BANK OF NOVA SCOTIA
Form 424B2
February 04, 2016

Filed Pursuant to Rule 424(b)(2)

Registration No. 333-200089

The Bank of Nova Scotia

$15,570,000

Capped Enhanced Participation Notes, Series A

Linked to the S&P 500® Index Due March 7, 2017

The notes will not bear interest. The amount that you will be paid on your notes at maturity (March 7, 2017) is based on the performance of the S&P 500® Index (the reference asset) as measured from the trade date (February 2, 2016) to and including the valuation date (March 2, 2017). If the final level on the valuation date is greater than the initial level of 1,903.03 the return on your notes will be positive, subject to the maximum redemption amount of $1,189.55 for each $1,000 principal amount of your notes. **If the final level is less than the initial level, the return on your notes will be negative. Any payment on your notes is subject to the creditworthiness of The Bank of Nova Scotia.**

To determine your payment at maturity, we will first calculate the percentage increase or decrease in the final level from the initial level (the percentage change). At maturity, for each $1,000 principal amount of your notes:

- if the final level is *greater than* the initial level (the percentage change is positive), you will receive an amount in cash equal to the *sum* of (i) $1,000 plus (ii) the *product* of (a) $1,000 *times* (b) the percentage change *times* (c) 1.7, subject to the maximum redemption amount; or

- if the final level is *less than* or *equal to* the initial level (the percentage change is negative or zero), you will receive an amount in cash equal to the *sum* of (i) $1,000 *plus* (ii) the *product* of (a) $1,000 *times* (b) the percentage change.

Following the determination of the initial level, the amount you will be paid on your notes at maturity will not be affected by the closing level of the reference asset on any day other than the valuation date. **If the percentage change is negative, the payment you will receive at maturity will be less than the principal amount of your notes.** Further, the maximum payment that you could receive at maturity with respect to each $1,000 principal amount of your notes is limited to the maximum redemption amount. **In addition, no other payments on your notes will be made prior to maturity.**

Investment in the notes involves certain risks. You should refer to Additional Risks in this pricing supplement and Additional Risk Factors Specific to the Notes beginning on page PS-5 of the accompanying product prospectus supplement and Risk Factors beginning on page S-2 of the accompanying prospectus supplement and on page 7 of the accompanying prospectus.

The estimated value of your notes at the time the terms of your notes were set on the trade date was $979 per $1,000 principal amount, which is less than the original issue price of your notes. For a discussion of the estimated value and the price at which at which Goldman, Sachs & Co. would initially buy or sell your notes, if it makes a market in the notes (which it is not obligated to do), see Additional Information Regarding Estimated Value of the Notes on page P-2 of this pricing supplement.

	Per Note	Total
Original Issue Price	100.00%	$15,570,000
Underwriting commissions	1.06%	$165,042
Proceeds to The Bank of Nova Scotia	98.94%	$15,404,958

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE NOTES OR PASSED UPON THE ACCURACY OR THE ADEQUACY OF THIS PRICING SUPPLEMENT, THE ACCOMPANYING PROSPECTUS, PROSPECTUS SUPPLEMENT OR PRODUCT PROSPECTUS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE NOTES ARE NOT INSURED BY THE CANADA DEPOSIT INSURANCE CORPORATION PURSUANT TO THE CANADA DEPOSIT INSURANCE CORPORATION ACT OR THE U.S. FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY OF CANADA, THE UNITED STATES OR ANY OTHER JURISDICTION.

Scotia Capital (USA) Inc.

Goldman, Sachs & Co.
Dealer

Pricing Supplement No. 1 dated February 2, 2016

The Capped Enhanced Participation Notes, Series A Linked to the S&P 500® Index Due March 7, 2017 (the notes) offered hereunder are unsecured obligations of The Bank of Nova Scotia (the Bank) and are subject to investment risks including possible loss of the principal amount invested due to the negative performance of the reference asset and the credit risk of The Bank of Nova Scotia. As used in this pricing supplement, the Bank, we, us or our refers to The Bank of Nova Scotia. The notes will not be listed on any U.S. securities exchange or automated quotation system.

The return on your notes will relate to the price return of the reference asset and will not include a total return or dividend component. The notes are derivative products based on the performance of the reference asset. The notes do not constitute a direct investment in any of the shares, units or other securities represented by the reference asset. By acquiring notes, you will not have a direct economic or other interest in, claim or entitlement to, or any legal or beneficial ownership of any such share, unit or security and will not have any rights as a shareholder, unitholder or other security holder of any of the issuers including, without limitation, any voting rights or rights to receive dividends or other distributions.

Scotia Capital (USA) Inc., our affiliate, will purchase the notes from us for distribution to other registered broker dealers or will offer the notes directly to investors. Scotia Capital (USA) Inc. or any of its affiliates or agents may use this pricing supplement in market-making transactions in notes after their initial sale. Unless we, Scotia Capital (USA) Inc. or another of its affiliates or agents selling such notes to you informs you otherwise in the confirmation of sale, the final pricing supplement to which this pricing supplement relates is being used in a market-making transaction. See Supplemental Plan of Distribution (Conflicts of Interest) in this pricing supplement and Supplemental Plan of Distribution on page PS-31 of the accompanying product prospectus supplement.

The original issue price, underwriting commissions and proceeds to the Bank listed above relate to the notes we issue initially. We may decide to sell additional notes after the date of this pricing supplement, at original issue prices and with underwriting commissions and proceeds to the Bank that differ from the amounts set forth above. The return (whether positive or negative) on your investment in the notes will depend in part on the original issue price you pay for such notes.

Additional Information Regarding Estimated Value of the Notes

The estimated value of your notes at the time the terms of your notes were set on the trade date was $979 per $1,000 principal amount, which is less than the original issue price of your notes. The pricing models used to determine the estimated value consider certain variables, including principally our credit spreads, interest rates (forecasted, current and historical rates), volatility, price-sensitivity analysis and the time to maturity of the notes. The difference between the estimated value of your notes and the original issue price is a result of certain factors, including principally the underwriting discount and commissions, the expenses incurred in creating, documenting and marketing the notes, and an estimate of the difference between the amounts we pay to Goldman, Sachs & Co. (GS&Co.) and the amounts GS&Co. pay to us in connection with your notes. We pay to GS&Co. amounts based on what we would pay to holders of a non-structured note with a similar maturity. In return for such payment, GS&Co. pays to us the amount we owe under the notes.

The price at which GS&Co. will make a market in the notes (if it makes a market, which it is not obligated to do), and the value of your notes shown on your account statement, will be based on pricing models and variables similar to those used in determining the estimated value on the trade date. The value of your notes at any time will reflect many factors and cannot be predicted; however, the price (not including GS&Co. s customary bid and ask spreads) at which GS&Co. would initially buy or sell notes (if it makes a market, which it is not obligated to do) and the value that GS&Co. will initially use for account statements and otherwise is equal to approximately $990 per $1,000 principal amount, which exceeds the estimated value of your notes on the trade date. The amount of the excess will decline on a straight line basis over the period from the trade date through May 2, 2016.

We urge you to read the Additional Risks beginning on page P-15 of this pricing supplement.

Summary

The information in this Summary section is qualified by the more detailed information set forth in this pricing supplement, the prospectus, the prospectus supplement, and the product prospectus supplement, each filed with the SEC. See Additional Terms of Your Notes in this pricing supplement.

Issuer:	The Bank of Nova Scotia (the Bank)
CUSIP/ISIN:	CUSIP 064159HG4 / ISIN US064159HG42
Type of Notes:	Capped Enhanced Participation Notes, Series A
Reference Asset:	The S&P 500® Index (Bloomberg Ticker: SPX)
Minimum Investment and Denominations:	$1,000 and integral multiples of $1,000 in excess thereof
Principal Amount:	$1,000 per note; $15,570,000 in the aggregate for all the offered notes; the aggregate principal amount of the offered notes may be increased if the Bank, at its sole option, decides to sell an additional amount of the offered notes on a date subsequent to the date of this pricing supplement.
Original Issue Price:	100% of the principal amount of each note
Currency:	U.S. Dollars
Trade Date:	February 2, 2016
Original Issue Date:	February 9, 2016
Maturity Date:	March 7, 2017, subject to adjustment as described in more detail under General Terms of the Notes Maturity Date on page PS-17 in the accompanying product prospectus supplement.
Principal at Risk:	You may lose all or a substantial portion of your initial investment at maturity if there is any percentage decrease from the initial level to the final level.
Purchase at amount other than principal amount:	The amount we will pay you on the maturity date for your notes will not be adjusted based on the original issue price you pay for your notes, so if you acquire notes at a premium (or discount) to principal amount and hold them to the maturity date, it could affect your investment in a number of ways. The return on your investment in such notes will be lower (or higher) than it would have been had you purchased the notes at principal amount. Additionally, the maximum redemption amount would be triggered at a lower (or higher)

	percentage return than indicated below, relative to your initial investment. See Additional Risks If you purchase your notes at a premium to principal amount, the return on your investment will be lower than the return on notes purchased at principal amount and the impact of certain key terms of the notes will be negatively affected on page P-18 of this pricing supplement.
Fees and Expenses:	As part of the distribution of the notes, Scotia Capital (USA) Inc. or one of our affiliates will sell notes to GS&Co. at a discount reflecting underwriting commissions of $10.60 per $1,000 principal amount of notes. The underwriting commissions per $1,000 principal amount are comprised of $2.50 of underwriting fees and $8.10 of selling commission. See Supplemental Plan of Distribution (Conflicts of Interest) in this pricing supplement.

	The price at which you purchase the notes includes costs that the Bank or its affiliates expect to incur and profits that the Bank or its affiliates expect to realize in connection with hedging activities related to the notes, as set forth above. These costs and profits will likely reduce the secondary market price, if any secondary market develops, for the notes. As a result, you may experience an immediate and substantial decline in the market value of your notes on the trade date. See Additional Risks Hedging activities by the Bank and GS&Co. may negatively impact investors in the notes and cause our respective interests and those of our clients and counterparties to be contrary to those of investors in the notes in this pricing supplement.
Payment at Maturity:	The payment at maturity will be based on the performance of the reference asset and will be calculated as follows: If the final level is greater than the initial level, then the payment at maturity will equal: • The lesser of (a) the principal amount + (principal amount x percentage change x participation rate) or (b) the maximum redemption amount If the final level is equal to or less than the initial level, then the payment at maturity will equal: • principal amount + [principal amount x (percentage change)] ***In this case you will suffer a loss on your initial investment in an amount equal to the negative percentage change. Accordingly, you could lose up to 100% of your initial investment.***
Initial Level:	1,903.03
Final Level:	The closing level of the reference asset on the valuation date. As used herein, the closing level of the reference asset on any date will be determined based upon the closing level published on the Bloomberg page SPX<Index> or any successor page on Bloomberg or any successor service, as applicable, on such date. In certain special circumstances, the final level will be determined by the calculation agent, in its discretion, and such determinations will, under certain circumstances, be confirmed by an independent calculation expert. See General Terms of the Notes Unavailability of the Level of the Reference Asset on a Valuation Date and General Terms of the Notes Market Disruption Events beginning on page PS-19 and Appointment of Independent Calculation Experts beginning on page PS-22, in the accompanying product prospectus supplement.

Percentage Change:	The percentage change, expressed as a percentage, with respect to the payment at maturity, is calculated as follows:

$$\frac{\text{final level} \quad \text{initial level}}{\text{initial level}}$$

For the avoidance of doubt, the percentage change may be a negative value.

Participation Rate:	170.00%

Maximum Redemption Amount:	$1,189.55, which equals principal amount x 118.955%. The maximum redemption amount sets a cap on appreciation of the reference asset of 11.150%.
Valuation Date:	March 2, 2017. The valuation date could be delayed by the occurrence of a market disruption event. See General Terms of the Notes Market Disruption Events beginning on page PS-19 in the accompanying product prospectus supplement.
Form of Notes:	Book-entry
Calculation Agent:	Scotia Capital Inc., an affiliate of the Bank
Status:	The notes will constitute direct, unsubordinated and unsecured obligations of the Bank ranking *pari passu* with all other direct, unsecured and unsubordinated indebtedness of the Bank from time to time outstanding (except as otherwise prescribed by law). Holders will not have the benefit of any insurance under the provisions of the *Canada Deposit Insurance Corporation Act*, the U.S. *Federal Deposit Insurance Act* or under any other deposit insurance regime of any jurisdiction.
Tax Redemption:	The Bank (or its successor) may redeem the notes, in whole but not in part, at a redemption price determined by the calculation agent in a manner reasonably calculated to preserve your and our relative economic position, if it is determined that changes in tax laws or their interpretation will result in the Bank (or its successor) becoming obligated to pay additional amounts with respect to the notes. See Tax Redemption below.
Listing:	The notes will not be listed on any securities exchange or quotation system.
Use of Proceeds:	General corporate purposes
Clearance and Settlement:	Depository Trust Company
Business Day:	New York and Toronto
Terms Incorporated:	All of the terms appearing above the item under the caption General Terms of the Notes beginning on page PS-14 in the accompanying product prospectus supplement, as modified by this pricing supplement.

INVESTING IN THE NOTES INVOLVES SIGNIFICANT RISKS. YOU MAY LOSE A SUBSTANTIAL PORTION OF, OR ALL OF, YOUR INVESTMENT. ANY PAYMENT ON THE NOTES, INCLUDING ANY REPAYMENT OF PRINCIPAL, IS SUBJECT TO THE CREDITWORTHINESS OF THE BANK. IF THE BANK WERE TO DEFAULT ON ITS PAYMENT OBLIGATIONS YOU MAY NOT RECEIVE ANY AMOUNTS OWED TO YOU UNDER THE NOTES AND YOU COULD LOSE YOUR ENTIRE INVESTMENT.

ADDITIONAL TERMS OF YOUR NOTES

You should read this pricing supplement together with the prospectus dated December 1, 2014, as supplemented by the prospectus supplement dated December 1, 2014 and the product prospectus supplement (Equity Linked Index Notes, Series A) dated July 9, 2015, relating to our Senior Note Program, Series A, of which these notes are a part. Capitalized terms used but not defined in this pricing supplement will have the meanings given to them in the product prospectus supplement. In the event of any conflict, this pricing supplement will control. ***The notes may vary from the terms described in the accompanying prospectus, prospectus supplement, and product prospectus supplement in several important ways. You should read this pricing supplement carefully, including the documents incorporated by reference herein.***

This pricing supplement, together with the documents listed below, contains the terms of the notes and supersedes all prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in Additional Risk Factors Specific to the Notes in the accompanying product prospectus supplement, as the notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisors before you invest in the notes. You may access these documents on the SEC website at www.sec.gov as follows (or if that address has changed, by reviewing our filings for the relevant date on the SEC website at http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000009631):

Prospectus dated December 1, 2014:

https://www.sec.gov/Archives/edgar/data/9631/000089109214008992/e61582_424b3.htm

Prospectus Supplement dated December 1, 2014:

https://www.sec.gov/Archives/edgar/data/9631/000089109214008993/e61583-424b3.htm

Product Prospectus Supplement (Equity Linked Index Notes, Series A) dated July 9, 2015:

INVESTOR SUITABILITY

The notes may be suitable for you if:

- You fully understand the risks inherent in an investment in the notes, including the risk of losing a substantial portion, or all, of your initial investment.

- You can tolerate a loss of up to 100% of your initial investment.

- You believe that the reference asset will appreciate over the term of the notes and that the appreciation is unlikely to exceed the cap on appreciation within the maximum redemption amount.

- You are willing to hold the notes to maturity, a term of approximately 13 months, and accept that there may be little or no secondary market for the notes.

- You understand and accept that your potential return is limited to the maximum redemption amount.

- You can tolerate fluctuations in the price of the notes prior to maturity that may be similar to or exceed the downside fluctuations in the level of the reference asset.

- You do not seek current income from your investment.

- You are willing to assume the credit risk of the Bank for all payments under the notes, and understand that if the Bank defaults on its obligations you may not receive any amounts due to you including any repayment of principal.

The notes may not be suitable for you if:

- You do not fully understand the risks inherent in an investment in the notes, including the risk of losing a substantial portion, or all, of your initial investment.

- You require an investment designed to guarantee a full return of principal at maturity.

- You cannot tolerate a loss of all or a substantial portion of your initial investment.

- You believe that the level of the reference asset will decline during the term of the notes and the final level will likely decline below the initial level, or you believe the reference asset will appreciate over the term of the notes and that the appreciation is likely to equal or exceed the cap on appreciation within the maximum redemption amount.

- You seek an investment that has unlimited return potential without a cap on appreciation.

- You cannot tolerate fluctuations in the price of the notes prior to maturity that may be similar to or exceed the downside fluctuations in the level of the reference asset.

- You seek current income from your investment or prefer to receive dividends paid on the stocks included in the reference asset.

- You are unable or unwilling to hold the notes to maturity, a term of approximately 13 months, or you seek an investment for which there will be a secondary market.

- You are not willing to assume the credit risk of the Bank for all payments under the notes.

The investor suitability considerations identified above are not exhaustive. Whether or not the notes are a suitable investment for you will depend on your individual circumstances and you should reach an investment decision only after you and your investment, legal, tax, accounting and other advisors have carefully considered the suitability of an investment in the notes in light of your particular circumstances. You should also review Additional Risks in this pricing supplement and the Additional Risk Factors Specific to the Notes beginning on page PS-5 of the Product Prospectus Supplement (Equity Linked Index Notes), Series A and Risk Factors beginning on page S-2 of the accompanying prospectus supplement and Risk Factors on page 7 of the accompanying prospectus for risks related to an investment in the notes.

EVENTS OF DEFAULT AND ACCELERATION

If the notes have become immediately due and payable following an event of default (as defined in the accompanying prospectus) with respect to the notes, the calculation agent will determine the default amount as described below.

Default Amount

The default amount for your notes on any day (except as provided in the last sentence under Default Quotation Period below) will be an amount, in the specified currency for the principal of your notes, equal to the cost of having a qualified financial institution, of the kind and selected as described below, expressly assume all our payment and other obligations with respect to your notes as of that day and as if no default or acceleration had occurred, or to undertake other obligations providing substantially equivalent economic value to you with respect to your notes. That cost will equal:

- the lowest amount that a qualified financial institution would charge to effect this assumption or undertaking, plus

- the reasonable expenses, including reasonable attorneys fees, incurred by the trustees of your notes in preparing any documentation necessary for this assumption or undertaking.

During the default quotation period for your notes, described below, the trustees and/or the Bank may request a qualified financial institution to provide a quotation of the amount it would charge to effect this assumption or undertaking. If either party obtains a quotation, it must notify the other party in writing of the quotation. The amount referred to in the first bullet point above will equal the lowest or, if there is only one, the only quotation obtained, and as to which notice is so given, during the default quotation period. With respect to any quotation, however, the party not obtaining the quotation may object, on reasonable and significant grounds, to the assumption or undertaking by the qualified financial institution providing the quotation and notify the other party in writing of those grounds within two business days after the last day of the default quotation period, in which case that quotation will be disregarded in determining the default amount.

Default Quotation Period

The default quotation period is the period beginning on the day the default amount first becomes due (the due day) and ending on the third business day after that day, unless:

- no quotation of the kind referred to above is obtained, or

- every quotation of that kind obtained is objected to within five business days after the due day as described above.

If either of these two events occurs, the default quotation period will continue until the third business day after the first business day on which prompt notice of an objection is given as described above. If that quotation is objected to as described above within five business days after that first business day, however, the default quotation period will continue as described in the prior sentence and this sentence.

Qualified Financial Institutions

For the purpose of determining the default amount at any time, a qualified financial institution must be a financial institution organized under the laws of any jurisdiction in the United States of America, Europe or Japan, which at that time has outstanding debt obligations with a stated maturity of one year or less from the date of issue and that is, or whose securities are, rated either:

- A-1 or higher by Standard & Poor s Ratings Services, or any successor, or any other comparable rating then used by that rating agency, or

- P-1 or higher by Moody s Investors Service or any successor, or any other comparable rating then used by that rating agency.

If the notes have become immediately due and payable following an event of default, you will not be entitled to any additional payments with respect to the notes. For more information, see Description of the Debt Securities We May Offer Events of Default beginning on page 22 of the accompanying prospectus.

TAX REDEMPTION

The Bank (or its successor) may redeem the notes, in whole but not in part, at a redemption price determined by the calculation agent in a manner reasonably calculated to preserve your and our relative economic position, upon the giving of a notice as described below, if:

- as a result of any change (including any announced prospective change) in or amendment to the laws (or any regulations or rulings promulgated thereunder) of Canada (or the jurisdiction of organization of the successor to the Bank) or of any political subdivision or taxing authority thereof or therein affecting taxation, or any change in official position regarding the application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction), which change or amendment is announced or becomes effective on or after the trade date (or, in the case of a successor to the Bank, after the date of succession), and which in the written opinion to the Bank (or its successor) of legal counsel of recognized standing has resulted or will result (assuming, in the case of any announced prospective change, that such announced change will become effective as of the date specified in such announcement and in the form announced) in the Bank (or its successor) becoming obligated to pay, on the next succeeding date on which a payment is due, additional amounts with respect to the notes; or

- on or after the trade date (or, in the case of a successor to the Bank, after the date of succession), any action has been taken by any taxing authority of, or any decision has been rendered by a court of competent jurisdiction in, Canada (or the jurisdiction of organization of the successor to the Bank) or any political subdivision or taxing authority thereof or therein, including any of those actions specified in the paragraph immediately above, whether or not such action was taken or decision was rendered with respect to the Bank (or its successor), or any change, amendment, application or interpretation shall be officially proposed, which, in any such case, in the written opinion to the Bank (or its successor) of legal counsel of recognized standing, will result (assuming, that such change, amendment or action is applied to the notes by the taxing authority and that, in the case of any announced prospective change, that such announced change will become effective as of the date specified in such announcement and in the form announced) in the Bank (or its successor) becoming obligated to pay, on the next succeeding date on which a payment is due, additional amounts with respect to the notes;

and, in any such case, the Bank (or its successor), in its business judgment, determines that such obligation cannot be avoided by the use of reasonable measures available to it (or its successor).

The redemption price will be determined by the calculation agent, in its discretion, and such determination will, under certain circumstances, be confirmed by an independent calculation expert. See Appointment of Independent Calculation Experts on page PS-22, in the accompanying product prospectus supplement.

In the event the Bank elects to redeem the notes pursuant to the provisions set forth in the preceding paragraph, it shall deliver to the trustees a certificate, signed by an authorized officer, stating that the Bank is entitled to redeem such notes pursuant to their terms in whole only.

The Bank will give notice of intention to redeem such notes to holders of the notes not more than 45 nor less than 30 days prior to the date fixed for redemption specifying, among other things, the date fixed for redemption, and on or promptly after the redemption date, it will give notice of the redemption price.

Other than as described above, the notes are not redeemable prior to their maturity.

HYPOTHETICAL PAYMENTS AT MATURITY ON THE NOTES

The examples set out below are included for illustration purposes only. They should not be taken as an indication or prediction of future investment results and merely are intended to illustrate the impact that the various hypothetical reference asset levels on the valuation date could have on the payment at maturity assuming all other variables remain constant.

The examples below are based on a range of final levels that are entirely hypothetical; the reference asset level on any day throughout the life of the notes, including the final level on the valuation date, cannot be predicted. The reference asset has been highly volatile in the past meaning that the reference asset level has changed considerably in relatively short periods and its performance cannot be predicted for any future period.

The information in the following examples reflects hypothetical rates of return on the offered notes assuming that they are purchased on the original issue date at the principal amount and held to the maturity date. If you sell your notes in a secondary market prior to the maturity date, your return will depend upon the market value of your notes at the time of sale, which may be affected by a number of factors that are not reflected in the table below, such as interest rates, the volatility of the reference asset and our creditworthiness. In addition, the estimated value of your notes at the time the terms of your notes were set on the trade date (as determined by reference to pricing models used by us) is less than the original public offering price of your notes. For more information on the estimated value of your notes, see Additional Risks The estimated value of your notes at the time the terms of your notes are set on the trade date is less than the original issue price of your notes on page P-15 of this pricing supplement. The information in the table and the examples also reflect the key terms and assumptions in the box below.

Key Terms and Assumptions	
Principal amount	$1,000
Participation rate	170.000%
Maximum redemption amount	$1,189.55
Neither a market disruption event nor a non-trading day occurs on the originally scheduled valuation date	
No change in or affecting any of the reference asset constituent stocks or the method by which the sponsor calculates the reference asset	
Notes purchased on the original issue date at the principal amount and held to the maturity date	

For these reasons, the actual performance of the reference asset over the life of your notes, as well as the amount payable at maturity, if any, may bear little relation to the hypothetical examples shown below or to the historical levels of the reference asset shown elsewhere in this pricing supplement. For information about the historical levels of the reference asset during recent periods, see Information Regarding the Reference Asset Historical Information below. Before investing in the offered notes, you should consult publicly available information to determine the levels of the reference asset between the date of this pricing supplement and the date of your purchase of the offered notes.

Also, the hypothetical examples shown below do not take into account the effects of applicable taxes. Because of the U.S. tax treatment applicable to your notes, tax liabilities could affect the after-tax rate of return on your notes to a comparatively greater extent than the after-tax return on the reference asset constituent stocks.

The levels in the left column of the table below represent hypothetical final levels and are expressed as percentages of the initial level. The amounts in the right column represent the hypothetical payment at maturity, based on the corresponding hypothetical final level, and are expressed as percentages of the principal amount of a note (rounded to the nearest one-thousandth of a percent). Thus, a hypothetical payment at maturity of 100.000% means that the value of the cash payment that we would deliver for each $1,000 of the outstanding principal amount of the offered notes on the maturity date would equal 100.000% of the principal amount of a note, based on the corresponding hypothetical final level and the assumptions noted above.

Hypothetical Final Level (as Percentage of Initial Level)	**Hypothetical Payment at Maturity (as Percentage of Principal Amount)**
150.000%	118.955%
140.000%	118.955%
130.000%	118.955%
120.000%	118.955%
111.150%	**118.955%**
108.000%	113.600%
105.000%	108.500%
102.000%	103.400%
100.000%	**100.000%**
90.000%	90.000%
80.000%	80.000%
70.000%	70.000%
60.000%	60.000%
50.000%	50.000%
25.000%	25.000%
0.000%	**0.000%**

If, for example, the final level were determined to be 25.000% of the initial level, the payment at maturity that we would deliver on your notes at maturity would be approximately 25.000% of the principal amount of your notes, as shown in the table above. As a result, if you purchased your notes on the Issue Date at the principal amount and held them to the maturity date, you would lose approximately 75.000% of your investment (if you purchased your notes at a premium to principal amount you would lose a correspondingly higher percentage of your investment). If the final level were determined to be 0.000% of the initial level, you would lose 100.000% of your investment in the notes. In addition, if the final level were determined to be 150.000% of the initial level, the payment at maturity that we would deliver on your notes at maturity would be capped at the maximum redemption amount, or 118.955% of each $1,000 principal amount of your notes, as shown in the table above. As a result, if you held your notes to the maturity date, you would not benefit from any increase in the final level of greater than 111.150% of the initial level.

The following examples illustrate the calculation of the payment at maturity based on the key terms and assumptions above. The amounts below have been rounded per ease of analysis.

Example 1	Calculation of the payment at maturity where the percentage change is positive.	
	Percentage Change:	5.000%
	Payment at Maturity:	$1,000 + ($1,000 x 170.000% x 5.000%) = $1,000 + $85 = $1,085
	On a $1,000 investment, a 5.000% percentage change results in a payment at maturity of $1,085.	
Example 2	Calculation of the payment at maturity where the percentage change is positive (and the payment at maturity is subject to the maximum redemption amount).	
	Percentage Change:	50.000%
	Payment at Maturity:	$1,000 + ($1,000 x 170.000% x 50.000%) = $1,000 + $850 = $1,850 however, the maximum redemption amount is $1,189.55 and the payment at maturity would be $1,189.55
	On a $1,000 investment, a 50.000% percentage change results in a payment at maturity of $1,189.55.	
Example 3	Calculation of the payment at maturity where the percentage change is negative.	
	Percentage Change:	-50.000%
	Payment at Maturity:	$1,000 + [$1,000 x -50.000%] = $1,000 - $500.00 = $500
	On a $1,000 investment, a -50.000% percentage change results in a payment at maturity of $500.	

Accordingly, if the percentage change is negative, the Bank will pay you less than the full principal amount, resulting in a loss on your investment that is equal to the negative percentage change. You may lose up to 100% of your principal.

Any payment on the notes, including any repayment of principal, is subject to the creditworthiness of the Bank. If the Bank were to default on its payment obligations, you may not receive any amounts owed to you under the notes and you could lose your entire investment.

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The following chart shows a graphical illustration of the hypothetical payment at maturity that we would pay on your notes on the maturity date, if the final level were any of the hypothetical levels shown on the horizontal axis. **The hypothetical payments at maturity in the chart are expressed as percentages of the principal amount of your notes and the hypothetical final levels are expressed as percentages of the initial level. The chart shows that any hypothetical final level of less than 100.000% (the section left of the 100.000% marker on the horizontal axis) would result in a hypothetical payment at maturity of less than 100.000% of the principal amount of your notes (the section below the 100.000% marker on the vertical axis) and, accordingly, in a loss of principal to the holder of the notes. The chart also shows that any hypothetical final level of greater than or equal to 111.150% (the section right of the 111.150% marker on the horizontal axis) would result in a capped return on your investment.**

The payments at maturity shown above are entirely hypothetical; they are based on levels of the reference asset that may not be achieved on the valuation date and on assumptions that may prove to be erroneous. The actual market value of your notes on the maturity date or at any other time, including any time you may wish to sell your notes, may bear little relation to the hypothetical payment at maturity shown above, and these amounts should not be viewed as an indication of the financial return on an investment in the offered notes. The hypothetical amounts on notes held to the maturity date in the examples above assume you purchased your notes at their principal amount and have not been adjusted to reflect the actual public offering price you pay for your notes. The return on your investment (whether positive or negative) in your notes will be affected by the amount you pay for your notes. If you purchase your notes for a price other than the principal amount, the return on your investment will differ from, and may be significantly lower than, the hypothetical returns suggested by the above examples. Please read Additional Risks The price at which the notes may be sold prior to maturity will depend on a number of factors and may be substantially less than the amount for which they were originally purchased beginning on page P-18 of this pricing supplement.

Payments on the notes are economically equivalent to the amounts that would be paid on a combination of other instruments. For example, payments on the notes are economically equivalent to a combination of an interest-bearing bond bought by the holder and one or more options entered into between the holder and us (with one or more implicit option premiums paid over time). The discussion in this paragraph does not modify or affect the terms of the notes or the U.S. federal income tax treatment of the notes, as described elsewhere in this pricing supplement.

We cannot predict the actual final level or what the market value of your notes will be on any particular trading day, nor can we predict the relationship between the level of the reference asset and the market value of your notes at any time prior to the maturity date. The actual amount that you will receive, if any, at maturity and the rate of return on the offered notes will depend on the actual final level to be determined by the calculation agent as described above. Moreover, the assumptions on which the hypothetical returns are based may turn out to be inaccurate. Consequently, the amount of cash to be paid in respect of your notes, if any, on the maturity date may be very different from the information reflected in the table and chart above.

ADDITIONAL RISKS

An investment in the notes involves significant risks. In addition to the following risks included in this pricing supplement, we urge you to read Additional Risk Factors Specific to the Notes beginning on page PS-5 of the accompanying product prospectus supplement and Risk Factors beginning on page S-2 of the accompanying prospectus supplement and page 7 of the accompanying prospectus.

You should understand the risks of investing in the notes and should reach an investment decision only after careful consideration, with your advisors, of the suitability of the notes in light of your particular financial circumstances and the information set forth in this pricing supplement and the accompanying prospectus, prospectus supplement and product prospectus supplement.

The estimated value of your notes at the time the terms of your notes are set on the trade date is less than the original issue price of your notes

The original issue price for your notes exceeds the estimated value of your notes at the time the terms of your notes are set on the trade date. This estimated value is set forth under Additional Information Regarding Estimated Value of the Notes on page P-2 of this pricing supplement. As discussed in such section, the pricing models that are used to determine the estimated value of your notes consider our credit spreads. After the trade date, the estimated value will be affected by changes in market conditions, our creditworthiness and other relevant factors as further described under Additional Information Regarding Estimated Value of the Notes on page P-2 of this pricing supplement.

The value of the notes shown in your GS&Co. account statements and the price at which GS&Co. would buy or sell your notes (if GS&Co. makes a market, which it is not obligated to do) will be based on the estimated value of your notes

The price at which GS&Co. would initially buy or sell your notes (if GS&Co. makes a market, which it is not obligated to do), and the value that GS&Co. will initially use for account statements and otherwise, exceeds the estimated value of your notes as determined by reference to GS&Co. s pricing models and taking into account the Bank s credit spreads. As agreed by GS&Co., the amount of this excess will decline on a straight line basis over the period from the date hereof through the applicable date set forth above under Additional Information Regarding Estimated Value of the Notes on page P-2 of this pricing supplement. Thereafter, if GS&Co. buys or sells your notes, it will do so at prices that reflect the estimated value at that time determined by reference to pricing models and taking into account variables similar to those used in determining the estimated value on the trade date. The price at which GS&Co. will buy or sell your notes at any time also will reflect its then current bid and ask spread for similar sized trades of structured notes.

In estimating the value of your notes at the time the terms of your notes are set on the trade date, as disclosed under Additional Information Regarding Estimated Value of the Notes on page P-2 of this pricing supplement, the pricing models consider certain variables, including principally the Bank s credit spreads, interest rates (forecasted, current and historical rates), volatility, price-sensitivity analysis and the time to maturity of the notes. These pricing models rely in part on certain assumptions about future events, which may prove to be incorrect. As a result, the actual value you would receive if you sold your notes in the secondary market, if any, to others may differ, perhaps materially, from the estimated value of your notes determined by reference to GS&Co. s models due to, among other things, any differences in pricing models or assumptions used by others.

In addition to the factors discussed above, the value and quoted price of your notes at any time will reflect many factors and cannot be predicted. If GS&Co. makes a market in the notes, the price quoted by GS&Co. would reflect any changes in market conditions and other relevant factors, including any deterioration in the Bank s creditworthiness or perceived creditworthiness. These changes may adversely affect the value of your notes, including the price you may receive for your notes in any market making transaction. To the extent that GS&Co. makes a market in the notes, the quoted price will reflect the estimated value determined at that time using pricing models and variables similar to those used in determining the estimated value on the trade date, plus or minus its then current bid and ask spread for similar sized trades of structured notes (and subject to the declining excess amount described above).

Furthermore, if you sell your notes, you will likely be charged a commission for secondary market transactions, or the price will likely reflect a dealer discount. This commission or discount will further reduce the proceeds you would receive for your notes in a secondary market sale.

There is no assurance that GS&Co. or any other party will be willing to purchase your notes at any price and, in this regard, GS&Co. is not obligated to make a market in the notes. See The notes lack liquidity below.

The temporary price at which GS&Co. may initially buy the notes in the secondary market may not be indicative of future prices of your notes

Assuming that all relevant factors remain constant after the trade date, the price at which GS&Co. may initially buy or sell the notes in the secondary market (if GS&Co. makes a market in the notes, which it is not obligated to do) may exceed our estimated value of the notes on the trade date, as well as the secondary market value of the notes, for a temporary period after the initial issue date of the notes. The price at which GS&Co. may initially buy or sell the notes in the secondary market may not be indicative of future prices of your notes.

Risk of loss at maturity

You may lose your entire investment in the notes. Any payment on the notes at maturity depends on the percentage change of the reference asset. The Bank will only repay you the full principal amount of your notes if the percentage change is zero or positive. If the percentage change is negative, you will have a loss for each $1,000 principal amount of your notes equal to the product of the percentage change times $1,000. ***Accordingly, you may lose your entire investment in the notes if the percentage change from the initial level to the final level is negative*****.**

Your potential payment at maturity is limited by the maximum redemption amount

The payment at maturity will not exceed the maximum redemption amount. Therefore, if the appreciation of the reference asset exceeds the cap on appreciation in the maximum redemption amount, the notes will provide less opportunity to participate in the appreciation of the reference asset than an investment in a security linked to the reference asset providing full participation in the appreciation. Accordingly, the return on the notes may be less than the return would be if you made an investment in a security directly linked to the positive performance of the reference asset.

The notes differ from conventional debt instruments

The notes are not conventional notes or debt instruments. The notes do not provide you with interest payments prior to maturity as a conventional fixed-rate or floating-rate debt security with the same maturity would. The return that you will receive on the notes, which could be negative, may be less than the return you could earn on other investments. Even if your return is positive, your return may be less than the return you would earn if you bought a conventional senior interest bearing debt security of the Bank.

No interest

The notes will not bear interest and, accordingly, you will not receive any interest payments on the notes.

Your investment is subject to the credit risk of The Bank of Nova Scotia

The notes are senior unsecured debt obligations of the Bank, and are not, either directly or indirectly, an obligation of any third party. As further described in the accompanying prospectus, prospectus supplement and product prospectus supplement, the notes will rank on par with all of the other unsecured and unsubordinated debt obligations of the Bank, except such obligations as may be preferred by operation of law. Any payment to be made on the notes, including the payment at maturity, depends on the ability of the Bank to satisfy its obligations as they come due. As a result, the actual and perceived creditworthiness of the Bank may affect the market value of the notes and, in the event the Bank were to default on its obligations, you may not receive the amounts owed to you under the terms of the notes. If you sell the notes prior to maturity, you may receive substantially less than the principal amount of your notes.

Extraordinary events may require an adjustment to the calculation of the reference asset

At any time during the term of the notes, the daily calculation of the reference asset level may be adjusted in the event that the calculation agent determines that an extraordinary event has occurred. Any such extraordinary event may have an adverse impact on the level of the reference asset or the manner in which it is calculated.

There are potential conflicts of interest between you and the calculation agent

Scotia Capital, Inc., the calculation agent, is one of our affiliates. In performing its duties, the economic interests of the calculation agent are potentially adverse to your interests as an investor in the notes. The calculation agent is under no obligation to consider your interests as a holder of the notes in taking any actions that might affect the level of the reference asset and the value of the notes.

Investors should investigate the reference asset constituent stocks as if investing directly

Investors should conduct their own diligence of the reference asset constituent stocks as an investor would if it were directly investing in the reference asset constituent stocks. Neither we nor any of our affiliates have participated in the preparation of any publicly available information or made any due diligence investigation or inquiry with respect to the reference asset or the reference asset constituent stocks. Furthermore, we cannot give any assurance that all events occurring prior to the original issue date have been properly disclosed. Subsequent disclosure of any such events or the disclosure or failure to disclose material future events concerning the reference asset constituent stocks could affect any payment at maturity. Investors should not conclude that the sale by the Issuer of the notes is any form of investment recommendation by the Issuer or any of its affiliates to invest in the reference asset constituent stocks.

The notes are subject to market risk

The return on the notes is directly linked to the performance of the reference asset and indirectly linked to the value of the reference asset constituent stocks, and the extent to which the percentage change is positive or negative. The levels of the reference asset can rise or fall sharply due to factors specific to the reference asset constituent stocks, as well as general market factors, such as general market volatility and levels, interest rates and economic and political conditions.

The participation rate applies only at maturity

You should be willing to hold your notes to maturity. If you are able to sell your notes prior to maturity in the secondary market, the price you receive will likely not reflect the full economic value of the participation rate or the notes themselves, and the return you realize may be less than the percentage change even if such return is positive. You may receive the full benefit of the participation rate only if you hold your notes to maturity.

The payment at maturity is not linked to the level of the reference asset at any time other than the valuation date

The payment at maturity will be based on the final level. Therefore, for example, if the closing level of the reference asset declined substantially as of the valuation date compared to the trade date, the payment at maturity may be significantly less than it would otherwise have been had the payment at maturity been linked to the closing levels of the reference asset prior to the valuation date. Although the actual level of the reference asset at maturity or at other times during the term of the notes may be higher than the final level, you will not benefit from the closing levels of the reference asset at any time other than the valuation date.

If the levels of the reference asset or the reference asset constituent stocks change, the market value of your notes may not change in the same manner

Your notes may trade quite differently from the performance of the reference asset or the reference asset constituent stocks. Changes in the levels of the reference asset or the reference asset constituent stocks may not result in a comparable change in the market value of your notes. We discuss some of the reasons for this disparity under The price at which the notes may be sold prior to maturity will depend on a number of factors and may be substantially less than the amount for which they were originally purchased below.

Holding the notes is not the same as holding the reference asset constituent stocks

Holding the notes is not the same as holding the reference asset constituent stocks. As a holder of the notes, you will not be entitled to the voting rights or rights to receive dividends or other distributions or other rights that holders of the reference asset constituent stocks would enjoy.

There is no assurance that the investment view implicit in the notes will be successful

It is impossible to predict with certainty whether and the extent to which the level of the reference asset will rise or fall. There can be no assurance that the level of the reference asset will rise above the initial level the final level may be influenced by complex and interrelated political, economic, financial and other factors that affect the reference asset constituent stocks. You should be willing to accept the risks of the price performance of equity securities in general and the reference asset constituent stocks in particular, and the risk of losing some or all of your initial investment.

Furthermore, we cannot give you any assurance that the future performance of the reference asset or the reference asset constituent stocks will result in your receiving an amount greater than or equal to the principal amount of your notes. Certain periods of historical performance of the reference asset or the reference asset constituent stocks would have resulted in you receiving less than the principal amount of your notes if you had owned notes with terms similar to these notes in the past. See Information Regarding The Reference Asset in this pricing supplement for further information regarding the historical performance of the reference asset.

There is no assurance as to the performance of the reference asset; past performance of the reference asset constituent stocks should not be taken as an indication of the future performance of the reference asset constituent stocks

The reference asset is speculative and involves a high degree of risk. None of the Issuer, the calculation agent or GS&Co., or any affiliate of the issuer, the calculation agent or GS&Co. gives any assurance as to the performance of the reference asset. Investors should not conclude that the sale by the issuer of the notes is an investment recommendation by it or by any of the other entities mentioned above to invest in securities linked to the performance of the reference asset. Investors should consult with their own financial advisors as to whether an investment in the notes is appropriate for them. Past performance of the reference asset constituent stocks comprising the reference asset should not be taken as a guarantee or assurance of the future performance of the reference asset constituent stocks comprising the reference asset, and it is impossible to predict whether the value of the reference asset will rise or fall during the term of the notes.

The reference asset reflects price return only and not total return

The return on your notes is based on the performance of the reference asset, which reflects the changes in the market prices of the reference asset constituent stocks. It is not, however, linked to a total return index or strategy, which, in addition to reflecting those price returns, would also reflect dividends paid on the reference asset constituent stocks. The return on your notes will not include such a total return feature or dividend component.

We may sell an additional aggregate principal amount of the notes at a different issue price

We may decide to sell an additional aggregate principal amount of the notes subsequent to the date of this pricing supplement. The issue price of the notes in the subsequent sale may differ substantially (higher or lower) from the original issue price you paid as provided on the cover of this pricing supplement.

Changes affecting the reference asset could have an adverse effect on the value of the notes

The policies of S&P Dow Jones Indices LLC, the sponsor of the reference asset (the sponsor or S&P Dow Jones), concerning additions, deletions and substitutions of the reference asset constituent stocks and the manner in which the sponsor takes account of certain changes affecting those reference asset constituent stocks may adversely affect the level of the reference asset. The policies of the sponsor with respect to the calculation of the reference asset could also adversely affect the level of the reference asset. The sponsor may discontinue or suspend calculation or dissemination of the reference asset. Any such actions could have a material adverse effect on the value of the notes.

The Bank cannot control actions by the sponsor and the sponsor has no obligation to consider your interests

The Bank and its affiliates are not affiliated with the sponsor and have no ability to control or predict its actions, including any errors in or discontinuation of public disclosure regarding methods or policies relating to the calculation of the reference asset. The sponsor is not involved in the notes offering in any way and has no obligation to consider your interest as an owner of the notes in taking any actions that might negatively affect the market value of your notes.

If you purchase your notes at a premium to principal amount, the return on your investment will be lower than the return on notes purchased at principal amount and the impact of certain key terms of the notes will be negatively affected

The payment at maturity will not be adjusted based on the public offering price you pay for the notes. If you purchase notes at a price that differs from the principal amount of the notes, then the return on your investment in such notes held to the maturity date will differ from, and may be substantially less than, the return on notes purchased at principal amount. If you purchase your notes at a premium to principal amount and hold them to the maturity date, the return on your investment in the notes will be lower than it would have been had you purchased the notes at principal amount or a discount to principal amount. In addition, the impact of the maximum redemption amount on the return on your investment will depend upon the price you pay for your notes relative to principal amount. For example, if you purchase your notes at a premium to principal amount, the maximum redemption amount will only permit a lower positive return in your investment in the notes than would have been the case for notes purchased at principal amount or a discount to principal amount.

The price at which the notes may be sold prior to maturity will depend on a number of factors and may be substantially less than the amount for which they were originally purchased

The price at which the notes may be sold prior to maturity will depend on a number of factors. Some of these factors include, but are not limited to: (i) actual or anticipated changes in the level of the reference asset over the full term of the notes, (ii) volatility of the level of the reference asset and the market s perception of future volatility of the level of the reference asset,

(iii) changes in interest rates generally, (iv) any actual or anticipated changes in our credit ratings or credit spreads, and (v) time remaining to maturity. In particular, because the provisions of the notes relating to the payment at maturity and the maximum redemption amount behave like options, the value of the notes will vary in ways which are non-linear and may not be intuitive.

Depending on the actual or anticipated level of the reference asset and other relevant factors, the market value of the notes may decrease and you may receive substantially less than 100% of the issue price if you sell your notes prior to maturity.

See Additional Risk Factors Specific to the Notes The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors beginning on page PS-6 of the accompanying product prospectus supplement.

The notes lack liquidity

The notes will not be listed on any securities exchange or automated quotation system. Therefore, there may be little or no secondary market for the notes. Scotia Capital (USA) Inc., any other affiliates of The Bank of Nova Scotia and GS&Co. may, but are not obligated to, make a market in the notes. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the notes easily. Because we do not expect that other broker-dealers will participate significantly in the secondary market for the notes, the price at which you may be able to trade your notes is likely to depend on the price, if any, at which Scotia Capital (USA) Inc. and GS&Co. are willing to purchase the notes from you. If at any time Scotia Capital (USA) Inc. and GS&Co. were not to make a market in the notes, it is likely that there would be no secondary market for the notes. Accordingly, you should be willing to hold your notes to maturity.

Hedging activities by the Bank and GS&Co. may negatively impact investors in the notes and cause our respective interests and those of our clients and counterparties to be contrary to those of investors in the notes

The Bank or one or more of our respective affiliates and GS&Co. or one or more of its affiliates has hedged or expects to hedge the obligations under the notes by purchasing futures and/or other instruments linked to the reference asset. The Bank, GS&Co. or one or more of our respective affiliates also expects to adjust the hedge by, among other things, purchasing or selling any of the foregoing, and perhaps other instruments linked to the reference asset or one or more of the reference asset constituent stocks, at any time and from time to time, and to unwind the hedge by selling any of the foregoing on or before the valuation date.

The Bank or one or more of our respective affiliates and GS&Co. or one or more of its affiliates may also enter into, adjust and unwind hedging transactions relating to other basket- or index-linked notes whose returns are linked to changes in the level or price of the reference asset or the reference asset constituent stocks. Any of these hedging activities may adversely affect the level of the reference asset directly or indirectly by affecting the price of the reference asset constituent stocks and therefore the market value of the notes and the amount you will receive, if any, on the notes. If the dealer from which you purchase notes is to conduct hedging activities for us in connection with the notes, that dealer may profit in connection with such hedging activities and such profit, if any, will be in addition to the compensation that the dealer receives for the sale of the notes to you. You should be aware that the potential to earn fees in connection with hedging activities may create a further incentive for the dealer to sell the notes to you in addition to the compensation they would receive for the sale of the notes. In addition, you should expect that these transactions will cause the Bank, or our respective affiliates, or GS&Co., or its affiliates, or our respective clients or counterparties, to have economic interests and incentives that do not align with, and that may be directly contrary to, those of an investor in the notes. The Bank, or our respective affiliates, or GS&Co., or its affiliates will have no obligation to take, refrain from taking or cease taking any action with respect to these transactions based on the potential effect on an investor in the notes, and may receive substantial returns with respect to these hedging activities while the value of the notes may decline.

The Bank, Scotia Capital (USA) Inc. GS&Co. and our respective affiliates regularly provide services to, or otherwise have business relationships with, a broad client base, which has included and may include us and the issuers of the reference asset constituent stocks and the market activities by the Bank, GS&Co. or our respective affiliates for our own account or for our clients could negatively impact investors in the Notes

We, GS&Co. and our respective affiliates regularly provide a wide range of financial services, including financial advisory, investment advisory and transactional services to a substantial and diversified client base. As such, we each may act as an investor, investment banker, research provider, investment manager, investment advisor, market maker, trader, prime broker or lender. In those and other capacities, we, GS&Co. and/or our respective affiliates purchase, sell or hold a broad array of investments, actively trade securities (including the notes or other securities that we have issued), the reference asset constituent stocks, derivatives, loans, credit default swaps, indices, baskets and other financial instruments and products for our own accounts or for the accounts of our customers, and we will have other direct or indirect interests, in those securities and in other markets that may be not be consistent with your interests and may adversely affect the level of the reference asset and/or the value of the notes. You should assume that we or they will, at present or in the future, provide such services or otherwise engage in transactions with, among others, us and the issuers of the reference asset constituent stocks, or transact in securities or instruments or with parties that are directly or indirectly related to these entities. These services could include making loans to or equity investments in those companies, providing financial advisory or other investment banking services, or issuing research reports. Any of these financial market activities may, individually or in the aggregate, have an adverse effect on the level of the reference asset and the market for your notes, and you should expect that our interests and those GS&Co. and/or our respective affiliates, clients or counterparties, will at times be adverse to those of investors in the notes.

You should expect that we, GS&Co., and our respective affiliates, in providing these services, engaging in such transactions, or acting for our own accounts, may take actions that have direct or indirect effects on the notes or other securities that we may issue, the reference asset constituent stocks or other securities or instruments similar to or linked to the foregoing, and that such actions could be adverse to the interests of investors in the notes. In addition, in connection with these activities, certain personnel within us, GS&Co. or our respective affiliates may have access to confidential material non-public information about these parties that would not be disclosed to investors in the notes.

We, GS&Co. and our respective affiliates regularly offer a wide array of securities, financial instruments and other products into the marketplace, including existing or new products that are similar to the notes or other securities that we may issue, the Reference Asset constituent stocks or other securities or instruments similar to or linked to the foregoing. Investors in the notes should expect that the Bank, GS&Co. and our respective affiliates offer securities, financial instruments, and other products that may compete with the notes for liquidity or otherwise.

Other investors in the notes may not have the same interests as you

The interests of other investors may, in some circumstances, be adverse to your interests. Other investors may make requests or recommendations to us or GS&Co. regarding the establishment of transactions on terms that are adverse to your interests, and investors in the notes are not required to take into account the interests of any other investor in exercising remedies, voting or other rights in their capacity as noteholders. Further, other investors may enter into market transactions with respect to the notes, assets that are the same or similar to the notes, assets referenced by the notes (such as stocks or stock indices) or other similar assets or securities which may adversely impact the market for or value of your notes. For example, an investor could take a short position (directly or indirectly through derivative transactions) in respect of securities similar to your notes or in respect of the reference asset.

The calculation agent can postpone the valuation date for the notes if a market disruption event with respect to the reference asset occurs

If the calculation agent determines, in its sole discretion, that, on a day that would otherwise be the valuation date, a market disruption event with respect to the reference asset has occurred or is continuing for the reference asset, the valuation date will be postponed until the first following trading day on which no market disruption event occurs or is continuing, although the valuation date will not be postponed by more than seven scheduled trading days. Moreover, if the valuation date is postponed to the last possible day, but a market disruption event occurs or is continuing on that day, that day will nevertheless be the valuation date, and the calculation agent will determine the applicable final level that must be used to determine the payment at maturity. Under certain circumstances, the determinations of the calculation agent will be confirmed by an independent expert. See General Terms of the Notes Unavailability of the Level of the Reference Asset on a Valuation Date beginning on page PS-18 and General Terms of the Notes Market Disruption Events beginning on page PS-19 and Appointment of Independent Calculation Experts on page PS-22, in the accompanying product prospectus supplement.

There is no affiliation between any constituent stock issuers or the reference asset sponsor and us or GS&Co.

The Bank, Scotia Capital (USA) Inc., and our respective affiliates and GS&Co. and its respective affiliates may currently, or from time to time in the future, engage in business with the issuers of the reference asset constituent stocks. Neither we nor any of our affiliates have participated in the preparation of any publicly available information or made any due diligence investigation or inquiry with respect to the reference asset or the reference asset constituent stocks. Before investing in the notes you should make your own investigation into the reference asset and the issuers of the reference asset constituent stocks. See the section below entitled Information Regarding the Reference Asset in this pricing supplement for additional information about the reference asset.

Uncertain tax treatment

Significant aspects of the tax treatment of the notes are uncertain. You should consult your tax advisor about your own tax situation. See Certain Canadian Income Tax Consequences and Certain U.S. Federal Income Tax Considerations in this pricing supplement.

INFORMATION REGARDING THE REFERENCE ASSET

The S&P 500® Index

We obtained all information contained in this pricing supplement regarding the S&P 500® Index, including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information. That information reflects the policies of, and is subject to change by, S&P Dow Jones Indices LLC (S&P Dow Jones or, the Index sponsor). S&P Dow Jones has no obligation to continue to publish, and may discontinue publication of, the S&P 500® Index at any time. Neither we nor the agent has independently verified the accuracy or completeness of any information with respect to the S&P 500® Index in connection with the offer and sale of securities.

On July 2, 2012, The McGraw-Hill Companies, Inc. (McGraw-Hill), which owned the S&P Indices business, and CME Group, Inc., which is a 90% owner of the joint venture that owned the Dow Jones Indexes business, announced the launch of a new joint venture, S&P Dow Jones Indices LLC (which we refer to as S&P Dow Jones). S&P Dow Jones owns the S&P Indices business and the Dow Jones Indexes business, including the S&P 500® Index.

Additional information is available on the following websites: http://us.spindices.com/indices/equity/sp-500 and http://www.spdji.com/. We are not incorporating by reference the websites or any material they include in this pricing supplement.

General Description

The Index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The Index is designed to provide a performance benchmark for the U.S. equity markets. The Index is calculated based on the relative value of the aggregate Market Value (as defined below) of the common stocks of 500 companies as of a particular time as compared to the aggregate average Market Value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943. The Market Value of any index stock is the product of the market price per share times the number of the then outstanding shares of such index stock. The 500 companies are not the 500 largest companies listed on the NYSE and not all 500 companies are listed on such exchange. The Index sponsor chooses companies for inclusion in the Index with an aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of the U.S. equity market. Although the S&P 500® Index contains 500 constituent companies, at any one time it may contain greater than 500 constituent trading lines since some companies may be represented by multiple share class lines in the index.

As of February 2, 2016, the 500 companies included in the Index were divided into ten Global Industry Classification Sectors. The Global Industry Classification Sectors include (with the approximate percentage currently included in such sectors indicated in parentheses): Consumer Discretionary (12.9%); Consumer Staples (10.8%); Energy (6.4%); Financials (15.8%); Health Care (14.8%); Industrials (9.8%); Information Technology (20.7%); Materials (2.7%); Telecommunication Services (2.8%); and Utilities (3.4%). (Sector designations are determined by the Index sponsor using criteria it has selected or developed. Different index sponsors may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indices with different index sponsors may reflect differences in methodology as well as actual differences in the sector composition of the indices.)

Calculation of the Index

The Index is calculated using a base-weighted aggregate methodology. The Index is a price return index. The value of the Index on any day for which an index value is published is determined by a fraction, the numerator of which is the aggregate of the market price of each stock in the Index multiplied by the float-adjusted number of shares of such stock included in the Index, and the denominator of which is the divisor, which is described more fully below.

The Index is also sometimes called a base-weighted index because of its use of a divisor. The divisor is a value calculated by the Index sponsor that is intended to maintain conformity in index values over time and is adjusted for all changes in the index stocks share capital after the base date. The level of the Index reflects the total market value of all index stocks relative to the index s base date of 1941-43. The Index sponsor set the base value of the Index on the base date at 10.

Maintenance of the Index

In order to keep the Index comparable over time, the Index sponsor engages in an index maintenance process. The Index maintenance process involves changing the constituents, adjusting the number of shares used to calculate the Index, monitoring and completing the adjustments for company additions and deletions, adjusting for stock splits and stock dividends and adjusting for other corporate actions. In addition to its daily governance of indices and maintenance of the S&P 500® Index methodology, at least once within any 12 month period, the S&P Index Committee reviews the S&P 500® Index methodology to ensure the S&P 500® Index continues to achieve the stated objective, and that the data and methodology remain effective. The S&P Index Committee may at times consult with investors, market participants, security issuers included in or potentially included in the S&P 500® Index, or investment and financial experts.

Divisor Adjustments

The two types of adjustments primarily used by the Index sponsor are divisor adjustments and adjustments to the number of shares (including float adjustments) used to calculate the Index. Set forth below is a table of certain corporate events and their resulting effect on the divisor and the share count. If a corporate event requires an adjustment to the divisor, that event has the effect of altering the market value of the affected index stock and consequently of altering the aggregate market value of the index stocks following the event. In order that the level of the Index not be affected by the altered market value (which could be an increase or decrease) of the affected index stock, the Index sponsor derives a new divisor by dividing the post-event market value of the index stocks by the pre-event index value, which has the effect of reducing the Index s post-event value to the pre-event level.

Constituent Changes

Constituent changes are made on an as-needed basis and there is no schedule for constituent reviews. Constituent changes are generally announced one to five business days prior to the change. Relevant criteria for additions to the Index that are employed by the Index sponsor include an unadjusted market capitalization of $5.3 billion or more (for a company with multiple share class lines, eligibility is based on the total market capitalization of the company, including all publicly listed and unlisted share class lines, if applicable; for spin-offs, eligibility is determined using when-issued prices, if available), adequate liquidity (for companies with multiple share classes, each listed share class line is viewed independently to determine if it meets the liquidity criteria), reasonable price, U.S. domicile, listing on a major exchange, public float of 50% or more, industry sector, financial viability and, for IPOs, a seasoning period of six to twelve months. Certain types of securities are always excluded, including business development companies (BDCs), limited partnerships, master limited partnerships, limited liability companies (LLCs), OTC bulletin board issues, closed-end funds, ETFs, ETNs, royalty trusts, tracking stocks, preferred stock and convertible preferred stock, unit trusts, equity warrants, convertible bonds, investment trusts, rights, American depositary receipts (ADRs), American depositary shares (ADSs) and master limited partnership investment trust units. Stocks are deleted from the Index when they are involved in mergers, acquisitions or significant restructurings such that they no longer meet the inclusion criteria, and when they violate one or more of the inclusion criteria. Companies that experience a trading halt may be retained or deleted in the Index sponsor s discretion. The Index sponsor evaluates additions and deletions with a view to maintaining Index continuity. Effective with the September 2015 rebalancing, all publicly listed multiple share class lines will be included separately in the S&P 500® Index, subject to, in the case of any such share class line, that share class line satisfying the liquidity and float criteria discussed above and subject to certain exceptions. It is possible that one listed share class line of a company may be included in the S&P 500® Index while a second listed share class line of the same company is excluded. For companies that issue a second publicly traded share class to index share class holders, the newly issued share class line will be considered for inclusion if the event is mandatory and the market capitalization of the distributed class is not considered to be de minimis.

Changes to the Number of Shares of a Constituent

The index maintenance process also involves tracking the changes in the number of shares included for each of the index companies. The timing of adjustments to the number of shares depends on the type of event causing the change, public availability of data, local market practice, and whether the change represents more than 5% of the float-adjusted share count. Changes as a result of mergers or acquisitions are implemented as soon as reasonably possible, regardless of the size of the change to the number of shares. At the Index sponsor s discretion, however, de minimis merger and acquisition changes may be accumulated and implemented with the updates made at the quarterly share updates as described below.

Changes that result from other corporate actions will be implemented as soon as practicable if the change to the float-adjusted share count is more than 5%. For smaller changes, on the third Friday of the last month in each calendar quarter, the Index sponsor updates the share totals of companies in the Index as required by any changes in the float-adjusted number of shares outstanding. The Index sponsor implements a share freeze the week leading up to the effective date of the quarterly share count updates. During this frozen period, shares are not changed except for certain corporate action events (merger activity, stock splits, rights offerings and certain share dividend payable events). After the float-adjusted share count totals are updated, the divisor is adjusted to compensate for the net change in the total market value of the Index. In addition, any changes over 5% in the current common shares outstanding for the index companies are carefully reviewed by the Index sponsor on a weekly basis, and when appropriate, an immediate adjustment is made to the divisor.

In addition, the Index is float-adjusted, meaning that the share counts used in calculating the Index reflect only those shares available to investors rather than all of a company s outstanding shares. To this end, the Index sponsor defines three groups of shareholders whose holdings are presumed to be for control, rather than investment purposes. The groups are:

- holdings by other publicly traded corporations, venture capital firms, private equity firms, or strategic partners or leveraged buyout groups;

- holdings by government entities, including all levels of government within the United States or foreign countries, except for pension and retirement funds; and

- holdings by current or former officers and directors of the company, funders of the company, or family trusts of officers, directors or founders. Second, holdings of trusts, foundations, pension funds, employee stock ownership plans or other investment vehicles associated with and controlled by the company.

In the case that any of these control groups hold 5% or more of a company s stock, the shares of all three groups will be excluded from the float-adjusted share count to be used in Index calculations.

For each stock an Investable Weight Factor (IWF) is calculated:

IWF = (available float shares)/(total shares outstanding)

where available float shares is defined as total shares outstanding less shares held in one or more of the three groups listed above (subject to the 5% threshold).

Adjustments for Corporate Actions

There are a large range of corporate actions that may affect companies included in the Index. Certain corporate actions require the Index sponsor to recalculate the share count or the float adjustment or to make an adjustment to the divisor to prevent the value of the Index from changing as a result of the corporate action. This helps ensure that the movement of the Index does not reflect the corporate actions of individual companies in the Index. Several types of corporate actions, and their related adjustments, are listed in the table below.

Corporate Action	Share Count Revision Required?	Divisor Adjustment Required?
Stock split	Yes share count is revised to reflect new count	No share count and price changes are off-setting
Change in shares outstanding (secondary issuance, share repurchase and/or share buy-back)	Yes share count is revised to reflect new count	Yes divisor adjustment reflects change in market capitalization
Spin-off if spun-off company is not being added to the Index	No	

th Floor, New York, New York 10120.

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

Whistleblower Policy

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

Sustainability

Our Board of Directors encourages and supports our company s strong focus on social, environmental and governance issues which materially impact our business and are most critical to our stakeholders. Sustainability is a key item of such focus.

The company is committed to integrate portfolio-wide strategies for energy-efficiency. We also have requirements in our buildings for practices to enhance overall building health during construction and to maintain sustainable operations. Our program is structured around quantifiable improvement in these key areas: energy efficiency, water efficiency, healthy work environments for our tenants and employees, recycling, and waste diversion.

Our industry-leading energy efficiency and sustainability work, which we first undertook at the Empire State Building, continues to be implemented throughout our entire portfolio. Because our tenants energy usage impacts our overall building performance, we partner with our tenants to drive return-on-investment-based energy efficiency by monitoring our reduction in energy consumption for our buildings and tenants. Our energy efficiency practices not only help save tenants money through reduced direct utility costs, they also create healthy workplace environments. To the extent the energy sources we use produce carbon, there are lower carbon emissions from our comprehensive work.

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

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84% of our portfolio measured by square feet is Energy Star Certified. Energy Star-certified buildings meet strict energy performance standards set by the Environmental Protection Agency. They use less energy and are less expensive to operate.

We recycle tenant waste and construction debris throughout our entire portfolio. We utilize a suite of water consumption and waste mitigation practices and devices. We do not participate in The Global ESG Benchmark for Real Assets (GRESB), and we no longer pursue Leadership in Energy and Environmental Design (LEED) certification. We have a fundamental belief that these programs do not promote the core values of our sustainability programs which are built around investment and return-oriented measures of success and measurable benefits to our employees and our tenants. We believe that paying fees to not-for-profits for certifications we believe are of questionable value does not advance sustainability, and in fact in many instances distracts from it.

Our focus is on facts reported clearly, and our innovation in sustainability gives us a competitive edge as we attract and compete to lease space to quality tenants, and thus improve stockholder value.

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

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

Our sustainability matrix is included below and other data, information and achievements regarding our sustainability program are available on our website at *www.empirestaterealtytrust.com/about-us/sustainability*.

Our sustainability priorities, shaped by our Sustainability Committee that includes our Chairman and Chief Executive Officer, other named executive officers, a number of our senior executives, property construction and operations executives, and an outside consultant, have been customized over time and reflect the company s proactive leadership and commitment to results. We continue to grow our sustainability initiatives based upon innovation and continuous feedback from our tenants and other constituencies.

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SUSTAINABILITY MATRIX

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Compensation Discussion and Analysis

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

Throughout this Proxy Statement, our Chairman and Chief Executive Officer, Anthony E. Malkin, our President and Chief Operating Officer, John B. Kessler, our Executive Vice President and Chief Financial Officer, David A. Karp, our Executive Vice President, Real Estate, Thomas P. Durels, and our Executive Vice President, General Counsel and Secretary, Thomas N. Keltner, Jr., are referred to as our named executive officers or executives.

Executive Summary

Executive Compensation Philosophy

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

- an appropriate link between compensation and the creation of stockholder value by granting compensation through equity awards, including awards tied to absolute and relative total stockholder return;

- a significant portion of compensation in the form of multi-year performance-based and time-based equity awards designed to attract and retain highly talented executives in a highly competitive market;

- incentive compensation that places a strong emphasis on financial results, with the flexibility to adjust for operational and individual performance; and

- balanced incentives that do not promote excessive risk-taking.

Financial, Operational and Stock Performance Highlights

A long-standing principle of our executive compensation program is to link pay to performance. Accordingly, when making compensation decisions, we analyze and assess our financial and stock performance and execution on our strategic and operational initiatives, the success of which may or may not be obvious based upon only a review of financial and stock performance. As set forth below, during 2017, and since our initial public offering (IPO) in October 2013, the company has delivered strong financial and stock performance and made significant progress on its long-term strategic goals.

We are a self-administered and self-managed REIT that owns, manages, operates, acquires and repositions office and retail properties in Manhattan and the greater New York metropolitan area, including the Empire State Building, the world s most famous building. Detail regarding our financial results is presented in our Annual Report on Form 10-K for the period ending December 31, 2017, filed by us with the SEC on February 28, 2018 and provided to you concurrently with this Proxy Statement. We provide the summary financial information in this Proxy Statement solely to assist your review of this Compensation Discussion and Analysis and your evaluation of the compensation of our named executive officers. This summary should not be used as a substitute for the detailed financial information in our 2017 Annual Report on Form 10-K.

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Highlights Since Our IPO

The charts below show our growth during 2014 through 2017 (in thousands of dollars) in core funds from operations (Core FFO), net income, cash net operating income (NOI), Manhattan re-leasing spreads, and dividends per share:

(1) See page 68 of the company s Annual Report on Form 10-K for the period ending December 31, 2014 and page 64 of the company s Annual Report on Form 10-K for the period ending December 31, 2017 for a reconciliation of Core FFO to GAAP measures.

(1) See Appendix A for a reconciliation of Cash NOI to GAAP measures.

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(1) Previous escalated rent per square foot (PSF) is adjusted for space re-measurement.

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Performance Relative to Peers

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

(1) Peer group includes SL Green Realty Corp., Boston Properties, Inc., Paramount Group, Inc. and Vornado Realty Trust.

(1) Reflects new and renewal leases. Peer group includes SL Green Realty Corp., Paramount Group, Inc. and Vornado Realty Trust.

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(1) 2013 based on fourth quarter EBITDA annualized. 2014, 2015, 2016 and 2017 EBITDA are calculated based on trailing twelve months EBITDA. Net debt is as of December 31, 2013, 2014, 2015, 2016 and 2017.

(2) Peer group includes Boston Properties, Inc., Paramount Group, Inc. and SL Green Realty Corp. as of December 31, 2017 for net debt/EBITDA and Boston Properties, Inc., Paramount Group, Inc., SL Green Realty Corp. and Vornado Realty Trust as of December 31, 2017 for net debt/enterprise value.

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

(1) Includes all cumulative capital expenditures since our IPO, excluding tenant improvements and leasing commission costs, which are primarily attributable to the redevelopment and repositioning program conducted at our Manhattan office properties and the Empire State Building Observatory capital project announced in 2017.

2017 Highlights

In addition to the results shown above, we achieved the following during 2017:

- Signed 167 leases, representing 1,293,700 rentable square feet across the total portfolio, achieving a 30.8% increase in mark-to-market rent over previously fully escalated rents on new, renewal, and expansion leases; 128 of these leases, representing 865,251 rentable square feet, were within the Manhattan office portfolio (excluding the retail component of these properties) achieving a 35.6% increase in mark-to-market rent on new, renewal and expansion leases over previously fully escalated rents.

- Signed 12 leases, representing 95,360 rentable square feet within the Manhattan retail portfolio, achieving an 82.7% increase in mark-to-market rent on new, renewal, and expansion leases over previously fully escalated rents.

- Signed 78 new leases representing 724,390 rentable square feet in 2017 for the Manhattan office portfolio (excluding the retail component of these properties), achieving an increase of 41.4% in mark-to-market rent over expired previously fully escalated rents.

- Occupancy and leased percentages at December 31, 2017:

  - Total portfolio was 89.6% occupied; including signed leases not commenced (SLNC), the total portfolio was 92.2% leased.

  - Manhattan office portfolio (excluding the retail component of these properties) was 89.0% occupied; including SLNC, the Manhattan office portfolio was 92.1% leased.

  - Retail portfolio was 92.0% occupied; including SLNC, the retail portfolio was 93.9% leased.

  - Empire State Building was 93.6% occupied; including SLNC, the Empire State Building was 94.2% leased.

- Achieved Empire State Building Observatory revenue growth of 1.8% to $127.1 million from $124.8 million in 2016.

- Amended and restated the company s $1.1 billion undrawn, unsecured revolving credit facility and $265 million term loan, which extended the revolving credit facility maturity, lowered the borrowing costs and added flexibility to the financial covenants.

In the second and third quarters of 2017, refinanced all $336 million of 2017 mortgage maturities with $315 million in new longterm fixed rate mortgages with a lower weighted average interest rate.

In December 2017, entered into an agreement to issue and sell an aggregate principal amount of $450 million of senior unsecured notes in a private placement, of which $115 million was sold and purchased in December 2017 and $335 million was sold and purchased in March 2018, the net proceeds of which were used for repayment of 2018 mortgage indebtedness and to maintain cash balances.

Recognized lease termination fee income, included in other revenues and fees, of $13.6 million.

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Stock Performance

Our Compensation Committee places considerable emphasis on our total shareholder return (TSR) and financial and operational performance in determining our named executive officers cash bonuses and equity awards. The graph set forth below is a comparison of the cumulative total stockholder return on our Class A common stock, the Standard & Poor s 500 Index, the FTSE NAREIT All Equity Index and the FTSE NAREIT Equity REIT Office Index. The graph assumes that $100.00 was invested on October 7, 2013, the date of our IPO, and that dividends were reinvested without the payment of any commissions.

The graph set forth below shows our annual TSR performance since the IPO relative to the indicated indices.

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Chairman and Chief Executive Officer Compensation and Program Highlights

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

Chairman and Chief Executive Officer s base salary remains unchanged for the third consecutive year (since early 2016)

Chairman and Chief Executive Officer s target cash bonus opportunity remains unchanged for the third consecutive year (since early 2016)

Chairman and Chief Executive Officer s target annual long-term equity incentive compensation opportunity remains unchanged for the third consecutive year (since early 2016)

For 2017, 11% of our Chairman and Chief Executive Officer s pay was delivered in cash and the remaining 89% was delivered in equity

Our Compensation Committee has, and continues, to use rigorous performance goals over three-year performance periods. In order for our executives to receive target pay under our long-term equity incentive compensation program, our total shareholder return must outperform our direct peers (i.e., office REITs), outperform the broader REIT industry, and deliver an 8% compounded, annual total shareholder return to our investors.

We have enhanced vesting to encourage executive retention, so that any award which is earned based on the foregoing rigorous total shareholder return goals will vest only 50% upon the conclusion of the three-year performance period and the remaining 50% will vest one year later conditioned upon continuous employment during that time.

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Alignment of Pay with Performance

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

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Stockholder Engagement on Executive Compensation

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

Leading up to our 2017 annual stockholders meeting, we contacted more than 46 stockholders representing more than 89% of our outstanding common stock. Discussions with a number of these stockholders were generally led by the Chairman of our Compensation Committee or Lead Independent Director and, in limited instances, members of senior management. For us, these discussions and the results we received in our 2017 Say-on-Pay advisory vote (see Say-On-Pay Results below) were an indication of our stockholders support of our executive compensation program. Our Compensation Committee has maintained the same principal elements of such program for setting 2018 compensation.

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

Topic	Our Perspective
Companies that comprise our peer group	Our peer group is focused on public REITs in the office sector that have a similar asset focus and principal offices and much of their portfolio located in the highly competitive New York marketplace in which we operate and other similar high barrier markets. For example, our Compensation Committee includes companies like Boston Properties, Inc., SL Green Realty Corp. and Vornado Realty Trust in our peer group, notwithstanding their larger relative size. We are cognizant that, when comparing us to other companies, certain firms make size and market capitalization their primary criteria, which results in the inclusion of companies such as net lease operators, finance companies and suburban market businesses that in our opinion diverge substantially from our true competitive set. More information on how we develop our peer group and use peer data is included below under Peer Data.
Pay level versus peers	To consider appropriate pay levels, our Compensation Committee places strong emphasis on high barrier, high cost urban areas like New York City. Compensation packages in areas like New York City relative to many other markets must take into account higher costs of living, higher tax structures and higher overall market compensation for executives in public and private real estate businesses. In addition to peer REITs, the highly competitive conditions for talent in our New York City marketplace include competition from private real estate enterprises as well as investment banks, hedge funds, private equity firms and law firms. The real estate private equity and investment banking background of our most recent executive officer hire, our President and Chief Operating Officer John B. Kessler, is an example. Our Compensation Committee deems it a competitive

	risk to our company not to adjust compensation in light of these factors and ensure that we retain our key executives.
Quantitative versus qualitative criteria to assess management performance and compensation	Our Compensation Committee believes that having a balanced approach in assessing performance is optimal, one that relies on specific objective quantifiable achievements, tempered by an element of subjective judgment to account for non-measurable outcomes and changing macro market dynamics beyond the control of the company and its officers. Thus for annual bonus awards, our Compensation Committee does not believe that it would be appropriate to be bound inflexibly to a strict formula. However, for our long-term equity incentive compensation, we do utilize an exclusively objective, formulaic system to determine the amount of performance-based equity earned at the end of a forward-looking three-year period.

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Say-on-Pay Results

Our Compensation Committee regularly considers the voting results of the advisory, non-binding say-on-pay vote at our annual stockholders meetings in connection with the discharge of its responsibilities. The structure of our executive compensation program is also a frequent topic of discussion in our on-going stockholder engagement meetings. For the compensation programs for years 2014 through 2015, say-on-pay received approval each year from over 96% of the votes cast by our Class A and Class B common stockholders.

Based upon input from our outside compensation consultant, the 2016 compensation program was adjusted substantially upward, as then required to be more in line with our updated peer group and the competitive landscape for talent within our New York City marketplace. The Compensation Committee believed the adjustment was particularly appropriate for our Chairman and Chief Executive Officer, who had from our inception as a public company in 2013 proposed that his compensation be set and largely maintained well below median until company performance demonstrated success in building shareholder value. Although the upward adjustment in 2016 elicited a proxy advisory firm negative recommendation, our subsequent engagement with our stockholders led to approval from more than 78% of the votes cast by stockholders of our Class A and Class B common stock. Since that 2016 adjustment, there has been no substantial change in base compensation, annual bonus targets or long-term incentive compensation targets for our Chairman and Chief Executive Officer or the other named executive officers i.e., the 2017 and 2018 compensation programs are materially unchanged from 2016, so the executive compensation program will have run essentially flat for the three years 2016, 2017 and 2018. The Compensation Committee intends to continue to take into account the results of our say-on-pay advisory votes and feedback from stockholders on our executive compensation programs when making future executive compensation decisions.

Say-on-Frequency Results

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

Roles of Our Compensation Committee, Compensation Consultant and Management

Compensation Committee

Our Compensation Committee is comprised entirely of independent directors. It has overall responsibility for monitoring the performance of the company s executives and evaluating and approving our executive compensation policies and programs. In addition, our Compensation Committee oversees the development, implementation, and administration of our Equity Incentive Plan.

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

Officer and reviews and approves all components of our other named executive officers compensation.

Compensation Consultant

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

Our Compensation Committee requires that its consultant be independent of company management and performs an annual assessment of such independence. It most recently assessed FPL s independence in February 2018 and confirmed that FPL remains independent and free of any conflict of interest which might affect its work.

Management

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

Goal Setting and Performance Evaluation Process

The Compensation Committee s oversight of compensation for our named executive officers, including the Chairman and Chief Executive Officer, uses a three-step process: (i) establishment of corporate goals and individual objectives, (ii) evaluation and review process and (iii) determination of compensation.

Establishment of Corporate Goals and Individual Objectives

At the beginning of each year, our Chairman and Chief Executive Officer provides recommendations to the Compensation Committee regarding the company s target corporate goals and individual objectives for himself and the other named executive officers. The target corporate goals are reviewed with the Compensation Committee through a multi-month process that begins in the Fall with management s preparation of a zero-based bottoms-up budget for the following year. The budget is prepared with input from each of our property managers and undergoes numerous reviews by management and our named executive officers, including our Chairman and Chief Executive Officer. The result of the budget process is the formation of a corporate model by which we measure our performance during the year.

With input from our Chairman and Chief Executive Officer, the Compensation Committee reviews the financial and operational assumptions that underlie the corporate model to test its rigor and alignment with our strategies and market conditions. The target corporate goals used in our named executive officers annual incentive cash bonus targets are identical to the corresponding targets in our corporate model.

The Chairman and Chief Executive Officer works with each other named executive officer to establish annual individual objectives which align with the overall goals of the company. The individual goals relate to specific strategic, organizational, portfolio and/or operational objectives. The Compensation Committee believes that individual accountability and strong individual performance should lead to overall strong company performance, for which the Committee wants to hold the senior leadership team accountable.

Evaluation and Review Process

Our executive compensation determinations include an evaluation and performance review process that measures each named executive officer s performance against his objectives for that year. The process includes both a mid-year and a full-year evaluation. These evaluations and performance reviews are an essential part of the process by which the

Compensation Committee determines overall executive compensation.

In the case of our Chairman and Chief Executive Officer, he first provides the Lead Independent Director and Chairman of the Compensation Committee with a report on his own performance as compared to the objectives established for him. The Chairman of the Compensation Committee then prepares a written evaluation that includes input from individuals familiar with the Chairman and Chief Executive Officer s performance and achievements, including interviews with the Lead Independent Director and the other members of the Board. The Compensation Committee reviews this written evaluation in executive session, while also considering additional factors, including prior years compensation trends, prior years company performance and the relative level of rigor and complexity of the Chairman and Chief Executive Officer s tasks resulting from the competitive marketplace in which we operate.

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As part of the year-end evaluation process, our Chairman and Chief Executive Officer prepares evaluations of all the other named executive officers, which are then presented to the Compensation Committee for discussion. Based on the evaluations, the Chairman and Chief Executive Officer, after the end of the calendar year, recommends compensation packages for each other named executive officer.

Determination of Compensation

After reviewing the named executive officers performance against goals and objectives for the year and considering the other factors discussed above, and after consultation with the full Board, the Compensation Committee makes its final determinations with respect to compensation over the course of several meetings in the first quarter of the following year. The Compensation Committee s objective is to ensure that the level of compensation is consistent with the level of corporate and individual performance delivered while also attracting and retaining highly talented executives in our competitive industry and metropolitan area, motivating our named executive officers to achieve exceptional corporate results and aligning their interests with those of our stockholders.

Benchmarking Process

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

Peer Data

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

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Guiding Principles for Empire State Realty Trust s Peer Selection

Consider Industry to identify companies with similar business model or philosophy

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

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

Consider Size to ensure companies are similar in scope

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

Questions Addressed in Developing an Effective Peer Group

Who are key performance comparators?

Against whom is Empire State Realty Trust competing for tenants?

Against whom is Empire State Realty Trust competing for investors?

Which companies have similar market demands and influences?

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

The peer group developed initially in 2016 included the following 12 public REITs primarily focused in the office REIT sector, with several having their principal offices and much of their portfolio located in New York or similar high-barrier, high-cost cities. The Compensation Committee evaluates the members of our peer group each year to ensure that they continue to be appropriate and to determine whether other companies should be added, with the goal of maintaining as much consistency as possible for purposes of analyzing pay between years. With the exception of one public REIT that was acquired, following such evaluation each year, the peer group did not change in 2017 or 2018.

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

At the time FPL conducted its analysis of executive compensation during the third quarter of 2017, our company size ranked among this peer group at approximately the following relative percentiles across the categories below:

UPREIT (Equity) Market Capitalization: 58th percentile

Total Capitalization: 42^{nd} percentile

Number of Employees: 83^{rd} percentile

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

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

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

Compensation Practices

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

What we do....	What we don t do....
We pay for performance, and our compensation programs are designed to have direct alignment with total stockholder return; salaries comprise a relatively modest portion of each named executive s overall compensation opportunity	û We do not provide tax gross-ups û We do not have single-trigger change of control benefits
We use multiple performance metrics and various performance periods in granting equity awards, which mitigates compensation-related risk	û We do not allow hedging; our Compensation Committee must approve any pledge of company stock by executives and other key employees
We have implemented a clawback policy that allows for the recovery of previously paid executive compensation	û We do not encourage unnecessary or excessive risk taking; incentive awards are not based on a single

	performance metric and do not have guaranteed minimum or uncapped payouts
We have double-trigger change of control benefits	
We have robust stock ownership guidelines for our named executive officers and directors	û We would not allow repricing of stock options unless with stockholder consent (at this time, we have not granted stock options at all)
We have a conservative compensation risk profile, as our compensation structure does not encourage excessive or inappropriate risk taking	û We do not allow perquisites for our named executive officers, with the exception of very limited perquisites for our Chairman and Chief Executive Officer structured with specific business purposes
We align the interests of our stockholders and executive officers by granting long-term equity awards that vest based on both achievement of TSR targets and continued services over time	
We engage an independent compensation consultant to advise the Compensation Committee, which is comprised solely of independent directors	

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Compensation Program

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

Base Salaries for 2016 - 2018

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

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

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

Annual Incentive Bonus Payments for 2017

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

Upon the recommendation of FPL, our Compensation Committee set 2017 annual bonus opportunities that contained a threshold, target, and maximum level as set forth below:

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

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The Compensation Committee determined that actual 2017 annual bonus amounts would be paid based upon achievement of corporate, individual and, with respect to Mr. Durels in view of his role in managing a critical business unit, certain portfolio and operational objectives. As discussed above in Goal Setting and Performance Evaluation Process, our Compensation Committee established rigorous quantifiable corporate and operational objectives in setting the aggressive goals in the tables below, and it reserved the ability to include a subjective element of judgment to adjust the formula result if appropriate based on identified non-quantitative factors. The mix of goals with respect to each named executive officer was as follows:

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

The equally weighted target corporate goals for 2017 related to: (a) Core FFO per share, (b) same-store NOI growth, (c) property operating margin, and (d) general and administrative (G&A) expenses as a percentage of revenue. The target portfolio and operational objectives with respect to Mr. Durels related to: (i) tenant quality; (ii) occupancy at year end; (iii) leasing; (iv) weighted average starting rents; (v) tenant improvements; and (vi) actual capital expenditure compared to budget amounts.

The tables below summarize 2017 performance against each of the target corporate goals and the significance of each performance metric for purposes of determining executive compensation:

Corporate Goal #1: Core FFO per Share		
Target	**2017 Result**	**% of Target Achieved**
$0.93	$0.96	103%

Target: The 2017 target for Corporate Goal #1 was for the company to achieve Core FFO per fully diluted share of $0.93.

Performance: Actual Core FFO per fully diluted share in 2017 was $0.96, which was above the established target level. Contributing to our exceeding target performance was higher other income, lower general and administrative expenses, and lower interest expense.

Why is this metric important? FFO is widely acknowledged by the REIT industry as being a helpful measure of the operating performance of a real estate company, because it excludes depreciation and gains or losses relating to sales of depreciated real estate. The company uses Core FFO , which further excludes other items that by their nature are not comparable from period to period and tend to obscure actual operating results, as a method to compare the operating performance of the company over a given time period to that of other companies and other time periods in a consistent manner. Excluded items include deferred tax asset write-off associated with a change in tax rates and loss on early extinguishment of debt. The company believes that Core FFO is helpful to investors as a supplemental measure of its operating performance because it is a direct measure of company performance and may significantly impact the trading price of our common stock and, therefore, may significantly impact total stockholder return.

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Corporate Goal #2: Same Store Cash NOI Growth, excluding the Observatory		
Target	**2017 Result**	**% of Target Achieved**
5.6%	8.9%	159%

Target: The 2017 target for Corporate Goal #2 was for the company to achieve year-over-year same store Cash NOI growth, excluding the Observatory at the Empire State Building, of 5.6%.

Performance: Actual year-over-year same store Cash NOI growth, excluding the Observatory, was 8.9%, which was above the established target level and higher than prior year growth of 7.5%. Contributing to our exceeding target performance was higher other income.

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

Corporate Goal #3: Property Operating Margin		
Target	**2017 Result**	**% of Target Achieved**
52.5%	52.9%	101%

Target: The 2017 target for Corporate Goal #3 was for the company to achieve a property operating margin of 52.5%.

Performance: Actual property operating margin was 52.9%, which was above the established target level. Contributing to our exceeding target performance was higher other income and lower property operating expenses.

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

Corporate Goal #4: G&A Expenses as a Percentage of Revenues		
Target	**2017 Result**	**% of Target Achieved**
7.5%	7.1%	106%

Target: The 2017 target for Corporate Goal #4 was for the company to achieve general and administrative expenses as a percentage of revenues of 7.5%.

Performance: Our actual performance achieved a lower level of general and administrative expenses as a percentage of revenues. Actual general and administrative expenses as a percentage of revenues were 7.1%, less than the established target level of 7.5% (stated differently, at 106% achievement of target). This result was also lower than the prior year result of 7.2%. Contributing to our exceeding target performance were higher revenues, deferred incentive compensation expense, and lower information technology costs. Without the 2017 compensation expense deferral, we would have achieved 103% of the established target level.

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

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In its series of early 2018 discussions to determine 2017 cash bonus awards, our Compensation Committee noted the company s performance in the following areas during 2017:

- outperformance in the above quantitative criteria, especially same-store NOI growth that far exceeded a challenging hurdle,

- record-setting leasing volume in 2017, with strong execution and leasing results, consistent with the company s strategy to lease to new, better credit quality tenants at higher rents,

- further progress on the company s four long-term growth drivers: upside from signed lease not commenced; lease-ups of developed vacant office space; mark-to-market and lease-up of available office space; and mark-to-market and lease-up of available retail space,

- active revenue management through ticket price increases, dynamic pricing, mix improvement and new visitor offerings, along with expense management, in the operation of the Observatory at the Empire State Building; and

- refinancing activities that: (i) extended weighted average maturities and created well laddered debt maturities, with only one $250 million maturity remaining before 2022, (ii) expanded lender relationships and (iii) enhanced cash balances, leaving the company well positioned with liquidity and capacity for redevelopment and external growth opportunities.

Our Compensation Committee also reviewed the primary personal objectives for each named executive officer in 2017 and achievement against those objectives, as set forth in the chart below:

Named Executive Officer	Objectives/Accomplishments
Anthony E. Malkin	Mr. Malkin continued to guide the company s ongoing execution of our multi-year business plan, which has yielded strong cumulative financial and operating results, and positioned our company for long term growth. In real estate operations during 2017, the company achieved record leasing volumes and peer leading leasing spreads. In addition, Empire State Building Observatory revenues increased by 1.8% to a record level in spite of reduced visitors, and the announced project to upgrade the Observatory visitor experience made significant progress. Under Mr. Malkin s guidance, our balance sheet was strengthened with the completion of a series of financings. Throughout the year, Mr. Malkin was actively engaged with major stockholders and other market participants to communicate our differentiated strategy focused on internal growth, redevelopment of our infill portfolio and low leverage. Mr. Malkin continues to lead the effort on external growth which has involved ongoing discussions and sourcing efforts. Finally, Mr. Malkin continued to lead strong sustainability initiatives across our portfolio and in our industry at large. The Compensation Committee determined that his performance exceeded his objectives.

John B. Kessler	Mr. Kessler executed the company s operational strategy during the year. He is the senior company representative in our investor coverage efforts throughout the year; enhanced our relationships with investors, analysts and other market participants; and participated in a variety of industry investor conferences and analyst events. He also coordinated our efforts to underwrite potential growth opportunities. He provided oversight to all of our capital markets transactions during the year. He successfully managed and enhanced performance of various operational areas including human resources and information technology and led improvements in cross-departmental communication and engagement. In all of his activities, he provides significant operating leverage to Mr. Malkin in the day to day operation of the company. The Compensation Committee determined that his performance exceeded his objectives.

Named Executive Officer	Objectives/Accomplishments
David A. Karp	Mr. Karp serves as Chief Financial Officer and is responsible for the company s timely and accurate financial reporting, balance sheet management, capital markets activities and investor relations. During 2017, Mr. Karp led our efforts to refinance a series of mortgage maturities totaling $336 million. He also modified and extended our revolving credit facility and achieved significant improvements to our operational flexibility and also was in charge of our successful direct placement of $450 million of unsecured notes in a private placement with four insurance company lenders. In addition, he expanded the research coverage of our company in 2017. He successfully increased quantity of quality interaction with existing investors, potential investors and research analysts. Mr. Karp is responsible for our non-deal related investor roadshows throughout the year and participated in a variety of industry investor conferences and analyst events. The Compensation Committee determined that his performance exceeded his objectives.
Thomas P. Durels	Mr. Durels is responsible for all of our real estate operating activities, including leasing, property operations and capital improvements. For 2017, the leasing team exceeded its aggressive leasing goals, as it completed nearly 1.3 million square feet in transactions, an annual record for the company since our IPO, and achieved very attractive leasing spreads. He drove property operations which delivered strong service to tenants and remained within budget. With respect to capital projects, he presided over the completion of over 100 tenant space projects and made significant progress on the announced Observatory upgrade and project work to support Broadcast operations. Total capital projects completed exceeded $100 million during the year. He also supervised the expansion of the capital projects team over the course of the year. The Compensation Committee determined that his performance exceeded objectives.
Thomas N. Keltner, Jr.	Mr. Keltner serves as General Counsel and provided guidance and legal expertise with respect to all of our activities. He oversees all of our internal legal and risk management processes. He managed our ongoing litigation and arbitration matters and successfully defended our treatment of transfer taxes payable at the time of our IPO in an audit which commenced in 2015 and was favorably resolved in 2017. He has effectively managed the onboarding and ongoing development of our Deputy General Counsel and build-out of our in-house legal team to support our activities with more internal expertise to enable us to reduce our reliance on external legal resources and save costs. He provided strong support for all Board related activities, which included proxy-related shareholder outreach and governance matters. The Compensation Committee determined that his performance exceeded his objectives.

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

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Based upon the company s substantial outperformance of the 2017 corporate criteria (and, for Mr. Durels, performance against the portfolio and operational objectives), a detailed review of each executive s individual performance for the year as referenced in the chart above, as well as the related factors noted above, our Compensation Committee approved payment of the following 2017 cash bonus awards for Messrs. Malkin, Kessler, Karp, Durels, and Keltner: $1,822,500, $1,050,000, $731,250, $731,250 and $468,750, respectively.

Bonus Election Program

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

Named Executive Officer	Face Amount of Bonus Award ($)	Amount of Award Received in Cash at Face Amount ($)	Portion of Award Elected to be Received in Vested LTIPs at Face Amount ($)	Portion of Award Elected to be Received in Unvested 3-Year Time-Based LTIPs at 125% of Face Amount ($)
Anthony E. Malkin	1,822,500			2,278,125
John B. Kessler	1,050,000	787,500	262,500	
David A. Karp	731,250	548,438	182,812	
Thomas P. Durels	731,250			914,062
Thomas N. Keltner, Jr.	468,750			585,937

Long-Term Equity Incentive Compensation

General

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

Long-term equity incentive compensation is granted in the form of LTIP units, representing a class of partnership interests in our operating partnership, or shares of restricted Class A common stock. Each grant is formulated as a dollar amount when approved, based on peer benchmarks, competitive conditions, and the criteria and goals discussed herein. In accordance with the applicable approval, such dollar amount is converted into units or shares, which for 2017 was based on the grant date fair value calculated under ASC Topic 718 in accord with accepted accounting practices. For a description of such fair value calculation, see Note 9 to our 2017 audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017. For a description of LTIP units, see LTIP Units below. In connection with these awards, our executives elect whether to receive LTIP units or shares of restricted Class A common stock. To date, all of our executives have chosen LTIP units.

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

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form of time-based vesting awards and the balance in the form of performance-based vesting awards, in order to provide (i) an appropriate alignment of interests with stockholders, (ii) motivation to focus on multi-year stockholder value creation, and (iii) retention of our highly talented executives.

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

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

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

Distributions with respect to the performance-based LTIP units granted in 2016 and thereafter are paid to the extent of 10% of the distributions paid with respect to our operating partnership units, and the 90% balance will be accrued and paid in full if and when such LTIP units are earned at the end of the performance period. Distributions with respect to the performance-based LTIP units granted before 2016 are paid to the extent of all distributions paid with respect to our operating partnership units.

2017 Long Term Equity Incentive Compensation Awards and Criteria

Based on the recommendation of FPL, our Compensation Committee set 2017 target long-term equity incentive compensation amounts for our named executive officers as shown below. These targets were chosen in relation to FPL s benchmarking study of the company s peer group, particularly the subset of our peers operating in the New York City market, based on (i) achieving an appropriate balance between cash and equity as it relates to total remuneration and (ii) arriving at a level of total remuneration which, when combined with the level of base salary and annual incentive bonus, remains at a market competitive level to attract and retain our key executives.

Such long-term equity incentive awards were allocated 50% (based on target amounts) in the form of time-based vesting awards to vest 25% on each anniversary of the first day of 2017 and the balance in the form of performance-based vesting awards for the performance period January 1, 2017 to December 31, 2019.

Allocation of 2017 Long Term Equity Incentive Compensation subject to Time-Based Vesting:

Executive	Dollar Value of LTIP Award Opportunities Granted in 2017 Time Based Target ($)
Anthony E. Malkin	2,733,750
John B. Kessler	1,262,500
David A. Karp	796,250

Thomas P. Durels	1,181,250
Thomas N. Keltner, Jr.	448,438

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Allocation of 2017 Long Term Equity Incentive Compensation subject to Performance-Based Vesting:

	Dollar Value of LTIP Award Opportunities Granted in 2017 Performance Based		
Executive	**Threshold ($)**	**Target ($)**	**Maximum ($)**
Anthony E. Malkin	1,311,188	2,733,750	3,948,750
John B. Kessler	631,056	1,262,500	1,893,750
David A. Karp	402,188	796,250	1,277,656
Thomas P. Durels	596,652	1,181,250	1,895,425
Thomas N. Keltner, Jr.	241,805	448,438	615,503

The metrics for performance-based awards granted in 2017 are: (a) 25% based on the absolute annualized TSR performance of the shares of Class A common stock, (b) 50% based on relative annualized TSR compared to the FTSE NAREIT Equity REIT Office Index, and (c) 25% based on relative annualized TSR compared to the MSCI US REIT Index, all as described below. The long-term incentive awards were granted to our named executive officers in February 2017, at the dollar amounts shown in the two charts above, covering the three-year performance period from January 1, 2017 through December 31, 2019, with the following pre-established quantitative performance metrics and potential payout levels:

		Performance Level (1)(3)		
% of Award	**Metric**	**Threshold**	**Target**	**Maximum**
50%	Relative TSR to the FTSE NAREIT Equity REIT Office Index	-250 bps	+50 bps	+450 bps
25%	Relative TSR to the MSCI US REIT Index	-300 bps	+100 bps	+600 bps
25%	Absolute Company TSR(2)	4%	8%	12%

(1) Results between Threshold and Target or between Target and Maximum are based on linear interpolation. Performance below Threshold earns 0% and above Maximum is capped at the maximum level.

(2) Absolute Company TSR represents the compounded annual return of an investment in common shares of the company over the performance period, with the ending share prices being the average of the last 20 trading days of the performance period.

(3) Relative performance is stated as basis points above or below index performance. A basis point (bp) equals one-one hundredth of a percent. 100 bps equals 1.0%.

2018 Compensation Decisions

Based on the recommendation of FPL, our Compensation Committee has determined to maintain the same structure and goals for our 2018 compensation program. In addition to retaining the same base salaries, the Compensation

Committee determined to set target annual incentive bonus amounts at the same level as 2017, and the amount of long-term incentive compensation awards at the same level as 2017. These pay levels and targets were chosen in relation to FPL s benchmarking study of the company s peer group, including based on (i) achieving an appropriate balance between cash and equity as it relates to total remuneration and (ii) arriving at a level of total remuneration which, when combined with the level of base salary and cash bonus, remains at a market competitive level to attract and retain our key executives.

Other Compensation Policies and Practices

LTIP Units

Pursuant to our Equity Incentive Plan, we have issued LTIP units, as a form of equity-based award for long-term incentive equity compensation. LTIP units are designed to qualify as profits interests in our operating partnership for federal income tax purposes, meaning that initially they would not be entitled to any distributions upon the liquidation of our operating partnership. However, over time the LTIP units can become entitled to a

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share of liquidating distributions from our operating partnership until the LTIP units are on a one-for-one parity with operating partnership units. LTIP units are designed to offer key employees a long-term incentive that in the long-term will become comparable to restricted stock, while allowing them to enjoy a more favorable income tax treatment. Each LTIP unit awarded is deemed equivalent to an award of one share of Class A common stock reserved under our Equity Incentive Plan, reducing availability for other equity awards on a one-for-one basis.

With the exception of performance-based LTIP units granted in 2016 and thereafter, all LTIP units issued in connection with annual equity awards, whether vested or not, receive the same per unit distributions as operating partnership units, which equal per share dividends (both regular and special) on our common stock. Performance based LTIP units granted in 2016 and thereafter receive 10% of such distributions currently, unless and until such LTIP units are earned based on performance, at which time they will receive the accrued and unpaid 90% and will commence receiving 100% of such distributions. No dividend is paid initially with respect to performance-based restricted stock. Instead, the dividend amount is accrued and paid in full if and when such shares are earned at the end of the performance period.

The key difference between LTIP units and restricted stock is that at the time of award, LTIP units do not have full economic parity with operating partnership units, but can achieve such parity over time upon the occurrence of specified events. The capital account associated with an LTIP unit when it is initially issued is zero. Under the terms of the LTIP units, our operating partnership will revalue its assets upon the occurrence of certain specified events, and any increase in valuation from the time of grant until such event will be allocated first to the holders of LTIP units to equalize the capital accounts of such holders with the capital accounts of holders of operating partnership units. Upon equalization of the capital accounts of the holders of LTIP units with other holders of operating partnership units, the LTIP units will achieve full parity with operating partnership units for all purposes, including with respect to liquidating distributions.

Following a two year holding period, holders of vested LTIP units that have achieved such parity will have the right to convert their vested LTIP units into an equal number of operating partnership units or to require our operating partnership to redeem their vested LTIP units for an equal number of shares of Class A common stock of the company or, at the company s option, an amount of cash equal to the value of such shares. Unless and until such parity is reached, the value that an executive will realize in a liquidation for a given number of vested LTIP units is less than the value of an equal number of operating partnership units. Events that allow such revaluation of our operating partnership s assets under the partnership agreement and applicable federal tax regulations generally include: (1) the issuance by the company of our Class A common stock, (2) the issuance by our operating partnership of common or other operating partnership units, (3) significant repurchases of common stock for cash, and (4) the redemption by the company of common operating partnership units for cash or other property.

Our Compensation Committee believes that allowing executives to choose to receive equity-based awards in the form of LTIP units (1) serves our objectives by increasing the after-tax value of a given equity grant and, therefore, enhances our equity-based compensation package for executives as a whole, (2) advances the separate goal of promoting long-term equity ownership by executives (see Minimum Share Ownership Guidelines for Executive Officers and Directors below), (3) has no adverse impact in the form of dilution as compared to using restricted stock, (4) does not increase our recorded expense on account of equity-based compensation awards, (5) further aligns the interests of executives with the interests of stockholders and (6) because LTIP units are offered by many of our peers, enables the company to remain competitive with our peers in recruiting and retaining talented executives. Based on these considerations, we offer certain eligible officers and employees a choice between restricted stock and LTIP units on a one-for-one basis for their performance-based and time-based long-term equity compensation awards.

Employment Agreement and Change in Control Severance Agreements

We entered into an employment agreement with Anthony E. Malkin effective October 7, 2013. His employment agreement provides for salary, target bonus, equity awards, and other benefits, including severance benefits upon qualifying terminations of employment. For more information, see Compensation of Our Executive Officers Employment Agreement.

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In addition, we entered into change in control severance agreements with Messrs. Kessler, Karp, Durels and Keltner. These agreements provide for severance and other benefits, including acceleration of vesting of outstanding equity awards, upon qualifying terminations of employment following a change in control. For more information, see Compensation of Our Executive Officers Change in Control Severance Agreements.

Employee Benefits

We have a 401(k) Retirement Plan (our 401(k) Plan) to cover eligible employees of the company and any designated affiliate. Our 401(k) Plan permits an eligible employee to defer a percentage of eligible annual compensation, subject to certain limitations imposed by the Internal Revenue Code of 1986, as amended (the Code). The employee s elective deferrals are immediately vested and nonforfeitable upon contribution to the 401(k) Plan. We match up to $1,250 of employee contributions in cash in order to encourage employee participation. We do not provide our named executive officers with a supplemental pension or any other retirement or nonqualified deferred compensation benefits, other than the 401(k) Plan benefits provided generally to our employees.

Perquisites and Other Personal Benefits

We provide Mr. Malkin a car and a full-time driver, with a value up to $156,800 per year, as adjusted for consumer price index (CPI). This allows him to use his time efficiently during his travel. The cost to the company in 2017 was $98,870 for the driver s salary and bonus and $20,443 for car-related expenses.

Clawback Policy

We have adopted a formal clawback policy, which allows us to recoup compensation paid to an officer covered by the policy if the related financial results are subsequently restated as described below. The policy covers all of our current and former executive officers as well as certain other specified officers. Pursuant to this policy, if we are required to prepare an accounting restatement due to material non-compliance with any financial reporting requirement, then our Compensation Committee may require an employee covered by the policy who was engaged in fraud, willful misconduct, or intentional illegal conduct which materially contributed to the need for such restatement to repay or forfeit to the company excess compensation. Excess compensation includes annual cash bonus and long term incentive compensation in any form (including restricted stock and LTIP units, whether time-based or performance-based) received by that employee during the three-year period preceding the publication of the restated financial statements that our Compensation Committee determines was in excess of the amount that such employee would have received if such compensation had been determined based on the financial results reported in the restated financial statements.

Our Compensation Committee intends to periodically review this clawback policy and, as appropriate, conform it to any applicable final rules adopted pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Hedging and Pledging our Securities

Our employees are prohibited from engaging in a transaction meant to hedge or minimize losses in our securities, including engaging in transactions in puts, calls or other derivatives on our securities, or short-selling our securities.

Executive officers and certain employees owning more than $1,000,000 of our securities are prohibited from pledging our securities as collateral for a loan unless such pledging is approved by our Compensation Committee.

Minimum Share Ownership Guidelines for Executive Officers and Directors

We have adopted minimum stock ownership guidelines that require each executive officer to maintain ownership of a minimum number of shares of our common stock (including awarded operating partnership units and LTIP units) having a market value equal to or greater than a multiple (ten times, in the case of our Chief Executive

Officer, and five times, in the case of all other executive officers) of such executive officer s base salary. Each executive officer must achieve the minimum equity investment within five years from the later of the date of the completion of our IPO (for executive officers in place at that time) and the date of such officer s appointment (for subsequently appointed executive officers).

We have adopted minimum stock ownership guidelines that require our independent directors to hold a number of shares of our common stock (including awarded operating partnership units and LTIP units) having a market value equal to or greater than five times the portion of the annual base retainer which is eligible to be paid in cash. Each independent director must achieve the minimum equity investment within five years from the later of the date of the completion of our IPO (for directors in place at that time) and the date of such director s election to our Board of Directors (for subsequently appointed directors) to attain compliance with the stock ownership requirements.

Tax Gross Up Payments

We do not provide any golden parachute tax gross-up payments to our named executive officers. According to their employment agreements, if any payments or benefits to be paid or provided to any of our named executive officers would be subject to golden parachute excise taxes under Section 4999 of the Code, the executive s payments and benefits will be reduced to the extent necessary to avoid such excise taxes, but only if such a reduction of pay or benefits would result in a greater net after-tax receipt for the executive.

Tax Implications Deductibility of Executive Compensation

The Compensation Committee s policy is to consider the tax treatment of compensation paid to our executive officers while simultaneously seeking to provide our executives with appropriate rewards for their performance. The SEC requires that we comment upon our policy with respect to Section 162(m) of the Code, which limits the deductibility compensation of more than $1.0 million paid to any covered employee unless certain exceptions are met, primarily relating to performance-based compensation. Although certain qualifying performance-based compensation was previously exempt from this deduction limit, the recently-enacted Tax Cuts and Jobs Act made certain changes to Section 162(m) of the Code. Pursuant to such changes, performance-based compensation is no longer exempt under Section 162(m) of the Code effective for tax years beginning after January 1, 2017, subject to a transition rule for written binding contracts which were in effect on November 2, 2017 and which were not modified in any material respect on or after such date.

We are continuing to assess the impact of Section 162(m) of the Code on our compensation arrangements; however, we believe that, because we intend to maintain our qualification as a REIT under the Code and pay distributions sufficient to minimize federal income taxes, the payment of compensation that does not satisfy the requirements of Section 162(m) will generally not affect our net income. In addition, substantially all of the services rendered by our executive officers are performed on behalf of the operating partnership, of which we are the sole general partner (or its subsidiaries, including one or more of our taxable REIT subsidiaries). The Internal Revenue Service has issued a series of private letter rulings that indicate that compensation paid by an operating partnership to executive officers of a REIT that serves as its general partner is not subject to the limitation under Section 162(m) to the extent such compensation is attributable to services rendered to the REIT s operating partnership. We have not obtained a ruling on this issue, but have no reason to believe that the same conclusion would not apply to us. To the extent, however, that compensation paid to our executive officers becomes subject to and does not qualify for deduction under Section 162(m), a larger portion of stockholder distributions may be subject to federal income taxation as dividend income rather than return of capital. We do not believe that Section 162(m) will materially affect the taxability of stockholder distributions, although no assurance can be given in this regard due to the variety of factors that affect the tax position of each stockholder. For these reasons, the Compensation Committee s compensation policy and practices are not directly guided by considerations relating to Section 162(m) of the Code.

Risk Considerations in our Compensation Programs

Our Compensation Committee has discussed the concept of risk as it relates to our compensation programs with management and FPL, and our Compensation Committee does not believe the goals, or the underlying philosophy of our compensation programs encourage excessive or inappropriate risk taking.

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Compensation Committee Report

The following Compensation Committee report to stockholders shall not, in accordance with the rules of the SEC, be incorporated by reference into any of our future filings made under the Exchange Act or under the Securities Act, and shall not be deemed to be soliciting material or to be filed under the Exchange Act or the Securities Act.

Our Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K, and, based on such review and discussions, our Compensation Committee recommended to our Board of Directors that our Compensation Discussion and Analysis be included in this Proxy Statement.

Submitted by our Compensation Committee

James D. Robinson IV (Chair)

Steven J. Gilbert

Compensation Committee Interlocks and Insider Participation

During the year ended December 31, 2017, Mr. Robinson and Mr. Gilbert served as members of our Compensation Committee. No member of our Compensation Committee is a current or former officer or employee of the company or any of its subsidiaries. None of our named executive officers serves as a member of the board of directors or compensation committee of any company that has one or more of its executive officers serving as a member of our Board of Directors or Compensation Committee.

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Compensation of our Executive Officers

2017 Summary Compensation Table

The following summary compensation table sets forth information concerning the total compensation paid, earned or awarded regarding our named executive officers for the company s fiscal years ended December 31, 2017, 2016 and 2015.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	All Other Compensation ($)	Total ($)
Anthony E. Malkin	2017	810,000	1,822,500(1)	6,549,981(2)	120,563(3)(4)	9,303,044
	2016	810,000	1,822,500	6,545,109	118,016	9,295,625
Chairman of the Board and						
Chief Executive Officer	2015	550,000	1,237,500	1,621,644	99,553	3,508,697
John B. Kessler	2017	700,000	1,050,000(1)	3,096,826(2)	1,250(4)	4,848,076
	2016	700,000	1,050,000	2,786,583	1,250	4,537,833
President and						
Chief Operating Officer	2015	474,520	787,500	1,174,866	1,250	2,438,136
David A. Karp	2017	650,000	731,250(1)	2,037,781(2)	1,250(4)	3,420,281
	2016	650,000	731,250	2,033,881	1,250	3,416,381
Executive Vice President and						
Chief Financial Officer	2015	489,250	587,100	653,023	1,250	1,730,623
Thomas P. Durels	2017	650,000	731,250(1)	3,023,075(2)	1,250(4)	4,405,575
	2016	650,000	731,250	3,033,881	8,225	4,423,356
Executive Vice President,						
Real Estate	2015	489,250	587,100	653,023	8,166	1,737,539
Thomas N. Keltner, Jr.	2017	625,000	468,750(1)	1,041,080(2)	1,250(4)	2,136,080
	2016	625,000	468,750	925,276	1,250	2,020,276
Executive Vice President,						
General Counsel and Secretary	2015	463,500	312,863	451,043	1,250	1,228,656

(1) Named executive officers were given the option to receive all or a portion of their 2017 annual incentive bonus (paid in 2018) either in cash or all or part of such cash for an equivalent number of LTIP units (or at 125% of the

cash amount received, if the recipient agreed to defer vesting of such LTIP units over a three-year period). The amounts indicated represent the face amount of such grants. For more detail on these elections, see Compensation Discussion and Analysis Compensation Program Annual Incentive Bonus Payments for 2017 Bonus Election Program.

(2) These amounts reflect the aggregate grant date fair value of LTIP unit awards granted on March 17, 2017 to each of the named executive officers in accordance with ASC Topic 718 disregarding estimated forfeitures and assuming the probable outcome of the performance metrics for performance-based LTIP units. The probable outcome of the performance metrics is maximum achievement of such metrics. A discussion of the assumptions used in calculating these fair values can be found in Note 9 to our 2017 audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017. Also, see the 2017 Grants of Plan-Based Awards Table contained in this Proxy Statement for more information regarding the assigned values and grant date fair values of the time-based and performance-based LTIP units granted to each named executive officer in 2017. For more information about the performance goals, see Compensation Discussion and Analysis Compensation Program Annual Incentive Bonus Payments for 2017.

(3) We provide Mr. Malkin a car and a full-time driver. The amount reported includes the cost to the company for the car and driver for 2017, which was $98,870 for the driver s salary and bonus and $20,443 for car-related expenses.

(4) Includes a matching contribution in our 401(k) Plan of $1,250 in 2017.

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2017 Grants of Plan-Based Awards

The following table discloses the number of plan-based awards granted in 2017 to our named executive officers and the grant date fair value of these awards.

Name	Grant Date	Estimated Future Payouts under Equity Incentive Plan: Number of Performance-Based Shares of Stock or Units (1)			All Other Stock Awards: Number of Time-Based Shares of Stock or Units(2) (#)	Grant Date Fair Value of Stock or Units(3) ($)
		Threshold (#)	Target (#)	Maximum (#)		
Anthony E. Malkin	3/17/17				133,353	2,597,716
	3/17/17	116,654	243,216	351,625		3,952,265
John B. Kessler	3/17/17				61,585	1,199,676
	3/17/17	56,597	113,228	170,148		1,897,150
David A. Karp	3/17/17				38,841	756,623
	3/17/17	36,696	72,650	116,894		1,281,158
Thomas P. Durels	3/17/17				57,621	1,122,457
	3/17/17	54,439	107,778	173,414		1,900,617
Thomas N. Keltner, Jr.	3/17/17				21,875	426,125
	3/17/17	21,100	39,130	53,661		614,955

(1) Represents performance-based LTIP units granted pursuant to our Equity Incentive Plan based on threshold, target and maximum amounts. Performance-based LTIP units may range from the vesting of no performance-based LTIP

units to the vesting of the maximum amount of performance-based LTIP units, as shown above. Within such range, an interpolated amount would be applied if results fall between such threshold, target and maximum measures. Performance-based LTIP units granted on March 17, 2017 will be earned based on the company s absolute and relative annualized TSR over a three-year performance period that commenced on January 1, 2017. The earned performance-based LTIP units will then vest 50% on January 1, 2020, the end of the three year performance period, and 50% on January 1, 2021, conditioned on continued employment. For more information about the performance criteria, see Compensation Discussion and Analysis Compensation Program Annual Incentive Bonus Payments for 2017.

(2) Represents time-based LTIP units granted to each named executive officer pursuant to our Equity Incentive Plan. These time-based LTIP units vest 25% on each of the first four anniversaries of January 1, 2017, in each case subject to continued employment.

(3) The amounts included in this column represent the grant date fair value of the LTIP units computed in accordance with ASC Topic 718 and are based upon performance-based LTIP units with a per unit amount of $11.24, $11.15, $10.96, $10.96 and $11.46 for Messrs. Malkin, Kessler, Karp, Durels and Keltner, respectively, and $19.48 per unit for the time-based LTIP units for Messrs. Malkin, Kessler, Karp, Durels and Keltner. A discussion of the assumptions used in calculating these values can be found in Note 9 to our 2017 audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017.

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2017 Outstanding Equity Awards at Fiscal Year-End

The following table sets forth the outstanding equity awards held by our named executive officers as of December 31, 2017.

	Stock Awards			
Name	Number of Time-based Shares or Units That Have Not Vested[1] (#)	Market Value of Time-based Shares or Units That Have Not Vested[2] ($)	Equity Incentive Plan Awards: Number of Unearned Performance-based Shares, Units or Other Rights That Have Not Vested[3] (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Performance-based Shares, Units or Other Rights That Have Not Vested[2] ($)
Anthony E. Malkin	323,174	6,634,762	531,462	10,910,915
John B. Kessler	137,942	2,831,949	224,440	4,607,743
David A. Karp	95,808	1,966,938	161,895	3,323,700
Thomas P. Durels	177,401	3,642,043	180,546	3,706,618
Thomas N. Keltner, Jr.	53,887	1,106,300	77,111	1,583,089

(1) LTIP units granted to our named executive officers (i) on January 17, 2014 (excluding Mr. Kessler) that vest 25% on January 1 of 2015, 2016, 2017 and 2018, (ii) on February 1, 2015 (for Mr. Kessler only) that vest 25% on February 1 of 2016, 2017, 2018 and 2019, (iii) on February 18, 2015 that vest 25% on January 1 of 2016, 2017, 2018 and 2019, (iv) on February 29, 2016 that vest 25% on January 1 of 2017, 2018, 2019 and 2020, (v) on February 29, 2016 (for Mr. Durels only) that vest 30% on February 28, 2019, 30% on February 29, 2020, and 40% on February 28, 2021 and (vi) on March 17, 2017 that vest 25% on January 1, 2018, 2019, 2020 and 2021, all subject to continued employment.

(2)

Calculated assuming that the value of an LTIP unit on December 29, 2017 (the last business day of the fiscal year) was equal to the $20.53 price of a share of our Class A common stock on such date.

(3) LTIP units granted to our named executive officers (i) on February 1, 2015, for Mr. Kessler only, that are estimated earned at 32.7% of such award based on our company s absolute and relative annualized TSR over a three-year performance period commencing on February 1, 2015, that vested 50% on February 1 of 2018 and will vest as to the remaining 50% on February 1, 2019, (ii) on February 18, 2015, that were earned at 54.4% of such award based on our company s absolute and relative annualized TSR over a three-year performance period commencing on January 1, 2015, that vested 50% on January 1 of 2018 and will vest as to the remaining 50% on January 1, 2019, (iii) on February 29, 2016, that are estimated earned based on our company s absolute and relative annualized TSR over a three-year performance period commencing on January 1, 2016, assuming between 55.4% - 64.9% are granted based on results as of December 31, 2017, and then vest 50% ratably on January 1 of 2019 and 2020, and (iv) on March 17, 2017, that are estimated earned based on our company s absolute and relative annualized TSR over a three-year performance period commencing on January 1, 2017, assuming between 33.0% - 39.7% are granted based on results as of December 31, 2017, and then vest 50% ratably on January 1 of 2020 and 2021. For more information about the performance criteria, see Compensation Discussion and Analysis Compensation Program Annual Incentive Bonus Payments for 2017.

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2017 Option Exercises and Stock or Units Vested

The following table sets forth certain information regarding LTIP units that vested in 2017 for the named executive officers.

	Stock or Unit Awards	
	Number of Shares or Units Acquired on Vesting(1)	Value Realized on Vesting(2)
Name	(#)	($)
Anthony E. Malkin	124,696	2,517,612
John B. Kessler	29,246	589,962
David A. Karp	61,466	1,256,411
Thomas P. Durels	129,063	2,659,049
Thomas N. Keltner, Jr.	77,465	1,598,048

(1) Represents the aggregate number of LTIP units that vested in 2017.

(2) The value realized on vesting of the LTIP units is the product of (a) the closing price on the New York Stock Exchange of a shares of Class A common stock on the vesting date (or, if the vesting date was not a trading day, the immediately preceding trading day), multiplied by (b) the number of LTIP units vesting. In each case, the value realized is before payment of any applicable taxes and brokerage commissions, if any.

Employment Agreement

On April 5, 2016, we entered into an amended and restated written employment agreement with Anthony E. Malkin. The employment agreement has an initial term of three years from the date of the IPO, and provides for up to two automatic one-year extensions thereafter (the second of which has occurred), unless either party provides at least 60 days notice of non-renewal prior to the expiration of the then current term. The employment agreement requires Mr. Malkin to devote a majority of his business time and attention to the performance of his duties under the employment agreement.

Mr. Malkin s employment agreement provides for:

- an annual base salary subject to review and increase on an annual basis in the discretion of our Compensation Committee (Mr. Malkin s base salary was increased to $810,000 in 2016 by our Compensation Committee and has remained at the same level for 2017 and 2018);

eligibility for annual cash performance bonuses with a target bonus equal to 200% of Mr. Malkin s annual base salary, based on the satisfaction of company and individual performance criteria established by our Compensation Committee;

participation in our long-term incentive program, including grants under our Equity Incentive Plan, with the amount of awards granted to Mr. Malkin under our Equity Incentive Plan to be no less than that granted to other senior executives and be reasonable in light of the contributions made or expected to be made by Mr. Malkin for the period for which such grant is made;

participation in all of our benefit plans and entitlement to receive benefits and perquisites at a level no less favorable than those provided to our other senior executives;

a company-owned or leased automobile and a driver with a value of up to $156,800 per year (as adjusted for CPI); and

administrative assistance and office space for Mr. Malkin, and services reasonably acceptable to him, so long as Mr. Malkin is providing services to us in any capacity.

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The consequences of a termination of employment of Mr. Malkin pursuant to his employment agreement and equity award agreements are as follows:

Termination Without Cause or for Good Reason (not Following a Change in Control)

Upon a termination of employment by us without cause (other than due to death or disability) or by Mr. Malkin for good reason (each as defined in the employment agreement), subject to Mr. Malkin s and the company s execution of a mutual release of claims in the form provided for in the employment agreement, Mr. Malkin will be entitled to:

annual base salary and other benefits earned but unpaid prior to the date of termination;

earned but unpaid annual bonus for the prior fiscal year;

a lump sum amount equal to two times the sum of Mr. Malkin s then-current annual base salary plus the average annual bonus paid to Mr. Malkin over the three most-recently completed fiscal years;

a pro-rated annual bonus for the year in which the termination of employment occurs, calculated based on actual performance for the entire performance period (disregarding any subjective performance goals and without the exercise of any negative discretion), to be paid at the end of the performance period;

subject to Mr. Malkin s election of COBRA coverage under the company s group health plan, for up to 18 months following his termination, a monthly payment equal to the difference between the monthly COBRA premium cost and the premium cost to Mr. Malkin as if he continued to be our employee;

equity awards subject to time-based vesting immediately vest in full;

pro-rated vesting of equity awards subject to performance-based vesting to the extent the underlying performance requirements have been met based on performance from commencement of the performance period through the date of termination; and

stock options will remain exercisable for three years following the termination, but in no event later than their expiration.

Termination Without Cause or for Good Reason Following a Change in Control

Upon a termination of employment by us without cause (other than due to death or disability) or by Mr. Malkin for good reason within two years following a change in control (as defined in our Equity Incentive Plan), subject to Mr. Malkin s and the company s execution of a mutual release of claims in the form provided for in the employment agreement, Mr. Malkin will be entitled to:

annual base salary and other benefits earned but unpaid prior to the date of termination;

earned but unpaid annual bonus for the prior fiscal year;

a lump sum amount equal to three times the sum of Mr. Malkin s then-current annual base salary plus the average annual bonus paid to Mr. Malkin over the three most-recently completed fiscal years;

a pro-rated annual bonus for the year in which the termination of employment occurs, calculated based on actual performance for the entire performance period (disregarding any subjective performance goals and without the exercise of any negative discretion), to be paid at the end of the performance period;

subject to Mr. Malkin s election of COBRA coverage under the company s group health plan, for up to 18 months following his termination, a monthly payment equal to the difference between the monthly COBRA premium cost and the premium cost to Mr. Malkin as if he continued to be our employee;

equity awards subject to time-based vesting immediately vest in full;

equity awards subject to performance-based vesting will vest to the extent the underlying performance requirements have been met based on performance from commencement of the performance period through the date of termination; and

stock options will remain exercisable for three years following the termination, but in no event later than their expiration.

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Termination Due to Death or Disability

Upon Mr. Malkin s termination due to his death or disability, subject to Mr. Malkin s (or his estate s) and the company s execution of a mutual release of claims in the form provided for in the employment agreement, Mr. Malkin, or his estate, will be entitled to:

- annual base salary and other benefits earned but unpaid prior to the date of termination;
- earned but unpaid annual bonus for the prior fiscal year;
- a pro-rated annual bonus for the year in which the termination of employment occurs, calculated based on actual performance for the entire performance period (disregarding any subjective performance goals and without the exercise of any negative discretion), to be paid at the end of the performance period;
- equity awards subject to time-based vesting immediately vest in full;
- pro-rated vesting of equity awards subject to performance-based vesting to the extent the underlying performance requirements have been met based on performance from commencement of the performance period through the date of death or disability; and
- stock options will remain exercisable for three years following the termination, but in no event later than their expiration.

Termination Due to Retirement

Pursuant to the terms of Mr. Malkin s equity award agreements, upon the executive s resignation following the later of (x) the executive s 60th birthday and (y) the executive s completing ten years of service (including service with our predecessors), he will be entitled to:

- equity awards subject to time-based vesting immediately vest in full; and
- pro-rated vesting of equity awards subject to performance-based vesting to the extent the underlying performance requirements have been met based on performance from the commencement of the performance period through the date of retirement.

Resignation (not for Good Reason) or Non-Renewal

Upon a termination of employment by Mr. Malkin for any reason other than good reason, or by notice by him or us of non-renewal of the employment agreement, Mr. Malkin will be entitled to:

annual base salary and other benefits earned but unpaid prior to the date of termination; and

subject to Mr. Malkin s and our company s execution of a mutual release of claims, any earned but unpaid annual bonus for the prior fiscal year.

Termination for Cause

Upon a termination of employment by us for cause, Mr. Malkin will be entitled only to annual base salary and other benefits earned but unpaid prior to the date of termination.

Parachute Payments

In the event that any amount payable to Mr. Malkin is determined to be an subject to the excise tax under Section 4999 of the Code, such amount will be reduced to one dollar less than the threshold amount that would trigger an excise tax under Section 4999 of the Code, unless that reduction would result in Mr. Malkin receiving a lesser net after-tax amount.

Although the employment agreement requires Mr. Malkin to devote a majority of his business time and attention to the performance of his duties under the employment agreement, Mr. Malkin may (i) serve on the board of one or more business corporations identified by Mr. Malkin with the consent of our Board of Directors (such consent not to be unreasonably withheld), (ii) participate in charitable, civic, educational, professional, community or industry affairs, and (iii) manage his and his family s personal investments (including the excluded properties and excluded businesses (as defined under Certain Relationships and Related Transactions Excluded Properties and Businesses)), including providing services to or maintaining a family office for purposes of managing such investments, provided that (x) the activities set out in clauses (i), (ii), and (iii) shall be limited by Mr. Malkin so as not to interfere materially, individually or in the aggregate, with the performance of his duties and responsibilities under his employment agreement or create a potential business or fiduciary conflict and (y) with respect to the activities set out in clause (iii), such activities shall be limited to non-controlling investments to the extent such investments are office or retail real estate properties located in New York County, New York, Fairfield County, Connecticut, Westchester County, New York, and any other geographic area in which we invest in such properties.

The employment agreement contains standard confidentiality and mutual non-disparagement provisions, which will apply indefinitely, and non-competition, no-hire and non-solicitation provisions, which will apply during the term of the employment agreement and will continue for a period of one year following the termination of Mr. Malkin s employment.

The employment agreement provides that until the later of the date on which (i) Mr. Malkin is no longer serving as our Chief Executive Officer and (ii) Mr. Malkin and his affiliates no longer hold on a consolidated basis at least (x) 50% of the amount of our Class A common stock, Class B common stock and operating partnership units in our operating partnership which was held by Mr. Malkin and his affiliates as of the date of the closing of the consolidation and (y) 10% of the voting power of our outstanding common stock voting together as a single class, our Board of Directors shall cause Mr. Malkin to be nominated for re-election to our Board of Directors at the expiration of the then current term. Unless Mr. Malkin has resigned as a director, for so long as the foregoing ownership thresholds are met, this obligation shall survive beyond the expiration of the term of Mr. Malkin s employment agreement and the termination of Mr. Malkin s employment for any reason other than for cause unless prohibited by legal or regulatory requirements. Failure of our Board of Directors to nominate Mr. Malkin for election to our Board of Directors, the failure of Mr. Malkin to be elected or re-elected, or his removal as a member of our Board of Directors constitute good reason under the employment agreement.

All disputes, except equitable enforcement of restrictive covenants, under the employment agreement will be resolved by arbitration in accordance with the rules of the Judicial Arbitration and Mediation Services, Inc. in New York City. We have agreed to pay all costs of the arbitration except, if applicable, Mr. Malkin s petitioner s filing fee. If an arbitrator determines that Mr. Malkin has prevailed on the issues in dispute in the arbitration, we will pay or reimburse any reasonable expenses, including reasonable attorney s fees, which Mr. Malkin incurs in such arbitration.

Change in Control Severance Agreements

On April 5, 2016, we entered into amended and restated written change in control severance agreements with Messrs. Karp, Durels and Keltner, and on February 1, 2015, we entered into a written change in control severance agreement with Mr. Kessler substantially similar to the change in control severance agreements with Messrs. Karp, Durels and Keltner. Each of the change in control severance agreements will terminate two years after the date of any written notice of termination from us to the applicable executive officer; provided, that if a change in control (as defined in our Equity Incentive Plan) occurs while the agreement is still operative, any written notice to the executive officer terminating the agreement will not be effective prior to the second anniversary of the change in control.

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The consequences of a termination of employment of any such executive pursuant to his change in control severance agreement and equity award agreements are as follows:

Termination Without Cause or for Good Reason Following a Change in Control

Upon a termination of employment by us without cause (other than due to death or disability) or by the executive officer for good reason (each as defined in the change in control severance agreements), within two years following a change in control, subject to the executive officer s execution of a release of claims, the executive officer will be entitled to:

- annual base salary and other benefits earned but unpaid;
- earned but unpaid annual bonus for the prior fiscal year;
- an amount equal to two times the sum of the executive officer s then-current annual base salary plus the average bonus earned over the three most-recently completed fiscal years;
- a pro-rated annual bonus for the year in which the termination of employment occurs, calculated based on actual performance for the entire performance period (disregarding any subjective performance goals and without the exercise of any negative discretion), and paid at the end of the performance period;
- subject to the executive officer s election of COBRA coverage under the company s group health plan, for up to 18 months, a monthly payment equal to the difference between the monthly COBRA premium cost and the premium cost to the executive officer as if he continued to be our employee;
- equity awards subject to time-based vesting immediately vest in full; and
- equity awards subject to performance-based vesting will vest based on performance from commencement of the performance period through the date of termination (i) on a pro-rated basis, if the termination occurs before the performance period ends and (ii) in full, if the termination occurs after the performance period ends.

Termination Due to Death or Disability Following a Change in Control

In the event of the applicable executive officer s death or disability within two years following a change in control, the executive officer will be entitled to his accrued and unpaid annual base salary and other benefits, as well as any earned but unpaid annual bonus for the prior fiscal year. In addition, pursuant to the terms of the executives equity award agreements:

- equity awards subject to time-based vesting immediately vest in full; and

- equity awards subject to performance-based vesting will, to the extent the underlying performance requirements have been met based on performance from commencement of the performance period through the date of death or disability, vest (i) on a pro-rated basis, if the termination occurs before the performance period and (ii) in full, if the termination occurs after the performance period ends.

Resignation (not for Good Reason, Following a Change in Control)

Upon a termination by the executive officer for any reason other than good reason, the executive officer will be entitled to his accrued and unpaid annual base salary and other benefits, as well as any earned but unpaid annual bonus for the prior fiscal year.

Termination Without Cause or for Good Reason (not Following a Change in Control)

Pursuant to the terms of the executives equity award agreements, upon a termination of employment by us for any reason other than cause or the executive s resignation for good reason, the executive officer will be entitled to:

- equity awards subject to time-based vesting immediately vest in full; and

- equity awards subject to performance-based vesting will, to the extent the underlying performance requirements have been met based on performance from commencement of the performance period through the date of termination, vest (i) on a pro-rated basis, if the termination occurs before the performance period ends and (ii) in full, if the termination occurs after the performance period ends.

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Termination Due to Retirement (Whether or not Following a Change in Control)

Pursuant to the terms of the executives equity award agreements, upon the executive s resignation following the later of (x) the executive s 60th birthday and (y) the executive completing ten years of service (including service with our predecessors), the executive officer will be entitled to:

- equity awards subject to time-based vesting immediately vest in full; and
- equity awards subject to performance-based vesting will, to the extent the underlying performance requirements have been met based on performance from commencement of the performance period through the date of retirement, vest (i) on a pro-rated basis, if the termination occurs before the performance period ends, and (ii) in full, if the termination occurs after the performance period ends.

Parachute Payments

In the event that any amount payable to an executive officer would be subject to the excise tax under Section 4999 of the Code, such amount will be reduced to one dollar less than the threshold amount that would trigger an excise tax under Section 4999 of the Code, unless that reduction would result in the executive receiving a lesser net after-tax amount.

The change in control severance agreements also contain standard confidentiality and mutual non-disparagement provisions, which will apply indefinitely, and non-competition, no-hire and non-solicitation provisions, which apply during the term of the agreements and will continue for one year following termination of employment, except that Mr. Kessler s non-compete restriction will continue for six months following the termination of his employment and his no-hire and non-solicitation restrictions will continue for 24 months following the termination of his employment.

All disputes, except equitable enforcement of restrictive covenants, under the change in control severance agreements will be resolved by arbitration in accordance with the rules of the Judicial Arbitration and Mediation Services, Inc. in New York City. We have agreed to pay all costs of the arbitration except, if applicable, the executive officer s petitioner s filing fee. If an arbitrator determines that the applicable executive officer has prevailed on the issues in dispute in the arbitration, we will pay or reimburse any reasonable expenses, including reasonable attorney s fees, which the executive officer incurs in such arbitration.

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Potential Payments Upon Termination

As set forth above in Employment Agreement and Change in Control Severance Agreements, our named executive officers will be entitled to certain compensation and benefits in the event of termination of employment. Assuming a termination of employment and change in control (if applicable) occurred on December 31, 2017 and a price per share of our common stock on the date of termination of $20.53, the amount of compensation that would have been payable to each named executive officer in each situation is listed in the table below.

Benefits and Payments Upon Termination	Severance ($)	Cash Bonus(1) ($)	Continued Medical Benefits ($)	Unvested Time-Based LTIP Units(2) ($)	Unvested Performance-Based LTIP Units(3) ($)	Total ($)
Anthony E. Malkin						
Involuntary Termination Without Cause or Resignation for Good Reason	4,597,500	1,822,500	30,970	6,634,762	6,895,525	19,981,257
Involuntary Termination Without Cause or Resignation for Good Reason Following Change in Control	6,896,250	1,822,500	30,970	6,634,762	10,910,915	26,295,397
Death or Disability		1,822,500		6,634,762	6,895,525	15,352,787
Termination For Cause						
Resignation or Non-Renewal of Employment Contract		1,822,500				1,822,500
Retirement						

Benefits and Payments Upon Termination	Severance ($)	Cash Bonus(1) ($)	Continued Medical Benefits ($)	Unvested Time-Based LTIP Units(2) ($)	Unvested Performance-Based LTIP Units(3) ($)	Total ($)
John B. Kessler						
Involuntary Termination Without Cause or Resignation for Good Reason				2,831,949	2,807,372	5,639,321
Involuntary Termination Without Cause or Resignation	3,237,500	1,050,000	32,339	2,831,949	2,807,372	9,959,160

for Good Reason Following Change in Control			
Death or Disability	2,831,949	2,807,372	5,639,321
Termination For Cause			
Resignation or Non-Renewal of Change in Control Contract			
Retirement			

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Benefits and Payments Upon Termination	Severance ($)	Cash Bonus(1) ($)	Continued Medical Benefits ($)	Unvested Time-Based LTIP Units(2) ($)	Unvested Performance-Based LTIP Units(3) ($)	Total ($)
David A. Karp						
Involuntary Termination Without Cause or Resignation for Good Reason				1,966,938	2,103,760	4,070,698
Involuntary Termination Not for Cause or Resignation for Good Reason Following Change in Control	2,528,900	731,250	18,469	1,966,938	2,103,760	7,349,317
Death or Disability				1,966,938	2,103,760	4,070,698
For Cause Termination						
Resignation or Non-Renewal of Change in Control Contract						
Retirement						

Benefits and Payments Upon Termination	Severance ($)	Cash Bonus(1) ($)	Continued Medical Benefits ($)	Unvested Time-Based LTIP Units(2) ($)	Unvested Performance-Based LTIP Units(3) ($)	Total ($)
Thomas P. Durels						
Involuntary Termination Without Cause or Resignation for Good Reason				3,642,043	2,231,399	5,873,442
Involuntary Termination Without Cause or Resignation for Good Reason Following Change in Control	2,528,900	731,250	32,339	3,642,043	2,231,399	9,165,931
Death or Disability				3,642,043	2,231,399	5,873,442
For Cause Termination						
Resignation or Non-Renewal of Change in Control Contract						
Retirement						

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Benefits and Payments Upon Termination	Severance ($)	Cash Bonus(1) ($)	Continued Medical Benefits ($)	Unvested Time-Based LTIP Units(2) ($)	Unvested Performance-Based LTIP Units(3) ($)	Total ($)
Thomas N. Keltner, Jr.						
Involuntary Termination Without Cause or Resignation for Good Reason				1,106,300	959,228	2,065,528
Involuntary Termination Without Cause or Resignation for Good Reason Following Change in Control	1,965,138	468,750	21,091	1,106,300	959,228	4,520,507
Death or Disability				1,106,300	959,228	2,065,528
For Cause Termination						
Resignation or Non-Renewal of Change in Control Contract						
Retirement(4)				1,106,300	959,228	2,065,528

(1) For purposes of this table, the amount of the cash bonus component of severance equals the face amount of the annual incentive bonus awarded to each named executive officer with respect to 2017 (paid in 2018). For more detail on bonus elections, see Compensation Discussion and Analysis Elements of our Compensation Program Annual Incentive Cash Bonus Payments for 2017 Bonus Election Program.

(2) Calculated assuming that the value of an LTIP unit on December 29, 2017 (the last business day of the fiscal year) was equal to the $20.53 value of a share of our Class A common stock on such date.

(3) Calculated based on the number of LTIP units that would have been earned at December 31, 2017 assuming that the value of each such LTIP unit was equal to the $20.53 value of a share of our Class A common stock on December 29, 2017.

(4) Pursuant to grant and change in control agreements, the vesting is accelerated on retirement for an executive who has then met certain time of performance and age qualifications. Mr. Keltner is the only executive officer who has met such qualifications to date.

Pay Ratio

The following is a reasonable estimate, prepared under applicable SEC rules, of the ratio of the annual total compensation of our Chief Executive Officer to the annual total compensation of our median employee. We determined our median employee, as of October 1, 2017, based on total cash compensation of each of our then active 807 employees (excluding the Chief Executive Officer), comprised of 237 managers and professionals and 570 members covered by collective bargaining agreements who are typically focused on the operations and maintenance of our properties. In determining the median employee, we annualized total cash compensation for permanent employees who worked less than a full year, but not for temporary or part-time workers including seasonal employees. The annual total compensation for 2017 of our median employee, an elevator operator at the Empire State Building Observatory, was $59,433, calculated in accordance with SEC rules. As disclosed in the Summary Compensation Table appearing on page 55, our Chief Executive Officer s annual total compensation for 2017 was $9,303,044. Based on the foregoing, our estimate of the ratio of the annual total compensation of our Chief Executive Officer to the median of the annual total compensation of all other employees was 157 to 1. The pay ratio reported above is a reasonable estimate calculated in a manner consistent with SEC rules, based on our internal records and the methodology described above. The SEC rules for identifying the median compensated employee allow companies to adopt a variety of methodologies, to apply certain exclusions and to make reasonable estimates and assumptions that reflect their employee populations and compensation practices. Accordingly, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies have different employee populations and compensation practices and may use different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios.

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Security Ownership of Certain Beneficial Owners And Management

The following table sets forth certain information, as of March 8, 2018, regarding the beneficial ownership of shares of our common stock and units of partnership interest in Empire State Realty OP, L.P. by:

- each of our directors;
- each of our named executive officers;
- each person known by us to be the beneficial owner of 5% or more of our outstanding common stock; and
- all of our directors and executive officers as a group.

In accordance with SEC rules, each listed person s beneficial ownership includes:

- all shares the investor actually owns beneficially or of record;
- all shares over which the investor has or shares voting or dispositive control (such as in the capacity as a general partner of an investment fund); and
- all shares the investor has the right to acquire within 60 days after March 8, 2018 (unless otherwise noted).

On March 8, 2018, there were:

- 163,306,305 shares of our common stock outstanding, 162,201,577 of which represent Class A common stock, 56,567 of which represent restricted Class A common stock, and 1,048,161 of which represent Class B common stock (each of which may be exchanged on a one-for-one basis for shares of our Class A common stock);
- 137,234,254 operating partnership units of our operating partnership outstanding, consisting of: (i) 86,424,271 Series PR operating partnership units, 32,928,204 Series ES operating partnership units, 8,793,259 Series 60 operating partnership units, and 4,336,961 Series 250 operating partnership units, each of which may be exchanged for cash, or at our option, shares of Class A common stock on a one-for-one basis; and (ii) 4,751,559 LTIP units issued pursuant to our Equity Incentive Plan, each of which, upon the satisfaction of certain conditions, is convertible into operating partnership units of our operating partnership.

Unless otherwise indicated, all shares are owned directly, and the indicated person has sole voting and investment power. Unless otherwise indicated in the footnotes to the table below, the business address of the stockholders listed below is the address of our principal executive office, Empire State Realty Trust, Inc., 111 West 33rd Street, 12th Floor, New York, New York 10120.

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Name	Common Stock (Class A and Class B)			Common Stock and Operating Partners	
	Number of Shares of Common Stock Beneficially Owned	Percent of All Shares of Common Stock (Economic Interest)	Percent of All Shares of Common Stock (Voting Interest)[1]	Number of Shares of Common Stock and Operating Partnership Units Beneficially Owned[2]	Percentage of A Shares of Comm Stock and Operating Partnership Uni
Anthony E. Malkin[3]	703,347	*	15.1%	32,427,555	11.0%
William H. Berkman	25,000	*	*	48,806	**
Leslie D. Biddle		*	*		**
Thomas J. DeRosa		*	*	23,806	**
Steven J. Gilbert	20,000	*	*	42,604	**
S. Michael Giliberto	3,500	*	*	26,104	**
James D. Robinson IV		*	*	6,902	**
David A. Karp	1,000	*	*	203,744	**
John B. Kessler		*	*	110,853	**
Thomas P. Durels	2,407	*	*	538,781	**
Thomas N. Keltner, Jr.[4]		*	*	722,619	**
All directors and executive officers as a group (11 persons)	755,254	*	15.5%	34,151,774	11.5%
5% or Greater Owners					
Quark Holding LLC[5]	29,610,854	18.80%[5]	9.90%	29,610,854	10.0%
The Vanguard Group, Inc.[6]	22,886,971[6]	14.42%[6]	10.66%	22,886,971	
Cohen & Steers, Inc.[7]	20,523,736[7]	12.94%[7]	9.56%	20,523,736	
Vanguard Specialized Funds Vanguard REIT Index Fund[8]	9,021,428[8]	5.68%[8]	4.20%	9,021,428	
BlackRock Inc.[9]	8,307,553[9]	5.20%[9]	3.87%	8,307,553	
Daiwa Asset Management Co. Ltd.[10]	8,221,178[10]	5.20%[10]	3.83%	8,221,178	

* Represents less than 1% of the number of shares of Class A common stock and Class B common stock outstanding.

** Represents less than 1% of the number of shares of Class A common stock, Class B common stock and operating partnership units, including vested LTIP units outstanding.

(1) For purposes of this column, ownership of each share of Class B common stock is treated as 50 shares of Class A common stock. Holders of Class B common stock are entitled to fifty votes per share, to the extent they own 49 limited partnership units in our operating partnership for each share of Class B common stock so voted. Holders of Class A common stock and Class B common stock vote together as a single class on the matters to be considered at the Annual Stockholders Meeting, and their votes are counted and totaled together. The percentages shown in

this column are based on 214,666,194 votes, the aggregate number of votes that may be cast by our common stockholders.

(2) Includes all vested LTIP units, which may be convertible into operating partnership units after certain conditions have been met. The LTIP units shown in the table are the vested amounts from totals previously awarded, which otherwise remain subject to time or performance based vesting conditions as follows: (i) Anthony E. Malkin: 164,423 vested time-based LTIP units (from a total of 614,685 time-based LTIP units awarded) and 53,738 vested performance-based LTIP units (from a total of 1,083,266 performance-based LTIP units awarded); (ii) William H. Berkman: 23,806 vested time-based LTIP units (from a total of 41,457 time-based LTIP units awarded); (iii) Leslie D. Biddle: 0 vested time-based LTIP units (from a total of 9,694 time-based LTIP units awarded); (iv) Thomas J. DeRosa: 23,806 vested time-based LTIP units (from a total of 41,457 time-based LTIP units awarded); (v) Steven J. Gilbert: 22,604 vested time-based LTIP units (from a total of 37,852 time-based LTIP units awarded); (vi) S. Michael Giliberto: 22,604 vested time-based LTIP units (from a total of 33,974 time-based LTIP units awarded); (vii) James D. Robinson IV: 6,902 vested time-based LTIP units (from a total of 20,675 time-based LTIP units awarded); (viii) John B. Kessler: 100,103 vested time-based LTIP units (from a total of 193,402 time-based LTIP units awarded) and 10,750 vested performance-based LTIP units (from a total of 455,325 performance-based LTIP units awarded); (ix) David A. Karp: 157,096 vested time-based LTIP units (from a total of 217,600 time-based LTIP units awarded) and 45,648 vested performance-based LTIP units (from a total of 373,794 performance-based LTIP units awarded); (x) Thomas P. Durels: 313,694 vested time-based LTIP units (from a total of 502,737 time-based LTIP units awarded) and 99,725 vested performance-based

LTIP units (from a total of 484,391 performance-based LTIP units awarded); and (xi) Thomas N. Keltner, Jr.: 17,981 vested time-based LTIP units (from a total of 256,720 time-based LTIP units awarded) and 2,264 vested performance-based LTIP units (from a total of 194,189 performance-based LTIP units awarded). See Compensation Discussion and Analysis Compensation Program for a discussion of the vesting conditions of the LTIP units.

(3) In addition to the 218,161 vested LTIP units referenced in footnote (2) above, includes 60,368 shares of Class A common stock, 642,979 shares of Class B common stock and 31,506,047 operating partnership units held by: (i) family trusts and entities for which Anthony E. Malkin has sole voting and investment power as sole manager or sole trustee, as applicable, or Anthony E. Malkin and his wife have shared voting and investment power as managers or trustees, as applicable, all for the benefit of Anthony E. Malkin, his wife, and certain other members of their extended family, (ii) family trusts for the benefit of Anthony E. Malkin s children, (iii) Anthony E. Malkin s wife and/or (iv) a charitable foundation over which Anthony E. Malkin and his wife have shared voting and investment power; and of which, in each case, Anthony E. Malkin disclaims beneficial ownership of such shares and units except to the extent of his pecuniary interest therein (if any).

(4) Includes 211,495 operating partnership units held by Thomas N. Keltner, Jr. Revocable Trust dated February 23, 2008, for which Thomas N. Keltner, Jr. is the trustee, 328,717 operating partnership units held by Paula S. Keltner Revocable Trust dated March 1, 2008, for which Thomas N. Keltner, Jr. s wife is the trustee, and 162,162 operating partnership units held by the Thomas N. Keltner, Jr. Family Trust, for which Thomas N. Keltner, Jr. s wife and sister are the trustees.

(5) Based solely on information provided on a Schedule 13G/A filed with the SEC on September 28, 2017 by Quark Holding LLC, Q REIT Holding LLC and Qatar Investment Authority, which is the sole member of each of Q REIT Holding LLC and Quark Holding LLC. According to such filing, Q REIT Holding LLC transferred its entire beneficial ownership interest in the company to Quark Holding LLC as of September 25, 2017 (the Transaction). Pursuant to a Stockholders Agreement entered into by the company with Q REIT Holding LLC on August 23, 2016, Q REIT Holding LLC granted to our Board of Directors an irrevocable proxy to vote any shares of Class A common stock directly beneficially owned by Q REIT Holding LLC in excess of 9.9% of the total number of shares of Class A common stock outstanding. In connection with the Transaction, on September 25, 2017, Quark Holding LLC became a party to, and assumed the obligations of Q REIT Holding LLC under, the stockholders agreement, in accordance with its terms. As a result, Quark Holding LLC has voting power over 15,605,656 shares of Class A Common Stock and dispositive power over 29,610,854 shares of Class A Common Stock it directly beneficially owns, which were previously beneficially owned by Q REIT Holding LLC. Qatar Investment Authority, as the sole member of Quark Holding LLC, may be deemed to share voting power and dispositive power of Class A common stock owned by Quark Holding LLC. See Certain Relationships and Related Transactions QIA for a discussion of the Stockholders Agreement. The business address of Quark Holding LLC is Ooredoo Tower, Diplomatic Area Street, West Bay, P.O. Box 23224, Doha, State of Qatar.

(6) Based solely on information provided on a Schedule 13G/A filed with the SEC on February 9, 2018, as of December 31, 2017, The Vanguard Group, Inc. (Vanguard) may be deemed to beneficially own an aggregate of 22,886,971 shares of our common stock in its capacity as an investment advisor, which includes shares of common stock held by Vanguard Fiduciary Trust Company as a result of its serving as investment manager of collective trust accounts and shares of common stock held by Vanguard Investments Australia, Ltd. as a result of its serving

as investment manager of Australian investment offerings. The business address of Vanguard is 100 Vanguard Blvd., Malvern, PA 19355.

(7) Based solely on information provided on a Schedule 13G/A filed with the SEC on February 14, 2018, as of December 31, 2017, Cohen & Steers, Inc., Cohen & Steers Capital Management, Inc. and Cohen & Steers UK Limited, collectively, may be deemed to beneficially own an aggregate of 20,523,736 shares of our common stock. The business address for Cohen & Steers, Inc. and Cohen & Steers Capital Management, Inc. is 280 Park Avenue, 10th Floor, New York, NY 10017. The business address for Cohen & Steers UK Limited is 50 Pall Mall, 7th Floor, London, United Kingdom SW1Y 5JH.

(8) Based solely on information provided on a Schedule 13G filed with the SEC on February 2, 2018, as of December 31, 2017, Vanguard Specialized Funds Vanguard REIT Index Fund held sole voting power with respect to all 9,021,428 shares and sole and shared dispositive power with respect to none of the shares. The company understands that the shares held by Vanguard Specialized Funds Vanguard REIT Index Fund are included in the total number of shares deemed to be beneficially owned by Vanguard as reported above. The business address for Vanguard Specialized Funds Vanguard REIT Index Fund is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.

(9) Based solely on information provided on a Schedule 13G filed with the SEC on February 8, 2018, as of December 31, 2017, BlackRock, Inc. held sole voting power with respect to 7,627,539 shares and sole dispositive power with respect to 8,307,553 of the shares. The business address for BlackRock, Inc. is 55 East 52nd Street, New York, New York 10055.

(10) Based solely on information provided on a Schedule 13G filed with the SEC on February 1, 2018, as of December 31, 2017, Daiwa Asset Management Co. Ltd. held sole voting power with respect to all 8,221,178 shares, sole dispositive power with respect to 13,700 of the shares and shared dispositive power with respect to 8,207,478 of the shares. The business address for Daiwa Asset Management Co. Ltd. Is GranTokyo North Tower, 9-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan 100-6753.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act, requires our executive officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC. Based solely on a review of the copies of the forms received and written representations, we believe that during fiscal year 2017, our executive officers, directors and persons who own more than 10% of a registered class of our equity securities complied with the beneficial ownership reporting requirements of Section 16(a) of the Exchange Act.

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Certain Relationships and Related Transactions

Policies and Procedures With Respect to Related Party Transactions

It is the written policy of our Board of Directors that all related party transactions (generally, transactions involving amounts exceeding $120,000 in which a related party (directors and executive officers or their immediate family members, or stockholders owning 5% of more of our outstanding stock) has a direct or indirect material interest) is subject to approval or ratification in accordance with the following procedures.

Our Nominating and Corporate Governance Committee reviews the material facts of all related party transactions that require its approval and either approve or disapprove of the entry into the related party transaction, subject to some exceptions. If advance approval of a related party transaction is not feasible, then the related party transaction is considered and ratified, if deemed appropriate by our Nominating and Corporate Governance Committee, at its next regularly scheduled meeting. In determining whether to approve or ratify a related party transaction, our Nominating and Corporate Governance Committee will take into account, among other factors it deems appropriate, whether the related party transaction is on terms no less favorable to the company than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related party s interest in the transaction.

If a related party transaction will be ongoing, our Nominating and Corporate Governance Committee may establish guidelines for our management to follow in its ongoing dealings with the related party. Thereafter, our Nominating and Corporate Governance Committee, on at least an annual basis, reviews and assesses ongoing relationships with the related party to see that they are in compliance with our Nominating and Corporate Governance Committee s guidelines and that the related party transaction remains appropriate.

All related party transactions are disclosed in our applicable filings with the SEC as required under SEC rules.

QIA

Securities Purchase Agreement

On August 23, 2016, we entered into the securities purchase agreement with QIA, pursuant to which QIA purchased from us 29,610,854 shares of our Class A common stock at a purchase price of $21.00 per share (the QIA Shares). As of March 8, 2018, the QIA Shares represented a 9.9% fully diluted economic interest in us (inclusive of all outstanding operating partnership units and long term incentive plan units of our operating partnership).

We received approximately $621.8 million in gross proceeds at the August 23, 2016 closing of the purchase and sale of the QIA Shares.

Stockholders Agreement

In connection with the sale of the QIA Shares to QIA, we and QIA entered into the Stockholders Agreement dated August 23, 2016, which sets forth certain rights and obligations of us and QIA relating to QIA s ownership of our Class A common stock, including the following:

QIA was not permitted to transfer any QIA Shares during the six-month period that followed the closing, and could not transfer more than 50% of the QIA Shares during the period that began six months after the closing and ended on the one-year anniversary of the closing.

QIA agreed to limit its voting power on all matters coming before our stockholders (whether at a meeting or by written consent) to no more than 9.9% of the total number of votes entitled to be cast on such matter. Any shares of Class A common stock held by QIA in excess of such 9.9% threshold will be voted in the same manner and proportion as the votes cast by all other stockholders on such matters. QIA granted our Board of Directors an irrevocable proxy to vote in such manner any shares of Class A common stock it holds in excess of such 9.9%. Further, QIA has agreed to vote all of its shares of Class A common stock up to the 9.9% threshold in favor of the election of each member of any slate of director nominees recommended by our Board of Directors.

In connection with any new issuance by us of common equity securities, for so long as QIA maintains at least a 5.0% fully diluted economic interest in us and remains in material compliance with the terms of the Stockholders Agreement, QIA will have the right (but not the obligation) to purchase its pro rata share of such new equity securities in the form of newly issued Class A common stock. These top up rights are generally exercisable on a quarterly basis, or sooner if we or the operating partnership issues new equity securities in an issuance in excess of $1.0 million.

For an initial period of five years from the date of the closing, to the extent QIA remains in material compliance with the terms of the Stockholders Agreement, QIA will have the right of first offer to co-invest with us as a joint venture partner in real estate investment opportunities initiated by us where we have elected, at our discretion, to seek a joint venture partner. The right of first offer period will be extended for a 30-month term if at least one joint venture transaction is consummated among us and QIA during the initial five-year term, and will be extended for a further 30-month term if at least one joint venture transaction is consummated during such initial 30-month extension term.

Subject to certain minimum thresholds and conditions, we will indemnify QIA for certain applicable U.S. federal and state taxes payable by QIA in connection with dividends paid by us on the QIA Shares (and any top up shares) that are attributable to capital gains from the sale or exchange of any U.S. real property interests. Our obligation to indemnify QIA will terminate one year following the date on which the sum of the QIA Shares and any top up shares then owned by QIA falls below 10% of our outstanding common shares.

Registration Rights Agreement

In connection with the sale of the QIA Shares to QIA, we and QIA entered into a registration rights agreement, dated as of August 23, 2016, which required us, among other things, to file with the SEC within 180 days following the closing, a resale shelf registration statement providing for the resale of the QIA Shares. We filed the resale shelf registration statement with the SEC on February 2, 2017 and renewed it on August 3, 2017. In addition, QIA will be entitled to cause us to include in the registration statement such additional top up shares of Class A common stock as QIA may acquire from time to time in the future, up to a 9.9% fully diluted economic interest in us. The registration rights are subject to certain conditions and limitations, including restrictions on sales of shares by the holder in connection with certain public offerings and our right to delay or withdraw a registration statement under certain circumstances. We will generally pay all registration expenses in connection with our obligations under the registration rights agreement.

Tax Protection Agreement

In 2013, we entered into a tax protection agreement with Anthony E. Malkin and Peter L. Malkin that is intended to protect to a limited extent the Malkin Group and an additional third party investor in Metro Center (who was one of the original landowners and was involved in the development of the property) against certain tax consequences arising from a transaction involving one of four properties, which we refer to in this section as the protected assets.

First, this agreement provides that our operating partnership will not sell, exchange, transfer or otherwise dispose of such protected assets, or any interest in a protected asset, until (i) October 7, 2025, with respect to one protected asset, First Stamford Place, and (ii) the later of (x) October 7, 2021 and (y) the death of both Peter L. Malkin and Isabel W. Malkin, who are 84 and 81 years old, respectively, for the three other protected assets, Metro Center, 10 Bank Street and 1542 Third Avenue, unless:

(1) Anthony E. Malkin consents to the sale, exchange, transfer or other disposition; or

(2) our operating partnership delivers to each protected party thereunder a cash payment intended to approximate the tax liability arising from the recognition of the pre-contribution built-in gain resulting from the sale, exchange, transfer or other disposition of such protected asset (with the pre-contribution built-in gain being not more than the taxable gain that would have been recognized by such protected party if the protected asset been sold for fair market value in a taxable transaction at the time of the consolidation) plus an additional amount so that, after the payment of all taxes on amounts received pursuant to the agreement (including any tax liability incurred as a result of receiving such payment), the protected party retains an amount equal to such protected party s total tax liability incurred as a result of the recognition of the pre-contribution built-in gain pursuant to such sale, exchange, transfer or other disposition; or

(3) the disposition does not result in a recognition of any built-in gain by the protected party.

Second, with respect to the Malkin Group, including Anthony E. Malkin and Peter L. Malkin, and one additional third party investor in Metro Center (who was one of the original landowners and was involved in the development of the property), to protect against gain recognition resulting from a reduction in such continuing investor s share of the operating partnership liabilities, the agreement provides that during the period from October 7, 2013 until such continuing investor owns less than the aggregate number of operating partnership units and shares of common stock equal to 50% of the aggregate number of such units and shares such investor received in the formation transactions, which we refer to in this section as the tax protection period, our operating partnership will (i) refrain from prepaying any amounts outstanding under any indebtedness secured by the protected assets and (ii) use its commercially reasonable efforts to refinance such indebtedness at or prior to maturity at its current principal amount, or, if our operating partnership is unable to refinance such indebtedness at its current principal amount, at the highest principal amount possible. The agreement also provides that, during the tax protection period, our operating partnership will make available to such continuing investors the opportunity (i) to enter into a bottom dollar guarantee of their allocable share of $160.0 million of aggregate indebtedness of our operating partnership meeting certain requirements or (ii) in the event our operating partnership has recourse debt outstanding and such a continuing investor agrees, in lieu of guaranteeing debt pursuant to clause (i) above, to enter into a deficit restoration obligation, in each case, in a manner intended to provide an allocation of operating partnership liabilities to the continuing investor. In the event that a continuing investor guarantees debt of our operating partnership, such continuing investor will be responsible, under certain circumstances, for the repayment of the guaranteed amount to the lender in the event that the lender would otherwise recognize a loss on the loan, such as, for example, if property securing the loan was foreclosed and the value was not sufficient to repay a certain amount of the debt. A deficit restoration obligation is a continuing investor s obligation, under certain circumstances, to contribute a designated amount of capital to our operating partnership upon our operating partnership s liquidation in the event that the assets of our operating partnership are insufficient to repay our operating partnership liabilities.

Because we expect that our operating partnership will at all times have sufficient liabilities to allow it to meet its obligations to allocate liabilities to its partners that are protected parties under the tax protection agreement, our operating partnership s indemnification obligation with respect to certain tax liabilities would generally arise only in the event that the operating partnership disposes in a taxable transaction of a protected asset within the period specified above in a taxable transaction. In the event of such a disposition, the amount of our operating partnership s indemnification obligation would depend on several factors, including the amount of built-in gain, if any, recognized and allocated to the indemnified partners with respect to such disposition and the effective tax rate to be applied to such gain at the time of such disposition.

The operating partnership agreement requires that allocations with respect to such acquired property be made in a manner consistent with Section 704(c) of the Code. Treasury Regulations issued under Section 704(c) of the Code provide partnerships with a choice of several methods of allocating book-tax differences. Under the tax protection agreement, our operating partnership has agreed to use the traditional method for accounting for book-tax differences for the properties acquired by our operating partnership in the consolidation. Under the traditional method, which is the least favorable method from our perspective, the carryover basis of the acquired properties in the hands of our operating partnership (i) may cause us to be allocated lower amounts of depreciation and other deductions for tax purposes than would be allocated to us if all of the acquired properties were to have a tax basis equal to their fair market value at the time of acquisition and (ii) in the event of a sale of such properties, could cause us to be allocated gain in excess of its corresponding economic or book gain (or taxable loss that is less than its economic or book loss), with a corresponding benefit to the partners transferring such properties to our operating partnership for interests in our operating partnership.

Registration Rights

We entered into a registration rights agreement with certain persons receiving shares of our common stock or operating partnership units in the formation transactions, including certain members of our senior management team and our other continuing investors. In connection therewith, we have filed, and are obligated to maintain the effectiveness of, an automatically effective shelf registration statement, along with a prospectus supplement, with respect to, among other things, shares of our Class A common stock that may be issued upon redemption of operating partnership units or issued upon conversion of shares of Class B common stock. Pursuant to this registration rights agreement, under certain circumstances, we will also be required to undertake an underwritten offering upon the written request of the Malkin Group, which we refer to as the holder, provided (i) the registrable shares to be registered in such offering will have a market value of at least $150.0 million, (ii) we will not be obligated to effect more than two underwritten offerings during any 12-month period; and (iii) the holder will not have the ability to effect more than four underwritten offerings. In addition, if we file a registration statement with respect to an underwritten offering for our own account or on behalf of the holder, the holder will have the right, subject to certain limitations, to register such number of registrable shares held by him, her or it as each such holder requests. With respect to underwritten offerings on behalf of the holder, we will have the right to register such number of primary shares as we request; provided, however, that if cut backs are required by the managing underwriters of such an offering, our primary shares shall be cut back first (but in no event will our shares be cut back to less than $25.0 million).

We have also agreed to indemnify the persons receiving rights against specified liabilities, including certain potential liabilities arising under the Securities Act, or to contribute to the payments such persons may be required to make in respect thereof. We have agreed to pay all of the expenses relating to the registration and any underwritten offerings of such securities, including, without limitation, all registration, listing, filing and stock exchange or FINRA fees, all fees and expenses of complying with securities or blue sky laws, all printing expenses and all fees and disbursements of counsel and independent public accountants retained by us, but excluding underwriting discounts and commissions, any out-of-pocket expenses (except we will pay any holder s out-of-pocket fees (including disbursements of such holder s counsel, accountants and other advisors) up to $25,000 in the aggregate for each underwritten offering and each filing of a resale shelf registration statement or demand registration statement), and any transfer taxes.

Excluded Properties and Businesses

The Malkin Group, including Anthony E. Malkin, our Chairman and Chief Executive Officer, owns non-controlling interests in, and Anthony E. Malkin and Peter L. Malkin control the general partners or managers of, the entities that own interests in seven multi-family properties, five net leased retail properties (including one single tenant retail property in Greenwich, Connecticut), and a parcel that is being developed for residential use. The Malkin Group also owns non-controlling interests in one Manhattan office property, two Manhattan retail properties and several retail properties outside of Manhattan, none of which were contributed to us in the formation transactions. We refer to the non-controlling interests described above collectively as the excluded properties. In addition, the Malkin Group owns interests in two mezzanine and senior equity funds, an industrial fund, and five residential properties, and which we refer to collectively as the excluded businesses. Other than the Greenwich retail property, we do not believe that the excluded properties or the excluded businesses are consistent with our portfolio geographic or property type composition, management or strategic direction.

Pursuant to management and/or service agreements with the owners of interests in those excluded properties and services agreements with the five residential property managers and the managers of certain other excluded businesses which historically were managed by affiliates of our predecessor, we are designated as the asset manager (supervisor) and/or property manager of the excluded properties and will provide services to the owners of certain of the excluded properties and the five residential property managers and provide services and access to office space. As the manager or service provider, we are paid a management or other fee with respect to those excluded properties and excluded businesses where our predecessor had previously received a management fee on the same terms as the fee paid to our predecessor, and reimbursed for our costs in providing the management and other services to those excluded properties and businesses where our predecessor had not previously received a management fee. Our management of the excluded properties and provision of services to the five residential property managers and the existing managers of the other excluded businesses represent a minimal portion of our overall business. There is no established time period in which we will manage such properties or provide services to the owners of certain of the excluded properties and the five residential property managers and provide services and access to office space to the existing managers of the other excluded businesses; and Peter L. Malkin and Anthony E. Malkin expect to sell certain of these properties or unwind certain of these businesses over time. We are not precluded from acquiring all or certain interests in the excluded properties or businesses. If we were to attempt any such acquisition, we anticipate that Anthony E. Malkin, our Chairman and Chief Executive Officer, will not participate in the negotiation process on our behalf with respect to our potential acquisition of any of these excluded properties or businesses, and the approval of a majority of our independent directors will be required to approve any such acquisition.

Services are and were provided by us to excluded properties and businesses. These transactions are reflected in our consolidated statements of income as third-party management and other fees.

We earned asset management (supervisory) and service fees from excluded properties and businesses of $1.1 million, $1.4 million and $1.8 million during the years ended December 31, 2017, 2016 and 2015, respectively.

We earned property management fees from excluded properties of $0.3 million, $0.4 million and $0.3 million during the years ended December 31, 2017, 2016 and 2015 respectively.

Other

We were reimbursed at allocable cost for 647 square feet of shared office space, equipment, and administrative support shared with us in our corporate offices, as was done prior to our formation, and we received rent generally at market rental rate for 3,074 square feet of leased space, from entities affiliated with Anthony E. Malkin at one of our properties. Total revenue aggregated $0.2 million and $0.2 million for the years ended December 31, 2016 and 2015, respectively.

During August 2016, such entities moved from the previously shared office and leased spaces to relocate to a new 5,351 square foot leased space at one of our properties, paying rent generally at a market rental rate. Under such new lease, the tenant has the right to cancel such lease without special payment on 90 days notice. We now have a shared use agreement with such tenant, to occupy a portion of the leased premises as the office location for Peter L. Malkin, our Chairman Emeritus and employee, utilizing approximately 15% of the space, for which we pay an allocable pro rata share of the cost to such tenant. We also have agreements with these entities and excluded properties and businesses to provide them with general computer-related support. Total revenue aggregated $0.4 million and $0.1 million for the years ended December 31, 2017 and 2016, respectively.

One of our directors, James D. Robinson IV, is a general partner in an investment fund, which owns more than a 10% economic and voting interest in one of our tenants, OnDeck Capital, with an annualized rent of $5.8 million and

$5.7 million as of December 31, 2017 and 2016, respectively.

Proposal 2: Non-binding, Advisory Vote to Approve the Compensation of Named Executive Officers

We seek your advisory vote to approve our named executive officers compensation (as described in the Compensation Discussion and Analysis section of this Proxy Statement and the accompanying compensation tables and narrative disclosure) in accordance with the regulations under Section 14A of the Exchange Act. The following proposal, commonly known as a Say on Pay proposal, gives stockholders the opportunity to approve, reject or abstain from voting with respect to our fiscal 2017 executive compensation programs and policies and the compensation paid to our named executive officers during 2017. Your non-binding, advisory vote will serve as an additional tool to guide our Board of Directors and our Compensation Committee in aligning our executive compensation programs with the interests of our company and our stockholders. In considering this vote, we encourage common stockholders to review carefully the information presented on our compensation policies and decisions regarding our executive officers, as disclosed in detail in this Proxy Statement under Compensation Discussion and Analysis and Compensation of our Executive Officers.

As discussed in the Compensation Discussion and Analysis section of this Proxy Statement, the primary objectives of our executive compensation program are to attract and retain qualified and talented individuals who possess the skills and expertise necessary to lead, manage and grow our company, and are accountable for the performance of our company. We also seek to promote an ownership mentality amongst our named executive officers by issuing equity grants to them that not only align their interests with the interests of our stockholders, but also enhance the executives focus on our long-term performance. We believe this strong tie between compensation and performance leads to the success of our company and serves the best interests of our stockholders. Further, our Compensation Committee regularly reviews all elements of the compensation paid to our named executive officers. Our Compensation Committee believes that our present compensation program, as described in the Compensation Discussion and Analysis section and the accompanying tables and related narrative in this Proxy Statement, aligns the interests of our named executive officers with our stockholders, and incentivizes our executives to focus on the achievement of our long-term business objectives.

Approval of this non-binding, advisory Say on Pay resolution requires the affirmative vote of the holders of a majority of the votes cast at the Annual Stockholders Meeting at which a quorum is present.

The vote on this proposal is non-binding and advisory in nature. Because of this, it will not affect any compensation already paid or awarded to any named executive officer, and it will not be binding on or overrule any decisions by our Board of Directors or our Compensation Committee. Nevertheless, our Board of Directors highly values input from our stockholders, and our Compensation Committee will carefully consider the results of this vote when making future decisions about executive compensation. In addition, even if a majority of our stockholders approves this proposal, if there is a significant vote against the compensation of our named executive officers, our Compensation Committee will evaluate whether any actions are appropriate to address the concerns of our stockholders. The vote on this resolution is not intended to address any specific element of compensation; rather, the vote relates to the overall compensation of our named executive officers, as described in this Proxy Statement in accordance with the compensation disclosure rules of the SEC.

Our Board of Directors unanimously recommends that you vote FOR the following non-binding advisory resolution:

RESOLVED, that the compensation paid to our named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the compensation tables and

narrative discussion, is hereby APPROVED, on a non-binding, advisory basis.

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Proposal 3: Ratification of Selection of Independent Registered Public Accounting Firm

Our Audit Committee has selected the accounting firm of Ernst & Young LLP to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2018, subject to ratification of this appointment by our common stockholders. Action by stockholders is not required by law, the NYSE or our organizational documents in the appointment of an independent registered public accounting firm, but this appointment is submitted by our Board of Directors for ratification as a matter of good corporate governance in order to give our stockholders a voice in the designation of auditors. If the appointment is not ratified by our stockholders, our Board of Directors will further consider its choice of Ernst & Young LLP as our independent registered public accounting firm. Ernst & Young LLP has served as our independent registered public accounting firm since May 2010 and is considered by our management to be well-qualified. Ernst & Young LLP has advised us that neither it nor any member thereof has any financial interest, direct or indirect, in our company or any of our subsidiaries in any capacity.

A representative of Ernst & Young LLP will be present at the Annual Stockholders Meeting. The representative will have an opportunity to make a statement if he or she desires and will be available to respond to appropriate questions.

Fee Disclosure

The following table lists the fees for services rendered by our independent registered public accounting firm for the years ended December 31, 2017 and 2016.

	2017 ($)	2016 ($)
Audit Fees(1)	2,164,495	2,101,995
Audit Related Fees		
Tax Fees(2)	454,399	1,335,050
All Other Fees		
Total	2,618,894	3,437,045

(1) Audit Fees billed in 2017 and 2016 arose from the audit of our annual consolidated financial statements, audit of First Stamford Place consolidated financial statements, reviews of our quarterly consolidated financial statements, consents and other services related to filings with the SEC.

(2) 2017 and 2016 Tax Fees consist of (a) tax return preparation and compliance fees of $121,400 and $583,800, respectively, for assistance regarding federal and state tax compliance, and return preparation, and (b) other tax fees of $332,999 and $751,250, respectively, for tax planning, tax advice and related tax services.

Our Audit Committee considers whether the provision by Ernst & Young LLP of the services that are required to be described under All Other Fees is compatible with maintaining Ernst & Young LLP s independence from both management and our company.

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Pre-Approval Policies and Procedures of Our Audit Committee

Our Audit Committee must pre-approve all audit services and permissible non-audit services provided by our independent registered public accounting firm. In the intervals between the scheduled meetings of the Audit Committee, the Audit Committee delegates pre-approval authority under the pre-approval policy to the Chair of the Audit Committee. The Chair must report any pre-approval decisions under the Policy to the Audit Committee at its next scheduled meeting.

The proposal to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm requires the affirmative vote of the holders of a majority of the votes cast at the stockholder meeting at which a quorum is present.

Our Board of Directors unanimously recommends a vote FOR the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018.

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Audit Committee Report

The following is a report by the Audit Committee of our Board of Directors regarding the responsibilities and functions of the Audit Committee. This report shall not be deemed to be incorporated by reference in any previous or future documents filed by us with the SEC, under the Securities Act of 1933, as amended, or the Securities Act, or the Exchange Act, except to the extent that we specifically incorporate this report by reference in any such document.

The Audit Committee s purposes are to (i) assist the Board of Directors in its oversight of (a) the integrity of the company s financial statements, (b) the company s compliance with legal and regulatory requirements, (c) the qualifications and independence of the company s independent registered public accounting firm, and (d) the performance of the company s independent registered public accounting firm and the company s internal audit function; and (ii) prepare an Audit Committee report as required by the Securities and Exchange Commission (the SEC) for inclusion in the company s annual proxy statement. The function of the Audit Committee is oversight. The Board of Directors, in its business judgment, has determined that all members of the Audit Committee are independent, as required by applicable listing standards of the New York Stock Exchange (the NYSE), as currently in effect, and in accordance with the rules and regulations promulgated by the SEC. The Board of Directors has also determined that each member of the Audit Committee is financially literate and has accounting or related financial management expertise, as such qualifications are defined under the rules of the NYSE, and that each of S. Michael Giliberto, Leslie D. Biddle and Thomas J. DeRosa is an audit committee financial expert as defined in Item 407(d)(5) of the SEC Regulation S-K. The Audit Committee operates pursuant to an Audit Committee Charter.

Management is responsible for the preparation, presentation and integrity of the company s financial statements, for the establishment and effectiveness of internal control over financial reporting, and for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. The independent registered public accounting firm, Ernst & Young LLP, is responsible for planning and carrying out a proper audit of the company s annual financial statements in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) (PCAOB), expressing an opinion as to the conformity of such financial statements with generally accepted accounting principles and auditing the effectiveness of internal control over financial reporting.

In performing its oversight role, the Audit Committee has considered and discussed the audited consolidated financial statements with management and Ernst & Young LLP. The Audit Committee has also discussed with Ernst & Young LLP the matters required to be discussed by PCAOB Auditing Standard No. 1301, Communications with Audit Committees. The Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by PCAOB Ethics and Independence Rules 3526, Communication with Audit Committees Concerning Independence. The Audit Committee has also discussed with the independent registered public accounting firm its independence. The independent registered public accounting firm has free access to the Audit Committee to discuss any matters the firm deems appropriate. The Audit Committee has also met with and discussed internal audit reports with an internal auditor. Further, the Audit Committee has overseen the company s Whistleblower Policy and performed a periodic review of related reports.

Based on the reports and discussions described in the preceding paragraph and subject to the limitations on the role and responsibilities of the Audit Committee referred to below and in the Audit Committee Charter in effect during 2017, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Members of the Audit Committee rely without independent verification on the information provided to them and on the representations made by management and the independent registered public accounting firm. Accordingly,

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the Audit Committee s oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee s considerations and discussions referred to above do not assure that the audit of the company s consolidated financial statements has been carried out in accordance with the auditing standards of the PCAOB, that the consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America, that Ernst & Young LLP is in fact independent, or that the company s internal controls are effective.

Submitted by our Audit Committee

S. Michael Giliberto (Chair)

Leslie D. Biddle

Thomas J. DeRosa

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Other Matters

Solicitation of Proxies

We will pay the cost of solicitation of proxies. In addition to the solicitation of proxies by mail, our directors, officers and employees may also solicit proxies personally, by telephone, via the Internet or by mail without additional compensation for such activities. We will also request persons, firms and corporations holding shares in their names or in the names of their nominees, which are beneficially owned by others, to send proxy materials to, and obtain proxies from, such beneficial owners. In addition, we intend to utilize the advisory, consulting and proxy solicitation services of Mackenzie Partners, Inc. at an aggregate estimated cost of $7,500 plus out-of-pocket expenses.

List of Stockholders

A list of our stockholders entitled to vote at our Annual Stockholders Meeting will be available at our Annual Stockholders Meeting and for ten days prior to our Annual Stockholders Meeting, between the hours of 8:45 a.m. and 4:30 p.m., by written request to the Corporate Secretary, Empire State Realty Trust, Inc., 111 West 33rd Street, 12th Floor, New York, New York 10120.

Changing the Way You Receive Proxy Materials in the Future

Instead of receiving a Notice of Availability in the mail for future meetings, stockholders may elect to receive links to proxy materials by e-mail or to receive a paper copy of the proxy materials and a paper proxy card by mail. If you elect to receive proxy materials by e-mail, you will not receive a Notice of Availability in the mail. Instead, you will receive an e-mail with links to proxy materials and online voting. In addition, if you elect to receive a paper copy of the proxy materials, or if applicable rules or regulations require paper delivery of the proxy materials, you will not receive a Notice of Availability in the mail. If you received a paper copy of the proxy materials or the Notice of Availability in the mail, you can eliminate all such paper mailings in the future by electing to receive an e-mail that will provide Internet links to these documents. Opting to receive all future proxy materials online will save us the cost of producing and mailing such documents to you and help us conserve natural resources. You can change your election by directing your request in writing to Empire State Realty Trust, Inc., 111 West 33rd Street, 12th Floor, New York, New York 10120, Attention: Investor Relations, by sending a blank e-mail with the 12-digit control number on your Notice of Internet Availability to sendmaterial@proxyvote.com, via the Internet at *www.proxyvote.com*, or by telephone at (212) 850-2678. Your election will remain in effect until you change it.

Multiple Copies of Our Annual Report to Stockholders

Our 2017 Annual Report to Stockholders accompanies this Proxy Statement. In order to reduce printing and postage costs and in accordance with the SEC rules, we have undertaken an effort to deliver only one set of our Annual Report, Proxy Statement or notice, as applicable, to any group of multiple stockholders of record sharing one address. This delivery method, called householding is not being used, however, if we have received contrary instructions from one or more of the stockholders sharing such address. If your household has received only one set of our Annual Report, Proxy Statement or Notice of Availability, as applicable, we will deliver promptly a separate copy of our 2017 Annual Report on Form 10-K, our 2017 Annual Report to Stockholders, this Proxy Statement or Notice of Availability, as applicable, to any stockholder who sends a written request to the Corporate Secretary, Empire State Realty Trust, Inc., 111 West 33rd Street, 12th Floor, New York, New York 10120. Requests may also be directed to the Corporate Secretary at (212) 687-8700. You can also notify us that you would like to receive separate copies of our annual reports, proxy statements or notices of internet availability of proxy materials in the future by sending a written request to our Corporate Secretary at the address set forth above or by contacting the Corporate Secretary at (212) 687-8700. If your household is receiving multiple copies of our annual reports, proxy statements and notices of internet availability of proxy materials, and you wish to request delivery of a single copy, you may send a written request to our Corporate Secretary at the address set forth above. Even if your household has received only one set of our Annual Report and Proxy Statement, a separate Proxy Card has been provided for each stockholder account. Each Proxy Card should be signed, dated, and returned in the enclosed self-addressed envelope.

If you own shares of common stock through a bank, broker or other nominee and receive more than one set of annual reports, proxy statements or notices of internet availability of proxy materials, you can contact the bank, broker or other nominee to eliminate duplicate mailings.

Confidentiality of Voting

We keep all the proxies, ballots, and voting tabulations confidential as a matter of practice. We only let our Inspector of Election, Broadridge Financial Solutions, Inc., examine these documents. Occasionally, stockholders provide written comments on their Proxy Card, which are then forwarded to us by Broadridge.

Voting Results

Broadridge, our independent tabulating agent, will count the votes and act as the Inspector of Election. We will publish the voting results in a Current Report on Form 8-K, which will be filed with the SEC within four business days after the Annual Stockholders Meeting.

Stockholder Proposals

Stockholder proposals intended to be presented at the 2019 annual meeting of stockholders must be received by our Corporate Secretary no later than December 6, 2018 in order to be considered for inclusion in our proxy statement relating to the 2019 meeting pursuant to Rule 14a-8 under the Exchange Act. Such proposals must also comply with the requirements as to form and substance established by the SEC if such proposals are to be included in the proxy statement and form of proxy. Any such proposal should be mailed to: Corporate Secretary, Empire State Realty Trust, Inc., 111 West 33rd Street, 12th Floor, New York, New York 10120.

For a proposal of a stockholder to be properly presented at the 2019 annual stockholders meeting, including nominations for inclusion in the proxy statement, other than a stockholder proposal included in the proxy statement pursuant to Rule 14a-8, such proposal must be received at our principal executive offices on or after November 6, 2018 and prior to 5:00 p.m., Eastern Time, on December 6, 2018, unless the 2019 annual stockholders meeting is scheduled to take place before April 17, 2019 or after June 16, 2019. Under our bylaws, stockholders must follow certain procedures to nominate a person for election as a director at an annual stockholders meeting, or to introduce an item of business at such meeting. A stockholder must notify our Corporate Secretary in writing of the director nominee or the other business. To be timely under our current bylaws, the notice must be delivered to our Corporate Secretary, along with the appropriate supporting documentation, as applicable, at our principal executive office not earlier than the 150th day nor later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date of the proxy statement for the preceding year s annual meeting; provided, however, that in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of the preceding year s annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the 150th day prior to the date of such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the 120th day prior to the date of such annual meeting, as originally convened, or the 10th day following the day on which public announcement of the date of such meeting is first made.

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Director Nominees (Proxy Access)

Our proxy access bylaw permits a stockholder (or a group of no more than 20 stockholders) owning at least 3% of the aggregate of the issued and outstanding shares of common stock of the company continuously for at least the prior three (3) years to nominate and include in the company s proxy materials director nominees constituting up to 20% of the number of directors then in office, if the nominating stockholder(s) and the nominee(s) satisfy the requirements specified in our bylaws. In order for an eligible stockholder or group of stockholders to nominate a director nominee for election at the 2019 annual stockholders meeting pursuant to the proxy access provision of our bylaws, notice of such nomination and other required information must be received in writing by the company s Corporate Secretary, Empire State Realty Trust, Inc., 111 West 33rd Street, 12th Floor, New York, New York 10120 on or after November 6, 2018 and prior to 5:00 p.m., Eastern Time, on December 6, 2018, unless the 2019 annual stockholders meeting is scheduled to take place before April 17, 2019 or after June 16, 2019. Our bylaws state that such notice and other required information must be received by the company s Corporate Secretary not earlier than the 150th day nor later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date of the proxy statement for the preceding year s annual meeting of stockholders; provided, however, that in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of the preceding year s annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the 150th day prior to the date of such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the 120th day prior to the date of such annual meeting, as originally convened, or the 10th day following the day on which public announcement of the date of such meeting is first made. In addition, our bylaws require the eligible stockholder or group of stockholders to update and supplement such information (or provide notice stating that there are no updates or supplements) as of specified dates.

Other Matters

Our Board of Directors does not know of any matters other than those described in this Proxy Statement that will be presented for action at the Annual Stockholders Meeting. If other matters are presented, proxies will be voted in accordance with the discretion of the proxy holders.

By Order of our Board of Directors,

Thomas N. Keltner, Jr.

Secretary

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Appendix A

Reconciliation of Non-GAAP Financial Measures

(unaudited and dollars in thousands)

Reconciliation of Net Income to NOI and Cash NOI	Years Ended December 31, 2014	2015	2016	2017
Net income	$ 70,210	$ 79,928	$ 107,250	$ 118,253
Add:				
General and administrative expenses	39,037	38,073	49,078	50,315
Depreciation and amortization	145,431	171,474	155,211	160,710
Interest expense	62,685	65,743	70,595	68,473
Loss on early extinguishment of debt	3,771	1,749	552	2,157
Loss from derivative financial instruments				289
Acquisition expenses	3,382	193	98	
Construction expenses	38,596	3,222		
Income tax expense (benefit)	4,655	3,949	6,146	6,673
Less:				
Third-party management and other fees	(2,376)	(2,133)	(1,766)	(1,400)
Construction revenues	(38,648)	(1,981)		
Acquisition break-up fee		(2,500)		
Gain on settlement of lawsuit related to the Observatory	(975)			
Net operating income	325,768	357,717	387,164	405,470
Straight-line rent	(39,715)	(21,056)	(30,147)	(26,544)
Above/below-market rent revenue amortization	(14,095)	(19,353)	(8,794)	(5,721)
Below-market ground lease amortization	4,603	7,831	7,831	7,831
Total cash net operating income	$ 276,561	$ 325,139	$ 356,054	$ 381,036

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