



**EMPIRE STATE**  
REALTY TRUST

# Investor Presentation

April 2023





# Contents

## **Company Priorities**

## **Competitive Advantages**

[Flight To Quality](#)

[Attractive Value Proposition](#)

[Contracted Rents and Tenant Expansions](#)

[Strong & Flexible Balance Sheet](#)

[Focus on ESG Initiatives](#)

[Sustainability Leadership & Scorecard](#)

## **ESRT Property Sector Highlights**

[Office](#)

[ESB Observatory](#)

[Retail](#)

[Multifamily](#)

## **Meet the Team: ESRT Management**

## **Appendix**



COMPANY PRIORITIES

# Laser Focused on Shareholder Value

Lease Space

✓

86.7%  
Occupancy

89.4%  
Leased

85-87%  
Occupancy

1Q 2023

YE23 Guidance

Sell  
Observatory  
Tickets

✓

- ESB Observatory ranked #1 Tripadvisor Attraction in the US and #3 in the world<sup>1</sup>
- Maximize per capita revenue
- Best-in-class experience
- Manage and enhance iconic brand
- Manage expenses

Manage Our  
Balance  
Sheet

✓

- Execute on capital allocation goals
  - ✓ Buybacks
  - ✓ Recycle capital opportunistically
  - ✓ Selective Value-Enhancing Acquisitions
- Maintain balance sheet flexibility
- Provide transparency in our disclosures

Achieve  
Sustainability  
Goals

✓

- Commercial portfolio carbon neutral as of 2022
  - ✓ Reduced emissions 43% in commercial portfolio and 54% at Empire State Building since 2009
  - ✓ Purchased wind RECs for 100% of the commercial portfolio's electrical usage since 2021, and for Empire State Building since 2011<sup>2</sup>
  - ✓ Offset 100% of fossil fuel usage with preservation of biodiverse ecosystem forest<sup>2</sup>

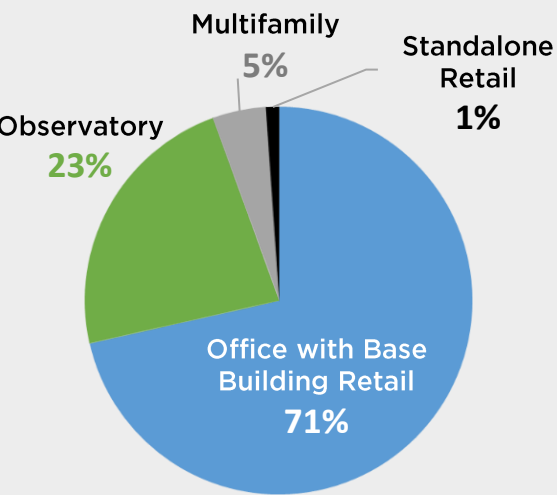
<sup>1</sup>Per Tripadvisor report titled: Travelers' Choice 2022 Best of the Best. Click [here](#) for more information.  
<sup>2</sup> This is just one step in our efforts towards an operational carbon neutrality target of 80% of emissions reduction at ESB by 2030 and 100% of our commercial portfolio by 2035. We will offset our fossil fuel emissions through accredited sources while we move towards our reduction goals.



COMPETITIVE ADVANTAGES

# NYC-Focused Portfolio with Multiple Sources of Upside

Office, tourism, retail, multi-family



1Q23 TTM NOI<sup>1</sup>

	Portfolio	Upside
Office	<ul style="list-style-type: none"><li>8.9M SF, predominantly in Manhattan</li><li>Modernized, amenitized, energy-efficient, healthy buildings with central locations near mass transit</li><li>“Flight to Quality” destination, accessible price points</li></ul>	<ul style="list-style-type: none"><li>Office leasing momentum for quality space with excellent transportation access</li><li>Rising leased percentage</li><li>\$71M contracted initial cash revenues (\$61M incremental) from signed leases not commenced and free rent burn-off</li></ul>
ESB Observatory Experience	<ul style="list-style-type: none"><li>Iconic, authentic NYC experience</li><li>\$165M redevelopment completed</li><li>Dynamic pricing, all reservations model; inflation hedge</li></ul>	<ul style="list-style-type: none"><li>NYC tourism recovery drives improved visitation</li><li>Quality experience with high customer satisfaction</li></ul>
Retail	<ul style="list-style-type: none"><li>0.7M SF in Manhattan</li><li>Resilient everyday shopping tenant base - 95% national retailers</li><li>High foot traffic locations on or near mass transit</li></ul>	<ul style="list-style-type: none"><li>Rebound in foot traffic in neighborhoods surrounding ESRT properties and ground level everyday retail assets</li></ul>
Multifamily	<ul style="list-style-type: none"><li>721 units across three well-located, well-amenitized properties in Manhattan</li><li>Annual rent resets; inflation hedge</li><li>Modest capital expenditure requirements</li></ul>	<ul style="list-style-type: none"><li>Strong rent growth and occupancy at multifamily assets</li><li>Well-located assets</li></ul>

<sup>1</sup> Adjusted for pro-forma full-year NOI contribution from the multifamily acquisition that closed in December 2022.

COMPETITIVE ADVANTAGES

# Flight to Quality is not just “New versus Old”

## ESRT Outperforms its Peers

- **2022 Outperformance**
  - ESRT increased NYC office leased rate by 260bps in 2022 to 89.6%
  - ESRT increased NYC office occupancy by 210bps in 2022 to 86.0%
  - ESRT leased 1M SF in 2022 and leasing success continues
- **“Flight to quality” Not Just “New versus Old”**
  - ESRT’s redeveloped, and repurposed existing buildings compete and win
  - Newest building in ESRT’s Portfolio is 1954
  - Fully modernized, \$1B spent in portfolio upgrades
  - 95% of tenant space redeveloped
- **Energy Efficiency and Healthy Building Leaders**
  - Recognized by industry, government, and NGOs for practice innovation
  - In the room where it happens on policy development and implementation
  - Focus on Science Based Targets and Investment and Return
  - 100% carbon neutral and renewable wind-powered
  - Read more in [ESRT’s Sustainability Report](#)
- **Well-Amenitized**
- **Well-Located**
- **ESRT Tenants Expand within the ESRT Portfolio**
  - 2.5M SF in 263 existing tenant expansions since IPO

## Popular Narrative is Wrong

- ✗ Older buildings will be troubled and cannot compete
- ✗ Only newer buildings, built from 2015 on, have recorded positive net absorption

## ESRT is Future Ready to Drive Value for ESRT Shareholders

- Differentiated older vintage buildings with authenticity and high quality attract and retain talent
- Modernized, energy efficient, indoor environmental quality to protect value for all stakeholders
- Tenants see compelling value proposition and customer service in our buildings
- Office, Observatory, Retail, Residential: all focused on NYC
- Strong balance sheet with low leverage, no exposure to floating rate debt, and no meaningful maturity until 2025



# Attractive Value Proposition

- ✓ Differentiated older vintage buildings with authenticity and high quality attract and retain tenants
- ✓ Modernized, energy-efficient, IEQ to protect value for all stakeholders
- ✓ Tenants see compelling value proposition and customer service in our buildings
- ✓ Tenants seek landlords with a strong balance sheet and low leverage that continue to invest in the improvement of their buildings

## A few notable tenants in ESRT's Portfolio:



Tip: Click the 'Play Arrow' for videos



# Tenant Testimonials

**Tip:** Click the 'Play Button' for video

## Progyny Thrives at 1359 Broadway



“There really wasn’t anything I can think of that we weren’t able to do that we needed. That’s just an example of **ESRT’s willingness to partner with us** and **help us be successful** in any way that they can.”

—  
-Pete Anevski, Chief Executive Officer, Progyny



## LinkedIn: Life at ESB



“The reaction of our own employees, candidates, prospects and customers that we bring to the facilities is **awe and a sense of wonder** when you walk through these walls.”

—  
-Sr. Brand Marketing Manager, Talent Attraction, LinkedIn



COMPETITIVE ADVANTAGES

# Attractive Value Proposition

ESRT's offering satisfies the deepest pool of demand in the market by size, location, and price

✓ Attractive price point with our high-quality offering

All Deals With Publicly Disclosed Terms 2019 - 2022			
Starting Rent Range	# of Market Leases	% of Total Market Leases	% of ESRT Leases
<\$50 PSF	729	19.5%	6.0%
\$50 - \$70 PSF	1,543	41.3%	84.3%
>\$70 PSF	1,467	39.2%	9.7%
<b>Total</b>	3,739	100.0%	100.0%

✓ Serves the deepest pool of demand in the market

All Deals 2019 - 2022			
Size Range	# of Market Leases	% of Total Market Leases	% of ESRT Leases
Below 30,000 SF	10,686	93.0%	92.6%
Above 30,000 SF	809	7.0%	7.4%
<b>Total</b>	11,495	100.0%	100.0



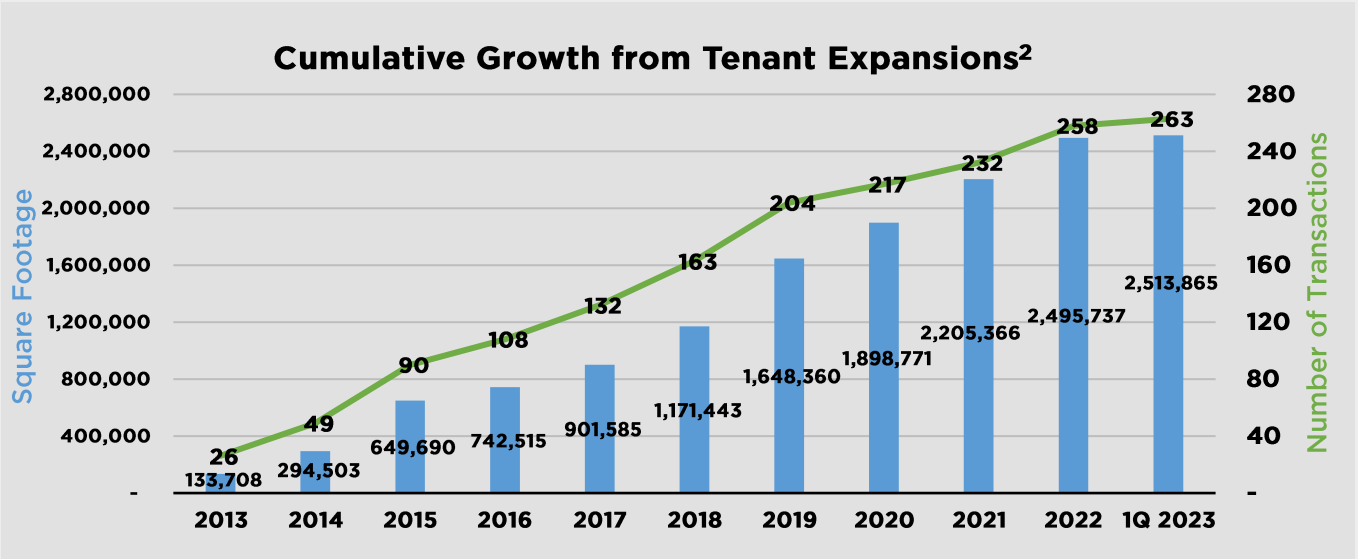
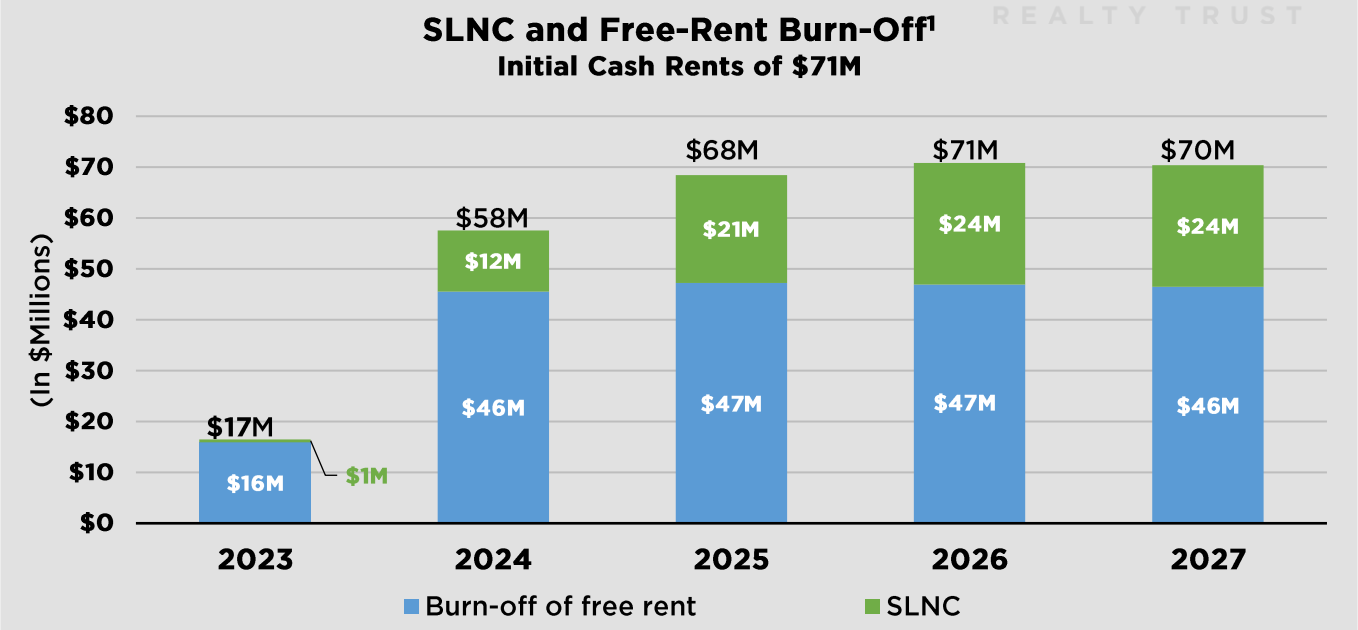


COMPETITIVE ADVANTAGES

# Contracted Rents & Tenant Expansions

- Signed Leases Not Commenced (“SLNC”)
- Free Rent Burn-Off
- Existing Tenant Expansion

Select SLNC	Building	SF/Term	Cash Commencement Start Date
STV Incorporated	Empire State Building	▪ 66K SF / 16 yrs	▪ 2025
Institutional Capital Network	One Grand Central Place	▪ 59K SF / 16 yrs	▪ 2023
Progyny	1359 Broadway	▪ 46K SF/ 9 yrs	▪ 2023
Claims Conference	1359 Broadway	▪ 34k SF / 11 yrs	▪ 2025
NYC School Construction Authority	1010 Third Avenue	▪ 28K SF / 15 yrs	▪ 2024



<sup>1</sup>Table reflects cumulative total initial cash rents totaling \$71M in comparison to \$61M of incremental annual contribution.  
<sup>2</sup>Since 2013, the year in which we went public, through March 31, 2023.  
Company data and filings include office and retail tenants as of March 31, 2023.



COMPETITIVE ADVANTAGES

# Strong & Flexible Balance Sheet

Flexibility to allocate capital for long term shareholder value

Liquidity

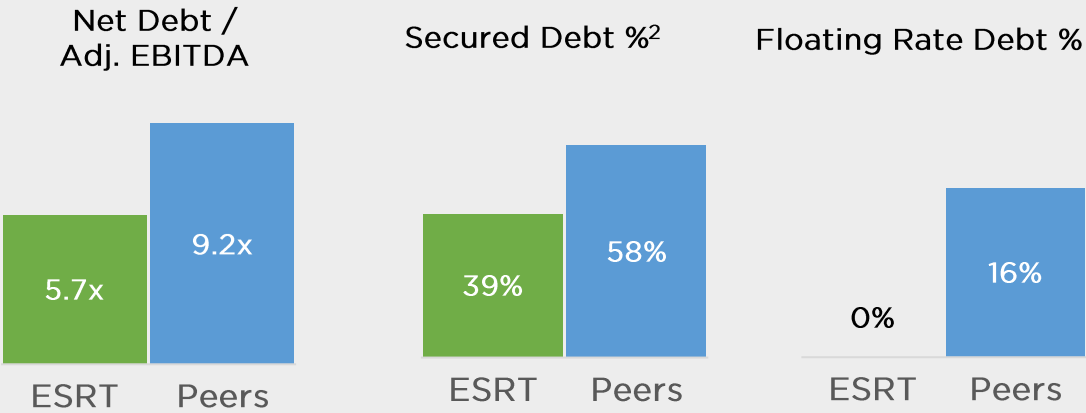
- Cash: \$273M
- Undrawn Credit Facility: \$850M
- Unencumbered Office + Retail Portfolio: 78% of SF
- No debt maturity until November 2024

Optionality

- Share repurchases
- External growth
- Capital recycling
- Office portfolio 100% owned

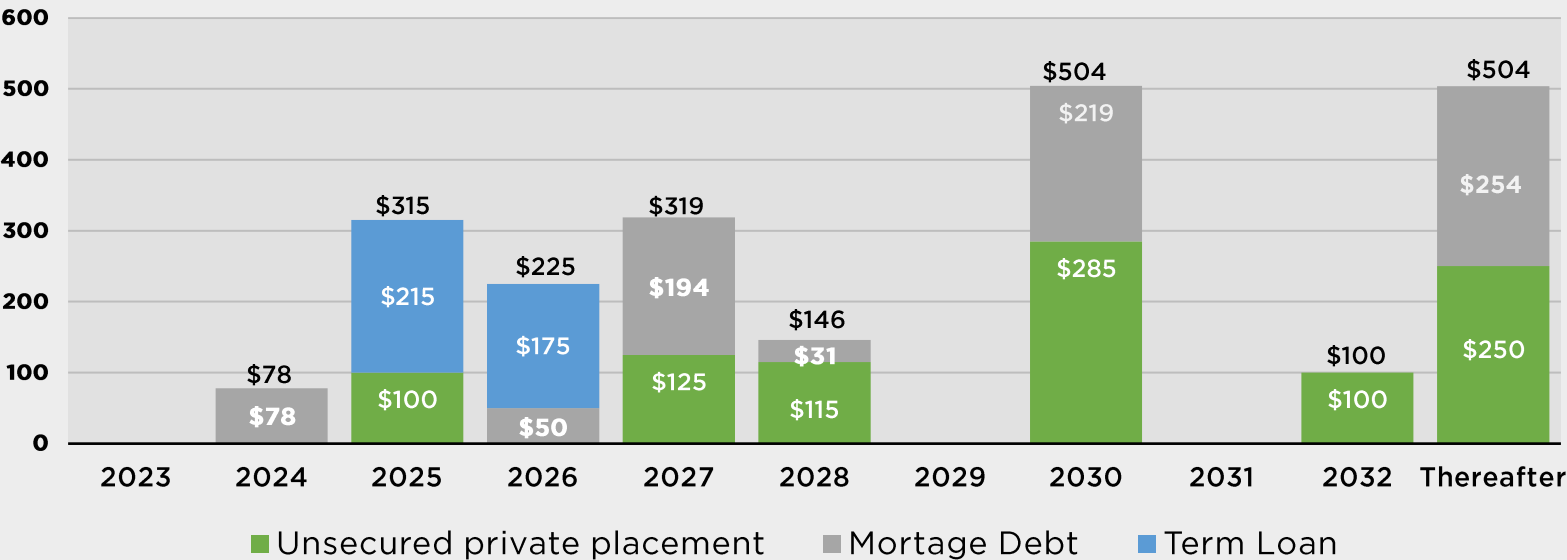
<sup>1</sup> Adjusted EBITDA is calculated on a trailing twelve-month basis. Peer group includes BXP and SLG as of March 31, 2023, and PGRE and VNO as of December 31, 2022.  
<sup>2</sup> Reflects the Company's secured debt, at share.  
<sup>3</sup> Debt maturity reflects the Company's debt, at share, and excludes regularly scheduled amortization and revolving credit facility which is currently undrawn.  
Company data and filings as of March 31, 2023.

## Low Leverage Relative to Peers<sup>1</sup> and No Floating Rate Debt Exposure



## Well-Laddered Debt Maturity Schedule (in \$M's)<sup>3</sup>

Weighted Avg. Maturity: 6.2 years  
Weighted Avg. Interest Rate: 3.9%



# Q1 2023 ESG Highlights

## CARBON NEUTRAL AS OF 2022



### REDUCED EMISSIONS

**43%** in our entire portfolio since 2009

**54%** at the Empire State Building since 2009



### PURCHASED WIND RECs

for **100%** of the commercial portfolio's electrical usage since 2021, and for the Empire State Building since 2011<sup>1</sup>



### SUPPORT PRESERVATION OF FORESTS

Offset **100%** of fossil fuel usage

## 2022 GRESB 5 STAR RATING



Highest possible  
**GRESB 5 Star Rating**  
and Green Star recognition  
for the third consecutive year  
with a score of

**95**

**Public Disclosure Score: 96**

➤ **1<sup>st</sup> in peer group**

Achieved highest possible scores in:

- Leadership, Policies, Reporting, Stakeholder engagement, Targets, Tenants & Community, Data Monitoring & Review, Building certifications

## FRAMEWORKS AND CERTIFICATIONS



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

**SBTi** target validation  
aligned with **1.5 C**  
**trajectory**

**2023 Bloomberg  
GEI Member for  
2<sup>nd</sup> year in a row**



Recognized as a  
**2023 Great Place  
To Work**

First commercial office REIT in the U.S. to join both the UN Global Compact & the Women's Empowerment Principles



COMPETITIVE ADVANTAGES

# Focus on ESG Initiatives

### Environmental

AWARDED AS A LEADER

ON TRACK WITH SECTOR LEADING TARGETS

- 100% renewable wind energy powered commercial portfolio
- Net-zero commitment for carbon emissions at ESB by 2030 and the entire commercial portfolio by 2035

PREPARED FOR FUTURE REGULATION AND REDUCED RISK OF FINES

- Local Law 97 Compliant based on current assumptions
- Alignment and approval with Science Based Targets initiative (SBTi) 1.5-degree scenario
- Scope 3 - Voluntarily disclose scope 3 emissions for downstream leased assets (tenant sub metered usage)
- Sustainability reporting in alignment with TCFD, SASB, GRI

### Social

INCREASED GENDER AND ETHNIC DIVERSITY OF OUR WORKFORCE AND LEADERSHIP<sup>2</sup>

Gender

Ethnicity

DIVERSITY, EQUITY AND INCLUSION

WOMEN'S EMPOWERMENT PRINCIPLES

Employee-led Inclusion Committee with measurable goals and transparency to colleagues and board

INVESTMENT IN OUR PEOPLE

- Employee programs and benefits: adoption assistance, fertility benefits, learning and development
- Tenant Engagement: Quarterly Town Halls, custom tenant sustainability programs and complimentary walkthroughs
- Community engagement and volunteerism: paid volunteer time off and sponsored programs with local community groups

### Governance

FOCUS ON BOARD DIVERSITY<sup>3</sup>

11% open board seat (committed to be female)

Gender

Ethnicity

BOARD INDEPENDENCE

- 88% Independent Directors (4 new directors appointed since 2017 - 3 diverse candidates)

ACCOUNTABILITY

- Board oversight of ESG initiatives with specific committee responsibilities in charters
- Adopted ESG metric as a component of NEO's annual bonus and performance-based equity

STOCK OWNERSHIP / COMPENSATION

- 13% of shares / OP units held by directors and executives
- Claw back policy in place
- Double-trigger change in control benefits

<sup>1</sup> Per Green Street research report: Office Insights: NYC Local Emissions Regulation Update, dated November 24, 2021.

<sup>2</sup> Percentages based on entire employee population as of December 31, 2022.

<sup>3</sup> Leslie Biddle stepped down from the Board of Directors on January 16<sup>th</sup>, 2023, to assume her new position at the U.S. Department of Energy. As discussed in the company's DEFA 14A filed on 4/18/23, we have an active search underway for a new director and we have under consideration only female candidates.

12 | 34



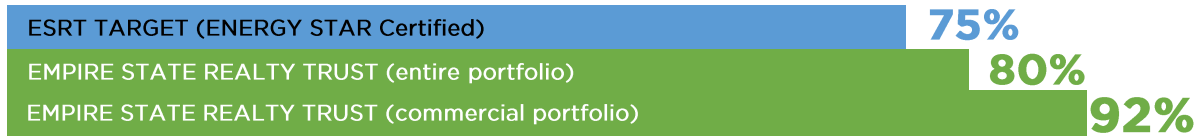


COMPETITIVE ADVANTAGES

# Sustainability Scorecard

## Our Progress vs. Our Targets

### Energy-Efficiency



### Air Quality and HVAC



### Natural Light and Well-Being



Alignment with Sustainability Reporting Standards						
Framework	GRI	GRESB	MSCI	ISS ESG	SASB	SUSTAINALYTICS
Scoring	Y/N	0-100, 1-5 Stars	AAA-CCC	0-10 (lower = better)	Y/N	Negligible – Severe
2020	Y	88, 5 Stars	BBB	E:3, S:4, G:7	Y	Low Risk
2021	Y	94, 5 Stars	BBB	E:2, S:2, G:7	Y	Low Risk
2022	Y	95, 5 Stars	BBB	E:3, S:3, G:6	Y	Low Risk

ESRT has taken proactive steps to “future proof” the portfolio with significant investment in environmental upgrades throughout the portfolio, that will become necessary for all competing buildings of the future.

Learn more about IEQ – Click Play Below



#### HEALTHY BUILDING MEASURES

##### HUMAN EXPERIENCE

- CO<sub>2</sub>-based Demand Control Ventilation to ensure adequate introduction of fresh outside air for ventilation
- Advanced LutronVive lighting control system to optimize daylight, glare and productivity balanced with energy efficiency

##### AIR PURIFICATION

- Active bi-polar ionization air purification system to improve air quality

##### HEALTHY MATERIALS/PRODUCTS

- Sustainable purchasing, such as low or no VOC and no Red List materials in tandem with our High-Performance Sustainable Healthy Design and Construction Guidelines

##### AIR FILTRATION

- Space-specific 24/7 HVAC
- MERV 13 filters (which filter everything from dust, pollen, and mold to bacteria)

##### PERFORMANCE VERIFICATION

- Annual comprehensive third-party air and water quality testing

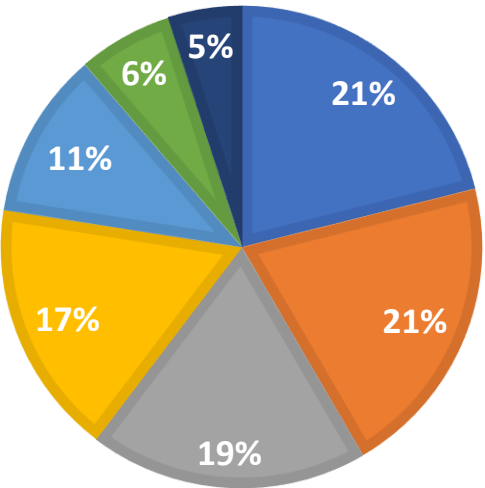
##### OPERATIONS

- Integrated pest management practices
- Certified Green Cleaning products



OFFICE

# Strong and Diverse Tenant Mix



- Technology, Media and Advertising
- Finance, Insurance, Real Estate
- Consumer Goods
- Other
- Professional Services
- Legal Services
- Non-Profit

## Select Tenants





OFFICE

# Prime Locations Near Mass Transit

The majority of our portfolio is located within a 9 minute walk to the primary transportation hubs of the most valuable U.S. office market



Walk score  
93



Transit score  
95



Bike score  
83





ESB OBSERVATORY

# Proven Performer

## New \$165M Interactive Experience

### Iconic and Authentic

- #1 Tripadvisor Attraction in the US and #3 in the world<sup>5</sup>
- Top Uber tourist attraction in the world<sup>6</sup>
- Top 10 searched 'Bucket List' travel experiences<sup>7</sup>



### Institutional Asset Class with Affirmed Valuation

- In 2021, KKR bought majority stake in The Edge and One Vanderbilt financing attributed a high valuation to The Summit

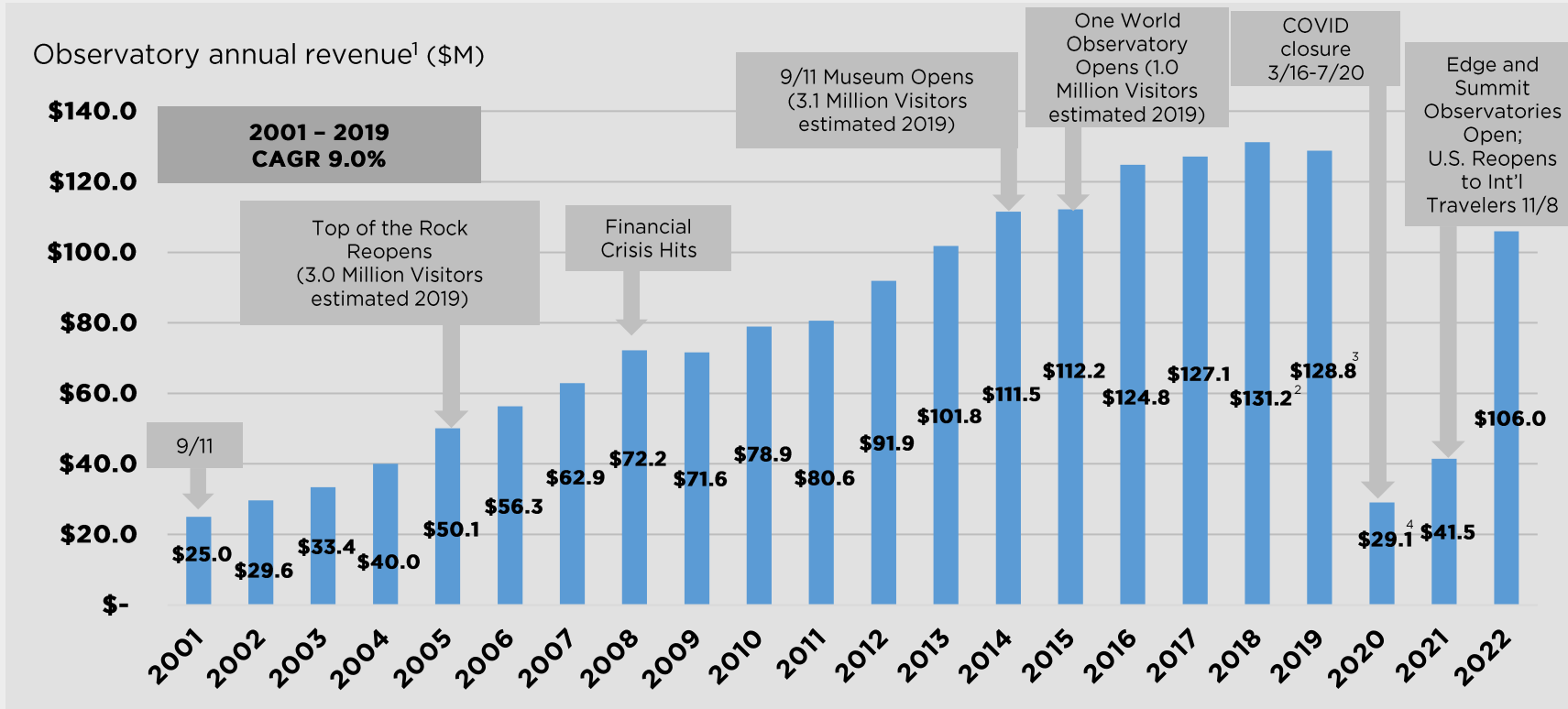
### Timed Ticketing

- July 2020: converted to an all-reservations model
  - Reduced surges and crowds
  - Enhanced guest experience
  - Control labor costs

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## Significant Upside to NYC Tourism Recovery

Consistent performance amid economic cycles and new attractions



<sup>1</sup> Observatory revenues include the fixed license fee received from WDFG North America, the Observatory gift shop operator.

<sup>2</sup> The 102<sup>nd</sup> floor was closed for 1Q 2018 to replace elevator. The revenue impact was approximately \$3 million dollars.

<sup>3</sup> The 102<sup>nd</sup> floor was closed for -9 months in 2019 for redevelopment. The revenue impact was approximately \$9 million dollars for those 9 months.

<sup>4</sup> The Observatory experienced a significant decline in visitors from the 2nd week of March and was closed on March 16, 2020 through July 20, 2020.

<sup>5</sup> Per Tripadvisor report titled: Travelers' Choice 2022 Best of the Best. Click [here](#) for more information.

<sup>6</sup> Per Uber Newsroom report titled: A look back at 2021, dated December 9<sup>th</sup>, 2021. Click [here](#) for more information.

<sup>7</sup> Per CNBC article titled: These are the most-searched 'bucket list' travel experiences in the world, dated July 5<sup>th</sup> 2021. More information [here](#).





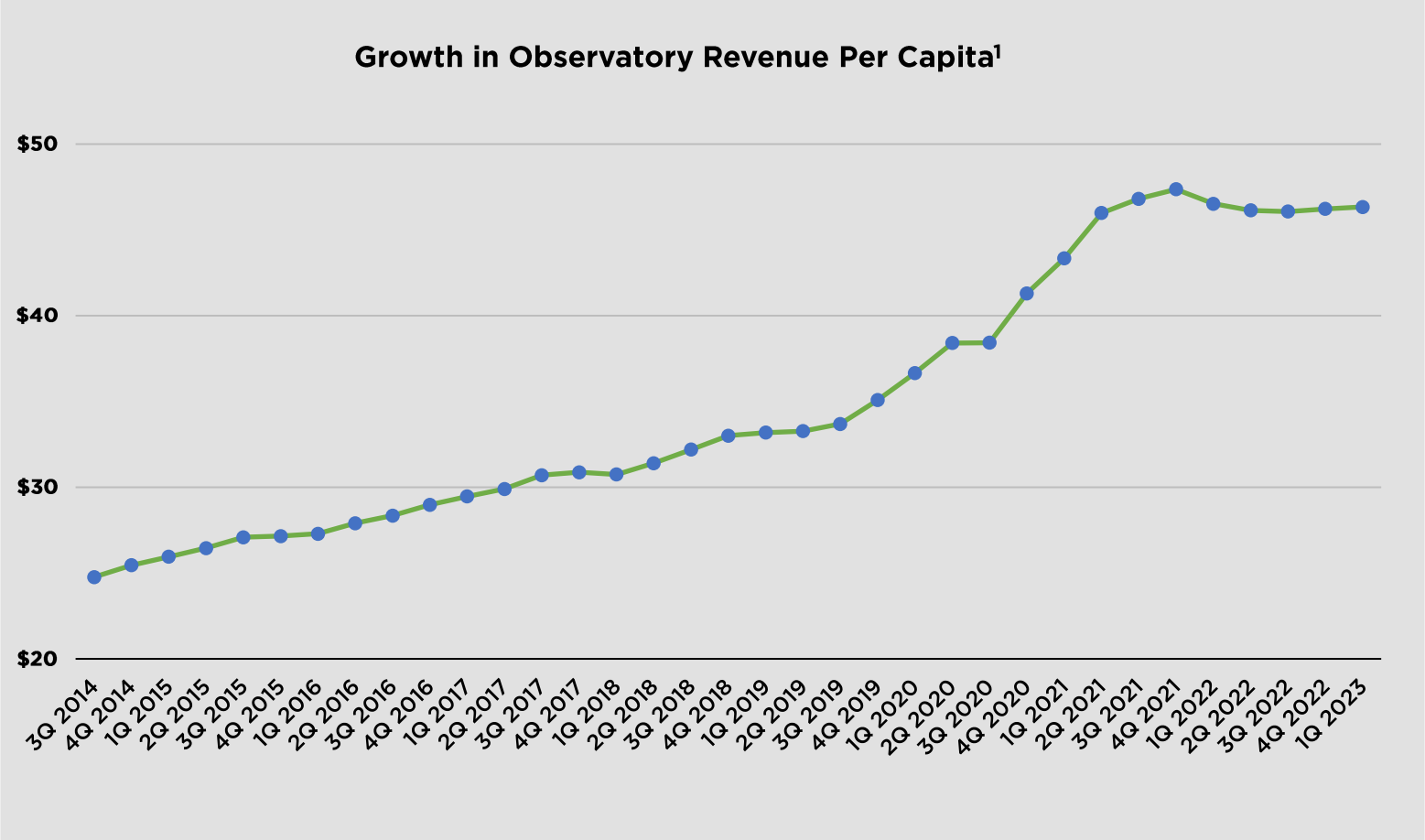
# World's Most Famous Building

Observatory has delivered **consistent, long-term growth** through economic cycles and new attractions

As visitorship returns to normal, lower price **pass program and tour and travel customers** bring down our revenue per caps which are still higher than prior periods with the same customer mix



**Tip:** Click the 'Play Button' for video















<sup>1</sup>Revenue per Capita equals: a) Observatory revenue less the fixed license fee received from WDFG North America, the Observatory gift shop operator, divided by b) number of visitors. LTM Revenue calculation includes recognition of deferred revenues for all periods except from 3Q20 and 4Q20 to avoid distortion in the per cap data amidst ramp-up of visitor volume. In 3Q 2020 - 1Q 2021, the calculation is based on company data and filings on a trailing fifteen months excluding 2Q 2020 when the Observatory was closed. Company Data and filings as of March 31, 2023.

## RETAIL

# Portfolio Highlights

- 718K SF portfolio of **irreplaceable street retail** assets
- 95% of retail FER comprised of **national retailers**<sup>1</sup>
- **High density** and foot traffic
- On or near **mass transit**
- Weighted average lease term of **7.7 years**

Top 15 Retail Tenants <sup>2</sup>	% of Annual Retail FER	Square Feet Occupied
1. SEPHORA	12.1%	11,334
2.  TARGET	10.8%	81,340
3. URBAN OUTFITTERS	9.2%	56,730
4. <b>Foot Locker</b>	8.9%	34,192
5.  Walgreens	5.6%	39,142
6.  TJ-maxx	5.3%	46,644
7.  AT&T	4.2%	9,206
8.  CVS	3.7%	21,365
9.  Starbucks	3.5%	37,370
10. JPMorganChase 	3.5%	21,683
11.  Santander	2.9%	6,122
12.  <b>CHIPOTLE</b> MEXICAN GRILL	2.6%	12,923
13.  FedEx Federal Express	2.6%	7,607
14. <b>BANK OF AMERICA</b> 	2.5%	5,742
15.  FIRST REPUBLIC BANK It's a privilege to serve you™	2.4%	14,430

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Quality Foot Traffic around  
ESRT's Retail Portfolio



**Tip:** Click the 'Play Arrow' for video

**Starbucks Reserve at the  
Empire State Building**



<sup>1</sup>Based on percentage of total fully escalated rent (FER) of the Company's retail portfolio in the aggregate.

<sup>2</sup>Based on percentage of total fully escalated rent of the Company's retail portfolio in the aggregate. Does not include signed leases that have not yet commenced.  
Company data and filings as of March 31, 2023.



## MULTIFAMILY

# Asset Highlights



### 298 Mulberry Street

- Mulberry Street & East Houston Street
- Subway lines: B,D,F,M, & 6
- 96 Units, 100% free-market
- Studio, 1BR, 2BR
- Retail space leased to CVS
- 24-hour doorman, fitness center, laundry room, parking. Roof deck and resident lounge in Q3 2023



### 345 E 94<sup>th</sup> Street

- 94<sup>th</sup> Street and 1<sup>st</sup> Avenue
- 2nd Avenue Subway Q Line
- 208 Units
- Studio, 1BR, 2BR
- 24-hour doorman, fitness center, resident lounge, outdoor terrace, parking

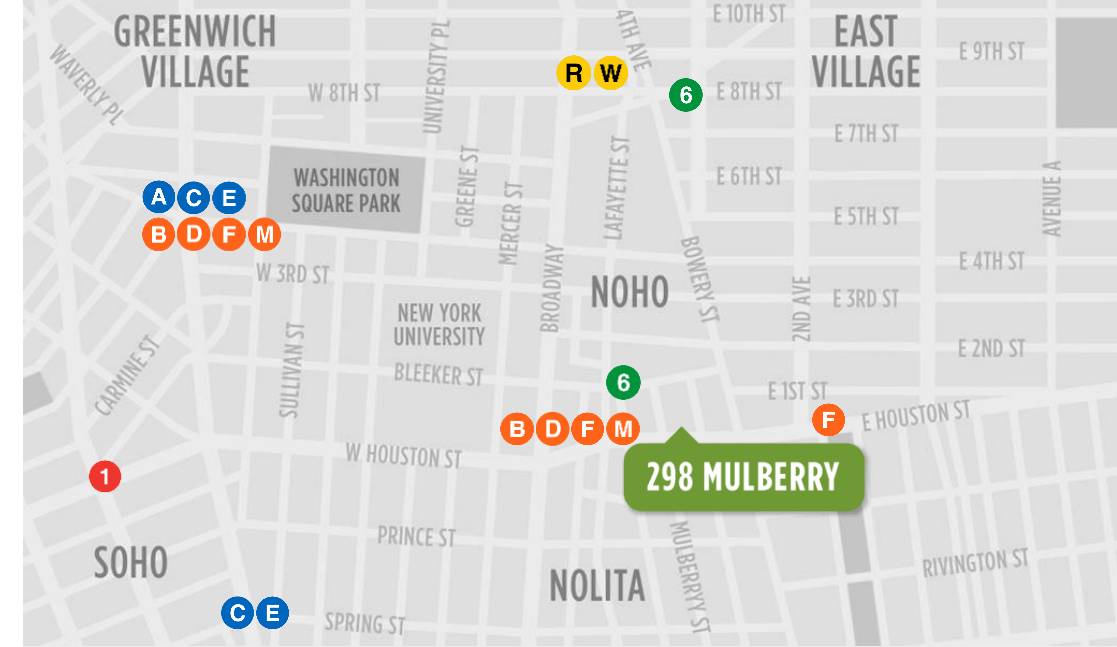


### The Victory at 561 10<sup>th</sup> Ave

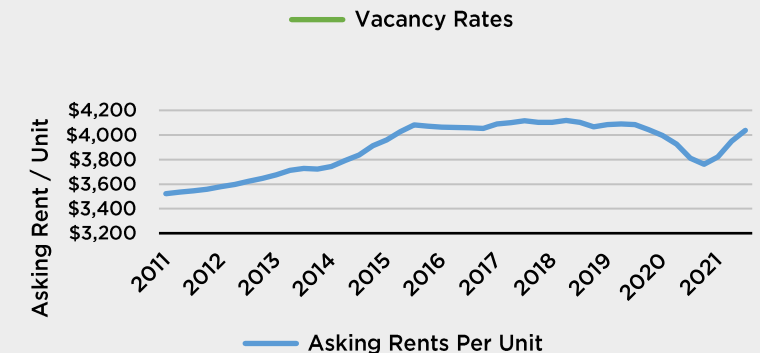
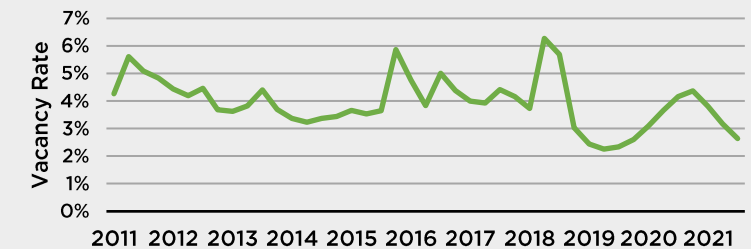
- Just north of Hudson Yards and Manhattan West, 41<sup>st</sup> Street and 10<sup>th</sup> Avenue
- 417 Units
- Studio, 1BR, 2BR
- Retail space leased to CVS
- 24-hour doorman, fitness center with half-court basketball, resident lounge, outdoor terraces, roof deck, parking

# Recent Acquisition: 298 Mulberry Street

- **Purchase Price: \$115M**
  - Off-market transaction
  - 100% Free-market
    - 96 Units, \$940K per unit<sup>1</sup>
  - Funded by proceeds from dispositions of office and retail assets in GNYMA
    - Unencumbered
    - 1031 exchange defers taxes and avoids any tax protection payment
  - Initial cash yield on cost ~4%
- **Upside**
  - Highly desirable submarket with limited supply of market rate, full-service product
  - New competitive supply minimal due to zoning limitations and cost
  - Target NYU students and young professionals with co-signers who desire full-service building in fantastic location
  - Property improvements to include new lobby, resident lounge, and upgraded corridors, laundry room, roof deck and fitness center



## NoHo Submarket Fundamentals<sup>2</sup>



<sup>1</sup>Retail space leased to CVS valued at \$24.7M @ 5.5% cap rate

<sup>2</sup> Source: Costar





# Recent Dispositions

- The acquisition of 298 Mulberry Street in December 2022 was funded by proceeds from these GNYMA dispositions in a 1031 tax deferral transaction

Asset	Transaction Value	Comments
10 Bank Street White Plains, NY	<ul style="list-style-type: none"><li>• \$42M</li></ul>	<ul style="list-style-type: none"><li>• Avoided any payment under tax protection agreement with certain investors</li><li>• \$30.1M of debt assumed by the buyer</li><li>• Transaction closed on December 8<sup>th</sup>, 2022</li></ul>
69-97 & 103-107 Main Street Westport, CT	<ul style="list-style-type: none"><li>• \$40M</li></ul>	<ul style="list-style-type: none"><li>• Unencumbered asset</li><li>• The buyer was a related party, and the transaction was conducted in accordance with the Company’s related party transaction policy. See form 10-K for details</li><li>• Transaction closed on February 1st, 2023</li></ul>
500 Mamaroneck Avenue Harrison, NY	<ul style="list-style-type: none"><li>• \$53M</li></ul>	<ul style="list-style-type: none"><li>• Unencumbered asset</li><li>• Transaction closed on April 5<sup>th</sup>, 2023</li></ul>

# Conclusion

NYC-focused portfolio with multiple sources of NYC upside, including tourism, residential, retail and office demand.

- ✓ Unique NYC-focused portfolio comprised of **modernized office assets**; everyday **retail in high foot traffic locations**; well-located, well-amenitized **multifamily assets**; iconic Empire State Building **Observatory Experience**
- ✓ **Well-positioned balance sheet** affords flexibility to pursue capital allocation initiatives that align with ESRT's focus on **long-term shareholder value creation**
- ✓ Long standing **sustainability leadership**; 100% of commercial portfolio WELL Health-Safety rated and fully powered by **renewable wind energy**; **carbon neutral** as of 2022
- ✓ **Aligned management team** with extensive experience in NYC real estate and **meaningful shareholder ownership**





MEET THE TEAM

# Experienced and Aligned Management

Our management team has a mix of NYC and buy-side public equity experience which give us both a deep understanding of our market and real estate and capital markets generally



**Anthony E. Malkin**

**Chairman, President &  
Chief Executive Officer**

34 years with ESRT  
34 years in industry  
A.B. from Harvard College



**Christina Chiu**

**Executive Vice President,  
Chief Operating Officer  
& Chief Financial Officer**

3 years with ESRT  
21 years in industry  
B.S. from NYU Stern School  
of Business



**Thomas P. Durels**

**Executive Vice President,  
Real Estate**

33 years with ESRT  
39 years in industry  
B.S. from Lehigh University



# Appendix

## Overview

Sustainability

Achievements and Leadership

## Environmental Goals

Energy & Emissions

Waste & Water

Indoor Environmental Quality & ESG Certification

## Social Responsibility

## Governance

## Reconciliation of Non-GAAP Measures

## Disclaimer



## OVERVIEW

# Sustainability

## Energy Efficiency & Emissions Reductions

- Alignment with Science Based Targets initiative (SBTi) 1.5-degree scenario
- Commitment to net-zero carbon emissions at the Empire State Building by 2030 and the commercial portfolio by 2035
- 100% of commercial portfolio electricity fully powered by renewable wind energy

## Indoor Environmental Quality (IEQ)

- MERV 13 filters and increased ventilation
- Active bipolar ionization, in select spaces, neutralizes 99.92% of coronaviruses<sup>1</sup>
- Portfolio-wide low/no VOC materials, no Red List materials
- ASHRAE 62.1 ventilation or better
- Annual air and water testing

## Transparency

- Sustainability Reporting in alignment with TCFD, SASB, GRI Reporting Standard
- ESRT's 2022 Sustainability Report is available on our website  
[Read our Sustainability Report HERE](#)
- ESRT & NYSEDERA's Empire Building Playbook is available online for free  
[Read our Empire Building Playbook HERE](#)

## Tenant Engagement

- Selected as a 2022 Platinum Green Lease Leader
- Custom sustainable and efficient design support
- Utility and ESG data available
- Green Lease Provisions across 100% of portfolio



## SUSTAINABILITY

# Achievements & Leadership

## Achievements



## Policy Leadership at National State and City Levels



Our Chairman, President and CEO, Anthony E. Malkin is a recognized leader on sustainability initiatives for our local and national community

- Chairman of the Real Estate Roundtable Sustainability Policy Advisory Committee
- Was sole commercial owner member of NYC's Dept of Buildings Local Law 97 Implementation Advisory Board and Co-Chair of LL97 Commercial Buildings Working Group



Our Director of Energy, Sustainability and ESG, SVP Dana Schneider, serves on the Real Estate Round Table Sustainability Policy Advisory Committee

- Urban Green Board of Directors
- Sole commercial owner member of NYC Sustainability Advisory Board
- REBNY Sustainability Committee
- The Clean Fight and REBNY PropTech Judge

## Industry Leadership & Engagement

- ✓ WELL Living Lab/Mayo Clinic
- ✓ REBNY Sustainability Committee
- ✓ NAREIT Real Estate Sustainability Committee
- ✓ Urban Green Board of Directors
- ✓ ULI Tenant Energy Optimization Program
- ✓ NYC Mayor's Carbon Challenge
- ✓ The Clean Fight (Final Round Judge)
- ✓ USGBC LEED Steering Committee



## ENVIRONMENTAL GOALS

# Energy & Emissions

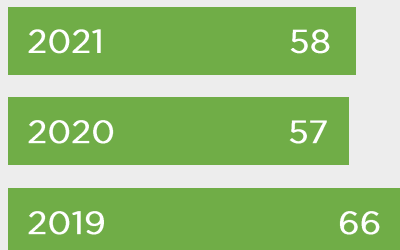
Goal<sup>1</sup>:

## 50%

site energy  
reduction by 2035

2021 Progress:  
On Target

Energy Use Intensity  
(kBtu/ft<sup>2</sup>)



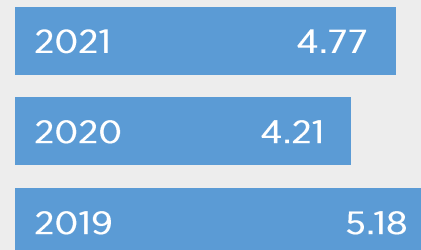
Goal<sup>1</sup>:

## Net Zero

By 2030 for Empire State Building,  
and by 2035 for the commercial portfolio

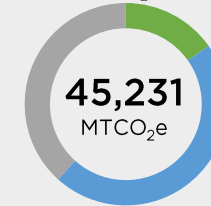
2021 Progress:  
On Target

Greenhouse Gas Emissions Intensity  
(kgCO<sub>2</sub>e/ft<sup>2</sup>)



## Greenhouse Gas Emissions Performance

2021 Greenhouse Gas  
Emissions<sup>2</sup>  
(MTCO<sub>2</sub>e)

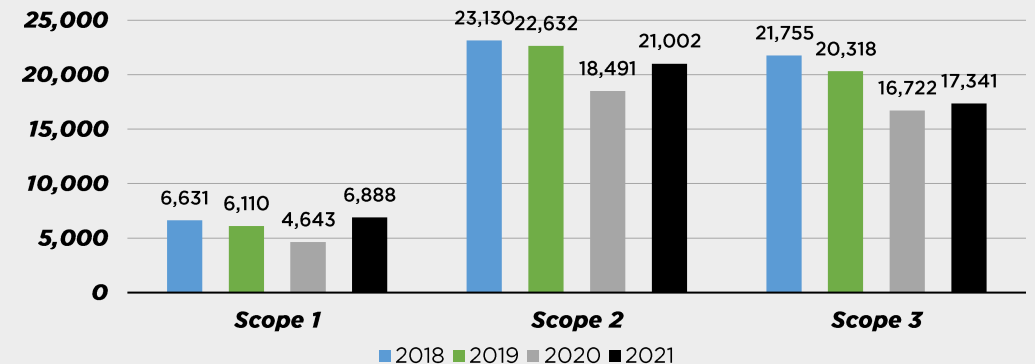


■ Scope 1 (6,888)  
■ Scope 2 (21,002)  
■ Scope 3 (17,341)

↓ **13%**

reduction in emissions  
compared to 2020

Like-For-Like Greenhouse Gas Emissions<sup>2</sup>  
(MTCO<sub>2</sub>e)



<sup>1</sup> All goals and targets represent like-for-like comparisons for assets owned for 24 consecutive months across the current and previous reporting year. 2020 and 2021 energy use outcomes were impacted by low building utilization rates during the COVID-19 pandemic, and thus are not representative of consumption at full occupancy.

<sup>2</sup> GHG emissions are calculated on a like-for-like basis each year. 2020 and 2021 emissions outcomes were impacted by low building utilization rates during the COVID-19 pandemic, and thus are not representative of consumption at full occupancy.

## ENVIRONMENTAL GOALS

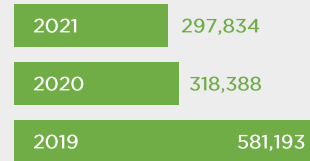
# Waste & Water

Goal:  
**30%**

reduction in water  
intensity by 2035

2021 Progress:  
On Target

Water  
(m<sup>3</sup>)

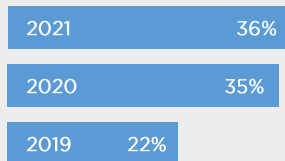


Goal:  
**75%**

waste diversion rate  
by 2035

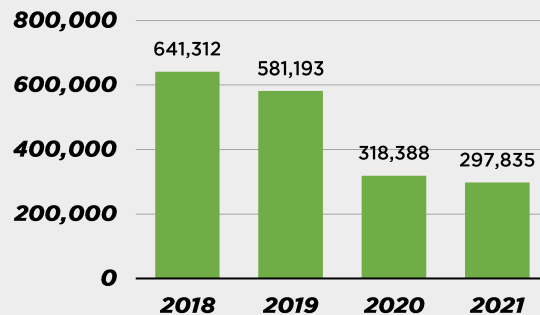
2021 Progress:  
On Target

Water Diversion



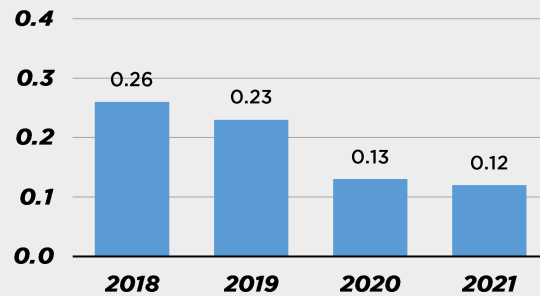
## Water Performance

2021 Water Consumption<sup>1</sup>  
(m<sup>3</sup>)



↓ **6%**  
reduction in water  
consumption  
compared to 2020

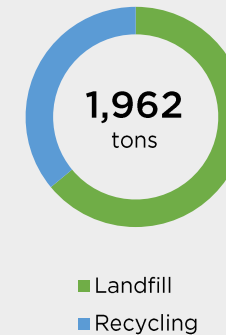
Like-For-Like Water Use  
Intensity<sup>1</sup>  
(kgal/ft<sup>2</sup>)



**0.12** kgal/ft<sup>2</sup>  
2021 water use intensity

## Waste Performance

2021 Waste Performance<sup>2</sup>  
(tons)



**36%**  
waste diversion rate  
in 2021



We recycle tenant waste and construction debris throughout our entire portfolio. Our goal is to increase recycling diversion rates and the types of materials recycled, both in daily waste and in renovation and new construction.

<sup>1</sup> Water usage is calculated on a like-for-like basis each year. 2020 and 2021 water usage outcomes were impacted by low building utilization rates during the COVID-19 pandemic, and thus are not representative of consumption at full occupancy.

<sup>2</sup> Waste generation is calculated on a like-for-like basis each year. 2020 and 2021 waste generation outcomes were impacted by low building utilization rates during the COVID-19 pandemic, and thus are not representative of consumption at full occupancy.





## ENVIRONMENTAL GOALS

# Indoor Environmental Quality & ESG Certification

### Environmental Performance

Goal:  
**100%**

of eligible buildings are green-certified across LEED, Fitwel, and WELL Health-Safety rating by 2025

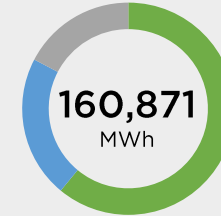
✓ Achieved goal for green building certifications

Goal:  
**75%**

of eligible buildings are ENERGY STAR-certified by 2025

✓ Exceeded goal for achieving ENERGY STAR certifications

2021 Energy Consumption Distribution<sup>1</sup>  
(MWh)

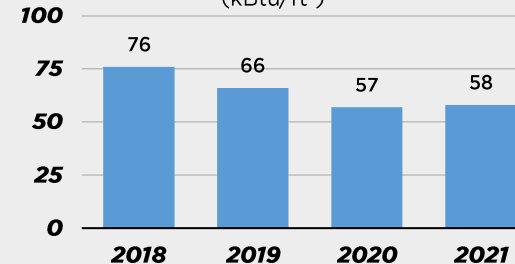


■ Electricity (98,106)  
■ Steam (34,877)  
■ Fuel (27,888)

↓ **13%**

reduction in energy consumption compared to 2020

Like-For-Like Energy Use Intensity<sup>1</sup>  
(kBtu/ft<sup>2</sup>)



**100%**

of portfolio electricity has been offset through the purchase of Green E Certified Wind Power Renewable Energy Credits

<sup>1</sup> Energy usage is calculated on a like-for-like basis each year. 2020 and 2021 energy use outcomes were impacted by low building utilization rates during the COVID-19 pandemic, and thus are not representative of consumption at full occupancy.



# Social Responsibility



In support of  
**WOMEN'S EMPOWERMENT PRINCIPLES**  
Established by UN Women and the UN Global Compact Office



## Diversity, Equity and Inclusion (DEI)

- Included in the 2022 and 2023 Bloomberg Gender-Equality Index
- 2023 Great Place To Work
- 1st commercial office REIT in the U.S. to join both the UN Global Compact & the Women's Empowerment Principles.
- Transparent public reporting of EEOC diversity for all levels (Board, leadership, all employees)
- Employee-led Inclusion Committee in place
- All executives and employees participate in training on inclusion and communication led by DEI consultant
- Implemented hiring process to mandate diversity in candidate pools

## Investment in Human Capital

- Actively engage with our employees on policy and company culture
- Health and wellness benefits and programs
- Implemented formal work from home policy
- Employee-led Employee Manual Committee achieved significant benefit enhancements, such as enhanced parental leave and increased paid time off
- Overhaul of 401(k) plan with increased company match and financial wellness training
- Focus on increasing employee training and education opportunities and participation
- Focus on increasing the gender and ethnic diversity of our workforce and leadership

**Gender<sup>1</sup>:**  
All Employees: **41.2%** female / **58.8%** male  
VP & higher: **33.3%** female / **66.7%** male

**Ethnic<sup>1</sup>:**  
All Employees: **65.7%** diverse  
VP & higher: **26.2%** diverse

## Supplier Diversity Initiatives Implemented

### Vendor Code of Conduct

### Human Rights Policy

### Tenant Partnership and Engagement

### Healthy Buildings

## Community Engagement and Volunteerism

- Company-sponsored volunteer events
- Provide employees with volunteer paid time off



# Governance

## Board Diversity<sup>1</sup>

- 11% female / 78% male / 11% open board seat committed to be female
- 25% minority / 75% white

## Board Practices

- Balance of continuity (3 directors since 2013 IPO) and refreshment with 4 new directors since 2017
- Focused on enhanced diversity and refreshment with 3 independent diverse directors appointed since 2017
- Board oversight of ESG initiatives and matters with specific committee responsibility outlined in committee charters
- SVP, Director of Energy, Sustainability & ESG reports to Board quarterly

## Board Independence

- Lead Independent Director, elected annually, with responsibilities outlined in the corporate governance guidelines
- Independent Board (7 of 8 directors) / All Board committees composed of independent directors

## Accountability

- Proxy access stockholder right
- Stockholder right to amend bylaws
- Frequent and robust shareholder engagement efforts
- Adopted ESG metric as a component of both NEO's annual incentive bonus and performance-based equity

## Stock Ownership/Compensation

- Robust stock ownership guidelines for directors and executive officers
- Claw back policy in place
- Double-trigger change in control benefits

<sup>1</sup> Leslie Biddle stepped down from the Board of Directors on January 16<sup>th</sup>, 2023, to assume her new position at the U.S. Department of Energy. As discussed in the company's DEFA 14A filed on 4/18/23, we have an active search underway for a new director and we have under consideration only female candidates.

# Reconciliation of Non-GAAP Measures

<u>Reconciliation of Net Income to Cash NOI and Same Store Cash NOI</u>	Three Months Ended				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Net income (loss)	\$ 11,694	\$ 21,620	\$ 10,118	\$ 48,695	\$ (17,221)
Add:					
General and administrative expenses	15,708	16,478	15,725	15,876	13,686
Depreciation and amortization	47,408	44,500	46,984	58,304	67,106
Interest expense	25,304	25,634	25,516	25,042	25,014
Income tax expense (benefit)	(1,219)	1,322	1,457	363	(1,596)
Impairment charge	-	-	-	-	-
Less:					
Gain on disposition of property	(15,696)	(6,818)	-	(27,170)	-
Third-party management and other fees	(427)	(336)	(389)	(326)	(310)
Interest income	(2,595)	(2,804)	(1,564)	(431)	(149)
<b>Net operating income</b>	<b>80,177</b>	<b>99,596</b>	<b>97,847</b>	<b>120,353</b>	<b>86,530</b>
Straight-line rent	(556)	(6,029)	(7,341)	(8,597)	(2,595)
Above/below-market rent revenue amortization	(703)	(622)	(677)	(1,675)	(1,784)
Below-market ground lease amortization	1,958	1,958	1,957	1,958	1,958
<b>Total cash net operating income</b>	<b>80,876</b>	<b>94,903</b>	<b>91,786</b>	<b>112,039</b>	<b>84,109</b>
Less cash NOI from non-Same Store properties	(4,717)	(4,717)	(4,983)	(5,658)	(6,075)
<b>Total Same Store cash NOI - including observatory and lease termination income</b>	<b>76,159</b>	<b>90,186</b>	<b>86,803</b>	<b>106,381</b>	<b>78,034</b>
Less: observatory NOI	(14,299)	(23,789)	(24,535)	(19,592)	(7,026)
Less: Lease termination income	-	-	-	(18,859)	(1,173)
<b>Total Same Store cash NOI - excluding observatory and lease termination income</b>	<b>\$ 61,860</b>	<b>\$ 66,397</b>	<b>\$ 62,268</b>	<b>\$ 67,930</b>	<b>\$ 69,835</b>

# Reconciliation of Non-GAAP Measures

	Twelve Months to Date	Three Months Ended			
		March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Rental revenue	\$ 522,504	\$ 124,165	\$ 131,745	\$ 131,800	\$ 134,794
Tenant expense reimbursement	61,504	15,309	14,160	16,490	15,545
Deduct:					
Straight-line rental revenues	(21,906)	61	(6,029)	(7,341)	(8,597)
Above/below-market rent revenue amortization	(3,677)	(703)	(622)	(677)	(1,675)
Total cash revenues	\$ 558,425	\$ 138,832	\$ 139,254	\$ 140,272	\$ 140,067

	Three Months Ended				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Net income (loss)	\$ 11,694	\$ 21,620	\$ 10,118	\$ 48,695	\$ (17,221)
Interest expense	25,304	25,634	25,516	25,042	25,014
Income tax expense (benefit)	(1,219)	1,322	1,457	363	(1,596)
Depreciation and amortization	47,408	44,500	46,984	58,304	67,106
<b>EBITDA</b>	83,187	93,076	84,075	132,404	73,303
Impairment charge	-	-	-	-	-
Gain on disposal of property	(15,696)	(6,818)	-	(27,170)	-
<b>Adjusted EBITDA</b>	\$ 67,491	\$ 86,258	\$ 84,075	\$ 105,234	\$ 73,303





## Disclaimer

This presentation includes “forward looking statements” within the meaning of the federal securities laws. Forward-looking statements may be identified by the use of words such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “plans,” “estimates,” “contemplates,” “aims,” “continues,” “would” or “anticipates” or the negative of these words and phrases or similar words or phrases.

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 pandemic; (ii) a failure of conditions or performance regarding any event or transaction described 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 recently opened 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, including the current phasing out of LIBOR; (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” of this Annual Report on Form 10-K.

While forward-looking statements reflect the Company’s good faith beliefs, they are not guarantees of future performance. The Company disclaims any 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 press release, 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).