

Empire State Realty Trust, Inc.
Form 424B3
January 22, 2013
Table of Contents

Filed Pursuant to Rule 424(b)(3)

Registration No. 333-179486

Registration No. 333-179486-01

PROSPECTUS/CONSENT SOLICITATION STATEMENT

Empire State Building

60 East 42nd St. Associates L.L.C.

250 West 57th St.

Associates L.L.C.

One Grand Central Place

Associates L.L.C.

60 East 42nd Street

New York, New York 10165

NOTICE OF CONSENT SOLICITATION TO PARTICIPANTS

January 21, 2013

Malkin Holdings LLC, the supervisor of each limited liability company listed above, requests that you consent to the following:

Proposed consolidation of your subject LLC into Empire State Realty Trust, Inc. As described in the attached Prospectus/Consent Solicitation Statement, Malkin Holdings LLC, as supervisor, proposes a consolidation of certain office and retail properties in Manhattan and the greater New York metropolitan area owned by Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C., or the subject LLCs, and certain private entities supervised by the supervisor, and certain related management businesses into Empire State Realty Trust, Inc., or the company. The consolidation is conditioned, among other things, upon the closing of the initial public offering, or the IPO, of the company's Class A common stock. The company will issue to each of the participants in the subject LLCs a specified number of operating partnership units, or at each participant's election, Class A common stock or, to a limited extent, Class B common stock. Each participant may elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participant would otherwise receive in the consolidation. Each share of Class B common stock has 50 votes on all matters on which stockholders are entitled to vote and the same economic interest as a share of Class A common stock, and one share of Class B common stock and 49 operating partnership units together represent a similar economic value as 50 shares of Class A common stock. The company expects the Class A common stock and the operating partnership units offered herein to be listed on the New York Stock Exchange. After the series of transactions in which the subject LLCs will be consolidated into the company, the company will own, through direct and indirect subsidiaries, the assets of the subject LLCs and the assets of the private entities, along with certain related management businesses. There are 22 private entities involved in the consolidation, including the operating lessees of each of the subject LLCs, from which all required consents to the consolidation have previously been obtained. Attached to the supplement for each subject LLC as Appendix B is the contribution agreement for each subject LLC, which describes the terms of the consolidation in detail. Only the participants holding participation interests in a subject LLC during the consent solicitation period are entitled to notice of, and to vote **FOR** or **AGAINST**, the proposed consolidation. For the reasons the supervisor believes this proposal is fair and reasonable, see Background of and Reasons for the Consolidation.

Proposal to authorize the supervisor to sell or contribute the property interests in a third-party portfolio transaction. As a potential alternative to the consolidation, the supervisor requests that the participants consent to the sale or contribution of the subject LLCs' property interests as part of a sale or contribution of the properties owned by the subject LLCs, the private entities and the management companies as a portfolio to an unaffiliated third party. The third-party portfolio transaction would be undertaken only if the aggregate consideration is at least 115% of the

Edgar Filing: Empire State Realty Trust, Inc. - Form 424B3

aggregate exchange value for the subject LLCs, the private entities and the management companies included in the third-party portfolio transaction and certain other conditions are met. The proposal must provide for all cash, payable in full at closing, but such proposal may provide for an option for all participants to elect to receive securities as an alternative to cash. If the proposal provides for a securities option, the Malkin Family will have the right to elect to receive securities only on the same proportional basis as other participants. No member of the Malkin Family will be an affiliate, consultant, employee, officer or director of the acquiror after the closing or receive any compensation from the acquiror (other than their pro rata share of the consideration that they will receive in the third-party portfolio transaction). For the reasons the supervisor believes this proposal is fair and reasonable, see Third-Party Portfolio Proposal.

Table of Contents

Voluntary pro rata reimbursement program for expenses of legal proceedings with former property manager and leasing agent. In addition, the participants are being asked to consent to a voluntary pro rata reimbursement to the supervisor and Peter L. Malkin for the prior advances of all costs, plus interest, incurred in connection with litigations and arbitrations with the former property manager and leasing agent of the properties owned by the subject LLCs. For the reasons the supervisor believes this proposal is reasonable, see Voluntary Pro Rata Reimbursement Program for Expenses of Legal Proceedings with Former Property Manager and Leasing Agent.

The supervisor invites you to vote using the enclosed consent form because it is important that your participation interest in your subject LLC be represented. Please sign, date and return the enclosed consent form in the accompanying postage-paid envelope or by facsimile, as described in the Prospectus/Consent Solicitation Statement. You also may revoke your consent to the consolidation, the third-party portfolio proposal, or both, at any time in writing before the later of the date that consents from participants equal to the percentage required to approve the consolidation and the third-party portfolio proposal, as applicable, as set forth later in the attached Prospectus/Consent Solicitation Statement are received by your subject LLC and the 60th day after the beginning of the solicitation period.

Malkin Holdings LLC

By: Peter L. Malkin
Chairman

Anthony E. Malkin
President

The attached Prospectus/Consent Solicitation Statement is dated January 21, 2013 and is being mailed to participants on or about January 21, 2013.

Table of Contents

PROSPECTUS/CONSENT SOLICITATION STATEMENT

shares of Class A common stock, par value \$.01 per share,

shares of Class B common stock, par value \$.01 per share

Empire State Realty OP, L.P.

units of limited partnership interests consisting of

Series ES units of limited partnership interest,

Series 60 units of limited partnership interest and

Series 250 units of limited partnership interest

If you are a participant in any of the following subject LLCs, your vote is very important:

Empire State Building

60 East 42nd St.

250 West 57th St.

Associates L.L.C.

Associates L.L.C.

Associates L.L.C.

Malkin Holdings LLC, the supervisor of three publicly-registered entities, Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C., or the subject LLCs, requests that you, as a holder of a participation interest in one or more of the subject LLCs, vote on whether to approve the proposed consolidation of the subject LLC in which you are a participant into Empire State Realty Trust, Inc., or the company, as part of a consolidation of office and retail properties in Manhattan and the greater New York metropolitan area owned by the subject LLCs and the private entities supervised by the supervisor, along with certain related management businesses, into the company, as described in more detail herein. Such transaction is referred to herein as the consolidation. The principals of the supervisor include Peter L. Malkin and Anthony E. Malkin.

The supervisor believes you will benefit from this consolidation through newly created opportunities for liquidity, enhanced property diversification, increased growth opportunities, enhanced operating and financing abilities and efficiencies, combined balance sheets and anticipated regular quarterly cash distributions, with a board of directors consisting predominantly of independent directors. Anthony E. Malkin will be the only management member of the board of directors.

Following the consolidation, participants may liquidate their investments and realize current values in cash as and when they so desire (subject to the restrictions of the applicable U.S. federal and state securities laws and after expiration of the lock-up period as described in this prospectus/consent solicitation) or may hold operating partnership units and/or shares of common stock they receive in the company. The company intends to apply to have the Class A common stock listed on the New York Stock Exchange under the symbol ESB. The operating partnership units will be issued in three separate series having identical rights to the participants in each of the three subject LLCs, and the operating partnership intends to apply to have such series listed on the New York Stock Exchange under the symbols ESBA, OGCP and FISK. Each participant will receive operating partnership units, which are expected to be tax-deferred for U.S. federal income tax purposes (to the extent described herein), unless such participant elects to receive shares of Class A common stock or, to a limited extent, as described herein, Class B common stock. One share of Class B common stock and 49 operating partnership units together represent a similar economic value and

Edgar Filing: Empire State Realty Trust, Inc. - Form 424B3

provide the same voting rights as 50 shares of Class A common stock.

The price of the Class A common stock will be determined at the IPO, and the price of the operating partnership units will not be known unless and until the IPO pricing. Therefore, participants will not know the value of the common stock and operating partnership units that they will receive as determined by the IPO price until after they vote on the consolidation. The enterprise value as determined by the IPO price may be significantly lower than the exchange value. The IPO price will not impact the dividends the company intends to pay, which will be, at a minimum, 90% of REIT taxable income (determined without regard to the deduction for dividends paid and excluding net capital gain). After the applicable lock-up period referenced herein has expired, any participant may choose when, if ever, he wishes to sell, and in making that decision will be able to gauge the market price at that time. No participant will be forced to sell at the time of the IPO. A table showing an illustrative range of enterprise values is set forth in [Questions and Answers about the Consolidation](#) [How was the value of my participation interest determined?](#) on page 6.

Table of Contents

The supervisor recommends that you vote **FOR** the consolidation. The Malkin Holdings group (as defined herein), will receive substantial benefits from the consolidation and have conflicts of interest making this recommendation. See **Conflicts of Interest**.

As a potential alternative to the consolidation, the supervisor also requests that the participants consent to the sale or contribution of the subject LLCs' property interests as part of a sale or contribution of the properties owned by the subject LLCs, the private entities and the management companies as a portfolio to an unaffiliated third party.

The supervisor recommends that you vote **FOR** the third-party portfolio transaction proposal. The Malkin Holdings group will receive substantial benefits from such transaction and have conflicts of interest making this recommendation. See **Conflicts of Interest**.

Participants also are being asked to consent to a voluntary pro rata reimbursement program pursuant to which the supervisor and Peter L. Malkin, a principal of the supervisor, will be reimbursed for the prior advances of all costs, plus interest, incurred in connection with the legal proceedings required to remove and replace the former property manager and leasing agent.

This solicitation of consents expires at 5:00 p.m., Eastern time on March 25, 2013, unless the supervisor extends the solicitation period. The supervisor reserves the right to extend on one or more occasions the solicitation period for one or more proposals for one or more subject LLCs or one or more participating groups in a subject LLC without extending for other proposals, subject LLCs or participating groups whether or not it has received approval for the consolidation or the third-party portfolio proposal.

The supervisor and the Malkin Holdings group receive substantial benefits and from inception have had conflicts of interest in connection with the subject LLCs, including in connection with the consolidation or a third-party portfolio transaction. Based on the assumptions set forth herein, after the consolidation and the IPO, the Malkin Holdings group will own 16.5% of the common stock and operating partnership units and will own common stock having 30.4% of the voting power of the company due to its election to take the maximum number of Class B shares to which it was entitled. Based on the elections by participants in the private entities which were less than the maximum number of Class B shares which they had the right to elect to receive, the supervisor assumed that most of the participants in the subject LLCs elected to receive operating partnership units and only a small number elected to receive Class B common stock. If participants in the subject LLCs elect to receive 100% of the Class B common stock to which they are entitled, the Malkin Holdings group's percentage of voting power would be 20.2%. Additionally, as operating partnership units are redeemed for Class A common stock, the Malkin Holdings group's percentage of voting power will decline. There are material risks and potential disadvantages associated with the consolidation or a third-party portfolio transaction. The supervisor and the Malkin Holdings group will receive substantial benefits in connection with the consolidation or a third-party portfolio transaction. See **Risk Factors beginning on page 100 and **Conflicts of Interest** beginning on page 279.**

A participant's interest in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. may, in some cases, as described below, be subject to a buyout if he or she votes **AGAINST** or **ABSTAINS** on either the consolidation or the third-party portfolio transaction proposal, or does not vote. If you are a participant in Empire State Building Associates L.L.C. or 60 East 42nd St. Associates L.L.C., and you vote **AGAINST** the consolidation or the third-party portfolio transaction proposal, you do not vote or you **ABSTAIN** and your subject LLC participates in the consolidation, your participation interests will be subject to a buyout if you do not vote in favor of the consolidation or third-party portfolio transaction proposal within ten days after notice that the required supermajority consent has been received from the participants in your participating group, and the buyout amount for your interest, which is equal to the original cost less capital repaid, but not less than \$100 and is currently \$100, would be substantially lower than the consideration you would receive in connection with the consolidation or third-party portfolio transaction. Unanimity on the consents is required pursuant to the organizational documents of Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. with respect to both the consolidation and the third-party portfolio proposal for the consent of a participating group; therefore, a participant in either of such subject LLCs who does not vote in favor of either the consolidation or third-party portfolio transaction proposal (and does not change his or her vote after notice that the requisite supermajority consent has been obtained) will be subject to this buyout if the tabulation of consents by MacKenzie Partners, Inc. shows that the required consent in his or her participating group has been received, but in no event before the expiration of the 60-day solicitation period as the same may be extended, regardless of whether either or neither transaction is consummated or the required consent of other participating groups is received. **If you change your vote within ten days after receiving the buyout notice, you will not be subject to a buyout merely by voting **AGAINST** or **ABSTAINING** on the consolidation or third-party portfolio transaction, or by not voting.**

Table of Contents

THE SUPERVISOR BELIEVES THAT THE CONSOLIDATION PROVIDES SUBSTANTIAL BENEFITS AND IS FAIR TO THE PARTICIPANTS IN EACH SUBJECT LLC AND RECOMMENDS THAT ALL PARTICIPANTS VOTE **FOR** THE CONSOLIDATION. SEE BACKGROUND OF AND REASONS FOR THE CONSOLIDATION THE SUPERVISOR S REASONS FOR PROPOSING THE CONSOLIDATION.

THE SUPERVISOR BELIEVES IT IS IN THE BEST INTERESTS OF THE PARTICIPANTS TO PROVIDE THE SUPERVISOR WITH THE AUTHORITY TO APPROVE A THIRD-PARTY PORTFOLIO TRANSACTION AS AN ALTERNATIVE TO THE CONSOLIDATION AND RECOMMENDS THAT ALL PARTICIPANTS VOTE **FOR** THE THIRD-PARTY PORTFOLIO PROPOSAL. SEE THIRD PARTY PORTFOLIO PROPOSAL FOR THE SUPERVISOR S REASONS FOR RECOMMENDING APPROVAL OF THE PROPOSAL.

THE SUPERVISOR BELIEVES THAT THE VOLUNTARY PRO RATA REIMBURSEMENT PROGRAM IS FAIR AND REASONABLE AND RECOMMENDS THAT ALL PARTICIPANTS WHO HAVE NOT PREVIOUSLY CONSENTED TO THE VOLUNTARY PRO RATA REIMBURSEMENT PROGRAM **CONSENT TO** THE PROPOSAL. SEE VOLUNTARY PRO RATA REIMBURSEMENT PROGRAM FOR EXPENSES OF LEGAL PROCEEDINGS WITH FORMER PROPERTY MANAGER AND LEASING AGENT FOR A DISCUSSION OF THE SUPERVISOR S REASONS FOR RECOMMENDING APPROVAL OF THE PROPOSAL AND THE BENEFITS TO THE SUPERVISOR.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Class A common stock, Class B common stock or operating partnership units or passed upon the accuracy or adequacy of this Prospectus/Consent Solicitation Statement. Any representation to the contrary is a criminal offense.

After you read this Prospectus/Consent Solicitation Statement, the company and the supervisor urge you to read the accompanying supplement for your subject LLC. The supplement contains information particular to your subject LLC. This information is material in your decision whether to vote **FOR** or **AGAINST** the consolidation.

THIS PROSPECTUS/CONSENT SOLICITATION IS AUTHORIZED FOR DELIVERY TO PARTICIPANTS ONLY WHEN ACCOMPANIED BY ONE OR MORE SUPPLEMENTS RELATING TO THE SUBJECT LLCS IN WHICH SUCH PARTICIPANTS HOLD PARTICIPATION INTERESTS. SEE WHERE YOU CAN FIND MORE INFORMATION.

WHO CAN HELP ANSWER YOUR QUESTIONS?

If you have more questions about the proposed consolidation or would like additional copies of this Prospectus/Consent Solicitation Statement or the supplement relating to your subject LLC(s) (which will be provided at no cost), you should contact the person designated on the consent form sent to you.

To obtain timely delivery, you should request this information no later than March 11, 2013.

The date of this Prospectus/Consent Solicitation Statement is January 21, 2013.

Table of Contents

TABLE OF CONTENTS

	Page
<u>QUESTIONS AND ANSWERS ABOUT THE CONSOLIDATION</u>	1
<u>WHO CAN HELP ANSWER YOUR QUESTIONS?</u>	24
<u>SUMMARY</u>	25
<u>Purpose of this Prospectus/Consent Solicitation</u>	25
<u>Description of the Company and the Subject LLCs</u>	26
<u>Overview</u>	26
<u>The Company's Competitive Strengths</u>	29
<u>Business and Growth Strategies</u>	31
<u>Company Information</u>	32
<u>The Properties</u>	33
<u>Background of and Reasons for the Consolidation</u>	35
<u>The Subject LLCs, the Private Entities and the Management Companies</u>	35
<u>The Supervisor's Reasons for Proposing the Consolidation</u>	40
<u>Benefits of Participation in the Consolidation</u>	42
<u>Third-Party Portfolio Transaction</u>	46
<u>Risk Factors</u>	48
<u>Conflicts of Interest and Benefits to the Supervisor and its Affiliates</u>	55
<u>The Consolidation</u>	58
<u>Principal Components of the Consolidation</u>	58
<u>What You Will Receive if Your Subject LLC is Included in the Consolidation</u>	73
<u>Why the Supervisor Believes the Consolidation is Fair to You</u>	75
<u>Appraisal</u>	77
<u>Fairness Opinion</u>	77
<u>Alternatives to the Consolidation</u>	78
<u>Comparison of Distributions</u>	82
<u>Voluntary Pro Rata Reimbursement Program for Expenses of Legal Proceedings with Former Property Manager and Leasing Agent</u>	83
<u>Allocation of Consideration in the Consolidation</u>	84
<u>Voting Procedures for the Consolidation Proposal and the Third-Party Portfolio Proposal</u>	90
<u>No Right to Independent Appraisal</u>	92
<u>Consolidation Expenses</u>	93
<u>Conditions to the Consolidation</u>	93
<u>Your Right to Investor Lists and to Communicate with Other Participants</u>	93
<u>U.S. Federal Income Tax Considerations of the Consolidation Proposal</u>	94
<u>Qualification of the Company as a REIT</u>	96
<u>Selected Financial and Other Data</u>	96
<u>RISK FACTORS</u>	100
<u>Risk Factors Related to the Company and Risks Resulting from the Consolidation</u>	100
<u>Risks Related to a Third-Party Portfolio Transaction</u>	122
<u>Real Estate/Business Risks</u>	124
<u>Risks Related to the Tax Consequences of the Consolidation</u>	145
<u>FORWARD-LOOKING STATEMENTS</u>	154
<u>BACKGROUND OF AND REASONS FOR THE CONSOLIDATION</u>	156
<u>Background of the Subject LLCs</u>	156
<u>Investment Objectives of the Subject LLCs</u>	160
<u>Chronology of the Consolidation</u>	161
<u>The Supervisor's Reasons for Proposing the Consolidation</u>	167
<u>Alternatives to the Consolidation</u>	174
<u>Comparison of Alternatives</u>	179
<u>Comparison of Distributions by the Subject LLCs and the Company</u>	183
<u>RECOMMENDATION AND FAIRNESS DETERMINATION</u>	190
<u>General</u>	190

Edgar Filing: Empire State Realty Trust, Inc. - Form 424B3

<u>Material Factors Underlying Belief as to Fairness</u>	192
<u>Summary of Valuations</u>	196
<u>Relative Weight Assigned to Material Factors</u>	196
CONSIDERATION	197
THE CONSOLIDATION	198
<u>Principal Components of the Consolidation</u>	198
<u>Pre- and Post-Consolidation Structure</u>	203
<u>Conditions to the Consolidation</u>	214
<u>Distributions</u>	214

Table of Contents

	Page
<u>Contribution Agreements</u>	216
<u>Other Consolidation Transaction Agreements</u>	218
<u>Lock-Up Agreements</u>	219
<u>Registration Rights Agreement</u>	220
<u>Option to Acquire Two Additional Properties</u>	221
<u>Pricing Committee</u>	222
<u>Description of the Tax Protection Agreement</u>	222
<u>Representation, Warranty and Indemnity Agreement</u>	224
<u>No Fractional Share of Common Stock</u>	224
<u>Effect of the Consolidation or a Third-Party Portfolio Transaction on Participants Who Vote Against the Consolidation or the Third-Party Portfolio Proposal and Who Do Not Change Their Vote After Receipt of the Budget Notice</u>	225
<u>Effect of Consolidation on Subject LLCs not Acquired</u>	226
<u>Consolidation and IPO Expenses</u>	226
<u>Accounting Treatment</u>	226
<u>Subsequent Modifications to Offering Terms</u>	226
<u>Initial Public Offering</u>	227
<u>THIRD-PARTY PORTFOLIO PROPOSAL</u>	228
<u>VOLUNTARY PRO RATA REIMBURSEMENT PROGRAM FOR EXPENSES OF LEGAL PROCEEDINGS WITH FORMER PROPERTY MANAGER AND LEASING AGENT</u>	
<u>REPORTS, OPINIONS AND APPRAISALS</u>	231
<u>General</u>	235
<u>Appraisal</u>	236
<u>Properties Proposed For Inclusion in Consolidation</u>	245
<u>Fairness Opinion</u>	247
<u>Prior Independent Valuer Work Papers and Analysis</u>	253
<u>EXCHANGE VALUE AND ALLOCATION OF OPERATING PARTNERSHIP UNITS AND COMMON STOCK</u>	
<u>Exchange Value Allocation of Operating Partnership Units and Common Stock</u>	255
<u>Derivation of Exchange Values</u>	256
	Page
<u>Appraised Value of the Management Companies</u>	258
<u>Allocation of Common Stock and Operating Partnership Units</u>	262
<u>Allocation of Common Stock and Operating Partnership Units among the Subject LLCs, the Private Entities and the Management Companies</u>	264
<u>Allocation of Common Stock and Operating Partnership Units among the Participants and the Supervisor and the Malkin Holdings Group</u>	266
<u>Derivation of Costs of the Consolidation and IPO</u>	272
<u>Estimated Exchange Value of Common Stock</u>	273
<u>CONFLICTS OF INTEREST</u>	279
<u>Supervisor</u>	279
<u>Substantial Benefits to the Supervisor and its Affiliates</u>	279
<u>Lack of Independent Representation of Participants</u>	283
<u>Terms of the Consolidation with the Other Subject LLCs, the Private Entities and the Management Companies</u>	283
<u>Non-Arm's-Length Agreements</u>	283
<u>Conflicts of Interest in Voting Participation Interests</u>	283
<u>Features Discouraging Potential Takeovers</u>	284
<u>COMPARISON OF OWNERSHIP OF PARTICIPATION INTERESTS, OPERATING PARTNERSHIP UNITS AND SHARES OF COMMON STOCK</u>	
<u>Form of Organization and Purpose</u>	286
<u>Length and Type of Investment</u>	287
<u>Business and Property Diversification</u>	287
<u>Borrowing Policies</u>	289
<u>Other Investment Restrictions</u>	289
<u>Management Control</u>	290
<u>Fiduciary Duties</u>	292
<u>Management's Liability and Indemnification</u>	293
<u>Takeover Provisions</u>	295
<u>Sale</u>	296
	298

<u>Dissolution</u>	298
<u>Amendments</u>	299
<u>Review of Investor Lists</u>	300
<u>Nature of Investment</u>	301
<u>Additional Equity/Potential Dilution</u>	302

Table of Contents

	Page
<u>Liability of Investors</u>	303
<u>Voting Rights</u>	304
<u>Liquidity</u>	306
<u>Expected Distributions and Payments</u>	309
<u>Taxation of Taxable Investors</u>	310
<u>Taxation of Tax-Exempt Investors</u>	311
<u>Compensation and Fees</u>	312
<u>VOTING PROCEDURES FOR THE CONSOLIDATION PROPOSAL AND THE THIRD-PARTY PORTFOLIO PROPOSAL</u>	316
<u>Distribution of Solicitation Materials</u>	316
<u>Required Vote for the Consolidation Proposal and the Third-Party Portfolio Proposal and Other Conditions</u>	317
<u>CONSENT PROCEDURES FOR VOLUNTARY PRO RATA REIMBURSEMENT PROPOSAL</u>	322
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF EMPIRE STATE REALTY TRUST</u>	323
<u>Overview</u>	323
<u>Factors That May Influence Future Results of Operations</u>	328
<u>Critical Accounting Policies</u>	332
<u>Results of Operations</u>	343
<u>Liquidity and Capital Resources</u>	353
<u>Leverage Policies</u>	357
<u>Consolidated Indebtedness to be Outstanding After the IPO</u>	358
<u>Contractual Obligations</u>	363
<u>Off-Balance Sheet Arrangements</u>	363
<u>Distribution Policy</u>	363
<u>Cash Flows</u>	364
<u>Net Operating Income</u>	365
<u>Funds from Operations</u>	367
<u>EBITDA</u>	367
<u>Distribution to Equity Holders:</u>	368
<u>Inflation</u>	368
<u>Seasonality</u>	368
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	369
<u>ECONOMIC AND MARKET OVERVIEW</u>	370
<u>New York Metropolitan Division Economy and Demographics</u>	370
<u>New York City Overview</u>	370
<u>Stamford Metropolitan Statistical Area Economy and Demographics</u>	374
	Page
<u>Office Markets</u>	376
<u>Westchester County</u>	387
<u>Fairfield County</u>	392
<u>Retail Markets</u>	397
<u>THE COMPANY BUSINESS AND PROPERTIES</u>	404
<u>Overview</u>	404
<u>History</u>	408
<u>The Company's Competitive Strengths</u>	409
<u>Business and Growth Strategies</u>	411
<u>Renovation and Repositioning Case Studies</u>	413
<u>The Company's Portfolio Summary</u>	417
<u>Tenant Diversification</u>	420
<u>Lease Distribution</u>	421
<u>Lease Expirations</u>	422
<u>Tenant Improvement Costs and Leasing Commissions</u>	425
<u>Historical Capital Expenditures</u>	427
<u>Description of the Company's Properties</u>	427
<u>Depreciation</u>	445
<u>Property Revenue and Operating Expenses</u>	446
<u>Description of Option Properties</u>	447

Edgar Filing: Empire State Realty Trust, Inc. - Form 424B3

<u>Excluded Properties and Businesses</u>	448
<u>Leasing</u>	448
<u>Property Management</u>	449
<u>Construction Management</u>	449
<u>Regulation</u>	449
<u>Insurance</u>	451
<u>Competition</u>	452
<u>Employees</u>	453
<u>Offices</u>	453
<u>Legal Proceedings</u>	453
<u>POLICIES WITH RESPECT TO CERTAIN ACTIVITIES</u>	455
<u>Investment Policies</u>	455
<u>Dispositions</u>	456
<u>Financing Policies</u>	456
<u>Conflict of Interest Policies</u>	457
<u>Policies with Respect to Other Activities</u>	459
<u>Reporting Policies</u>	459
<u>CERTAIN PROVISIONS OF THE MARYLAND GENERAL CORPORATION LAW AND THE COMPANY'S</u>	
<u>CHARTER AND BYLAWS</u>	460
<u>The Company's Board of Directors</u>	460
<u>Removal of Directors</u>	460

Table of Contents

	Page
<u>Policy on Majority Voting</u>	460
<u>Business Combinations</u>	461
<u>Control Share Acquisitions</u>	461
<u>Subtitle 8</u>	462
<u>Meetings of Stockholders</u>	463
<u>Amendments to the Company's Charter and Bylaws</u>	463
<u>Dissolution of the Company</u>	463
<u>Advance Notice of Director Nominations and New Business</u>	463
<u>Anti-Takeover Effect of Certain Provisions of Maryland Law and of the Company's Charter and Bylaws</u>	464
<u>Interested Director and Officer Transactions</u>	464
<u>Indemnification and Limitation of Directors' and Officers' Liability</u>	465
<u>REIT Qualification</u>	466
<u>DESCRIPTION OF OPERATING PARTNERSHIP UNITS AND THE PARTNERSHIP AGREEMENT OF THE OPERATING PARTNERSHIP</u>	467
<u>General</u>	467
<u>Operating Partnership Units</u>	468
<u>Management Liability and Indemnification</u>	468
<u>Fiduciary Responsibilities</u>	468
<u>LTIP Units</u>	469
<u>Distributions</u>	469
<u>Allocations of Net Income and Net Loss</u>	469
<u>Redemption Rights</u>	470
<u>Transferability of Operating Partnership Units; Extraordinary Transactions</u>	470
<u>Issuance of Common Stock and Additional Partnership Interests</u>	471
<u>Tax Matters</u>	472
<u>Term</u>	472
<u>Amendments to the Operating Partnership Agreement</u>	472
<u>BUSINESS OF THE SUBJECT LLCS</u>	475
<u>General</u>	475
<u>Investment Policies</u>	475
<u>Description of Properties</u>	476
<u>Financing</u>	489
<u>Competition</u>	490
<u>MANAGEMENT</u>	491
<u>The Company's Directors, Director Nominees and Senior Management Team</u>	491
<u>Corporate Governance Profile</u>	495
<u>The Board's Leadership Structure</u>	496
<u>The Board's Role in Risk Oversight</u>	496
<u>Board Committees</u>	496
<u>Code of Business Conduct and Ethics</u>	498
<u>Director Compensation</u>	498
<u>Executive Compensation</u>	499
<u>IPO Grants under the Equity Incentive Plan</u>	501
<u>Employment Agreement</u>	501
<u>Change in Control Severance Agreements</u>	504
<u>401(k) Plan</u>	505
<u>Equity Incentive Plan</u>	505
<u>Limitation of Liability and Indemnification</u>	508
<u>Rule 10b5-1 Sales Plans</u>	508
<u>Compensation Committee Interlocks and Insider Participation</u>	509
<u>PRINCIPAL STOCKHOLDERS OF THE COMPANY</u>	510
<u>RELATED PARTY TRANSACTIONS</u>	512
<u>Transactions Relating to the Consolidation</u>	512
<u>Tax Protection Agreement</u>	512
<u>Partnership Agreement</u>	513
<u>Registration Rights</u>	513

Edgar Filing: Empire State Realty Trust, Inc. - Form 424B3

<u>Employment Agreement and Change in Control Severance Agreements</u>	513
<u>Indemnification of the Company's Directors and Officers</u>	514
<u>Option Agreements</u>	514
<u>Cash Amounts</u>	515
<u>Excluded Properties and Businesses</u>	515
<u>Reimbursement of Pre-Closing Transaction Costs</u>	516
<u>Repayment of Loan to Existing Entity</u>	516
<u>Releases of Guarantees</u>	516
<u>IPO Grants Under the Equity Incentive Plan</u>	517
<u>FIDUCIARY RESPONSIBILITY</u>	518
<u>Directors and Officers of the Company</u>	518
<u>Supervisor of the Subject LLCs and Agent for Participants</u>	518
<u>DESCRIPTION OF CAPITAL STOCK</u>	519
<u>General</u>	519
<u>Shares of Common Stock</u>	519
<u>Power to Reclassify the Company's Unissued Shares of Stock</u>	520
<u>Power to Increase or Decrease Authorized Shares of Common Stock and Issue Additional Shares of Common and Preferred Stock</u>	520
<u>Restrictions on Ownership and Transfer</u>	521

Table of Contents

	Page
<u>Transfer Agent and Registrar</u>	524
<u>U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>	525
<u>U.S. Federal Income Tax Consequences of the Consolidation</u>	527
<u>U.S. Federal Income Tax Considerations of the Voluntary Pro Rata Reimbursement Program for the Former Property Manager and Leasing Agent Legal Proceedings</u>	536
<u>U.S. Federal Income Tax Consequences of a Third-Party Portfolio Transaction</u>	537
<u>U.S. Federal Income Tax Considerations Regarding the Stipulation of Settlement Resolving the Class Actions</u>	537
<u>Taxation of the Company</u>	537
<u>Requirements for Qualification</u>	540
<u>Failure to Qualify</u>	552
	Page
<u>Tax Aspects of Investments in Partnerships</u>	552
<u>Taxation of Stockholders</u>	554
<u>Consequences of Holding Operating Partnership Units</u>	561
<u>EXPERTS</u>	572
<u>LEGAL MATTERS</u>	574
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	575
<u>INDEX TO FINANCIAL STATEMENTS</u>	
<u>Appendix A Fairness Opinion</u>	F-1
<u>Appendix B Appraisal</u>	A-1
<u>Appendix C-1 Projections</u>	B-1
<u>Appendix C-2 Preliminary Exchange Values and Projections used in Connection with Preliminary Exchange Values.</u>	C-1-1
	C-2-1

Table of Contents

The company uses market data and industry forecasts and projections throughout this Prospectus/Consent Solicitation Statement, and in particular in the sections entitled Economic and Market Overview, The Company Business and Properties and Business of the Subject LLCs. The company has obtained all of this information from a market study prepared for the company by Rosen Consulting Group, or RCG, a nationally recognized real estate consulting firm, in August 2012. The company has paid RCG a fee for such services. Such information is included herein in reliance on RCG's authority as an expert on such matters. See Experts. The company believes the data prepared by RCG is reliable, but it has not independently verified this information. Any forecasts prepared by RCG are based on data (including third party data), models and experience of various professionals, and are based on various assumptions, all of which are subject to change without notice. There is no assurance that any of the forecasts will be achieved.

The term greater New York metropolitan area is used herein to refer only to Fairfield County, Connecticut and Westchester County, New York. The manner in which the company defines its property markets and submarkets differs from how RCG has done so in its market study included herein. Further, RCG's definition of the New York metropolitan area differs from the company's definition of the greater New York metropolitan area. RCG's definition includes Putnam County and Rockland County in New York and Bergen County, Hudson County, and Passaic County in Northern New Jersey and excludes Fairfield County in Connecticut.

Unless the context otherwise requires or indicates, references in this Prospectus/Consent Solicitation Statement, which is referred to herein as the prospectus/consent solicitation, to:

- (i) *the subject LLCs refers to Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C.,*
- (ii) *the private entities refer to the privately-held entities supervised by the supervisor, which are all of the entities, other than the subject LLCs, listed in the chart under the section Summary The Subject LLCs, the Private Entities and the Management Companies, which will be included in the consolidation,*
- (iii) *the company refers to Empire State Realty Trust, Inc. (formerly known as Empire Realty Trust, Inc.), a Maryland corporation, together with its consolidated subsidiaries, including Empire State Realty OP, L.P. (formerly known as Empire Realty Trust, L.P.), a Delaware limited partnership, which is referred to herein as the operating partnership, after giving effect to the series of transactions involving the consolidation of the subject LLCs and the private entities described in this prospectus/consent solicitation that have consented to the consolidation and a combination of (a) Malkin Holdings LLC, a New York limited liability company that acts as the supervisor of, and performs various asset management services and routine administration with respect to, the subject LLCs and certain of the private entities (as discussed in this prospectus/consent solicitation), which is referred to herein as the supervisor; (b) Malkin Properties, L.L.C., a New York limited liability company that serves as the manager and leasing agent to certain of the private entities in Manhattan, (c) Malkin Properties of New York, L.L.C., a New York limited liability company that serves as the manager and leasing agent to certain of the private entities located in Westchester County, New York, (d) Malkin Properties of Connecticut, Inc., a Connecticut corporation that serves as the manager and leasing agent to certain of the private entities in the State of Connecticut and (e) Malkin Construction Corp., a Connecticut corporation that is a general contractor and provides services to the private entities and third parties (including certain tenants at the properties owned by the private entities), which collectively are referred to herein as the management companies,*
- (iv) *the properties refers to the subject LLCs' direct or indirect fee ownership interests in the Empire State Building, One Grand Central Place and 250 West 57th Street, respectively,*
- (v) *the properties of the company and the portfolio refer to the properties, the other assets of the subject LLCs, the ownership interests of the private entities in their properties and the other assets of the private entities,*

Table of Contents

- (vi) *the agents refer to holders of the membership interests in the subject LLCs for the benefit of participants in the agent's participating group; each of the agents is an affiliate of the supervisor,*

- (vii) *the participants refer to the holders of participation interests in the membership interests held by the agents and, as applicable, investors in the private entities,*

- (viii) *the participation interests refer to the beneficial ownership interests of participants in the membership interest of the subject LLCs held by an agent for the benefit of participants and, as applicable, membership or partnership interests or the beneficial interests therein held by investors in the private entities,*

- (ix) *common stock and shares of common stock refer to both shares of the company's Class A common stock, par value \$0.01, and Class B common stock, par value \$0.01 per share, unless otherwise indicated,*

- (x) *the IPO refers to the initial public offering of the Class A common stock of the company, and IPO price refers to the price per share of Class A common stock in the IPO,*

- (xi) *operating partnership units refer to the operating partnership's limited partnership interests. The operating partnership will have two classes of units of limited partnership interest—operating partnership units and LTIP units. The operating partnership units will have four series—Series PR operating partnership units, Series ES operating partnership units, Series 60 operating partnership units and Series 250 operating partnership units, which are referred to either collectively, or with respect to one or more series, as the operating partnership units, as the context requires or indicates. Operating partnership units are redeemable for a cash amount equal to the then-current market value of one share of Class A common stock per operating partnership unit, or at the company's election, shares of Class A common stock on a one-for-one basis. The Series ES operating partnership units will be issued to participants in Empire State Building Associates L.L.C., the Series 60 operating partnership units will be issued to participants in 60 East 42nd St. Associates L.L.C. and the Series 250 operating partnership units will be issued to participants in 250 West 57th St. Associates L.L.C., in each case except for the Wien group. The operating partnership intends to apply to have the Series ES operating partnership units, Series 60 operating partnership units and Series 250 operating partnership units listed on the New York Stock Exchange under the symbols ESBA, OGCP, and FISK, respectively. The Series PR operating partnership units will be issued to the participants in the private entities and the Wien group and will not be listed on a national securities exchange, and*

- (xii) *organizational documents refer to the limited liability company agreement, the participating agreements and the terms of any voluntary capital transaction override program and voluntary pro rata reimbursement programs for each subject LLC, to the extent applicable.*

All references to the enterprise value refer to the value of the company after completion of the consolidation determined in connection with the IPO by the company in consultation with the investment banking firms managing the IPO and prior to the issuance of Class A common stock in the IPO and any issuance of Class A common stock pursuant to the company's and the operating partnership's equity incentive plan, or the equity incentive plan.

All references to the aggregate exchange value refer to the aggregate exchange value of the subject LLCs, the private entities and the management companies based on the appraisal, or the Appraisal, by Duff & Phelps, LLC, the independent valuer. The exchange values as of June 30, 2012 are based on a final valuation analysis prepared by the independent valuer as of June 30, 2012. The final valuation updates a preliminary valuation prepared as of June 30, 2011. The preliminary exchange values based on such preliminary valuation were used in connection with the solicitation of consents from participants in the private entities in November 2011. See Appendix C-2 Preliminary Exchange Values and Projections used in Connection with Preliminary Exchange Values, which sets forth the preliminary exchange values and preliminary valuation.

Table of Contents

All references (other than information labeled as pro forma information, including the pro forma financial statements) to the number of shares of common stock, on a fully-diluted basis, issued in the consolidation refer to the number of shares of Class A common stock and Class B common stock issued or received in the consolidation, prior to the issuance of Class A common stock in the IPO and pursuant to any incentive plans, assuming that (i) the enterprise value in connection with the IPO equals the aggregate exchange value, (ii) the offering price per share in the IPO used herein which is used solely for illustrative purposes equals a hypothetical \$10 per share, (iii) all of the subject LLCs, the private entities and the management companies participate in the consolidation, (iv) no cash is paid to participants in the private entities, (v) no shares of Class A common stock are issued to the supervisor pursuant to the voluntary pro rata reimbursement program, (vi) no fractional shares are issued and (vii) all operating partnership units issued in the consolidation are redeemed on a one-for-one basis and all shares of Class B common stock issued in the consolidation are converted on a one-for one basis for shares of Class A common stock.

The enterprise value will equal the total number of shares of common stock and total number of operating partnership units issuable in the consolidation (excluding any shares of common stock issued in the IPO, and assuming all participants in the private entities receive shares of common stock or operating partnership units and not cash) multiplied by the IPO price. The enterprise value (which is based on the IPO price) will be determined by, among other things, market conditions at the time of pricing of the IPO, the historical and future performance of the company and its portfolio of properties and the market's view of the company's net asset value and other valuation metrics. Today, some REITs common stock trades at a premium to perceived net asset value and others trade at a discount to perceived net asset value. The market's view of the company's net asset value determined in connection with the IPO could be less than the exchange values determined based on the Appraisal. The Appraisal was undertaken in connection with establishing relative value for the purpose of allocation of interests in the company among contributors of interests in the properties and not to establish the value of shares of common stock in the company upon completion of the IPO. In contrast, the pricing of REIT initial public offerings generally takes into account different factors not considered in the Appraisal, including current conditions in the securities markets, investor preferences and the market's view of the company's management team. Additionally, the Appraisal did not take into account transaction costs for the consolidation and the IPO.

The supervisor believes that initial public offering pricing for REIT common stock generally is at a discount to the market price for common stock of well-established, publicly-traded REITs, and that the company's IPO pricing will be no different. For this and other reasons, the supervisor expects that the enterprise value at the pricing of the IPO will be lower than the aggregate exchange value at the pricing of the IPO, and such discount at the pricing of the IPO could be material and substantial. This discount cannot be determined until the pricing of the IPO. As the company continues to develop a track record as a public company, the supervisor believes that the company's trading price following the IPO will be based on, among other things, the company's historical and future performance, its performance relative to its peers, market conditions generally and its continued seasoning in the public markets. The company currently intends to pay regular quarterly dividends based on the performance of the company and its portfolio of properties, rather than just one property, and those distributions are required to be at least 90% of annual REIT taxable income (determined without regard to the deduction for dividends paid, and excluding net capital gains) to maintain its qualification as a REIT. REIT taxable income will be determined by the performance of the portfolio of the company's properties and unaffected by its stock price.

All references to distributions to participants assume that all amounts payable under the voluntary pro rata reimbursement program are paid out of cash distributions from the subject LLCs and the private entities, as applicable and that no shares of Class A common stock are issued to the supervisor for amounts due under the voluntary pro rata reimbursement program.

The supervisor has made certain of these assumptions to permit the presentation of information in tables in this prospectus/consent solicitation on a consistent basis. For example, while throughout this prospectus/consent

Table of Contents

solicitation the supervisor has assumed for purposes of this presentation of information that no cash is paid, cash will be paid to non-accredited investors in the private entities and to certain investors in the private entities that are charitable organizations and elect to receive cash pursuant to the cash option described herein.

All references to the stockholders refer to the holders of Class A common stock and Class B common stock of the company.

All references to the Malkin Family refer to Anthony E. Malkin, Peter L. Malkin, each of their lineal descendants (including spouses of any of the foregoing), any estates of any of the foregoing, any trusts now or hereafter established for the benefit of any of the foregoing, or any corporation, partnership, limited liability company or other legal entity controlled by Anthony E. Malkin or any permitted successor in such entity for the benefit of any of the foregoing.

All references to the Malkin Holdings group refer to the Malkin Family and Thomas N. Keltner, Jr., and his spouse.

All references to the Wien group refer to each of the lineal descendants of Lawrence A. Wien, including Peter L. Malkin and Anthony E. Malkin (including spouses of such descendants), any estates of any of the foregoing, any trusts now or hereafter established for the benefit of any of the foregoing, or any corporation, partnership, limited liability company or other legal entity controlled by Anthony E. Malkin for the benefit of any of the foregoing.

For demonstrative purposes, the supervisor has assigned a hypothetical IPO price of \$10 per share. That value is strictly hypothetical and is for illustrative purposes only.

All references to the property and assets owned by the company upon completion of the consolidation refer to the company upon completion of the consolidation, without giving effect to the IPO, and assuming that all required supermajority consents of the participants in the subject LLCs have been obtained and all of the properties and assets to be acquired from the subject LLCs, the private entities and the management companies pursuant to the consolidation have been acquired.

All references to a third-party portfolio transaction refer to the sale or contribution of the subject LLCs' property interests and other assets as part of a sale or contribution of the properties owned by the subject LLCs, the private entities and the management companies as a portfolio to an unaffiliated third party. The description of the company in this prospectus/consent solicitation assumes that all of the properties and assets to be acquired from the subject LLCs, the private entities and the management companies pursuant to the consolidation have been acquired by the company rather than an unaffiliated third party pursuant to a third-party portfolio transaction.

Certain terms and provisions of various agreements are summarized in this prospectus/consent solicitation. These summaries are qualified in their entirety by reference to the complete text of any such agreements, which are either attached as exhibits or appendices to this prospectus/consent solicitation or the supplement for your subject LLC in the form in which they are expected to be signed (but subject to change, including potentially significant changes, as described below) or filed as an exhibit to the Registration Statement on Form S-4 of which this prospectus/consent solicitation is a part. The parties to such agreements may make changes (including changes that may be deemed material) to the forms of the agreements attached as appendices or exhibits hereto, contained in the applicable supplement or filed as exhibits to the Registration Statement on Form S-4.

Upon completion of the IPO, the company expects to grant LTIP units and/or restricted shares of its Class A common stock (at the grantee's discretion) to the company's independent directors, executive officers (other than Anthony E. Malkin) and certain other employees, which will be subject to time-based and performance-based vesting over a three to four year period. The aggregate number of LTIP units/shares the company intends to grant to such individuals will be in an amount equal to 1.5% of the gross proceeds raised in the IPO (excluding the underwriters' option to purchase additional shares of the Class A common stock) divided by the IPO price. Assuming the company receives gross proceeds from the IPO of \$1,000,000,000 (excluding the underwriters

Table of Contents

option to purchase additional shares of the Class A common stock), and assuming an IPO price of \$10 per share, the aggregate number of LTIP units and/or restricted shares of the Class A common stock the company intends to grant to its independent directors, executive officers (other than Anthony E. Malkin) and certain other employees will be 1,500,000 units/shares and will have an aggregate dollar value of \$15,000,000. The aggregate number of LTIP units and/or restricted shares to be granted upon completion of the IPO may be increased by a modest amount based on future events, such as the hiring of additional officers.

Table of Contents

**QUESTIONS AND ANSWERS ABOUT
THE CONSOLIDATION**

Q: What am I being asked to approve?

A: The supervisor, which is an affiliate of Peter L. Malkin and Anthony E. Malkin, is submitting the following proposals for your approval:

A consolidation of your subject LLC and certain office and retail properties in Manhattan and the greater New York metropolitan area owned by the subject LLCs and the private entities, all of which are supervised by the supervisor, and certain related management businesses, into the company, which is intended to qualify for taxation as a real estate investment trust for U.S. federal income tax purposes, which is referred to herein as a REIT.

As a potential alternative to the consolidation, the sale or contribution of the subject LLCs' property interests as part of a sale or contribution of the properties owned by the subject LLCs, the private entities and the management companies as a portfolio to an unaffiliated third party. While the supervisor believes the consolidation represents the best opportunity for participants to achieve liquidity and to maximize the value of their investment, the supervisor believes it also is in the best interest of all participants for the supervisor to have the flexibility and discretion, subject to certain conditions, to accept an offer for the portfolio of properties from an unaffiliated third party if the supervisor determines that the offer price includes what the supervisor believes is an adequate premium above the value that is expected to be realized over time from the consolidation. The third-party portfolio transaction would be undertaken only if the aggregate consideration is at least 115% of the aggregate exchange value for the subject LLCs, the private entities and the management companies included in the third-party portfolio transaction and certain other conditions are met. The proposal must provide for all cash, payable in full at closing, but such proposal may provide for an option for all participants to elect to receive securities as an alternative to cash. If the proposal provides for a securities option, the Malkin Family will have the right to elect to receive securities only on the same proportional basis as other participants. No member of the Malkin Family will be an affiliate, consultant, employee, officer or director of the acquiror after the closing or receive any compensation from the acquiror (other than their pro rata share of the consideration that they will receive in the third-party portfolio transaction).

Voluntary pro rata reimbursement to the supervisor and Peter L. Malkin for the prior advances of all costs, plus interest, incurred in connection with litigations and arbitrations with the former property manager and leasing agent of the property.

Each of these proposals is subject to a separate consent, and approval of each proposal is not dependent on approval of any other proposal.

Q: What is the proposed consolidation upon which I am being asked to vote?

A: You are being requested to approve the consolidation in which your subject LLC will contribute its assets to the operating partnership in exchange for operating partnership units, Class A common stock and to a limited extent, as described herein, Class B common stock. All of the subject LLCs together represent 39.69% of the aggregate exchange value. As part of the consolidation, the company also will enter into similar transactions with the other subject LLCs, private entities and the management companies described elsewhere in this prospectus/consent solicitation.

Through the consolidation, the company intends to combine the properties of the subject LLCs and the private entities and the assets and operations of the supervisor and the other management companies into the company, and intends to elect and to qualify as a REIT for U.S. federal income tax purposes commencing with its taxable year ending December 31, 2013. The closing of the consolidation will occur substantially simultaneously with the closing of the IPO. If the consolidation is approved by the three subject LLCs, the

Table of Contents

company acquires the properties from each of private entities and the company acquires the management companies, the company will own 12 office properties (including one long-term ground leasehold interest) which, as of September 30, 2012, encompass approximately 7.7 million rentable square feet of office space, and which were approximately 79.8% leased (or 83.3% giving effect to leases signed but not yet commenced as of that date). Seven of these properties are located in the midtown Manhattan market and encompass in the aggregate approximately 5.9 million rentable square feet of office space, including the Empire State Building. The Manhattan office properties also contain an aggregate of 433,545 rentable square feet of premier retail space on the ground floor and/or lower levels. The remaining five office properties are located in Fairfield County, Connecticut and Westchester County, New York, encompassing in the aggregate approximately 1.8 million rentable square feet. The majority of the square footage for these five properties is located in densely populated metropolitan communities with immediate access to mass transportation. Additionally, the company has entitled land at the Stamford Transportation Center in Stamford, Connecticut, adjacent to one of its office properties, that will support the development of an approximately 380,000 rentable square foot office building and garage, which is referred to herein as Metro Tower. As of September 30, 2012, the portfolio also included four standalone retail properties located in Manhattan and two standalone retail properties located in the city center of Westport, Connecticut, encompassing 204,452 rentable square feet in the aggregate. As of September 30, 2012, the standalone retail properties were 100.0% leased in the aggregate.

The consolidation offers participants the opportunity to become limited partners in the operating partnership or stockholders of the company, which will own a diversified portfolio of properties and have as senior management certain executives of the supervisor, a recognized operator of office and retail properties in Manhattan and the greater New York metropolitan area. The supervisor has a comprehensive knowledge of its markets that has been developed through the supervisor's principals' substantial experience. The consolidation also will result in the creation of a company with a board of directors consisting predominantly of independent directors, which will be responsible for overseeing the operations of the company. Anthony E. Malkin will be the only management member of the board of directors.

All of the properties are located in Manhattan and the greater New York metropolitan area, which, according to RCG, is one of the most-prized office markets in the world and a world-renowned retail market due to a combination of supply constraints, high barriers to entry, near-term and long-term prospects for job creation, vacancy absorption and rental rate growth. The supervisor believes that the company will represent a unique opportunity to invest in a well-capitalized company with real estate in these most-prized markets and recognized and respected leadership. The company's primary focus will be to continue to own, operate and manage its current portfolio and to acquire and reposition office and retail properties in Manhattan and the greater New York metropolitan area.

Q: Why is the supervisor proposing the consolidation?

A: The supervisor believes this transaction represents the best opportunity for value enhancement for your investment in the subject LLC after years of action under the supervisor's leadership to preserve, restore, and enhance your investment. Included in that history is a challenging time, which began with litigation commenced in 1997 by Peter L. Malkin and the supervisor to remove Helmsley-Spear, Inc., which is referred to herein as the former property manager and leasing agent (after it was sold by entities controlled by Leona M. Helmsley) as property manager and leasing agent of the properties owned by the subject LLCs and other properties which are now included in the plans for this consolidation.

Since the successful resolution of that litigation, the supervisor has overseen the engagement by the subject LLCs of independent property management and leasing agents and the transformation of the Empire State Building to a self management structure, retaining a third party agent for leasing only; developed and is in the process of effecting a comprehensive renovation and repositioning program for improving the physical condition of, and upgrading the credit quality of, tenants at the property, and raised the properties' profile as part of a well regarded portfolio brand. The supervisor believes that it is an opportune time for the subject

Table of Contents

LLCs to take advantage of the opportunity to participate in the consolidation which will afford participants better value protection through diversification, growth opportunities through potential acquisitions and potential growth in revenue of the initial properties and more stable cash flows for distributions, as well as administrative and operating efficiencies. Additionally, the supervisor believes the consolidation provides value enhancement through better access to capital and options for liquidity for investors who so desire and allows participants to receive operating partnership units in a transaction expected to be tax-deferred for U.S. federal income tax purposes.

The supervisor has reviewed this transaction carefully and believes that current and anticipated property results provide favorable prospects for the consolidation. The supervisor will consider the capital market conditions at the time the IPO is ready to commence, but the supervisor is confident that a well located, well run, well capitalized portfolio of office and retail properties in Manhattan and in the greater New York metropolitan area is a desirable portfolio for an IPO. The consolidation and IPO will launch the company as a public company with its Class A common stock expected to be listed on the New York Stock Exchange, which is referred to herein as the NYSE, upon completion of the IPO. The operating partnership units issued to participants in the subject LLCs are also expected to be listed on the NYSE upon completion of the IPO. The operating partnership units will be issued in three separate series to the participants in each of the three subject LLCs (other than the Wien group) and in a separate series to the participants in the private entities receiving operating partnership units and the Wien group. Each series of operating partnership units will have identical rights as to distributions, liquidation and other rights as a limited partner in the operating partnership. The separate series were created because there are unique U.S. federal income tax consequences to the participants receiving each series of listed operating partnership units (as compared to ownership of operating partnership units of another series) depending on the subject LLC in which they have an interest and the tax aspects of the property contributed by such entity.

The supervisor believes that the consolidation is the best way for participants to achieve liquidity and to maximize the value of their investment in the subject LLCs. The supervisor believes that benefits to participants from the consolidation include:

The opportunity for participants to receive interests in the company's operating partnership on the same basis as participants in the private entities and the Malkin Family in a transaction expected to be tax-deferred for U.S. federal income tax purposes;

Liquidity for participants that elect to receive shares of Class A common stock expected to be listed on the NYSE, which investors may sell from time to time as and when they so desire (subject to the restrictions of applicable U.S. federal and state securities laws and after expiration of the lock-up period as described in this prospectus/consent solicitation). Presently there is no active trading market for the participation interest you hold in your subject LLC, which is only an indirect interest in real property subject to an operating lease, which is not under the operational control of your subject LLC. Participants may also achieve liquidity through sale of Class A common stock issued in exchange for operating partnership units and Class B common stock, subject to such restrictions. Participants in the subject LLCs who receive operating partnership units may also sell operating partnership units, which also are expected to be listed on the NYSE, subject to restrictions described above, although the market for operating partnership units may be more limited than the market for Class A common stock. In addition, each participant in the subject LLCs that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to 4.0% of the operating partnership units he or she receives with respect to each subject LLC (assuming all of the participants in each subject LLC elect to receive operating partnership units, the enterprise value equals the aggregate exchange value and the IPO price equals \$10 per share), which treats all three subject LLCs equally after having determined for Empire State Building Associates L.L.C. the minimum amount required by the NYSE for it to meet the requirements as the primary listing;

Anticipated value enhancement through property diversification and operating and capital structure efficiencies;

Table of Contents

Anticipated regular quarterly cash distributions on their operating partnership units and shares of common stock, which will include distributions of at least 90% of its annual REIT taxable income (determined without regard to the deduction for dividends paid, and excluding net capital gains), which is required for REIT qualification as described below. REIT taxable income will be determined by the performance of the portfolio of the company's properties and unaffected by its stock price;

Conversion of the current governance structure which is inefficient and costly in general and in which participants do not share in the same economic benefit that they would receive through ownership and operation of the properties by a single entity into a modern, centralized and efficient governance structure;

The opportunity to continue to hold interests in an entity operating under the brand developed by the supervisor and to participate in any future growth of the company through potential acquisitions and potential growth in revenue of the initial properties, while removing obstacles to obtaining true synergies and realization of value, such as combining financings, movements of tenants from one building to another, sharing of employees and management and oversight;

The opportunity to continue to hold interests in an entity in which certain executives of the supervisor will be members of the senior management team and Anthony E. Malkin will be Chairman, Chief Executive Officer, President and a director of the company and

The governance structure of an SEC reporting company with its Class A common stock expected to be listed on the NYSE, which provides accountability through the oversight of the company by a board of directors consisting predominantly of independent directors.

Q: What will I be entitled to receive if I vote **FOR** the consolidation and the consolidation is approved by my subject LLC?

A: If you vote **FOR** the consolidation, including as a result of changing your vote after receipt of a buyout notice, and your subject LLC participates in the consolidation, you will receive operating partnership units, unless you elect to receive shares of Class A common stock or, to a limited extent, Class B common stock. You may elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units you would otherwise receive in the consolidation. Each share of Class B common stock has 50 votes on all matters on which stockholders are entitled to vote and the same economic interest as a share of Class A common stock, and one share of Class B common stock and 49 operating partnership units together represent a similar economic value as 50 shares of Class A common stock. The percentage of the aggregate exchange value and the company's common stock on a fully diluted basis allocated to each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. is 28.30%, 7.49% and 3.90%, respectively. See Summary Allocation of Consideration in the Consolidation.

The operating partnership units will be issued in three separate series to the participants in each of the three subject LLCs (other than the Wien group) and in a separate series to the participants in the private entities receiving operating partnership units and the Wien group. Each series of operating partnership units will have identical rights as to distributions, liquidation and other rights as a limited partner in the operating partnership. The separate series were created because there are unique U.S. federal income tax consequences to the participants receiving each series of listed operating partnership units (as compared to ownership of operating partnership units of another series) depending on the subject LLC in which they have an interest and the tax aspects of the property contributed by such entity.

Table of Contents

Q: How many operating partnership units and shares of common stock will I be entitled to receive if my subject LLC is consolidated with the company?

A: The number of operating partnership units and shares of common stock that will be allocated to each subject LLC in the consolidation based on the exchange value is set forth in the chart under the caption Summary Allocation of Consideration in the Consolidation. The following table sets forth the exchange value allocated to each of the subject LLCs and the shares of common stock or operating partnership units and the exchange value to participants per \$10,000 original investment.

Entity	Total Exchange Value ⁽¹⁾⁽²⁾	Exchange Value to Participants Per \$10,000 Original Investment (except as otherwise noted)	
		Value of Shares of Common Stock or Operating Partnership Units ⁽²⁾	Number of Shares of Common Stock, on a Fully-Diluted Basis
Empire State Building Associates L.L.C.	\$ 1,183,612,549		
Participants (subject to voluntary override)		\$ 323,803	32,380
Participants (not subject to voluntary override)		\$ 358,670	35,867
60 East 42nd St. Associates L.L.C.	\$ 313,069,533		
Participants		\$ 402,658	40,266
250 West 57th St. Associates L.L.C.	\$ 163,064,607		
Participants (subject to voluntary override)		\$ 409,662	40,966
Participants (not subject to voluntary override)		\$ 452,957	45,296

(1) The exchange value is determined as described in Exchange Value and Allocation of Operating Partnership Units and Common Stock Derivation of Exchange Values.

(2) The exchange value of each subject LLC is based on each subject LLC's assets and liabilities included in the quarterly balance sheets of the subject LLC as of June 30, 2012. The exchange value will be revised to reflect changes in the balance sheet items included in the calculation of the exchange value in the final quarterly balance sheet prior to the closing of the consolidation (other than indebtedness incurred after June 30, 2012 which is used to fund capital expenditures taken into account in the Appraisal or held as reserves for such purposes and included in the assets contributed by the subject LLC to the company), but will not be revised based on changes in the balance sheets or other events after the final quarterly balance sheet date prior to the closing of the consolidation.

You will receive a portion of the operating partnership units and common stock allocated to your subject LLC in accordance with your election and with your percentage interest in the subject LLC and the subject LLC's organizational documents, after taking into account the allocations in respect of the supervisor's override interests. The number of operating partnership units and shares of common stock presented in this prospectus/consent solicitation is based on the hypothetical \$10 per share exchange value arbitrarily assigned by the supervisor to illustrate the number of operating partnership units and/or shares of common stock that a participant would receive if the enterprise value of the company determined in connection with the IPO were the same as the aggregate exchange value and the IPO price were \$10 per share. The actual number of operating partnership units and shares of common stock, on a fully-diluted basis, issued in the consolidation will equal the enterprise value divided by the actual IPO price upon pricing of the IPO. The enterprise value (which is based on the IPO price) will be determined by, among other things, market conditions at the time of pricing of the IPO, the historical and future performance of the company and its portfolio of properties and the market's view of the company's net asset value and other valuation metrics. Today, some REITs' common stock trades at a premium to perceived net asset value and others trade at a discount to perceived net asset value. The market's view of the company's net asset value determined in connection with the IPO could be less than the exchange values determined based on the Appraisal. The Appraisal was undertaken in connection with establishing relative value for the purpose of allocation of interests in the company among contributors of interests in the properties and not to establish the value of shares of common stock in the company upon completion of the IPO. In contrast, the pricing of REIT initial public offerings generally takes into account different factors not considered in the Appraisal, including current conditions in the securities markets, investor preferences and the market's view of the company's management team. Additionally, the Appraisal did not take into account transaction costs for the consolidation and the IPO.

Table of Contents

The supervisor believes that initial public offering pricing for REIT common stock generally is at a discount to the market price for common stock of well-established, publicly-traded REITs, and that the company's IPO pricing will be no different. For this and other reasons, the supervisor expects that the enterprise value at the pricing of the IPO will be lower than the aggregate exchange value at the pricing of the IPO, and such discount at the pricing of the IPO could be material and substantial. This discount cannot be determined until the pricing of the IPO. As the company continues to develop a track record as a public company, the supervisor believes that the company's trading price following the IPO will be based on, among other things, the company's historical and future performance, its performance relative to its peers, market conditions generally and its continued seasoning in the public markets. The company currently intends to pay regular quarterly dividends based on the performance of the company and its portfolio of properties, rather than just one property, and those distributions are required to be at least 90% of annual REIT taxable income (determined without regard to the deduction for dividends paid, and excluding net capital gains) to maintain its qualification as a REIT. REIT taxable income will be determined by the performance of the portfolio of the company's properties and unaffected by its stock price.

Q: How was the value of my participation interest determined?

A: The value of your participation interest, as described in this prospectus/consent solicitation, was determined based on the exchange value for your subject LLC. The exchange value of your subject LLC and the other subject LLCs, the private entities and the management companies is the value of each of and all these entities based on the Appraisal by Duff & Phelps, LLC, which is referred to herein as Duff & Phelps or the independent valuer, which serves as the independent valuer for all the subject LLCs, the private entities and the management companies. Shares of common stock, operating partnership units and/or cash, as applicable, will be allocated among the subject LLCs, the private entities and the management companies based upon the exchange values of each subject LLC, each private entity and the management companies. The exchange value was then allocated among the participants and the holders of the override interests by the independent valuer in accordance with each subject LLC's organizational documents. However, as described elsewhere in this prospectus/consent solicitation, while the exchange value was used to establish the relative value of the properties and participation interests, this value does not necessarily represent the fair market value of your participation interest. The number of shares of Class A common stock, Class B common stock, and operating partnership units issued in the consolidation will be determined based on the company's enterprise value, which will be determined based on the IPO price, without giving effect to shares of Class A common stock issued in the IPO.

The fair market value of the consideration that you receive will not be known until the pricing of the IPO, which will occur after you vote upon the approval of the consolidation transaction. Accordingly, at the time you vote on the consolidation proposal, you will not know the amount of the consideration you will receive. The value of the consideration will be based on the enterprise value determined in connection with pricing of the IPO.

The IPO will take place after approval of the consolidation. To allow participants to determine the potential value at the time of the IPO of the securities that they will receive, the following table sets forth a range of enterprise values per \$10,000 original investment for participants in each of the three subject LLCs. The exchange value is shown as 100%, and various premiums and discounts are shown in relation to the exchange value. The enterprise values in the table are being furnished for illustrative purposes and do not represent the supervisor's estimate of the range of likely enterprise values or the range of prices at which the company will complete the IPO.

The IPO price will not impact the regular, quarterly dividends the company currently intends to pay, which will be based on the performance of the company and its portfolio of properties, rather than just one property, and are required to be at least 90% of annual REIT taxable income (determined without regard to the deduction for dividends paid, and excluding net capital gains) to maintain its qualification as a REIT. REIT taxable income will be determined by the performance of the portfolio of the company's properties and unaffected by its stock price.

Table of Contents

After the applicable lock-up periods referenced herein have expired, any participant may choose when, if ever, he wishes to sell and in making that decision will be able to gauge the market price at that time. Other than the Helmsley estate, no participant will be able to sell his common stock and operating partnership units in the IPO or be required to sell such securities at that time. Therefore, the IPO price will not show the value that a participant may receive upon such later sale(s), but will only be an indication of how the market values the company at the date of the IPO.

The exchange value methodology will cause any enterprise value at the IPO below the exchange value to reduce the shares allocated to the Malkin Holdings group in respect of their override interests.

Enterprise Value (based on IPO Price) Per \$10,000 Original Investment⁽¹⁾								
60 East 42nd St.								
Empire State Building Associates L.L.C.			Associates L.L.C.			250 West 57th St. Associates L.L.C.		
Enterprise Value								
as a Percentage of								
Exchange Value	Participants (Voluntary Override)	Participants (No Voluntary Override)	Override to Supervisor⁽²⁾	Participants	Override to Supervisor⁽²⁾	Participants (Voluntary Override)	Participants (No Voluntary Override)	Override to Supervisor⁽²⁾
150% of Exchange Value	\$ 485,205	\$ 538,006	\$ 52,801	\$ 603,917	\$ 66,946	\$ 613,492	\$ 679,436	\$ 65,944
145% of Exchange Value	\$ 469,065	\$ 520,072	\$ 51,007	\$ 583,791	\$ 64,710	\$ 593,109	\$ 656,788	\$ 63,679
140% of Exchange Value	\$ 452,925	\$ 502,139	\$ 49,214	\$ 563,665	\$ 62,474	\$ 572,726	\$ 634,140	\$ 61,414
135% of Exchange Value	\$ 436,785	\$ 484,205	\$ 47,421	\$ 543,539	\$ 60,238	\$ 552,343	\$ 611,492	\$ 59,149
130% of Exchange Value	\$ 420,644	\$ 466,272	\$ 45,627	\$ 523,413	\$ 58,001	\$ 531,960	\$ 588,844	\$ 56,884
125% of Exchange Value	\$ 404,504	\$ 448,338	\$ 43,834	\$ 503,287	\$ 55,765	\$ 511,577	\$ 566,197	\$ 54,620
120% of Exchange Value	\$ 388,364	\$ 430,405	\$ 42,040	\$ 483,162	\$ 53,529	\$ 491,194	\$ 543,549	\$ 52,355
115% of Exchange Value	\$ 372,224	\$ 412,471	\$ 40,247	\$ 463,036	\$ 51,293	\$ 470,811	\$ 520,901	\$ 50,090
110% of Exchange Value	\$ 356,084	\$ 394,538	\$ 38,454	\$ 442,910	\$ 49,057	\$ 450,428	\$ 498,253	\$ 47,825
105% of Exchange Value	\$ 339,994	\$ 376,604	\$ 36,660	\$ 422,784	\$ 46,820	\$ 430,045	\$ 475,605	\$ 45,561
100% of Exchange Value	\$ 323,803	\$ 358,670	\$ 34,867	\$ 402,658	\$ 44,584	\$ 409,662	\$ 452,957	\$ 43,296
95% of Exchange Value	\$ 307,663	\$ 340,737	\$ 33,074	\$ 382,532	\$ 42,348	\$ 389,278	\$ 430,309	\$ 41,031
90% of Exchange Value	\$ 291,523	\$ 322,803	\$ 31,280	\$ 362,406	\$ 40,112	\$ 368,895	\$ 407,662	\$ 38,766
85% of Exchange Value	\$ 275,383	\$ 304,870	\$ 29,487	\$ 342,280	\$ 37,876	\$ 348,512	\$ 385,014	\$ 36,501
80% of Exchange Value	\$ 259,243	\$ 286,936	\$ 27,694	\$ 322,154	\$ 35,639	\$ 328,129	\$ 362,366	\$ 34,237
75% of Exchange Value	\$ 243,103	\$ 269,003	\$ 25,900	\$ 302,028	\$ 33,403	\$ 307,746	\$ 339,718	\$ 31,972
70% of Exchange Value	\$ 226,962	\$ 251,069	\$ 24,107	\$ 281,903	\$ 31,167	\$ 287,363	\$ 317,070	\$ 29,707
65% of Exchange Value	\$ 210,822	\$ 233,136	\$ 22,314	\$ 261,777	\$ 28,931	\$ 266,980	\$ 294,422	\$ 27,442
60% of Exchange Value	\$ 194,682	\$ 215,202	\$ 20,520	\$ 241,651	\$ 26,695	\$ 246,597	\$ 271,774	\$ 25,177
55% of Exchange Value	\$ 178,542	\$ 197,269	\$ 18,727	\$ 221,525	\$ 24,458	\$ 226,214	\$ 249,126	\$ 22,913
50% of Exchange Value	\$ 162,402	\$ 179,335	\$ 16,934	\$ 201,399	\$ 22,222	\$ 205,831	\$ 226,479	\$ 20,648

(1) Assumes that the enterprise value equals the percentage of exchange value noted in the relevant row.

(2) Represents override payable to Malkin Holdings LLC with respect to distributions out of capital proceeds per \$10,000 original investment.

The enterprise value (which is based on the IPO price) will be determined by, among other things, market conditions at the time of pricing of the IPO, the historical and future performance of the company and its portfolio of properties and the market's view of the company's net asset value and other valuation metrics. Today, some REITs' common stock trades at a premium to perceived net asset value and others trade at a discount to perceived net asset value. The market's view of the company's net asset value determined in connection with the IPO could be less than the exchange values determined based on the Appraisal. The Appraisal was undertaken in connection with establishing relative value for the purpose of allocation of interests in the company among contributors of interests in the properties and not to establish the value of shares of common stock in the company upon completion of the IPO. In contrast, the pricing of REIT initial public offerings generally takes into account different factors not considered in the Appraisal, including current conditions in the securities markets, investor preferences and the market's view of the company's management team. Additionally, the Appraisal did not take into account transaction costs for the consolidation and the IPO.

The supervisor believes that initial public offering pricing for REIT common stock generally is at a discount to the market price for common stock of well-established, publicly-traded REITs, and that the company's IPO pricing will be no different. For this and other reasons, the supervisor expects that the enterprise value at the pricing of the IPO will be lower than the aggregate exchange value at the pricing of the IPO.

Edgar Filing: Empire State Realty Trust, Inc. - Form 424B3

and such discount at the pricing of the IPO could be material and substantial. This discount cannot be determined until the pricing of the IPO. As the company continues to develop a track record as a public company, the supervisor believes that the company's trading price following the IPO

Table of Contents

will be based on, among other things, the company's historical and future performance, its performance relative to its peers, market conditions generally and its continued seasoning in the public markets.

Q: What is the difference between how the exchange value was determined and how the enterprise value of the company will be determined?

A: In the prospectus/consent solicitation, there are descriptions of the exchange values of the subject LLCs and discussion of the enterprise value in valuing the consideration that participants will receive. The following summarizes how the exchange value and the enterprise value are determined.

The aggregate exchange value is the sum of the exchange values of each of the subject LLCs, private entities and the management companies. These exchange values were calculated by the independent valuer based on the Appraisal (after making certain adjustments). The description of the Appraisal is set forth under Reports, Opinions and Appraisals Appraisal and the adjustments to the Appraisal to calculate the exchange values is set forth under Exchange Value and Allocation of Operating Partnership Units and Common Stock Derivation of Exchange Values.

The enterprise value is the value of the company after completion of the consolidation (but immediately before the IPO). While this prospectus/consent solicitation shows the value of the consideration that you would receive based on the exchange value solely for illustrative purposes, the actual value of your consideration will be based on the enterprise value. The enterprise value is the value of the company determined based on IPO price rather than the appraised value. The enterprise value will equal the total number of shares of common stock and total number of operating partnership units issuable in the consolidation (excluding any shares of common stock issued in the IPO, and assuming all participants in the private entities receive shares of common stock or operating partnership units and not cash) multiplied by the IPO price. The enterprise value will not be known until the IPO pricing date. The prospectus for the IPO will show the number of shares of common stock and operating partnership units outstanding immediately before the IPO (which may be different from the hypothetical number of shares calculated by dividing the aggregate exchange value by the \$10 per share hypothetical price per share) and the IPO price.

The enterprise value (which is based on the IPO price) will be determined by, among other things, market conditions at the time of pricing of the IPO, the historical and future performance of the company and its portfolio of properties and the market's view of the company's net asset value and other valuation metrics. The Appraisal was undertaken in connection with establishing relative pre-consolidation value for the purpose of allocation of interests in the company among contributors of interests in the properties and not to establish the value of shares of common stock in the company upon completion of the IPO. In contrast, the pricing of REIT initial public offerings generally takes into account different factors not considered in the Appraisal, including current conditions in the securities markets, investor preferences and the market's view of the company's management team. Additionally, the Appraisal did not take into account transaction costs for the consolidation and IPO.

Q: If my subject LLC consolidates with the company, may I choose to receive something other than operating partnership units?

A: Yes. Each participant will have the opportunity to receive operating partnership units in a transaction expected to be tax-deferred for U.S. federal income tax purposes. Each participant in the subject LLCs will receive operating partnership units, unless he or she elects to receive shares of Class A common stock or, to a limited extent, Class B common stock. Each participant may elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participant would otherwise receive in the consolidation. Each share of Class B common stock has 50 votes on all matters on which stockholders are entitled to vote and the same economic interest as a share of Class A common stock, and one share of Class B common stock and 49 operating partnership units together represent a similar economic value as 50 shares of Class A common stock.

Table of Contents

Q: Will I receive a distribution of cash from my subject LLC at the closing of the consolidation?

A: The subject LLCs will distribute promptly following the closing any excess cash held by them at the time of the closing of the consolidation. The cash to be distributed by a subject LLC will be (i) any cash held by such entity at the closing in excess of the normalized level of net working capital for such entity, as determined by the supervisor, (ii) the consolidation expenses reimbursed by the operating partnership to the subject LLC at the closing of the consolidation out of proceeds of the IPO and (iii) overage rent that will have accrued through the date of the closing of the consolidation.

The following table shows, for each of the subject LLCs, the amount of cash at September 30, 2012 which would have been available for distribution by the subject LLCs (in addition to any amounts that would have been distributable out of accrued overage rent) had the closing occurred on such date; the amount of reimbursement for costs incurred in connection with the consolidation and the IPO out of the proceeds of the IPO entitled to be received by the subject LLCs as of September 30, 2012; total distributions by each subject LLC and to each participant per \$10,000 original investment out of such excess cash (including such reimbursements); the payment under the voluntary pro rata reimbursement program per \$10,000 original investment; the amount of cash distributions that would be received by participants who consent to the voluntary pro rata reimbursement program per \$10,000 original investment and the additional proceeds to be received by participants from the class action settlement per \$10,000 original investment.

	Available Cash	Reimbursement of Costs in Connection with the Consolidation and IPO	Total Distribution to Participants	Total Distribution to Participants per \$10,000 Original Investment ⁽¹⁾	Payment under Voluntary Pro Rata Reimbursement Program per \$10,000 Original Investment	Distribution to Participants Who Consent to the Voluntary Pro Rata Reimbursement Program per \$10,000 Original Investment	Additional Proceeds to be Received by Participants from the Class Action Settlement per \$10,000 Original Investment ⁽²⁾
Empire State Building Associates L.L.C.	\$ 3,350,000	\$ 15,500,000	\$ 18,850,000	\$ 5,012	\$ 1,029	\$ 3,983	\$ 9,840 ⁽³⁾
60 East 42nd St. Associates L.L.C.	\$ 150,000	\$ 3,600,000	\$ 3,750,000	\$ 5,357	\$ 2,410	\$ 2,947	\$ 6,530
250 West 57th St. Associates L.L.C.	\$ 380,000	\$ 1,800,000	\$ 2,180,000	\$ 6,055	\$ 2,080	\$ 3,975	\$ 6,370 ⁽⁴⁾

(1) The actual amount of distributions will be based on cash available at closing of the consolidation and no assurance can be given that these cash amounts will be available for distribution.

(2) The allocation of settlement proceeds from the class action settlement is in addition to the distributions shown elsewhere in this table. The allocation of net settlement proceeds (that is, net of any court-awarded attorneys' fees and expenses) shown in the table is based on the current plan of allocation proposed by counsel for the class plaintiffs. The settlement and the allocation of settlement proceeds are approximate and subject to court approval, and the proposed allocation is subject to revision by counsel for the class. They are not effective until such court approval is final, including the resolution of any appeal.

(3) \$8,350 per \$10,000 original investment for participants not subject to voluntary capital override.

(4) \$4,700 per \$10,000 original investment for participants not subject to voluntary capital override.

Q: Who will pay transaction expenses relating to the consolidation and the IPO if the consolidation closes and the IPO is consummated, and who will pay the transaction costs relating to the consolidation and the IPO if the consolidation does not close?

A: If the company acquires the property of your subject LLC in the consolidation and the IPO is consummated, the company will bear all consolidation and IPO expenses. Your subject LLC will be reimbursed for the consolidation expenses previously paid by it out of the proceeds from the IPO and the amount reimbursed will be distributed to participants in your subject LLC. Each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. is allocable

Table of Contents

share of the costs of the consolidation and IPO as of September 30, 2012 are \$16,024,725, \$4,286,205, and \$2,232,502, respectively. The supervisor estimates that the aggregate costs of the consolidation and IPO will be approximately \$75,000,000 and that each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. s allocable share of such aggregate costs will be approximately \$18,600,000, \$4,900,000 and \$2,600,000, respectively. If the consolidation does not close or your subject LLC does not approve the consolidation, your subject LLC will bear its proportionate share of the consolidation and IPO expenses based on exchange values and will not be reimbursed for the consolidation and IPO expenses previously paid by it.

Q: What will I be entitled to receive if I don t vote **FOR** the consolidation and the consolidation proposal is approved by my subject LLC?
A: If you vote **AGAINST** the consolidation, you do not vote or you **ABSTAIN**, and your subject LLC participates in the consolidation, if you are a participant in 250 West 57th St. Associates L.L.C., you will receive operating partnership units, unless you elect to receive shares of Class A common stock or, to a limited extent, as described in response to the immediately preceding question, Class B common stock, and, as set forth under the section entitled Summary Voting Procedures for the Consolidation Proposal and the Third-Party Portfolio Proposal, if you are a participant in Empire State Building Associates L.L.C. or 60 East 42nd St. Associates L.L.C., your participation interests will be subject to a buyout pursuant to a buyout right included in the participating agreements since inception of the subject LLCs, even if the consolidation is not consummated or the consolidation is not approved by the other participating groups in your subject LLC. The buyout amount for your interest would be substantially lower than the exchange value. The buyout amount, which is equal to the original cost less capital repaid, but not less than \$100, is currently \$100 for the interest held by a participant in Empire State Building Associates L.L.C. and \$100 for the interest held by a participant in 60 East 42nd St. Associates L.L.C., as compared to the exchange value of \$323,800 (or \$358,670 if you are not subject to the voluntary capital override) per \$10,000 original investment for Empire State Building Associates L.L.C. and \$402,660 per \$10,000 original investment for 60 East 42nd St. Associates L.L.C., respectively. Prior to an agent purchasing the participation interests of non-consenting participants for the benefit of the applicable subject LLC, the agent will give such participants not less than ten days notice after the required supermajority consent is received by the applicable participating group in such subject LLC to permit them to consent to the consolidation or the third-party portfolio proposal, as applicable, in which case their participation interests will not be purchased.

Q: Who is the supervisor?

A: The supervisor of the subject LLCs, Malkin Holdings LLC, provides all asset management services for, and supervises the operations of, the subject LLCs. Anthony E. Malkin and Peter L. Malkin are principals of the supervisor. The supervisor, which is related to the principals who formed the subject LLCs, was appointed as the supervisor of the subject LLCs pursuant to the original partnership agreement of each of the subject LLCs and is the only party which has performed, and is authorized to perform, this role under the subject LLCs organizational documents. The supervisor is controlled and managed by lineal descendants of the founder of the subject LLCs, Lawrence A. Wien. The members of the supervisor are Peter L. Malkin, Anthony E. Malkin, direct descendants of Peter L. Malkin, and trusts and entities, the beneficiaries and owners of which are Peter L. Malkin, his descendants and their spouses, and Thomas N. Keltner, Jr. The subject LLCs were originally established as partnerships with no managing general partner or managing member and the supervisor is responsible for the operations and administrative functions on behalf of the subject LLCs. The supervisor, in its capacity as supervisor of each of the subject LLCs, provides and directs all administrative and oversight services. The supervisor also provides similar services to the private entities, including the private entities that hold operating lease interests in the properties owned by the subject LLCs.

Table of Contents

Q: What are the rights of holders of Class A common stock and Class B common stock?

A: Each share of Class A common stock entitles the holder to one vote. Operating partnership units have economic rights similar to the Class A common stock but do not have the right to vote on matters presented to holders of Class A common stock and Class B common stock. The participants in the subject LLCs have an option to elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participant would otherwise receive in the consolidation. Accredited investors in the private entities and the management companies had the same option at the time they made their election of consideration in the private solicitation. The Class B common stock provides its holder with a voting right that is no greater than if such holder had received solely Class A common stock in the consolidation. Each outstanding share of Class B common stock entitles the holder to 50 votes on all matters on which the stockholders of Class A common stock are entitled to vote, including the election of directors, and holders of shares of Class A common stock and Class B common stock will vote together as a single class. Each share of Class B common stock has the same economic interest as a share of Class A common stock, and one share of Class B common stock and 49 operating partnership units together represent a similar economic value as 50 shares of Class A common stock. One share of Class B common stock may be converted into one share of Class A common stock at any time, and one share of Class B common stock is subject to automatic conversion into one share of Class A common stock upon a direct or indirect transfer of such share of Class B common stock or certain transfers of the operating partnership units held by the holder of Class B common stock (or a permitted transferee) to a person other than a permitted transferee.

Q: What are the rights of holders of operating partnership units, and when are operating partnership units exchangeable for shares of common stock?

A: Holders of operating partnership units and stockholders of the company will have the same rights to distributions. Holders of operating partnership units will not have the right to vote on matters presented to holders of common stock. Participants will have the right to elect to receive Class B common stock, which vote together as a class with the Class A common stock, in lieu of a portion of the operating partnership units issuable to them, as described in response to the immediately preceding question.

Beginning 12 months after the completion of the IPO, each holder of operating partnership units will have the right, subject to the terms and conditions set forth in the operating partnership agreement, to require the operating partnership to redeem all or a portion of its operating partnership units for a cash amount equal to the then-current market value of one share of Class A common stock per operating partnership unit, or, at the company's election, to exchange each such operating partnership unit for a share of Class A common stock on a one-for-one basis.

The operating partnership units will be issued in three separate series to the participants in each of the three subject LLCs, other than the Wien group. The operating partnership units of each of these series are expected to be separately listed on the NYSE and traded separately. In addition, a separate series of operating partnership units, which will not be listed on a national securities exchange, will be issued to the participants in the private entities and the Wien group. Each series of operating partnership units has identical rights as to distributions, liquidation and other rights as a limited partner in the operating partnership. The four series vote together as a single class on all matters on which the holders of operating partnership units have the right to vote or consent. The separate series were created because there are unique U.S. federal income tax consequences to the participants receiving each series of listed operating partnership units (as compared to ownership of operating partnership units of another series) depending on the subject LLC in which they have an interest and the tax aspects of the property contributed by such entity. By issuing the operating partnership units in separate series, each of the operating partnership units in a series that will be trading on the NYSE is expected to be uniform with other operating partnership units of that series with regard to distributions, liquidation and other rights as a limited partner in the operating partnership.

Table of Contents

Q: When can I sell operating partnership units or shares of Class A common stock of the company after the consolidation and the IPO?

A: After the consolidation and the IPO, each participant (except the Malkin Family, whose members are subject to a longer restrictive period in which they cannot sell) will have the ability to sell up to 50% of both the operating partnership units and common stock received in the consolidation at any time after the 180th day following the IPO pricing date and the balance of the operating partnership units and Class A common stock 12 months after the IPO pricing date. This includes Class A common stock issuable in exchange for operating partnership units, which are only issuable in exchange for operating partnership units beginning 12 months after the completion of the IPO, and Class B common stock. In addition, each participant in the subject LLCs that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to 4.0% of the operating partnership units he or she receives with respect to each subject LLC (assuming all of the participants in each subject LLC elect to receive operating partnership units, the enterprise value equals the aggregate exchange value and the IPO price equals \$10 per share), which treats all three subject LLCs equally after having determined for Empire State Building Associates L.L.C. the minimum amount required by the NYSE for it to meet the requirements as the primary listing. Participants in the subject LLCs who receive operating partnership units may also sell operating partnership units, subject to restrictions described above, although the market for operating partnership units may be more limited than the market for Class A common stock.

Q: Will I be able to transfer the operating partnership units and shares of Class A common stock I receive in the consolidation?

A: As limited partners of the operating partnership or stockholders of the company, participants will own operating partnership units and Class A common stock, as applicable, which are expected to be listed on the NYSE, and therefore will be publicly valued and freely tradable. Participants will be able to achieve liquidity by selling all or part of their shares of Class A common stock, subject to the restrictions of applicable U.S. federal and state securities laws and after expiration of the lock-up period. Participants may also achieve liquidity through sale of Class A common stock issued in exchange for operating partnership units and Class B common stock, subject to such restrictions. Participants in the subject LLCs who receive operating partnership units may also sell operating partnership units, subject to restrictions described above, although the market for operating partnership units may be more limited than the market for Class A common stock. In addition, each participant in the subject LLCs that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to 4.0% of the operating partnership units he or she receives with respect to each subject LLC (assuming all of the participants in each subject LLC elect to receive operating partnership units, the enterprise value equals the aggregate exchange value and the IPO price equals \$10 per share), which treats all three subject LLCs equally after having determined for Empire State Building Associates L.L.C. the minimum amount required by the NYSE for it to meet the requirements as the primary listing.

Q: Why is the company entering into the IPO?

A: The IPO is an integral part of the consolidation, the reasons for which are described in response to the immediately preceding question. The supervisor believes that the IPO will provide liquidity by exchanging the current, illiquid interests held by participants for shares of Class A common stock (or operating partnership units or to a limited extent, as described herein, Class B common stock exchangeable for Class A common stock) expected to be listed on the NYSE, which investors may sell from time to time as and when they so desire (subject to the restrictions of applicable U.S. federal and state securities laws and after expiration of the lock-up period as described in this prospectus/consent solicitation). There is expected to be an active trading market in the Class A common stock as a result of the IPO. The supervisor also believes the consolidated entity will have access to additional sources of capital. The company intends to use the proceeds from the IPO (i) to provide cash consideration in the consolidation to the non-accredited investors in the private entities in an estimated amount equal to \$85.3 million, (ii) to pay fees and other

Table of Contents

expenses of the consolidation and the IPO (including in connection with the assumption of indebtedness), in an estimated amount equal to \$155.0 million, (iii) to repay a loan made by investors in one of the private entities, including Anthony E. Malkin and Peter L. Malkin, to such private entity, in an amount equal to \$3.6 million, (iv) to pay transfer taxes and other expenses and for general working capital purposes, in an estimated amount equal to \$84.2 million, and (v) with respect to the balance of the net proceeds, to provide cash consideration to the Helmsley estate and other charitable organizations, to provide them cash in lieu of common stock or operating partnership units in an amount estimated to equal \$671.9 million. The estimated amounts shown in the preceding sentences assume that the net proceeds from the IPO are equal to the assumed net proceeds set forth in the pro forma financial statements. If additional shares of Class A common stock are sold in the IPO, the net proceeds will be used to pay additional cash in lieu of common stock or operating partnership units to the Helmsley estate and other charitable organizations. See the unaudited pro forma financial information for the company beginning on page F-5 of this prospectus/consent solicitation.

Q: What discretion does the supervisor and the Helmsley estate have not to proceed with the IPO?

A: The company will proceed with the IPO only if the IPO is approved by a pricing committee formed in connection with the IPO. The pricing committee will have the authority to evaluate market conditions, determine the desirability of continuing to pursue the IPO and approve the price and terms of the IPO, based, in part, on discussions with the underwriters retained for the IPO. The pricing committee will consist of representatives of the supervisor and a representative of the Helmsley estate, who must act unanimously to approve the IPO. Accordingly, the supervisor and the Helmsley estate each have the discretion to determine whether the IPO will proceed. If the IPO does not close, the consolidation will not close.

Q: What are the conditions for the consolidation to close?

A: The following conditions must be satisfied to consummate the consolidation of the subject LLC: (i) requisite consent of the participants in the subject LLC must have been received; (ii) the closing of the IPO and the listing of the three series of operating partnership units issued to participants in the subject LLCs and Class A common stock on the NYSE or another national securities exchange; (iii) the closing of the consolidation no later than December 31, 2014; (iv) the contribution to the company of the property interests in the Empire State Building owned by Empire State Building Associates L.L.C., which owns the fee interest and the underlying land, and Empire State Building Company L.L.C., the private entity which is the operating lessee with respect to the Empire State Building, and (v) other customary conditions. The consolidation is not conditioned on any of the other subject LLCs or private entities contributing their property interests to the company in the consolidation.

Q: Has the company received consents from the private entities and the management companies for the consolidation?

A: All required consents of the private entities and the management companies, including the consents of the Wien group and the interests of the estate of Leona M. Helmsley (which is referred to herein as the Helmsley estate), to the acquisition by the company of the assets of the private entities and the management companies have been obtained prior to the date of this prospectus/consent solicitation. In addition, the Wien group collectively owns participation interests in the subject LLCs and has advised that it will vote in favor of the consolidation and the third-party portfolio proposal. These participation interests held by the Wien group represent the following percentage ownership for each subject LLC: 8.195% for Empire State Building Associates L.L.C., 8.447% for 60 East 42nd St. Associates L.L.C. and 8.912% for 250 West 57th St. Associates L.L.C. In addition to the participation interests, members of the Wien group hold override interests, which are non-voting. See Background of and Reasons for the Consolidation Background of the Subject LLCs.

Table of Contents

Q: Have there been prior transactions that are comparable to the consolidation?

A: The proposed consolidation and IPO include many elements that generally are not present in other transactions. These elements include the acquisitions of properties and assets from more than 20 private entities and the three publicly registered entities, the acquisition of the properties from the subject LLCs in a transaction in which the securities are being registered on a Registration Statement on Form S-4 that is subject to the SEC's roll-up regulations, certain of the subject LLCs and the private entities having a two-tier ownership structure, and an IPO by the company following completion of the solicitation of the participants in the subject LLCs and simultaneously with the closing of the consolidation. As a result, the supervisor believes that the consolidation is a unique transaction and is not aware of any comparable transaction.

Q: When will the buyout provisions be triggered?

A: The buyout provisions for Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. are triggered only if a supermajority consent is received with respect to either the consolidation or the third-party portfolio transaction by the applicable participating group. Unanimity on the consents is required pursuant to the organizational documents of Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. with respect to both the consolidation and the third-party portfolio proposal for the consent of a participating group; therefore, a participant in either of such subject LLCs who does not vote in favor of such proposal (**and does not change his or her vote after notice that the requisite supermajority consent has been obtained**) will be subject to this buyout regardless of whether either or neither transaction is consummated or the required consent of other participating groups is received. If the required supermajority consent is not received by the applicable participating group, participants cannot and will not be subject to the buyout provisions. Thus, a participant in Empire State Building Associates L.L.C. or 60 East 42nd St. Associates L.L.C. would be subject to a buyout if such participant:

votes **AGAINST** or **ABSTAINS** with respect to the consolidation, and the supermajority consent from participants in such participant's participating group is obtained with respect to the consolidation, and votes **FOR** the third-party portfolio transaction;

votes **AGAINST** or **ABSTAINS** with respect to the third-party portfolio transaction, and the supermajority consent from participants in such participant's participating group is obtained with respect to the third-party portfolio transaction, and votes **FOR** the consolidation;

votes **AGAINST** or **ABSTAINS** with respect to the consolidation and votes **AGAINST** or **ABSTAINS** with respect to the third-party portfolio transaction, and the supermajority consent from participants in such participant's participating group is obtained with respect to either or both proposals; or

does not vote and the supermajority consent from participants in such participant's participating group is obtained with respect to either or both proposals.

For a description of the procedures for a participant to change his or her vote after receipt of the buyout notice, see Voting Procedures for the Consolidation Proposal and the Third-Party Portfolio Proposal Required Vote for the Consolidation Proposal and the Third-Party Portfolio Proposal and Other Conditions.

Q: What is a REIT, and why will the company elect to be a REIT?

A: A REIT is an entity that has elected and qualifies to be taxed as a real estate investment trust under the Internal Revenue Code of 1986, as amended, referred to herein as the Code. A REIT is subject to requirements under the Code related to, among other things, the nature of its income and the composition of its assets, the amount of its annual distributions, and the diversity of its stock ownership. The primary benefit of REIT qualification is that a REIT is generally entitled to a deduction for dividends that it pays

Table of Contents

and, therefore, is not subject to U.S. federal corporate income tax on its net income distributed to its stockholders if it distributes its net taxable income to its stockholders on an annual basis. Therefore, upon a distribution of dividends by the company to its stockholders, income generated by the company will be taxed only at the stockholder-level. By contrast, a non-REIT C corporation is subject to U.S. federal corporate income tax on its taxable income without regard to dividends paid, and its stockholders are subject to U.S. federal income tax on dividends received.

Q: What is the scope of the public U.S. REIT market?

A: According to the National Association of Real Estate Investment Trusts, as of December 13, 2012, there were approximately 154 REITs in the U.S. that trade on one of the major stock exchanges, with 144 trading on the NYSE. Total equity market capitalization was approximately \$578 billion.

Q: What is the operating partnership?

A: The structure of the company generally is referred to as an UPREIT structure. Substantially all of the company's assets will be held directly or indirectly by the operating partnership. Holders of operating partnership units and stockholders of the company will have the same rights to distributions. This structure generally will enable the company to acquire assets in transactions that will not trigger the recognition of gain to the owners of the acquired assets, assuming certain conditions are met.

The company will be the sole general partner of the operating partnership. As such, the company generally has the exclusive power under the operating partnership agreement to manage and conduct the business of the operating partnership, without the consent of the holders of operating partnership units or the stockholders.

The operating partnership units will be owned by the company and by any person who transfers interests or assets to the operating partnership or one of its subsidiaries in exchange for operating partnership units, including participants in the private entities and the Malkin Holdings group that will be issued operating partnership units as part of the consolidation in exchange for their participation interests and override interests in the private entities and the subject LLCs and their interests in certain of the management companies, as applicable. The company will own one operating partnership unit for each outstanding share of common stock.

Q: Why am I being asked to consent to a third-party portfolio proposal?

A: As a potential alternative to the consolidation, you also are being asked to consent to the sale or contribution of the subject LLC's property interest as part of a sale or contribution of the properties owned by the subject LLCs, the private entities and the management companies as a portfolio to an unaffiliated third party. Through solicitation of consents, for the first time the properties owned by the subject LLCs and the private entities can be joined as a single portfolio. While the supervisor believes the consolidation and IPO represent the best opportunity for participants in the subject LLCs and the private entities to achieve liquidity and to maximize the value of their respective investments, the supervisor also believes it is in the best interest of all participants for the supervisor to be able to approve offers from unaffiliated third parties for the portfolio as a whole.

Market forces are dynamic, unpredictable, and subject to volatility. Should the public awareness of the proposed consolidation and IPO produce potential compelling offers from unaffiliated third parties to purchase the consolidated portfolio, it will be costly and time consuming to solicit consents to allow a sale or contribution of the portfolio to a third party, and there is considerable risk that any opportunity which might appear would be lost without the requested consent in place. Therefore, the supervisor believes that it is advisable to have the flexibility and discretion, subject to certain conditions, to accept an offer for the entire portfolio of properties from an unaffiliated third party, rather than pursue the consolidation and IPO, if the supervisor determines the offer price includes what the supervisor believes is an adequate premium above the value that is expected to be realized over time from the consolidation. The third-party portfolio

Table of Contents

transaction would be undertaken only if the aggregate consideration payable in the third-party portfolio transaction is at least 115% of the aggregate exchange value for the subject LLCs, the private entities and the management companies included in the third-party portfolio transaction and certain other conditions are met. Any third-party portfolio proposal must provide for all cash, payable in full at closing, but such proposal may provide for an option for all participants to elect to receive securities as an alternative to cash. If the proposal provides for a securities option, the Malkin Family will have the right to elect to receive securities only on the same proportional basis as other participants. No member of the Malkin Family will be an affiliate, consultant, employee, officer or director of the acquiror after the closing or receive any compensation from the acquiror (other than consideration that they will receive in the third-party portfolio transaction). In addition, the supervisor has agreed that it will not accept a third-party offer unless it is unanimously approved by a committee which will include representatives of the supervisor and a representative of the Helmsley estate. The supervisor will be authorized to approve offers only if definitive agreements are entered into prior to December 31, 2015 or such earlier date as the supervisor may set with or without notice or public announcement.

Q: What will I be entitled to receive if I don't vote **FOR** the third-party portfolio proposal and it is approved by my subject LLC?

A: If you vote **AGAINST** the third-party portfolio proposal, you do not vote or you **ABSTAIN**, and your subject LLC participates in the third-party portfolio proposal, if you are a participant in 250 West 57th St. Associates L.L.C. you will receive the same consideration as other participants. Participants in 250 West 57th St. Associates L.L.C. are not subject to a buyout. As set forth under the section entitled

Summary Voting Procedures for the Consolidation Proposal and the Third-Party Portfolio Proposal, if you are a participant in Empire State Building Associates L.L.C. or 60 East 42nd St. Associates L.L.C., your participation interests will be subject to a buyout pursuant to a buyout right included in the participating agreements since inception of the subject LLCs even if the third-party portfolio proposal is not approved by the other participating groups in your subject LLC. The buyout amount for your interest would be substantially lower than the exchange value in connection with the allocation of consideration in the consolidation. The buyout amount, which is equal to the original cost less capital repaid, but not less than \$100, is currently \$100 for the interest held by a participant in Empire State Building Associates L.L.C. and \$100 for the interest held by a participant in 60 East 42nd St. Associates L.L.C., as compared to the exchange value of \$323,800 (or \$358,670 if you are not subject to the voluntary capital override) per \$10,000 original investment for Empire State Building Associates L.L.C. and \$402,660 per \$10,000 original investment for 60 East 42nd St. Associates L.L.C., respectively. Prior to an agent purchasing the participation interests of non-consenting participants for the benefit of the applicable subject LLC, the agent will give such participants not less than ten days' notice after the required supermajority consent is received by the applicable participating group in such subject LLC to permit them to consent to the consolidation or the third-party portfolio proposal, as applicable, in which case their participation interests will not be purchased and you will participate on the same basis as other participants who approve the third-party portfolio proposal.

Q: Why am I being asked to consent to a voluntary pro rata reimbursement program?

A: You are being asked to consent to a voluntary pro rata reimbursement program pursuant to which the supervisor and Peter L. Malkin, a principal of the supervisor, will be reimbursed for the prior advances of all costs, plus interest, incurred in connection with the legal proceedings with Helmsley-Spear, Inc., the former property manager and leasing agent, which resulted in the removal of the former property manager and leasing agent as property manager and leasing agent of the properties owned by the subject LLCs and certain of the private entities and has enabled a renovation and repositioning turnaround program to be implemented by the supervisor. If you consent to the voluntary pro rata reimbursement program, the supervisor and Peter L. Malkin will be reimbursed for your pro rata share of costs, plus interest, previously incurred out of your share of the excess cash of your subject LLC that is being distributed to participants,

Table of Contents

and, to the extent that is insufficient, the consideration that you would receive in the consolidation or the consideration that you would receive in a third-party portfolio transaction, as applicable, will be reduced by the balance (valued, if the consolidation is consummated, at the IPO price) and such balance would be paid to the supervisor and Peter L. Malkin in shares of Class A common stock, if the consolidation is consummated, or out of distributions that you would receive from the proceeds of a third-party portfolio transaction, if consummated, or out of distributions from operations of the subject LLC.

The table below shows the amount to be received by the supervisor out of the distributions of each consenting participant for each \$10,000 of original investment by a participant pursuant to the voluntary pro rata reimbursement program:

	Voluntary Reimbursement Per \$10,000 Original Investment⁽¹⁾	Total Potential Reimbursement with 100% Participation
Empire State Building Associates L.L.C.	\$ 1,029	\$ 3,396,880
60 East 42nd St. Associates L.L.C.	\$ 2,410	\$ 1,687,101
250 West 57th St. Associates L.L.C.	\$ 2,080	\$ 748,704

(1) Empire State Building Associates L.L.C. s, 60 East 42nd St. Associates L.L.C. s and 250 West 57th St. Associates L.L.C. s share of the aggregate voluntary reimbursement (before any reimbursements) is \$3,150,896, \$1,564,930, and \$694,487, respectively, plus interest. The amount shown in the table includes accrued interest through September 30, 2012 and does not include interest which will accrue subsequent to September 30, 2012. 97% of the potential voluntary reimbursement is attributable to advances by Peter L. Malkin for payments to unaffiliated third parties, with interest thereon at prime, and 3% is for amounts to be paid to the supervisor for work it performed.

The Helmsley estate, as part of an agreement with the supervisor covering this and other matters, has paid the voluntary pro rata reimbursement to the supervisor for its pro rata share of costs advanced, plus interest, which totaled \$5,021,048.

To consent to this proposal, simply indicate on the enclosed consent form that you want to consent to this proposal, then sign and submit the consent form by mail in the accompanying postage-paid envelope or by facsimile as soon as possible. If you **CONSENT** to the voluntary pro rata reimbursement program, your consent is made only with respect to your participation interest, and your participation in the program is not dependent on the consent of any other participant. If you sign and send in your consent form and do not indicate that you want to consent, you will be counted as **NOT** consenting to this proposal. If you indicate on your consent form that you **ABSTAIN**, you will be counted as **NOT** consenting to this proposal.

The withholding of your consent or your failure to consent to the voluntary pro rata reimbursement program will not result in any buyout of your participation interests.

Q: Who can vote on the consolidation and third-party portfolio proposal?

A: Participants in each subject LLC who hold participation interests in such subject LLC during the consent solicitation period are entitled to vote **FOR** or **AGAINST** each of the proposed consolidation and the third-party portfolio proposal with respect to such subject LLC. In the event of a transfer of a participation interest that previously has been voted, that vote will remain in effect unless revoked by the transferee.

The Wien group collectively owns participation interests in the subject LLCs and has advised that it will vote in favor of the consolidation and the third-party portfolio proposal. These participation interests represent the following percentage ownership for each subject LLC: 8.195% for Empire State Building Associates L.L.C., 8.447% for 60 East 42nd St. Associates L.L.C. and 8.912% for 250 West 57th St. Associates L.L.C. In addition to the participation interests, members of the Wien group hold override interests which are non-voting. See **Background of and Reasons for the Consolidation Background of the Subject LLCs.**

Table of Contents

Q: What is the required vote for the consolidation proposal and the third-party portfolio proposal?

A: For each of the consolidation proposal and the third-party portfolio proposal to be approved, participants holding 100% of the outstanding participation interests in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. must approve that proposal, and participants holding greater than 75% of the outstanding participation interests in eight out of the ten participating groups of 250 West 57th St. Associates L.L.C. must approve that proposal. If you are a participant in 250 West 57th St. Associates L.L.C., approval by the required vote of the participants in 250 West 57th St. Associates L.L.C. in favor of a proposal will be binding on you, even if you vote **AGAINST** such proposal.

If holders of 80% of the participation interests in any of the three participating groups in Empire State Building Associates L.L.C. or holders of 90% of the participation interests in any of the seven participating groups in 60 East 42nd St. Associates L.L.C. approve the consolidation or third-party portfolio proposal, as shown in the tabulation of consents by MacKenzie Partners, Inc., pursuant to a buyout right included in the participating agreements, the agent of any such participating group will purchase on behalf of the subject LLC the participation interest of any participant in such participating group that voted **AGAINST** the consolidation or the third-party portfolio proposal or **ABSTAINED**, as applicable, or that did not submit a consent form, even if the proposal is not approved by the other participating groups in such subject LLC, unless such participant consents to the proposal within ten days after receiving written notice that the required supermajority consent has been received by such participant's participating group, for the buyout amount. A participant that changes his or her vote after receipt of the buyout notice will receive consideration on the same basis as other participants who approved the consolidation proposal or the third-party portfolio proposal.

Because consent of the agents for each of the participating groups is required for Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C., if any one of the three participating groups in Empire State Building Associates L.L.C. or any one of the seven participating groups in 60 East 42nd St. Associates L.L.C. does not approve the consolidation proposal or the third-party portfolio proposal, the proposal will not be approved by the relevant subject LLC.

Q: How do I vote **FOR** the consolidation and the third-party portfolio proposal?

A: Simply indicate on the enclosed consent form how you want to vote for each proposal, then sign and submit the consent form by mail in the accompanying postage-paid envelope or by facsimile as soon as possible so that your participation interest may be voted **FOR** or **AGAINST** each proposal. If you sign and send in your consent form and do not indicate how you want to vote on either one of these proposals, your consent will be counted as a vote **FOR** such proposal. If you do not submit your consent form or you indicate on your consent form that you **ABSTAIN** from either proposal, it will have the effect of voting **AGAINST** such proposal. If you vote **FOR** the consolidation and your subject LLC participates in the consolidation, you effectively will preclude other alternatives, other than a third-party portfolio transaction, unless you vote **AGAINST** the third-party portfolio proposal. These alternatives include continuation of your subject LLC and a sale of your subject LLC's interest in the property and the resulting distribution of the net proceeds to its participants. Each of these proposals is subject to a separate consent and approval of each proposal is not dependent on approval of any other proposal.

Q: Can I change my vote on the consolidation proposal or the third-party portfolio proposal after I submit my consent form?

A: Yes. You can change your vote on the consolidation proposal, the third-party portfolio proposal, or both, at any time before the later of the date that consents from participants holding the required percentage interests in your participating group are received and the 60th day after the beginning of the solicitation period, as described in further detail in response to the next question. In addition, participants in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. that voted against the consolidation proposal, the third-party portfolio proposal, or both, or abstained from either or both of those proposals, will

Table of Contents

be notified and may change their vote within ten days of receiving notice that the subject LLC has received consents from participants holding the required percentage interests. The required percentage interests for Empire State Building Associates L.L.C. is 80% of the outstanding participation interests in each of the three participating groups, for 60 East 42nd St. Associates L.L.C. is 90% of the outstanding participation interests in each of the seven participating groups and for 250 West 57th St. Associates L.L.C. is 75% of the outstanding participation interests in eight out of the ten participating groups. As of September 30, 2012, each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. had 2,878, 857, and 640 total participants holding 3,300, 700, and 720 total participation interests, respectively.

As of September 30, 2012, the following numbers of participation interests were held by the number of participants in each subject LLC's participating groups:

	Number of Participants	Number of Participation Interests Held ⁽¹⁾
Empire State Building Associates L.L.C.		
Participating Group 1.	1,156	1,100
Participating Group 2	1,146	1,100
Participating Group 3	1,152	1,100

(1) Based on an original investment per participation interest of \$10,000.

	Number of Participants	Number of Participation Interests Held ⁽¹⁾
60 East 42nd St. Associates L.L.C.		
Participating Group 1.	129	100
Participating Group 2	148	100
Participating Group 3	131	100
Participating Group 4.	132	100
Participating Group 5	144	100
Participating Group 6	137	100
Participating Group 7.	144	100

(1) Based on an original investment per participation interest of \$10,000.

	Number of Participants	Number of Participation Interests Held ⁽¹⁾
250 West 57th St. Associates L.L.C.		
Participating Group 1.	46	72
Participating Group 2	73	72
Participating Group 3	89	72
Participating Group 4.	63	72
Participating Group 5	84	72
Participating Group 6	73	72
Participating Group 7.	66	72
Participating Group 8.	58	72
Participating Group 9	87	72
Participating Group 10	69	72

(1) Based on an original investment per participation interest of \$5,000.

You can change your vote in one of two ways: you can send the company a written statement that you would like to change your vote, or you can send the company a new consent form. Any change in your vote or new consent form should be sent to MacKenzie Partners, Inc., the vote

tabulator, by mail or facsimile, as described below.

Table of Contents

Q: What is the process by which I may change my vote on the consolidation proposal or the third-party portfolio proposal?

A: You may change your vote at any time before the later of the date that consents from participants holding the required percentage interest in your participating group are received and the 60th day after the beginning of the solicitation period. In addition, a participant in Empire State Building Associates L.L.C. or 60 East 42nd St. Associates L.L.C. that does not consent to (or who abstains from or does not vote with respect to) the consolidation or the third-party portfolio proposal, as applicable, may also change his or her vote to consent to the consolidation or the third-party portfolio proposal, as applicable, within ten days after the notice that the required supermajority consent from the participants in such participant's participating group has been received with respect to such proposal is sent, as described below.

A participant can change his or her vote by sending to MacKenzie Partners, Inc., the vote tabulator, (i) a written statement that he or she would like to change his or her vote, or (ii) a new consent form, in either case, by mail, to 105 Madison Avenue, NY, NY 10016, or by facsimile, to (212) 929-0308. Either MacKenzie Partners, Inc. or the supervisor will send to the participant a written acknowledgment by facsimile or, if requested by the participant, mail, that the participant's vote has been changed promptly following receipt of a changed vote. Participants may call MacKenzie Partners, Inc. during the solicitation period to check whether or not the required supermajority consent from the participants in such participant's participating group has been received, or to confirm that such participant's changed vote has been received.

If a participant in Empire State Building Associates L.L.C. or 60 East 42nd St. Associates L.L.C. votes **AGAINST** the consolidation or the third-party portfolio proposal, **ABSTAINS** or does not submit a consent form and the supermajority consent of his or her participating group is received, the agent for his or her participating group will provide the written buyout notice, stating that such supermajority consent from the participants in such participant's participating group has been received to the participant following the expiration of the solicitation period, as the same may be extended.

The following is a hypothetical example illustrating the general timeline for this process:

DAY 1: the solicitation period begins two days after the date of this prospectus/consent solicitation

DAY 46: the required supermajority consent for the consolidation is received by the participating group

DAY 47: the required supermajority consent for the third-party portfolio transaction is received by the participating group

DAY 61: the solicitation period expires; for the applicable participating group in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C., the buyout notice that such supermajority consent from the participants in the applicable participating group has been received is mailed to participants who voted **AGAINST** or **ABSTAINED** on the consolidation or the third-party portfolio transaction, or did not vote.

DAY 71: expiration of 10-day period during which participants may change their vote to **FOR**.

Q: Are there tax consequences as a result of the consolidation?

A: It is expected that the consolidation should be treated for U.S. federal income tax purposes as follows:

- (i) If you receive solely shares of Class A common stock, the consolidation should be treated as a taxable sale of your participation interest in which gain or loss is recognized. Such gain or loss should generally equal the difference between your amount realized (which generally will equal the amount of the aggregate fair market value of shares of common stock that you receive, plus any distribution you receive of consolidation expenses that the operating partnership pays as a reimbursement to your subject LLC, plus the share of liabilities associated with your participation interests that you are deemed to be relieved of under U.S. federal income tax law) and your

Table of Contents

adjusted tax basis in your participation interests. You will realize phantom income if you have a negative capital account with respect to your participation interest. In each of 250 West 57th St. Associates L.L.C. and 60 East 42nd St. Associates L.L.C., original participants have a negative capital account. If you are an individual or a partnership for New York State personal income tax purposes, any gain that you recognize in the consolidation will generally be treated as New York source income for New York State personal income tax purposes. As a result, you (or, if you are a partnership, any of your partners who are individuals) will generally be subject to New York State personal income tax on such gain even if you are treated as a New York nonresident for purposes of the New York State personal income tax. The New York City personal income tax should not apply to individuals who are treated as New York City nonresidents for purposes of the tax. If all of your participation interest is exchanged for Class A common stock pursuant to the consolidation, suspended passive activity losses associated with your participation interest, if any, may be eligible for treatment as losses that are not from a passive activity to the extent that they exceed income and gains from passive activities for your taxable year that includes the consolidation.

- (ii) If you receive solely operating partnership units, or if you receive a combination of (a) operating partnership units and (b) shares of common stock that do not exceed your allocable share, after certain adjustments, of certain qualified capital expenditures of the subject LLC, as further described under U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation Receipt of Operating Partnership Units (the reimbursement amount), the consolidation should be treated as a tax-deferred contribution by the subject LLC of the subject LLC's property to the operating partnership in exchange for operating partnership units and common stock as a reimbursement of certain qualified capital expenditures, followed by a tax-deferred distribution of such operating partnership units and common stock to you. You should not generally recognize gain unless (i) the disguised sale rules of the Code apply, (ii) you are deemed to receive a constructive distribution of cash in excess of your tax basis in your operating partnership units under Sections 731 and 752(b) of the Code due to a reduction in your share of partnership liabilities or (iii) you have at-risk recapture income under Section 465(e) of the Code. To the extent that you do not recognize gain in the consolidation for U.S. federal income tax purposes, you also generally should not recognize gain for purposes of the New York State personal income tax and, if applicable, the New York City personal income tax.
- (iii) If you receive a combination of (a) operating partnership units and (b) shares of common stock in excess of your reimbursement amount, you should be treated as first selling a portion of your participation interest for such excess shares of common stock in a transaction in which gain or loss is recognized. Following such sale, the subject LLC should be treated as contributing the portion of its property not attributable to participation interests otherwise treated as having been sold to the operating partnership in exchange for operating partnership units and common stock as a reimbursement of qualified capital expenditures in a tax-deferred contribution, and the subject LLC should be treated as distributing operating partnership units and shares of common stock equal to your reimbursement amount to you in a tax-deferred distribution.

If you consent to the voluntary pro rata reimbursement program, you may be treated as receiving shares of common stock that you would otherwise receive in the consolidation and immediately transferring such shares of common stock to the supervisor as a reimbursement payment. For this purpose, even if you elect to receive solely operating partnership units in the consolidation, you should be treated as receiving shares of common stock equal to the amount that you are treated as transferring to the supervisor as a reimbursement payment. Accordingly, the gain or loss that you recognize in the consolidation transaction should take into account your deemed receipt of such common stock. You should be entitled to deduct the value of the shares of common stock that you are deemed to pay to the supervisor as an expense associated with your participation interest in your subject LLC. This deduction should offset the amount of gain you recognize, or

Table of Contents

increase the amount of losses you would otherwise recognize, as a result of your deemed receipt of shares of common stock. However, this deduction may be subject to certain limitations depending on your individual circumstances and may be required to be capitalized, and you should consult with your tax advisor regarding your ability to utilize all or a portion of this deduction for U.S. federal income tax purposes. See U.S. Federal Income Tax Considerations U.S. Federal Income Tax Considerations of the Voluntary Pro Rata Reimbursement Program for the Former Property Manager and Leasing Agent Legal Proceedings.

Participants should carefully review U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation. Participants should consult with their tax advisors with regard to the U.S. federal income tax, New York State personal income tax and New York City personal income tax consequences of receiving operating partnership units or common stock in exchange for their participation interests in their particular circumstances.

Q: In addition to this prospectus/consent solicitation, I received a supplement. What is the difference between this prospectus/consent solicitation and the supplement?

A: The purpose of this prospectus/consent solicitation is to describe the consolidation generally and to provide you with a summary of the investment considerations generally applicable to all of the subject LLCs. The purpose of the supplement is to describe the investment considerations particular to your subject LLC.

After you read this prospectus/consent solicitation, the supervisor urges you to read the supplement. The supplement contains information particular to your subject LLC. This information is material in your decision whether to vote **FOR** or **AGAINST** the consolidation.

Q: When do you expect the consolidation to be completed?

A: The company plans to complete the consolidation as soon as possible after the receipt of the approval by the required vote of your subject LLC's participants and the approval by the required vote of the other subject LLCs' participants, conditioned on the closing of the IPO. The company is unable to estimate the closing date of the consolidation and has required that it be completed no later than December 31, 2014. Your consent form must be received by March 25, 2013, unless the supervisor extends the solicitation period. The supervisor reserves the right to extend on one or more occasions the solicitation period for one or more proposals for one or more subject LLCs or one or more participating groups in a subject LLC without extending for other proposals, subject LLCs or participating groups whether or not it has received approval for the consolidation or the third-party portfolio proposal.

If the consolidation is approved, the contribution agreements require that the consolidation be consummated by December 31, 2014. There could be significant changes in the value of the company between the date that the consents are received and the date of consummation of the consolidation. The contribution agreements use a formula to ascribe value to the subject LLCs, the private entities, and the management companies based, in part, on the relative exchange values of the subject LLCs, the private entities, and the management companies determined as of June 30, 2012 and effectively locks in the relative values of the subject LLCs, the private entities, and the management companies for purposes of the consolidation, whenever consummated. The consents will not be affected by any change in value, including any change in the relative value of a subject LLC as compared to the value of other subject LLCs, private entities or the management companies. The consolidation may be consummated regardless of how significant such changes are and may be consummated notwithstanding such changes.

Q: If I own participation interests in more than one subject LLC, what should I do?

A: For each subject LLC in which you own a participation interest, in the same mailing in which you received this prospectus/consent solicitation you have received a transmittal letter, supplement and consent form which provides for vote with respect to the consolidation proposal and the third-party portfolio

Table of Contents

proposal. Regardless of how many subject LLCs in which you own a participation interest, you have received a single copy of the prospectus/consent solicitation. Participants in each subject LLC will vote separately on whether or not to approve the consolidation. Accordingly, if you hold participation interests in more than one subject LLC, you must complete one consent form for each subject LLC in which you are a participant.

Q: Information in this prospectus/consent solicitation is based on a \$10,000 original investment. Where can I find information about my actual original investment?

A: Information is presented in this prospectus/consent solicitation based on a \$10,000 original investment to allow participants to determine the effect on them individually. Information regarding the amount of your actual original investment will be provided on the consent form sent to you.

Table of Contents

WHO CAN HELP ANSWER YOUR QUESTIONS?

If you have more questions about the consolidation or would like additional copies of the prospectus/consent solicitation or the supplement relating to your subject LLC(s) (which will be provided at no cost), you should contact the person designated on the consent form sent to you.

Table of Contents

SUMMARY

*This summary highlights information contained elsewhere in this prospectus/consent solicitation and may not contain all of the information regarding the consolidation that is important to you. To understand the consolidation and the third-party portfolio proposal fully and for a more complete description of the terms of and risks related to the consolidation and the third-party portfolio proposal, you should read carefully this entire prospectus/consent solicitation, the accompanying supplement relating to your subject LLC, the accompanying transmittal letter and the other documents to which the supervisor or the company, as applicable, has referred you, including the appendices and documents incorporated into this prospectus/consent solicitation by reference. See *Where You Can Find More Information*.*

Purpose of this Prospectus/Consent Solicitation

You are being requested to approve the consolidation in which your subject LLC will contribute its assets to the company as part of the consolidation in exchange for operating partnership units and/or common stock of the company. As part of the consolidation, the company also will enter into similar transactions with the other subject LLCs, the private entities and with the supervisor and other management companies that provide services to the subject LLCs and these entities. The company will be led by its Chairman, Chief Executive Officer and President, Anthony E. Malkin, who has provided portfolio leadership as president of the supervisor, while Peter L. Malkin will continue to provide guidance as Chairman Emeritus, all supported by the supervisor's team of executives and staff, who are expected to join the company as part of the consolidation. The consolidation also will result in the creation of a company with a board of directors consisting predominantly of independent directors, which will be responsible for overseeing the operations of the company. Anthony E. Malkin will be the only management member of the board of directors and will be the only member of the Malkin Family that will be employed by the company or receive salary or other compensation from the company.

The supervisor believes you will benefit from this consolidation through newly created opportunities for liquidity, enhanced property diversification, increased growth opportunities, enhanced operating and financing abilities and efficiencies, combined balance sheets, anticipated regular quarterly cash distributions, and continued leadership by the principals of the supervisor under the accountability of the governance structure of a company with its Class A common stock expected to be listed on the New York Stock Exchange, which is referred to herein as the NYSE, and a board of directors consisting predominantly of independent directors.

The supervisor believes this transaction represents the best opportunity for value enhancement for your investment in the subject LLC after years of action under the supervisor's leadership to preserve, restore, and enhance your investment. Included in that history is a challenging time, which began with litigation commenced in 1997 by Peter L. Malkin and the supervisor to remove Helmsley-Spear, Inc., the former property manager and leasing agent (after it was sold by entities controlled by Leona M. Helmsley), as property manager and leasing agent of the properties owned by the subject LLCs and other properties, which are now included in the plans for this consolidation.

Since the successful resolution of that litigation, the supervisor has overseen the engagement by the subject LLCs of independent property management and leasing agents, developed and substantially effected a comprehensive renovation and repositioning program for improving the physical condition of and upgrading the credit quality of tenants at the property, and raised the property's profile as part of a well regarded portfolio brand. The supervisor believes that it is an opportune time for the subject LLCs to take advantage of the opportunity to participate in the consolidation which will afford participants better value protection through diversification, growth opportunities through potential acquisitions and potential growth in revenue of the initial properties and more stable cash flows for distributions, as well as administrative and operating efficiencies. Additionally, the supervisor believes the consolidation provides value enhancement through better access to capital and liquidity for investors who so desire.

Table of Contents

The supervisor has reviewed this transaction carefully and believes that current and anticipated property results provide favorable prospects for the consolidation. The supervisor will consider the capital market conditions at the time the IPO is ready to commence, but the supervisor is confident that a well located, well run, well capitalized portfolio of office and retail properties in Manhattan and in the greater New York metropolitan area is a desirable portfolio for an IPO.

The consolidation offers participants the opportunity to become limited partners in the operating partnership and stockholders of the company, which is being formed to continue and expand the commercial real estate business of the subject LLCs, the private entities and the management companies participating in the consolidation. The supervisor has developed a comprehensive knowledge of its markets that has been acquired through its senior management team's substantial experience and is a recognized operator of office and retail properties.

Manhattan and the greater New York metropolitan area is one of the most-prized office markets in the world and a world-renowned retail market. Its status is derived from a combination of supply constraints and high barriers to entry, as well as near-term and long-term prospects for job creation, vacancy absorption and rental rate growth. Upon completion of the consolidation, all of the company's properties will be located in Manhattan and the greater New York metropolitan area. The supervisor believes that the company will represent a unique opportunity to invest in a well-capitalized company with real estate in these most-prized markets and recognized and respected leadership. The company's primary focus will be to manage its current portfolio and acquire and reposition office and retail properties in Manhattan and the greater New York metropolitan area.

A subject LLC will participate in the consolidation only if participants holding more than the required percentage of the outstanding participation interests in the subject LLC vote in favor of the consolidation, as described herein.

Description of the Company and the Subject LLCs

Overview

The company is a self-administered and self-managed real estate investment trust, or REIT, that owns, manages, operates, acquires and repositions office and retail properties in Manhattan and the greater New York metropolitan area. The company was formed to continue and expand the commercial real estate business of the supervisor and its affiliates. The company's primary focus will be to continue to own, manage and operate its current portfolio and to acquire and reposition office and retail properties in Manhattan and the greater New York metropolitan area.

As of September 30, 2012, the company owned 12 office properties (including one long-term ground leasehold interest) encompassing approximately 7.7 million rentable square feet of office space, which were approximately 79.8% leased (or 83.3% giving effect to leases signed but not yet commenced as of that date). Seven of these properties are located in the midtown Manhattan market and encompass in the aggregate approximately 5.9 million rentable square feet of office space, including the Empire State Building. The company's Manhattan office properties also contain an aggregate of 433,545 rentable square feet of premier retail space on their ground floor and/or lower levels. The company's remaining five office properties are located in Fairfield County, Connecticut and Westchester County, New York, encompassing in the aggregate approximately 1.8 million rentable square feet. The majority of square footage for these five properties is located in densely populated metropolitan communities with immediate access to mass transportation. Additionally, the company has entitled land at the Stamford Transportation Center in Stamford, Connecticut, adjacent to one of its office properties, that will support the development of an approximately 380,000 rentable square foot office building and garage, which is referred to herein as Metro Tower. As of September 30, 2012, the company's portfolio also included four standalone retail properties located in Manhattan and two standalone retail properties

Table of Contents

located in the city center of Westport, Connecticut, encompassing 204,452 rentable square feet in the aggregate. As of September 30, 2012, the company's standalone retail properties were 100.0% leased in the aggregate.

In addition, the company has an option to acquire from three private entities supervised by the supervisor two additional Manhattan office properties encompassing approximately 1.5 million rentable square feet of office space and 154,149 rentable square feet of ground floor retail space. Each of the Malkin Holdings group and the Helmsley estate owns interests in such private entities. These option properties currently are subject to ongoing litigation and the company has an option to acquire fee, long-term leasehold, sub-leasehold and/or sub-subleasehold interests in these two properties, as applicable, after such litigation is resolved. These properties are referred to herein as the option properties. For more information please see "The Company Business and Properties" Description of Option Properties.

From 2002 through 2006, the supervisor gradually gained full control of the day-to-day management of the company's Manhattan office properties (with the Helmsley estate holding certain approval rights at some of these properties as a result of its interest in the entities owning the properties). Helmsley-Spear, Inc. had provided property management services to the company's Manhattan office properties during the period from 2002 through 2006 prior to its removal as property manager. See "Business and Properties" History for more information regarding how the supervisor gained full control of the day-to-day management of the company's Manhattan office properties. Since then, the supervisor has been undertaking a comprehensive renovation and repositioning strategy of its Manhattan office properties that has included the physical improvement through upgrades and modernization of, and tenant upgrades in, such properties. Since the supervisor assumed full control of the day-to-day management of the company's Manhattan office properties beginning with One Grand Central Place in 2002 and through September 30, 2012, the subject LLCs and the private entities have invested a total of approximately \$342.0 million (excluding tenant improvement costs and leasing commissions) in its Manhattan office properties pursuant to this program. The company currently intends to invest between \$100.0 million and \$130.0 million of additional capital through the end of 2013. The company expects to complete substantially this program by the end of 2013, except with respect to the Empire State Building, which is the last Manhattan office property that began its renovation program. In addition, the company currently estimates that between \$85.0 million and \$115.0 million of capital is needed beyond 2013 to complete substantially the renovation program at the Empire State Building, which the company expects to occur by the end of 2016, due to the size and scope of the company's remaining work and the company's desire to minimize tenant disruptions at the property. The company intends to fund these capital improvements through a combination of operating cash flow and borrowings.

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

Table of Contents

The Empire State Building is the company's flagship property and provides the company with a significant and diversified source of revenue through its office and retail leases, observatory operations and broadcasting licenses and related leased space. Empire State Building Associates L.L.C. owns the fee interest in, and the land underlying, the Empire State Building. On a pro forma basis, during the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively, the company generated approximately \$181.6 million and \$213.4 million of revenue from the Empire State Building. The ongoing repositioning of the Empire State Building, which comprises 2,696,316 rentable square feet of office space and 169,215 rentable square feet of retail space, is representative of the company's strategic vision for its Manhattan office properties. To date, the renovation and repositioning efforts have enabled the supervisor to lease significant amounts of space at the Empire State Building to new higher credit-quality tenants, including: LF USA; Skanska; Coty, Inc.; the Federal Deposit Insurance Corporation; Funaro & Co.; Kaltex North America, Inc.; LinkedIn; Noven Pharmaceuticals; People's Daily Online USA; Taylor Global; The Freeh Group; Turkish Airlines; and World Monuments Fund. The company believes completing the repositioning program for the Empire State Building, as well as its other Manhattan office properties, represents a significant growth opportunity for the company.

In addition to the Empire State Building, the company's portfolio attracts high quality tenants to its high quality, midtown Manhattan and greater New York metropolitan area office properties.

Major tenants of 1333 Broadway include LF USA, Inc., Aetna Life Insurance Company, OCE-USA Holdings, and a variety of service firms and retail tenancy in its multi-level retail space. Major tenants of 1350 Broadway include E-Bay, Tarter Krinsky & Drogin LLP, Marketfish, Ecolab, Open Space Institute, a variety of service firms including Carrier Corporation and retail tenancy in its multi-level retail space including Bank Santander (Sovereign Bank), Duane Reade (a division of Walgreen Co.), HSBC, Starbucks, and FedEx/Kinko's. Major tenants of 1359 Broadway include LF USA Inc., IPREO Holdings LLC, Actimize, Inc., Equifax, Parkinson's Disease Foundation and a variety of leading not-for-profit and service firms. Major tenants of 501 Seventh Avenue include the corporate headquarters of both Carolina Herrera Ltd. and Warnaco, Local Initiatives Support Corporation, a variety of service firms and retail tenancy including Chipotle Mexican Grill and Pot Belly Sandwich Shop. One Grand Central Place is largely a small tenant building. Its major tenants include Fairfield Maxwell Group, Ales Group USA, Inc., Tourist Office of Spain, American Bureau of Shipping, Pine Brook Road Partners LLC, a variety of financial, services, corporate, and not-for-profit tenants and retail tenancy in its multi-level retail space including JP Morgan Chase Bank, Bank of America, N.A., and Charles Schwab & Co. 250 West 57th Street is largely a small tenant building. Its major tenant is Perseus Books Group and its other tenants include a variety of financial, services, corporate, and not-for-profit tenants including N.S. Bienstock, Inc., Chase Paymentech (a division of JPMorgan Chase Bank) and retail tenancy in its multi-level retail space including TJ Maxx, the Gap, and Duane Reade (a division of Walgreen Co.).

In the greater New York metropolitan area, the company's portfolio includes high quality suburban office properties in densely populated metropolitan communities in Fairfield County, Connecticut and Westchester County, New York. Major tenants of the greater New York metropolitan area flagship Metro Center (at the Transportation Center in Stamford, Connecticut) include Thomson Reuters, Jefferies Group, Columbus Circle Investors, OMI Group, Olympus Partners, BP Energy, Tweedy, Browne Company and a variety of other investment management and private equity firms. Major tenants of First Stamford Place (within a short walking distance of the Transportation Center in Stamford, Connecticut) include Ernst & Young, Legg Mason, Citibank, N.A., Elizabeth Arden, Inc., Thomson Reuters, Guardian Life Insurance Company, the corporate headquarters of Crane Co., Air Castle Advisor LLC, National Indemnity Company, Gleacher Securities Group Inc., Robert W. Baird, Inc., MKM Partners, Jones Lang LaSalle, Bank of Ireland, Forevermark US Inc., and a variety of investment management and service firms. Major tenants of 383 Main Avenue (at the intersection of the Merritt Parkway and Route 7 in Norwalk, Connecticut) include Reed Elsevier, Inc., Nestle Holdings, Inc., Cisco Systems, Inc., SunGard, CIT LLC, SAP America, Inc., SymphonyIRI Group, Multiple Myeloma Research Foundation, Fairfield County Community Trust and a variety of not-for-profit and service firms. Major tenants of 10 Bank Street (at the Transportation Center

Table of Contents

in White Plains, New York) include JP Morgan Chase Bank, Pearson Education, Inc., Fifth Street Capital, Inc., Rockwood Capital, LLC, Pine Brook Road Partners, LLC, Evolution Markets, LLC, US Renewables Group, Liberty Mutual, Nokia, Marubeni Specialty Chemicals Inc., Hitachi Cable America Inc., and a variety of leading investment management and service firms. Major tenants of 500 Mamaroneck Avenue (between the Hutchinson River Parkway and Interstate 95 in Harrison, New York) include Mariner Investment Group, O Connor Davies Munn & Dobbins, Pasternak Wine Imports, Universal Remote Control, Stark Business Solutions and a variety of financial and service firms.