, as well as the audit committee and compensation committee independence requirements under the rules of such primary stock exchange) and meet specified additional criteria. Stockholders will not be entitled to utilize this proxy access right at an annual meeting if the company receives notice through its traditional advanced notice bylaw provisions that a stockholder intends to nominate a director at such meeting. The foregoing proxy access right is subject to additional eligibility, procedural and disclosure requirements set forth in our bylaws. See also "Director Nominees (Proxy Access)" on page 92.

STOCKHOLDER AMENDMENT OF THE BYLAWS

Our bylaws permit stockholders of the company to amend the company's bylaws by the affirmative vote of the holders of a majority of all the votes entitled to be cast on the matter. Prior to the adoption of this bylaw provision in March 2019, the exclusive power to amend the bylaws was vested in the Board of Directors. The Board of Directors continues to have the power to alter or repeal any bylaw provision, to adopt new bylaw provisions and to make new bylaws, co-extensive with the right of the stockholders described here. A stockholder amendment proposal may not alter or repeal, or adopt any provision inconsistent with, the provisions of the amended bylaws: (i) providing for indemnification of directors and officers of the company or (ii) setting forth the procedures for amendment of the bylaws, in either case, without the approval of the Board of Directors.

Back to Contents

COMPENSATION OF DIRECTORS

Members of our Board of Directors who are not independent receive no additional compensation for their services as directors. Each independent director receives an annual base retainer for his or her services of $200,000. The annual base retainer is paid, at such director's election, either:

- 40% in cash and 60% in long-term incentive units of partnership interest in our operating partnership ("LTIP units") issued pursuant to the First Amended and Restated Empire State Realty Trust, Inc. Empire State Realty OP, L.P. 2013 Equity Incentive Plan (as amended, our "2013 Equity Plan") and/or restricted shares of our Class A common stock under our 2013 Equity Plan; or
- 100% in the form of such LTIP units and/or restricted shares of our Class A common stock,

in each case with such equity awards to vest pro rata on an annual basis over a period of three years.

Including the annual base retainer, the following table sets forth each element of annual compensation payable to our independent directors for their services:

Role	**Annual Compensation Amount ($)**
Independent Director Base Retainer (100% equity, or 60% equity/40% cash)	200,000
Lead Independent Director	75,000
Audit Committee Chair	15,000
Compensation Committee Chair	12,500
Finance Committee Chair	12,500
Nominating and Corporate Governance Committee Chair	10,000
Independent Director Committee Membership Fee	5,000

Fees for service as the Lead Independent Director and on committees of the Board of Directors are payable in cash. Independent directors and committee members are generally not eligible to receive fees for attending meetings of our Board of Directors or meetings of committees of our Board of Directors. However, to the extent that our Board of Directors or a particular committee meets in excess of eight times per annum, the independent director or committee members, as applicable, will receive a fee of $1,500 for attending each such meeting of the Board of Directors or meeting of the committee in excess of such threshold. We also reimburse each of our independent directors for his or her travel expenses incurred in connection with attendance at Board of Directors and committee meetings. In 2017, the Compensation Committee and Board of Directors consulted an independent compensation consultant regarding current levels and trends in director compensation at peer and other public companies, including a benchmarking analysis by the consultant, to assess the alignment of the company's compensation policies with peers and market practice.

The following table sets forth the compensation earned by each of our independent directors for the year ended December 31, 2018:

2018 Director Compensation

Name[(1)]	**Fees Earned or Paid in Cash ($)**[(2)]	**Stock Awards ($)**[(2)(3)]	**Total ($)**
William H. Berkman	16,667	200,000	216,667
Leslie D. Biddle	13,667	200,000	213,667
Thomas J. DeRosa	9,500	200,000	209,500
Steven J. Gilbert	139,333	120,000	259,333
S. Michael Giliberto	108,667	120,000	228,667
James D. Robinson IV	53,167	200,000	253,167

(1) *The stock awards were made in the form of LTIP units that vest pro rata on an annual basis over a period of three years after the date of grant, subject to their continued service as director and acceleration in the event an independent director has a termination of service on account of death or "disability" (as defined in our 2013 Equity Plan). Amounts shown do not reflect compensation actually received by the named director. Instead, the amount shown is the aggregate grant date fair value of LTIP units issued to the director as determined pursuant to Financial Accounting Standards Board's Accounting Standards Codification Topic 718 "Compensation — Stock Compensation," or FASB ASC Topic 718, which is equal to $15.20 per unit. The assumptions used to calculate the grant date fair value of such awards are set forth under Note 9 of the Notes to the 2018 Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2018.*

(2) *For the annual period beginning May 16, 2018, Ms. Biddle and Messrs. Berkman, DeRosa and Robinson each elected to receive 100% of their annual base retainer in LTIP units, while Messrs. Gilbert and Giliberto each elected to receive their annual base retainer 60% in LTIP units and 40% in cash.*

(3) *As of December 31, 2018, Messrs. Berkman and DeRosa each held 21,967 unvested LTIP units, Ms. Biddle held 18,963 unvested LTIP units, Mr. Gilbert held 15,765 unvested LTIP units, Mr. Giliberto held 13,180 unvested LTIP units, and Mr. Robinson held 19,382 unvested LTIP units.*

Back to Contents

OUR CHAIRMAN EMERITUS AND EXECUTIVE OFFICERS

Set forth below is the biographical information regarding our Chairman Emeritus and executive officers who are not also directors.

Name	**Age**	**Position**
Anthony E. Malkin	56	Chairman and Chief Executive Officer
Peter L. Malkin	85	Chairman Emeritus
John B. Kessler	54	President and Chief Operating Officer
David A. Karp	59	Executive Vice President and Chief Financial Officer
Thomas P. Durels	57	Executive Vice President, Real Estate
Thomas N. Keltner, Jr.	72	Executive Vice President, General Counsel and Secretary

PETER L. MALKIN Chairman Emeritus

Peter L. Malkin is our Chairman Emeritus. Peter L. Malkin joined his father-in-law and Malkin Holdings LLC's co-founder, Lawrence A. Wien, as a principal of Malkin Holdings LLC in 1958, and was responsible for the syndication and supervision of property acquisitions and operations of Malkin Holdings LLC. Peter L. Malkin is the founding chairman and a director of the Grand Central Partnership, The 34th Street Partnership and The Fashion Center Business Improvement District, each of which is a not-for-profit organization that provides supplemental public safety, sanitation and capital improvement services to a designated area in midtown Manhattan. Peter L. Malkin is also Co-Chairman of the Emeritus Council of Directors of Lincoln Center for the Performing Arts, Inc. (having been the longest serving board member of that institution), Founding Chairman and currently Chairman Emeritus of the Dean's Council of the Harvard Kennedy School, Co-Chair Emeritus of The Real Estate Council of the Metropolitan Museum of New York, founding Co-Chair with Paul Newman and Co-Chair Emeritus of the Committee Encouraging Corporate Philanthropy, a member of the Global Wealth Management Advisory Committee of Bank of America, a member of the Advisory Committee of the Greenwich Japanese School, a partner in the New York City Partnership and a director of the Realty Foundation of New York. Peter L. Malkin received a bachelor's degree summa cum laude, Phi Beta Kappa, from Harvard College and a law degree magna cum laude from Harvard Law School.

JOHN B. KESSLER President and Chief Operating Officer

John B. Kessler serves as our President and Chief Operating Officer. From 2010 to 2013, Mr. Kessler was a Managing Director in the credit business for Fortress Investment Group LLC (NYSE: FIG), where he focused on real estate. From 1993 to 2010, Mr. Kessler held various positions in real estate at Morgan Stanley (NYSE: MS), including Global Chief Financial Officer for the Morgan Stanley Real Estate ("MSRE") investing business and Managing Director. He also managed MSRE's core equity funds and separate accounts business. Mr. Kessler is a member of the Urban Land Institute and the Real Estate Board of New York.

Mr. Kessler received a bachelor's degree cum laude from Harvard College where he studied Engineering Sciences and an M.B.A. from the University of Chicago Booth School of Business.

DAVID A. KARP Executive Vice President and Chief Financial Officer

David A. Karp is our Executive Vice President and Chief Financial Officer. Mr. Karp joined our predecessor in November 2011 and is responsible for our activities relating to finance, capital markets and investor relations. Prior to joining our predecessor, from February 2006 to February 2011, Mr. Karp served as Managing Director and Chief Financial Officer, and from February 2009 to February 2011, he served as Chief Operating Officer of Forum Partners Investment Management, a global real estate private equity firm, where he was responsible for both firm-level and fund-level financial management and strategy, including risk management, treasury, foreign exchange and interest rate hedging, budgeting and debt financing. From January 1996 to August 2005, Mr. Karp served as President, Chief Operating Officer and Chief Financial Officer of Falcon Financial Investment Trust (NASDAQ: FLCN), a publicly-traded REIT, and its predecessor. Mr. Karp received a bachelor's degree summa cum laude in Economics, Phi Beta Kappa, from the University of California, Berkeley, and an M.B.A. in Finance and Real Estate from the Wharton School at the University of Pennsylvania.

Back to Contents

THOMAS P. DURELS Executive Vice President, Real Estate

Thomas P. Durels is our Executive Vice President, Real Estate. Mr. Durels is responsible for all of our real estate activities, including leasing, property redevelopment, management and construction. Mr. Durels joined our predecessor in 1990 where he served in similar capacities, also supervised property acquisitions, and was involved in acquisitions and structured equity investments of over $1.1 billion. Prior to joining our predecessor, from February 1984 to April 1990, he served as Assistant Vice President at Helmsley Spear, Inc., where Mr. Durels was responsible for construction and engineering for its portfolio of office, hotel, residential and retail properties. Mr. Durels is a member of the Real Estate Board of New York, the Urban Land Institute and the Young Men's and Women's Real Estate Association, for which he served as Treasurer in 2003, and is a licensed real estate broker in New York and Connecticut. Mr. Durels received a bachelor's degree in Mechanical Engineering from Lehigh University.

THOMAS N. KELTNER, JR. Executive Vice President, General Counsel and Secretary

Thomas N. Keltner, Jr. is our Executive Vice President, General Counsel and Secretary. Mr. Keltner joined our predecessor in 1978, became its first general counsel in 1997, and is responsible for leading a legal staff that provides and coordinates legal services in our transaction, compliance, and litigation matters. Mr. Keltner has served on the New York Advisory Board of the Stewart Title Insurance Company and as chairman and member of bar association committees on both real estate and business entities. He is a member of the Real Estate Board of New York. From 1974 to 1975, he served as law clerk to Judge Alfred P. Murrah, U.S. Court of Appeals (10th Circuit), and then spent three years as an attorney in the real estate finance group at Shearman & Sterling before joining our predecessor. Mr. Keltner received a bachelor's degree cum laude from Harvard College and a law degree as a Stone Scholar from Columbia Law School.

Back to Contents

TABLE OF CONTENTS

This section of our Proxy Statement discusses the principles underlying our executive compensation policies and decisions. It also provides quantitative and qualitative information about the manner and context in which compensation is awarded to, and earned by, our named executive officers. Finally, it seeks to place such information in perspective by reference to certain market data.

ANTHONY E. MALKIN	Chairman and Chief Executive Officer
JOHN B. KESSLER	President and Chief Operating Officer
DAVID A. KARP	Executive Vice President and Chief Financial Officer
THOMAS P. DURELS	Executive Vice President, Real Estate
THOMAS N. KELTNER, JR.	Executive Vice President, General Counsel and Secretary

Throughout this Proxy Statement, the above named are referred to as our “named executive officers” or “executives.”

EXECUTIVE SUMMARY

Executive Compensation Philosophy

Our executive compensation program is intended to align incentives for executives with achievement of our business strategies, to encourage our management to focus on creating growth in value for our stockholders, and to retain our executives. In order to meet these objectives, our executive compensation program is designed to provide:

- an appropriate link between compensation and the creation of stockholder value by granting compensation through equity awards, including awards tied to absolute and relative TSR;
- a significant portion of compensation in the form of multi-year performance-based and time-based equity awards designed to attract and retain highly talented executives in a highly competitive market;
- incentive compensation that places a strong emphasis on financial results, with the flexibility to adjust for operational and individual performance; and
- balanced incentives that do not promote excessive risk-taking.

Back to Contents

Financial, Operational and Stock Performance Highlights

A long-standing principle of our executive compensation program is to link pay to performance. Accordingly, when making compensation decisions, we analyze and assess our financial and stock performance and execution on our strategic and operational initiatives, the success of which may or may not be obvious based upon only a review of financial and stock performance. As set forth below, since our IPO in October 2013, the company has delivered strong performance and made significant progress on its long-term strategic goals.

We are a self-administered and self-managed 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. Detail regarding our financial results is presented in our Annual Report on Form 10-K for the period ending December 31, 2018, filed by us with the SEC on February 28, 2019 and provided to you concurrently with this Proxy Statement. We provide the summary financial information in this Proxy Statement solely to assist your review of this Compensation Discussion and Analysis and your evaluation of the compensation of our named executive officers. This summary should not be used as a substitute for the detailed financial information in our 2018 Annual Report on Form 10-K.

HIGHLIGHTS SINCE OUR IPO

The charts below show our growth during 2014 through 2018 (in thousands of dollars) in core funds from operations ("Core FFO"), net income, cash net operating income ("NOI"), Manhattan cash re-leasing spreads and dividends per share, and their compounded annual growth rate ("CAGR") where indicated:

Back to Contents

Back to Contents

PERFORMANCE RELATIVE TO PEERS

Our company maintains differentiated positioning relative to its peers, in particular the several public REITs primarily focused on the office REIT sector that have their principal offices and much of their portfolio located in New York or similar high barrier markets. The charts below show our performance relative to these select peers in increases in mark-to-market rents in Manhattan, same store cash NOI growth excluding the Observatory, and our net debt to EBITDA ratio.

As anticipated, as part of our long-term redevelopment and repositioning program, we planned for more tenant vacancy and lower occupancy throughout 2018, which, along with lower broadcast revenues and higher real estate tax expenses, decreased our same store cash NOI growth. In 2017, we outperformed the same peer group, with same store cash NOI growth of 7% versus the group of 6.6%.

(1) *See Appendix B for a reconciliation of net income to EBITDA.*

(2) *2014, 2015, 2016, 2017 and 2018 EBITDA ratios are calculated based on trailing twelve months EBITDA. Net debt is as of December 31, 2014, 2015, 2016, 2017 and 2018.*

(3) *Peer group includes Boston Properties, Inc., Paramount Group, Inc. SL Green Realty Corp. and Vornado Realty Trust as of December 31, 2018 for net debt/EBITDA and Boston Properties, Inc., Paramount Group, Inc., SL Green Realty Corp. and Vornado Realty Trust as of December 31, 2018 for net debt/enterprise value.*

Back to Contents

In addition, the chart below shows cumulative capital expenditures since our IPO, a critical planned aspect of our redevelopment and repositioning strategy, as we near completion of the improvements we planned as part of that strategy from the time of our IPO.

2018 HIGHLIGHTS

In addition to the results shown above, we achieved the following for the year ended 2018:

Amended our lease with our largest tenant, and in the process increased our annual cash rent by approximately $4 million.
Opened the new entrance at the Empire State Building Observatory, which is the first phase of the fully reimagined Observatory experience.
Issued long-term, fixed rate unsecured financing of $335 million that increased weighted average term to maturity to 8.1 years, from 6.2 years, at December 31, 2017.
Authorized a $500 million stock and publicly traded operating partnership unit repurchase program through December 31, 2019.
Realized lease termination fee and other end of lease income of $20.8 million.

Back to Contents

STOCK PERFORMANCE

As explained below under “Compensation Program,” on page 44, our Compensation Committee places considerable emphasis on our TSR and financial and operational performance in determining our named executive officers’ cash bonuses and equity awards. The graph to the right is a comparison of the cumulative TSR on our Class A common stock, the Standard & Poor’s 500 Index, the FTSE NAREIT All Equity Index and the FTSE NAREIT Equity REIT Office Index. The graph assumes that $100.00 was invested on October 7, 2013, the date of our IPO, and that dividends were reinvested without the payment of any commissions.

For 2018, TSR for the office REIT sector significantly underperformed the REIT sector as a whole. Although our TSR performance for 2018 was sub-optimal, as it also was for many office REITs, our TSR performance in the three years prior to 2018 was better than the office REIT sector.

Alignment of Pay with Performance

As shown in the charts below, the total 2018 compensation package for our Chairman and Chief Executive Officer and four other named executive officers was based largely on quantifiable performance criteria, centered on the creation of stockholder value. Our Compensation Committee established rigorous performance metrics, based on key strategic financial and operational objectives. Further, a significant portion of our named executive officers’ total 2018 compensation was in the form of multi-year, performance-based equity awards with vesting tied to absolute and relative TSR.

Our Compensation Committee has, and continues, to use rigorous performance goals. As shown above, TSR goals incorporated into our annual performance-based equity awards drive a significant portion of what our named executive officers actually earn over time by directly linking the company’s absolute and/or relative TSR to the amounts earned over three-year performance periods. As a result, in periods where our TSR and relative TSR have superior performance, our named executive officers will earn more than their target level of compensation, and in periods when our TSR and relative TSR under-perform, our named executive officers will earn less than their target level of compensation. In order for our executives to receive target pay under our 2018 long-term equity incentive compensation program, our TSR must outperform our direct peers (i.e., office REITs), outperform the broader REIT industry, and deliver an 8% compounded, annual TSR to our investors.

The graphic below summarizes the performance periods and outcome, or projected outcome, of our each of our annual three-year performance-based equity awards since our IPO. The performance periods for such awards from our IPO in October 2013–October 2016, 2014–2016 and 2015–2017 have been completed and paid out at 100%, 62.1% and 54.4% of maximum, respectively. The end of 2018 marked the conclusion of our 2016–2018 performance-based equity awards. Primarily as a result of our absolute TSR in 2018, as well as due to the relative underperformance of the office REIT sector in 2018, the company fell short of the threshold absolute and relative TSR goals under the 2016–2018 performance-based equity awards, and the entire amount of such awards was forfeited, resulting in a forfeiture of awards that when granted in early 2016 to our Chairman and Chief Executive Officer, and named executive officers collectively, had target values of $2.73 million and $5.86 million, respectively.

Although payouts for our 2017–2019 and 2018–2020 performance-based equity awards will not be measured until the end of 2019 and 2020, respectively, if our TSR does not significantly improve over the balance of these performance periods above the 2018 results, these awards will be forfeited.

Back to Contents

Chairman and Chief Executive Officer Compensation and Program Highlights

We tie a significant portion of our Chairman and Chief Executive Officer and executive officers' variable incentive pay to stock price or operational performance metrics that are directly aligned with the company's short- and long-term business plans, the success of which may or may not be obvious based upon only a review of financial and stock performance. A few noteworthy items relating to our compensation program and our Chairman and Chief Executive Officer's pay are as follows:

- Chairman and Chief Executive Officer's base salary remains unchanged for the fourth consecutive year (since early 2016);
- Chairman and Chief Executive Officer's target cash bonus opportunity remains unchanged for the fourth consecutive year (since early 2016);
- Chairman and Chief Executive Officer's target annual long-term equity incentive compensation opportunity remains unchanged for the fourth consecutive year (since early 2016);
- for 2018, 9% of our Chairman and Chief Executive Officer's pay was delivered in cash and the remaining 91% was delivered in equity;
- we have enhanced vesting to encourage executive retention, so that any award which is earned based on the foregoing rigorous TSR goals will vest only 50% upon the conclusion of the three-year performance period and the remaining 50% will vest one year later conditioned upon continuous employment during that time; and
- for awards in 2019, our Chairman and Chief Executive Officer is required to hold earned equity awards for two additional years following vesting.

Stockholder Engagement on Executive Compensation

On-going discussions with stockholders provide an opportunity for us to explain the philosophy and structure of our executive compensation program, clarify aspects that stockholders may not fully understand, and receive feedback from stockholders regarding program design and details, all of which help to guide us in our preparation of this Compensation Discussion and Analysis section of our annual Proxy Statement.

Leading up to our 2018 annual stockholders meeting, we contacted more than 35 stockholders representing more than 81% of our outstanding common stock. Discussions with a number of these stockholders were generally led by the Chairman of our Compensation Committee or Lead Independent Director and, in limited instances, members of senior management. For us, these discussions and the results we received in our 2018 "Say-on-Pay" advisory vote (see "Say-on-Pay Results" on page 40) were an indication of our stockholders' support of our executive compensation program. Accordingly, our Compensation Committee has maintained the same principal elements of such program for 2018 compensation.

Back to Contents

In our continued discussions, stockholders have expressed a desire for enhanced disclosure in this Compensation Discussion and Analysis section regarding the progression of our executive compensation program since our IPO and the rationale for any adjustments. Below are several key topics on our executive compensation program that we reviewed with stockholders in these discussions, as well as our perspective:

Topic	**Our Perspective**
Companies that comprise our peer group	Our peer group is focused on public REITs in the office sector that have a similar asset focus and principal offices and much of their portfolio located in the highly competitive New York marketplace in which we operate and other similar high barrier markets. For example, our Compensation Committee includes companies like Boston Properties, Inc., SL Green Realty Corp. and Vornado Realty Trust in our peer group, notwithstanding their larger relative size. We are cognizant that, when comparing us to other companies, certain firms make size and market capitalization their primary criteria, which results in the inclusion of companies such as net lease operators, finance companies and suburban market businesses that in our opinion diverge substantially from our true competitive set. More information on how we develop our peer group and use peer data is included below under "Peer Data" on page 43.
Pay level versus peers	To consider appropriate pay levels, our Compensation Committee places strong emphasis on high barrier, high cost urban areas like New York City. Compensation packages in areas like New York City relative to many other markets must take into account higher costs of living, higher tax structures and higher overall market compensation for executives in public and private real estate businesses. In addition to peer REITs, the highly competitive conditions for talent in our New York City marketplace include competition from private real estate enterprises as well as investment banks, hedge funds, private equity firms and law firms. The real estate private equity and investment banking background of our most recent executive officer hire, our President and Chief Operating Officer John B. Kessler, is an example. Our Compensation Committee deems it a competitive risk to our company not to adjust compensation in light of these factors and ensure that we retain our key executives.
Quantitative versus qualitative criteria to assess management performance and compensation	Our Compensation Committee believes that having a balanced approach in assessing performance is optimal, one that relies on specific objective quantifiable achievements, tempered by an element of subjective judgment to account for non-measurable outcomes and changing macro market dynamics beyond the control of the company and its officers. Thus for annual bonus awards, our Compensation Committee does not believe that it would be appropriate to be bound inflexibly to a strict formula. However, for our long-term equity incentive compensation, we do utilize an exclusively objective, formulaic system to determine the amount of performance-based equity earned at the end of a forward-looking three-year period.

SAY-ON-PAY RESULTS

Our Compensation Committee regularly considers the voting results of the advisory, non-binding "say-on-pay" vote at our annual stockholders meetings in connection with the discharge of its responsibilities. The structure of our executive compensation program is also a frequent topic of discussion in our on-going stockholder engagement meetings. For the compensation programs for years 2014 through 2015, say-on-pay received approval each year from over 96% of the votes cast by our Class A and Class B common stockholders. Our 2016 compensation program was adjusted substantially upward, as then required to be more in line with our updated peer group and the competitive landscape for talent within our New York City marketplace, and based upon input from our outside compensation consultant. The Compensation Committee believed the 2016 adjustment was particularly appropriate for our Chairman and Chief Executive Officer, who had from our inception as a public company in 2013 proposed that his compensation be set and largely maintained well below median until company performance demonstrated success in building stockholder value. Although the upward adjustment in 2016 elicited a negative recommendation from a proxy advisory firm, our subsequent engagement with stockholders in advance of our annual stockholder meeting that year led to approval from more than 78% of the votes cast by stockholders of our Class A and Class B common stock. At our annual stockholder meeting in May 2018, following additional stockholder outreach with respect to our 2017 executive compensation program, say-on-pay received approval from over 98% of the votes cast by our Class A and Class B common stockholders, our best result as a public company.

The Compensation Committee values the opinions of our stockholders and intends to continue to take into account the results of our say-on-pay advisory votes and feedback from stockholders on our executive compensation programs when making future executive compensation decisions.

Back to Contents

SAY-ON-FREQUENCY RESULTS

At our 2014 annual stockholders meeting, a substantial majority of our stockholders (96% of the votes cast by our Class A and Class B common stockholders) voted in favor of our company's "say-on-frequency" proposal to hold the "say-on-pay" advisory vote every year. In light of this vote, and consistent with our recommendation, our Board of Directors intends to include an advisory vote every year, until say-on-frequency is next subject to a required vote, which is now expected at our 2020 annual stockholders meeting.

ROLES OF OUR COMPENSATION COMMITTEE, COMPENSATION CONSULTANT AND MANAGEMENT

Compensation Committee

Our Compensation Committee is comprised entirely of independent directors. It has overall responsibility for monitoring the performance of the company's executives and evaluating and approving our executive compensation policies and programs. In addition, our Compensation Committee oversees the administration of our 2013 Equity Plan and, if our 2019 Equity Plan is approved by stockholders at the Annual Stockholders Meeting, will oversee the administration of that plan.

Our Compensation Committee determines all components of our Chief Executive Officer's compensation. With respect to the other named executive officers, our Compensation Committee seeks input from our Chief Executive Officer and reviews and approves all components of our other named executive officers' compensation.

Compensation Consultant

Our Compensation Committee has engaged FPL Associates L.P. ("FPL"), an outside compensation consultant, to provide guidance with respect to the development and implementation of our compensation programs. FPL provides our Compensation Committee with advice concerning the types and levels of compensation to be paid to our named executive officers. In connection with this, FPL provides market data on base pay, bonus, and long-term incentive compensation at other REITs.

Our Compensation Committee requires that its consultant be independent of company management and performs an annual assessment of such independence. It most recently assessed FPL's independence in February 2019 and confirmed that FPL remains independent and free of any conflict of interest which might affect its work.

Our Chief Executive Officer attends Compensation Committee meetings, provides information as to the individual performance of the other named executive officers, and makes annual recommendations to our Compensation Committee regarding appropriate compensation levels for all named executive officers other than himself. All elements of our named executive officers' compensation must be approved by our Compensation Committee, and our Chief Executive Officer is not present during portions of our Compensation Committee's discussions with respect to his compensation.

Back to Contents

GOAL SETTING AND PERFORMANCE EVALUATION PROCESS

The Compensation Committee's oversight of compensation for our named executive officers, including the Chairman and Chief Executive Officer, uses a three-step process:

	What	When	Details/Process/How
Step 1	Establishment of Corporate Goals and Individual Objectives	Beginning of each year	Chairman and Chief Executive Officer provides recommendations to the Compensation Committee regarding the company's target corporate goals and individual objectives for himself and the other named executive officers. The target corporate goals are reviewed with the Compensation Committee through a multi-month process that begins in the fall with management's preparation of a zero-based "bottoms-up" budget for the following year. The budget is prepared with input from each of our property managers and undergoes numerous reviews by management and our named executive officers, including our Chairman and Chief Executive Officer. The result of the budget process is the formation of a corporate model by which we measure our performance during the year. With input from our Chairman and Chief Executive Officer, the Compensation Committee reviews the financial and operational assumptions that underlie the corporate model to test its rigor and alignment with our strategies and market conditions. The target corporate goals used in our named executive officers' annual incentive cash bonus targets are identical to the corresponding targets in our corporate model. The Chairman and Chief Executive Officer works with each other named executive officer to establish annual individual objectives which align with the overall goals of the company. The individual goals relate to specific strategic, organizational, portfolio and/or operational objectives. The Compensation Committee believes that individual accountability and strong individual performance should lead to overall strong company performance, for which the Committee wants to hold the senior leadership team accountable.
Step 2	Evaluation and Review Process	Both a mid-year and a full-year evaluation	Our executive compensation determinations include an evaluation and performance review process that measures each named executive officer's performance against his objectives for that year. These evaluations and performance reviews are an essential part of the process by which the Compensation Committee determines overall executive compensation. Chairman and Chief Executive Officer first provides the Lead Independent Director and Chairman of the Compensation Committee with a report on his own performance as compared to the objectives established for him.

			The Chairman of the Compensation Committee then prepares a written evaluation that includes input from individuals familiar with the Chairman and Chief Executive Officer’s performance and achievements, including interviews with the Lead Independent Director and the other members of the Board. The Compensation Committee reviews this written evaluation in executive session, while also considering additional factors, including prior years’ compensation trends, prior years’ company performance and the relative level of rigor and complexity of the Chairman and Chief Executive Officer’s tasks resulting from the competitive marketplace in which we operate. As part of the year-end evaluation process, our Chairman and Chief Executive Officer prepares evaluations of all the other named executive officers, which are then presented to the Compensation Committee for discussion. Based on the evaluations, the Chairman and Chief Executive Officer, after the end of the calendar year, recommends compensation packages for each other named executive officer.
Step 3	Determination of Compensation	Over the course of several meetings in the first quarter of the following year	After reviewing the named executive officers’ performance against goals and objectives for the year and considering the other factors discussed above, and after consultation with the full Board, the Compensation Committee makes its final determinations with respect to compensation. The Compensation Committee’s objective is to ensure that the level of compensation is consistent with the level of corporate and individual performance delivered while also attracting and retaining highly talented executives in our competitive industry and metropolitan area, motivating our named executive officers to achieve exceptional corporate results and aligning their interests with those of our stockholders.

Back to Contents

BENCHMARKING PROCESS

In developing our executive compensation programs, our Compensation Committee commissions an annual compensation benchmarking analysis to ensure that our programs are competitive with those of other similar publicly traded REITs, including consideration of the cost of attracting and retaining talented executives in the New York City marketplace.

PEER DATA

Our company has few public REIT direct business competitors, particularly when factoring our geographic focus in the metropolitan New York City marketplace. In order to allow for a robust examination of market practices, the Compensation Committee, in consultation with FPL, strives to develop a peer group that best reflects the characteristics noted in the table below.

Guiding Principles for Empire State Realty Trust's Peer Selection

Consider Industry to identify companies with similar business model or philosophy

Start with New York City office-focused REITs with substantial portfolios in New York City

Expand to other high barrier to entry market office-focused REITs

Consider Size to ensure companies are similar in scope

Consider other Business Characteristics that distinguish the complexity of the particular business (e.g., operating the Observatory)

Questions Addressed in Developing an Effective Peer Group

Who are key performance comparators?	Against whom is Empire State Realty Trust competing for tenants? Against whom is Empire State Realty Trust competing for investors? Which companies have similar market demands and influences?
Who are closest competitors for talent?	Which companies might logically try to recruit our executives? If our company had to replace externally a member of its executive team, from which companies might it recruit to attract executives with similar capabilities?
Who are the peers from an external perspective?	Whom do key analysts name as peers? Who cites Empire State Realty Trust as a peer? Who are other REITs classified within the FTSE NAREIT Equity REIT Office Index that best fit the characteristics noted above?

The peer group developed initially in 2016 included the following 12 public REITs primarily focused in the office REIT sector, with several having their principal offices and much of their portfolio located in New York or similar high-barrier, high-cost cities. The Compensation Committee evaluates the members of our peer group each year to ensure that they continue to be appropriate and to determine whether other companies should be added, with the goal of maintaining as much consistency as possible for purposes of analyzing pay between years. With the exception of one public REIT that was acquired, following such evaluation each year, the peer group did not change between 2016 and 2018.

Boston Properties, Inc.	Hudson Pacific Properties, Inc.
Columbia Property Trust, Inc.	Kilroy Realty Corporation
Corporate Office Properties Trust	Paramount Group, Inc.
Cousins Properties Incorporated	Piedmont Office Realty Trust, Inc.
Douglas Emmett, Inc.	SL Green Realty Corp.
Highwoods Properties, Inc.	Vornado Realty Trust

At the time FPL conducted its analysis of executive compensation during the third quarter of 2018, our company size ranked among this peer group at approximately the following relative percentiles across the categories below:

UPREIT (Equity) Market Capitalization: 44th percentile
Total Capitalization: 35th percentile
Number of Employees: 84th percentile

Back to Contents

After our peer group has been confirmed, FPL provides market data and practices of the peer group for our Compensation Committee to consider, as well as information on executive compensation trends and developments generally. Specifically, FPL provides information regarding the design and levels of compensation paid by our peers and overall counsel to determine the appropriate incentive design for our company. Such compensation data for peers is analyzed by our Compensation Committee with the assistance of FPL to set a suitable and competitive compensation package in the context of the New York City marketplace in which we operate and the competitive conditions for the talent pool in that market. The resulting compensation is intended to serve the company's requirements in both recruitment and retention of key qualified executives and to motivate our executive officers to achieve our corporate goals and increase value for our stockholders.

Further, an executive's target compensation is not mechanically set at a particular percentage of the peer group. Rather, our Compensation Committee also takes into account the executive's role and experience, and the competitive factors needed to retain and incentivize such executive.

Overall, FPL determined that our executive compensation programs, as structured, are appropriate to retain valued executives and remain competitive amongst our peers. Based upon its entire review with advice and data from FPL, our Compensation Committee believes the value and design of our executive compensation program is appropriate for a company of our size, structure, business, and market.

COMPENSATION PRACTICES

We have adopted many market best practices with respect to our compensation program. A number of these practices are set forth below:

WHAT WE DO

We pay for performance, and our compensation programs are designed to have direct alignment with TSR; salaries comprise a relatively modest portion of each named executive officer's overall compensation opportunity

We use multiple performance metrics and various performance periods in granting equity awards, which mitigates compensation-related risk

We have implemented a clawback policy that allows for the recovery of previously paid cash and equity compensation

We have "double-trigger" change in control benefits

We have robust stock ownership guidelines for our named executive officers and directors

We have a conservative compensation-related risk profile, as our compensation structure does not encourage excessive or inappropriate risk taking

We align the interests of our stockholders and executive officers by granting long-term equity awards that vest based on both achievement of TSR targets and continued service over time

We engage an independent compensation consultant to advise the Compensation Committee, which is comprised solely of independent directors

WHAT WE DO NOT DO

We do not provide "golden parachute" tax gross-up payments

We do not have “single-trigger” change of control benefits
We do not allow hedging; our Compensation Committee must approve any pledge of company stock by executives and other key employees
We do not encourage unnecessary or excessive risk taking; incentive awards are not based on a single performance metric and do not have guaranteed minimum payouts
We do not allow repricing of stock options unless with stockholder consent (at this time, we have not granted stock options at all)
We do not provide perquisites for our named executive officers, with the exception of very limited perquisites for our Chairman and Chief Executive Officer structured with safety considerations and for specific business purposes

COMPENSATION PROGRAM

The compensation provided to our named executive officers typically consists of base salary, annual incentive bonus, long-term equity incentive compensation, and other benefits, if applicable, each of which is described in more detail below. In formulating base salary, annual bonus and long-term equity incentive compensation, we start by looking at our peer group as a reference, then focus more specifically on those peer companies which operate in our highly competitive marketplace of New York City. We also consider each individual’s sustained performance, contribution, experience, expertise, and specific role within our company.

Back to Contents

Base Salaries for 2016–2019

The base salary payable to each named executive officer provides a fixed component of compensation that reflects the executive’s position and responsibilities. Base salaries are reviewed annually by our Compensation Committee and may be adjusted to match more closely competitive market levels or to recognize an executive’s professional growth, development, and increased responsibility.

After input from our independent compensation consultant, FPL, in early 2016 the Compensation Committee adjusted base salaries for our named executive officers to be more in line with our updated peer group and the competitive landscape for talent within our New York City marketplace. Consistent with the link between compensation and the creation of stockholder value, the 2016 compensation increases were determined by our Compensation Committee at a time when our company had achieved among the strongest 3-year performance records of all office REITs. In addition, the Compensation Committee believed the adjustments were particularly appropriate for our Chairman and Chief Executive Officer, who had from our inception as a public company in 2013 proposed that his compensation be set and largely maintained well below median until company performance demonstrated success in building stockholder value. As reflected in the chart below, our Compensation Committee determined after an annual review of competitive market data in early 2017, again in early 2018, and again in early 2019, not to further modify annual base salaries for our named executive officers from the levels set in early 2016.

	Base Salary ($)				
Named Executive Officer	**2016**	**2017**	**2018**	**2019**	**% Change**
Anthony E. Malkin	810,000	810,000	810,000	810,000	0.0%
John B. Kessler	700,000	700,000	700,000	700,000	0.0%
David A. Karp	650,000	650,000	650,000	650,000	0.0%
Thomas P. Durels	650,000	650,000	650,000	650,000	0.0%
Thomas N. Keltner, Jr.	625,000	625,000	625,000	625,000	0.0%

Annual Incentive Bonus Payments for 2018

We provide annual bonuses to incentivize our named executive officers to achieve key short-term corporate strategic milestones, to motivate certain desired individual behaviors, and to reward substantial achievement of these corporate objectives and individual goals. Target annual bonuses are set at a percentage of the named executive officer’s annual base salary. Target bonuses for the named executive officers have remained unchanged since early 2016.

Upon the recommendation of FPL, our Compensation Committee set 2018 annual bonus opportunities that contained a threshold, target, and maximum level as set forth below:

Named Executive Officer	Threshold	Target	Maximum
Anthony E. Malkin	75%	150%	225%
John B. Kessler	50%	100%	150%
David A. Karp	37.5%	75%	112.5%
Thomas P. Durels	37.5%	75%	112.5%
Thomas N. Keltner, Jr.	25%	50%	75%

The Compensation Committee determined that actual 2018 annual bonus amounts would be paid based upon achievement of corporate, individual and, with respect to Mr. Durels in view of his role in managing a critical business unit, certain portfolio and operational objectives. As discussed above in “Goal Setting and Performance Evaluation Process” on page 42, our Compensation Committee established rigorous quantifiable corporate and operational objectives, and it reserved the ability to include a subjective element of judgment to adjust the formula result if appropriate based on identified non-quantitative factors. The mix of goals with respect to each named executive officer was as follows:

	Cash Bonus Performance Dimension		
Named Executive Officer	**Corporate**	**Portfolio and Operational**	**Individual**
Anthony E. Malkin	75%	–	25%
John B. Kessler	75%	–	25%
David A. Karp	60%	–	40%
Thomas P. Durels	40%	40%	20%
Thomas N. Keltner, Jr.	50%	–	50%

Back to Contents

The chart below sets forth the equally weighted target corporate goals for 2018.

Corporate Goals for 2018	
Core FFO per share	Property operating margin
Same-store NOI growth, excluding the Observatory	General and administrative expenses as a percentage of revenue

The target portfolio and operational objectives with respect to Mr. Durels are set forth in the chart below.

Portfolio and Operational Objectives	
Tenant quality	Weighted average starting rents
Occupancy at year end	Tenant improvements
Leasing	Actual capital expenditure compared to budget amounts

CORPORATE GOALS

The tables below summarize 2018 performance against each of the target corporate goals and the significance of each performance metric for purposes of determining executive compensation:

Corporate Goal #1: Core FFO per Fully Diluted Share

Target	**2018 Result**	**% of Target Achieved**
$0.89	**$0.98**	**110%**

Target: The 2018 target was lower than the 2017 target of $0.93 per fully diluted share primarily due to: 1) higher anticipated interest expense due to major financing activities entered into during 2017 and 2018 which increased total debt principal outstanding; 2) expected tenant vacates that lowered our occupancy and revenue throughout 2018; and 3) higher real estate tax expenses associated with increasing property values and higher anticipated property operating expenses.

Performance: Actual Core FFO per fully diluted share in 2018 was $0.98, which was above the established target level and higher than prior year Core FFO per fully diluted share of $0.96. Contributing to our performance in excess of target were: 1) higher termination fees and other end of lease income; 2) higher rental revenues; 3) higher interest income; and 4) higher other income. Excluding termination fees and other end of lease income that was in excess of our budget, the 2018 result would have been $0.94 per fully diluted share, which was above target.

Why is this metric important?

FFO is widely acknowledged by the REIT industry as being a helpful measure of the operating performance of a real estate company, because it excludes depreciation and gains or losses relating to sales of depreciated real estate. The company uses "Core FFO", which further excludes amortization of below market ground leases and other items that by their nature are not comparable from period to period and tend to obscure actual operating results, as a method to compare the operating performance of the company over a given time period to that of other companies and other time periods in a consistent manner. The company believes that Core FFO is helpful to investors as a supplemental measure of its operating performance because it is a direct measure of company performance and may significantly impact the trading price of our common stock and, therefore, may significantly impact TSR.

Corporate Goal #2: Same Store Cash NOI Growth, excluding the Observatory

Target	2018 Result	% of Target Achieved
(1.7%)	**3.7%**	**318%**

Target: The 2018 target was lower than the 2017 target of 5.6% due to expected tenant vacates that lowered our occupancy and revenue for 2018 and higher anticipated property operating expenses and real estate tax expenses associated with increasing property values. Related to the expected tenant vacates, we have continued our proven strategy to vacate and consolidate spaces, redevelop the spaces, and release those spaces at higher rents to better tenants. There is a timing delay between the move out of existing tenants and the commencement of the replacement new leases. The resulting occupancy can vary quarter by quarter and year to year and then these timing lags impact our reported revenue and same store cash NOI.

Performance: Actual year-over-year same store Cash NOI growth, excluding the Observatory, was 3.7%, which was above the established target level. Contributing to our performance in excess of target were higher termination fees and other end of lease income and higher cash rental revenues. Excluding termination fees and other end of lease income that was in excess of our budget, the 2018 result would have been (0.1%), which was above target.

Why is this metric important?

Same store Cash NOI growth, excluding the Observatory, is a key internal performance metric that measures growth in our existing real estate portfolio and compares year-over-year improvements in our property operations as a result of increases in occupancy, cash rental income and our ability to manage property operating expenses and taxes.

Back to Contents

Corporate Goal #3: Property Operating Margin

Target	2018 Result	% of Target Achieved
50.4%	52.1%	103%

Target: The 2018 target was lower than the 2017 target of 52.5% due to expected tenant vacates that lowered our occupancy and revenue for 2018 and higher anticipated property operating and real estate tax expenses associated with increasing property values.

Performance: Actual property operating margin was 52.1%, which was above the established target level. Contributing to our performance in excess of target were higher termination fees and other end of lease income and higher rental revenues. Excluding termination fees and other end of lease income that was in excess of our budget, the 2018 result would have been 51.2%, which was above target.

Why is this metric important?

Property operating margin is a key internal performance metric that measures the percentage of our property operating expenses to our property revenues. Property operating margin measures our ability to manage property operating expenses or increase revenues at a greater rate than changes in our property operating expenses.

Corporate Goal #4: General and Administrative Expenses as a Percentage of Revenues

Target	2018 Result	% of Target Achieved
7.4%	7.2%	103%

Target: The 2018 target was an improvement over the 2017 target of 7.5%.

Performance: Actual general and administrative expenses as a percent of revenues was 7.2%, which was better than the established target level. Contributing to our performance were increased revenues resulting from higher termination fees and other end of lease income and higher rental revenues as well as reduced general and administrative expenses versus our budget as a result of efficiency efforts. Excluding termination fees and other end of lease income that was in excess of our budget, the 2018 result would have been 7.3%, which was better than the established target level.

Why is this metric important?

General and administrative expenses as a percent of revenue is a key internal performance metric that measures our general and administrative expenses as a percentage of total revenues. It measures our ability to manage our general and administrative expenses.

In its series of discussions in early 2019 to determine 2018 cash bonus awards, our Compensation Committee noted the company's performance in the following areas during 2018:

- outperformance in the above quantitative criteria, especially same-store NOI growth that far exceeded a challenging hurdle;
- more than one million square feet of leasing volume in 2018, with strong execution and leasing results including peer leading cash leasing spreads, consistent with the company's strategy to lease to new, better credit quality tenants at higher rents;
- further progress on the company's four long-term growth drivers: upside from signed lease not commenced, lease-ups of developed vacant office space, mark-to-market and lease-up of available office space, and mark-to-market and lease-up of available retail space;
- active revenue management through ticket price increases, dynamic pricing, mix improvement and new visitor offerings, along with expense management, in the operation of the Observatory;
- completed capital projects of over $110 million which improved the quality of the company's portfolio; and
- refinancing activities that: (i) extended weighted average maturities and created well laddered debt maturities, with only one $250 million maturity remaining before 2022, (ii) expanded lender relationships and (iii) enhanced cash balances, leaving the company well positioned with liquidity and capacity for redevelopment and external growth opportunities.

Back to Contents

INDIVIDUAL GOALS/OBJECTIVES

Our Compensation Committee also reviewed the primary personal objectives for each named executive officer in 2018 and achievement against those objectives, as set forth below:

Named Executive Officer	Objective/Accomplishments
Anthony E. Malkin	Mr. Malkin continued to guide the company's ongoing execution of our multi-year business plan, which has yielded strong cumulative financial and operating results, and positioned our company for long term growth. During 2018: the company achieved outstanding leasing volumes and peer leading leasing spreads; Observatory revenues increased by 3.2% driven by improved pricing and while the project to upgrade the Observatory visitor experience made significant progress; and our balance sheet was strengthened with completion of various refinancings. Additionally during 2018, Mr. Malkin: led the redevelopment project for the fully reimagined Observatory experience; led the creation of EPA Energy Star for Tenants for the industry and certified the company's headquarters as a charter certificant; led the improvement of our disclosure in our quarterly supplemental operating and financial data report; led the streamlining of our leasing process; led the transformation of our marketing and public relations processes from print and advertising to social media; directed the renegotiation of the lease with our largest tenant; actively engaged with major stockholders and other market participants to communicate our differentiated strategy focused on internal growth, redevelopment of our infill portfolio and low leverage; led our efforts on external growth which has involved ongoing discussions and sourcing efforts; and led strong sustainability initiatives across our portfolio and in our industry at large.
John B. Kessler	Mr. Kessler executed the company's operational strategy during the year. During 2018, he: served as senior company representative in our investor coverage efforts and enhanced our relationships with investors, analysts, lenders and other market participants; participated in a variety of industry investor conferences and analyst events; drove our efforts to underwrite potential growth opportunities; provided oversight to all of our capital markets transactions; led efforts to reduce general and administrative costs, outsource certain functions and operate more efficiently; and led continuing improvements in employee engagement, cross-departmental communication and technology. In all of his activities, he provides significant operating leverage to Mr. Malkin in the day-to-day operation of the company.
David A. Karp	Mr. Karp serves as Chief Financial Officer and is responsible for the company's timely and accurate financial reporting, balance sheet management, capital markets activities and investor relations. During 2018, Mr. Karp: led our efforts to close on a $160 million mortgage loan secured by 1333 Broadway;

was in charge of closing on the second and third tranches of our successful direct placement of $450 million of unsecured notes in a private placement with four insurance company lenders;
developed and implemented a new cash management strategy which resulted in increased interest income;
successfully increased the quantity of quality interaction with existing investors, potential investors and research analysts;
led our investor and sell-side analyst outreach program and managed the enhancement of our disclosure through our quarterly supplemental operating and financial data report; and
managed our non-deal related investor roadshows and participated in a variety of industry investor conferences and analyst events.

Back to Contents

Named Executive Officer	Objective/Accomplishments
Thomas P. Durels	Mr. Durels is responsible for all of our real estate operating activities, including leasing, property operations and capital improvements. For 2018, the leasing team completed over one million square feet in transactions, exceeded rental rate objectives and achieved very attractive leasing spreads. In addition, during 2018, Mr. Durels: negotiated agreements resulting in significant lease termination fee and end of lease income for the company; concluded nearly all broadcast tenant renewals and stabilized long term broadcast revenues; drove property operations which delivered strong service to tenants and remained within budget for property operating expenses; and presided over the completion of capital projects that exceeded $110 million during the year, within budget, including significant progress on the Observatory upgrade at the Empire State Building. Additionally, Mr. Durels' team executed the completion of over 140 tenant space projects, critical to meeting the company's leasing objectives.
Thomas N. Keltner, Jr.	Mr. Keltner serves as General Counsel and provides guidance and legal expertise with respect to all of our activities. He oversees all of our internal legal and risk management processes. During 2018, Mr. Keltner: managed our ongoing arbitration and other dispute matters, including favorable resolution of tenant audit of our format for expense reimbursement; helped guide local authorities to enforce existing laws to regulate third party ticket sellers, which reduced congestion on Empire State Building sidewalks; supervised the renewal of the company's five-year lease with the taxable, wholly-owned subsidiary for the Observatory in conformity with tax requirements and including expert appraisal and tax optimal cost allocations; effectively managed the ongoing successful progress of our Deputy General Counsel and our in-house legal team to support our activities with more internal expertise, which has enabled us to reduce our reliance on external legal resources and overall costs for legal services; and provided strong support for all Board related activities, including responses to case law and peer practice developments.

The Compensation Committee determined that each named executive officer either met or exceeded their individual goals. The Compensation Committee also considered a number of related factors, including: (i) the scope of the officer's responsibilities within our company and in relation to comparable officers at various companies within our peer group; (ii) the experience of the officer within our industry and at our company; (iii) a review of historical compensation information for the individual officer; (iv) a determination of the compensation needed to motivate and retain that individual; (v) the recommendations of the Chief Executive Officer with respect to the executive officers other than himself; and (vi) data regarding compensation paid to officers with comparable titles, positions or responsibilities at our peer companies (see "Benchmarking Process" on page 43).

Based upon the company's outperformance of the 2018 corporate criteria (and, for Mr. Durels, performance against the portfolio and operational objectives), a detailed review of each executive's individual performance for the year as referenced in the chart above, as well as the related factors noted above, our Compensation Committee approved payment of the following 2018 cash bonus awards:

Named Executive Officer	Target Bonus Award ($)	Actual Bonus Award ($)
Anthony E. Malkin	1,215,000	2,000,000
John B. Kessler	700,000	750,000
David A. Karp	487,500	680,000
Thomas P. Durels	487,500	1,000,000
Thomas N. Keltner, Jr.	312,500	430,000

Back to Contents

BONUS ELECTION PROGRAM

In early 2017, our Compensation Committee determined to reinforce the alignment of our executive officers' interests with that of stockholders by designing a new bonus election program, under which named executive officers could elect to receive their annual incentive bonus in any combination of (i) cash or vested LTIPs at the face amount of such bonus or (ii) time-vesting LTIPs which would vest over three years, subject to continued employment, at 125% of such face amount. The chart below shows the face amount of the annual incentive bonus awarded to each named executive officer for 2018 as well as the cash and equity components elected by each:

Named Executive Officer	**Face Amount of Bonus Award ($)**	**Amount of Award Received in Cash at Face Amount ($)**	**Amount of Award Elected to be Received in Vested LTIPs at Face Amount ($)**	**Amount of Award Elected to be Received in Unvested 3-Year Time-Based LTIPs at 125% of Face Amount ($)**
Anthony E. Malkin	2,000,000	–	–	2,500,000
John B. Kessler	750,000	562,500	187,500	–
David A. Karp	680,000	510,000	170,000	–
Thomas P. Durels	1,000,000	–	–	1,250,000
Thomas N. Keltner, Jr.	430,000	–	–	537,500

Long-Term Equity Incentive Compensation

GENERAL

Our Compensation Committee believes that a substantial portion of each named executive officer's compensation should be in the form of long-term equity incentive compensation. Equity incentive awards align management's interests more closely with those of our stockholders and encourage management to create stockholder value over the long term, because the value of the equity awards is directly attributable to changes in the price of our common stock over time. In addition, equity awards are an effective tool for management retention because full vesting of the awards generally requires continued employment for multiple years.

Long-term equity incentive compensation is granted in the form of LTIP units, representing a class of partnership interests in our operating partnership, or shares of restricted Class A common stock. Each grant is formulated as a dollar amount when approved, based on peer benchmarks, competitive conditions, and the criteria and goals discussed herein. In accordance with the applicable approval, such dollar amount is converted into units or shares, which for 2018 was based on the grant date fair value calculated under FASB ASC Topic 718 in accord with accepted accounting practices. For a description of such fair value calculation, see Note 9 to our 2018 audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2018. For a description of LTIP units, see “LTIP Units” on page 52. In connection with these awards, our executives elect whether to receive LTIP units or shares of restricted Class A common stock. To date, all of our executives have chosen LTIP units.

In order to maximize retention and enhance the achievement of goals for our company, our Compensation Committee has determined to structure our long-term incentive awards to include both (a) awards subject to vesting based on achievement of multiple performance-based criteria and (b) awards subject to time-based vesting. For our company, the long-term equity incentive awards have consistently each year been allocated 50% (based on target amounts) in the form of time-based vesting awards and the balance in the form of performance-based vesting awards, in order to provide:

- an appropriate alignment of interests with stockholders;
- motivation to focus on multi-year stockholder value creation; and
- retention of our highly talented executives.

The time-based awards vest 25% per year over four years on each anniversary of a specified date proximate to the grant date, subject to continued employment by the executive officer. Distributions with respect to these time-based LTIP units, both vested and unvested, will be paid as and when distributions are paid with respect to our partnership units.

Back to Contents

The performance-based awards vest based on the company's absolute and/or relative annualized TSR over a three-year performance period. Such awards, to the extent earned at the end of such three-year performance period, will vest 50% at the end of such period and 50% on the first anniversary of the end of such period, subject to continued employment by the executive officer.

The annualized TSR component of performance-based awards is calculated based on the annualized appreciation in the company's Class A common stock price from the beginning of the performance period to the 20-trading-day trailing average closing Class A common stock price at the end of the performance period, plus the amount of dividends per share paid over the performance period.

Distributions with respect to the performance-based LTIP units are paid to the extent of 10% of the distributions paid with respect to our operating partnership units, and the 90% balance is accrued and paid in full if and when such LTIP units are earned at the end of the performance period.

2018 LONG TERM EQUITY INCENTIVE COMPENSATION AWARDS AND CRITERIA

Based on the recommendation of FPL, our Compensation Committee set 2018 target long-term equity incentive compensation amounts for our named executive officers as shown below. These targets were chosen in relation to FPL's benchmarking study of the company's peer group, particularly the subset of our peers operating in the New York City market, based on (i) achieving an appropriate balance between cash and equity as it relates to total remuneration and (ii) arriving at a level of total remuneration which, when combined with the level of base salary and annual incentive bonus, remains at a market competitive level to attract and retain our key executives.

Such long-term equity incentive awards were allocated 50% (based on target amounts) in the form of time-based vesting awards to vest 25% on each anniversary of the first day of 2018 and the balance in the form of performance-based vesting awards for the performance period January 1, 2018 to December 31, 2020.

ALLOCATION OF 2018 LONG TERM EQUITY INCENTIVE COMPENSATION SUBJECT TO TIME-BASED VESTING:

Executive	**Dollar Value of LTIP Award Opportunities Granted in 2018 – Time-Based Target ($)**
Anthony E. Malkin	2,733,750

John B. Kessler	1,262,500
David A. Karp	796,250
Thomas P. Durels	1,181,250
Thomas N. Keltner, Jr.	448,438

ALLOCATION OF 2018 LONG TERM EQUITY INCENTIVE COMPENSATION SUBJECT TO PERFORMANCE-BASED VESTING:

Executive	**Dollar Value of LTIP Award Opportunities Granted in 2018– Performance-Based Threshold ($)**