REFINITIV

# DELTA REPORT

## 10-Q

ESRT - EMPIRE STATE REALTY TRUST

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

| TOTAL DELTAS | 756 |
| --- | --- |
| CHANGES | 301 |
| DELETIONS | 247 |
| ADDITIONS | 208 |

**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

# FORM 10-Q

☐ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Quarterly Period Ended June 30, 2023 September 30, 2023**

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

**For the transition period from to**

**Commission File Number: 001-36105**

# EMPIRE STATE REALTY TRUST, INC.

**(Exact name of Registrant as specified in its charter)**

| | |
|---|---|
| **Maryland** | **37-1645259** |
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification No.)** |

**111 West 33rd Street, 12th Floor**
**New York, New York 10120**
**(Address of principal executive offices) (Zip Code)**
**(212) 850-2600 687-8700**
**(Registrant's telephone number, including area code)**

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

| Title of each class | Trading Symbol | Name of each exchange on which registered |
|---|---|---|
| Class A Common Stock, par value $0.01 per share | ESRT | The New York Stock Exchange |
| Class B Common Stock, par value $0.01 per share | N/A | N/A |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of July 28, 2023 November 1, 2023, there were 160,111,408 161,494,122 shares of Class A Common Stock, $0.01 par value per share, outstanding and 986,884 985,794 shares of Class B Common Stock, $0.01 par value per share, outstanding.

**EMPIRE STATE REALTY TRUST, INC.**

**FORM 10-Q FOR THE QUARTER ENDED JUNE SEPTEMBER 30, 2023**

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**ITEM 1. FINANCIAL STATEMENTS**

**Empire State Realty Trust, Inc.**
**Condensed Consolidated Balance Sheets**
**(amounts in thousands, except per share amounts)**

| | | June 30, 2023 | December 31, 2022 | | September 30, 2023 | December 31, 2022 |
|---|---|---|---|---|---|---|
| **ASSETS** | **ASSETS** | (unaudited) | | **ASSETS** | (unaudited) | |
| Commercial real estate properties, at cost: | Commercial real estate properties, at cost: | | | Commercial real estate properties, at cost: | | |
| Land | Land | $ 361,497 | $ 365,540 | Land | $ 366,364 | $ 365,540 |
| Development costs | Development costs | 8,204 | 8,166 | Development costs | 8,178 | 8,166 |
| Building and improvements | Building and improvements | 3,196,181 | 3,177,743 | Building and improvements | 3,245,555 | 3,177,743 |
| | | 3,565,882 | 3,551,449 | | 3,620,097 | 3,551,449 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Less: accumulated depreciation | Less: accumulated depreciation | (1,180,558) | (1,137,267) | Less: accumulated depreciation | (1,217,967) | (1,137,267) |
| Commercial real estate properties, net | Commercial real estate properties, net | 2,385,324 | 2,414,182 | Commercial real estate properties, net | 2,402,130 | 2,414,182 |
| Assets held for sale | Assets held for sale | — | 35,538 | Assets held for sale | — | 35,538 |
| Cash and cash equivalents | Cash and cash equivalents | 315,357 | 264,434 | Cash and cash equivalents | 353,999 | 264,434 |
| Restricted cash | Restricted cash | 80,451 | 50,244 | Restricted cash | 66,954 | 50,244 |
| Tenant and other receivables | Tenant and other receivables | 32,901 | 24,102 | Tenant and other receivables | 37,651 | 24,102 |
| Deferred rent receivables | Deferred rent receivables | 249,881 | 240,188 | Deferred rent receivables | 254,233 | 240,188 |
| Prepaid expenses and other assets | Prepaid expenses and other assets | 98,986 | 98,114 | Prepaid expenses and other assets | 82,918 | 98,114 |
| Deferred costs, net | Deferred costs, net | 176,678 | 187,570 | Deferred costs, net | 175,488 | 187,570 |
| Acquired below-market ground leases, net | Acquired below-market ground leases, net | 325,157 | 329,073 | Acquired below-market ground leases, net | 323,199 | 329,073 |
| Right of use assets | Right of use assets | 28,554 | 28,670 | Right of use assets | 28,496 | 28,670 |
| Goodwill | Goodwill | 491,479 | 491,479 | Goodwill | 491,479 | 491,479 |
| Total assets | Total assets | $ 4,184,768 | $ 4,163,594 | Total assets | $ 4,216,547 | $ 4,163,594 |
| **LIABILITIES AND EQUITY** | **LIABILITIES AND EQUITY** | | | **LIABILITIES AND EQUITY** | | |
| Liabilities: | Liabilities: | | | Liabilities: | | |
| Mortgage notes payable, net | Mortgage notes payable, net | $ 880,592 | $ 883,705 | Mortgage notes payable, net | $ 878,757 | $ 883,705 |
| Senior unsecured notes, net | Senior unsecured notes, net | 973,768 | 973,659 | Senior unsecured notes, net | 973,819 | 973,659 |
| Unsecured term loan facilities, net | Unsecured term loan facilities, net | 389,028 | 388,773 | Unsecured term loan facilities, net | 389,158 | 388,773 |
| Unsecured revolving credit facility | Unsecured revolving credit facility | — | — | Unsecured revolving credit facility | — | — |
| Accounts payable and accrued expenses | Accounts payable and accrued expenses | 71,709 | 80,729 | Accounts payable and accrued expenses | 83,299 | 80,729 |
| Acquired below-market leases, net | Acquired below-market leases, net | 15,280 | 17,849 | Acquired below-market leases, net | 14,703 | 17,849 |
| Ground lease liabilities | Ground lease liabilities | 28,554 | 28,670 | Ground lease liabilities | 28,496 | 28,670 |
| Deferred revenue and other liabilities | Deferred revenue and other liabilities | 73,972 | 76,091 | Deferred revenue and other liabilities | 75,688 | 76,091 |
| Tenants' security deposits | Tenants' security deposits | 40,253 | 25,084 | Tenants' security deposits | 39,307 | 25,084 |
| Liabilities related to assets held for sale | Liabilities related to assets held for sale | — | 5,943 | Liabilities related to assets held for sale | — | 5,943 |
| Total liabilities | Total liabilities | 2,473,156 | 2,480,503 | Total liabilities | 2,483,227 | 2,480,503 |
| Commitments and contingencies | Commitments and contingencies | | | Commitments and contingencies | | |
| Equity: | Equity: | | | Equity: | | |
| Empire State Realty Trust, Inc. stockholders' equity: | Empire State Realty Trust, Inc. stockholders' equity: | | | Empire State Realty Trust, Inc. stockholders' equity: | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Preferred stock, $0.01 par value, 50,000 shares authorized, none issued or outstanding | Preferred stock, $0.01 par value, 50,000 shares authorized, none issued or outstanding | — | — | Preferred stock, $0.01 par value, 50,000 shares authorized, none issued or outstanding | — | — |
| Class A common stock, $0.01 par value, 400,000 shares authorized, 159,843 and 160,139 shares issued and outstanding in 2023 and 2022, respectively | | 1,598 | 1,601 | | | |
| Class B common stock, $0.01 par value, 50,000 shares authorized, 988 and 990 shares issued and outstanding in 2023 and 2022, respectively | | 10 | 10 | | | |
| Class A common stock, $0.01 par value, 400,000 shares authorized, 161,347 and 160,139 shares issued and outstanding in 2023 and 2022, respectively | | | | Class A common stock, $0.01 par value, 400,000 shares authorized, 161,347 and 160,139 shares issued and outstanding in 2023 and 2022, respectively | 1,613 | 1,601 |
| Class B common stock, $0.01 par value, 50,000 shares authorized, 987 and 990 shares issued and outstanding in 2023 and 2022, respectively | | | | Class B common stock, $0.01 par value, 50,000 shares authorized, 987 and 990 shares issued and outstanding in 2023 and 2022, respectively | 10 | 10 |
| Additional paid-in capital | Additional paid-in capital | 1,047,459 | 1,055,184 | Additional paid-in capital | 1,058,537 | 1,055,184 |
| Accumulated other comprehensive income | Accumulated other comprehensive income | 9,275 | 7,048 | Accumulated other comprehensive income | 13,438 | 7,048 |
| Retained deficit | Retained deficit | (92,392) | (109,468) | Retained deficit | (86,515) | (109,468) |
| Total Empire State Realty Trust, Inc. stockholders' equity | Total Empire State Realty Trust, Inc. stockholders' equity | 965,950 | 954,375 | Total Empire State Realty Trust, Inc. stockholders' equity | 987,083 | 954,375 |
| Non-controlling interests in the Operating Partnership | Non-controlling interests in the Operating Partnership | 700,282 | 683,310 | Non-controlling interests in the Operating Partnership | 700,191 | 683,310 |
| Non-controlling interests in other partnerships | Non-controlling interests in other partnerships | 15,440 | 15,466 | Non-controlling interests in other partnerships | 16,106 | 15,466 |
| Private perpetual preferred units: | Private perpetual preferred units: | | | Private perpetual preferred units: | | |
| Private perpetual preferred units, $13.52 liquidation preference, 4,664 issued and outstanding in 2023 and 2022, respectively | | 21,936 | 21,936 | | | |
| Private perpetual preferred units, $13.52 liquidation preference, 4,664 issued and outstanding in 2023 and 2022 | | | | Private perpetual preferred units, $13.52 liquidation preference, 4,664 issued and outstanding in 2023 and 2022 | 21,936 | 21,936 |
| Private perpetual preferred units, $16.62 liquidation preference, 1,560 issued and outstanding in 2023 and 2022 | Private perpetual preferred units, $16.62 liquidation preference, 1,560 issued and outstanding in 2023 and 2022 | 8,004 | 8,004 | Private perpetual preferred units, $16.62 liquidation preference, 1,560 issued and outstanding in 2023 and 2022 | 8,004 | 8,004 |
| Total equity | Total equity | 1,711,612 | 1,683,091 | Total equity | 1,733,320 | 1,683,091 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Total liabilities and equity | Total liabilities and equity | $ 4,184,768 | $ 4,163,594 | Total liabilities and equity | $ 4,216,547 | $ 4,163,594 |

*The accompanying notes are an integral part of these consolidated financial statements*

**Empire State Realty Trust, Inc.**
**Condensed Consolidated Statements of Operations**
**(unaudited)**
**(amounts in thousands, except per share amounts)**

| | | Three Months Ended June 30, | | Six Months Ended June 30, | | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | **2023** | **2022** | **2023** | **2022** | | **2023** | **2022** | **2023** | **2022** |
| Revenues: | Revenues: | | | | | Revenues: | | | | |
| Rental revenue | Rental revenue | $ 154,603 | $ 149,339 | $ 294,694 | $ 296,853 | Rental revenue | $ 151,458 | $ 148,290 | $ 446,152 | $ 445,143 |
| Observatory revenue | Observatory revenue | 33,433 | 27,368 | 55,587 | 40,609 | Observatory revenue | 37,562 | 33,051 | 93,149 | 73,660 |
| Lease termination fees | Lease termination fees | — | 18,859 | — | 20,032 | Lease termination fees | — | — | — | 20,032 |
| Third-party management and other fees | Third-party management and other fees | 381 | 326 | 808 | 636 | Third-party management and other fees | 268 | 389 | 1,076 | 1,025 |
| Other revenue and fees | Other revenue and fees | 2,125 | 2,130 | 4,075 | 3,926 | Other revenue and fees | 2,238 | 1,982 | 6,313 | 5,908 |
| Total revenues | Total revenues | 190,542 | 198,022 | 355,164 | 362,056 | Total revenues | 191,526 | 183,712 | 546,690 | 545,768 |
| Operating expenses: | Operating expenses: | | | | | Operating expenses: | | | | |
| Property operating expenses | Property operating expenses | 39,519 | 37,433 | 81,563 | 76,077 | Property operating expenses | 42,817 | 42,798 | 124,380 | 118,875 |
| Ground rent expenses | Ground rent expenses | 2,332 | 2,332 | 4,663 | 4,663 | Ground rent expenses | 2,331 | 2,331 | 6,994 | 6,994 |
| General and administrative expenses | General and administrative expenses | 16,075 | 15,876 | 31,783 | 29,562 | General and administrative expenses | 16,012 | 15,725 | 47,795 | 45,287 |
| Observatory expenses | Observatory expenses | 8,657 | 7,776 | 16,512 | 13,991 | Observatory expenses | 9,471 | 8,516 | 25,983 | 22,507 |
| Real estate taxes | Real estate taxes | 31,490 | 29,802 | 63,278 | 59,806 | Real estate taxes | 32,014 | 31,831 | 95,292 | 91,637 |
| Depreciation and amortization | Depreciation and amortization | 46,280 | 58,304 | 93,688 | 125,410 | Depreciation and amortization | 46,624 | 46,984 | 140,312 | 172,394 |
| Total operating expenses | Total operating expenses | 144,353 | 151,523 | 291,487 | 309,509 | Total operating expenses | 149,269 | 148,185 | 440,756 | 457,694 |
| Total operating income | Total operating income | 46,189 | 46,499 | 63,677 | 52,547 | Total operating income | 42,257 | 35,527 | 105,934 | 88,074 |
| Other income (expense): | Other income (expense): | | | | | Other income (expense): | | | | |
| Interest income | Interest income | 3,339 | 431 | 5,934 | 580 | Interest income | 4,462 | 1,564 | 10,396 | 2,144 |
| Interest expense | Interest expense | (25,405) | (25,042) | (50,709) | (50,056) | Interest expense | (25,382) | (25,516) | (76,091) | (75,572) |
| Gain on disposition of property | Gain on disposition of property | 13,565 | 27,170 | 29,261 | 27,170 | Gain on disposition of property | — | — | 29,261 | 27,170 |
| Income before income taxes | Income before income taxes | 37,688 | 49,058 | 48,163 | 30,241 | Income before income taxes | 21,337 | 11,575 | 69,500 | 41,816 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Income tax benefit (expense) | Income tax benefit (expense) | (733) | (363) | 486 | 1,233 | Income tax benefit (expense) | (1,409) | (1,457) | (923) | (224) |
| Net income | Net income | 36,955 | 48,695 | 48,649 | 31,474 | Net income | 19,928 | 10,118 | 68,577 | 41,592 |
| Net (income) loss attributable to non-controlling interests: | Net (income) loss attributable to non-controlling interests: | | | | | Net (income) loss attributable to non-controlling interests: | | | | |
| Non-controlling interests in the Operating Partnership | Non-controlling interests in the Operating Partnership | (14,049) | (18,224) | (18,217) | (11,305) | Non-controlling interests in the Operating Partnership | (7,207) | (3,560) | (25,424) | (14,865) |
| Non-controlling interests in other partnerships | Non-controlling interests in other partnerships | (1) | 159 | 42 | 222 | Non-controlling interests in other partnerships | (111) | 49 | (69) | 271 |
| Private perpetual preferred unit distributions | Private perpetual preferred unit distributions | (1,051) | (1,051) | (2,101) | (2,101) | Private perpetual preferred unit distributions | (1,050) | (1,050) | (3,151) | (3,151) |
| Net income attributable to common stockholders | Net income attributable to common stockholders | $ 21,854 | $ 29,579 | $ 28,373 | $ 18,290 | Net income attributable to common stockholders | $ 11,560 | $ 5,557 | $ 39,933 | $ 23,847 |
| Total weighted average shares: | Total weighted average shares: | | | | | Total weighted average shares: | | | | |
| Basic | Basic | 160,028 | 167,118 | 160,669 | 168,099 | Basic | 161,851 | 162,165 | 160,799 | 166,354 |
| Diluted | Diluted | 264,196 | 270,085 | 264,736 | 271,837 | Diluted | 266,073 | 267,121 | 265,269 | 270,966 |
| Earnings per share attributable to common stockholders: | Earnings per share attributable to common stockholders: | | | | | Earnings per share attributable to common stockholders: | | | | |
| Basic | Basic | $ 0.14 | $ 0.18 | $ 0.18 | $ 0.11 | Basic | $ 0.07 | $ 0.03 | $ 0.25 | $ 0.14 |
| Diluted | Diluted | $ 0.14 | $ 0.18 | $ 0.18 | $ 0.11 | Diluted | $ 0.07 | $ 0.03 | $ 0.25 | $ 0.14 |
| Dividends per share | Dividends per share | $ 0.035 | $ 0.035 | $ 0.070 | $ 0.070 | Dividends per share | $ 0.035 | $ 0.035 | $ 0.105 | $ 0.105 |

*The accompanying notes are an integral part of these consolidated financial statements*

**Empire State Realty Trust, Inc.**
**Condensed Consolidated Statements of Comprehensive Income**
**(unaudited)**
**(amounts in thousands)**

| | | Three Months Ended June 30, | | Six Months Ended June 30, | | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 | | 2023 | 2022 | 2023 | 2022 |
| Net income | Net income | $ 36,955 | $ 48,695 | $ 48,649 | $ 31,474 | Net income | $ 19,928 | $ 10,118 | $ 68,577 | $ 41,592 |
| Other comprehensive income: | Other comprehensive income: | | | | | Other comprehensive income: | | | | |
| Unrealized gain on valuation of interest rate swap agreements | Unrealized gain on valuation of interest rate swap agreements | 11,935 | 10,057 | 6,533 | 19,819 | Unrealized gain on valuation of interest rate swap agreements | 9,525 | 19,588 | 16,058 | 39,407 |
| Less: amount reclassified into interest expense | Less: amount reclassified into interest expense | (1,882) | 2,741 | (3,154) | 6,036 | Less: amount reclassified into interest expense | (2,275) | 1,392 | (5,429) | 7,428 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Other comprehensive income | Other comprehensive income | 10,053 | 12,798 | 3,379 | 25,855 | Other comprehensive income | 7,250 | 20,980 | 10,629 | 46,835 |
| Comprehensive income | Comprehensive income | 47,008 | 61,493 | 52,028 | 57,329 | Comprehensive income | 27,178 | 31,098 | 79,206 | 88,427 |
| Net income attributable to non-controlling interests and private perpetual preferred unitholders | Net income attributable to non-controlling interests and private perpetual preferred unitholders | (15,101) | (19,116) | (20,276) | (13,184) | Net income attributable to non-controlling interests and private perpetual preferred unitholders | (8,368) | (4,561) | (28,644) | (17,746) |
| Other comprehensive income attributable to non-controlling interests | Other comprehensive income attributable to non-controlling interests | (4,098) | (5,920) | (1,263) | (10,882) | Other comprehensive income attributable to non-controlling interests | (3,106) | (8,518) | (4,369) | (19,400) |
| Comprehensive income attributable to common stockholders | Comprehensive income attributable to common stockholders | $ 27,809 | $ 36,457 | $ 30,489 | $ 33,263 | Comprehensive income attributable to common stockholders | $ 15,704 | $ 18,019 | $ 46,193 | $ 51,281 |

*The accompanying notes are an integral part of these consolidated financial statements*

**Empire State Realty Trust, Inc.**
**Condensed Consolidated Statements of Stockholders' Equity**
**For The Three Months Ended June 30, 2023 September 30, 2023 and 2022**
**(unaudited) (amounts in thousands)**

| | Number of Class A Common Shares | Class A Common Stock | Number of Class B Common Shares | Class B Common Stock | Additional Paid-In Capital | Accumulated Other Comprehensive Income | Retained Earnings (Deficit) | Total Stockholders' Equity | Non-controlling Interests | Private Perpetual Preferred Units | Total Equity | Number of Class A Common Shares | Class A Common Stock | Number of Class B Common Shares | Class B Common Stock | Additiona Paid-In Capital |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance at March 31, 2023 | 160,340 | $ 1,603 | 989 | $ 10 | $1,051,926 | $ 3,336 | $(108,624) | $ 948,251 | $ 698,875 | $ 29,940 | $1,677,066 | | | | | |
| Conversion of operating partnership units and Class B shares to Class A shares | 728 | 7 | (1) | — | 2,484 | (16) | — | 2,475 | (2,475) | — | — | | | | | |
| Repurchases of common shares | (1,218) | (12) | — | — | (7,399) | — | — | (7,411) | — | — | (7,411) | | | | | |
| Contributions from consolidated joint ventures | — | — | — | — | — | — | — | — | 94 | — | 94 | | | | | |
| Equity compensation: | | | | | | | | | | | | | | | | |
| LTIP units | — | — | — | — | — | — | — | — | 4,921 | — | 4,921 | | | | | |
| Restricted stock, net of forfeitures | (7) | — | — | — | 448 | — | — | 448 | — | — | 448 | | | | | |
| Dividends and distributions | — | — | — | — | — | — | (5,622) | (5,622) | (3,841) | (1,051) | (10,514) | | | | | |
| Net income | — | — | — | — | — | — | 21,854 | 21,854 | 14,050 | 1,051 | 36,955 | | | | | |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Other comprehensive income | — | — | — | — | — | 5,955 | — | 5,955 | 4,098 | — | 10,053 |
| Balance at June 30, 2023 | 159,843 | $ 1,598 | 988 | $ 10 | $1,047,459 | $ 9,275 | $ (92,392) | $ 965,950 | $ 715,722 | $ 29,940 | $1,711,612 |

Balance at June 30, 2023
Issuance of Class A shares
Conversion of operating partnership units and Class B shares to Class A shares
Contributions from consolidated joint ventures
Repurchases of common shares
Equity compensation:
LTIP units
Restricted stock, net of forfeitures
Dividends and distributions
Net income
Other comprehensive income
Balance at September 30, 2023

| | | | | | |
|---|---|---|---|---|---|
| Balance at June 30, 2023 | 159,843 | $ 1,598 | 988 | $ 10 | $1,047,45 |
| Issuance of Class A shares | — | — | — | — | – |
| Conversion of operating partnership units and Class B shares to Class A shares | 1,506 | 15 | (1) | — | 10,62 |
| Contributions from consolidated joint ventures | — | — | — | — | – |
| Repurchases of common shares | — | — | — | — | – |
| Equity compensation: | | | | | |
| LTIP units | — | — | — | — | – |
| Restricted stock, net of forfeitures | (2) | — | — | — | 44 |
| Dividends and distributions | — | — | — | — | – |
| Net income | — | — | — | — | – |
| Other comprehensive income | — | — | — | — | – |
| Balance at September 30, 2023 | 161,347 | $ 1,613 | 987 | $ 10 | $1,058,53 |

| | Number of Class A Common Shares | Class A Common Stock | Number of Class B Common Shares | Class B Common Stock | Additional Paid-In Capital | Accumulated Other Comprehensive Loss | Retained Earnings (Deficit) | Total Stockholders' Equity | Non-controlling Interests | Private Perpetual Preferred Units | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance at March 31, 2022 | 168,731 | $ 1,687 | 995 | $ 10 | $1,119,201 | $ (12,730) | $(129,747) | $ 978,421 | $ 653,671 | $ 29,940 | $1,662,032 |
| Issuance of Class A shares | — | — | — | — | — | — | — | — | — | — | — |
| Conversion of operating partnership units and Class B shares to Class A shares | 566 | 5 | (1) | — | 818 | 25 | — | 848 | (848) | — | — |
| Repurchases of common shares | (6,611) | (67) | — | — | (43,482) | — | (8,890) | (52,439) | — | — | (52,439) |
| Equity compensation: | | | | | | | | — | | | — |
| LTIP units | — | — | — | — | — | — | — | — | 5,447 | — | 5,447 |

| Number of Class A Common Shares | Class A Common Stock | Number of Class B Common Shares | Class B Common Stock | Additiona Paid-In Capital |
|---|---|---|---|---|

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Restricted stock, net of forfeitures | 4 | 1 | — | — | 317 | — | — | 318 | — | — | 318 |
| Dividends and distributions | — | — | — | — | — | — | (5,802) | (5,802) | (3,905) | (1,051) | (10,758) |
| Net income | — | — | — | — | — | — | 29,579 | 29,579 | 18,065 | 1,051 | 48,695 |
| Other comprehensive income | — | — | — | — | — | 6,878 | — | 6,878 | 5,920 | — | 12,798 |
| Balance at June 30, 2022 | 162,690 | $ 1,626 | 994 | $ 10 | $1,076,854 | $ (5,827) | $(114,860) | $ 957,803 | $ 678,350 | $ 29,940 | $1,666,093 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Balance at June 30, 2022 | Balance at June 30, 2022 | 162,690 | $ 1,626 | 994 | $ 10 | $1,076,85 |
| Issuance of Class A shares | Issuance of Class A shares | — | — | — | — | – |
| Conversion of operating partnership units and Class B shares to Class A shares | Conversion of operating partnership units and Class B shares to Class A shares | 461 | 5 | — | — | ( |
| Repurchases of common shares | Repurchases of common shares | (2,567) | (25) | — | — | (16,84 |
| Equity compensation: | Equity compensation: | | | | | |
| LTIP units | LTIP units | — | — | — | — | – |
| Restricted stock, net of forfeitures | Restricted stock, net of forfeitures | (8) | — | — | — | 31 |
| Dividends and distributions | Dividends and distributions | — | — | — | — | – |
| Net income (loss) | Net income (loss) | — | — | — | — | – |
| Other comprehensive income | Other comprehensive income | — | — | — | — | – |
| Balance at September 30, 2022 | Balance at September 30, 2022 | 160,576 | $ 1,606 | 994 | $ 10 | $1,060,32 |

**Empire State Realty Trust, Inc.**
**Condensed Consolidated Statements of Stockholders' Equity**
**For The Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022**
**(unaudited)**
**(amounts in thousands)**

| | | Number of Class A Common Shares | Class A Common Stock | Number of Class B Common Shares | Class B Common Stock | Additional Paid-In Capital | Accumulated Other Comprehensive Income | Retained Earnings (Deficit) | Total Stockholders' Equity | Non-controlling Interests | Private Perpetual Preferred Units | Total Equity | | Number of Class A Common Shares | Class A Common Stock | Number of Class B Common Shares | Class B Common Stoc |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance at December 31, 2022 | Balance at December 31, 2022 | 160,139 | $ 1,601 | 990 | $ 10 | $1,055,184 | $ 7,048 | $(109,468) | $ 954,375 | $ 698,776 | $ 29,940 | $1,683,091 | Balance at December 31, 2022 | 160,139 | $ 1,601 | 990 | $ |

| | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Conversion of operating partnership units and Class B shares to Class A shares | Conversion of operating partnership units and Class B shares to Class A shares | 1,535 | 15 | (2) | — | 4,893 | 111 | — | 5,019 | (5,019) | — | — | Conversion of operating partnership units and Class B shares to Class A shares | 3,041 | 30 | (3) | |
| Repurchases of common shares | Repurchases of common shares | (2,151) | (21) | — | — | (13,084) | — | — | (13,105) | — | — | (13,105) | Repurchases of common shares | (2,151) | (21) | — | |
| Contributions from consolidated joint ventures | Contributions from consolidated joint ventures | — | — | — | — | — | — | — | — | 112 | — | 112 | Contributions from consolidated joint ventures | — | — | — | |
| Equity compensation: | Equity compensation: | | | | | | | | | | | | Equity compensation: | | | | |
| LTIP units | LTIP units | — | — | — | — | — | — | — | — | 9,274 | — | 9,274 | LTIP units | — | — | — | |
| Restricted stock, net of forfeitures | Restricted stock, net of forfeitures | 320 | 3 | — | — | 466 | — | — | 469 | — | — | 469 | Restricted stock, net of forfeitures | 318 | 3 | — | |
| Dividends and distributions | Dividends and distributions | — | — | — | — | — | — | (11,297) | (11,297) | (6,859) | (2,101) | (20,257) | Dividends and distributions | — | — | — | |
| Net income | Net income | — | — | — | — | — | — | 28,373 | 28,373 | 18,175 | 2,101 | 48,649 | Net income | — | — | — | |
| Other comprehensive income | Other comprehensive income | — | — | — | — | — | 2,116 | — | 2,116 | 1,263 | — | 3,379 | Other comprehensive income | — | — | — | |
| Balance at June 30, 2023 | | 159,843 | $ 1,598 | 988 | $ 10 | $1,047,459 | $ 9,275 | $ (92,392) | $ 965,950 | $ 715,722 | $ 29,940 | $1,711,612 | | | | | |
| Balance at September 30, 2023 | | | | | | | | | | | | | Balance at September 30, 2023 | 161,347 | $ 1,613 | 987 | $ |

| | | Number of Class A Common Shares | Class A Common Stock | Number of Class B Common Shares | Class B Common Stock | Additional Paid-In Capital | Accumulated Other Comprehensive Income (Loss) | Retained Earnings (Deficit) | Total Stockholders' Equity | Non-controlling Interests | Private Perpetual Preferred Units | Total Equity | | Number of Class A Common Shares | Class A Common Stock | Number of Class B Common Shares | Class Comm Stoc |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance at December 31, 2021 | Balance at December 31, 2021 | 169,221 | $ 1,692 | 996 | $ 10 | $1,150,884 | $ (20,848) | $(133,610) | $ 998,128 | $ 656,264 | $ 29,940 | $1,684,332 | Balance at December 31, 2021 | 169,221 | $ 1,692 | 996 | $ |
| Conversion of operating partnership units and Class B shares to Class A shares | Conversion of operating partnership units and Class B shares to Class A shares | 1,140 | 11 | (2) | — | 2,286 | 48 | — | 2,345 | (2,345) | — | — | Conversion of operating partnership units and Class B shares to Class A shares | 1,601 | 16 | (2) | |
| Repurchases of common shares | Repurchases of common shares | (7,866) | (79) | — | — | (76,571) | — | 12,210 | (64,440) | — | — | (64,440) | Repurchases of common shares | (10,433) | (104) | — | |
| Contributions from consolidated joint ventures | Contributions from consolidated joint ventures | — | — | — | — | — | — | — | — | 224 | — | 224 | Contributions from consolidated joint ventures | — | — | — | |
| Equity compensation: | Equity compensation: | | | | | | | | | | | | Equity compensation: | | | | |
| LTIP units | LTIP units | — | — | — | — | — | — | — | — | 9,968 | — | 9,968 | LTIP units | — | — | — | |
| Restricted stock, net of forfeitures | Restricted stock, net of forfeitures | 195 | 2 | — | — | 255 | — | — | 257 | — | — | 257 | Restricted stock, net of forfeitures | 187 | 2 | — | |

| | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Dividends and distributions | Dividends and distributions | — | — | — | — | — | — | (11,750) | (11,750) | (7,726) | (2,101) | (21,577) | Dividends and distributions | — | — | — | |
| Net income (loss) | Net income (loss) | — | — | — | — | — | — | 18,290 | 18,290 | 11,083 | 2,101 | 31,474 | Net income (loss) | — | — | — | |
| Other comprehensive income | Other comprehensive income | — | — | — | — | — | 14,973 | — | 14,973 | 10,882 | — | 25,855 | Other comprehensive income | — | — | — | |
| Balance at June 30, 2022 | | 162,690 | $ 1,626 | 994 | $ 10 | $1,076,854 | $ (5,827) | $(114,860) | $ 957,803 | $ 678,350 | $ 29,940 | $1,666,093 | | | | | |
| Balance at September 30, 2022 | | | | | | | | | | | | | Balance at September 30, 2022 | 160,576 | $ 1,606 | 994 | $ |

*The accompanying notes are an integral part of these consolidated financial statements*

**Empire State Realty Trust, Inc.**
**Condensed Consolidated Statements of Cash Flows**
**(unaudited)**
**(amounts in thousands)**

| | | Six Months Ended June 30, | | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|---|
| | | 2023 | 2022 | | 2023 | 2022 |
| **Cash Flows From Operating Activities** | **Cash Flows From Operating Activities** | | | **Cash Flows From Operating Activities** | | |
| Net income | Net income | $ 48,649 | $ 31,474 | Net income | $ 68,577 | $ 41,592 |
| Adjustments to reconcile net income to net cash provided by operating activities: | Adjustments to reconcile net income to net cash provided by operating activities: | | | Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | Depreciation and amortization | 93,688 | 125,410 | Depreciation and amortization | 140,312 | 172,394 |
| Gain on disposition of property | Gain on disposition of property | (29,261) | (27,170) | Gain on disposition of property | (29,261) | (27,170) |
| Amortization of non-cash items within interest expense | Amortization of non-cash items within interest expense | 4,521 | 5,169 | Amortization of non-cash items within interest expense | 6,804 | 7,514 |
| Amortization of acquired above- and below-market leases, net | Amortization of acquired above- and below-market leases, net | (1,378) | (3,459) | Amortization of acquired above- and below-market leases, net | (1,932) | (4,136) |
| Amortization of acquired below-market ground leases | Amortization of acquired below-market ground leases | 3,916 | 3,916 | Amortization of acquired below-market ground leases | 5,873 | 5,873 |
| Straight-lining of rental revenue | Straight-lining of rental revenue | (12,415) | (11,192) | Straight-lining of rental revenue | (17,430) | (18,533) |
| Equity based compensation | Equity based compensation | 9,743 | 10,225 | Equity based compensation | 14,732 | 15,599 |
| Increase (decrease) in cash flows due to changes in operating assets and liabilities: | Increase (decrease) in cash flows due to changes in operating assets and liabilities: | | | Increase (decrease) in cash flows due to changes in operating assets and liabilities: | | |
| Security deposits | Security deposits | 15,326 | 866 | Security deposits | 14,293 | (1,198) |
| Tenant and other receivables | Tenant and other receivables | (8,708) | (24,831) | Tenant and other receivables | (13,459) | (11,707) |
| Deferred leasing costs | Deferred leasing costs | (9,316) | (21,826) | Deferred leasing costs | (11,838) | (31,983) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Prepaid expenses and other assets | Prepaid expenses and other assets | 957 | (1,242) | Prepaid expenses and other assets | 23,569 | 23,630 |
| Accounts payable and accrued expenses | Accounts payable and accrued expenses | (9,324) | (2,235) | Accounts payable and accrued expenses | (6,055) | 2,511 |
| Deferred revenue and other liabilities | Deferred revenue and other liabilities | (492) | (1,427) | Deferred revenue and other liabilities | 1,863 | (401) |
| Net cash provided by operating activities | Net cash provided by operating activities | 105,906 | 83,678 | Net cash provided by operating activities | 196,048 | 173,985 |
| **Cash Flows From Investing Activities** | **Cash Flows From Investing Activities** | | | **Cash Flows From Investing Activities** | | |
| Acquisition of real estate property | | | | Acquisition of real estate property | (26,910) | — |
| Net proceeds from disposition of property | Net proceeds from disposition of property | 88,910 | — | Net proceeds from disposition of property | 88,910 | — |
| Development costs | Development costs | — | (31) | Development costs | — | (31) |
| Additions to building and improvements | Additions to building and improvements | (76,166) | (56,614) | Additions to building and improvements | (101,379) | (89,085) |
| Net cash provided by (used in) investing activities | | 12,744 | (56,645) | | | |
| Net cash used in investing activities | | | | Net cash used in investing activities | (39,379) | (89,116) |

*The accompanying notes are an integral part of these consolidated financial statements*

**Empire State Realty Trust, Inc.**
**Condensed Consolidated Statements of Cash Flows (continued)**
**(unaudited)**
**(amounts in thousands)**

| | | **Six Months Ended June 30,** | | | **Nine Months Ended September 30,** | |
|---|---|---|---|---|---|---|
| | | **2023** | **2022** | | **2023** | **2022** |
| **Cash Flows From Financing Activities** | **Cash Flows From Financing Activities** | | | **Cash Flows From Financing Activities** | | |
| Repayment of mortgage notes payable | Repayment of mortgage notes payable | (4,270) | (3,119) | Repayment of mortgage notes payable | (6,685) | (5,163) |
| Contributions from consolidated joint ventures | Contributions from consolidated joint ventures | 112 | 224 | Contributions from consolidated joint ventures | 187 | 224 |
| Repurchases of common shares | Repurchases of common shares | (13,105) | (64,440) | Repurchases of common shares | (13,105) | (82,545) |
| Private perpetual preferred unit distributions | Private perpetual preferred unit distributions | (2,101) | (2,101) | Private perpetual preferred unit distributions | (3,151) | (3,151) |
| Dividends paid to common stockholders | Dividends paid to common stockholders | (11,297) | (11,750) | Dividends paid to common stockholders | (16,980) | (17,444) |
| Distributions paid to non-controlling interests in the operating partnership | Distributions paid to non-controlling interests in the operating partnership | (6,859) | (7,726) | Distributions paid to non-controlling interests in the operating partnership | (10,660) | (11,613) |
| Net cash used in financing activities | Net cash used in financing activities | (37,520) | (88,912) | Net cash used in financing activities | (50,394) | (119,692) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Net increase (decrease) in cash and cash equivalents and restricted cash | Net increase (decrease) in cash and cash equivalents and restricted cash | 81,130 | (61,879) | Net increase (decrease) in cash and cash equivalents and restricted cash | 106,275 | (34,823) |
| Cash and cash equivalents and restricted cash—beginning of period | Cash and cash equivalents and restricted cash—beginning of period | 314,678 | 474,638 | Cash and cash equivalents and restricted cash—beginning of period | 314,678 | 474,638 |
| Cash and cash equivalents and restricted cash—end of period | Cash and cash equivalents and restricted cash—end of period | $ 395,808 | $ 412,759 | Cash and cash equivalents and restricted cash—end of period | $ 420,953 | $ 439,815 |
| **Reconciliation of Cash and Cash Equivalents and Restricted Cash:** | **Reconciliation of Cash and Cash Equivalents and Restricted Cash:** | | | **Reconciliation of Cash and Cash Equivalents and Restricted Cash:** | | |
| Cash and cash equivalents at beginning of period | Cash and cash equivalents at beginning of period | $ 264,434 | $ 423,695 | Cash and cash equivalents at beginning of period | $ 264,434 | $ 423,695 |
| Restricted cash at beginning of period | Restricted cash at beginning of period | 50,244 | 50,943 | Restricted cash at beginning of period | 50,244 | 50,943 |
| Cash and cash equivalents and restricted cash at beginning of period | Cash and cash equivalents and restricted cash at beginning of period | $ 314,678 | $ 474,638 | Cash and cash equivalents and restricted cash at beginning of period | $ 314,678 | $ 474,638 |
| Cash and cash equivalents at end of period | Cash and cash equivalents at end of period | $ 315,357 | $ 359,424 | Cash and cash equivalents at end of period | $ 353,999 | $ 387,248 |
| Restricted cash at end of period | Restricted cash at end of period | 80,451 | 53,335 | Restricted cash at end of period | 66,954 | 52,567 |
| Cash and cash equivalents and restricted cash at end of period | Cash and cash equivalents and restricted cash at end of period | $ 395,808 | $ 412,759 | Cash and cash equivalents and restricted cash at end of period | $ 420,953 | $ 439,815 |
| **Supplemental disclosures of cash flow information:** | **Supplemental disclosures of cash flow information:** | | | **Supplemental disclosures of cash flow information:** | | |
| Cash paid for interest | Cash paid for interest | $ 46,116 | $ 40,199 | Cash paid for interest | $ 69,739 | $ 67,673 |
| Cash paid for income taxes | Cash paid for income taxes | $ 405 | $ 268 | Cash paid for income taxes | $ 578 | $ 188 |
| **Non-cash investing and financing activities:** | **Non-cash investing and financing activities:** | | | **Non-cash investing and financing activities:** | | |
| Building and improvements included in accounts payable and accrued expenses | Building and improvements included in accounts payable and accrued expenses | $ 38,677 | $ 67,815 | Building and improvements included in accounts payable and accrued expenses | $ 44,099 | $ 55,320 |
| Write-off of fully depreciated assets | Write-off of fully depreciated assets | 21,182 | 38,518 | Write-off of fully depreciated assets | 23,058 | 55,585 |
| Derivative instruments at fair values included in prepaid expenses and other assets | Derivative instruments at fair values included in prepaid expenses and other assets | 19,329 | 4,082 | Derivative instruments at fair values included in prepaid expenses and other assets | 25,578 | 18,457 |
| Derivative instruments at fair values included in accounts payable and accrued expenses | | — | 19,695 | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Conversion of operating partnership units and Class B shares to Class A shares | Conversion of operating partnership units and Class B shares to Class A shares | 5,019 | 2,345 | Conversion of operating partnership units and Class B shares to Class A shares | 15,682 | 2,384 |
| Disposal of land in connection with foreclosure | Disposal of land in connection with foreclosure | — | 1,680 | Disposal of land in connection with foreclosure | — | 1,680 |
| Extinguishment of debt in connection with property disposition | Extinguishment of debt in connection with property disposition | — | 30,000 | Extinguishment of debt in connection with property disposition | — | 30,000 |

*The accompanying notes are an integral part of these consolidated financial statements*

**Empire State Realty Trust, Inc.**
**Notes to Condensed Consolidated Financial Statements**
**(unaudited)**

**1. Description of Business and Organization**

As used in these condensed consolidated financial statements, unless the context otherwise requires, “we,” “us,” “our,” the “Company,” and "ESRT" mean Empire State Realty Trust, Inc. and its consolidated subsidiaries.

We are a self-administered and self-managed New York City-focused real estate investment trust ("REIT"), that owns, manages, operates, acquires with four revenue drivers: a portfolio of modernized, amenitized and repositions well-located office, retail, and multifamily properties in Manhattan and the greater New York metropolitan area. As the owner of the assets. ESRT’s flagship Empire State Building – the World’s “World’s Most Famous Building, we Building” – also own and operate includes our iconic, newly reimagined Observatory Experience. Experience, Tripadvisor’s #1 United States destination attraction in its 2023 Travelers’ Choice Best of the Best Awards for two consecutive years.

As of June 30, 2023 September 30, 2023, our office and retail ESRT’s portfolio contained 9.4 million is comprised of approximately 8.6 million rentable square feet of office space, 0.7 million rentable square feet of retail space and retail space. We owned 727 residential units. Our office portfolio included 11 office properties (including three long-term ground leasehold interests) encompassing approximately 8.6 million rentable square feet of office space. feet. Nine of these office properties are located in the midtown Manhattan market and encompass approximately 7.6 million rentable square feet, of office space, including the Empire State Building. Our Manhattan office and multifamily properties also contain an aggregate of approximately 0.5 million rentable square feet of retail space on their ground floor and/or contiguous levels. Our The remaining two office properties are located in Fairfield County, Connecticut, encompassing encompass approximately 1.1 million rentable square feet. These two properties feet and are located in densely populated metropolitan communities Stamford, Connecticut, with immediate access to mass transportation. Additionally, we have entitled land at the Stamford Transportation Center in Stamford, Connecticut, adjacent to one of our the Stamford office properties, that will can support the development of an approximately 0.4 million rentable square foot office building and garage. As of June 30, 2023, our Our retail portfolio included four standalone approximately 0.7 million rentable square feet of retail properties space, predominantly located in Manhattan encompassing approximately 0.2 million rentable square feet. Additionally, as of June 30, 2023, our Manhattan. Our multifamily portfolio included three multifamily properties 727 residential units in New York City, 721 of which are located in Manhattan totaling 721 units. Manhattan.

We were organized as a Maryland corporation on July 29, 2011 and commenced operations upon completion of our initial public offering and related formation transactions on October 7, 2013 (the "IPO"). Our operating partnership, Empire State Realty OP, L.P. (the "Operating Partnership"), holds substantially all of our assets and conducts substantially all of our business. As of June 30, 2023 September 30, 2023, we owned approximately 59.4% 59.9% of the aggregate operating partnership units in the Operating Partnership. We, as the sole general partner in the Operating Partnership, have responsibility and discretion in the management and control of the Operating Partnership, and the limited partners in the Operating Partnership, in such capacity, have no authority to transact business for, or participate in the management activities of, the Operating Partnership. Accordingly, the Operating Partnership has been consolidated by us. We elected to be subject to tax as a REIT for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2013.

**2. Summary of Significant Accounting Policies**

There have been no material changes to the summary of significant accounting policies included in the "Summary of Significant Accounting Policies" section in our Annual Report on Form 10-K for the year ended December 31, 2022 (the “Annual Report”).

**Basis of Quarterly Presentation and Principles of Consolidation**

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), for interim financial information, and with the rules and regulations of the Securities and Exchange Commission (the "SEC"). Commission. Accordingly, certain information and footnote disclosures required by GAAP for complete financial statements have been condensed or omitted in accordance with such rules and regulations. In the opinion of management, all adjustments and eliminations (including intercompany balances and transactions), consisting of normal recurring adjustments, considered necessary for the fair presentation of the financial statements have been included.

The results of operations for the periods presented are not necessarily indicative of the results that may be expected for the corresponding full years. These financial statements should be read in conjunction with the financial statements and accompanying notes included in the financial statements for the year ended December 31, 2022 contained in our Annual Report. Our observatory business is subject to seasonality based on tourism trends and the weather. Pre-pandemic, approximately 16.0% to 18.0% of our annual observatory revenue was realized in the first quarter, 26.0% to 28.0% was realized in the second quarter, 31.0% to 33.0% was realized in the third quarter, and 23.0% to 25.0% was realized in the fourth quarter. Our multifamily business experiences some seasonality based on general market trends in New York City – the winter months (November

(November through January) are slower in terms of leasing activity. We seek to mitigate this by staggering lease terms such that lease expirations are matched with seasonal demand. We do not consider the balance of our business to be subject to material seasonal fluctuations.

We consolidate entities in which we have a controlling financial interest. In determining whether we have a controlling financial interest in a partially owned entity and the requirement to consolidate the accounts of that entity, we consider factors such as ownership interest, board representation, management representation, authority to make decisions, and contractual and substantive participating rights of the partners/members. For variable interest entities ("VIE"), we consolidate the entity if we are deemed to have a variable interest in the entity and through that interest we are deemed the primary beneficiary. The primary beneficiary of a VIE is the entity that has (i) the power to direct the activities that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could be significant to the VIE. The primary beneficiary is required to consolidate the VIE. The Operating Partnership is a VIE of ESRT. As the Operating Partnership is already consolidated in the financial statements of ESRT, the identification of this entity as a VIE has no impact on our consolidated financial statements. At December 31, 2022, the Operating Partnership was the primary beneficiary of a variable interest in the intermediary entity which held title to 298 Mulberry, the multifamily asset acquired in December 2022. The intermediary entity was utilized to execute a like-kind exchange and subsequent to March 31, 2023, the like-kind exchange was completed and the Operating Partnership took title to 298 Mulberry. Therefore, the Operating Partnership had no VIEs at June 30, 2023 September 30, 2023.

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

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

**Accounting Estimates**

The preparation of the condensed consolidated financial statements in accordance with GAAP requires management to use estimates and assumptions that in certain circumstances affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Significant items subject to such estimates and assumptions include allocation of the purchase price of acquired real estate properties among tangible and intangible assets, determination of the useful life of real estate properties and other long-lived assets, valuation and impairment analysis of commercial real estate properties, right of use assets and other long-lived and indefinite-lived assets, estimate of tenant expense reimbursements, valuation of the allowance for doubtful accounts, and valuation of derivative instruments, ground lease liabilities, senior unsecured notes, mortgage notes payable, unsecured term loan and revolving credit facilities, and equity-based compensation. These estimates are prepared using management's best judgment, after considering past, current, and expected events and economic conditions. Actual results could differ from those estimates.

**3. Acquisitions and Dispositions**

**In December 2022, Property Acquisitions**

On September 14, 2023, we entered into a purchase and sale agreement for 500 Mamaroneck Avenue in Harrison, NY at a gross asset valuation of $53.0 million. The assets and related liabilities of the 500 Mamaroneck property were classified as held for sale in our condensed consolidated balance sheets as of December 31, 2022 having met the held-for-sale criteria set forth in ASC 360 Property, Plant, and Equipment. We closed on the sale acquisition of this a retail property in Williamsburg, Brooklyn, located on April 5, 2023 the corner of North 6th Street and no longer classify its assets Wythe Avenue for a purchase price of $26.4 million. The property has three retail tenants and related liabilities as held for sale six residential units, and was fully leased as of June 30, 2023 September 30, 2023. In connection with the sale, we recorded a gain of $13.6 million which is included The transaction was executed in Gain on disposition of property in our condensed consolidated statements of operations. In accordance with ASC 450, included a "1031 Exchange" under Section 1031 of the Internal Revenue Code of 1986, as amended. The purchase price is the fair value at the date of acquisition.

The following table summarizes properties acquired during the nine and twelve months ended September 30, 2023 and December 31, 2022, respectively (amounts in this thousands):

| Property | Date Acquired | Land | Building and Improvements | Intangibles Assets | Intangibles Liabilities | Total* |
|---|---|---|---|---|---|---|
| Williamsburg Retail, Brooklyn | 9/14/2023 | $ 4,851 | $ 20,936 | $ 1,573 | $ (300) | $ 27,060 |
| 298 Mulberry Street, Manhattan | 12/20/2022 | $ 40,935 | $ 69,508 | $ 5,300 | $ (150) | $ 115,593 |

*Includes total capitalized transaction costs of $1.4 million.

**Property Dispositions**

The following table summarizes properties disposed of during the nine and twelve months ended September 30, 2023 and December 31, 2022, respectively (amounts in thousands):

| Property | Date of Disposal | Sales Price | Gain on Disposition |
|---|---|---|---|
| 500 Mamaroneck Avenue, Harrison, New York* | 4/5/2023 | $ 53,000 | $ 13,572 |
| 69-97 and 103-107 Main Street, Westport, Connecticut | 2/1/2023 | $ 40,000 | $ 15,689 |
| 10 Bank Street, White Plains, New York | 12/7/2022 | $ 42,000 | $ 6,818 |
| 383 Main Avenue, Norwalk, Connecticut** | 4/1/2022 | $ 30,000 | $ 27,170 |

*The gain is net of approximately $2.0 million of estimated post-closing obligations related to contaminated soil remediation costs and our commitment to reimburse the buyer for a delay in rent commencement from a tenant impacted by the soil remediation efforts. Should this rent commencement be delayed beyond our current estimate, our maximum exposure to reimburse the buyer for such a delay, as limited by amounts held in escrow, is an incremental post-closing obligation of $3.6 million.

On February 1, 2023, we closed on **We transferred the sale of 69-97 property, which was encumbered by a $30.0 million mortgage, back to the lender in a consensual foreclosure and 103-107 Main Street in Westport, Connecticut at recognized a gross asset valuation of $40.0 million, and recorded a non-cash gain of $15.7 million, which is included in Gain on disposition of property in our condensed consolidated statements of operations. The Westport sale was a related party transaction approved in accordance with upon the Company's related party transactions policy. See our Annual Report for more information. disposition.

**4. Deferred Costs, Acquired Lease Intangibles and Goodwill**

Deferred costs, net, consisted of the following as of June 30, 2023 September 30, 2023 and December 31, 2022 (amounts in thousands):

| | | June 30, 2023 | December 31, 2022 | | September 30, 2023 | December 31, 2022 |
|---|---|---|---|---|---|---|
| Leasing costs | Leasing costs | $ 219,404 | $ 218,707 | Leasing costs | $ 222,272 | $ 218,707 |
| Acquired in-place lease value and deferred leasing costs | Acquired in-place lease value and deferred leasing costs | 159,356 | 160,683 | Acquired in-place lease value and deferred leasing costs | 158,518 | 160,683 |
| Acquired above-market leases | Acquired above-market leases | 25,880 | 27,833 | Acquired above-market leases | 24,430 | 27,833 |
| | | 404,640 | 407,223 | | 405,220 | 407,223 |
| Less: accumulated amortization | Less: accumulated amortization | (231,886) | (223,246) | Less: accumulated amortization | (233,132) | (223,246) |
| Total deferred costs, net, excluding net deferred financing costs | Total deferred costs, net, excluding net deferred financing costs | $ 172,754 | $ 183,977 | Total deferred costs, net, excluding net deferred financing costs | $ 172,088 | $ 183,977 |

At June 30, 2023 September 30, 2023 and December 31, 2022, $3.9 million $3.4 million and $5.0 million, respectively, of net deferred financing costs associated with the unsecured revolving credit facility was included in deferred costs, net on the condensed consolidated balance sheets.

Amortization expense related to deferred leasing costs and acquired deferred leasing costs was $6.1 million $5.8 million and $11.9 million $17.7 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and $7.3 million $5.6 million and $14.3 $19.8 million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively. Amortization expense related to acquired lease intangibles was $2.3 million $1.5 million and $4.6 million $6.1 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and $4.1 million $2.2 million and $8.3 $10.6 million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively.

Amortizing acquired intangible assets and liabilities consisted of the following as of June 30, 2023 September 30, 2023 and December 31, 2022 (amounts in thousands):

| | | June 30, 2023 | December 31, 2022 | | September 30, 2023 | December 31, 2022 |
|---|---|---|---|---|---|---|
| Acquired below-market ground leases | Acquired below-market ground leases | $ 396,916 | $ 396,916 | Acquired below-market ground leases | $ 396,916 | $ 396,916 |
| Less: accumulated amortization | Less: accumulated amortization | (71,759) | (67,843) | Less: accumulated amortization | (73,717) | (67,843) |
| Acquired below-market ground leases, net | Acquired below-market ground leases, net | $ 325,157 | $ 329,073 | Acquired below-market ground leases, net | $ 323,199 | $ 329,073 |

| | | June 30, 2023 | December 31, 2022 | | September 30, 2023 | December 31, 2022 |
|---|---|---|---|---|---|---|
| Acquired below-market leases | Acquired below-market leases | $ (63,831) | $ (64,656) | Acquired below-market leases | $ (55,186) | $ (64,656) |
| Less: accumulated amortization | Less: accumulated amortization | 48,551 | 46,807 | Less: accumulated amortization | 40,483 | 46,807 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Acquired below-market leases, net | Acquired below-market leases, net | $ | (15,280) | $ | (17,849) | Acquired below-market leases, net | $ (14,703) | $ (17,849) |

Rental revenue related to the amortization of below-market leases, net of above-market leases, was $0.7 million $0.6 million and $1.4 million $1.9 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and $1.7 million $0.7 million and $3.5 $4.1 million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively.

As of June 30, 2023 September 30, 2023 and December 31, 2022, we had goodwill of $491.5 million. Goodwill was allocated $227.5 million to the observatory reportable segment and $264.0 million to the real estate reportable segment.

From the quarter ended June 30, 2020 through our annual goodwill testing in October 2022, we bypassed the optional qualitative goodwill impairment assessment and proceeded directly to a quantitative assessment of the observatory reportable segment and engaged a third-party valuation consulting firm to perform the valuation process. This was done in response to the temporary closure of our observatory due to the COVID-19 pandemic and subsequent slow increase in visitors due to continued pandemic-related restrictions impacting tourism and international travel. The quantitative analysis used a combination of the discounted cash flow method (a form of the income approach) utilizing Level 3 unobservable inputs and the guideline company method (a form of the market approach). Significant assumptions under the former included revenue and cost projections, weighted average cost of capital, long-term growth rate and income tax considerations while the latter included guideline company enterprise values, revenue multiples and control premium rates. Our methodology to review goodwill impairment, which included a significant amount of judgment and estimates, provided a reasonable basis to determine whether impairment had occurred. Each quantitative analysis performed concluded the fair value of the reporting unit exceeds its carrying value. For the quarter ended June 30, 2023, we performed an optional qualitative assessment and did not identify any events which occurred between Subsequent to our last quantitative assessment annual goodwill impairment test, we have performed quarterly qualitative assessments and the current reporting date have not identified any events which would indicate, on a more likely than not basis, that the goodwill allocated to the reporting unit was impaired. Many of the factors employed in determining whether or not goodwill is impaired are outside of our control, and it is reasonably likely that assumptions and estimates will change in future periods. We will continue to assess the impairment of the observatory reporting unit goodwill going forward.

### 5. Debt

Debt consisted of the following as of June 30, 2023 September 30, 2023 and December 31, 2022 (amounts in thousands):

| | | Principal Balance | | As of June 30, 2023 | | | | Principal Balance | | As of September 30, 2023 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | June 30, 2023 | December 31, 2022 | Stated Rate | Effective Rate(1) | Maturity Date(2) | | September 30, 2023 | December 31, 2022 | Stated Rate | Effective Rate(1) | Maturity Date(2) |
| **Mortgage debt collateralized by:** | | | | | | | | | | | | |
| ***Fixed rate mortgage debt*** | | | | | | | | | | | | |
| ***Mortgage debt*** | | | | | | | ***Mortgage debt*** | | | | | |
| Metro Center | Metro Center | $ 81,344 | $ 82,596 | 3.59 % | 3.67 % | 11/5/2024 | Metro Center | $ 80,710 | $ 82,596 | 3.59 % | 3.67 % | 11/5/2024 |
| 10 Union Square | 10 Union Square | 50,000 | 50,000 | 3.70 % | 3.97 % | 4/1/2026 | 10 Union Square | 50,000 | 50,000 | 3.70 % | 3.97 % | 4/1/2026 |
| 1542 Third Avenue | 1542 Third Avenue | 30,000 | 30,000 | 4.29 % | 4.53 % | 5/1/2027 | 1542 Third Avenue | 30,000 | 30,000 | 4.29 % | 4.53 % | 5/1/2027 |
| First Stamford Place(3) | First Stamford Place(3) | 177,347 | 178,823 | 4.28 % | 4.73 % | 7/1/2027 | First Stamford Place(3) | 176,359 | 178,823 | 4.28 % | 4.73 % | 7/1/2027 |
| 1010 Third Avenue and 77 West 55th Street | 1010 Third Avenue and 77 West 55th Street | 35,399 | 35,831 | 4.01 % | 4.21 % | 1/5/2028 | 1010 Third Avenue and 77 West 55th Street | 35,179 | 35,831 | 4.01 % | 4.21 % | 1/5/2028 |
| 250 West 57th Street | 250 West 57th Street | 180,000 | 180,000 | 2.83 % | 3.21 % | 12/1/2030 | 250 West 57th Street | 180,000 | 180,000 | 2.83 % | 3.21 % | 12/1/2030 |
| 1333 Broadway | 1333 Broadway | 160,000 | 160,000 | 4.21 % | 4.29 % | 2/5/2033 | 1333 Broadway | 160,000 | 160,000 | 4.21 % | 4.29 % | 2/5/2033 |
| 345 East 94th Street - Series A(5) | 345 East 94th Street - Series A(5) | 43,600 | 43,600 | 70.0% of SOFR plus 0.95% | 3.56 % | 11/1/2030 | 345 East 94th Street - Series A(5) | 43,600 | 43,600 | 70.0% of SOFR plus 0.95% | 3.56 % | 11/1/2030 |
| 345 East 94th Street - Series B(5) | 345 East 94th Street - Series B(5) | 7,544 | 7,865 | SOFR plus 2.24% | 3.56 % | 11/1/2030 | 345 East 94th Street - Series B(5) | 7,378 | 7,865 | SOFR plus 2.24% | 3.56 % | 11/1/2030 |
| 561 10th Avenue - Series A(5) | 561 10th Avenue - Series A(5) | 114,500 | 114,500 | 70.0% of SOFR plus 1.07% | 3.85 % | 11/1/2033 | 561 10th Avenue - Series A(5) | 114,500 | 114,500 | 70.0% of SOFR plus 1.07% | 3.85 % | 11/1/2033 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 561 10th Avenue - Series B[5] | 561 10th Avenue - Series B[5] | 16,627 | 17,415 | SOFR plus 2.45% | 3.85 % | 11/1/2033 | 561 10th Avenue - Series B[5] | 16,219 | 17,415 | SOFR plus 2.45% | 3.85 % | 11/1/2033 |
| Total mortgage debt | Total mortgage debt | 896,361 | 900,630 | | | | Total mortgage debt | 893,945 | 900,630 | | | |
| Senior unsecured notes:[4] | Senior unsecured notes:[4] | | | | | | Senior unsecured notes:[4] | | | | | |
| Series A | Series A | 100,000 | 100,000 | 3.93 % | 3.96 % | 3/27/2025 | Series A | 100,000 | 100,000 | 3.93 % | 3.96 % | 3/27/2025 |
| Series B | Series B | 125,000 | 125,000 | 4.09 % | 4.12 % | 3/27/2027 | Series B | 125,000 | 125,000 | 4.09 % | 4.12 % | 3/27/2027 |
| Series C | Series C | 125,000 | 125,000 | 4.18 % | 4.21 % | 3/27/2030 | Series C | 125,000 | 125,000 | 4.18 % | 4.21 % | 3/27/2030 |
| Series D | Series D | 115,000 | 115,000 | 4.08 % | 4.11 % | 1/22/2028 | Series D | 115,000 | 115,000 | 4.08 % | 4.11 % | 1/22/2028 |
| Series E | Series E | 160,000 | 160,000 | 4.26 % | 4.27 % | 3/22/2030 | Series E | 160,000 | 160,000 | 4.26 % | 4.27 % | 3/22/2030 |
| Series F | Series F | 175,000 | 175,000 | 4.44 % | 4.45 % | 3/22/2033 | Series F | 175,000 | 175,000 | 4.44 % | 4.45 % | 3/22/2033 |
| Series G | Series G | 100,000 | 100,000 | 3.61 % | 4.89 % | 3/17/2032 | Series G | 100,000 | 100,000 | 3.61 % | 4.89 % | 3/17/2032 |
| Series H | Series H | 75,000 | 75,000 | 3.73 % | 5.00 % | 3/17/2035 | Series H | 75,000 | 75,000 | 3.73 % | 5.00 % | 3/17/2035 |
| Unsecured term loan facility[4] | Unsecured term loan facility[4] | 215,000 | 215,000 | SOFR plus 1.20% | 4.22 % | 3/19/2025 | Unsecured term loan facility[4] | 215,000 | 215,000 | SOFR plus 1.20% | 4.22 % | 3/19/2025 |
| Unsecured revolving credit facility[4] | Unsecured revolving credit facility[4] | — | — | SOFR plus 1.30% | — | 3/31/2025 | Unsecured revolving credit facility[4] | — | — | SOFR plus 1.30% | — | 3/31/2025 |
| Unsecured term loan facility[4] | Unsecured term loan facility[4] | 175,000 | 175,000 | SOFR plus 1.50% | 4.51 % | 12/31/2026 | Unsecured term loan facility[4] | 175,000 | 175,000 | SOFR plus 1.50% | 4.51 % | 12/31/2026 |
| Total principal | Total principal | 2,261,361 | 2,265,630 | | | | Total principal | 2,258,945 | 2,265,630 | | | |
| Deferred financing costs, net | Deferred financing costs, net | (10,619) | (11,748) | | | | Deferred financing costs, net | (10,052) | (11,748) | | | |
| Unamortized debt discount | Unamortized debt discount | (7,354) | (7,745) | | | | Unamortized debt discount | (7,159) | (7,745) | | | |
| **Total** | **Total** | $ 2,243,388 | $ 2,246,137 | | | | **Total** | $ 2,241,734 | $ 2,246,137 | | | |

(1) The effective rate is the yield as of June 30, 2023 September 30, 2023 and includes the stated interest rate, deferred financing cost amortization and interest associated with variable to fixed interest rate swap agreements.

(2) Pre-payment is generally allowed for each loan upon payment of a customary pre-payment penalty.

(3) Represents a $164 million mortgage loan bearing interest at 4.09% and a $13.3 million $12.4 million loan bearing interest at 6.25%.

(4) At June 30, 2023 September 30, 2023, we were in compliance with all debt covenants.

As of May 18, 2023, the benchmark index rate was converted from LIBOR to SOFR, plus a benchmark adjustment of 11.4 basis points .

**Principal Payments**

Aggregate required principal payments at June 30, 2023 September 30, 2023 are as follows (amounts in thousands):

| Year | Year | Amortization | Maturities | Total | Year | Amortization | Maturities | Total |
|---|---|---|---|---|---|---|---|---|
| 2023 | 2023 | $ 4,363 | $ — | $ 4,363 | 2023 | $ 1,947 | $ — | $ 1,947 |
| 2024 | 2024 | 8,861 | 77,675 | 86,536 | 2024 | 8,861 | 77,675 | 86,536 |
| 2025 | 2025 | 6,893 | 315,000 | 321,893 | 2025 | 6,893 | 315,000 | 321,893 |
| 2026 | 2026 | 7,330 | 225,000 | 232,330 | 2026 | 7,330 | 225,000 | 232,330 |
| 2027 | 2027 | 6,461 | 319,000 | 325,461 | 2027 | 6,461 | 319,000 | 325,461 |
| Thereafter | Thereafter | 22,079 | 1,268,699 | 1,290,778 | Thereafter | 22,079 | 1,268,699 | 1,290,778 |
| Total | Total | $ 55,987 | $ 2,205,374 | $ 2,261,361 | Total | $ 53,571 | $ 2,205,374 | $ 2,258,945 |

**Deferred Financing Costs**

Deferred financing costs, net, consisted of the following at June 30, 2023 September 30, 2023 and December 31, 2022 (amounts in thousands):

| | | June 30, 2023 | December 31, 2022 | | September 30, 2023 | December 31, 2022 |
|---|---|---|---|---|---|---|
| Financing costs | Financing costs | $ 43,473 | $ 43,473 | Financing costs | $ 43,473 | $ 43,473 |
| Less: accumulated amortization | Less: accumulated amortization | (28,931) | (26,753) | Less: accumulated amortization | (30,020) | (26,753) |
| Total deferred financing costs, net | Total deferred financing costs, net | $ 14,542 | $ 16,720 | Total deferred financing costs, net | $ 13,453 | $ 16,720 |

Amortization expense related to deferred financing costs was $1.1 million and $2.2 million $3.3 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and $1.3 million $1.2 million and $2.7 $3.8 million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively.

**Unsecured Revolving Credit and Term Loan Facilities**

On August 29, 2022, through our Operating Partnership, we entered into a third amendment to our amended and restated credit agreement dated August 29, 2017 with Bank of America, N.A., as administrative agent and the other lenders party thereto, which governs our senior unsecured revolving credit facility and term loan facility (collectively, the "BofA Credit Facility"). The BofA Credit Facility is in the initial maximum principal amount of up to $1.065 billion, which consists of an $850.0 million revolving credit facility that matures on March 31, 2025, and a $215.0 million term loan facility that matures on March 19, 2025. The third amendment revised the terms of the BofA Credit Facility to (i) replace LIBOR with SOFR given the phase-out of LIBOR and (ii) permit the addition of multifamily assets as Unencumbered Eligible Property (as defined therein) and add a capitalization rate for such assets. As of June September 30, 2023, we had no borrowings under the revolving credit facility and $215.0 million under the term loan facility.

On August 29, 2022, through our Operating Partnership, we entered into a second amendment to our credit agreement dated March 19, 2020 with Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto, which governs a senior unsecured term loan facility (the "Wells Term Loan Facility"). The Wells Term Loan Facility is in the original principal amount of $175.0 million and matures on December 31, 2026. The second amendment revised the terms of the Wells Term Loan Facility to (i) replace LIBOR with SOFR given the phase-out of LIBOR and (ii) permit the addition of multifamily assets as Unencumbered Eligible Property (as defined therein) and add a capitalization rate for such assets. We may request the Wells Term Loan Facility be increased through one or more increases or the addition of new pari passu term loan tranches, for a maximum aggregate principal amount not to exceed $225 million. As of June September 30, 2023, our borrowings amounted to $175.0 million under the Wells Term Loan Facility.

The terms of both the BofA Credit Facility and the Wells Term Loan Facility include customary covenants, including limitations on liens, investment, distributions, debt, fundamental changes, and transactions with affiliates and require certain customary financial reports. Both facilities also require compliance with financial ratios including a maximum leverage ratio, a maximum secured leverage ratio, a minimum fixed charge coverage ratio, a minimum unencumbered interest coverage ratio, and a maximum unsecured leverage ratio. The agreements governing both facilities also contain customary events of default (subject in certain cases to specified cure periods), including but not limited to non-payment, breach of covenants, representations or warranties, cross defaults, bankruptcy or other insolvency events, judgments, ERISA events, invalidity of loan documents, loss of real estate investment trust qualification, and occurrence of a change of control. As of June 30, 2023 September 30, 2023, we were in compliance with these covenants.

**Senior Unsecured Notes**

The terms of the senior unsecured notes include customary covenants, including limitations on liens, investment, distributions, debt, fundamental changes, and transactions with affiliates and require certain customary financial reports. It also requires compliance with financial ratios including a maximum leverage ratio, a maximum secured leverage ratio, a minimum fixed charge coverage ratio, a minimum unencumbered interest coverage ratio, and a maximum unsecured leverage ratio. The agreements also contain customary events of default (subject in certain cases to specified cure periods), including but not limited to non-payment, breach of covenants, representations or warranties, cross defaults, bankruptcy or other insolvency events, judgments, ERISA events, the occurrence of certain change of control transactions and loss of real estate investment trust qualification. As of June 30, 2023 September 30, 2023, we were in compliance with these covenants.

**6. Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses consisted of the following as of June 30, 2023 September 30, 2023 and December 31, 2022 (amounts in thousands):

| | | June 30, 2023 | December 31, 2022 | | September 30, 2023 | December 31, 2022 |
|---|---|---|---|---|---|---|
| Accrued capital expenditures | Accrued capital expenditures | $ 38,677 | $ 44,293 | Accrued capital expenditures | $ 44,099 | $ 44,293 |
| Accounts payable and accrued expenses | Accounts payable and accrued expenses | 29,468 | 32,927 | Accounts payable and accrued expenses | 36,249 | 32,927 |
| Accrued interest payable | Accrued interest payable | 3,564 | 3,509 | Accrued interest payable | 2,951 | 3,509 |

| | | | | |
|---|---|---|---|---|
| Total accounts payable and accrued expenses | Total accounts payable and accrued expenses | $ 71,709 | $ 80,729 | Total accounts payable and accrued expenses |
| | | | | $ 83,299 |
| | | | | $ 80,729 |

**7. Financial Instruments and Fair Values**

**Derivative Financial Instruments**

We use derivative financial instruments primarily to manage interest rate risk and such derivatives are not considered speculative. These derivative instruments are typically in the form of interest rate swap and forward agreements, and the primary objective is to minimize interest rate risks associated with investing and financing activities. The counterparties of these arrangements are major financial institutions with which we may also have other financial relationships. We are exposed to credit risk in the event of non-performance by these counterparties; however, we currently do not anticipate that any of the counterparties will fail to meet their obligations.

We have agreements with our derivative counterparties that contain a provision where if we either default or are capable of being declared in default on any of our indebtedness, then we could also be declared in default on our derivative obligations. As of June 30, 2023 September 30, 2023, we did not have derivatives in a net liability position.

As of June 30, 2023 September 30, 2023 and December 31, 2022, we had interest rate swaps and caps with an aggregate notional value of $574.0 million $573.6 million and $574.8 million, respectively. The notional value does not represent exposure to credit, interest rate or market risks. As of June 30, 2023 September 30, 2023 and December 31, 2022, the fair value of our derivative instruments in an asset position amounted to $19.4 million $25.6 million and $17.9 million, respectively, which is included in prepaid expenses and other assets on the condensed consolidated balance sheets. These interest rate swaps have been designated as cash flow hedges and hedge the variability in future cash flows associated with our existing variable-rate term loan facilities. Interest rate caps not designated as hedges are not speculative and are used to manage our exposure to interest rate movements, but do not meet the strict hedge accounting requirements.

As of June 30, 2023 September 30, 2023 and 2022, our cash flow hedges are deemed highly effective and a net unrealized gain of $10.1 million $7.3 million and $3.4 million $10.6 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and a net unrealized gain of $12.8 million $21.0 million and $25.9 million $46.8 million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively, relating to both active and terminated hedges of interest rate risk, are reflected in the condensed consolidated statements of comprehensive income (loss). income. Amounts reported in accumulated other comprehensive loss related to derivatives will be reclassified to interest expense as interest payments are made on the debt. We estimate that $8.5 million $8.8 million net gain of the current balance held in accumulated other comprehensive income (loss) will be reclassified into interest expense within the next 12 months.

The table below summarizes the terms of agreements and the fair values of our derivative financial instruments as of June 30, 2023 September 30, 2023 and December 31, 2022 (amounts in thousands):

| | | | | | | | June 30, 2023 | | December 31, 2022 | |
|---|---|---|---|---|---|---|---|---|---|---|
| Derivative | Derivative | Notional Amount | Receive Rate | Pay Rate | Effective Date | Expiration Date | Asset | Liability | Asset | Liability |
| Interest rate swap | Interest rate swap | $ 36,820 | 70% of 1 Month SOFR | 2.5000% | December 1, 2021 | November 1, 2030 | $ 364 | $ — | $ 256 | $ — |
| Interest rate swap | Interest rate swap | 103,790 | 70% of 1 Month SOFR | 2.5000% | December 1, 2021 | November 1, 2033 | 375 | — | 365 | — |
| Interest rate swap | Interest rate swap | 10,710 | 70% of 1 Month SOFR | 1.7570% | December 1, 2021 | November 1, 2033 | 626 | — | 643 | — |
| Interest rate swap | Interest rate swap | 16,761 | 1 Month SOFR | 2.2540% | December 1, 2021 | November 1, 2030 | 1,067 | — | 1,070 | — |
| Interest rate cap | Interest rate cap | 6,780 | 70% of 1 Month SOFR | 4.5000% | December 1, 2021 | October 1, 2024 | 4 | — | 8 | — |
| Interest rate cap | Interest rate cap | 9,188 | 1 Month SOFR | 5.5000% | December 1, 2021 | October 1, 2024 | 28 | — | 26 | — |
| Interest rate swap | Interest rate swap | 175,000 | SOFR Compound | 2.5620% | August 31, 2022 | December 31, 2026 | 8,961 | — | 8,040 | — |
| Interest rate swap | Interest rate swap | 107,500 | SOFR Compound | 2.6260% | August 19, 2022 | March 19, 2025 | 3,967 | — | 3,766 | — |
| Interest rate swap | Interest rate swap | 107,500 | SOFR OIS Compound | 2.6280% | August 19, 2022 | March 19, 2025 | 3,969 | — | 3,762 | — |
| | | | | | | | $19,361 | $ — | $17,936 | $ — |

| | | | | | | September 30, 2023 | | Decemb 202 | |
|---|---|---|---|---|---|---|---|---|---|
| Derivative | Notional Amount | Receive Rate | Pay Rate | Effective Date | Expiration Date | Asset | Liability | Asset | L |
| Interest rate swap | $ 36,820 | 70% of 1 Month SOFR | 2.5000% | December 1, 2021 | November 1, 2030 | $ 1,281 | $ — | $ 256 | $ |
| Interest rate swap | 103,790 | 70% of 1 Month SOFR | 2.5000% | December 1, 2021 | November 1, 2033 | 4,279 | — | 365 | |
| Interest rate swap | 10,710 | 70% of 1 Month SOFR | 1.7570% | December 1, 2021 | November 1, 2033 | 941 | — | 643 | |
| Interest rate swap | 16,356 | 1 Month SOFR | 2.2540% | December 1, 2021 | November 1, 2030 | 1,261 | — | 1,070 | |
| Interest rate cap | 6,780 | 70% of 1 Month SOFR | 4.5000% | December 1, 2021 | October 1, 2024 | — | — | 8 | |
| Interest rate cap | 9,188 | 1 Month SOFR | 5.5000% | December 1, 2021 | October 1, 2024 | 22 | — | 26 | |
| Interest rate swap | 175,000 | SOFR Compound | 2.5620% | August 31, 2022 | December 31, 2026 | 10,216 | — | 8,040 | |
| Interest rate swap | 107,500 | SOFR Compound | 2.6260% | August 19, 2022 | March 19, 2025 | 3,799 | — | 3,766 | |
| Interest rate swap | 107,500 | SOFR OIS Compound | 2.6280% | August 19, 2022 | March 19, 2025 | 3,801 | — | 3,762 | |
| | | | | | | $25,600 | $ — | $17,936 | $ |

The table below shows the effect of our derivative financial instruments designated as cash flow hedges on accumulated other comprehensive income (loss) for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022 (amounts in thousands):

| | Three Months Ended | Six Months Ended |
|---|---|---|

| Effects of Cash Flow Hedges | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
|---|---|---|---|---|
| Amount of gain (loss) recognized in other comprehensive income (loss) | $ 11,935 | $ 10,057 | $ 6,533 | $ 19,819 |
| Amount of loss reclassified from accumulated other comprehensive income (loss) into interest expense | 1,882 | (2,741) | 3,154 | (6,036) |

| Effects of Cash Flow Hedges | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2023 | September 30, 2022 | September 30, 2023 | September 30, 2022 |
| Amount of gain recognized in other comprehensive income (loss) | $ 9,525 | $ 19,588 | $ 16,058 | $ 39,407 |
| Amount of gain (loss) reclassified from accumulated other comprehensive income (loss) into interest expense | 2,275 | (1,392) | 5,429 | (7,428) |

The table below shows the effect of our derivative financial instruments designated as cash flow hedges on the condensed consolidated statements of operations for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022 (amounts in thousands):

| Effects of Cash Flow Hedges | Effects of Cash Flow Hedges | Three Months Ended | | Six Months Ended | | Effects of Cash Flow Hedges | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 | | September 30, 2023 | September 30, 2022 | September 30, 2023 | September 30, 2022 |
| Total interest expense presented in the condensed consolidated statements of operations in which the effects of cash flow hedges are recorded | Total interest expense presented in the condensed consolidated statements of operations in which the effects of cash flow hedges are recorded | $ (25,405) | $ (25,042) | $ (50,709) | $ (50,056) | Total interest expense presented in the condensed consolidated statements of operations in which the effects of cash flow hedges are recorded | $ (25,382) | $ (25,516) | $ (76,091) | $ (75,572) |
| Amount of loss reclassified from accumulated other comprehensive income (loss) into interest expense | | 1,882 | (2,741) | 3,154 | (6,036) | | | | | |
| Amount of gain (loss) reclassified from accumulated other comprehensive income (loss) into interest expense | | | | | | Amount of gain (loss) reclassified from accumulated other comprehensive income (loss) into interest expense | 2,275 | (1,392) | 5,429 | (7,428) |

**Fair Valuation**

The estimated fair values at June 30, 2023 September 30, 2023 and December 31, 2022 were determined by management, using available market information and appropriate valuation methodologies. Considerable judgment is necessary to interpret market data and develop estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts we could realize on disposition of the financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The fair value of derivative instruments is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. Although the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by ourselves and our counterparties. The impact of such credit valuation adjustments, determined based on the fair value of each individual contract, was not significant to the overall valuation. As a result, all our derivatives were classified as Level 2 of the fair value hierarchy.

The fair values of our mortgage notes payable, senior unsecured notes (Series A, B, C, D, E, F, G and H), unsecured term loan facilities and unsecured revolving credit facility which are determined using Level 3 inputs are estimated by discounting the future cash flows using current interest rates at which similar borrowings could be made by us.

The following tables summarize the carrying and estimated fair values of our financial instruments as of June 30, 2023 September 30, 2023 and December 31, 2022 (amounts in thousands):

| | | June 30, 2023 | | | | | | September 30, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Estimated Fair Value | | | | | | Estimated Fair Value | | | |
| | | Carrying Value | Total | Level 1 | Level 2 | Level 3 | | Carrying Value | Total | Level 1 | Level 2 | Level 3 |
| Interest rate swaps included in prepaid expenses and other assets | Interest rate swaps included in prepaid expenses and other assets | $ 19,329 | $ 19,329 | $ — | $ 19,329 | $ — | Interest rate swaps included in prepaid expenses and other assets | $ 25,578 | $ 25,578 | $ — | $ 25,578 | $ — |
| Interest rate swaps included in accounts payable and accrued expenses | | — | — | — | — | — | | | | | | |
| Mortgage notes payable | Mortgage notes payable | 880,592 | 765,621 | — | — | 765,621 | Mortgage notes payable | 878,757 | 752,874 | — | — | 752,874 |
| Senior unsecured notes - Series A, B, C, D, E, F, G and H | Senior unsecured notes - Series A, B, C, D, E, F, G and H | 973,768 | 870,173 | — | — | 870,173 | Senior unsecured notes - Series A, B, C, D, E, F, G and H | 973,819 | 848,074 | — | — | 848,074 |
| Unsecured term loan facilities | Unsecured term loan facilities | 389,028 | 390,000 | — | — | 390,000 | Unsecured term loan facilities | 389,158 | 390,000 | — | — | 390,000 |

| | December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | | Estimated Fair Value | | | |
| | Carrying Value | Total | Level 1 | Level 2 | Level 3 |
| Interest rate swaps included in prepaid expenses and other assets | $ 17,936 | $ 17,936 | $ — | $ 17,936 | $ — |
| Mortgage notes payable | 883,705 | 783,648 | — | — | 783,648 |
| Senior unsecured notes - Series A, B, C, D, E, F, G and H | 973,659 | 865,292 | — | — | 865,292 |
| Unsecured term loan facilities | 388,773 | 390,000 | — | — | 390,000 |

Disclosure about the fair value of financial instruments is based on pertinent information available to us as of June 30, 2023 September 30, 2023 and December 31, 2022. Although we are not aware of any factors that would significantly affect the reasonable fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date and current estimates of fair value may differ significantly from the amounts presented herein.

**8. Leases**

**Lessor**

We lease various spaces to tenants over terms ranging from one to 22 years. Certain leases have renewal options for additional terms. The leases provide for base monthly rentals and reimbursements for real estate taxes, escalations linked to the consumer price index or common area maintenance known as operating expense escalation. Operating expense reimbursements are reflected in our June 30, 2023 September 30, 2023 and 2022 condensed consolidated statements of operations as rental revenue.

Rental revenue includes fixed and variable payments. Fixed payments primarily relate to base rent and variable payments primarily relate to tenant expense reimbursements for certain property operating costs. The components of rental revenue for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022 are as follows (amounts in thousands):

| Three Months Ended | Six Months Ended | Three Months Ended | Nine Months Ended |
|---|---|---|---|

| Rental revenue | Rental revenue | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 | Rental revenue | September 30, 2023 | September 30, 2022 | September 30, 2023 | September 30, 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Fixed payments | Fixed payments | $ 138,318 | $ 134,794 | $ 262,882 | $ 268,195 | Fixed payments | $ 132,862 | $ 131,800 | $ 395,744 | $ 399,995 |
| Variable payments | Variable payments | 16,285 | 14,545 | 31,812 | 28,658 | Variable payments | 18,596 | 16,490 | 50,408 | 45,148 |
| Total rental revenue | Total rental revenue | $ 154,603 | $ 149,339 | $ 294,694 | $ 296,853 | Total rental revenue | $ 151,458 | $ 148,290 | $ 446,152 | $ 445,143 |

As of June 30, 2023 September 30, 2023, we were entitled to the following future contractual minimum lease payments (excluding operating expense reimbursements) on non-cancellable operating leases to be received which expire on various dates through

2040 (amounts in thousands):

| | | | | | | |
|---|---|---|---|---|---|---|
| Remainder of 2023 | Remainder of 2023 | $ | 246,802 | Remainder of 2023 | $ | 124,805 |
| 2024 | 2024 | | 504,657 | 2024 | | 510,232 |
| 2025 | 2025 | | 484,668 | 2025 | | 492,160 |
| 2026 | 2026 | | 438,662 | 2026 | | 446,677 |
| 2027 | 2027 | | 419,474 | 2027 | | 426,876 |
| Thereafter | Thereafter | | 1,963,143 | Thereafter | | 1,997,898 |
| | | $ | 4,057,406 | | $ | 3,998,648 |

The above future minimum lease payments exclude tenant recoveries and the net accretion of above and below-market lease intangibles. Some leases are subject to termination options generally upon payment of a termination fee. The preceding table is prepared assuming such options are not exercised.

On March 12, 2023, Refer to our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023 in the section "Financial Statements - Note 8. Leases" for prior disclosures related to the Signature Bank a tenant at 1400 Broadway and 1333 Broadway, was closed by the New York State Department of Financial Services, which appointed the Federal Deposit Insurance Corporation (“FDIC”) as receiver. On March 20, 2023, Flagstar Bank, N.A. (“Flagstar”), a wholly owned subsidiary of New York Community Bancorp, Inc., assumed substantially all of the deposits and certain loan portfolios of Signature Bank.

As of March 31, 2023, Flagstar had not yet assumed or rejected our leases, and our assessment of collectability of the remaining lease payments due to us in accordance with ASC 842-30-25-13 caused us to record a $6.4 million reserve on Signature Bank’s straight-line rent receivable balance. On May 18, 2023, Flagstar assumed the entire 313,109 square foot lease at 1400 Broadway under the same terms through 2039, with the exception of an approximate $3 per square foot reduction for the first five years of the lease amendment. As such, we reversed $5.8 million of the $6.4 million reserve taken in the first quarter of 2023 and resumed accounting for this tenant on a straight-line basis.

On May 1, 2023, First Republic Bank a tenant of 14,430 square feet of retail space in the base of One Grand Central Place was closed by the California Department of Financial Protection and Innovation and the FDIC was appointed as the receiver. JPMorgan Chase Bank, National Association agreed to assume all of the deposits and to purchase substantially all of the assets of First Republic Bank. The FDIC has until September 28, 2023 to assume or reject our lease at One Grand Central Place. Although this tenant is current on its rental obligations to us, as of June 30, 2023, we maintain a $0.2 million reserve on First Republic Bank’s straight-line rent receivable balance. leases.

**Lessee**

We determine if an arrangement is a lease at inception. Our operating lease agreements relate to three ground lease assets and are reflected in right-of-use assets of $28.6 million $28.5 million and lease liabilities of $28.6 million $28.5 million in our condensed consolidated balance sheets as of June 30, 2023 September 30, 2023. Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Variable lease payments are excluded from the right-of-use assets and lease liabilities and are recognized in the period in which the obligation for those payments is incurred.

The ground leases are due to expire between the years 2050 and 2077, inclusive of extension options, and have no variable payments or residual value guarantees. As our leases do not provide an implicit rate, we determined our incremental borrowing rate based on information available at the date of adoption of Accounting Standards Update No. 2016-02, Leases (Topic 842), in determining the present value of lease payments. The weighted average incremental borrowing rate used to calculate the right-of-use assets and lease liabilities as of June 30, 2023 September 30, 2023 was 4.5%. Rent expense for lease payments related to our operating leases is recognized on a straight-line basis over the non-cancellable term of the leases. The weighted average remaining lease term as of June 30, 2023 September 30, 2023 was 46.9 46.7 years.

As of June 30, 2023 September 30, 2023, the following table summarizes our future minimum lease payments discounted by our incremental borrowing rates to calculate the lease liabilities of our leases (amounts in thousands):

| | | | | | | |
|---|---|---|---|---|---|---|
| Remainder of 2023 | Remainder of 2023 | $ | 759 | Remainder of 2023 | $ | 380 |
| 2024 | 2024 | | 1,518 | 2024 | | 1,518 |
| 2025 | 2025 | | 1,518 | 2025 | | 1,518 |
| 2026 | 2026 | | 1,503 | 2026 | | 1,503 |
| 2027 | 2027 | | 1,482 | 2027 | | 1,482 |
| Thereafter | Thereafter | | 62,277 | Thereafter | | 62,277 |

| | | | | |
|---|---|---|---|---|
| Total undiscounted cash flows | Total undiscounted cash flows | 69,057 | Total undiscounted cash flows | 68,678 |
| Present value discount | Present value discount | (40,503) | Present value discount | (40,182) |
| Ground lease liabilities | Ground lease liabilities | $ 28,554 | Ground lease liabilities | $ 28,496 |

**9. Commitments and Contingencies**

***Legal Proceedings***

Except as described below, as of June 30, 2023 September 30, 2023, we were not involved in any material litigation, nor, to our knowledge, was any material litigation threatened against us or our properties, other than routine litigation arising in the ordinary course of business such as disputes with tenants. We believe that the costs and related liabilities, if any, which may result from such actions will not materially affect our condensed consolidated financial position, operating results or liquidity.

As previously disclosed, in October 2014, 12 former investors (the "Claimants") in Empire State Building Associates L.L.C. ("ESBA"), which, prior to the IPO, owned the fee title to the Empire State Building, filed an arbitration claim with the American Arbitration Association against Peter L. Malkin, Anthony E. Malkin, Thomas N. Keltner, Jr., and our subsidiary ESRT MH Holdings LLC, the former supervisor of ESBA (the "Respondent**s**"). The Statement of Claim (also filed later in federal court in New York for the expressed purpose of tolling the statute of limitations) alleged breach of fiduciary duty and related claims in connection with the IPO and formation transactions and sought monetary damages and declaratory relief. The Claimants had opted out of a prior class action bringing similar claims that were settled with court approval. The Respondents filed an answer and counterclaims. In March 2015, the federal court action was stayed on consent of all parties pending the arbitration. Arbitration hearings started in May 2016 and concluded in August 2018. On August 26, 2020, the arbitration panel issued an award that denied all Claimants' claims with one exception, on which it awarded the Claimants approximately $1.2 million, inclusive of seven years of interest through October 2, 2020. This amount was recorded as an IPO litigation expense in the consolidated statements of operations for the year ended December 31, 2020. The Respondents believe that such award in favor of the Claimants is entirely without merit and, in an action filed in the United States District Court for the Southern District of New York, sought to vacate that portion of the award. On September 27, 2021, the court denied the Respondents' motion to vacate and entered judgement in the aforementioned amount, inclusive of accumulated interest. The Respondents have appealed that ruling. On May 10, 2022, the Respondents moved to dismiss the appeal and judgment on the grounds that a recent decision of the United States Supreme Court held that the federal courts have no subject matter jurisdiction over the case. The Claimants opposed the motion. On April 20, 2023, the federal appeals court granted the motion and the federal court action challenging the award was dismissed. On April 21, 2023, the Respondents filed a petition to vacate in part and otherwise confirm in New York State court. On April 28, 2023, all but one of the Claimants filed a motion to confirm in that same court. On July 31, 2023, the New York State court denied the Respondents' petition to vacate in part and confirmed the award. The Respondents believe that ruling is incorrect and are considering their options with respect thereto. have filed an appeal, which is pending. On August 4, 2023, one final Claimant who had not filed a petition to confirm in New York State court did so. On September 14, 2023, the Respondents filed an opposition to that petition, which is pending. In addition, certain of the Claimants in the federal court action sought to pursue claims in that case against the Respondents. The Respondents believe that any such claims are meritless. The magistrate judge assigned to the action has issued a Report and Recommendation rejecting the Claimants' claims; the district judge will decide whether to adopt the Report and Recommendation.

Pursuant to indemnification agreements which were made with our directors, executive officers and chairman emeritus as part of our formation transactions, Anthony E. Malkin, Peter L. Malkin and Thomas N. Keltner, Jr., our former general counsel, have defense and indemnity rights from us with respect to this arbitration.

***Unfunded Capital Expenditures***

At June 30, 2023 September 30, 2023, we estimate that we will incur approximately $138.4 million $139.3 million of capital expenditures (including tenant improvements and leasing commissions) on our properties pursuant to existing lease agreements. We expect to fund these capital expenditures with operating cash flow, additional property level mortgage financings, our unsecured credit facility, cash on hand and other borrowings. Future property acquisitions may require substantial capital investments for refurbishment and leasing costs. We expect that these financing requirements will be met in a similar fashion.

***Concentration of Credit Risk***

Financial instruments that subject us to credit risk consist primarily of cash and cash equivalents, restricted cash, short-term investments, tenant and other receivables and deferred rent receivables. At June 30, 2023 September 30, 2023, we held on deposit at various major financial institutions cash and cash equivalents and restricted cash balances in excess of amounts insured by the FDIC.

***Asset Retirement Obligations***

We are required to accrue costs that we are legally obligated to incur on retirement of our properties which result from acquisition, construction, development and/or normal operation of such properties. Retirement includes sale, abandonment or disposal of a property. Under that standard, a conditional asset retirement obligation represents a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement is conditional on a future event that may or may not be within a company's control and a liability for a conditional asset retirement obligation must be recorded if the fair value of the obligation can be reasonably estimated. Environmental site assessments and investigations have identified asbestos or asbestos-containing building materials in certain of our properties. As of June 30, 2023 September 30, 2023, management has no plans to remove or alter these properties in a manner that would trigger federal and other applicable regulations for asbestos removal, and accordingly, the obligations to remove the asbestos or asbestos-containing building materials from these properties have indeterminable settlement dates. As such, we are unable to reasonably estimate the fair value of the associated conditional asset retirement obligation. However, ongoing asbestos abatement, maintenance programs and other required documentation are carried out as required and related costs are expensed as incurred.

***Other Environmental Matters***

Certain of our properties have been inspected for soil contamination due to pollutants, which may have occurred prior to our ownership of these properties or subsequently in connection with its development and/or its use. Required remediation to such properties has been completed, other than our post-closing obligations for remediation at our previously owned Westport retail assets, as discussed in more detail in our Annual Report, and at our previously owned 500 Mamaroneck property as discussed in "Financial

Statements - Note 3. Acquisitions and Dispositions." As of June 30, 2023 September 30, 2023, with the exception of these three assets, management believes that there are no obligations related to environmental remediation other than maintaining the affected sites in conformity with the relevant authority's mandates and filing the required documents. All such maintenance costs are expensed as incurred. We expect that resolution of the environmental matters relating to the above will not have a material impact on our business, assets, consolidated financial condition, results of operations or liquidity. However, we cannot be certain that we have identified all environmental liabilities at our properties, that all necessary remediation actions have been or will be undertaken at our properties or that we will be indemnified, in full or at all, in the event that such environmental liabilities arise.

***Insurance Coverage***

We carry insurance coverage on our properties of types and in amounts with deductibles that we believe are in line with coverage customarily obtained by owners of similar properties.

**10. Equity**

**Shares and Units**

An operating partnership unit of the Operating Partnership ("OP Unit") and a share of our common stock have essentially the same economic characteristics as they receive the same per unit profit distributions of the Operating Partnership. On the one-year anniversary of issuance, an OP Unit may be tendered for redemption for cash; however, we have sole and absolute discretion, and sufficient authorized common stock, to exchange OP Units for shares of common stock on a one-for-one basis instead of cash.

On May 16, 2019, our shareholders approved the Empire State Realty Trust, Inc. Empire State Realty OP, L.P. 2019 Equity Incentive Plan (the "2019 Plan") and replaced the First Amended and Restated Empire State Realty Trust, Inc. and Empire State Realty OP, L.P. 2013 Equity Incentive Plan ("2013 Plan", and collectively with the 2019 Plan, the "Plans"). The 2019 Plan provides for grants to directors, employees and consultants of our Company and the Operating Partnership, including options, restricted stock, restricted stock units, stock appreciation rights, performance awards, dividend equivalents and other equity-based awards. An aggregate of approximately 11.0 million shares of our common stock are authorized for issuance under awards granted pursuant to the 2019 Plan. We will not issue any new equity awards under the 2013 Plan. The shares of Class A common stock underlying any awards under the Plans that are forfeited, canceled or otherwise terminated, other than by exercise, will be added back to the shares of Class A common stock available for issuance under the 2019 Plan. Shares

tendered or held back upon exercise of a stock option or settlement of an award under the Plans to cover the exercise price or tax withholding and shares subject to a stock appreciation right that are not issued in connection with the stock settlement of the stock appreciation right upon exercise thereof, will not be added back to the shares of Class A common stock available for issuance under the 2019 Plan. In addition, shares of Class A common stock repurchased on the open market will not be added back to the shares of Class A common stock available for issuance under the 2019 Plan.

Long-term incentive plan ("LTIP") units are a special class of partnership interests in the Operating Partnership. Each LTIP unit awarded will be deemed equivalent to an award of one share of stock under the Plans, reducing the availability for other equity awards on a one-for-one basis.

The vesting period for LTIP units, if any, will be determined at the time of issuance. Under the terms of the LTIP units, the Operating Partnership will revalue for tax purposes its assets upon the occurrence of certain specified capital events, and any increase in valuation from the time of one such event to the next such event will be allocated first to the holders of LTIP units to equalize the capital accounts of such holders with the capital accounts of Operating Partnership unitholders (the "OP unitholders"). Subject to any agreed upon exceptions, once vested and having achieved parity with OP unitholders, LTIP units are convertible into OP Units in the Operating Partnership on a one-for-one basis.

LTIP units subject to time-based vesting, whether vested or not, receive per unit distributions as OP units, which equal per share dividends (both regular and special) on our common stock. Market and performance-based LTIPs receive 10%

of such distributions currently, unless and until such LTIP units are earned based on performance, at which time they will receive the accrued and unpaid 90% and will commence receiving 100% of such distributions thereafter.

As of June 30, 2023 September 30, 2023, there were 159,842,614 161,346,829 shares of Class A common stock, 988,180 986,884 shares of Class B common stock and 110,086,858 108,617,764 OP Units outstanding. The REIT has holds a 59.4% 59.9% controlling interest in the OP and the remaining 40.6% OP. The other 40.1% noncontrolling interest in the OP is owned by other diversified among various limited partners, including some of whom include Company directors, members of senior management and other employees. We have two classes of common stock as a means to give our OP Unit holders voting rights in the public company that correspond to their economic interest in the combined entity. A one-time option was created at our formation transactions for any pre-IPO OP Unit holder to exchange one OP Unit out of every 50 OP Units they owned for one Class B share, and such Class B share carries 50 votes. votes per share.

**Stock and Publicly Traded Operating Partnership Unit Repurchase Program**

Our Board of Directors authorized the repurchase of up to $500 million of our Class A common stock and the Operating Partnership's Series ES, Series 250 and Series 60 operating partnership units from January 1, 2022 through December 31, 2023. Under the program, we may purchase our Class A common stock and the Operating Partnership's Series ES, Series 250 and Series 60 operating partnership units in accordance with applicable securities laws from time to time in the open market or in privately negotiated transactions. The timing, manner, price and amount of any repurchases will be determined by us and will be subject to stock price, availability, trading volume, general market conditions, and applicable securities laws. The authorization does not obligate us to acquire any particular amount of securities, and the program may be suspended or discontinued at our discretion without prior notice.

The following table summarizes our There were no purchases of equity securities in each of the three months ended June 30, 2023: September 30, 2023.

| Period | Total Number of Shares Purchased | | Weighted Average Price Paid per Share | | Maximum Approximate Dollar Value Available for Future Purchase (in thousands) |
|---|---|---|---|---|---|
| April 1 - April 30, 2023 | 1,214,770 | $ | 6.09 | $ | 396,736 |
| May 1 - May 31, 2023 | 2,700 | $ | 6.00 | $ | 396,720 |
| June 1 - June 30, 2023 | — | $ | — | $ | 396,720 |

**Private Perpetual Preferred Units**

As of June 30, 2023 September 30, 2023, there were 4,664,038 Series 2019 Preferred Units ("Series 2019 Preferred Units") and 1,560,360 Series 2014 Private Perpetual Preferred Units ("Series 2014 Preferred Units") outstanding. The Series 2019 Preferred Units have a liquidation preference of $13.52 per unit and are entitled to receive cumulative preferential annual cash distributions of $0.70 per unit payable in arrears on a quarterly basis. The Series 2014 Preferred Units which have a liquidation preference of $16.62 per unit and are entitled to receive cumulative preferential annual cash distributions of $0.60 per unit payable in arrears on a quarterly basis. Both series are not redeemable at the option of the holders and are redeemable at our option only in the case of specific defined events.

**Dividends and Distributions**

Total dividends paid to common stockholders were $5.6 million $5.7 million and $11.3 million $17.0 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and $5.8 $5.7 million and $11.8 $17.4 million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively. Total distributions paid to OP unitholders were $3.8 million and $6.9 million $10.7 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and $3.9 million and $7.7 $11.6 million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively. Total distributions paid to preferred unitholders were $1.1 million and $2.1 million $3.2 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and $1.1 million and $2.1 $3.2 million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively.

**Incentive and Share-Based Compensation**

The Plans provide for grants to directors, employees and consultants consisting of stock options, restricted stock, dividend equivalents, stock payments, performance shares, LTIP units, stock appreciation rights and other incentive awards. An aggregate of 11.0 million shares of our common stock is authorized for issuance under awards granted pursuant to the 2019 Plan, and as of June 30, 2023 September 30, 2023, 4.2 million shares of common stock remain available for future issuance.

Annually, we make grants of LTIP units to our non-employee directors under the 2019 Plan. In May 2023, each of our directors received 60% of their $200,000 annual base retainer in the form of equity vesting ratably over four years, and could elect to receive the remaining 40% of such base retainer in (i) cash at the face value of the award, (ii) immediately vesting equity at the face value of the award, or (iii) equity vesting ratably over three years at 120% of the face amount. Each director could elect to receive any equity portion of the base retainer in either (i) LTIP units or (ii) restricted shares of our Class A common stock. In accordance with each director's election, in May During July 2023, we granted our two new directors, Christina Van Tassell and Hannah Yang, a total of 237,856 27,000 LTIP units that which are subject to time-based vesting with a combined fair market values value of $1.2 $0.2 million. The LTIP units vest ratably over three or four years from the date One-fourth of the grant, based units will vest on grantee election, subject generally to May 12, 2024, and the director's continued service remainder shall vest in substantially equal installments on our Board each subsequent anniversary for a period of Directors.three years thereafter.

Share-based compensation for time-based equity awards is measured at the fair value of the award on the date of grant and recognized as an expense on a straight-line basis over the shorter of (i) the stated vesting period, which is generally three,

four or five years, or (ii) the period from the date of grant to the date the employee becomes retirement eligible, which may occur upon grant. An employee is retirement eligible when the employee attains the (i) age of 65 for awards granted in 2020 and after and age of 60 for awards granted before 2020 and (ii) the date on which the employee has first completed ten years of continuous service with us or our affiliates. Share-based compensation for market-based equity awards and performance-based equity awards is measured at the fair value of the award on the date of grant and recognized as an expense on a straight-line basis over three or four years. Additionally, for the performance-based equity awards, we assess, at each reporting period, whether it is probable that the performance conditions will be satisfied. We recognize expense respective to the number of awards we expect to vest at the conclusion of the measurement period. Changes in estimate are accounted for in the period of change through a cumulative catch-up adjustment.

For the market-based LTIP units, the fair value of the awards was estimated using a Monte Carlo Simulation model and discounted for the restriction period during which the LTIP units cannot be redeemed or transferred and the uncertainty regarding if, and when, the book capital account of the LTIP units will equal that of the common units. Our stock price, along with the prices of the comparative indexes, is assumed to follow the Geometric Brownian Motion Process. Geometric Brownian Motion is a common assumption when modeling in financial markets, as it allows the modeled quantity (in this case the stock price) to vary randomly from its current value and take any value greater than zero. The volatilities of the returns on our stock price and the comparative indexes were estimated based on implied volatilities and historical volatilities using an appropriate look-back period. The expected growth rate of the stock prices over the performance period is determined with consideration of the risk-free rate as of the grant date. For LTIP unit awards that are time or performance based, the fair value of the awards was estimated based on the fair value of our stock at the grant date discounted for the restriction period during which the LTIP units cannot be redeemed or transferred and the uncertainty regarding if, and when, the book capital account of the LTIP units will equal that of the common units. For restricted stock awards, the fair value of the awards is based on the market price of our stock at the grant date.

LTIP units and restricted stock issued during the six nine months ended June 30, 2023 September 30, 2023 were valued at $21.4 million $21.7 million. The weighted average per unit or share fair value was $5.65 $5.67 for grants issued for the six nine months ended June 30, 2023 September 30, 2023. The fair value per unit or share granted in 2023 was estimated on the respective dates of grant using the following assumptions: an expected life from 2.0 to 5.3 years, a dividend rate of 1.7%, a risk-free interest rate from 4.4% to 5.0%, and an expected price volatility from 35.0% to 46.0%. No other stock options, dividend equivalents, or stock appreciation rights were issued or outstanding as of June 30, 2023 September 30, 2023.

The following is a summary of restricted stock and LTIP unit activity for the six nine months ended June 30, 2023 September 30, 2023:

| | | Restricted Stock | Time-based LTIPs | Market-based LTIPs | Performance-based LTIPs | Weighted Average Grant Fair Value | | Restricted Stock | Time-based LTIPs | Market-based LTIPs | Performance-based LTIPs | Weighted Average Grant Fair Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Unvested balance at December 31, 2022 | Unvested balance at December 31, 2022 | 359,293 | 2,713,522 | 4,070,537 | 510,989 | $ 6.69 | Unvested balance at December 31, 2022 | 359,293 | 2,713,522 | 4,070,537 | 510,989 | $ 6.69 |
| Vested | Vested | (106,910) | (1,146,682) | (311,815) | (1,222) | 7.66 | Vested | (111,178) | (1,148,987) | (316,412) | (2,011) | 7.66 |
| Granted | Granted | 370,465 | 1,693,689 | 946,398 | 771,180 | 5.65 | Granted | 370,465 | 1,733,015 | 946,398 | 771,180 | 5.67 |
| Forfeited or unearned | Forfeited or unearned | (8,413) | — | (1,692,910) | (2,751) | 4.29 | Forfeited or unearned | (8,917) | — | (1,695,323) | (3,795) | 4.30 |
| Unvested balance at June 30, 2023 | | 614,435 | 3,260,529 | 3,012,210 | 1,278,196 | 6.52 | | | | | | |
| Unvested balance at September 30, 2023 | | | | | | | Unvested balance at September 30, 2023 | 609,663 | 3,297,550 | 3,005,200 | 1,276,363 | $ 6.53 |

The time-based LTIPs and restricted stock awards are treated for accounting purposes as immediately vested upon the later of (i) the date the grantee attains the age of 60 or 65, as applicable, and (ii) the date on which grantee has first completed ten the requisite years of continuous service with our Company or its affiliates. For award agreements that qualify, we recognize noncash compensation expense on the grant date for the time-based awards and ratably over the vesting period for the market-based and performance-based awards, and accordingly, we recognized $1.0 million $0.5 million and $1.7 million $2.2 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and $0.6 $0.4 million and $1.6 $2.0 million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively. Unrecognized compensation expense was $3.9 million $3.5 million at June 30, 2023 September 30, 2023, which will be recognized over a weighted average period of 2.6 2.5 years.

For the remainder of the LTIP unit and restricted stock awards, we recognize noncash compensation expense ratably over the vesting period, and accordingly, we recognized noncash compensation expense of $4.4 million $4.5 million and $8.1 million $12.6 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and $5.4 $4.8 million and $8.9 $13.7 million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively. Unrecognized compensation expense was $32.3 million $28.1 million at June 30, 2023 September 30, 2023, which will be recognized over a weighted average period of 2.7 2.5 years.

**Earnings Per Share**

Earnings per share is calculated by dividing the net income attributable to common shareholders by the weighted average number of shares outstanding during the respective period. Unvested share-based payment awards that contain non-forfeitable rights to dividends, whether paid or unpaid, are accounted for as participating securities. Share-based payment awards are included in the calculation of diluted income using the treasury stock method if dilutive.

For the three and six nine months ended June 30, 2023 September 30, 2023 and 2022, earnings per share is computed as follows (amounts in thousands, except per share amounts):

| | | Three Months Ended | | Six Months Ended | | | |
|---|---|---|---|---|---|---|---|
| | | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 | | |
| **Numerator - Basic:** | **Numerator - Basic:** | | | | | **Numerator - Basic:** | |
| Net income | Net income | $ 36,955 | $ 48,695 | $ 48,649 | $ 31,474 | Net income | |
| Private perpetual preferred unit distributions | Private perpetual preferred unit distributions | (1,051) | (1,051) | (2,101) | (2,101) | Private perpetual preferred unit distributions | |
| Net income attributable to non-controlling interests | Net income attributable to non-controlling interests | (14,050) | (18,065) | (18,175) | (11,083) | Net income attributable to non-controlling interests | |
| Earnings allocated to unvested shares | Earnings allocated to unvested shares | — | (64) | — | (71) | Earnings allocated to unvested shares | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Net income attributable to common stockholders – basic | Net income attributable to common stockholders – basic | $ 21,854 | $ 29,515 | $ 28,373 | $ 18,219 | Net income attributable to common stockholders – basic |
| **Numerator - Diluted:** | **Numerator - Diluted:** | | | | | **Numerator - Diluted:** |
| Net income | Net income | $ 36,955 | $ 48,695 | $ 48,649 | $ 31,474 | Net income |
| Private perpetual preferred unit distributions | Private perpetual preferred unit distributions | (1,051) | (1,051) | (2,101) | (2,101) | Private perpetual preferred unit distributions |
| Net (income) loss attributable to non-controlling interests in other partnerships | Net (income) loss attributable to non-controlling interests in other partnerships | (1) | 159 | 42 | 222 | Net (income) loss attributable to non-controlling interests in other partnerships |
| Earnings allocated to unvested shares | Earnings allocated to unvested shares | — | (64) | — | (71) | Earnings allocated to unvested shares |
| Net income attributable to common stockholders – diluted | Net income attributable to common stockholders – diluted | $ 35,903 | $ 47,739 | $ 46,590 | $ 29,524 | Net income attributable to common stockholders – diluted |
| **Denominator:** | **Denominator:** | | | | | **Denominator:** |
| Weighted average shares outstanding – basic | Weighted average shares outstanding – basic | 160,028 | 167,118 | 160,669 | 168,099 | Weighted average shares outstanding – basic |
| Operating partnership units | Operating partnership units | 102,875 | 102,960 | 103,025 | 103,735 | Operating partnership units |
| Effect of dilutive securities: | Effect of dilutive securities: | | | | | Effect of dilutive securities: |
| Stock-based compensation plans | Stock-based compensation plans | 1,293 | 7 | 1,042 | 3 | Stock-based compensation plans |
| Weighted average shares outstanding – diluted | Weighted average shares outstanding – diluted | 264,196 | 270,085 | 264,736 | 271,837 | Weighted average shares outstanding – diluted |
| **Earnings per share:** | **Earnings per share:** | | | | | **Earnings per share:** |
| Basic | Basic | $ 0.14 | $ 0.18 | $ 0.18 | $ 0.11 | Basic |
| Diluted | Diluted | $ 0.14 | $ 0.18 | $ 0.18 | $ 0.11 | Diluted |

There were zero antidilutive shares and LTIP units for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and 603 and 398 zero antidilutive shares and LTIP units for the three and six nine months ended June 30, 2022 September 30, 2022, respectively.

**11. Related Party Transactions**

**Supervisory Fee Revenue**

We Since we became a public company, we have earned supervisory fees from entities affiliated with Anthony E. Malkin, our Chairman, President and Chief Executive Officer, of $0.3 million Officer. These fees were $0.2 million and $0.5 million $0.7 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and $0.3 $0.2 million and $0.5 $0.8 million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively. These fees are included within third-party management and other fees.

**Property Management Fee Revenue**

We

Since we became a public company, we have earned property management fees from entities affiliated with Anthony E. Malkin of $0.05 million Malkin. These fees were $0.1 million and $0.2 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and $0.1 million and $0.1 $0.2 million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively. These fees are included within third-party management and other fees.

**Other**

We receive rent generally at the market rental rate for 5,447 square feet of leased space from entities an entity affiliated with Anthony E. Malkin at one of our properties. Under the lease, the tenant has the right to cancel such lease without special payment on 90 days' notice. We also have a shared use agreement with such tenant, to occupy a portion of the leased premises as the office location for Peter L. Malkin, our chairman emeritus and employee, utilizing approximately 15% of the space, for which we pay to such tenant an allocable pro rata share of the cost. We also have agreements with these entities and excluded properties and businesses to provide them with general computer-related support services. Total aggregate revenue was $0.1 million and $0.2 million $0.3 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and $0.1 million $0.1 million and $0.2 million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively.

As disclosed in greater detail in our Annual Report, in connection with the sale of our Westport retail assets in February 2023, we advanced a loan to the buyer to facilitate closing with a principal amount of $0.6 million, which bears interest at SOFR plus 3.5% and requires repayment of principal to the extent of available cash flow of the property. As of June 30, 2023 September 30, 2023, the amount outstanding under the loan is $0.1 million. has been fully paid.

**12. Segment Reporting**

We have identified two reportable segments: (1) real estate and (2) observatory. Our real estate segment includes all activities related to the ownership, management, operation, acquisition, redevelopment, repositioning and disposition of our traditional real estate assets. Our observatory segment includes the operation of the 86th and 102nd floor observatories at the Empire State Building. These two lines of businesses are managed separately because each business requires different support infrastructures, provides different services and has dissimilar economic characteristics such as investments needed, stream of revenues and marketing strategies. We account for intersegment sales and rents as if the sales or rents were to third parties, that is, at current market prices.

The following tables provide components of segment net income (loss) for each segment for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022 (amounts in thousands):

| | | Three Months Ended June 30, 2023 | | | | | Three Months Ended September 30, 2023 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Real Estate | Observatory | Intersegment Elimination | Total | | Real Estate | Observatory | Intersegment Elimination | Total |
| Revenues: | Revenues: | | | | | Revenues: | | | | |
| Rental revenue | Rental revenue | $ 154,603 | $ — | $ — | $ 154,603 | Rental revenue | $ 151,458 | $ — | $ — | $ 151,458 |
| Intercompany rental revenue | Intercompany rental revenue | 20,942 | — | (20,942) | — | Intercompany rental revenue | 22,113 | — | (22,113) | — |
| Observatory revenue | Observatory revenue | — | 33,433 | — | 33,433 | Observatory revenue | — | 37,562 | — | 37,562 |
| Third-party management and other fees | Third-party management and other fees | 381 | — | — | 381 | Third-party management and other fees | 268 | — | — | 268 |
| Other revenue and fees | Other revenue and fees | 2,125 | — | — | 2,125 | Other revenue and fees | 2,238 | — | — | 2,238 |
| Total revenues | Total revenues | 178,051 | 33,433 | (20,942) | 190,542 | Total revenues | 176,077 | 37,562 | (22,113) | 191,526 |
| Operating expenses: | Operating expenses: | | | | | Operating expenses: | | | | |
| Property operating expenses | Property operating expenses | 39,519 | — | — | 39,519 | Property operating expenses | 42,817 | — | — | 42,817 |
| Intercompany rent expense | Intercompany rent expense | — | 20,942 | (20,942) | — | Intercompany rent expense | — | 22,113 | (22,113) | — |
| Ground rent expenses | Ground rent expenses | 2,332 | — | — | 2,332 | Ground rent expenses | 2,331 | — | — | 2,331 |
| General and administrative expenses | General and administrative expenses | 16,075 | — | — | 16,075 | General and administrative expenses | 16,012 | — | — | 16,012 |
| Observatory expenses | Observatory expenses | — | 8,657 | — | 8,657 | Observatory expenses | — | 9,471 | — | 9,471 |
| Real estate taxes | Real estate taxes | 31,490 | — | — | 31,490 | Real estate taxes | 32,014 | — | — | 32,014 |
| Depreciation and amortization | Depreciation and amortization | 46,237 | 43 | — | 46,280 | Depreciation and amortization | 46,593 | 31 | — | 46,624 |
| Total operating expenses | Total operating expenses | 135,653 | 29,642 | (20,942) | 144,353 | Total operating expenses | 139,767 | 31,615 | (22,113) | 149,269 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Total operating income | Total operating income | 42,398 | 3,791 | — | 46,189 | Total operating income | 36,310 | 5,947 | — | 42,257 |
| Other income (expense): | Other income (expense): | | | | | Other income (expense): | | | | |
| Interest income | Interest income | 3,289 | 50 | — | 3,339 | Interest income | 4,410 | 52 | — | 4,462 |
| Interest expense | Interest expense | (25,405) | — | — | (25,405) | Interest expense | (25,382) | — | — | (25,382) |
| Gain on disposition of property | | 13,565 | — | — | 13,565 | | | | | |
| Income before income taxes | Income before income taxes | 33,847 | 3,841 | — | 37,688 | Income before income taxes | 15,338 | 5,999 | — | 21,337 |
| Income tax expense | Income tax expense | (197) | (536) | — | (733) | Income tax expense | (146) | (1,263) | — | (1,409) |
| Net income | Net income | $ 33,650 | $ 3,305 | $ — | $ 36,955 | Net income | $ 15,192 | $ 4,736 | $ — | $ 19,928 |
| Segment assets | Segment assets | $ 3,928,943 | $ 255,825 | $ — | $ 4,184,768 | Segment assets | $ 3,959,249 | $ 257,298 | $ — | $ 4,216,547 |
| Expenditures for segment assets | Expenditures for segment assets | $ 32,908 | $ — | $ — | $ 32,908 | Expenditures for segment assets | $ 56,227 | $ — | $ — | $ 56,227 |

| | | Three Months Ended June 30, 2022 | | | | | Three Months Ended September 30, 2022 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Real Estate | Observatory | Intersegment Elimination | Total | | Real Estate | Observatory | Intersegment Elimination | Total |
| Revenues: | Revenues: | | | | | Revenues: | | | | |
| Rental revenue | Rental revenue | $ 149,339 | $ — | $ — | $ 149,339 | Rental revenue | $ 148,290 | $ — | $ — | $ 148,290 |
| Intercompany rental revenue | Intercompany rental revenue | 17,109 | — | (17,109) | — | Intercompany rental revenue | 19,072 | — | (19,072) | — |
| Observatory revenue | Observatory revenue | — | 27,368 | — | 27,368 | Observatory revenue | — | 33,051 | — | 33,051 |
| Lease termination fees | | 18,859 | — | — | 18,859 | | | | | |
| Third-party management and other fees | Third-party management and other fees | 326 | — | — | 326 | Third-party management and other fees | 389 | — | — | 389 |
| Other revenue and fees | Other revenue and fees | 2,130 | — | — | 2,130 | Other revenue and fees | 1,982 | — | — | 1,982 |
| Total revenues | Total revenues | 187,763 | 27,368 | (17,109) | 198,022 | Total revenues | 169,733 | 33,051 | (19,072) | 183,712 |
| Operating expenses: | Operating expenses: | | | | | Operating expenses: | | | | |
| Property operating expenses | Property operating expenses | 37,433 | — | — | 37,433 | Property operating expenses | 42,798 | — | — | 42,798 |
| Intercompany rent expense | Intercompany rent expense | — | 17,109 | (17,109) | — | Intercompany rent expense | — | 19,072 | (19,072) | — |
| Ground rent expense | | 2,332 | — | — | 2,332 | | | | | |
| Ground rent expenses | | | | | | Ground rent expenses | 2,331 | — | — | 2,331 |
| General and administrative expenses | General and administrative expenses | 15,876 | — | — | 15,876 | General and administrative expenses | 15,725 | — | — | 15,725 |
| Observatory expenses | Observatory expenses | — | 7,776 | — | 7,776 | Observatory expenses | — | 8,516 | — | 8,516 |
| Real estate taxes | Real estate taxes | 29,802 | — | — | 29,802 | Real estate taxes | 31,831 | — | — | 31,831 |
| Depreciation and amortization | Depreciation and amortization | 58,254 | 50 | — | 58,304 | Depreciation and amortization | 46,933 | 51 | — | 46,984 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Total operating expenses | Total operating expenses | 143,697 | 24,935 | (17,109) | 151,523 | Total operating expenses | 139,618 | 27,639 | (19,072) | 148,185 |
| Total operating income | Total operating income | 44,066 | 2,433 | — | 46,499 | Total operating income | 30,115 | 5,412 | — | 35,527 |
| Other income (expense): | Other income (expense): | | | | | Other income (expense): | | | | |
| Interest income | Interest income | 426 | 5 | — | 431 | Interest income | 1,530 | 34 | — | 1,564 |
| Interest expense | Interest expense | (25,042) | — | — | (25,042) | Interest expense | (25,516) | — | — | (25,516) |
| Gain on disposition of property | | 27,170 | — | — | 27,170 | | | | | |
| Income before income taxes | Income before income taxes | 46,620 | 2,438 | — | 49,058 | Income before income taxes | 6,129 | 5,446 | — | 11,575 |
| Income tax expense | Income tax expense | (38) | (325) | — | (363) | Income tax expense | (359) | (1,098) | — | (1,457) |
| Net income | Net income | $ 46,582 | $ 2,113 | $ — | $ 48,695 | Net income | $ 5,770 | $ 4,348 | $ — | $ 10,118 |
| Segment assets | Segment assets | $ 3,969,257 | $ 247,974 | $ — | $ 4,217,231 | Segment assets | $ 3,950,883 | $ 250,257 | $ — | $ 4,201,140 |
| Expenditures for segment assets | Expenditures for segment assets | $ 13,115 | $ — | $ — | $ 13,115 | Expenditures for segment assets | $ 18,686 | $ 24 | $ — | $ 18,710 |

| | | Six Months June 30, 2023 | | | | | Nine Months Ended September 30, 2023 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Real Estate | Observatory | Intersegment Elimination | Total | | Real Estate | Observatory | Intersegment Elimination | Total |
| Revenues: | Revenues: | | | | | Revenues: | | | | |
| Rental revenue | Rental revenue | 294,694 | — | — | $ 294,694 | Rental revenue | $ 446,152 | $ — | $ — | $ 446,152 |
| Intercompany rental revenue | Intercompany rental revenue | 36,856 | — | (36,856) | — | Intercompany rental revenue | 58,969 | — | (58,969) | — |
| Observatory revenue | Observatory revenue | — | 55,587 | — | 55,587 | Observatory revenue | — | 93,149 | — | 93,149 |
| Third-party management and other fees | Third-party management and other fees | 808 | — | — | 808 | Third-party management and other fees | 1,076 | — | — | 1,076 |
| Other revenue and fees | Other revenue and fees | 4,075 | — | — | 4,075 | Other revenue and fees | 6,313 | — | — | 6,313 |
| Total revenues | Total revenues | 336,433 | 55,587 | (36,856) | 355,164 | Total revenues | 512,510 | 93,149 | (58,969) | 546,690 |
| Operating expenses: | Operating expenses: | | | | | Operating expenses: | | | | |
| Property operating expenses | Property operating expenses | 81,563 | — | — | 81,563 | Property operating expenses | 124,380 | — | — | 124,380 |
| Intercompany rent expense | Intercompany rent expense | — | 36,856 | (36,856) | — | Intercompany rent expense | — | 58,969 | (58,969) | — |
| Ground rent expenses | Ground rent expenses | 4,663 | — | — | 4,663 | Ground rent expenses | 6,994 | — | — | 6,994 |
| General and administrative expenses | General and administrative expenses | 31,783 | — | — | 31,783 | General and administrative expenses | 47,795 | — | — | 47,795 |
| Observatory expenses | Observatory expenses | — | 16,512 | — | 16,512 | Observatory expenses | — | 25,983 | — | 25,983 |
| Real estate taxes | Real estate taxes | 63,278 | — | — | 63,278 | Real estate taxes | 95,292 | — | — | 95,292 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Depreciation and amortization | Depreciation and amortization | 93,601 | 87 | — | 93,688 | Depreciation and amortization | 140,194 | 118 | — | 140,312 |
| Total operating expenses | Total operating expenses | 274,888 | 53,455 | (36,856) | 291,487 | Total operating expenses | 414,655 | 85,070 | (58,969) | 440,756 |
| Total operating income | Total operating income | 61,545 | 2,132 | — | 63,677 | Total operating income | 97,855 | 8,079 | — | 105,934 |
| Other income (expense): | Other income (expense): | | | | | Other income (expense): | | | | |
| Interest income | Interest income | 5,847 | 87 | — | 5,934 | Interest income | 10,257 | 139 | — | 10,396 |
| Interest expense | Interest expense | (50,709) | — | — | (50,709) | Interest expense | (76,091) | — | — | (76,091) |
| Gain on disposition of property | Gain on disposition of property | 29,261 | — | — | 29,261 | Gain on disposition of property | 29,261 | — | — | 29,261 |
| Income before income taxes | Income before income taxes | 45,944 | 2,219 | — | 48,163 | Income before income taxes | 61,282 | 8,218 | — | 69,500 |
| Income tax (expense) benefit | | (395) | 881 | — | 486 | | | | | |
| Income tax expense | | | | | | Income tax expense | (541) | (382) | — | (923) |
| Net income | Net income | $ 45,549 | $ 3,100 | $ — | $ 48,649 | Net income | $ 60,741 | $ 7,836 | $ — | $ 68,577 |
| Expenditures for segment assets | Expenditures for segment assets | 35,576 | 58 | — | $ 35,634 | Expenditures for segment assets | $ 123,671 | $ 58 | $ — | $ 123,729 |

| | | Six Months June 30, 2022 | | | | | Nine Months Ended September 30, 2022 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Real Estate | Observatory | Intersegment Elimination | Total | | Real Estate | Observatory | Intersegment Elimination | Total |
| Revenues: | Revenues: | | | | | Revenues: | | | | |
| Rental revenue | Rental revenue | 296,853 | — | — | $ 296,853 | Rental revenue | $ 445,143 | $ — | $ — | $ 445,143 |
| Intercompany rental revenue | Intercompany rental revenue | 27,729 | — | (27,729) | — | Intercompany rental revenue | 46,801 | — | (46,801) | — |
| Observatory revenue | Observatory revenue | — | 40,609 | — | 40,609 | Observatory revenue | — | 73,660 | — | 73,660 |
| Lease termination fees | Lease termination fees | 20,032 | — | — | 20,032 | Lease termination fees | 20,032 | — | — | 20,032 |
| Third-party management and other fees | Third-party management and other fees | 636 | — | — | 636 | Third-party management and other fees | 1,025 | — | — | 1,025 |
| Other revenue and fees | Other revenue and fees | 3,926 | — | — | 3,926 | Other revenue and fees | 5,908 | — | — | 5,908 |
| Total revenues | Total revenues | 349,176 | 40,609 | (27,729) | 362,056 | Total revenues | 518,909 | 73,660 | (46,801) | 545,768 |
| Operating expenses: | Operating expenses: | | | | | Operating expenses: | | | | |
| Property operating expenses | Property operating expenses | 76,077 | — | — | 76,077 | Property operating expenses | 118,875 | — | — | 118,875 |
| Intercompany rent expense | Intercompany rent expense | — | 27,729 | (27,729) | — | Intercompany rent expense | — | 46,801 | (46,801) | — |
| Ground rent expenses | Ground rent expenses | 4,663 | — | — | 4,663 | Ground rent expenses | 6,994 | — | — | 6,994 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| General and administrative expenses | General and administrative expenses | 29,562 | — | — | 29,562 | General and administrative expenses | 45,287 | — | — | 45,287 |
| Observatory expenses | Observatory expenses | — | 13,991 | — | 13,991 | Observatory expenses | — | 22,507 | — | 22,507 |
| Real estate taxes | Real estate taxes | 59,806 | — | — | 59,806 | Real estate taxes | 91,637 | — | — | 91,637 |
| Depreciation and amortization | Depreciation and amortization | 125,325 | 85 | — | 125,410 | Depreciation and amortization | 172,258 | 136 | — | 172,394 |
| Total operating expenses | Total operating expenses | 295,433 | 41,805 | (27,729) | 309,509 | Total operating expenses | 435,051 | 69,444 | (46,801) | 457,694 |
| Total operating income (loss) | Total operating income (loss) | 53,743 | (1,196) | — | 52,547 | Total operating income (loss) | 83,858 | 4,216 | — | 88,074 |
| Other income (expense): | Other income (expense): | | | | | Other income (expense): | | | | |
| Interest income | Interest income | 575 | 5 | — | 580 | Interest income | 2,105 | 39 | — | 2,144 |
| Interest expense | Interest expense | (50,056) | — | — | (50,056) | Interest expense | (75,572) | — | — | (75,572) |
| Gain on disposition of property | Gain on disposition of property | 27,170 | — | — | 27,170 | Gain on disposition of property | 27,170 | — | — | 27,170 |
| Income (loss) before income taxes | Income (loss) before income taxes | 31,432 | (1,191) | — | 30,241 | Income (loss) before income taxes | 37,561 | 4,255 | — | 41,816 |
| Income tax (expense) benefit | Income tax (expense) benefit | (182) | 1,415 | — | 1,233 | Income tax (expense) benefit | (541) | 317 | — | (224) |
| Net income | Net income | $ 31,250 | $ 224 | $ — | $ 31,474 | Net income | $ 37,020 | $ 4,572 | $ — | $ 41,592 |
| Expenditures for segment assets | Expenditures for segment assets | 51,999 | 291 | — | $ 52,290 | Expenditures for segment assets | $ 70,795 | $ 315 | $ — | $ 71,110 |

**13. Subsequent Events**

None.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*Unless the context otherwise requires or indicates, references in this section to "**we**," "**our**," and "**us**" refer to our Company and its consolidated subsidiaries. This Management's Discussion and Analysis provides a comparison of the Company's performance for its three three- and six month nine-month periods ended June 30, 2023 September 30, 2023 with the corresponding three three- and six month nine-month periods ended June 30, 2022 September 30, 2022 and reviews the Company's financial position as of June 30, 2023 September 30, 2023. The following discussion related to our consolidated financial statements should be read in conjunction with the financial statements and the notes thereto appearing elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report. Report on Form 10-K.*

**FORWARD-LOOKING STATEMENTS**

*This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "**Securities Act**"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and are including this statement for purposes of complying with those safe harbor provisions. You can identify forward-looking statements by the use of forward-looking terminology such as "aims," "anticipates," "approximately," "believes," "contemplates," "continues," "estimates," "expects," "forecasts," "hope," "intends," "may," "plans," "seeks," "should," "thinks," "will," "would" or the negative of these words and phrases or similar words or phrases with the intention of identifying statements about the future. In particular, statements pertaining to our capital resources, portfolio performance, dividend policy and results of operations contain forward-looking statements. Likewise, all of our statements regarding anticipated growth in our portfolio from operations, acquisitions and anticipated market conditions, demographics and results of operations are forward-looking statements.*

*Forward-looking statements are subject to substantial risks and uncertainties, many of which are difficult to predict and are generally beyond our control, and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise, and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all).*

*The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: (i) economic, market, political and social impact of, and uncertainty relating to, any catastrophic events, including pandemics, epidemics or other outbreaks of disease, natural disasters and extreme weather events, terrorism and other armed hostilities, as well as cybersecurity threats and technology disruptions; (ii) a failure of conditions or performance regarding any event or transaction described herein, herein; (iii) resolution of legal proceedings involving the Company; (iv) reduced demand for office, multifamily or retail space, including as a result of the changes in the use of office space and remote work; (v) changes in our business strategy; (vi) changes in technology and market competition that affect utilization of our office, retail, observatory, broadcast or other facilities; (vii) changes in domestic or international tourism, including due to health crises and pandemics, geopolitical events, including global hostilities, currency exchange rates, and/or competition from other observatories in New York City, any or all of which may cause a decline in Observatory visitors; (viii) defaults on, early terminations of, or non-renewal of, leases by tenants; (ix) increases in the Company's borrowing costs as a result of changes in interest rates and other factors; (x) declining real estate valuations and impairment charges; (xi) termination of our ground leases; (xii) changes in our ability to pay down, refinance, restructure or extend our indebtedness as it becomes due and potential limitations on our ability to borrow additional funds in compliance with drawdown conditions and financial covenants; (xiii) decreased rental rates or increased vacancy rates; (xiv) our failure to execute any newly planned capital project successfully or on the anticipated timeline or budget; (xv) difficulties in identifying and completing acquisitions; (xvi) risks related to any development project (including our Metro Tower potential development site); (xvii) impact of changes in governmental regulations, tax laws and rates and similar matters; (xviii) our failure to qualify as a REIT; (xix) environmental uncertainties and risks related to climate change, adverse weather conditions, rising sea levels and natural disasters; (xx) incurrence of taxable capital gain on disposition of an asset due to failure of use or compliance with a 1031 exchange program; and (xxi) accuracy of our methodologies and estimates regarding ESG metrics and goals, tenant willingness and ability to collaborate in reporting ESG metrics and meeting ESG goals, and impact of governmental regulation on our ESG efforts. For a further discussion of these and other factors that could impact the Company's future results, performance or transactions, see the section entitled "Risk Factors" in the Company's Annual Report, and other risks described in documents subsequently filed by the Company from time to time with the Securities and Exchange Commission. Commission (the "SEC").*

*While forward-looking statements reflect the Company's good faith beliefs, they do not guarantee future performance. Any forward-looking statement speaks only as of the date on which it was made, and we assume no obligation to update or revise publicly any forward-looking statement to reflect changes in underlying assumptions or factors, new information, data or methods, future events, or other changes after the date of this Quarterly Report on Form 10-Q, except as required by applicable law. Prospective investors should not place undue reliance on any forward-looking statements, which are based only on information currently available to the Company (or to third parties making the forward-looking statements).*

**Overview**

Highlights for the three months ended June 30, 2023

September 30, 2023

- Net income attributable to common stockholders of $21.9 million $11.6 million.
- Core Funds From Operations ("Core FFO") of $69.2 million $65.9 million attributable to common stockholders and the operating partnership.
- Commercial portfolio 90.3% leased, Manhattan office portfolio 91.6% leased.
- Signed a total of 336,314 248,479 rentable square feet of new, renewal, and expansion leases.
- Commercial portfolio 90.5% leased, Manhattan office portfolio 91.9% leased.
- Empire State Building Observatory generated $24.8 million $28.1 million of net operating income.
- Repurchased $7.4 million of our common stock in the second quarter of 2023 and through July 25, 2023.

**Results of Operations**

The discussion below relates to our results of operations for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

***Three Months Ended June 30, 2023 September 30, 2023 Compared to the Three Months Ended June 30, 2022 September 30, 2022***

The following table summarizes our historical results of operations for the three months ended June 30, 2023 September 30, 2023 and 2022, respectively (amounts in thousands):

| | | Three Months Ended June 30, | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | | | 2022 | | | Change | % |
| | | Real Estate Segment | Observatory Segment | Total | Real Estate Segment | Observatory Segment | Total | | |
| Revenues: | Revenues: | | | | | | | | |
| Rental revenue | Rental revenue | $154,603 | $ — | $154,603 | $149,339 | $ — | $149,339 | $ 5,264 | 3.5 % |
| Observatory revenue | Observatory revenue | — | 33,433 | 33,433 | — | 27,368 | 27,368 | 6,065 | 22.2 |
| Lease termination fees | Lease termination fees | — | — | — | 18,859 | — | 18,859 | (18,859) | (100.0) |
| Third-party management and other fees | Third-party management and other fees | 381 | — | 381 | 326 | — | 326 | 55 | 16.9 |

| | Three Months Ended September 30, | | | | |
|---|---|---|---|---|---|
| | 2023 | | | 2022 | |
| | Real Estate Segment | Observatory Segment | Total | Real Estate Segment | Observato Segmen |
| Revenues: | | | | | |
| Rental revenue | $151,458 | $ — | $151,458 | $148,290 | $ |
| Observatory revenue | — | 37,562 | 37,562 | — | 33,05 |
| Lease termination fees | — | — | — | — | |
| Third-party management and other fees | 268 | — | 268 | 389 | |

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Other revenues and fees | Other revenues and fees | 2,125 | — | 2,125 | 2,130 | — | 2,130 | (5) | (0.2) | Other revenues and fees | 2,238 | — | 2,238 | 1,982 | — |
| Total revenues | Total revenues | 157,109 | 33,433 | 190,542 | 170,654 | 27,368 | 198,022 | (7,480) | (3.8) | Total revenues | 153,964 | 37,562 | 191,526 | 150,661 | 33,05 |
| Operating expenses: | Operating expenses: | | | | | | | | | Operating expenses: | | | | | |
| Property operating expenses | Property operating expenses | 39,519 | — | 39,519 | 37,433 | — | 37,433 | (2,086) | (5.6) | Property operating expenses | 42,817 | — | 42,817 | 42,798 | — |
| Ground rent expenses | Ground rent expenses | 2,332 | — | 2,332 | 2,332 | — | 2,332 | — | — | Ground rent expenses | 2,331 | — | 2,331 | 2,331 | — |
| General and administrative expenses | General and administrative expenses | 16,075 | — | 16,075 | 15,876 | — | 15,876 | (199) | (1.3) | General and administrative expenses | 16,012 | — | 16,012 | 15,725 | — |
| Observatory expenses | Observatory expenses | — | 8,657 | 8,657 | — | 7,776 | 7,776 | (881) | (11.3) | Observatory expenses | — | 9,471 | 9,471 | — | 8,51 |
| Real estate taxes | Real estate taxes | 31,490 | — | 31,490 | 29,802 | — | 29,802 | (1,688) | (5.7) | Real estate taxes | 32,014 | — | 32,014 | 31,831 | — |
| Depreciation and amortization | Depreciation and amortization | 46,237 | 43 | 46,280 | 58,254 | 50 | 58,304 | 12,024 | 20.6 | Depreciation and amortization | 46,593 | 31 | 46,624 | 46,933 | 5 |
| Total operating expenses | Total operating expenses | 135,653 | 8,700 | 144,353 | 143,697 | 7,826 | 151,523 | 7,170 | 4.7 | Total operating expenses | 139,767 | 9,502 | 149,269 | 139,618 | 8,56 |
| Operating income | Operating income | 21,456 | 24,733 | 46,189 | 26,957 | 19,542 | 46,499 | (310) | (0.7) | Operating income | 14,197 | 28,060 | 42,257 | 11,043 | 24,48 |
| Intercompany rent revenue (expense) | Intercompany rent revenue (expense) | 20,942 | (20,942) | — | 17,109 | (17,109) | — | | | Intercompany rent revenue (expense) | 22,113 | (22,113) | — | 19,072 | (19,07 |
| Other income (expense): | Other income (expense): | | | | | | | | | Other income (expense): | | | | | |
| Interest income | Interest income | 3,289 | 50 | 3,339 | 426 | 5 | 431 | 2,908 | 674.7 | Interest income | 4,410 | 52 | 4,462 | 1,530 | 3 |
| Interest expense | Interest expense | (25,405) | — | (25,405) | (25,042) | — | (25,042) | (363) | (1.4) | Interest expense | (25,382) | — | (25,382) | (25,516) | — |
| Gain on disposition of property | | 13,565 | — | 13,565 | 27,170 | — | 27,170 | (13,605) | — | | | | | | |
| Income before income taxes | Income before income taxes | 33,847 | 3,841 | 37,688 | 46,620 | 2,438 | 49,058 | (11,370) | 23.2 | Income before income taxes | 15,338 | 5,999 | 21,337 | 6,129 | 5,44 |
| Income tax expense | Income tax expense | (197) | (536) | (733) | (38) | (325) | (363) | (370) | (101.9) | Income tax expense | (146) | (1,263) | (1,409) | (359) | (1,09 |
| Net income | Net income | 33,650 | 3,305 | 36,955 | 46,582 | 2,113 | 48,695 | (11,740) | 24.1 | Net income | 15,192 | 4,736 | 19,928 | 5,770 | 4,34 |
| Net (income) loss attributable to non-controlling interests: | Net (income) loss attributable to non-controlling interests: | | | | | | | | | Net (income) loss attributable to non-controlling interests: | | | | | |
| Non-controlling interests in the Operating Partnership | Non-controlling interests in the Operating Partnership | (14,049) | — | (14,049) | (18,224) | — | (18,224) | 4,175 | (22.9) | Non-controlling interests in the Operating Partnership | (7,207) | — | (7,207) | (3,560) | — |
| Non-controlling interests in other partnerships | Non-controlling interests in other partnerships | (1) | — | (1) | 159 | — | 159 | (160) | (100.6) | Non-controlling interests in other partnerships | (111) | — | (111) | 49 | — |
| Private perpetual preferred unit distributions | Private perpetual preferred unit distributions | (1,051) | — | (1,051) | (1,051) | — | (1,051) | — | — | Private perpetual preferred unit distributions | (1,050) | — | (1,050) | (1,050) | — |

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net income attributable to common stockholders | Net income attributable to common stockholders | $ 18,549 | $ 3,305 | $ 21,854 | $ 27,466 | $ 2,113 | $ 29,579 | $(7,725) | 26.1 % | Net income attributable to common stockholders | $ 6,824 | $ 4,736 | $ 11,560 | $ 1,209 | $ 4,34 |

**Real Estate Segment**

***Rental Revenue***

The increase in rental revenue was primarily attributable to the reversal in the three months ended June 30, 2023 of a one-time straight-line rent receivable reserve recorded in the three months ended March 31, 2023 tied to Signature Bank entering receivership. See"FinancialStatements-Note8.Leases"formoreinformation.

***Property Operating Expenses***

The $5.5 million increase in property operating expenses reflects base rent from new or renewed tenants and higher repairs rents and maintenance, cleaning, higher tenant escalations and payroll costs.

***Real Estate Taxes***

Higherrealestatetaxes were primarilyattributableto higher assessed values for multiple properties andthe inclusion of real estate taxes a net $2.3 million decrease in revenue from our most recently acquired multifamily property net of real estate taxes from disposed properties.

***Depreciation recent transaction activity as disclosed in "Financial Statements - Note 3. Acquisitions and Amortization***

The decrease in depreciation and amortization reflects accelerated depreciation at one property recorded in the three months ended June 30, 2022 and depreciation expense in the three months ended June 30, 2022 on properties that were sold prior to June 30, 2023. Dispositions."

***Interest Income***

The increase in interest income in the three months ended June 30, 2023 September 30, 2023 reflects higher interest rates compared to the three months ended June 30, 2022 September 30, 2022.

***Gain on Disposition of Property***

Reflects the gain on disposition of 500 Mamaroneck in Westchester County, New York in April 2023.

**Observatory Segment**

***Observatory Revenue***

Observatory revenues were higher driven by increased visitation and revenue per visitor during the three months ended September 30, 2023 as compared to the three months ended June 30, 2022 September 30, 2022.

***Observatory Expenses***

The increase in observatory expenses was driven by increased operating hours, which increased variable costs such as marketing, labor and maintenance costs compared to the three months ended June 30, 2022 September 30, 2022.

***Income Taxes***

Theincreaseinincometaxexpense wasattributableto higher taxableincomefortheobservatorysegment for the three months ended June 30, 2023.

***Six Nine Months Ended June 30, 2023 September 30, 2023 Compared to the Six Nine Months Ended June 30, 2022 September 30, 2022***

The following table summarizes our historical results of operations for the six nine months ended June 30, 2023 September 30, 2023 and 2022 (amounts in thousands):

| | | Six Months Ended June 30, | | | | | | | | | Nine Months Ended September 30, | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | | | 2022 | | | Change | % | | 2023 | | | 2022 | |
| | | Real Estate Segment | Observatory Segment | Total | Real Estate Segment | Observatory Segment | Total | | | | Real Estate Segment | Observatory Segment | Total | Real Estate Segment | Observat Segmer |
| Revenues: | Revenues: | | | | | | | | | Revenues: | | | | | |
| Rental revenue | Rental revenue | $294,694 | $ — | $294,694 | $296,853 | $ — | $296,853 | $ (2,159) | (0.7)% | Rental revenue | $446,152 | $ — | $446,152 | $445,143 | $ |
| Observatory revenue | Observatory revenue | — | 55,587 | 55,587 | — | 40,609 | 40,609 | 14,978 | 36.9 | Observatory revenue | — | 93,149 | 93,149 | — | 73,6 |





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| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Lease termination fees | Lease termination fees | — | — | — | 20,032 | — | 20,032 | (20,032) | (100.0) | Lease termination fees | — | — | — | 20,032 | |
| Third-party management and other fees | Third-party management and other fees | 808 | — | 808 | 636 | — | 636 | 172 | 27.0 | Third-party management and other fees | 1,076 | — | 1,076 | 1,025 | |
| Other revenues and fees | Other revenues and fees | 4,075 | — | 4,075 | 3,926 | — | 3,926 | 149 | 3.8 | Other revenues and fees | 6,313 | — | 6,313 | 5,908 | |
| Total revenues | Total revenues | 299,577 | 55,587 | 355,164 | 321,447 | 40,609 | 362,056 | (6,892) | (1.9) | Total revenues | 453,541 | 93,149 | 546,690 | 472,108 | 73,6 |
| Operating expenses: | Operating expenses: | | | | | | | | | Operating expenses: | | | | | |
| Property operating expenses | Property operating expenses | 81,563 | — | 81,563 | 76,077 | — | 76,077 | (5,486) | (7.2) | Property operating expenses | 124,380 | — | 124,380 | 118,875 | |
| Ground rent expenses | Ground rent expenses | 4,663 | — | 4,663 | 4,663 | — | 4,663 | — | — | Ground rent expenses | 6,994 | — | 6,994 | 6,994 | |
| General and administrative expenses | General and administrative expenses | 31,783 | — | 31,783 | 29,562 | — | 29,562 | (2,221) | (7.5) | General and administrative expenses | 47,795 | — | 47,795 | 45,287 | |
| Observatory expenses | Observatory expenses | — | 16,512 | 16,512 | — | 13,991 | 13,991 | (2,521) | (18.0) | Observatory expenses | — | 25,983 | 25,983 | — | 22,5 |
| Real estate taxes | Real estate taxes | 63,278 | — | 63,278 | 59,806 | — | 59,806 | (3,472) | (5.8) | Real estate taxes | 95,292 | — | 95,292 | 91,637 | |
| Depreciation and amortization | Depreciation and amortization | 93,601 | 87 | 93,688 | 125,325 | 85 | 125,410 | 31,722 | 25.3 | Depreciation and amortization | 140,194 | 118 | 140,312 | 172,258 | 1 |
| Total operating expenses | Total operating expenses | 274,888 | 16,599 | 291,487 | 295,433 | 14,076 | 309,509 | 18,022 | 5.8 | Total operating expenses | 414,655 | 26,101 | 440,756 | 435,051 | 22,6 |
| Operating income | Operating income | 24,689 | 38,988 | 63,677 | 26,014 | 26,533 | 52,547 | 11,130 | 21.2 | Operating income | 38,886 | 67,048 | 105,934 | 37,057 | 51,0 |
| Intercompany rent revenue (expense) | Intercompany rent revenue (expense) | 36,856 | (36,856) | — | 27,729 | (27,729) | — | | | Intercompany rent revenue (expense) | 58,969 | (58,969) | — | 46,801 | (46,8 |
| Other income (expense): | Other income (expense): | | | | | | | | | Other income (expense): | | | | | |
| Interest income | Interest income | 5,847 | 87 | 5,934 | 575 | 5 | 580 | 5,354 | 923.1 | Interest income | 10,257 | 139 | 10,396 | 2,105 | |
| Interest expense | Interest expense | (50,709) | — | (50,709) | (50,056) | — | (50,056) | (653) | (1.3) | Interest expense | (76,091) | — | (76,091) | (75,572) | |
| Gain on disposition of property | Gain on disposition of property | 29,261 | — | 29,261 | 27,170 | — | 27,170 | 2,091 | — | Gain on disposition of property | 29,261 | — | 29,261 | 27,170 | |
| Income (loss) before income taxes | | 45,944 | 2,219 | 48,163 | 31,432 | (1,191) | 30,241 | 17,922 | (59.3) | | | | | | |
| Income before income taxes | | | | | | | | | | Income before income taxes | 61,282 | 8,218 | 69,500 | 37,561 | 4,2 |
| Income tax (expense) benefit | Income tax (expense) benefit | (395) | 881 | 486 | (182) | 1,415 | 1,233 | (747) | 60.6 | Income tax (expense) benefit | (541) | (382) | (923) | (541) | 3 |
| Net income | Net income | 45,549 | 3,100 | 48,649 | 31,250 | 224 | 31,474 | 17,175 | (54.6) | Net income | 60,741 | 7,836 | 68,577 | 37,020 | 4,5 |
| Net (income) loss attributable to non-controlling interests: | Net (income) loss attributable to non-controlling interests: | | | | | | | | | Net (income) loss attributable to non-controlling interests: | | | | | |

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Non-controlling interests in the Operating Partnership | Non-controlling interests in the Operating Partnership | (18,217) | — | (18,217) | (11,305) | — | (11,305) | (6,912) | 61.1 | Non-controlling interests in the Operating Partnership | (25,424) | — | (25,424) | (14,865) | |
| Non-controlling interests in other partnerships | Non-controlling interests in other partnerships | 42 | — | 42 | 222 | — | 222 | (180) | (81.1) | Non-controlling interests in other partnerships | (69) | — | (69) | 271 | |
| Private perpetual preferred unit distributions | Private perpetual preferred unit distributions | (2,101) | — | (2,101) | (2,101) | — | (2,101) | — | — | Private perpetual preferred unit distributions | (3,151) | — | (3,151) | (3,151) | |
| Net income attributable to common stockholders | Net income attributable to common stockholders | $ 25,273 | $ 3,100 | $ 28,373 | $ 18,066 | $ 224 | $ 18,290 | $10,083 | (55.1)% | Net income attributable to common stockholders | $ 32,097 | $ 7,836 | $ 39,933 | $ 19,275 | $ 4,5 |

**Real Estate Segment**

***Rental Revenue***

The decrease increase in rental revenue was primarily attributable to a $7.1 million increase in base rent from new or renewed tenants and higher rents and higher tenant escalations, and a net $6.1 million decrease in revenue from our dispositions of 383 Main Avenue, 10 Bank Street, 69-97 recent transaction activity as disclosed in "Financial Statements - Note 3. Acquisitions and 103-107 Main Street, and 500 Mamaroneck in April 2022, December 2022, February 2023, and April 2023, respectively. Dispositions."

***Property Operating Expenses***

The increase in property operating expenses reflects is primarily due to higher repairs repair and maintenance costs, higher cleaning costs, and higher payroll costs. costs in 2023 relating to increased building utilization.

***General and Administrative Expenses***

The increase in general and administrative expenses primarily reflects higher payroll and equity compensation costs. due to year-over-year wage growth.

***Real Estate Taxes***

HigherThe increase in realestatetaxes was primarilyattributable to a $4.1 million increase in real estate tax expense due to higher assessed values for multiple properties, andthe inclusion of real estate taxes partially offset by a net $0.4 million decrease from our most recently acquired multifamily property net of real estate taxes from disposed properties.recent transaction activity as disclosed in "Financial Statements - Note 3. Acquisitions and Dispositions."

***Depreciation and Amortization***

The decrease in depreciation and amortization reflects accelerated depreciation at one property recorded in during the six nine months ended June 30, 2022 September 30, 2022 relating to the transfer of 383 Main Avenue back to the lender in a consensual foreclosure and depreciation expense in the six nine months ended June 30, 2022 September 30, 2022 on properties that were sold prior to June 30, 2023 September 30, 2023.

***Interest Income***

The increase reflects higher interest rates in the six nine months ended June 30, 2023 September 30, 2023 compared to the six nine months ended June 30, 2022 September 30, 2022.

***Gain on Disposition of Property***

Reflects The gain for the nine months ended September 30, 2023 reflects the gain on disposition of 500 Mamaroneck in Westchester County, Harrison, New York in April 2023 and 69-97 and 103-107 Main Street in Westport, Connecticut in February 2023. 2023 while the gain for the nine months ended September 30, 2022 represents a gain on the disposition of 383 Main Avenue in Norwalk, Connecticut in April 2022.

**Observatory Segment**

***Observatory Revenue***

Observatory revenues were higher driven by increased visitation and revenue per visitor during the nine months ended September 30, 2023 as compared to the six nine months ended June 30, 2022 September 30, 2022.

***Observatory Expenses***

The increase in observatory expenses was driven by increased operating hours, which increased variable costs such as marketing, labor and maintenance costs.

***Income Taxes***

The decrease increase in income taxbenefit expense was attributable to lower taxableloss a $3.9 million increase in income before taxes for the observatory segment for the six nine months ended June 30, 2023 September 30, 2023.

**Liquidity and Capital Resources**

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain our assets and operations, including lease-up costs, fund our redevelopment and repositioning programs, acquire properties, make distributions to our securityholders and fulfill other general business needs. Based on the historical experience of our management and our business strategy, in the foreseeable future we anticipate we will generate positive cash flows from operations. In order to qualify as a REIT, we are required under the Internal Revenue Code of 1986 to distribute to our stockholders, on an annual basis, at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains. We expect to make quarterly distributions, as required, to our securityholders.

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

At June 30, 2023 September 30, 2023, we had $315.4 million $354.0 million available in cash and cash equivalents, and $850 million available under our unsecured revolving credit facility.

As of June 30, 2023 September 30, 2023, we had approximately $2.3 billion $2.2 billion of total consolidated indebtedness outstanding, with a weighted average interest rate of 3.9% and a weighted average maturity of 5.9 5.7 years. As of June 30, 2023 September 30, 2023, excluding principal amortization, we have no outstanding debt maturing until November 2024.

**Portfolio Transaction Activity**

On February 1, 2023, we closed on the sale of 69-97 and 103-107 Main Street in Westport, Connecticut at a gross asset valuation of $40.0 million.

On April 5, 2023, we closed on the sale of 500 Mamaroneck Avenue in Harrison, NY New York at a gross asset valuation of $53.0 million.

On September 14, 2023, we closed on the acquisition of a Williamsburg retail property located on the corner of North 6th Street and Wythe Avenue in Brooklyn, New York, for a purchase price of $26.4 million.

**Unsecured Revolving Credit and Term Loan Facilities**

See "Financial Statements - Note 5. Debt" for a summary of our unsecured revolving credit and term loan facilities.

**Mortgage Debt**

As of June 30, 2023 September 30, 2023, our consolidated mortgage notes payable amounted to $896.4 million $893.9 million. The first We have no debt maturity is in until November 2024. See "Financial Statements - Note 5. Debt" for more information on mortgage debt.

**Senior Unsecured Notes**

The terms of the senior unsecured notes include customary covenants, including limitations on liens, investment, distributions, debt, fundamental changes, and transactions with affiliates and require certain customary financial reports. The terms also require compliance with financial ratios including a maximum leverage ratio, a maximum secured leverage ratio, a minimum fixed charge coverage ratio, a minimum unencumbered interest coverage ratio, and a maximum unsecured leverage ratio. The agreements also contain customary events of default (subject in certain cases to specified cure periods), including but not limited to non-payment, breach of covenants, representations or warranties, cross defaults, bankruptcy or other insolvency events, judgments, ERISA events, the occurrence of certain change of control transactions and loss of real estate investment trust qualification. As of June 30, 2023 September 30, 2023, we were in compliance with the covenants under the outstanding senior unsecured notes.

### Financial Covenants

As of June 30, 2023 September 30, 2023, we were in compliance with the following financial covenants:

| Financial covenant | Required | June September 30, 2023 | In Compliance |
|---|---|---|---|
| Maximum total leverage | < 60% | 33.8 33.2 % | Yes |
| Maximum secured leverage | < 40% | 13.2 13.0 % | Yes |
| Minimum fixed charge coverage | > 1.50x | 3.1x 3.0x | Yes |
| Minimum unencumbered interest coverage | > 1.75x | 5.3x | Yes |
| Maximum unsecured leverage | < 60% | 25.1 24.8 % | Yes |

### Leverage Policies

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

### Capital Expenditures

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

***Office Properties*** [1]

| | | Six Months Ended June 30, | | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|---|
| **Total New Leases, Expansions, and Renewals** | **Total New Leases, Expansions, and Renewals** | **2023** | **2022** | **Total New Leases, Expansions, and Renewals** | **2023** | **2022** |
| Number of leases signed[2] [1] | Number of leases signed[2] [1] | 46 | 76 | Number of leases signed[2] [1] | 66 | 103 |
| Total square feet | Total square feet | 527,295 | 634,582 | Total square feet | 772,587 | 928,598 |
| Leasing commission costs per square foot[3] [2] | Leasing commission costs per square foot[3] [2] | $ 18.52 | $ 22.14 | Leasing commission costs per square foot[3] [2] | $ 18.41 | $ 19.14 |
| Tenant improvement costs per square foot[3] [2] | Tenant improvement costs per square foot[3] [2] | 72.34 | 62.15 | Tenant improvement costs per square foot[3] [2] | 78.15 | 59.20 |
| Total leasing commissions and tenant improvement costs per square foot[3] [2] | Total leasing commissions and tenant improvement costs per square foot[3] [2] | $ 90.86 | $ 84.29 | Total leasing commissions and tenant improvement costs per square foot[3] [2] | $ 96.56 | $ 78.34 |

***Retail Properties***

| | Nine Months Ended September 30, | |
|---|---|---|
| **Total New Leases, Expansions, and Renewals** | **2023** | **2022** |
| Number of leases signed[1] | 5 | 12 |
| Total square feet | 14,263 | 45,655 |
| Leasing commission costs per square foot[2] | $ 47.80 | $ 59.85 |
| Tenant improvement costs per square foot[2] | 48.17 | 53.97 |
| Total leasing commissions and tenant improvement costs per square foot[2] | $ 95.97 | $ 113.82 |

Retail Properties(4)

| Total New Leases, Expansions, and Renewals | Six Months Ended June 30, 2023 | 2022 |
|---|---|---|
| Number of leases signed(2) | 4 | 5 |
| Total square feet | 11,076 | 4,289 |
| Leasing commission costs per square foot(3) | $ 25.95 | $ 16.64 |
| Tenant improvement costs per square foot(3) | 26.07 | — |
| Total leasing commissions and tenant improvement costs per square foot(3) | $ 52.02 | $ 16.64 |

(1) Excludes an aggregate of 497,786 and 496,311 rentable square feet of retail space in our Manhattan office properties in 2023 and 2022, respectively. Includes the Empire State Building broadcasting licenses and observatory operations.

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

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

(4) Includes an aggregate of 497,786 and 496,311 rentable square feet of retail space in our Manhattan office properties in 2023 and 2022, respectively. Excludes the Empire State Building broadcasting licenses and observatory operations.

| | | Six Months Ended June 30, 2023 | 2022 | | Nine Months Ended September 30, 2023 | 2022 |
|---|---|---|---|---|---|---|
| ***Total Portfolio*** | ***Total Portfolio*** | | | ***Total Portfolio*** | | |
| Capital expenditures (1) | Capital expenditures (1) | $ 25,987 | $ 19,697 | Capital expenditures (1) | $ 38,736 | $ 28,823 |

(1) Excludes tenant improvements and leasing commission costs.

As of June 30, 2023 September 30, 2023, we expect to incur additional costs relating to obligations under existing lease agreements of approximately $138.4 million $139.3 million for tenant improvements and leasing commissions. We intend to fund the tenant improvements and leasing commission costs through a combination of operating cash flow, cash on hand, additional property level mortgage financings and borrowings under the unsecured revolving credit facility.

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

### Off-Balance Sheet Arrangements

As of June 30, 2023 September 30, 2023, we did not have any off-balance sheet arrangements.

### Distribution Policy

We intend to distribute our net taxable income to our security holders in a manner intended to satisfy REIT distribution requirements and to avoid U.S. federal income tax liability.

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

### Distribution to Equity Holders

Distributions and dividends amounting to $20.3 million $30.8 million and $21.6 million $32.2 million have been made to equity holders for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

### Stock and Publicly Traded Operating Partnership Unit Repurchase Program

Our Board of Directors authorized the repurchase of up to $500 million of our Class A common stock and the Operating Partnership's Series ES, Series 250 and Series 60 operating partnership units from January 1, 2022 through December 31, 2023. Under the program, we may purchase our Class A common stock and the Operating Partnership's Series ES, Series 250 and Series 60 operating partnership units in accordance with applicable securities laws from time to time in the open market or in privately negotiated transactions. The timing, manner, price and amount of any repurchases will be determined by us at our discretion and will be subject to stock price, availability, trading volume, and general market conditions. conditions, and applicable securities laws. The authorization does not obligate us to acquire any particular amount of securities, and the program may be suspended or discontinued at our discretion without prior notice. There were no purchases of equity securities in the three months ended September 30, 2023. See "Financial Statements - Note 10. Equity" for a summary of our purchases of equity securities in each of the three months ended June 30, 2023. Equity."

**Cash Flows**

***Comparison of Six Nine Months Ended June 30, 2023 September 30, 2023 to the Six Nine Months Ended June 30, 2022 September 30, 2022***

*Net cash*. Cash and cash equivalents and restricted cash were $395.8 million $421.0 million and $412.8 million $439.8 million, respectively, as of June 30, 2023 September 30, 2023 and 2022. The decrease was primarily due to the acquisition of real estate property in December 2022 and higher September 2023 and increased spending for capital expenditures, partially offset by net proceeds from the disposition of properties in December 2022 and February and April 2023 and lower repurchases of common shares.

*Operating activities*. Net cash provided by operating activities increased by $22.2 million $22.0 million to $105.9 million $196.0 million due to increased observatory operating income and changes in working capital.

*Investing activities*. Net cash provided by used in investing activities increased decreased by $69.3 million $49.7 million to $12.7 million $39.4 million primarily due to net proceeds from the disposition of 69-97 and 103-107 Main Street in Westport, Connecticut in February 2023, and 500 Mamaroneck in Harrison, New York. York in April 2023.

*Financing activities*. Net cash used in financing activities decreased by $51.4 million $69.3 million to $37.5 million $50.4 million primarily due to lower repurchases of common shares.

**Net Operating Income ("NOI")**

Our financial reports include a discussion of property net operating income, or NOI. NOI is a non-GAAP financial measure of performance. NOI is used by our management to evaluate and compare the performance of our properties and to determine trends in earnings and to compute the fair value of our properties as it is not affected by: (i) the cost of funds of the property owner, (ii) the impact of depreciation and amortization expenses as well as gains or losses from the sale of operating real estate assets that are included in net income computed in accordance with GAAP, (iii) acquisition expenses, loss on early extinguishment of debt and loss from derivative financial instruments, or (iv) general and administrative expenses and other gains and losses that are specific to the property owner. The cost of funds is eliminated from NOI because it is specific to the particular financing capabilities and constraints of the owner and because it is dependent on historical interest rates and other costs of capital as well as past decisions made by us regarding the appropriate mix of capital which may have changed or may change in the future. Depreciation and amortization expenses as well as gains or losses from the sale of operating real estate assets are eliminated because they may not accurately represent the actual change in value in our office or retail properties that result from use of the properties or changes in market conditions. While certain aspects of real property do decline in value over time in a manner that is reasonably captured by depreciation and amortization, the value of the properties as a whole have historically increased or decreased as a result of changes in overall economic conditions instead of from actual use of the property or the passage of time. Gains and losses from the sale of real property vary from property to property and are affected by market conditions at the time of sale which will usually change from period to period. These gains and losses can create distortions when comparing one period to another or when comparing our operating results to the operating results of other real estate companies that have not made similarly-timed purchases or sales. We believe that eliminating these costs from net income is useful to investors because the resulting measure captures the actual revenue, generated and actual expenses incurred in operating our properties as well as trends in occupancy rates, rental rates and operating costs.

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

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

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

| | | Three Months Ended June 30, | | Six Months Ended June 30, | | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 | | 2023 | 2022 | 2023 | 2022 |
| | | (unaudited) | | (unaudited) | | | (unaudited) | | (unaudited) | |
| Net income | Net income | $ 36,955 | $ 48,695 | 48,649 | 31,474 | Net income | $ 19,928 | $ 10,118 | $ 68,577 | $ 41,592 |
| Add: | Add: | | | | | Add: | | | | |
| General and administrative expenses | General and administrative expenses | 16,075 | 15,876 | 31,783 | 29,562 | General and administrative expenses | 16,012 | 15,725 | 47,795 | 45,287 |
| Depreciation and amortization | Depreciation and amortization | 46,280 | 58,304 | 93,688 | 125,410 | Depreciation and amortization | 46,624 | 46,984 | 140,312 | 172,394 |
| Interest expense | Interest expense | 25,405 | 25,042 | 50,709 | 50,056 | Interest expense | 25,382 | 25,516 | 76,091 | 75,572 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Income tax expense (benefit) | Income tax expense (benefit) | 733 | 363 | (486) | (1,233) | Income tax expense (benefit) | 1,409 | 1,457 | 923 | 224 |
| Less: | Less: | | | | | Less: | | | | |
| Gain on disposition of property | Gain on disposition of property | (13,565) | (27,170) | (29,261) | (27,710) | Gain on disposition of property | — | — | (29,261) | (27,170) |
| Third-party management and other fees | Third-party management and other fees | (381) | (326) | (808) | (636) | Third-party management and other fees | (268) | (389) | (1,076) | (1,025) |
| Interest income | Interest income | (3,339) | (431) | (5,934) | (580) | Interest income | (4,462) | (1,564) | (10,396) | (2,144) |
| **Net operating income** | **Net operating income** | $ 108,163 | $ 120,353 | $ 188,340 | $ 206,343 | **Net operating income** | $ 104,625 | $ 97,847 | $ 292,965 | $ 304,730 |
| **Other Net Operating Income Data** | **Other Net Operating Income Data** | | | | | **Other Net Operating Income Data** | | | | |
| Straight-line rental revenue | Straight-line rental revenue | $ 11,859 | $ 8,597 | $ 12,415 | $ 11,192 | Straight-line rental revenue | $ 5,015 | $ 7,341 | $ 17,430 | $ 18,533 |
| Net increase in rental revenue from the amortization of above-and below-market lease assets and liabilities | Net increase in rental revenue from the amortization of above-and below-market lease assets and liabilities | $ 675 | $ 1,675 | $ 1,378 | $ 3,459 | Net increase in rental revenue from the amortization of above-and below-market lease assets and liabilities | $ 554 | $ 677 | $ 1,932 | $ 4,136 |
| Amortization of acquired below-market ground leases | Amortization of acquired below-market ground leases | $ 1,958 | $ 1,958 | $ 3,916 | $ 3,916 | Amortization of acquired below-market ground leases | $ 1,957 | $ 1,957 | $ 5,873 | $ 5,873 |

**Funds from Operations ("FFO")**

We present below a discussion of FFO. We compute FFO in accordance with the “White Paper” on FFO published by the National Association of Real Estate Investment Trusts, or NAREIT, which defines FFO as net income (loss) (determined in accordance with GAAP), excluding impairment write-off of investments in depreciable real estate and investments in in-substance real estate investments, gains or losses from debt restructurings and sales of depreciable operating properties, plus real estate-related depreciation and amortization (excluding amortization of deferred financing costs), less distributions to non-controlling interests and gains/losses from discontinued operations and after adjustments for unconsolidated partnerships and joint ventures. FFO is a widely recognized non-GAAP financial measure for REITs that we believe, when considered with financial statements determined in accordance with GAAP, is useful to investors in understanding financial performance and providing a relevant basis for comparison among REITs. In addition, we believe FFO is useful to investors as it captures features particular to real estate performance by recognizing that real estate has generally appreciated over time or maintains residual value to a much greater extent than do other depreciable assets. Investors should review FFO, along with GAAP net income, when trying to understand an equity REIT’s operating performance. We present FFO because we consider it an important supplemental measure of our operating performance and believe that it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs. However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effect and could materially impact our results of operations, the utility of FFO as a measure of performance is limited. There can be no assurance that FFO presented by us is comparable to similarly titled measures of other REITs. FFO does not represent cash generated from operating activities and should not be considered as an alternative to net income (loss) determined in accordance with GAAP or to cash flow from operating activities determined in accordance with GAAP. FFO is not indicative of cash available to fund ongoing cash needs, including the ability to make cash distributions. Although FFO is a measure used for comparability in assessing the performance of REITs, as the NAREIT White Paper only provides guidelines for computing FFO, the computation of FFO may vary from one company to another.

**Modified Funds From Operations ("Modified FFO")**

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

**Core Funds From Operations**

Core FFO adds back to Modified FFO the following items: IPO litigation expense, severance expenses and loss on early extinguishment of debt. The Company believes Core FFO is an important supplemental measure of its operating performance because it excludes items associated with its IPO and formation transactions and other non-recurring items. There can be no assurance that Core FFO presented by the Company is comparable to similarly titled measures of other REITs. Core FFO does not represent cash generated from operating activities and should not be considered as an alternative to net income (loss) determined in accordance with GAAP or to cash flow from operating activities determined in accordance with GAAP. Core FFO is not indicative of cash available to fund ongoing cash needs, including the ability to make cash distributions. In future periods, we may also exclude other items from Core FFO that we believe may help investors compare our results.

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

| | | **Three Months Ended June 30,** | | **Six Months Ended June 30,** | | | **Three Months Ended September 30,** | | **Nine Months Ended September 30,** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | **2023** | **2022** | **2023** | **2022** | | **2023** | **2022** | **2023** | **2022** |
| | | *(unaudited)* | | *(unaudited)* | | | *(unaudited)* | | *(unaudited)* | |
| Net income | Net income | $ 36,955 | $ 48,695 | $ 48,649 | $ 31,474 | Net income | $ 19,928 | $ 10,118 | $ 68,577 | $ 41,592 |
| Noncontrolling interests in other partnerships | Noncontrolling interests in other partnerships | (1) | 159 | 42 | 222 | Noncontrolling interests in other partnerships | (111) | 49 | (69) | 271 |
| Private perpetual preferred unit distributions | Private perpetual preferred unit distributions | (1,051) | (1,051) | (2,101) | (2,101) | Private perpetual preferred unit distributions | (1,050) | (1,050) | (3,151) | (3,151) |
| Real estate depreciation and amortization | Real estate depreciation and amortization | 44,887 | 56,571 | 90,911 | 121,985 | Real estate depreciation and amortization | 45,174 | 45,461 | 136,085 | 167,446 |
| Gain on disposition of property | Gain on disposition of property | (13,565) | (27,170) | (29,261) | (27,170) | Gain on disposition of property | — | — | (29,261) | (27,170) |
| **FFO attributable to common stockholders and the Operating Partnership** | **FFO attributable to common stockholders and the Operating Partnership** | 67,225 | 77,204 | 108,240 | 124,410 | **FFO attributable to common stockholders and the Operating Partnership** | 63,941 | 54,578 | 172,181 | 178,988 |
| Amortization of below-market ground leases | Amortization of below-market ground leases | 1,958 | 1,958 | 3,916 | 3,916 | Amortization of below-market ground leases | 1,957 | 1,957 | 5,873 | 5,873 |
| **Modified FFO attributable to common stockholders and the Operating Partnership** | **Modified FFO attributable to common stockholders and the Operating Partnership** | 69,183 | 79,162 | 112,156 | 128,326 | **Modified FFO attributable to common stockholders and the Operating Partnership** | 65,898 | 56,535 | 178,054 | 184,861 |
| Loss on early extinguishment of debt | | — | — | — | — | | | | | |
| **Core FFO attributable to common stockholders and the Operating Partnership** | **Core FFO attributable to common stockholders and the Operating Partnership** | $ 69,183 | $ 79,162 | $ 112,156 | $ 128,326 | **Core FFO attributable to common stockholders and the Operating Partnership** | $ 65,898 | $ 56,535 | $ 178,054 | $ 184,861 |

| Weighted average shares and Operating Partnership Units | Weighted average shares and Operating Partnership Units | | | | | Weighted average shares and Operating Partnership Units | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Basic | Basic | 262,903 | 270,078 | 263,694 | 271,834 | Basic | 262,756 | 266,035 | 263,379 | 269,880 |
| Diluted | Diluted | 264,196 | 270,085 | 264,736 | 271,837 | Diluted | 266,073 | 267,121 | 265,269 | 270,966 |

**Factors That May Influence Future Results of Operations**

***Leasing***

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

As of June 30, 2023 September 30, 2023, there were approximately 0.9 million rentable square feet of space in our portfolio available to lease (excluding leases signed but not yet commenced) representing 9.7% 9.5% of the net rentable square footage of the properties in our portfolio. In addition, leases representing 3.4% 2.9% and 5.4% 5.3% of net rentable square footage of the properties in our portfolio will expire in 2023 and in 2024, respectively. These leases are expected to represent approximately 3.4% 2.9% and 5.6% 5.3%, respectively, of our annualized rent for such periods. Our revenues and results of operations can be impacted by expiring leases that are not renewed or re-leased or that are renewed or re-leased at base rental rates equal to, above or below the current average base rental rates. Further, our revenues and results of operations can also be affected by downtime after space is vacated and the costs we incur to re-lease available space, including payment of leasing commissions, redevelopments and build-to-suit remodeling that may not be borne by the tenant.

***Observatory Operations***

For the three months ended June 30, 2023 September 30, 2023, the observatory hosted 666,000 743,000 visitors, compared to 573,000 687,000 visitors for the three months ended June 30, 2022 September 30, 2022. Our return of attendance to pre-pandemic levels is closely tied to national domestic and international travel trends, our new reservations-only model of operation, and our desire to provide a better experience with fewer crowds to visitors from whom we receive higher revenues per person.

Observatory revenue for the three months ended June 30, 2023 September 30, 2023 was $33.4 million $37.6 million, compared to $27.4 million $33.1 million for the three months ended June 30, 2022 September 30, 2022. The observatory revenue increase was driven by higher visitation levels in 2023.

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

***Outlook***

The first half of Year to date in 2023, saw ESRT has seen sustained demand for our properties, marked by solid leasing activity and observatory performance.

The We believe the global economy, including the real estate sector, currently navigates an environment of uncertainty around inflation, rising interest rates, weakness in reduced commercial real estate new loans, from institutional lenders, questions on the direction of capital markets, risk of recession and geopolitical unrest. In particular, there have been concerns about the softening of the commercial real estate market, and particularly the office real estate market, amidst refinancing challenges of existing low interest rate loans and associated reduced new loan availability and increased costs of loans and related increased expectations of equity returns, coupled with the gradual pace of return-to-office and its impact on the physical utilization of space and asset valuations. Additionally, the risk of a global economic recession could impact the number of visitors to the Empire State Building Observatory, as well as our pricing power.

Despite this global economic backdrop, we believe that our modernized, amenitized, energy efficient New York City-focused portfolio ESRT is in a good competitive position with indoor environmental quality initiatives, characterized by its competitive rental rates, strong leased percentage, sustainability leadership and diversified drivers of income across office, retail, multifamily and the Empire State Building Observatory, Observatory. ESRT's New York City-focused portfolio is in a good modernized, amenitized, well-located and energy efficient, with indoor environmental quality, competitive position. Our rental rates and strong leased percentages. We believe our business is further fortified by the continued performance of our Observatory, which was ranked the #1 attraction in the U.S. by Tripadvisor's 2023 Travelers' Choice Best of the Best Awards for a second consecutive year.

In addition to our diversified portfolio, our business is supported by leading a well-positioned balance sheet, strength, modest leverage and access to liquidity as set forth herein. The absence of near term debt maturities or floating rate debt exposure gives us provides an added degree of security in a rising rate environment. We have been able to execute on capital recycling, acquisitions, and buybacks. As we navigate these uncertain times, we continue to be remain prepared for various challenges and economic scenarios. situations.

**Critical Accounting Estimates**

Refer to our Annual Report for a discussion of our critical accounting estimates. There were no material changes to our critical accounting estimates disclosed in our Annual Report.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Our future income, cash flows and fair values relevant to financial instruments are dependent upon prevalent market interest rates. We are exposed to interest rate changes primarily on our unsecured revolving credit facility and debt refinancings. In order to mitigate our interest rate risk, we may borrow at fixed rates or may enter into derivative financial instruments such as interest rate swaps or caps on floating rate financial instruments. We are not subject to foreign currency risk and we do not enter into derivative or interest rate transactions for speculative purposes.

As of June 30, 2023 September 30, 2023, we have interest rate SOFR swap and cap agreements with an aggregate notional value of $574.0 million $573.6 million and which mature between October 1, 2024 and November 1, 2033. The "variable to fixed" interest rate swaps have been designated as cash flow hedges and are deemed highly effective with fair values in an asset position of $19.4 $25.6 million and are included in prepaid expenses and other assets on the condensed consolidated balance sheets as of June 30, 2023 September 30, 2023.

As of June 30, 2023 September 30, 2023, the weighted average interest rate on the $2.3 billion $2.2 billion of fixed-rate indebtedness outstanding was 3.9% per annum, with maturities at various dates through March 17, 2035.

As of June 30, 2023 September 30, 2023, the fair value of our outstanding debt was approximately $2.0 billion, which was approximately $217.6 million $250.8 million less than the book value as of such date. Interest risk amounts were determined by considering the impact of hypothetical interest rates on our financial instruments. These analyses do not consider the effect of any change in overall economic activity that could occur in that environment. Further, in the event of a change of that magnitude, we may take actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, these analyses assume no changes in our financial structure.

**ITEM 4. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the SEC's rules and regulations and that such information is accumulated and communicated to management, including our Chief Executive Officer and our Executive Vice President, Chief Operating Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of June 30, 2023 September 30, 2023, the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and our Executive Vice President, Chief Operating Officer and Chief Financial Officer, regarding the effectiveness of our disclosure controls and procedures at the end of the period covered by this report. Based on the foregoing, our Chief Executive Officer and our Executive Vice President, Chief Operating Officer and Chief Financial Officer concluded, as of that time, that our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in reports filed or submitted under the Exchange Act (i) is processed, recorded, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and our Executive Vice President, Chief Operating Officer and Chief Financial Officer, as appropriate to allow for timely decisions regarding required disclosure.

**Changes in Internal Control over Financial Reporting**

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

**PART II. OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

See "Financial Statements – Note 9. Commitments and Contingencies" for a description of legal proceedings.

**ITEM 1A. RISK FACTORS**

As of June 30, 2023 September 30, 2023, there have been no material changes to the risk factors disclosed in factors. See the section entitled "Risk Factors" section in the Company's of our Annual Report and our quarterly report on Form 10-Q 10-K for the quarter year ended March 31, 2023. December 31, 2022 and any additional factors that may be contained in any filing we make with the SEC.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

*Recent Sales of Unregistered Securities*

None.

*Recent Purchases of Equity Securities*

Stock and Publicly Traded Operating Partnership Unit Repurchase Program

Our Board of Directors authorized the repurchase of up to $500 million of our Class A common stock and the Operating Partnership's Series ES, Series 250 and Series 60 operating partnership units during the period from January 1, 2022 through December 31, 2023. Under the program, we may purchase our Class A common stock and the Operating Partnership's Series ES, Series 250 and Series 60 operating partnership units in accordance with applicable securities laws from time to time in the open market or in privately negotiated transactions. The timing, manner, price and amount of any repurchases will be determined by us and will be subject to stock price, availability, trading volume, general market conditions, and applicable securities laws. The authorization does not obligate us to acquire any particular amount of securities, and the program may be suspended or discontinued at our discretion without prior notice. As of June 30, 2023 September 30, 2023, we had approximately $396.7 million remaining of the authorized repurchase amount.

The following table summarizes our There were no repurchases of equity securities in each of the months in the three month three-month period ended June 30, 2023 September 30, 2023 under the repurchase program described above: above.

| Period | Total Number of Shares Purchased (1) | Weighted Average Price Paid per Share | | Maximum Approximate Dollar Value Available for Future Purchase (in thousands) | |
|---|---|---|---|---|---|
| April 1 - April 30, 2023 | 1,214,770 | $ | 6.09 | $ | 396,736 |
| May 1 - May 31, 2023 | 2,700 | $ | 6.00 | $ | 396,720 |
| June 1 - June 30, 2023 | — | $ | — | $ | 396,720 |

(1) All shares were repurchased pursuant to our repurchase program described above.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

### ITEM 5. OTHER INFORMATION

(a) None.
(b) None.
(c) During the three months ended September 30, 2023, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

### ITEM 6. EXHIBITS

| Exhibit No. | Description |
|---|---|
| 31.1* | Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2* | Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1* | Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2* | Certification of Principal Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| | |
| 101.INS* | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH* | XBRL Taxonomy Extension Schema Document |
| 101.CAL* | XBRL Taxonomy Extension Calculation Document |
| 101.DEF* | XBRL Taxonomy Extension Definitions Document |
| 101.LAB* | XBRL Taxonomy Extension Labels Document |
| 101.PRE* | XBRL Taxonomy Extension Presentation Document |
| 104 | Cover Page Interactive Data File (contained in Exhibit 101) |
| Notes: | |

* Filed herewith.

**SIGNATURES**

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

**EMPIRE STATE REALTY TRUST, INC.**

| | | |
|---|---|---|
| Date: | August 4, November 8, 2023 | By:/s/ Christina Chiu<br>Executive Vice President, Chief<br>Operating Officer and Chief<br>Financial Officer<br>(Principal Financial Officer) |
| Date: | August 4, November 8, 2023 | By: /s/ Stephen V. Horn<br>Senior Vice President,<br>Chief Accounting Officer<br>(Principal Accounting Officer) |

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**EXHIBIT 31.1**

**Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Anthony E. Malkin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Empire State Realty Trust, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Anthony E. Malkin

Dated: August 4, 2023 November 8, 2023

Anthony E. Malkin Chairman, President and Chief Executive Officer

**EXHIBIT 31.2**

**Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Christina Chiu, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Empire State Realty Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Christina Chiu

Christina Chiu Executive Vice President, Chief Operating Officer and Chief Financial Officer

Dated: August 4, 2023 November 8, 2023

**EXHIBIT 32.1**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**

**PURSUANT TO**

**18 U.S.C. SECTION 1350**

**AS ADOPTED PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, the undersigned Chief Executive Officer of Empire State Realty Trust, Inc. (the "Company"), hereby certifies, to his knowledge that the Quarterly Report on Form 10-Q for the period ended June 30, 2023 September 30, 2023 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Anthony E. Malkin

Anthony E. Malkin Chairman, President and Chief Executive Officer

Date: August 4, 2023 November 8, 2023

**EXHIBIT 32.2**

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**

**PURSUANT TO**

**18 U.S.C. SECTION 1350**

**AS ADOPTED PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, the undersigned, Executive Vice President and Chief Financial Officer of Empire State Realty Trust, Inc. (the "Company"), hereby certifies, to her knowledge that the Quarterly Report on Form 10-Q for the period ended June 30, 2023 September 30, 2023 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Christina Chiu

Date: August 4, 2023 November 8, 2023

Christina Chiu Executive Vice President, Chief Operating Officer and Chief Financial Officer

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