Empire State Realty Trust, Inc.
Form 424B3
January 22, 2013
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Registration No. 333-179486

Registration No. 333-179486-01

PROSPECTUS/CONSENT SOLICITATION STATEMENT

Empire State Building Associates L.L.C.

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

250 West 57th St. Associates L.L.C.

One Grand Central Place

60 East 42nd Street

New York, New York 10165

NOTICE OF CONSENT SOLICITATION TO PARTICIPANTS

January 21, 2013

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

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

Proposal to authorize the supervisor to sell or contribute the property interests in a third-party portfolio transaction. As a potential alternative to the consolidation, the supervisor requests that the participants consent to the sale or contribution of the subject LLCs property interests as part of a sale or contribution of the properties owned by the subject LLCs, the private entities and the management companies as a portfolio to an unaffiliated third party. The third-party portfolio transaction would be undertaken only if the aggregate consideration is at least 115% of the aggregate exchange value for the subject LLCs, the private entities and the management companies included in the third-party portfolio transaction and certain other conditions are met. The proposal must provide for all cash, payable in full at closing, but such proposal may provide for an option for all participants to elect to receive securities as an alternative to cash. If the proposal provides for a securities option, the Malkin Family will have the right to elect to receive securities only on the same proportional basis as other participants. No member of the Malkin Family will be an affiliate, consultant, employee, officer or director of the acquiror after the closing or receive any compensation from the acquiror (other than their pro rata share of the consideration that they will receive in the third-party portfolio transaction). For the reasons the supervisor believes this proposal is fair and reasonable, see Third-Party Portfolio Proposal.

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

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

Malkin Holdings LLC

By: Peter L. Malkin Chairman	Anthony E. Malkin President

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

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PROSPECTUS/CONSENT SOLICITATION STATEMENT

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

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

Empire State Realty OP, L.P.

units of limited partnership interests consisting of

Series ES units of limited partnership interest,

Series 60 units of limited partnership interest and

Series 250 units of limited partnership interest

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

Empire State Building Associates L.L.C.	60 East 42nd St. Associates L.L.C.	250 West 57th St. Associates L.L.C.

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

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

Following the consolidation, participants may liquidate their investments and realize current values in cash as and when they so desire (subject to the restrictions of the applicable U.S. federal and state securities laws and after expiration of the lock-up period as described in this prospectus/consent solicitation) or may hold operating partnership units and/or shares of common stock they receive in the company. The company intends to apply to have the Class A common stock listed on the New York Stock Exchange under the symbol ESB. The operating partnership units will be issued in three separate series having identical rights to the participants in each of the three subject LLCs, and the operating partnership intends to apply to have such series listed on the New York Stock Exchange under the symbols ESBA, OGCP and FISK. Each participant will receive operating partnership units, which are expected to be tax-deferred for U.S. federal income tax purposes (to the extent described herein), unless such participant elects to receive shares of Class A common stock or, to a limited extent, as described herein, Class B common stock. One share of Class B common stock and 49 operating partnership units together represent a similar economic value and provide the same voting rights as 50 shares of Class A common stock.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WHO CAN HELP ANSWER YOUR QUESTIONS?

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

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

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

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

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

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

(i) the subject LLCs refers to Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C.,

(ii) the private entities refer to the privately-held entities supervised by the supervisor, which are all of the entities, other than the subject LLCs, listed in the chart under the section Summary The Subject LLCs, the Private Entities and the Management Companies, which will be included in the consolidation,

(iii) the company refers to Empire State Realty Trust, Inc. (formerly known as Empire Realty Trust, Inc.), a Maryland corporation, together with its consolidated subsidiaries, including Empire State Realty OP, L.P. (formerly known as Empire Realty Trust, L.P.), a Delaware limited partnership, which is referred to herein as the operating partnership, after giving effect to the series of transactions involving the consolidation of the subject LLCs and the private entities described in this prospectus/consent solicitation that have consented to the consolidation and a combination of (a) Malkin Holdings LLC, a New York limited liability company that acts as the supervisor of, and performs various asset management services and routine administration with respect to, the subject LLCs and certain of the private entities (as discussed in this prospectus/consent solicitation), which is referred to herein as the supervisor; (b) Malkin Properties, L.L.C., a New York limited liability company that serves as the manager and leasing agent to certain of the private entities in Manhattan, (c) Malkin Properties of New York, L.L.C., a New York limited liability company that serves as the manager and leasing agent to certain of the private entities located in Westchester County, New York, (d) Malkin Properties of Connecticut, Inc., a Connecticut corporation that serves as the manager and leasing agent to certain of the private entities in the State of Connecticut and (e) Malkin Construction Corp., a Connecticut corporation that is a general contractor and provides services to the private entities and third parties (including certain tenants at the properties owned by the private entities), which collectively are referred to herein as the management companies,

(iv) the properties refers to the subject LLCs direct or indirect fee ownership interests in the Empire State Building, One Grand Central Place and 250 West 57th Street, respectively,

(v) the properties of the company and the portfolio refer to the properties, the other assets of the subject LLCs, the ownership interests of the private entities in their properties and the other assets of the private entities,

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

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

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

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

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

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

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

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

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

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

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

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

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

The supervisor has made certain of these assumptions to permit the presentation of information in tables in this prospectus/consent solicitation on a consistent basis. For example, while throughout this prospectus/consent *solicitation the supervisor has assumed for purposes of this presentation of information that no cash is paid, cash will be paid to non-accredited investors in the private entities and to certain investors in the private entities that are charitable organizations and elect to receive cash pursuant to the cash option described herein.*

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

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

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

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

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

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

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

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

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

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

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QUESTIONS AND ANSWERS ABOUT

THE CONSOLIDATION

Q: What am I being asked to approve?
A: The supervisor, which is an affiliate of Peter L. Malkin and Anthony E. Malkin, is submitting the following proposals for your approval:

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

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

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

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

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

Through the consolidation, the company intends to combine the properties of the subject LLCs and the private entities and the assets and operations of the supervisor and the other management companies into the company, and intends to elect and to qualify as a REIT for U.S. federal income tax purposes commencing with its taxable year ending December 31, 2013. The closing of the consolidation will occur substantially simultaneously with the closing of the IPO. If the consolidation is approved by the three subject LLCs, the company acquires the properties from each of private entities and the company acquires the management companies, the company will own 12 office properties (including one long-term ground leasehold interest) which, as of September 30, 2012, encompass approximately 7.7 million rentable square feet of office space, and which were approximately 79.8% leased (or 83.3% giving effect to leases signed but not yet commenced as of that date). Seven of these properties are located in the midtown Manhattan market and encompass in the aggregate approximately 5.9 million rentable square feet of office space, including the Empire State Building. The Manhattan office properties also contain an aggregate of 433,545 rentable square feet of premier retail space on the ground floor and/or lower levels. The remaining five office properties are located in Fairfield County, Connecticut and Westchester County, New York, encompassing in the aggregate approximately 1.8 million rentable square feet. The majority of the square footage for these five properties is located in densely populated metropolitan communities with immediate access to mass transportation. Additionally, the company has entitled land at the Stamford Transportation Center in Stamford, Connecticut, adjacent to one of its office properties, that will support the development of an approximately 380,000 rentable square foot office building and garage, which is referred to herein as Metro Tower. As of September 30, 2012, the portfolio also included four standalone retail properties located in Manhattan and two standalone retail properties located in the city center of Westport, Connecticut, encompassing 204,452 rentable square feet in the aggregate. As of September 30, 2012, the standalone retail properties were 100.0% leased in the aggregate.

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

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

Q: Why is the supervisor proposing the consolidation?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The supervisor believes that initial public offering pricing for REIT common stock generally is at a discount to the market price for common stock of well-established, publicly-traded REITs, and that the company s IPO pricing will be no different. For this and other reasons, the supervisor expects that the enterprise value at the pricing of the IPO will be lower than the aggregate exchange value at the pricing of the IPO, and such discount at the pricing of the IPO could be material and substantial. This discount cannot be determined until the pricing of the IPO. As the company continues to develop a track record as a public company, the supervisor believes that the company s trading price following the IPO

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

Q: What is the difference between how the exchange value was determined and how the enterprise value of the company will be determined?
A: In the prospectus/consent solicitation, there are descriptions of the exchange values of the subject LLCs and discussion of the enterprise value in valuing the consideration that participants will receive. The following summarizes how the exchange value and the enterprise value are determined.

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

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

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

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

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

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

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

(1) The actual amount of distributions will be based on cash available at closing of the consolidation and no assurance can be given that these cash amounts will be available for distribution.
(2) The allocation of settlement proceeds from the class action settlement is in addition to the distributions shown elsewhere in this table. The allocation of net settlement proceeds (that is, net of any court-awarded attorneys fees and expenses) shown in the table is based on the current plan of allocation proposed by counsel for the class plaintiffs. The settlement and the allocation of settlement proceeds are approximate and subject to court approval, and the proposed allocation is subject to revision by counsel for the class. They are not effective until such court approval is final, including the resolution of any appeal.
(3) $8,350 per $10,000 original investment for participants not subject to voluntary capital override.
(4) $4,700 per $10,000 original investment for participants not subject to voluntary capital override.

Q: Who will pay transaction expenses relating to the consolidation and the IPO if the consolidation closes and the IPO is consummated, and who will pay the transaction costs relating to the consolidation and the IPO if the consolidation does not close?
A: If the company acquires the property of your subject LLC in the consolidation and the IPO is consummated, the company will bear all consolidation and IPO expenses. Your subject LLC will be reimbursed for the consolidation expenses previously paid by it out of the proceeds from the IPO and the amount reimbursed will be distributed to participants in your subject LLC. Each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. s allocable

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

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

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

Q: Who is the supervisor?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Q: What will I be entitled to receive if I don t vote **FOR** the third-party portfolio proposal and it is approved by my subject LLC?

A: If you vote **AGAINST** the third-party portfolio proposal, you do not vote or you **ABSTAIN**, and your subject LLC participates in the third-party portfolio proposal, if you are a participant in 250 West 57th St. Associates L.L.C. you will receive the same consideration as other participants. Participants in 250 West 57th St. Associates L.L.C. are not subject to a buyout. As set forth under the section entitled Summary Voting Procedures for the Consolidation Proposal and the Third-Party Portfolio Proposal, if you are a participant in Empire State Building Associates L.L.C. or 60 East 42nd St. Associates L.L.C., your participation interests will be subject to a buyout pursuant to a buyout right included in the participating agreements since inception of the subject LLCs even if the third-party portfolio proposal is not approved by the other participating groups in your subject LLC. The buyout amount for your interest would be substantially lower than the exchange value in connection with the allocation of consideration in the consolidation. The buyout amount, which is equal to the original cost less capital repaid, but not less than $100, is currently $100 for the interest held by a participant in Empire State Building Associates L.L.C. and $100 for the interest held by a participant in 60 East 42nd St. Associates L.L.C., as compared to the exchange value of $323,800 (or $358,670 if you are not subject to the voluntary capital override) per $10,000 original investment for Empire State Building Associates L.L.C. and $402,660 per $10,000 original investment for 60 East 42nd St. Associates L.L.C., respectively. Prior to an agent purchasing the participation interests of non-consenting participants for the benefit of the applicable subject LLC, the agent will give such participants not less than ten days notice after the required supermajority consent is received by the applicable participating group in such subject LLC to permit them to consent to the consolidation or the third-party portfolio proposal, as applicable, in which case their participation interests will not be purchased and you will participate on the same basis as other participants who approve the third-party portfolio proposal.

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

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

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

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

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

(1) Empire State Building Associates L.L.C. s, 60 East 42nd St. Associates L.L.C. s and 250 West 57th St. Associates L.L.C. s share of the aggregate voluntary reimbursement (before any reimbursements) is $3,150,896, $1,564,930, and $694,487, respectively, plus interest. The amount shown in the table includes accrued interest through September 30, 2012 and does not include interest which will accrue subsequent to September 30, 2012.

97% of the potential voluntary reimbursement is attributable to advances by Peter L. Malkin for payments to unaffiliated third parties, with interest thereon at prime, and 3% is for amounts to be paid to the supervisor for work it performed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DAY 61: the solicitation period expires; for the applicable participating group in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C., the buyout notice that such supermajority consent from the participants in the applicable participating group has been received is mailed to participants who voted **AGAINST** or **ABSTAINED** on the consolidation or the third-party portfolio transaction, or did note vote.

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

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

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

(i) If you receive solely shares of Class A common stock, the consolidation should be treated as a taxable sale of your participation interest in which gain or loss is recognized. Such gain or loss should generally equal the difference between your amount realized (which generally will equal the amount of the aggregate fair market value of shares of common stock that you receive, plus any distribution you receive of consolidation expenses that the operating partnership pays as a reimbursement to your subject LLC, plus the share of liabilities associated with your participation interests that you are deemed to be relieved of under U.S. federal income tax law) and your adjusted tax basis in your participation interests. You will realize phantom income if you have a negative capital account with respect to your participation interest. In each of 250 West 57th St. Associates L.L.C. and 60 East 42nd St. Associates L.L.C., original participants have a negative capital account. If you are an individual or a partnership for New York State personal income tax purposes, any gain that you recognize in the consolidation will generally be treated as New York source income for New York State personal income tax purposes. As a result, you (or, if you are a partnership, any of your partners who are individuals) will generally be subject to New York State personal income tax on such gain even if you are treated as a New York nonresident for purposes of the New York State personal income tax. The New York City personal income tax should not apply to individuals who are treated as New York City nonresidents for purposes of the tax. If all of your participation interest is exchanged for Class A common stock pursuant to the consolidation, suspended passive activity losses associated with your participation interest, if any, may be eligible for treatment as losses that are not from a passive activity to the extent that they exceed income and gains from passive activities for your taxable year that includes the consolidation.

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

(iii) If you receive a combination of (a) operating partnership units and (b) shares of common stock in excess of your reimbursement amount, you should be treated as first selling a portion of your participation interest for such excess shares of common stock in a transaction in which gain or loss is recognized. Following such sale, the subject LLC should be treated as contributing the portion of its property not attributable to participation interests otherwise treated as having been sold to the operating partnership in exchange for operating partnership units and common stock as a reimbursement of qualified capital expenditures in a tax-deferred contribution, and the subject LLC should be treated as distributing operating partnership units and shares of common stock equal to your reimbursement amount to you in a tax-deferred distribution.

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

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

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

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

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

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

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

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

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

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

A: For each subject LLC in which you own a participation interest, in the same mailing in which you received this prospectus/consent solicitation you have received a transmittal letter, supplement and consent form which provides for vote with respect to the consolidation proposal and the third-party portfolio proposal. Regardless of how many subject LLCs in which you own a participation interest, you have received a single copy of the prospectus/consent solicitation. Participants in each subject LLC will vote separately on whether or not to approve the consolidation. Accordingly, if you hold participation interests in more than one subject LLC, you must complete one consent form for each subject LLC in which you are a participant.

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

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

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WHO CAN HELP ANSWER YOUR QUESTIONS?

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

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SUMMARY

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

Purpose of this Prospectus/Consent Solicitation

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

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

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

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

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

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

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

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

Description of the Company and the Subject LLCs

Overview

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

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

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

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

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

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

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

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

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

In the greater New York metropolitan area, the company s portfolio includes high quality suburban office properties in densely populated metropolitan communities in Fairfield County, Connecticut and Westchester County, New York. Major tenants of the greater New York metropolitan area flagship Metro Center (at the Transportation Center in Stamford, Connecticut) include Thomson Reuters, Jefferies Group, Columbus Circle Investors, OMI Group, Olympus Partners, BP Energy, Tweedy, Browne Company and a variety of other investment management and private equity firms. Major tenants of First Stamford Place (within a short walking distance of the Transportation Center in Stamford, Connecticut) include Ernst & Young, Legg Mason, Citibank, N.A., Elizabeth Arden, Inc., Thomson Reuters, Guardian Life Insurance Company, the corporate headquarters of Crane Co., Air Castle Advisor LLC, National Indemnity Company, Gleacher Securities Group Inc., Robert W. Baird, Inc., MKM Partners, Jones Lang LaSalle, Bank of Ireland, Forevermark US Inc., and a variety of investment management and service firms. Major tenants of 383 Main Avenue (at the intersection of the Merritt Parkway and Route 7 in Norwalk, Connecticut) include Reed Elsevier, Inc., Nestle Holdings, Inc., Cisco Systems, Inc., SunGard, CIT LLC, SAP America, Inc., SymphonyIRI Group, Multiple Myeloma Research Foundation, Fairfield County Community Trust and a variety of not-for-profit and service firms. Major tenants of 10 Bank Street (at the Transportation Center in White Plains, New York) include JP Morgan Chase Bank, Pearson Education, Inc., Fifth Street Capital, Inc., Rockwood Capital, LLC, Pine Brook Road Partners, LLC, Evolution Markets, LLC, US Renewables Group, Liberty Mutual, Nokia, Marubeni Specialty Chemicals Inc., Hitachi Cable America Inc., and a variety of leading investment management and service firms. Major tenants of 500 Mamaroneck Avenue (between the Hutchinson River Parkway and Interstate 95 in Harrison, New York) include Mariner Investment Group, O Connor Davies Munn & Dobbins, Pasternak Wine Imports, Universal Remote Control, Stark Business Solutions and a variety of financial and service firms.

The company s portfolio also includes high quality retail properties located in premier retail corridors in Manhattan and Westport, Connecticut. Tenants at 10 Union Square in Manhattan include Best Buy Mobile, Starbucks, A&P, Panera Bread, FedEx/Kinko s, Au Bon Pain, Chipotle Mexican Grill, and GameStop. Tenants at 1010 Third Avenue s multi-level retail space in Manhattan include Ethan Allen. Tenants at 55 West 57th Street include Tapps Supermarkets and Bank of America, N.A. Tenants at 69-97 Main Street in Westport, Connecticut include Ann Taylor, Lululemon, Allen Edmonds, Nike, and Theory. Tenants at 103-109 Main Street include Kate Spade.

112-122 West 34th Street, one of the option properties, is in transition from a garment tenant profile. 112-122 West 34th Street is the recipient of BOMA 2012 Pinnacle Award for the Renovated Building of the Year. Its major tenants include the corporate headquarters of Aeropostale Inc. and Venator Group, Inc., Regus Plc, Kahn Lucas Lancaster, Inc., Carr Business Systems (a division of Xerox), a variety of services firms and retail tenancy includes Foot Locker, Billabong, and FedEx/Kinko s. 1400 Broadway, the other option property, is in transition from a garment tenant profile. Its major tenants include Kohl s Corporation, Men s Wearhouse, VeriFone Systems, Burlington Coat Factory, LLC, Hatch Mott Macdonald, and a variety of services firms.

The company is led by Anthony E. Malkin, its Chairman, Chief Executive Officer and President, who has a strong reputation in the industry for quality management, repositioning and marketing expertise. Mr. Malkin, together with the company s senior management team, has developed the company s strategy with a focus on tenant and broker relationships and the cultivation of the company s brand to attract higher credit-quality tenants to its improved buildings and negotiate attractive rental terms. Mr. Malkin has over 24 years of real estate experience specifically in expanding, renovating, repositioning and managing this portfolio. The company s senior management team has an average of approximately 29 years of experience covering all aspects of real estate, including asset and property management, leasing, marketing, acquisitions, construction, development, legal and finance. Messrs. Malkin, Thomas P. Durels and Thomas N. Keltner, Jr. have worked together for the supervisor for approximately 23 years, with Messrs. Malkin and Durels being responsible for supervising the design and implementation of the company s renovation and repositioning program.

The Company s Competitive Strengths

The company believes that it distinguishes itself from other owners and operators of office and retail properties as a result of the following competitive strengths:

Irreplaceable Portfolio of Office Properties in Midtown Manhattan. The company s Manhattan office properties are located in one of the most prized office markets in the world due to a combination of supply constraints, high barriers to entry, near-term and long-term prospects for job creation, vacancy absorption and rental rate growth. The company s management believes these properties could not be replaced today on a cost-competitive basis, if at all. As of September 30, 2012, the company owned seven Manhattan office properties (including one long-term ground leasehold interest) encompassing approximately 5.9 million rentable square feet of office space, including the Empire State Building, the company s flagship property.

Expertise in Repositioning and Renovating Manhattan Office Properties. The company has substantial expertise in renovating and repositioning Manhattan office properties, having invested a

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total of approximately $342.0 million (excluding tenant improvement costs and leasing commissions) in the Manhattan office properties since the supervisor assumed full control of the day-to-day management of these properties beginning with One Grand Central Place in November 2002 through September 30, 2012. The supervisor has successfully aggregated and is continuing to aggregate smaller spaces to offer larger blocks of space, including multiple floors, that are attractive to larger, higher credit-quality tenants and to offer new, pre-built suites with improved layouts. As part of this program, the supervisor converted some or all of the ground office floors of certain of its Manhattan office properties to higher rent retail space. The company believes that the post-renovation high quality of its buildings and the service the company provides also attract higher credit-quality tenants and allow it to grow cash flow.

Leader in Energy Efficiency Retrofitting. The company has pioneered certain practices in energy efficiency at the Empire State Building where the company has partnered with the Clinton Climate Initiative, Johnson Controls Inc., Jones Lang LaSalle and the Rocky Mountain Institute to create and implement a groundbreaking, replicable process for integrating energy efficiency retrofits in the existing built environment. The reduced energy consumption reduces costs for the company and its tenants, and the company believes creates a competitive advantage for its properties. As a result of the energy efficiency retrofits, the company currently estimates that the Empire State Building will save at least 38% of its energy use, resulting in at least $4.4 million of annual energy cost savings. Johnson Controls Inc. has guaranteed minimum energy cost savings of $2.2 million, from 2010 through 2025, with respect to certain of the energy efficiency retrofits which Johnson Controls Inc. was responsible for installing. In 2011, the actual energy cost savings for the energy efficiency retrofits which Johnson Controls Inc. was responsible for installing was $2.4 million. As a result of the company s efforts, the Empire State Building is now an Energy Star building and has been awarded LEED EBOM-Gold certification. The company is currently underway with the design and specification process to implement energy efficiency retrofitting projects in its Manhattan and greater New York metropolitan area office properties based on its work at the Empire State Building. The company believes that its portfolio s attractiveness is enhanced by these practices and that this should result in higher rental rates, longer lease terms and higher quality tenants.

Attractive Retail Locations in Densely Populated Metropolitan Communities. As of September 30, 2012, the company s portfolio also included six standalone retail properties and retail space at the ground floor and/or lower levels of its Manhattan office properties. All of these properties are located in premier retail corridors with convenient access to mass transportation, a diverse tenant base and high pedestrian traffic and/or main destination locations. The company s retail portfolio includes 616,546 rentable square feet located in Manhattan and 21,433 rentable square feet located in Westport, Connecticut. The company s retail tenants cover a number of industries, including financial services, and include Allen Edmonds; Ann Taylor; AT&T; Bank of America; Bank Leumi; Bank Santander (Sovereign Bank); Best Buy Mobile; Charles Schwab; Chipotle; Duane Reade (a division of Walgreen Co.); Ethan Allen; FedEx/Kinko s; Food Emporium; Foot Locker; the GAP; GameStop; HSBC; JP Morgan Chase; Kate Spade; Loews Theatre; Lululemon; Men s Wearhouse; Nike; Panera Bread; Payless Shoesource; Potbelly Sandwich Works; Sprint; Starbucks; Theory; TJ Maxx; and Walgreens.

Experienced and Committed Management Team with Proven Track Record. The company s senior management team is highly regarded in the real estate community and has extensive relationships with a broad range of brokers, owners, tenants and lenders. The company has substantial in-house expertise and resources in asset and property management, leasing, marketing, acquisitions, construction, development and financing and a platform that is highly scalable. Members of the company s senior management team have worked in the real estate industry for an average of approximately 29 years, and Messrs. Malkin, Durels and Keltner have worked together for the supervisor for approximately 23 years. Upon completion of the IPO, the company s senior management

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team is expected to own 8.7% of the company s common stock on a fully diluted basis (including shares of common stock on a fully diluted basis as to which Anthony E. Malkin has the right to vote, but does not have a pecuniary interest), and therefore their interests are expected to be aligned with those of the company s stockholders, and they are incentivized to maximize returns for the company s stockholders.

Strong Balance Sheet Well Positioned For Future Growth. Upon completion of the consolidation and the IPO, the company expects to have pro forma total debt outstanding of approximately $1.11 billion, with a weighted average interest rate of 5.20%, a weighted average maturity of 3.4 years and 78.2% of which is fixed-rate indebtedness. Additionally, the company expects to have approximately $304.1 million of available borrowing capacity under its loans on a pro forma basis (excluding amounts under the $800.0 million secured revolving and term credit facility which the company expects to obtain upon the closing of the IPO from lenders that will include certain of the underwriters of the IPO or their respective affiliates). Upon completion of the IPO and on a pro forma basis for the year ended December 31, 2011, the company expects to have a debt-to-earnings before interest, income tax, depreciation and amortization, or EBITDA, ratio of approximately 4.93x. For the year ended December 31, 2011, the company s pro forma EBITDA and pro forma net income were approximately $213.2 million and $58.7 million, respectively. The company has no debt maturing in the remainder of 2012 and approximately $56.9 million maturing in 2013.

Business and Growth Strategies

The company s primary business objectives are to maximize cash flow and total returns to its stockholders and to increase the value of the company s properties through the pursuit of the following business and growth strategies:

Lease-up Available Space at Manhattan Office Properties. As of September 30, 2012, the company s Manhattan office properties were approximately 77.0% leased (or 81.4% giving effect to leases signed but not yet commenced as of that date) and had approximately 1.4 million rentable square feet of available space (excluding leases signed but not yet commenced). This compares to an average of 90.2% leased in midtown Manhattan according to RCG as of June 30, 2012. The company believes its renovation and repositioning program for its Manhattan office properties is a catalyst for additional lease-up. To date the company believes these efforts have accelerated its ability to lease space to new higher credit-quality tenants, many of which have expanded the office space they lease from the company over time. Examples of this include LF USA, Coty, Inc., the Federal Deposit Insurance Corporation and Actimize which collectively have leases signed with the company for over 1,397,250 rentable square feet that represent additional annualized base rent of $56,424,227 as of September 30, 2012.

Increase Existing Below-Market Rents. The company believes it can capitalize on the successful repositioning of its Manhattan office portfolio and improving market fundamentals to increase rents. For example, the company expects to benefit from the re-leasing of 16.6%, or approximately 1.0 million rentable square feet (including month-to-month leases), of its Manhattan office leases expiring through December 31, 2014, which the company generally believes are currently at below market rates. These expiring leases represent a weighted average base rent of $39.39 per square foot based on current measurements. As older leases expire, the company expects to continue to upgrade certain space to further increase rents and the company expects to increase the total rentable square footage of such space as a result of remeasurement and application of market loss factors to the company s space which the company expects will generate additional rental revenue.

Complete the Redevelopment and Repositioning of the Company s Current Portfolio. The company intends to continue to increase occupancy, improve tenant quality and enhance cash flow and value by completing the renovation and repositioning of its Manhattan office properties. The company intends selectively to continue to allow leases for smaller spaces to expire or relocate smaller tenants in order to aggregate, demolish and re-demise existing office space into larger blocks of vacant space, which the company believes will attract higher credit-quality tenants at higher rental rates. In addition, the company is a leader in developing economically justified energy efficiency retrofitting and sustainability and has made it a portfolio-wide initiative. The company believes this makes its properties desirable to high credit-quality tenants at higher rental rates and longer lease terms.

Pursue Attractive Acquisition and Development Opportunities. The company will opportunistically pursue attractive opportunities to acquire office and retail properties, including the option properties. For more information regarding the option properties, please see The Company Business and Properties Description of Option Properties. The company intends to focus its acquisition strategy primarily on Manhattan office properties and, to a lesser extent, office and multi-tenanted retail properties in densely populated communities in the greater New York metropolitan area and other markets the company may identify in the future. The company s strong balance sheet, access to capital, and ability to offer operating partnership units in tax deferred acquisition transactions should give the company significant flexibility in structuring and consummating acquisitions.

Proactively Manage the Company s Portfolio. The company believes its proactive, service-intensive approach to asset and property management helps increase occupancy and rental rates. The company utilizes its comprehensive building management services and its strong commitment to tenant and broker relationships and satisfaction to negotiate attractive leasing deals and to attract high credit-quality tenants. The company proactively manages its rent roll and maintains continuous communication with its tenants. The company believes long-term tenant relationships will improve its operating results over time by reducing leasing, marketing and tenant improvement costs and reducing tenant turnover.

Company Information

As of September 30, 2012, the company had approximately 605 employees, 102 of whom were managers and professionals. The company s principal executive offices are located at One Grand Central Place, 60 East 42nd Street, New York, New York 10165. In addition, the company has six additional regional leasing and property management offices in Manhattan and the greater New York metropolitan area. The company s telephone number is (212) 953-0888. The company s website address is www.empirestaterealtytrust.com. The information on or otherwise accessible through, the company s website does not constitute a part of this prospectus/consent solicitation.

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The Properties

As of September 30, 2012, the company s portfolio consisted of 12 office properties and six standalone retail properties totaling approximately 8.4 million rentable square feet and was approximately 80.2% leased (or 83.5% giving effect to leases signed but not yet commenced as of that date). In addition, the company owned entitled land that will support the development of an approximately 380,000 rentable square foot office building and garage (Metro Tower) at the Stamford Transportation Center in Stamford, Connecticut, adjacent to one of the company s office properties, as of September 30, 2012. The table below presents an overview of the company s portfolio and the option properties as of September 30, 2012:

Property Name	Submarket	Year Built / Renovated[1]	Rentable Square Feet[2]	Percent Leased[3]	Annualized Base Rent[4]	Annualized Base Rent Per Leased Square Foot[5]	Net Effective Rent Per Leased Square Foot[6]	Number of Leases[7]
Manhattan Office Properties								
The Empire State Building	Penn Station-Times Sq. South	1931/ In process					$ 43.80	
Office[8]			2,696,316	67.4%	$ 70,119,745	$ 38.60		247
Retail[9]			169,215	85.9%	$ 15,234,691	$ 104.82		25
One Grand Central Place	Grand Central	1930/ In process					$ 47.67	
Office			1,181,327	79.1%	$ 41,949,725	$ 44.89		297
Retail			68,005	92.9%	$ 6,313,878	$ 99.97		19
250 West 57th Street	Columbus Circle-West Side	1921/ In process					$ 45.02	
Office			476,574	86.0%	$ 16,794,389	$ 40.99		165
Retail			52,247	100.0%	$ 4,566,250	$ 87.40		7
501 Seventh Avenue	Penn Station-Times Sq. South	1923/ In process					$ 35.79	
Office			441,203	87.3%	$ 13,487,847	$ 35.03		31
Retail			35,502	100.0%	$ 1,784,676	$ 50.27		10
1359 Broadway	Penn Station-Times Sq. South	1924/ In process					$ 39.41	
Office			441,022	93.0%	$ 15,407,047	$ 37.58		31
Retail			27,618	40.3%	$ 1,510,342	$ 135.59		5
1350 Broadway[10]	Penn Station-Times Sq. South	1929/ In process					$ 55.80	
Office			368,323	81.7%	$ 12,154,203	$ 40.41		73
Retail			30,895	100.0%	$ 5,730,477	$ 185.48		6
1333 Broadway	Penn Station-Times Sq. South	1915/ In process					$ 43.96	
Office			302,277	96.6%	$ 11,996,983	$ 41.09		10
Retail			50,063	6.4%	$ 745,713	$ 233.11		3
Sub-Total / Weighted Average Manhattan Office Properties			**6,340,587**	**77.1%**	**$ 217,795,966**	**$ 44.54**	**$ 44.46**	**929**
Office			**5,907,042**	**77.0%**	**$ 181,909,939**	**$ 39.99**		**854**
Retail			**433,545**	**78.8%**	**$ 35,886,027**	**$ 105.09**		**75**
Greater New York Metropolitan Area Office Properties								
First Stamford Place[11]	Stamford, Connecticut[12]	1986/2003	785,945	88.6%	$ 26,824,272	$ 38.53	$ 39.54	38
Metro Center	Stamford, Connecticut[12]	1987/1999	275,758	98.6%	$ 12,855,443	$ 47.28	$ 47.28	26
383 Main Avenue	Norwalk, Connecticut[13]	1985/1996	259,856	81.3%	$ 5,787,139	$ 27.39	$ 27.94	18
500 Mamaroneck Avenue	Harrison, New York[14]	1986/2004	289,711	88.5%	$ 6,950,955	$ 27.12	$ 26.74	29
10 Bank Street	White Plains, New York[15]	1989/2001	228,994	85.4%	$ 6,485,766	$ 33.15	$ 33.71	28
			1,840,264	**88.6%**	**$ 58,903,574**	**$ 36.11**	**$ 36.62**	**139**

Sub-Total / Weighted Average Greater New York Metropolitan Area Office Properties						
Total / Weighted Average Office Properties	**7,747,306**	**79.8%**	**$ 240,813,514**	**$**	**38.97**	**993**

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Property Name	Submarket	Year Built / Renovated(1)	Rentable Square Feet(2)	Percent Leased(3)	Annualized Base Rent(4)	Annualized Base Rent Per Leased Square Foot(5)	Net Effective Rent Per Leased Square Foot(6)	Number of Leases(7)
Standalone Retail Properties								
10 Union Square	Union Square	1988/1997	58,005	100.0%	$ 4,731,292	$ 81.57	$ 81.95	13
1542 Third Avenue	Upper East Side	1993(16)	56,250	100.0%	$ 2,775,618	$ 49.34	$ 47.71	3
1010 Third Avenue	Upper East Side	1963/2007(17)	44,662	100.0%	$ 3,048,085	$ 68.25	$ 65.88	2
77 West 55th Street	Midtown	1962(16)	24,102	100.0%	$ 2,244,516	$ 93.13	$ 79.62	3
69-97 Main Street	Westport, Connecticut	1922/2005	17,103	100.0%(18)	$ 1,513,984	$ 88.52	$ 90.79	5
103-107 Main Street	Westport, Connecticut	1900(16)	4,330	100.0%	$ 423,696	$ 97.85	$ 94.69	3
Sub-Total / Weighted Average Standalone Retail Properties			**204,452**	**100.0%**	**$ 14,737,191**	**$ 72.08**	**$ 69.75**	**29**
Total / Weighted Average Retail Properties(19)			**637,997**	**85.6%**	**$ 50,623,218**	**$ 92.73**		**104**
Portfolio Total			**8,385,303**	**80.2%**	**$ 291,436,732**	**$ 43.33**	**$ 43.33**	**1,097**
Option Properties								
112-122 West 34th Street(20)	Penn Station-Times Sq. South	1954/ In process					$ 36.09	
Office			608,050	83.9%				47
Retail			133,437	100.0%				3
1400 Broadway	Penn Station-Times Sq. South	1930/ In process					$ 37.01	
Office			866,103	79.1%				79
Retail			20,712	39.4%				13
Option Properties Total			**1,628,302**					**142**

(1) For more information regarding the status of ongoing renovations at certain of the company s properties, see The Company Business and Properties Description of the Company s Properties.

(2) Office property measurements are based on the Real Estate Board of New York measurement standards; retail property measurements are based on useable square feet. Excludes (i) 119,437 square feet of space across the company s portfolio attributable to building management use and tenant amenities and (ii) 68,226 square feet of space attributable to the company s observatory.

(3) Based on leases signed and commenced as of September 30, 2012 and calculated as (i) rentable square feet less available square feet divided by (ii) rentable square feet.

(4) Annualized base rent for office properties is calculated by multiplying (i) base rental payments (defined as cash base rents (before abatements and free rent)) for the month ended September 30, 2012 for leases commenced as of September 30, 2012, by (ii) 12. Total abatements and free rent with respect to the office properties for leases in effect as of September 30, 2012 for the 12 months ending September 30, 2013 are $10,441,248. Total annualized base rent, net of abatements and free rent, for the company s office properties is $230,372,265. Annualized base rent for retail properties (including the retail space in the company s Manhattan office properties) is calculated by multiplying (i) base rental payments (defined as cash base rents (before abatements, tenant reimbursements and free rent)) for the month ended September 30, 2012 for leases commenced as of September 30, 2012, by (ii) 12. Total abatements, tenant reimbursements and free rent with respect to the retail properties (including the retail space in the company s Manhattan office properties) for leases in effect as of September 30, 2012 for the 12 months ending September 30, 2013 are $243,517. Total annualized base rent, net of abatements, tenant reimbursements and free rent, for the company s retail properties is $50,379,701. Annualized base rent data for the company s office and retail properties is as of September 30, 2012 and does not reflect scheduled lease expirations for the 12 months ending September 30, 2013.

(5) Represents Annualized Base Rent under leases commenced as of September 30, 2012 divided by leased square feet.

(6) Net effective rent per leased square foot represents (i) the contractual base rent for office and retail leases in place as of September 30, 2012, calculated on a straight-line basis to amortize free rent periods and abatements, but without regard to tenant improvement allowances and leasing commissions, divided by (ii) square footage under commenced leases as of September 30, 2012.

(7) Represents the number of leases at each property or on a portfolio basis. If a tenant has more than one lease, whether or not at the same property, but with different expirations, the number of leases is calculated equal to the number of leases with different expirations.

(8) Includes 85,812 rentable square feet of space leased by the company s broadcasting tenants.
(9) Includes 6,180 rentable square feet of space leased by Host Services of New York, a licensee of the company s observatory.
(10) Denotes a ground leasehold interest in the property with a remaining term, including unilateral extension rights available to the company, of approximately 38 years (expiring July 31, 2050).
(11) First Stamford Place consists of three buildings.
(12) This submarket is part of the Stamford, Connecticut central business district (CBD) submarket as defined by RCG. See Economic and Market Overview.
(13) This submarket is part of the South Central Stamford, Connecticut submarket as defined by RCG. See Economic and Market Overview.
(14) This submarket is part of the Eastern Westchester County submarket as defined by RCG. See Economic and Market Overview.
(15) This submarket is part of the White Plains, New York CBD submarket as defined by RCG. See Economic and Market Overview.
(16) No major renovation activity was undertaken at this property.
(17) This property underwent major renovations in 2007 to coincide with the signing of a significant retail lease.
(18) 100% leased, including leases signed but not yet commenced.
(19) Includes 433,545 rentable square feet of retail space in the company s Manhattan office properties.
(20) 112-122 West 34th Street consists of two parcels having separate owners and ownership structures. The real property interests that the company will acquire with respect to the parcel located at 112-120 West 34th Street consist of (i) a ground leasehold interest currently

held by 112 West 34th Street Associates L.L.C., one of the affiliates of the supervisor with whom the company has entered into an option agreement and (ii) an operating leasehold interest currently held by 112 West 34th Street Company L.L.C., another affiliate of the supervisor with whom the company has entered into an option agreement. The real property interests that the company will acquire with respect to the parcel located at 122 West 34th Street consist of (i) a fee interest and a subleasehold interest currently held by 112 West 34th Street Associates L.L.C. and (ii) an operating leasehold interest currently held by 112 West 34th Street Company L.L.C.

Background of and Reasons for the Consolidation

The Subject LLCs, the Private Entities and the Management Companies

The three subject LLCs are publicly-registered limited liability companies originally formed as partnerships by principals of the supervisor from 1953 to 1961. The principals of the supervisor during this period consisted of Lawrence A. Wien, until his death in 1988 and, beginning in 1958, Mr. Wien s son-in-law Peter L. Malkin. Anthony E. Malkin, Mr. Wien s grandson, joined his father Peter L. Malkin as a principal in 1989. In exercising control, Peter L. Malkin and Anthony E. Malkin have been, and continue to be, subject to fiduciary duties owed to multiple sets of equity owners in each subject LLC and private entity. Each subject LLC was formed to acquire the fee title or long-term ground lease interest in an office property located in Manhattan and to lease the property to an operating lessee, which operates the property. The private entities, including the operating lessees were formed between 1953 and 2008 and own office properties, retail properties and, in one case, fully entitled land including a development site, in Manhattan and the greater New York metropolitan area. The supervisor and the Malkin Family provide supervisory and other services for each subject LLC, each operating lessee and the other private entities.

As lessor, each subject LLC receives from its operating lessee fixed basic rent (and, in the case of 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C., primary additional rent), and overage rent (equal to 50% of the operating lessee s net operating profit). In the case of Empire State Building Associates L.L.C., net operating profit is calculated as net operating profits in excess of $1,000,000 per annum, which amount is retained by Empire State Building Company L.L.C., and in the case of 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C., net operating profit is calculated as net operating profits in excess of $1,053,800 per annum and $752,000 per annum, respectively, of primary additional rent, which is paid by the operating lessee to the applicable subject LLC to the extent of net profits. Such amounts represent approximately 2.78%, 4.35% and 10.59%, respectively, of the original purchase price of each of the Empire State Building, One Grand Central Place and 250 West 57th Street. Each operating lessee was formed initially as a partnership, the partners of which included Lawrence A. Wien and Harry B. Helmsley, and later converted to a limited liability company. Under the operating lease, the subject LLC, as lessor, has no right to operate the property. The operating lessee does not require any approval from the subject LLC for any operating decision. As such, the operating lessee makes all decisions relating to the operations of the property, including decisions as to leasing the property and selection of tenants and timing of leasing; what repairs to make, how much to spend on them and how to maintain the property (consistent with its obligation to repair, maintain and replace the property, subject to the lessor s consent for certain alterations which must be reasonably given); whether to hire property management and leasing agents or to handle such work internally; how to use the cash flow from the property; whether to seek financing for major expenditures; and whether to use cash flow for property-related expenses or to establish reserves. Each subject LLC has the right to approve a sale or mortgage of the entire property. The control by the operating lessee affects the cash returns to a subject LLC above basic rent (and, in the case of 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C., primary additional rent) because, under the lease, the subject LLC and operating lessee have a 50/50 split of net operating profit above such specified amount.

A subject LLC, as lessor, cannot decide whether to take steps to maximize the value of the property or to undertake improvements or repairs and maintenance. A subject LLC, as lessor, also cannot determine to obtain additional financing to maximize cash flows and therefore distributions unless the operating lessee also agrees to the financing, because, in view of the operating lessee s rights under the operating lease, lenders generally could be expected to require in connection with any significant financing that the operating lessee subordinate its interest to the financing. A subject LLC, as lessor, has the right to sell its fee interest in the property without the operating lessee s consent. While the operating lessee does not have a contractual right to approve a sale of the property by the subject LLC, any property sale not agreed to by the operating lessee necessarily will be subject to the operating lease. The supervisor believes this limitation reduces the value of the subject LLCs unless sold with the operating lease position.

The supervisor, which is related to the principals who formed the subject LLCs, was appointed as the supervisor of the subject LLCs pursuant to the original partnership agreements of each of the subject LLCs and is the only party which has performed, and is authorized to perform, this role under the subject LLCs organizational documents. The members of the supervisor are Peter L. Malkin, Anthony E. Malkin, direct descendants of Peter L. Malkin, and trusts and entities, the beneficiaries and owners of which are Peter L. Malkin, his descendants and their spouses and Thomas N. Keltner, Jr. The subject LLCs were originally established as general partnerships with no managing general partner or managing member and the supervisor is responsible for the operations and administrative functions on behalf of the subject LLCs. The supervisor, in its capacity as supervisor of each of the subject LLCs, provides all administrative and oversight services, such as maintaining the entity s records, including those related to participants, performing physical inspections of the property, providing or coordinating certain counsel services to the subject LLC, reviewing insurance coverage, arranging for financing, conducting annual supervisory review meetings, payment of monthly and additional distributions to the participants, payment of all other disbursements including real estate taxes, review of operations of the properties by the operating lessee, preparation and filing of tax returns, preparation of financial statements of the subject LLC and preparation of quarterly, annual and other periodic filings with the SEC and applicable state authorities and distribution of tax information and other information to the participants. The supervisor performs all of these services itself. In exchange for such services, the supervisor has received supervisory fees as described in the section entitled Distributions and Compensation Paid to the Supervisor and its Affiliates Compensation, Reimbursement and Distributions to the Supervisor and its Affiliates in the supplement for each subject LLC. The supervisor currently receives supervisory fees at the rate of $761,888, $189,158, and $107,190, per annum, from each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates, L.L.C., and 250 West 57th St. Associates, L.L.C., respectively, for such services, in addition to compensation at an hourly rate for special supervisory services. During 2011, the supervisor billed fees for special supervisory services (primarily relating to legal and accounting services) as follows: $1,094,938 to Empire State Building Associates L.L.C. ($93,693 regarding mortgage financing and $1,001,245 regarding the proposed consolidation and IPO), $228,603 to 60 East 42nd St. Associates L.L.C. (all regarding the proposed consolidation and IPO) and $109,560 to 250 West 57th St. Associates L.L.C. (all regarding the proposed consolidation and IPO). The fees for basic and special supervisory services expected to be received over the 10 years ended 2020 were taken into account in determining the exchange value of the management companies. The fees for special supervisory services in connection with the consolidation and IPO were not included in determining the exchange value of the management companies. The supervisor also serves as supervisor of the private entities and in that capacity, in addition to providing the administrative functions similar to those it provides to the subject LLCs, it supervises all aspects of property operations, leasing, reporting and financing. The supervisor s supervisory services on behalf of the subject LLCs and the operating lessees are interrelated, as they have been since inception. The supervisor owes a fiduciary duty to the subject LLCs.

Principals of the supervisor have been partners, members or agents in the operating lessees from the origination of these entities, and in its capacity as supervisor of the operating lessees, the supervisor oversees the day-to-day operations of the operating lessees and the properties.

Each of the agents is a member of the subject LLCs with the right to approve actions requiring the consent of members of the subject LLCs, subject to approval of certain significant actions by participants to the extent required under the participating agreements and as described in the next paragraph and under Comparison of Ownership of Participation Interests, Operating Partnership Units and Shares of Common Stock Voting Rights. The agents, in their capacities as agents, have no economic interest in the subject LLCs. From inception, the agents have been

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persons who have been principals of, or are related to principals of, the supervisor. The supervisor has played the central role in administering the subject LLCs and the agents role has been primarily performing ministerial functions and consenting to matters proposed by the supervisor for which the participants have given any required consent. The agents have a duty to comply with the participating agreements and the organizational documents of the subject LLCs and owe a fiduciary duty to the participants in their participation groups.

The participants are divided into participating groups and the participants in each participating group have been granted participations in the membership interest of one of the agents. Under the participating agreements, the agent has the right to take all actions with respect to its membership interest, except for certain significant actions, such as sales, financings and amendment to the operating lease, that require the consent of the participants. For a more detailed list of such actions requiring consent of the participants, see Comparison of Ownership of Participation Interests, Operating Partnership Units and Shares of Common Stock Voting Rights. The agents distribute all amounts received by them to the participants in their participating group, pro rata in proportion to their participation interests.

The Malkin Holdings group and the Helmsley estate own, on an aggregate basis, the following interests in each of the subject LLCs, each of the operating lessees and the private entities (other than the operating lessees), as a group, based on exchange values and percentage of aggregate exchange value for the applicable entity:

Entity	**Malkin Holdings group**		**Helmsley estate**	
	Exchange Value	**Percentage**	**Exchange Value**	**Percentage**
Empire State Building Associates L.L.C.				
As holders of participation interests(1)	$ 74,481,907	6.29%	$ 971,410	0.08%
Override Interests(2)	$ 108,143,382	9.14%		
Total	$ 182,625,289	15.43%	$ 971,410	0.08%
60 East 42nd St. Associates L.L.C.				
As holders of participation interests(3)	$ 22,600,706	7.22%	$ 1,207,974	0.39%
Override Interests(2)	$ 31,208,953	9.97%		
Total	$ 53,809,659	17.19%	$ 1,207,974	0.39%
250 West 57th St. Associates L.L.C.				
As holders of participation interests	$ 10,933,720	6.71%	$ 452,957	0.28%
Override Interests(2)	$ 12,207,951	7.49%		
Total	$ 23,141,671	14.19%	$ 452,957	0.28%
Empire State Building Company L.L.C.				
As holders of participation interests(4)	$ 24,724,899	2.13%	$ 740,862,007	63.75%
Override Interests(2)	$ 52,889,643	4.55%		
Total	$ 77,614,543	6.68%	$ 740,862,007	63.75%
Lincoln Building Associates L.L.C.				
As holders of participation interests(5)	$ 19,979,144	6.75%	$ 79,916,576	27.00%
Override Interests(2)	$ 29,598,732	10.0%		
Total	$ 49,577,876	16.75%	$ 79,916,576	27.00%
Fisk Building Associates L.L.C.				
As holders of participation interests	$ 18,354,490	12.14%	$ 47,611,871	31.50%
Override Interests(2)	$ 31,851,768	21.07%		
Total	$ 50,206,258	33.22%	$ 47,611,871	31.50%
Other Private Entities				
As holders of participation interests(6)	$ 239,052,294	26.65%	$ 157,600,323	17.57%
Override Interests(2)	$ 38,451,943	4.29%		
Total	$ 277,504,237	30.94%	$ 157,600,323	17.57%

Aggregate in subject LLCs and private entities	$ 714,479,533	$ 1,028,623,118

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(1) Does not include participation interests in which the Malkin Holdings group controls the vote, but does not have an economic interest. A member of the Malkin Holdings group is the trustee of a trust that owns participation interests. The member of the Malkin Holdings group does not require the consent of the participants/partners to give its consent with respect to such participation interests. These participation interests represent 0.15% of the participation interests of Empire State Building Associates L.L.C. The economic interests in such participation interests are held by unaffiliated third parties and have an exchange value of $1,619,017.

(2) The percentage determined is based on the percentage of distributions that will be received based on the exchange values, which were determined as described in Exchange Value and Allocation of Operating Partnership Units and Common Stock Derivation of Exchange Values. In the case of Empire State Building Associates L.L.C. and 250 West 57th St. Associates L.L.C., the override interests included in the table represent a voluntary capital override, which was voluntarily agreed to by certain participants.

(3) Does not include participation interests in which the Malkin Holdings group controls the vote, but does not have an economic interest. A member of the Malkin Holdings group is the trustee of a trust that owns participation interests. The member of the Malkin Holdings group does not require the consent of the participants/partners to give its consent with respect to such participation interests. These participation interests represent 0.14% of the participation interests of 60 East 42nd St. Associates L.L.C. The economic interests in such participation interests are held by unaffiliated third parties and have an exchange value of $402,658.

(4) Does not include participation interests in which the Malkin Holdings group controls the vote, but does not have an economic interest. A member of the Malkin Holdings group either acts as agent for a participating group that owns the economic interests in the participation interests or is the general partner of a partnership that owns participation interests. In either case, the member of the Malkin Holdings group does not require the consent of the participants/partners to give its consent with respect to such participation interests. These participation interests represent 23.75% of the participation interests of Empire State Building Company L.L.C. The economic interests in such participation interests are held by unaffiliated third parties and have an exchange value of $180,266,284.

(5) Does not include participation interests in which the Malkin Holdings group controls the vote, but does not have an economic interest. A member of the Malkin Holdings group is the trustee of a trust that owns participation interests. The member of the Malkin Holdings group does not require the consent of the participants/partners to give its consent with respect to such participation interests. These participation interests represent 5.0% of the participation interests of Lincoln Building Associates L.L.C. The economic interests in such participation interests are held by unaffiliated third parties and have an exchange value of $13,319,429.

(6) Does not include participation interests in which the Malkin Holdings group controls the vote, but does not have an economic interest. A member of the Malkin Holdings group either acts as agent for a participating group that owns the economic interests in the participation interests, is the general partner of a partnership that owns participation interests or is the trustee of a trust that owns participation interests in certain of the subject LLCs and private entities. In either case, the member of the Malkin Holdings group does not require the consent of the participants/partners to give its consent with respect to such participation interests. With respect to the other private entities, a member of the Malkin Holdings group serves as trustee for a trust that holds participation interests in one of the other private entities. These participation interests represent 1.1% of the participation interests in such private entity. The economic interests in such participation interests are held by unaffiliated third parties and have an aggregate exchange value of $1,586,319.

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The following is a list of the subject LLCs and the private entities and the appraised value of the real property interests owned by the subject LLCs and the private entities, before deducting mortgage indebtedness or other liabilities and the exchange value, which is calculated as described in this prospectus/consent solicitation after deducting mortgage indebtedness and other liabilities:

Entity(1)	**Appraised Property Value**(2)	**Appraised Entity Value**	**Exchange Value**
Empire State Building	$ 2,530,000,000		
Empire State Building Associates L.L.C.		$ 1,306,500,000	$ 1,183,612,549
Empire State Building Company L.L.C.(3)		$ 1,223,500,000	$ 1,162,136,482
Total		$ 2,530,000,000	$ 2,345,749,031
One Grand Central Place	$ 704,000,000		
60 East 42nd St. Associates L.L.C.		$ 359,500,000	$ 313,069,533
Lincoln Building Associates L.L.C.(4)		$ 344,500,000	$ 295,987,317
Total		$ 704,000,000	$ 609,056,850
250 West 57th St.	$ 361,000,000		
250 West 57th St. Associates L.L.C.		$ 186,000,000	$ 163,064,607
Fisk Building Associates L.L.C.(5)		$ 175,000,000	$ 151,148,797
Total		$ 361,000,000	$ 314,213,405
1333 Broadway			
1333 Broadway Associates L.L.C.	$ 209,000,000	$ 209,000,000	$ 156,335,546
1350 Broadway			
1350 Broadway Associates L.L.C.	$ 187,000,000	$ 187,000,000	$ 135,845,247
1359 Broadway			
Marlboro Building Associates L.L.C.	$ 206,000,000	$ 206,000,000	$ 158,233,045
501 Seventh Avenue	$ 178,000,000		
Seventh & 37th Building Associates L.L.C.		$ 91,000,000	$ 66,208,949
501 Seventh Avenue Associates L.L.C.		$ 87,000,000	$ 62,736,281
Total		$ 178,000,000	$ 128,945,230
69-97 Main Street			
Soundview Plaza Associates II L.L.C.	$ 31,000,000	$ 31,000,000	$ 21,557,416
1010 Third Avenue and 77 West 55th Street			
East West Manhattan Retail Portfolio L.P.	$ 85,000,000	$ 85,000,000	$ 56,011,882
Metro Center			
One Station Place, Limited Partnership	$ 157,000,000	$ 157,000,000	$ 57,902,962
10 Union Square			
New York Union Square Retail L.P.	$ 105,000,000	$ 105,000,000	$ 83,379,307
103-107 Main Street			
Westport Main Street Retail L.L.C.	$ 7,000,000	$ 7,000,000	$ 6,925,553
First Stamford Place(6)	$ 266,000,000		
Fairfax Merrifield Associates L.L.C.		$ 82,938,800	$ 6,337,762
Merrifield Apartments Company L.L.C.		$ 82,938,800	$ 6,337,762
First Stamford Place L.L.C.		$ 100,122,400	$ 7,385,119
Total		$ 266,000,000	$ 20,060,643
10 Bank Street			
1185 Swap Portfolio L.P.	$ 50,000,000	$ 50,000,000	$ 15,580,253
1542 Third Avenue			
1185 Swap Portfolio L.P.	$ 41,000,000	$ 41,000,000	$ 21,274,903
383 Main Ave			

Fairfield Merrittview Limited Partnership	$ 37,000,000	$ 37,000,000	$ 5,711,887
500 Mamaroneck Ave			
500 Mamaroneck Avenue L.P.	$ 52,000,000	$ 52,000,000	$ 14,623,879
BBSF LLC	$ 14,600,000	$ 14,600,000	$ 14,600,000
Supervisor and Management Companies(7)	$ 14,775,000	$ 14,775,000	$ 16,302,000
Total	**$ 5,235,375,000**	**$ 5,235,375,000**	**$ 4,182,309,039**

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(1) Excludes three private entities which are the ground lessees and an operating lessee of two properties that are supervised by the supervisor, having an appraised value of $776,000,000 (after reduction for the third-party ground lease), of which $424,000,000 relates to 112-122 West 34th Street and $352,000,000 relates to 1400 Broadway. The operating partnership has entered into option agreements pursuant to which it has the option to acquire their property interests upon the final resolution of certain ongoing litigation with respect to these properties. The appraised values of such properties are the appraised values the properties would have had if the litigation is resolved, and were determined on a basis consistent with the exchange values of the subject LLCs and the private entities.
(2) Represents the appraised value of each property owned (or in the case of a property subject to a third-party ground lease, the value of the interest as ground lessee) by or subject to an operating lease with each subject LLC and each private entity and the appraised value of management companies.
(3) Operating lessee of Empire State Building Associates L.L.C.
(4) Operating lessee of 60 East 42nd St. Associates L.L.C.
(5) Operating lessee of 250 West 57th St. Associates L.L.C.
(6) First Stamford Place L.L.C. is a 37.64% co-tenant with Fairfax Merrifield Associates L.L.C. and Merrifield Apartments Company L.L.C., together owning a 62.36% interest. Merrifield Apartments Company L.L.C. is the operating lessee, owning a 50.00% interest in the co-tenancy, for an aggregate ownership interest of 31.18% in the property.
(7) The value represents the appraised value of the management companies excluding the value attributable to the supervisor s overrides, which are included in the value of the overrides that the Malkin Holdings group holds in the subject LLCs and the private entities.

The Supervisor s Reasons for Proposing the Consolidation

The supervisor proposed the consolidation and recommends that you vote **FOR** the consolidation. The supervisor believes this transaction represents the best opportunity for value enhancement for your investment in the subject LLC.

From time to time, for various reasons, the supervisor has pursued sales of properties supervised by the supervisor in Manhattan, when the supervisor believed a sale would produce a higher return than continuing to hold the property. After the death of Leona Helmsley in August 2007, the supervisor briefly considered, and had discussions with representatives of the Helmsley estate concerning, the possible sale of the Empire State Building. It was ultimately decided that there was greater value for Empire State Building Associates L.L.C. and Empire State Building Company L.L.C. in holding, improving, and repositioning the Empire State Building rather than selling the Empire State Building in its then-current condition. In 2010, Anthony E. Malkin and Peter L. Malkin, as principals of the supervisor, met with the executors of the Helmsley estate, as a significant investor, to discuss the merits of a consolidation of several properties, including the subject LLCs, and a subsequent initial public offering of the consolidated entity. Thereafter, Anthony E. Malkin and Peter L. Malkin, as principals of the supervisor, investigated the feasibility of a consolidation transaction and IPO of the company which would be formed in connection with the consolidation and took steps to consider and pursue the consolidation.

The Helmsley estate has expressed its intention that, if the consolidation and IPO do not occur, it will liquidate its interests in the private entities, including each of the operating lessees. The supervisor believes that such liquidation by the Helmsley estate is required pursuant to the specific terms of Leona Helmsley s will.

In the event of such a liquidation, the supervisor and the other participants in the subject LLCs and the private entities will not be able to influence or control the selection of the purchaser. Such purchaser would own the Helmsley estate s current position in the operating lessee of the Empire State Building, which would provide it with the ability to veto all decisions, and a large percentage of each of the other two operating lessees.

The Malkin Family and the Helmsley estate each effectively has an ability to veto actions by Empire State Building Company L.L.C., because under the operating agreement of Empire State Building Company L.L.C., full administrative and operational control of all matters connected with the business of Empire State Building Company L.L.C., including all matters connected with the operation, management, leasing, maintenance, repair and improvement of the Empire State Building, require the consent of 80% in interest of the participants in Empire State Building Company L.L.C. The Helmsley estate (or its successor) owns 63.75% of the participation interests while principals of the supervisor have the right to vote as to 23.75% of the participation interests. Because the consent of each of the supervisor and the Helmsley estate is needed for such actions, the potential for a stalemate is created. The Helmsley estate is required to sell its interests in the private entities, including the operating lessees of the subject LLCs, pursuant to the will of Leona M. Helmsley. As a result, the status quo, which consists of the current working arrangement between the supervisor and the Helmsley estate, will not continue and the supervisor and any transferee of the Helmsley estate s interest may not reach agreement on actions to be taken to operate the Empire State Building.

Since an operating lessee controls all aspects of the operations of its property, and that control allows it to make decisions that affect property performance and the availability of profits which are shared 50/50 with the subject LLCs, such purchaser may take actions which adversely affect the value and distributions for the Empire State Building Associates L.L.C. and its participants and could influence materially the activities in the other two subject LLCs.

The consolidation and IPO would permit the Helmsley estate to monetize a significant portion of its interests at the IPO price without creating such a potentially adverse event. Further, it would also provide a liquid trading market for the Helmsley estate to monetize the remainder of its interests in an efficient manner that will be transparent to the public markets.

The supervisor believes it is in the best interests of the participants and the company to provide to the Helmsley estate the right to receive an allocation of excess IPO proceeds in exchange for their interests in the private entities, to the extent available after providing cash to redeem non-accredited investors in the private entities and other uses of proceeds. This would include proceeds from any upsize of the IPO and any exercise of the underwriters option to purchase additional shares of the company s Class A common stock.

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

The supervisor believes that the consolidation of your subject LLC into the company is the best way for you to maximize the value of your investment in your subject LLC and to achieve liquidity through ownership of operating partnership units (which are exchangeable for cash or, at the option of the company, Class A common stock) and/or shares of Class A common stock, in each case, expected to be listed on the NYSE, which investors may sell from time to time as and when they so desire (subject to the restrictions of applicable U.S. federal and state securities laws and after expiration of the lock-up period as described in this prospectus/consent solicitation). The supervisor believes that in view of the fact that the subject LLCs own the interests in the properties, but the operating lessees operate the properties, it would not be in the best interests of the subject LLCs to sell their interests in the properties separate from a sale by the operating lessees. The private entities (including the operating lessees), with the required consent of their participants, have agreed to transfer their interests in the properties, including their interests in the operating lessees, as part of the consolidation. The supervisor believes that the consolidation, over time, likely will result in higher values for participants in the subject LLCs than if the interests in the properties were sold individually and the subject LLCs were liquidated as a result of increased efficiencies, growth opportunities and other opportunities for value enhancement. The Malkin Holdings group will receive substantial benefits from the consolidation and have conflicts of interest in making this recommendation.

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Benefits of Participation in the Consolidation

The supervisor believes that the consolidation will provide you with the following benefits:

Tax-deferred Transaction. You will have the opportunity to receive interests in the company s operating partnership on the same basis as participants in the private entities and the Malkin Family in a transaction expected to be tax-deferred for U.S. federal income tax purposes. See U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation. Participants are urged to consult with their tax advisor as to the tax consequences of the consolidation in light of their particular circumstances;

Liquidity. You will be able to achieve liquidity by selling all or part of your shares of Class A common stock, subject to the restrictions of applicable U.S. federal and state securities laws and after expiration of the lock-up period described under The Consolidation Lock-Up Agreement. The shares of Class A common stock are expected to be listed on the NYSE. Participants may also achieve liquidity through sale of Class A common stock issued in exchange for operating partnership units and Class B common stock, subject to such restrictions. Participants who receive operating partnership units may also sell operating partnership units, which also are expected to be listed on the NYSE, subject to restrictions described above, although the market for operating partnership units may be more limited than the market for Class A common stock. In addition, each participant in the subject LLCs that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to 4.0% of the operating partnership units he or she receives with respect to each subject LLC (assuming all of the participants in each subject LLC elect to receive operating partnership units, the enterprise value equals the aggregate exchange value and the IPO price equals $10 per share), which treats all three subject LLCs equally after having determined for Empire State Building Associates L.L.C. the minimum amount required by the NYSE for it to meet the requirements as the primary listing. There is only a limited market for the participation interests in the subject LLCs and the highest price for sales of participation interests since January 1, 2009 of which the supervisor is aware is $50,000 per $10,000 original investment for Empire State Building Associates L.L.C., $16,000 per $10,000 original investment for 60 East 42nd St. Associates L.L.C. and $50,000 per $10,000 original investment for 250 West 57th St. Associates L.L.C., which the supervisor believes is substantially below their value;

Risk Diversification. The company will own a large number of quality office and retail properties in the Manhattan and the greater New York metropolitan area and have much broader tenant diversification than your subject LLC, which owns an interest in a single property. This diversification will reduce the dependence of your investment upon the performance of, and the exposure to the risks associated with, owning an interest in a single property, and allow for more stable cash flows for distributions;

Regular Quarterly Cash Distributions. Similar to the subject LLCs present method of operation, the supervisor expects that the company and the operating partnership will make regular quarterly cash distributions on the operating partnership units and common stock, which will include distributions of at least 90% of the company s annual REIT taxable income (determined without regard to the deduction for dividends paid, and excluding net capital gains), which is required for REIT qualification. REIT taxable income will be determined by the performance of the portfolio of the company s properties and unaffected by its stock price.

The expected regular quarterly dividends to stockholders in the company will be based on the performance of a portfolio of properties rather than just one property and are required to be at least 90% of annual REIT taxable income (determined without regard to the deduction for dividends paid, and excluding net capital gains) to maintain the company s qualification as a REIT. The supervisor believes that participants have greater potential for increased distributions as a holder of operating partnership units or common stock than as a participant in a subject LLC from improved performance of the properties, potential growth from acquisitions and a better capital structure made possible by the combined balance sheet of all the properties. There is no assurance, however, that the company s dividends will increase over time or be greater than the historical distributions made to participants in a subject LLC.

More Efficient Decision-Making. Each subject LLC currently requires several internal procedural steps to undertake major transactions, which affects its ability to take timely advantage of favorable opportunities. Financing and sales require costly and time consuming steps to obtain consent of a very high percentage of the participants in a subject LLC;

Improved Capital Structure by Eliminating Two-Tier Ownership. Except for very small loans supported by basic rent, the relationship between the subject LLCs and the operating lessees requires that any additional financing placed on an entire property requires the agreement of both the operating lessee and the subject LLCs.

Easier Access to Financing. A subject LLC cannot require the operating lessee to obtain or utilize financing to maximize its cash flow and therefore overage rent available for additional distributions to participants in the subject LLCs. Each operating lessee controls all aspects of property operations, leasing, and investment and has broad discretion to use cash flow from the property for purposes related to the applicable property. Operating lessee decisions can result in little or no overage rent to the corresponding subject LLC, and additional distributions to the subject LLC s participants are contingent on overage rent.

Eliminates Two-Tier Ownership Impact on Borrowing. In the past, decisions by operating lessees have resulted in uneven payments of overage rent to the subject LLCs from year to year. Without the cooperation of the operating lessee, there is very limited opportunity for financing by the subject LLCs to provide funds for distributions. It is likely that any lender would require agreement of the operating lessee before making any loan to a subject LLC.

Shared Motivations to Reinvest and Maintain Properties. Additionally, the operating leases between the subject LLCs and the operating lessees do not address reinvestment by the operating lessees in capital improvements for the properties. To induce reinvestment by their operating lessees, two of the subject LLCs (60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C.) have agreed, in accordance with their participants consent and the supervisor s recommendation, to extend the operating leases. These extensions have been coupled with consents by the operating lessees to allow financing on the entire property, which minimized the impact of reinvestment on operating profit and allowed for additional distributions from overage rent.

In connection with these extension and financing agreements, the basic rent has been increased by the amount of the increase in debt service arising from the financing, and such increase in basic rent is deducted in calculating overage rent, ultimately resulting in the debt service being shared 50/50 between each such subject LLC and its operating lessee. In the case of the Empire State Building, because of the pendency of this proposed consolidation, there has been no such lease extension request, though the operating lessee has consented to limited advances under a property mortgage loan made to Empire State Building Associates L.L.C. and has subordinated the operating lease to such advances. If the consolidation does not go forward, the operating lessee has indicated it will request additional lease extensions as a condition for subordination to additional mortgage advances at that time.

Broader Markets for Property Sales. Finally, as described under Background of and Reasons for the Consolidation The Supervisor s Reasons for Proposing the Consolidation, the supervisor believes that, unless the operating lessee joins with the corresponding subject LLC in a sale of the property, such a sale would not maximize the value of the such subject LLC s interests in the property.

Modern Governance Structure. The company will have a modern governance structure. Capital reinvestment and financing decisions will be based on what is considered to be best for the company, and there will be no need to secure approvals of operating lessees or subject LLCs. Such decisions will be made under a corporate governance structure governed by a board of directors, with six of seven directors being independent.

Quarterly Distributions of a Minimum of 90% of REIT Taxable Income. The supervisor expects that the company and the operating partnership will make regular quarterly cash distributions on the operating partnership units and common stock, which will include distributions of at least a minimum of 90% of the company s annual REIT taxable income (determined without regard to the deduction for dividends paid, and excluding any net capital gains), as required for REIT qualification. REIT taxable income will be determined by the performance of the portfolio of the company s properties and unaffected by its stock price. Such distributions will be based on a portfolio of properties, rather than investors being dependent on a single property. The subject LLCs generally have been required to maintain property-level reserves to meet potential future expenditures, including those relating to repairs, maintenance and capital improvement, and such reserves generally have been, and in the future, if the consolidation is not consummated, are expected to be, required under the subject LLCs loan agreements. The supervisor does not believe that property-level reserves will be required to be maintained by the company and, as a result, additional cash should be available to the company for distribution;

Risk of Reduction in Distributions if Consolidation is Not Consummated. Distributions from your subject LLC come from payments made by the operating lessee. Your operating lessee is required to pay a low basic rent to your subject LLC. Any payment you receive above that comes from the profits from your operating lessee s performance and comes in the form of payment of overage rent out of profits from the operating lessee s operations of the property. The operating lessee makes all decisions relating to the operations of the property.

Decisions over which the operating lessee has control which directly impact whether or not there is overage rent from which you may receive additional distributions include whether or not to lease, whether or not to improve the property, whether to use the cash flow from the property or to seek financing for capital expenditures, and whether to use cash flow for property-related expenses. From the overage rent which is paid, the supervisor maintains reserves for expenses. The balance, if any, is paid out as a distribution from overage rent. In recent years, overage rent has been made possible from time to time through the operating lessee working with your subject LLC to gain consents for financing, the operating lessee agreeing to borrow, and the proceeds of borrowing being used to pay for expenses rather than relying exclusively on cash flow from the property.

In the past, when the operating lessee for your subject LLC has not used financing, overage rent has decreased or ceased. If the operating lessee for your subject LLC exercises its right to use cash flow to fund future capital improvements, tenant installation costs, commissions and other expenses rather than to use financing, your distributions from overage rent may again decrease or cease. If the operating lessee for your subject LLC has a deadlock in operating decision-making, it may make decisions or take actions which meaningfully reduce the prospects of your subject LLC s receipt of overage rent in the future. In the case of the Empire State Building, because of the pendency of this proposed consolidation, Empire State Building Company, L.L.C., the operating lessee, has consented to advances of up to the current outstanding principal amount under a property mortgage loan made to Empire State Building Associates L.L.C. and has subordinated the operating lease to such advances, as required by the lender, without having requested an extension of the term of the operating lease beyond any extension provided for in the operating lease.

At the two other properties involved in this consent solicitation, 250 West 57th Street and One Grand Central Place, their improvement and financing programs were linked to extensions of their operating leases. If the consolidation does not go forward, it is possible that the operating lessee of the Empire

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State Building may not approve additional advances under the loan agreement unless Empire State Building Associates L.L.C. approves lease extensions, in which case the operating lessee may use cash flow for expenditures to improve the building and conclude leases, resulting in immediate and sustained reductions or cessation of overage rent, or may either defer or not make such expenditures.

Decisions as to whether to use cash flow or financing are made by the operating lessees from time to time and no decision has been made by any of the operating lessees involved in this consent. Any decision by the operating lessees for 250 West 57th St. Associates L.L.C. and 60 East 42nd St. Associates L.L.C. would require the consent of members of the Malkin Holdings group and/or the Helmsley estate or their successor in interest. Any decision by the operating lessee of the Empire State Building would require the consent of the members of both the Malkin Holdings group and the Helmsley estate or their successor in interest.

Increased Accountability. As a result of the governance structure of a company with its Class A common stock and operating partnership units expected to be listed on the NYSE, stockholders will benefit from the oversight by a board of directors consisting predominantly of independent directors.

Growth Potential. The supervisor believes that you have greater potential for increased distributions as a unitholder or stockholder and increased value from capital appreciation than as a participant in your subject LLC. The supervisor s belief is based on the anticipated growth in the revenues of the initial properties operated as a portfolio under the Malkin brand and potential additional investments by the company;

Greater and More Efficient Access to Capital. The company will have a larger base of assets and believes that it will have a greater variety of options and ability to access the capital markets and the equity value in its assets than any of the subject LLCs individually. As a result, the company expects to have greater and more efficient access to the capital necessary to fund its operations, fund renovations to the properties and consummate acquisitions than would be available to any of the subject LLCs individually. The supervisor believes that it would be extremely difficult for the subject LLCs to obtain similar access to capital due to their size and ownership structure;

Elimination of Risk and Discount in Value from Subject LLCs Passive Ownership of the Property Interests. Each subject LLC owns an interest in a single property subject to an operating lease. The operating lessee operates the property and the subject LLC does not participate in the management of the operations of the property. The market for the interest held by each subject LLC is smaller and the interest less valuable than of the entire property not subject to the operating lease. Following the consolidation, ownership and operation of the properties owned by the subject LLCs and private entities will be integrated;

Valuable Synergies. The subject LLCs presently benefit from being part of a portfolio of properties with a common brand awareness. However, under the current structure, there are major obstacles to obtaining true synergies and realization of value, such as combining financings, movements of tenants from one building to another, sharing of employees and management and oversight. The consolidation will remove such obstacles and free up access to value creation;

Position in Highly Desirable Marketplace. The properties owned by the subject LLCs and the private entities are concentrated in Manhattan and the greater New York metropolitan area. The supervisor believes this is one of the most highly desired markets in the world for office and retail properties;

Reduced Conflicts of Interest. From inception, the supervisor has represented many different ownership interests, and the subject LLCs and the private entities, therefore, have been exposed to conflicts of interest. For example, the supervisor and persons associated with the supervisor act as an external manager for all of the entities (including the subject LLCs and the operating lessees), serve as agents for the participants in the subject LLCs and certain of the private entities, determine when to make recommendations on sales, financings and operations of the properties, and make or recommend all

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operating and leasing decisions in all operating entities and all decisions of the subject LLCs. Decisions made by the supervisor in its capacity as supervisor of the operating lessees with regard to property operations dictate the cash available for distribution to the subject LLCs, which are also supervised by the supervisor. The company, on the other hand, will be managed by its officers, subject to the direction and control of its board of directors, which will consist predominantly of independent directors, and all the properties will be owned directly or indirectly by a single entity, without a division of interests. There will not be separate interests of different groups of owners and there will not be a role for, or *requirement* of, an outside supervisor. Accordingly, the supervisor believes this consolidated structure eliminates the conflicts inherent in the structure which have been there from inception of the subject LLCs and the private entities and more closely aligns the interests among the stockholders and management; and

Election to Receive Operating Partnership Units, Class A Common Stock and/or Class B Common Stock. Each participant in a subject LLC will have the option to receive operating partnership units in a transaction expected to be tax-deferred for U.S. federal income tax purposes. Each participant will receive operating partnership units, unless such participant elects to receive shares of Class A common stock or, to a limited extent, Class B common stock. Each participant may elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participant would otherwise receive in the consolidation. Each share of Class B common stock has 50 votes on all matters on which stockholders are entitled to vote and the same economic interest as a share of Class A common stock, and one share of Class B common stock and 49 operating partnership units together represent a similar economic value as 50 shares of Class A common stock. The Malkin Holdings group will receive its consideration as follows: 97.00% in operating partnership units, 1.03% in Class A common stock and 1.97% in Class B common stock. The operating partnership units will be issued in three separate series to the participants in each of the three subject LLCs (other than the Wien group) and in a separate series to the participants in the private entities receiving operating partnership units and the Wien group. Each series of operating partnership units will have identical rights as to distributions, liquidation and other rights as a limited partner in the operating partnership.

Third-Party Portfolio Transaction

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

Market forces are dynamic, unpredictable, and subject to volatility. Should the public awareness of the proposed consolidation and IPO produce potential compelling offers from unaffiliated third parties to purchase the consolidated portfolio, it will be costly and time consuming to solicit consents to allow a sale or contribution of the portfolio to a third party, and there is considerable risk that any opportunity which might appear would be lost without the requested consent in place. Therefore, the supervisor believes that it is advisable to have the flexibility and discretion, subject to certain conditions, to accept an offer for the entire portfolio of properties from an unaffiliated third party, rather than pursue the consolidation and IPO. The supervisor will consider an offer from an unaffiliated third party only for the entire portfolio of properties owned by all of the subject LLCs and all of the private entities (including the operating lessees of the subject LLCs), excluding (a) the option properties, (b) certain properties owned by the private entities that are not included in the consolidation, (c) any

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property interest as to which the required consent is not received, and (d) any property interest as to which customary contract conditions, such as absence of a material adverse change, are not satisfied. A third-party portfolio transaction also will include the management companies.

The third-party portfolio transaction would be undertaken only if the aggregate consideration payable in the third-party portfolio transaction is at least 115% of the aggregate exchange value for the subject LLCs, the private entities and the management companies included in the third-party portfolio transaction and certain other conditions are met. If such a third-party portfolio transaction were to proceed, the consideration will be allocated among the subject LLCs, the private entities and the management companies on a basis consistent with the exchange values.

A third-party portfolio transaction would include the following:

- The proposal must provide for all cash, payable in full at closing. There will be no purchase price adjustments, earn-outs, or any other similar or contingent payments.

- The proposal may provide for an option for all participants to elect to receive securities as an alternative to cash. If the proposal provides for a securities option, the Malkin Family, affiliates of the subject LLCs and private entities and participants in the subject LLCs and the private entities will have the right to elect to receive securities only on the same proportional basis as other participants.

- No member of the Malkin Family, and no other affiliate of the subject LLCs or the private entities will be an affiliate, consultant, employee, officer or director of the acquiror or any of its affiliates or subsidiaries before or after the closing or receive any compensation or any other consideration from the acquiror or any of its subsidiaries or affiliates (other than their pro rata share of the consideration that they will receive in the third-party portfolio transaction).

Employees of the supervisor, other than the Malkin Family, could become officers, directors, and/or employees of the acquiring entity after a third-party portfolio transaction.

Because of the inability to act without consent of the subject LLCs and certain of the private entities, the supervisor intends to inform any unaffiliated third-party which expresses interest in making a third-party offer that it will not consider any offer until after completion of the solicitation of consents of the subject LLCs. If a bona fide offer is submitted during the solicitation period, the supervisor will provide information regarding the proposal to participants, to assist them in their decision regarding the consolidation.

The supervisor has agreed that it will not accept a third-party offer unless it is unanimously approved by a committee which will include representatives of the supervisor and a representative of the Helmsley estate. The supervisor will be authorized to approve offers only if a definitive agreement is entered into prior to December 31, 2015 or such earlier date as the supervisor may set with or without notice or public announcement. The tax protection agreement will not apply to a third-party portfolio transaction.

Settlement of Class Action

In March 2012, five putative class actions, or the Class Actions, were filed in New York State Supreme Court, New York County by participants in Empire State Building Associates L.L.C. and several other entities supervised by the supervisor, against Malkin Holdings LLC, Malkin Properties, L.L.C., Malkin Properties of New York, L.L.C., Malkin Properties of Connecticut, Inc., Malkin Construction Corp., Anthony E. Malkin, Peter L. Malkin, the Helmsley estate, the operating partnership and the company. The parties entered into a Stipulation of Settlement dated September 28, 2012, resolving the Class Actions.

The Stipulation of Settlement states, among other things, that the transaction presents potential benefits, including the opportunity for liquidity and capital appreciation, that merit the participants serious consideration

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and that each of named class representatives intends to support the transaction as modified. The terms of the settlement include, among other things (i) a payment of $55 million, with a minimum of 80% in cash and maximum of 20% in freely-tradable shares of common stock and/or freely-tradable operating partnership units to be distributed, after reimbursement of plaintiffs counsel s court-approved expenses and payment of plaintiffs counsel s court-approved attorneys fees and, in the case of shares of common stock and/or operating partnership units, after the termination of specified lock-up periods, to participants in the subject LLCs and the private entities pursuant to a plan of allocation to be prepared by counsel for plaintiffs; (ii) defendants agreement that (a) the IPO will be on the basis of a firm commitment underwriting; (b) if, during the solicitation period, any of the three subject LLC s percentage of total exchange value is lower than what is stated in the final prospectus/consent solicitation by 10% or more, such decrease will be promptly disclosed by defendants to investors in the subject LLCs; and (c) unless total gross proceeds of $600,000,000 are raised in the IPO, defendants will not proceed with the transaction without further approval of the subject LLCs; and (iii) defendants agreement to make additional disclosures in this prospectus/consent solicitation regarding certain matters (which are included herein).

The payment in settlement of the Class Actions will be made by the Helmsley estate and the Malkin Holdings group (provided that no member of the Malkin Holdings group that would become a direct or indirect subsidiary of the company in the consolidation will have any liability for such payment) and certain participants in the private entities who agree to contribute. The company and the operating partnership will not bear any of the settlement payment. The settlement is subject to court approval. It is not effective until such court approval is final, including the resolution of any appeal. See The Company Business and Properties Legal Proceedings.

Risk Factors

The Consolidation or a Third-Party Portfolio Transaction

The following is a summary of the material risks of the consolidation and the third-party portfolio transaction. The risks are more fully discussed in Risk Factors. The supervisor believes that the risks described hereunder have substantially the same effect on each of the subject LLCs. You should consider these risks in determining whether or not to vote **FOR** the consolidation proposal or the third-party portfolio proposal.

The fair market value of the consideration that you receive will not be known until the pricing of the IPO, which will occur after you vote upon the approval of the consolidation transaction. The valuation of the consideration that you will receive in the consolidation, as presented in this prospectus/consent solicitation, is based on the exchange value of your subject LLC and the aggregate exchange value. These exchange valuations were based on the Appraisal by the independent valuer. The enterprise value (which is based on the IPO price) will be determined by, among other things, market conditions at the time of pricing of the IPO, the historical and future performance of the company and its portfolio of properties and the market s view of the company s net asset value and other valuation metrics. Today, some REITs common stock trades at a premium to perceived net asset value and others trade at a discount to perceived net asset value. The market s view of the company s net asset value determined in connection with the IPO could be less than the exchange values determined based on the Appraisal. The Appraisal was undertaken in connection with establishing relative value for the purpose of allocation of interests in the company among contributors of interests in the properties and not to establish the value of shares of common stock in the company upon completion of the IPO. In contrast, the pricing of REIT initial public offerings generally takes into account different factors not considered in the Appraisal, including current conditions in the securities markets, investor preferences and the market s view of the company s management team. Additionally, the Appraisal did not take into account transaction costs for the consolidation and the IPO.

The supervisor believes that initial public offering pricing for REIT common stock generally is at a discount to the market price for common stock of well-established, publicly-traded REITs, and that the

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company s IPO pricing will be no different. For this and other reasons, the supervisor expects that the enterprise value at the pricing of the IPO will be lower than the aggregate exchange value at the pricing of the IPO, and such discount at the pricing of the IPO could be material and substantial. This discount cannot be determined until the pricing of the IPO.

The participants will not know at the time they vote on the consolidation the size, makeup and leverage of the company or the exact number of operating partnership units and/or shares of common stock that the participants in the subject LLCs will receive in the consolidation. The consolidation is conditioned on the contribution to the company of the property interests in the Empire State Building owned by Empire State Building Associates L.L.C., which owns the fee interest and the underlying land; and Empire State Building Company L.L.C., the private entity which is the operating lessee with respect to the Empire State Building but is not conditioned on any of the other subject LLCs or private entities contributing their property interests to the company in the consolidation. Each subject LLC represents a significant portion of the exchange value and anticipated future net income and cash flow of the company;

If the consolidation is approved, the contribution agreements require that the consolidation be consummated by December 31, 2014. There could be significant changes in the value of the company between the date that the consents are received and the date of consummation of the consolidation. The consolidation may be consummated regardless of how significant such changes are and may be consummated notwithstanding such changes;

The supervisor arbitrarily has assigned $10 as the hypothetical value of each operating partnership unit and share of common stock for purposes of illustrating the number of shares of common stock and operating partnership units that will be issued to each of the subject LLCs, the private entities and the management companies in the consolidation. The IPO price of the Class A common stock may be below the hypothetical $10 per share;

After the consolidation and completion of the IPO, your investment will be subject to market risk and the trading price of the operating partnership units and Class A common stock may fluctuate significantly and may trade at prices below the IPO price. Your ability to sell operating partnership units and shares of Class A common stock will be subject to the restrictions of applicable U.S. federal and state securities laws and subject to the lock-up period described herein;

The value of the operating partnership units and common stock to be received by the participants in connection with the consolidation may be less than the fair market value of the participants participation interests in the subject LLCs;

The consolidation of your subject LLC into the company involves a fundamental change in the nature of your investment, including:

You no longer will hold a participation interest in a subject LLC that owns an interest in a single property subject to an operating lease located in Manhattan. Instead, you will own operating partnership units in the operating partnership and/or shares of common stock in the company if the consolidation is consummated, which will own a portfolio of office and retail assets in Manhattan and the greater New York metropolitan area. The company will own, and in the future may invest in, types of properties different from those in which your subject LLC has invested, and you may be subject to increased risk because of the larger number of properties and broader types of properties held by the company;

Historically, the supervisor generally has not reinvested the proceeds from a sale of properties by investment programs that it supervises, although it is not restricted from doing so. Net proceeds which are not reinvested or reserved in the supervisor s discretion would be distributed to the participants in accordance with each subject LLC s organizational documents. As the company expects to reinvest the proceeds from sales of its properties, you likely will not receive a distribution of any such proceeds, and such reinvestments may be made in properties that are not profitable;

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While the participants in Empire State Building Associates L.L.C. in 2008 authorized the supervisor to obtain financing to invest in properties, none of the subject LLCs has acquired any additional properties. The company may raise additional funds through equity or debt financings to make future acquisitions of properties. You may be subject to the risk that the company s future issuances of debt or equity securities or the company s other borrowings will reduce the market price of the operating partnership units or shares of Class A common stock and dilute your ownership in the company;

You will have different voting rights as a result of the consolidation. As a holder of participation interests in a subject LLC, you generally have voting rights only on the sale, mortgage or transfer of the interest in the property, modification of the existing lease on the property held by your subject LLC or entry into a new lease affecting your subject LLC. As a stockholder of the company, you will have voting rights that permit you to elect the board of directors and to approve certain major actions such as mergers and sales of all or substantially all of the assets of the company. Such voting rights do not include the right to consent to a financing;

As a result of the consolidation, you will no longer own a participation interest in your subject LLC which entitles you to a pro rata share of distributions made to participants in your subject LLC derived from cash flow from operations or cash flow from sales or financings. Your subject LLC makes small regular monthly distributions and annual distributions out of overage rent to the extent paid under the operating lease, in each case, to the extent of available cash flow. You will hold operating partnership units in the operating partnership and/or shares of common stock in the company, which will entitle you to a per share/unit amount of dividends and distributions paid with respect to the operating partnership units and common stock (which are expected to be paid quarterly and include distributions of at least 90% of the company s annual REIT taxable income determined without regard to the deduction for dividends paid and excluding net capital gains). REIT taxable income will be determined by the performance of the portfolio of the company s properties and unaffected by its stock price; as is required for the company s continued REIT qualification, if, as and when declared by the board of directors of the company. The amount of such dividends and distributions and the timing thereof will be established by the board of directors; and

As a result of the consolidation, the Malkin Holdings group and its affiliates will no longer receive supervisory fees and distributions on account of their participation interests and override interests. Anthony E. Malkin, David A. Karp, Thomas P. Durels and Thomas N. Keltner, Jr., executives of the supervisor, will become officers, and Mr. Malkin will become a director, of the company, and will receive customary salaries, bonuses and benefits as determined by the company s board of directors, in addition to dividends and distributions payable to the Malkin Holdings group in respect of shares of common stock and operating partnership units they hold.

Participants will receive operating partnership units, unless they elect to receive shares of Class A common stock or, to a limited extent, Class B common stock. Each participant may elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participant would otherwise receive in the consolidation. While the holders of operating partnership units generally will have the same rights to distributions as stockholders in the company, holders of operating partnership units will not have the same voting rights as stockholders, although participants will have the right to elect to receive Class B common stock, which vote together as a class with the Class A common stock, in lieu of a portion of their operating partnership units;

While the operating partnership units issued to participants in the subject LLCs are expected to be listed on the NYSE, they will not be acquired by investors in the IPO. The market for the operating partnership units may be more limited than for the Class A common stock, and, accordingly participants who receive operating partnership units may not be able to liquidate their investment prior

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to 12 months after the completion of the IPO when they can redeem all or a portion of their operating partnership units for a cash amount equal to the then-current market value of one share of Class A common stock per operating partnership unit, or, at the company s election, to exchange each such operating partnership unit for a share of Class A common stock on a one-for-one basis;

The operating partnership units to be issued to participants in the subject LLCs (other than the Wien group) will be issued in three separate series, each of which will be listed and traded separately. Because the operating partnership units are in separate series, there will be fewer holders of each series. While each of the series has the same rights, the tax consequences to a participant that receives, and a subsequent purchaser of, operating partnership units of a particular series will be different than those to a participant that receives, and a subsequent purchaser of, operating partnership units of another series (based on different and unique tax attributes of the properties being contributed by each of the subject LLCs). These factors may adversely affect the market for operating partnership units. To avoid such factors and to achieve liquidity, holders of operating partnership units may elect to exercise their redemption rights with respect to such operating partnership units, which commence 12 months after the completion of the IPO, and, if applicable, sell the Class A common stock received in exchange;

While the subject LLCs exchange values have been determined based on the Appraisal by the independent valuer, which has also delivered a fairness opinion, no independent representative was retained to negotiate on behalf of the participants. There are 23 subject LLCs and private entities and groups with different interests in many of these entities. The supervisor does not believe that a single independent representative could have represented the interests of all participants and believes that to locate and retain an independent and equally competent and qualified representative for each separate interest in the consolidation is not possible. The supervisor represents the interests of all participants in the subject LLCs and private entities. The supervisor has served the same role in the past for sales of other properties with different groups of participants, which included the sale of three office properties in New York City in the past fifteen years, 200 Fifth Avenue (known as the International Toy Center), 498 Seventh Avenue and 500-512 Seventh Avenue, and believes it is not required to retain any independent representative on behalf of each group of participants or all of the participants as a whole. The supervisor believes the Appraisal prepared by the independent valuer serves the purposes of representing all parties fairly and that the consolidation is fair to all participants regardless of the absence of any such independent representative. If a representative or representatives had been retained for the participants, the terms of the consolidation might have been different and, possibly, more favorable to the participants;

While the independent valuer appraised each property, the independent valuer s fairness opinion addressed only the allocation of consideration (Class A common stock, Class B common stock, operating partnership units or cash consideration) (i) among the subject LLCs, the private entities and the management companies and (ii) to the participants in each subject LLC and each private entity (without giving effect to any impact of the consolidation on any particular participant other than in its capacity as a participant in each of the subject LLCs and each of the private entities);

The independent valuer s fairness opinion cannot address the market value of the operating partnership units and/or common stock you will receive, which can only be set by the market value at the time the IPO is consummated;

For each subject LLC, approval of the consolidation by the requisite vote of the participants will cause the subject LLC to participate in the consolidation, whether you vote **FOR** or **AGAINST** the consolidation;

The organizational documents provide that if more than a specified percentage of participation interests in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. approve an action, the agents may purchase on behalf of the subject LLC the participation interests of participants who do not approve such action, and that price would be substantially below the exchange value of the participation interests. If the required supermajority consent of the participation interests in a participating group in a subject LLC approves the consolidation, an agent s participating group will purchase on behalf of the subject LLC the participation interests of the participants that do not approve the consolidation, at a price substantially below the exchange value of the participation interests;

If the required percentage of participation interests in the participating groups in a subject LLC approves the consolidation and the subject LLC is consolidated with the company, the subject LLC no longer can enter into alternatives to the consolidation. These alternatives include (i) continuation of the subject LLC and (ii) a sale of the subject LLC s interest in the property followed by the distribution of the net proceeds to its participants;

From inception, the supervisor has represented many different ownership interests, and the subject LLCs and the private entities, therefore, have been exposed to conflicts of interest. For example, the supervisor and persons associated with the supervisor act as an external manager for all of the entities (including the subject LLCs and operating lessees), serve as agents for the participants in the subject LLCs and certain of the private entities, determine when to make recommendations on sales, financings and operations of the properties, and make or recommend all operating and leasing decisions in all operating entities and all decisions of the subject LLCs. Decisions made with regard to property operations dictate the cash available for distribution to the subject LLCs;

The Malkin Holdings group will receive shares of Class A common stock and Class B common stock and operating partnership units which are exchangeable for cash or, at the company s election, Class A common stock, having an aggregate value of $730,781,533, which they will receive in accordance with the allocation of exchange value based on the Appraisal. The amounts allocated to the Malkin Holdings group are based on the hypothetical $10 per share exchange value that the supervisor arbitrarily assigned for illustrative purposes, and consists of: their interests as participants which will be allocated to them on the same basis as other participants; their interests as holders of override interests which will be allocated to them in accordance with the subject LLCs and private entities organizational documents; and their interests in the management companies, which will be allocated to them in accordance with the valuations of the management companies by the independent valuer. This is in addition to shares of Class A common stock issuable in respect of the voluntary pro rata reimbursement program consented to by participants in the subject LLCs and its share of distributions of any cash available for distribution from the subject LLCs prior to the consolidation. The Malkin Holdings group also will receive other benefits from the consolidation, and have interests that conflict with those of the participants. The Malkin Family is also subject to a longer lock-up period than other participants before they can begin to sell common stock or operating partnership units. The Malkin Family may not sell their common stock or operating partnership units until one year after the IPO pricing date. See Conflicts of Interest and Benefits to the Supervisor and its Affiliates;

If you receive solely Class A common stock, you generally will recognize gain or loss for U.S. federal income tax purposes with respect to your participation interest equal to the amount by which the value of any shares of Class A common stock you receive in connection with the consolidation, plus the amount of liabilities allocable to your participation interest, exceeds your tax basis in your participation interest. You will recognize phantom income (*i.e.*, income in excess of the value of any shares of Class A common stock you receive) if you have a negative capital account with respect to your participation interest. The supervisor urges you to consult with your tax advisor to evaluate the tax consequences to you in your particular circumstances as a result of the consolidation;

To the extent you receive or are deemed to receive common stock you may also recognize gain or loss for U.S. federal income tax purposes, as more fully discussed under U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation and U.S. Federal Income Tax Considerations of the Voluntary Pro Rata Reimbursement Program for the Former

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Property Manager and Leasing Agent Legal Proceedings. The supervisor urges you to consult with your tax advisor to evaluate the tax consequences to you in your particular circumstances as a result of your participation in the consolidation;

The supervisor may not approve a third-party portfolio transaction even if it provides for more consideration than to be issued or paid pursuant to the consolidation. The supervisor is authorized to approve a third-party portfolio transaction only if the aggregate consideration is at least 115% of the aggregate exchange value for the subject LLCs, the private entities and the management companies included in the third-party portfolio transaction and certain other conditions are met; provided that, subject to its fiduciary duties, the supervisor is not required to accept any offer that the supervisor is authorized to accept. The proposal must provide for all cash, payable in full at closing, but such proposal may provide for an option for all participants to elect to receive securities as an alternative to cash. If the proposal provides for a securities option, the Malkin Family will have the right to elect to receive securities only on the same proportional basis as other participants. No member of the Malkin Family will be an affiliate, consultant, employee, officer or director of the acquiror after the closing or receive any compensation from the acquiror (other than their pro rata share of the consideration that they will receive in the third-party portfolio transaction). In addition, supervisor has agreed that it will not accept a third-party offer unless it is unanimously approved by a committee which will include representatives of the supervisor and a representative of the Helmsley estate;

If the required percentage of participation interests in their participating group consents to the third-party portfolio proposal, participants in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. who voted **AGAINST** the third-party portfolio proposal, did not return a consent form or **ABSTAINED** will be bought out regardless of whether the required consents of other participating groups is received or whether there is a third-party portfolio offer at a price substantially below the exchange value of their participation interests;

At the time you vote on the third-party portfolio proposal, there will be significant uncertainties as to the terms of any third-party portfolio transaction, which may not be received until after the consent solicitation has been completed, including the amount of consideration you would receive if a third-party portfolio transaction is consummated. These uncertainties affect your ability to evaluate the third-party portfolio proposal. The supervisor may approve a third-party portfolio transaction which you may view as less favorable than the consolidation; and

The supervisor, the agents and their affiliates serve in their respective capacities with respect to each subject LLC and each private entity, and, as such, have conflicts of interest in connection with decisions concerning the terms of a third-party portfolio transaction.

Ownership of Operating Partnership Units in the Operating Partnership and Shares of Common Stock in the Company

The following is a summary of the material risks of ownership of operating partnership units in the operating partnership and shares of common stock in the company.

There is no assurance as to the amount or source of funds for the estimated initial cash distributions of the operating partnership or the company, and the expected initial cash distributions to the participants following the consolidation could be less than the estimated cash distributions participants would receive from their respective subject LLCs;

All of the company s properties are located in Manhattan and the greater New York metropolitan area, in particular midtown Manhattan, and adverse economic or regulatory developments in this area could materially and adversely affect the company;

Adverse economic and geopolitical conditions in general and in Manhattan and the greater New York metropolitan area commercial office and retail markets in particular, could have a material adverse

effect on the company s results of operations, financial condition and its ability to make distributions to its stockholders and holders of operating partnership units;

There can be no assurance that the company s renovation and repositioning program will be completed in its entirety in accordance with the anticipated timing or at the anticipated cost, or that the company will achieve the results it expects from the renovation and repositioning program, which could materially and adversely affect the company s financial condition and results of operations;

The company may be unable to renew leases, lease vacant space or re-lease space on favorable terms as leases expire, which could materially and adversely affect the company s financial condition, results of operations and cash flow;

The company is exposed to risks associated with property redevelopment and development that could materially and adversely affect its financial condition and results of operations;

The company depends on significant tenants in its office portfolio, including LF USA, Coty, Inc., Legg Mason, Warnaco and Thomson Reuters, which together represented approximately 20.9% of the company s total portfolio s annualized base rent as of September 30, 2012;

The company s dependence on rental income may materially and adversely affect its profitability, its ability to meet its debt obligations and its ability to make distributions to its stockholders and holders of operating partnership units;

The company s option properties are subject to various risks, and the company may not be able to acquire them;

Competition for acquisitions may reduce the number of acquisition opportunities available to the company and increase the costs of those acquisitions, which may impede the company s growth;

The observatory operations at the Empire State Building are not traditional real estate operations, and competition and changes in tourist trends may subject the company to additional risks;

The broadcasting operations at the Empire State Building are not traditional real estate operations, and competition and changes in the broadcasting of signals over air may subject the company to additional risks, which could materially and adversely affect the company;

The company s outstanding indebtedness upon completion of the IPO reduces cash available for distribution and may expose the company to the risk of default under its debt obligations;

The continuing threat of a terrorist event may materially and adversely affect the company s properties, their value and the ability to generate cash flow;

The company may assume unknown liabilities in connection with the consolidation, which, if significant, could materially and adversely affect its business;

The departure of any of the company s key personnel could materially and adversely affect the company;

The company s Chairman, Chief Executive Officer and President has outside business interests that will take his time and attention away from the company, which could materially and adversely affect the company;

The company s operating performance and value are subject to risks associated with real estate assets and the real estate industry, the occurrence of which could materially and adversely affect the company;

The company has no operating history as a REIT or as a publicly-traded company and its lack of experience could materially and adversely affect the company;

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Certain provisions of Maryland law could inhibit changes in control of the company, which could negatively affect the market price of the Class A common stock;

There will be no public market for the operating partnership units or common stock prior to the IPO and an active trading market may not develop or be sustained following the IPO, which may negatively affect the market price of the operating partnership units and shares of the Class A common stock and make it difficult for investors to sell their operating partnership units or shares;

Cash available for distribution may not be sufficient to make distributions at expected levels;

Failure of the operating partnership to maintain its status as a partnership for U.S. federal income tax purposes and/or the company to qualify or remain qualified as a REIT would subject the operating partnership and/or the company to U.S. federal income tax and applicable state and local taxes, which would reduce the amount of cash available for distribution to holders of operating partnership units and/or company shareholders; and

The REIT distribution requirements could require the company to borrow funds during unfavorable market conditions or subject the company to tax, which would reduce the cash available for distribution to the stockholders.

Conflicts of Interest and Benefits to the Supervisor and its Affiliates

From inception of the subject LLCs, the supervisor, the agents of the subject LLCs and their respective affiliates and related persons have served as supervisor, agents for groups of participants or in a similar capacity with respect to each subject LLC and each private entity with conflicts of interest and as such have conflicts of interest in connection with the consolidation. The supervisor and its affiliates will receive benefits as a result of the consolidation or a third-party portfolio transaction. These benefits and conflicts include:

The Malkin Holdings group will receive 73,078,153 shares of Class A common stock, Class B common stock and operating partnership units having an exchange value of $730,781,533, which they will receive in accordance with the allocation of exchange value based on the Appraisal by the independent valuer. The amounts allocated to the Malkin Holdings group consist of: their interests as participants which will be allocated to them on the same basis as other participants; their interests as holders of override interests which will be allocated to them in accordance with the subject LLCs and private entities organizational documents; and their interests in the management companies, which will be allocated to them in accordance with the valuations of the management companies by the independent valuer. This is in addition to shares of Class A common stock issuable in respect of the voluntary pro rata reimbursement program consented to by participants in the subject LLCs and its share of distributions of any cash available for distribution from the subject LLCs prior to the consolidation;

Following the consolidation, certain executives of the supervisor will be members of the senior management team and Anthony E. Malkin, an executive and principal of the supervisor, will be Chairman, Chief Executive Officer, President and a director of the company;

Upon completion of the IPO, the company expects to grant LTIP units and/or restricted shares of its Class A common stock to its independent directors, executive officers (other than Anthony E. Malkin) and certain other employees, including certain executives of the supervisor. Assuming the company receives gross proceeds from the IPO of $1,000,000,000 (excluding the underwriters option to purchase additional shares of the company s Class A common stock), and assuming an IPO price of $10 per share, David A. Karp, the company s Chief Financial Officer, Executive Vice President and Treasurer, is expected to be granted 114,500 LTIP units and/or restricted shares of Class A common stock, Thomas P. Durels, the company s Executive Vice President and Chief of Property Operations and Leasing, is expected to be granted 395,700 LTIP units and/or restricted shares of Class A common stock, and Thomas N. Keltner, Jr., the company s Executive Vice President, General Counsel and

Secretary, is expected be granted 252,800 LTIP units and/or restricted shares of Class A common stock. The LTIP units and/or restricted share will be subject to time-vesting and/or performance-vesting over a three to four year period;

The company intends to enter into (i) an employment agreement with Anthony E. Malkin providing for salary, bonus and other benefits, including severance upon a termination of employment under certain circumstances and the issuance of equity awards as described under Management Employment Agreement and (ii) change in control severance agreements with Thomas P. Durels, David A. Karp and Thomas N. Keltner, Jr. as described under Management Change in Control Severance Agreements, and it is expected that other members and officers of the supervisor will be officers and employees of the company;

Members, managers and officers of the supervisor, who will be employed by the company, will be indemnified by the company for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against them for actions taken as officers and as a director of the company and for actions taken on behalf of the supervisor and other management companies, in their capacities as such, including actions relating to the consolidation;

As part of the consolidation, the operating partnership intends to enter into a tax protection agreement with Peter L. Malkin and Anthony E. Malkin pursuant to which the operating partnership will agree to indemnify the Wien 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 liabilities if those tax liabilities result from (i) the operating partnership s sale, transfer, conveyance or other taxable disposition of four specified properties (First Stamford Place, Metro Center, 10 Bank Street and 1542 Third Avenue, which collectively represent approximately 2.44% of the aggregate exchange value) to be acquired by the operating partnership in the consolidation, for a period of 12 years with respect to First Stamford Place and for the later of (x) eight years or (y) the death of both of Peter L. Malkin and Isabel W. Malkin, who are 78 and 76 years old, respectively, for the three other properties, (ii) the operating partnership s failing to maintain until maturity the indebtedness secured by these properties or failing to use commercially reasonable efforts to refinance such indebtedness upon maturity in an amount equal to the principal balance of such indebtedness, or, if the operating partnership is unable to refinance such indebtedness at its current principal amount, at the highest principal amount possible, or (iii) the operating partnership s failing to make available to any of these investors the opportunity to guarantee, or otherwise bear the risk of loss, for U.S. federal income tax purposes, of their allocable share of $160 million of aggregate indebtedness meeting certain requirements, until such 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 consolidation. The company believes that it is consistent with market practice for significant contributing unitholders, such as the Malkin Group and the one additional third party investor in Metro Center, to be indemnified against certain tax liabilities as set forth in the tax protection agreement. Accordingly, the company believes it is appropriate to enter into a tax protection agreement. The operating partnership estimates that if all of its assets subject to the tax protection agreement were sold in a taxable transaction immediately after the IPO, the amount of the operating partnership s indemnification obligations (based on tax rates applicable for the taxable year ending December 31, 2012, and exchange values, and including additional payments to compensate the indemnified partners for additional tax liabilities resulting from the indemnification payments) would be approximately $97.7 million (which will be $119.6 million beginning after December 31, 2012 if certain sunset provisions under the Internal Revenue Code are not altered or reversed).

The company will release (i) Anthony E. Malkin and Peter L. Malkin from all claims, liabilities, damages and obligations against them related to their ownership of interests in any of the subject LLCs or the private entities and (ii) certain members of the company s senior management team who were officers or employees of the supervisor from all claims, liabilities, damages and obligations against them related to their ownership in the subject LLCs, the private entities and the management companies and their employment with the management companies that exist at the closing of the consolidation, other than breaches by them or entities related to them, as applicable, of the employment and non-competition agreement and the contribution agreements and the merger agreements entered into by them and these entities in connection with the consolidation;

The company does not presently intend to sell or take any other action which would result in a tax protection payment with respect to the properties covered by the tax protection agreement. The tax protection agreement will not apply to a third-party portfolio transaction.

Peter L. Malkin and Anthony E. Malkin will be released from or otherwise indemnified for liabilities arising under certain guarantees and indemnities with respect to approximately $1.11 billion of mortgage loans (including currently undrawn amounts) on the company s properties, which will be assumed by the company upon closing of the IPO and the consolidation in respect of obligations arising after the closing. The guarantees and indemnities with respect to mortgage loans of many of the existing entities, including the subject LLCs, were undertaken by Messrs. Malkin and Malkin to meet a conventional lender requirement which became standard only long after such entities were formed. In each case, Messrs. Malkin and Malkin provided such guarantee while serving in a representative capacity as an agent or member of a subject LLC or private entity which was then seeking a mortgage loan. The lender required such guarantee, and no party was available or willing to provide it except Messrs. Malkin and Malkin. They received no compensation for the guarantee and provided it as an accommodation to benefit such subject LLC or private entity in obtaining financing. The guarantees and indemnities with respect to all of the indebtedness are, in most instances, limited to losses incurred by the applicable lender arising from acts such as fraud, misappropriation of funds, intentional breach, bankruptcy and certain environmental matters. In connection with the company s assumption of these mortgage loans, it will seek to have the guarantors released from these guarantees and indemnities and to have the company s operating partnership assume any such guarantee and indemnity obligations as replacement guarantor and/or indemnitor. To the extent lenders do not consent to the release of these guarantors and/or indemnitors, and they remain guarantors and/or indemnitors on assumed indebtedness following the IPO and the consolidation, the company s operating partnership will enter into indemnification agreements with the guarantors and/or indemnitors pursuant to which the company s operating partnership will be obligated to indemnify such guarantors and/or indemnitors for any amounts paid by them under guarantees and/or indemnities with respect to the assumed indebtedness. The company believes that since the mortgage loans relating to the guarantees and indemnities will be assumed by the company upon closing of the consolidation, and it will have greater financial resources than the individual property owning entities which are subject to the mortgage loans, it is appropriate, and consistent with market practice, for Messrs. Malkin and Malkin to be indemnified by the company s operating partnership if the lenders do not consent to the release of these guarantors and/or indemnitors. Under the organizational documents of the subject LLCs and private entities and applicable law, Messrs. Malkin and Malkin are already generally entitled to indemnification from the participants in the subject LLCs and the private entities for liabilities incurred by them in good faith and not arising out of their own willful misconduct or gross negligence, including any such liabilities under these guarantees and indemnities. In addition, in connection with future mortgage loans that the company would enter into in connection with future property acquisitions or refinancing of the company s properties, the company intends to enter into any necessary guarantees directly, and neither Messrs. Malkin and Malkin nor any of the company s other directors, executive officers or stockholders would be expected to enter into such guarantees;

The supervisor and the Malkin Family may hold a greater interest (including their share of distributions in respect of the override interests) in other subject LLCs or private entities than in your subject LLC, including, in the case of 250 West 57th St. Associates L.L.C., the private entity which is the operating lessee of the property it owns. Accordingly, they would be benefited to the extent that a greater portion of the exchange value is allocated to other subject LLCs or private entities than to your subject LLC;

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After the consolidation, the company intends to enter into management and/or services agreements with the entities that own interests in or manage the excluded properties and with the managers of certain of the excluded businesses (other than with respect to the registered broker dealer), which entities are owned in part by Anthony E. Malkin. There may be conflicts of interest in the allocation of his time between the company and his other interests;

The operating partnership has entered into option agreements with three private entities controlled by the supervisor;

The company intends to enter into management agreements with the entities that own long-term leasehold, sub-leasehold and/or sub-subleasehold interests in the option properties, which entities are owned in part by Anthony E. Malkin, together with members of the Malkin Family and supervised by the supervisor, as well as management and/or services agreements with the entities that own interests in or manage the excluded properties and with the managers of certain of the excluded businesses (other than with respect to the registered broker dealer);

Affiliates of the supervisor also will retain interests in the option properties, certain other properties to which the company will provide management services and certain excluded businesses. Affiliates of the supervisor are subject to conflicts of interest in connection with the terms of these arrangements; and

The supervisor and its affiliates may have a conflict of interest in deciding whether to approve a third-party portfolio transaction and with respect to the terms of the third-party portfolio transaction due to the benefits that the Malkin Holdings group could receive in that transaction.

The Consolidation

Principal Components of the Consolidation

The consolidation will consist of the following principal components:

The subject LLCs that approve the consolidation will contribute their assets to the operating partnership or subsidiaries of the operating partnership. As a result, the company will own an interest in each subject LLC s property indirectly through its ownership of the operating partnership, and the operating partnership or its subsidiaries generally will assume each subject LLC s liabilities. Each participant in the subject LLCs will receive operating partnership units, unless he or she elects to receive shares of Class A common stock or, to a limited extent, Class B common stock. Each participant may elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participant would otherwise receive in the consolidation. Each share of Class B common stock has 50 votes on all matters on which stockholders are entitled to vote and the same economic interest as a share of Class A common stock, and one share of Class B common stock and 49 operating partnership units together represent a similar economic value as 50 shares of Class A common stock. The company will issue operating partnership units, Class A common stock or Class B common stock, as applicable to the subject LLCs which, in turn, will distribute them in accordance with participants elections.

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

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

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

(1) The actual amount of distributions will be based on cash available at closing of the consolidation and no assurance can be given that these cash amounts will be available for distribution.
(2) The allocation of settlement proceeds from the class action settlement is in addition to the distributions shown elsewhere in this table. The allocation of net settlement proceeds (that is, net of any court-awarded attorneys fees and expenses) shown in the table is based on the current plan of allocation proposed by counsel for the class plaintiffs. The settlement and the allocation of settlement proceeds are approximate and subject to court approval, and the proposed allocation is subject to revision by counsel for the class. They are not effective until such court approval is final, including the resolution of any appeal.
(3) $8,350 per $10,000 original investment for participants not subject to voluntary capital override.
(4) $4,700 per $10,000 original investment for participants not subject to voluntary capital override.

These distributions will be liquidating distributions and the business of each of the subject LLCs will be liquidated and wound up promptly following the closing.

It is expected that any distributions of excess cash held by the subject LLCs and any distributions of overage rent accrued through the date of the closing of the consolidation should be treated as distributions of cash from your subject LLC prior to the liquidation of your subject LLC. Accordingly, you should not generally be taxable for U.S. federal income tax purposes on any such distribution to the extent such distribution does not exceed your basis in your participation interest in the subject LLC immediately prior to the liquidation of the subject LLC, and your basis in your participation interest in your subject LLC should be reduced (but not below zero) by the amount of such distribution. See U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation Termination of the Subject LLCs and Distribution of Cash from the Subject LLCs.

If you receive solely shares of Class A common stock in the consolidation, any distribution to you of consolidation expenses that the operating partnership pays to your subject LLC should generally increase your amount realized in the consolidation, and accordingly should increase the amount of gain or decrease the amount of loss you recognize in the consolidation. See U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation Receipt of Class A Common Stock Solely Class A Common Stock.

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If you receive solely operating partnership units or a combination of operating partnership units and shares of common stock in the consolidation, it is expected that your share of any payment the operating partnership makes to your subject LLC as a reimbursement of consolidation expenses should be treated as a reimbursement of capital expenditures to which the disguised sale rules should not apply to the extent that such payment does not exceed certain qualified capital expenditures incurred by your subject LLC, and the distribution to you of any such amounts should be treated as additional consideration in the consolidation. See U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation Receipt of Operating Partnership Units Potential Application of the Disguised Sale Rules.

Each subject LLC will enter into a contribution agreement conditioned on (i) the requisite consent of the participants in the subject LLC; (ii) the closing of the IPO and the listing of the operating partnership units and Class A common stock on the NYSE or another national securities exchange; (iii) the closing of the consolidation no later than December 31, 2014; (iv) the participation by Empire State Building Associates L.L.C. and Empire State Building Company L.L.C., the private entity that is the operating lessee of the Empire State Building, in the consolidation; and (v) other customary conditions;

Based on the hypothetical exchange value of $10 per share which the supervisor has arbitrarily assigned for illustrative purposes, the company will issue to participants and holders of override interests in the private entities 129,080,462 operating partnership units having an exchange value of $1,290,804,624; 6,974,722 shares of Class A common stock having an exchange value of $69,747,222; and 1,007,830 shares of Class B common stock having an exchange value of $10,078,299 and the company will issue to equity holders in the management companies 866,222 operating partnership units having an exchange value of $8,662,220; 746,300 shares of Class A common stock having an exchange value of $7,463,000; and 17,678 shares of Class B common stock having an exchange value of $176,780 (not including, in each case, any additional shares of Class A common stock that may be issued to charitable organizations as described below). In addition, participants in the private entities who are non-accredited investors who would have been entitled to 8,530,581 shares of common stock on a fully diluted basis having an exchange value of $85,305,810 will receive cash at a price per share equal to the offering price in the IPO. Participants in the private entities who are charitable organizations, including the Helmsley estate, who would have been entitled in the aggregate to 105,032,439 shares of common stock on a fully diluted basis having an exchange value of $1,050,324,394 that have made a cash election will receive cash, subject to a cut back (at a price per share equal to the IPO price reduced by the underwriting discount per share paid by the company in the IPO) and will receive Class A common stock for the balance;

The Malkin Holdings group and the Helmsley estate will receive the largest amount of consideration in the consolidation, because they hold participation interests and, in the case of the Malkin Holdings group, overrides, issued to them or their predecessors during a period of more than 60 years in respect of their cumulative cash investments and their roles in the entity formation and property operations with respect to (a) all of the entities and properties in the case of the Malkin Holdings group including the activities of Lawrence A. Wien, Peter L. Malkin and Anthony E. Malkin for many decades and (b) a large number of them in the case of the Helmsley estate;

As part of the consolidation, each private entity will contribute its property interest and other assets, other than interests in certain properties excluded from the consolidation, to the operating partnership or its subsidiary, in exchange for operating partnership units or, at the option of the participants in the private entities, shares of common stock and/or cash. The private entities (including the operating lessees) with the required consent of their participants, have agreed to transfer their interests in the properties, including their interests in the operating lessees, as part of the consolidation. Each private entity has entered into a contribution agreement conditioned on (i) the closing of the IPO and the listing of the operating partnership units and Class A common stock on the NYSE or another national securities exchange; (ii) the closing of the consolidation no later than December 31, 2014; (iii) the contribution to the company of the property interests in the Empire State Building owned by Empire State Building Associates L.L.C., which owns the fee interest and the underlying land, and Empire State Building Company L.L.C., the private entity which is the operating lessee with respect to the Empire State Building; (iv) the delivery of a fairness opinion by the independent valuer to the private entities and (v) other customary conditions;

The company will acquire pursuant to a contribution agreement with the supervisor and the Wien group the participation interests held by the Wien group in the subject LLCs and override interests of the supervisor in the subject LLCs in exchange for operating partnership units. The override interests under which the supervisor will share in the proceeds from the consolidation are contractual rights, previously and separately documented. In the case of each of Empire State Building Associates L.L.C. and 250 West 57th St. Associates L.L.C., the overrides were agreed to by participants on an individual, voluntary basis and provide the supervisor with 10% of the distribution of capital proceeds otherwise payable to participants that have agreed to the voluntary capital override program after they have received a return of their original investment (or two times their original investment, in the case of 250 West 57th St. Associates L.L.C.). In the case of 60 East 42nd St. Associates L.L.C., the override is payable pursuant to its organizational documents and provides that supervisor is entitled to 10% of the distributions (without specifying the source of distributions) after the members have received distributions equal to a return at the rate of 14% on their cash investment in the year in which the distribution is made. Each of the overrides was valued based on the amount distributable to the supervisor under the terms of the override. The overrides were granted by the participants in either the subject LLCs organizational documents or in the subsequent, separate voluntary agreements entered into individually, to permit the supervisor to share in benefits resulting from improvements in the property s operating results and value, and the supervisor did not pay any consideration for the overrides. The participation interests in each of the subject LLCs held by the Malkin Holdings group were acquired from Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C., respectively, for the same consideration paid by other participants or were purchased from participants at a purchase price equal to or in excess of the original purchase price;

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

The company will acquire through merger the supervisor and the other management companies, which are owned by the same persons as own the supervisor. Holders of interests in the management companies will receive shares of common stock or operating partnership units in exchange for the interests in such entities;

Charitable organizations, including the Helmsley estate, were granted a cash option in connection with their interests in the private entities. These charitable organizations had the option to receive cash at a price per share equal to the IPO price per share (reduced by the underwriting discount per share paid by the company in the IPO) to the extent of cash available from the IPO for this purpose after providing cash to redeem non-accredited investors in the private entities and other uses of proceeds. To the extent that there is not sufficient available cash to pay in full the cash payable to electing charitable organizations, there will be a pro rata reduction in the cash received by each electing charitable organization and the balance will be in the form of Class A common stock;

Pursuant to the cash option referred to in the preceding paragraph, the Helmsley estate and other charitable organizations have exercised the cash option as to all of the operating partnership units issuable to them by the private entities in the consolidation (which based on the exchange values represents 24.53% for the Helmsley estate and 0.58% for the other charitable organizations, respectively, of the common stock on a fully-diluted basis or $1.050 billion of the exchange value in the aggregate) and will receive Class A common stock, Class B common stock and/or operating partnership units to the extent that the cash available for this purpose is insufficient to pay all of the consideration in cash. The Helmsley estate will also receive an amount equal to any New York City transfer tax savings resulting from its status as a charitable organization. In addition, the company and the Helmsley estate have also agreed that if the IPO is upsized after the effective time of the registration statement filed in connection with the IPO or if the underwriters in the IPO exercise their option to purchase additional shares of Class A common stock, all additional net proceeds from the sale of Class A common stock issued by the company in such upsize or option will be allocated solely to the Helmsley estate for purposes of the consolidation at the same value as the cash option described above;

The company has provided the Helmsley estate with the cash option described above. Following the consummation of the consolidation and the IPO, the Helmsley estate is anticipated to continue to own a sizeable position in the company. Therefore, in light of the Helmsley estate s desire, and requirement, to sell all or a significant portion of its post-IPO position, which could adversely affect the market price of the company s Class A common stock following the IPO, the supervisor structured elements of the consolidation and the IPO, including this cash option, to minimize the Helmsley estate s post-IPO position. The company also has provided that the net proceeds from any potential upsizing of the IPO or any exercise of the underwriters option to purchase additional shares of the company s Class A common stock would also be applied to the Helmsley estate s cash election to further reduce the Helmsley estate s position in the company. Such reduction of the Helmsley estate s overhang would be viewed favorably by the market and would provide for a better trading market in the company s Class A common stock following the IPO for the benefit of all stockholders. The company has also provided registration rights to the Helmsley estate to provide for an efficient and transparent process for the Helmsley estate to sell all or a portion of its remaining interest in the company following the IPO. The Helmsley estate may receive cash only to the extent of cash available from the IPO after providing cash to redeem non-accredited investors in the private entities and other uses of proceeds, and therefore does not reduce cash required for the company;

The company has entered into a representation, warranty and indemnity agreement with Anthony E. Malkin and his siblings, Scott D. Malkin and Cynthia M. Blumenthal, pursuant to which they have made limited representations and warranties to the company and the operating partnership regarding the entities, properties and assets to be contributed to the company and agreed to indemnify the company and the operating partnership for 12 months following the closing of the consolidation for breaches of such representations subject to a $1 million deduction and threshold of up to a maximum of $25 million. Other than these individuals, none of the Malkin Family, or other participants in the subject LLCs, private entities or management companies, will provide the company with any indemnification;

The operating partnership intends to enter into a tax protection agreement with Anthony E. Malkin and Peter L. Malkin pursuant to which the company will agree to indemnify the Wien 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 liabilities if those tax liabilities result from (i) the operating partnership s sale, transfer, conveyance or other taxable disposition of four specified properties (First Stamford Place, Metro Center, 10 Bank Street and 1542 Third Avenue, which collectively represent approximately 2.44% of the aggregate exchange value) to be acquired by the operating partnership in the consolidation, for a period of 12 years with respect to First Stamford Place and for the later of (x) eight years or (y) the death of both of Peter L. Malkin and Isabel W. Malkin, who are 78 and 76 years old, respectively, for the three other properties, (ii) the operating partnership s failing to maintain until maturity the indebtedness secured by these properties or failing to use commercially reasonable efforts to refinance such indebtedness upon maturity in an amount equal to the principal balance of such indebtedness, or, if the operating partnership is unable to refinance such indebtedness at its current principal amount, at the highest principal amount possible, or (iii) the operating partnership s failing to make available to any of these investors the opportunity to guarantee, or otherwise bear the risk of loss, for U.S. federal income tax purposes, of their allocable share of $160 million of aggregate indebtedness meeting certain requirements, until such 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 consolidation. The operating partnership estimates that if all of its assets subject to the tax protection agreement were sold in a taxable transaction immediately after the IPO, the amount of the operating partnership s indemnification obligations (based on tax rates applicable for the taxable year ending December 31, 2012, and exchange values, and including additional payments to compensate the indemnified partners for additional tax liabilities resulting from the indemnification payments) would be approximately $97.7 million (which will be $119.6 million beginning after December 31, 2012 if certain sunset provisions under the Internal Revenue Code are not altered or reversed).

The company does not presently intend to sell or take any other action which would result in a tax protection payment with respect to the properties covered by the tax protection agreement. The tax protection agreement will not apply to a third-party portfolio transaction;

The company expects to obtain an $800.0 million secured revolving and term credit facility upon the closing of the IPO from lenders that will include certain of the underwriters of the IPO or their respective affiliates. The company has obtained a commitment for $400.0 million of availability under the secured revolving and term credit facility, subject to satisfaction of certain customary conditions precedent, from the representatives of the underwriters or their respective affiliates who have also agreed to use commercially reasonable efforts to syndicate the remainder of the facility. The company expects to use this secured revolving and term credit facility to, among other things, fund capital expenditures and tenant improvements and leasing commissions, potential acquisitions, general corporate matters and working capital. Additionally, the secured revolving and term credit facility will be used to repay and retire the existing $500.0 million term loan currently secured by the Empire State Building, which had a balance of $219.0 million as of September 30, 2012. The company expects that the secured revolving and term credit facility will include an accordion feature that would allow the company to increase availability thereunder to $1.25 billion, under specified circumstances. See Management s Discussion and Analysis of Financial Condition and Results of Operations of Empire State Realty Trust Consolidated Indebtedness to be Outstanding After the IPO Description of Certain Debt Secured Revolving and Term Credit Facility. There is no assurance that the company will be able to enter into a definitive agreement relating to this facility on acceptable terms, or at all;

The company intends to enter into management and/or services agreements with the entities that own interests in or manage the excluded properties and with the managers of certain of the excluded businesses (other than with respect to the registered broker dealer). See Related Party Transactions Excluded Properties and Businesses;

The operating partnership has executed option agreements with three private entities supervised by the supervisor, one of which is the ground lessee of the property located at 112-120 West 34th Street and fee owner of the property located at 122 West 34th Street, one of which is the operating lessee of 112-122 West 34th Street and one of which is the ground lessee of 1400 Broadway, pursuant to which each of these private entities has granted to the operating partnership an option to acquire fee, long-term leasehold, sub-leasehold and/or sub-subleasehold interests in the option properties, as applicable. Concurrent with the closing of the consolidation, the company intends to enter into management agreements with respect to each of the option properties. Each of the Malkin Holdings group and the Helmsley estate owns interests in such private entities. Based on the exchange values the option properties would have had, calculated in accordance with the methodology used to derive the exchange values for the subject LLCs and the private entities, the Malkin Holdings group would receive consideration having an aggregate value of $77,600,811 in respect of its participation interests and overrides in the entities which own the option properties, and the Helmsley estate would receive consideration having an aggregate value of $160,160,461 in respect of its participation interests in such entities;

As a result of the consolidation, the company will assume approximately $1.11 billion of total debt (based on September 30, 2012 pro forma outstanding balances), and the company expects to have approximately $304.1 million of additional borrowing capacity under its loans on a pro forma basis (excluding amounts under the $800.0 million secured revolving and term credit facility which the company expects to obtain upon the closing of the IPO from lenders that will include certain of the underwriters of the IPO or their respective affiliates);

The company will sell shares of Class A common stock in the IPO and will contribute the net proceeds from the IPO to the operating partnership in exchange for operating partnership units and

Upon completion of the IPO, the company expects to grant LTIP units and/or restricted shares of Class A common stock to its independent directors, executive officers (other than Anthony E. Malkin) and certain other employees, including certain executives of the supervisor.

The supervisor and its principals and certain of the private entities own interests in other properties, including the option properties, assets and businesses that will not be contributed to the company. The supervisor provides supervisory or advisory services with respect to certain of these properties. The company intends to enter into management and/or services agreements with the entities that own interests in or manage these excluded properties and with the managers of certain excluded businesses after consummation of the consolidation.

The company and the supervisor have required that the consolidation be completed no later than December 31, 2014.

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The following charts show the organization of each subject LLC prior to the consolidation:

Empire State Building Associates L.L.C.

(1) Represents a voluntary capital override agreed to by approximately 94% of the participants and documented individually with each participant who granted the override, which provides the supervisor with 10% of the distribution of capital proceeds otherwise payable to participants that have agreed to the voluntary capital override program after they have received a return of their original investment. The supervisor will receive distributions on the voluntary capital overrides with respect to the consideration from the consolidation, because such consideration constitutes capital proceeds. Assuming that the enterprise value determined in connection with the IPO were the same as the aggregate exchange value, such overrides would comprise approximately 9.14% of the economic value of Empire State Building Associates L.L.C. These voluntary capital overrides were solicited pursuant to consent solicitation statements dated September 13, 1991, September 14, 2001 and June 9, 2008.

(2) This override, which is not a voluntary override, is payable pursuant to the original offering documents for Empire State Building Associates L.L.C. and provides the supervisor the right to receive additional payments equal to 6% of any distributions of overage rent received under the operating lease, 6% of 50% of the amount of the reduction in mortgage charges due to the repayment of the purchase money mortgage placed at the time of the original acquisition by Empire State Building Associates L.L.C. of its interest in the Empire State Building and 6% of 50% of certain scheduled reductions in ground rent payable by Empire State Building Associates L.L.C. under the operating lease.

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

(1) The override, which is not a voluntary override, represents a contractual obligation of the subject LLC payable pursuant to a consent of participants in 1968 and provides that supervisor is entitled to receive 10% of all additional amounts paid out (without specifying the source of distributions) after the members have received distributions equal to a return at the rate of 14% on their cash investment in the year in which the distribution is made. The supervisor will receive distributions on the override with respect to the consideration from the consolidation, because such consideration constitutes capital proceeds. Assuming that the enterprise value determined in connection with the IPO were the same as the aggregate exchange value, such override would comprise approximately 9.97% of the economic value of 60 East 42nd St. Associates L.L.C.

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250 West 57th St. Associates L.L.C.

(1) Represents a voluntary capital override agreed to by approximately 78% of the participants and documented individually with each participant who granted the override, which provides the supervisor with 10% of the distribution of capital proceeds otherwise payable to participants that have agreed to the voluntary capital override program after they have received a return of twice the amount of their original investment. The supervisor will receive distributions on the voluntary capital overrides with respect to the consideration from the consolidation, because such consideration constitutes capital proceeds. Assuming that the enterprise value determined in connection with the IPO were the same as the aggregate exchange value, such overrides would comprise approximately 7.49% of the economic value of 250 West 57th St. Associates L.L.C. These voluntary capital overrides were solicited pursuant to consent solicitation statements dated March 10, 2004 and May 17, 2006. All of these override interests are owned by the Malkin Holdings group.

(2) The override, which is not a voluntary override, is payable pursuant to a consent of participants in 1968, represents the right to receive 10% of all cash distributions (other than from mortgage, sale or condemnation proceeds) in excess of 15% on the remaining cash investment in any one year.

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The following chart shows the percentage ownership of the common stock on a fully diluted basis in the company (assuming exchange of all operating partnership units for Class A common stock, conversion of all Class B common stock into Class A common stock, and that no cash is paid to any participants in the private entities) after closing of the consolidation but prior to the closing of the IPO, allocable to each of the entities shown in the table (including the Helmsley estate, which has made a cash election as described under Related Party Transactions Transactions Relating to the Consolidation), and assuming the consolidation is approved by all three subject LLCs:

(1) 15.43% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Malkin Holdings group and 0.08% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Helmsley estate.
(2) 6.68% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Malkin Holdings group and 63.75% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Helmsley estate.
(3) 17.19% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Malkin Holdings group and 0.39% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Helmsley estate.
(4) 16.75% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Malkin Holdings group and 27.00% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Helmsley estate.
(5) 14.19% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Malkin Holdings group and 0.28% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Helmsley estate.
(6) 33.22% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Malkin Holdings group and 31.50% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Helmsley estate.
(7) 30.94% of the shares of common stock on a fully diluted basis issuable to the other private entities is allocable to the Malkin Holdings group and 17.57% of the shares of common stock on a fully diluted basis issuable to the other private entities is allocable to the Helmsley estate.
(8) All of the shares of common stock on a fully diluted basis issuable to the entity are allocated to the Malkin Holdings group.
(9) 17.47% of the shares of common stock on a fully diluted basis is allocable to the Malkin Holdings group and 24.59% of the shares of common stock on a fully diluted basis is allocable to the Helmsley estate.

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The following charts show, for each of the properties owned by the subject LLCs, the relative exchange value of the applicable property attributable to the subject LLC, the operating lessee, and, for each of the subject LLCs and operating lessees, the participants interests and override interests associated with the subject LLCs and operating lessees override interests, except as otherwise noted, are held by the Malkin Holdings group:

(1) Voluntary capital transaction override.

(2) $53,218,257 of the overrides are paid to persons other than the Malkin Holdings group. Of the additional overrides not owned by the Malkin Holdings group, $42,851,487 are owned primarily by members of the Wien group (who are not members of the Malkin Family). Such overrides were created under agreements with participants who acquired their interests from Lawrence A. Wien, and they were transferred to members of the Wien group as descendants of Lawrence A. Wien. In addition, a portion of the overrides held by persons other than the Malkin Holdings group are held by other persons not members of the Wien group who sold their participation interests, but retained an override interest.

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(1) Voluntary capital transaction override.

(2) $13,826,125 of the overrides are paid to persons other than the Malkin Holdings group. The additional overrides not owned by the Malkin Holdings group are owned by members of the Wien group (who are not members of the Malkin Family). The override interests were created under the agreements in which participants received their interests from Lawrence A. Wien and were transferred to members of the Wien group as descendants of Lawrence A. Wien.

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The following chart shows the organization of the company after the consolidation and the IPO, assuming the consolidation is approved by all three subject LLCs, that each participant in the subject LLCs elects to receive Class A common stock, Class B common stock and operating partnership units in the same proportion as participants (other than the Malkin Family and the Helmsley estate) in the private entities, that 100 million shares of Class A common stock are issued in the IPO at a purchase price of $10 per share, that net proceeds from the IPO are used as set forth in the pro forma financial statements (unaudited) of the company and that cash is paid to participants in the private entities that are non-accredited investors or charitable organizations (including the Helmsley estate) that elected cash. The operating partnership units and common stock issuable to the Helmsley estate assumes the Helmsley estate receives cash in lieu of 69,360,195 shares of common stock on exercise of its cash election and does not give effect to any additional cash that the Helmsley estate may receive as a result of any exercise of the underwriters option to purchase additional shares of the company s Class A common stock in the IPO.

The Class A common stock, Class B common stock and operating partnership units represent 30.0%, 0.5% and 69.5%, respectively, of the common stock, on a fully diluted basis.

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What You Will Receive if Your Subject LLC is Included in the Consolidation

If the consolidation is approved by the participants in your subject LLC and is consummated, you will receive operating partnership units and/or shares of common stock as consideration for your participation interest, as described below.

Allocation of Consideration. Based upon the Appraisal that the independent valuer prepared, the number of operating partnership units and/or common stock you will receive was allocated as follows:

- The exchange values were first determined for each subject LLC, each private entity and the management companies as follows:
  - The appraised values of the interests in the properties owned by the subject LLCs, the private entities and the management companies were determined by the independent valuer,
  - The appraised values were adjusted by the independent valuer as described more fully in Reports, Opinions and Appraisals to determine the exchange values and
  - The supervisor reviewed and approved the exchange values.
- To allocate the operating partnership units and common stock, the supervisor arbitrarily assigned a hypothetical $10 per share exchange value for illustrative purposes and arbitrarily assumed that the enterprise value of the company is equal to the aggregate exchange value of all of the contributed assets. The independent valuer allocated to each subject LLC a number of operating partnership units and shares common stock equal to the exchange value of its assets divided by $10. See the section entitled Summary Allocation of Consideration in the Consolidation.

In accordance with each subject LLC s organizational documents, all of the operating partnership units and shares of common stock were allocated to the participants holding participation interests in the subject LLC, after taking into account the allocations in respect of the supervisor s override interest.

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

The supervisor believes that initial public offering pricing for REIT common stock generally is at a discount to the market price for common stock of well-established, publicly-traded REITs, and that the company s IPO

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

Allocation of Operating Partnership Units and/or Common Stock. You will receive operating partnership units, unless you elect to receive, in exchange for your participation interests, Class A common stock, or, to a limited extent, as described below, Class B common stock. The operating partnership units will be issued in three separate series to the participants in each of the three subject LLCs (other than the Wien group) and in a separate series to the participants in the private entities receiving operating partnership units and the Wien group. Each series of operating partnership units will have identical rights as to distributions, liquidation and other rights as a limited partner in the operating partnership.

Class A Common Stock. If you elect to receive Class A common stock in lieu of operating partnership units issuable to you, you will receive one share of Class A common stock for each operating partnership unit you would have otherwise been entitled to receive.

Class B Common Stock. Participants may elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participant would otherwise receive in the consolidation. The Class B common stock provides its holder with a voting right that is no greater than if such holder had received solely Class A common stock in the consolidation. Each outstanding share of Class B common stock entitles the holder to 50 votes on all matters on which the stockholders of Class A common stock are entitled to vote, including the election of directors, and holders of shares of Class A common stock and Class B common stock will vote together as a single class. Each share of Class B common stock has the same economic interest as a share of Class A common stock, and one share of Class B common stock and 49 operating partnership units together represent a similar economic value as 50 shares of Class A common stock.

Lock-up Agreements. Pursuant to lock-up agreements, each participant in the subject LLCs and private entities may not sell or otherwise transfer or encumber shares of common stock or operating partnership units (i) with respect to 50% of the operating partnership units and shares of common stock owned by them at completion of the IPO, for a period of 180 days after the IPO pricing date and (ii) with respect to any remaining operating partnership units and shares of common stock, for a period of one year after the IPO pricing date, in each case without first obtaining the written consent of the representatives of the underwriters in the IPO. This includes Class A common stock issuable in exchange for the operating partnership units, which are only issuable in exchange for operating partnership units beginning 12 months after the completion of the IPO, and Class B common stock. In addition, each participant in Empire State Building Associates L.L.C. that receives operating partnership units may, immediately following the consolidation and the IPO, sell such participant s pro rata portion of the greater of 1,100,000 operating partnership units and $40.0 million in value of operating partnership units (based on the IPO price of the Class A common stock), and each participant in 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to the same percentage as the percentage of each participant s operating partnership units that can be sold by participants in Empire State Building Associates L.L.C. immediately following the consolidation and the IPO. Therefore, each participant in the subject LLCs that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to 4.0% of the operating partnership units he or she receives with respect to each subject LLC (assuming all of the participants in each subject LLC elect to receive operating partnership units, the enterprise value equals the aggregate exchange value and the IPO price equals $10 per share), which treats all three subject LLCs equally after having determined for Empire State Building Associates L.L.C. the minimum amount required by the NYSE for it to meet the requirements as the primary listing.

However, the Malkin Family and the company s directors and senior management team members may not sell any of the shares of common stock or securities convertible or exchangeable into Class A common stock (including operating partnership units) held by any of them until one year after the IPO pricing date. In addition, the company has agreed with the representatives of the underwriters, subject to certain exceptions, not to sell or otherwise transfer or encumber any such shares or securities (including operating partnership units) at the completion of the IPO for a period of 180 days after the IPO pricing date without the prior written consent of the representatives of such underwriters.

Why the Supervisor Believes the Consolidation is Fair to You

The supervisor believes that the terms of the consolidation are fair and that the consolidation will allow you to achieve liquidity and maximize the value of your investment in your subject LLC for the following principal reasons, as well as allowing the company to achieve costs savings, faster decision-making and greater and more efficient access to capital, all of which should increase the value of your investment:

- The exchange values of each of the subject LLCs, the private entities and the management companies are based on the Appraisal by Duff & Phelps, LLC, the independent valuer. The independent valuer determined the exchange value, which was reviewed and approved by the supervisor. The supervisor believes that the allocations in accordance with the Appraisal by the independent valuer were in the best interests of the participants;

- The supervisor believes that the expected benefits of the consolidation to you outweigh the risks and potential detriments of the consolidation to you. Some of those benefits are described above. The risks and potential detriments are discussed in Risk Factors;

- The supervisor considered alternatives to the consolidation including the continuation of the subject LLCs without change and the liquidation of the subject LLCs and the distributions of the net proceeds to you (as described below). The supervisor does not believe that the subject LLCs could realize their allocable share of the value of the properties through a sale of the interests in the properties held by them. The supervisor believes that, over time, the likely value of the interest you will receive in the consolidation will be higher than the value of the consideration you would receive from any of the other alternatives as a result of increased efficiencies, growth opportunities, more efficient access to financing and other opportunities for value enhancement;

- The supervisor considered that each participant will be given the option to elect to receive operating partnership units, Class A common stock, or, to a limited extent, as described above, Class B common stock. Each participant may elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participant would otherwise receive in the consolidation. The operating partnership units would be issued in a transaction expected to be tax-deferred for U.S. federal income tax purposes. These options allow participants to receive the same form of consideration as the participants in the private entities and the Malkin Family;

- The supervisor believes that the consolidation is fair to all participants in each subject LLC and as a whole, regardless of which particular combination of entities participates in the consolidation. Even if less than all of the subject LLCs participate in the consolidation, the supervisor believes that the participants in the subject LLCs that do participate will realize the benefits described under Benefits of Participation in the

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Consolidation. There are no material differences among the subject LLCs (such as with respect to types of assets owned or investment objectives) that affect the reasons why the supervisor believes that the consolidation is fair to you. While the supervisor believes that it would be more beneficial to participants if all of the subject LLCs participate in the consolidation, the supervisor believes that, through a combination of the properties of the private entities, for which necessary approvals have been obtained, and the property interests of Empire State Building Associates L.L.C. and Empire State Building Company L.L.C., the company will be of sufficient size and have sufficient assets to allow participants to realize the benefits described under Summary Benefits of Participation in the Consolidation even if one or both of 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. do not participate in the consolidation;

While the subject LLCs exchange values have been determined based on the Appraisal by the independent valuer, which has also delivered a fairness opinion as described above, no independent representative was retained to negotiate on behalf of the participants. There are 23 subject LLCs and private entities and groups with different interests in many of these entities. The supervisor does not believe that a single independent representative could have represented the interests of all participants and believes that to locate and retain an independent and equally competent and qualified representative for each separate interest in the consolidation is not possible. The supervisor represents the interests of all participants in the subject LLCs and private entities. The supervisor has served the same role in the past for sales of other properties with different groups of participants, which included the sale of three office properties in New York City in the past fifteen years, 200 Fifth Avenue (known as the International Toy Center), 498 Seventh Avenue and 500-512 Seventh Avenue, and believes it is not required to retain any independent representative on behalf of each group of participants or all of the participants as a whole. The supervisor believes the Appraisal prepared by the independent valuer serves the purposes of representing all parties fairly and that the consolidation is fair to all participants regardless of the absence of any such independent representative;

While the supervisor has had from inception conflicts of interest which are described under Conflicts of Interest, the supervisor does not believe that these conflicts of interests affected its fairness determination;

In considering fairness, the supervisor considered the following:

The tax protection agreement, which the supervisor believes is consistent with market practice for transactions of this type and generally would require payment only if the company took or failed to take certain actions, which it does not currently intend to take or fail to take, as the case may be, with respect to the protected properties;

The option agreements, which the supervisor believes benefit the company by providing it with the right to acquire attractive properties complementary to the company s portfolio on terms which the company believes are reasonable and with respect to which, any determination to be made by the company will be made by the company s independent directors; and

The agreements to indemnify the principals of the supervisor for certain liabilities relating to the subject LLCs and the private entities; the supervisor believes it is reasonable for a REIT which is being formed to assume indemnification obligations relating to the operations of entities whose assets are being acquired. Under the organizational documents of the subject LLCs and private entities and applicable law, the principals of the supervisor are already generally entitled to indemnification from the participants in the subject LLCs and the private entities for liabilities incurred by them in good faith and not arising out of their own willful misconduct or gross negligence.

The supervisor also took into account the terms of the compensation payable to persons in the Malkin Holdings group by the company after the closing of the consolidation as set forth under Management Executive Compensation, which, the supervisor believes, are on terms customary for similar publicly-traded REITs and are based on recommendations of a compensation consultant and

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The supervisor has adopted and concurs with the conclusions of the fairness opinion from and the Appraisal by the independent valuer, which are described below.

Appraisal

The independent valuer has delivered to the supervisor a copy of its report, based upon the review, analysis, scope, assumptions, qualifications and limitations described therein, as to the estimated fair market value of the properties owned by the subject LLCs and the private entities as of June 30, 2012 (the Appraisal). The Appraisal, which contains a description of the assumptions and qualifications made, matters considered and limitations on the review and analysis, is attached to this prospectus/consent solicitation as Appendix B and should be read in its entirety.

The independent valuer has appraised the properties utilizing solely the income approach to valuation. The income approach is based on the assumption that the value of a property or portfolio of properties can be represented by the present value of future cash flows. These cash flows are compiled into a value through either direct capitalization or discounted cash flow analysis, or a combination of the two. The indicated value by the income approach represents the estimated amount an investor would pay for the expected future stream of net cash flow generated by a property or a portfolio of properties (calculated as gross income less operating expenses, capital expenditures, and leasing costs) generated by a property or a portfolio of properties. As used herein, market value is defined by the Appraisal of Real Estate, Thirteenth Edition, as follows: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to fair sale, with the buyer and seller each acting prudently, knowledgeably and for self-interest, and assuming that neither is under undue duress.

The income approach was relied upon in determining the market value of the properties owned by the subject LLCs and private entities (with the exception of the Stamford, CT land which utilized the sales comparison approach). The independent valuer believes that the income approach is the approach utilized by typical investors and other market participants in the local market of the properties owned by the subject LLCs and private entities, and was therefore determined to be the most reliable indicator of market value.

In performing the Appraisal, the independent valuer conducted investigations and inquiries as it deemed appropriate in establishing its estimates of value and made assumptions and identified qualifications and limitations that it considered necessary in its findings. The independent valuer s opinion of the estimated value of the properties owned by each of the entities is as of June 30, 2012. They do not necessarily reflect the sales prices of the properties or portfolio that would be realized in actual sales of the properties or portfolio. These prices could be higher or lower than the appraised value of the properties or portfolio.

For further information, please see Reports, Opinions and Appraisals Appraisal.

Fairness Opinion

The independent valuer has delivered to the supervisor and each of the subject LLCs and the private entities its opinion, dated December 21, 2012, to the effect that, as of that date and subject to the assumptions, limitations and qualifications contained therein, the allocation of consideration (Class A common stock, Class B common stock, operating partnership units or cash consideration) (i) among each subject LLC, each private entity and the management companies was fair from a financial point of view to each such subject LLC, each such private entity and the participants in each such subject LLC and each such private entity, and (ii) to the participants in each subject LLC and each private entity was fair from a financial point of view to the participants in each such subject LLC and each such private entity (without giving effect to any impact of the consolidation on any particular participant other than in its capacity as a participant in each of the subject LLCs and each of the private entities). In this regard, the fairness opinion addressed the fairness of the consolidation assuming that each subject LLC and each private entity would participate in the proposed consolidation and did not address the fairness of all possible combinations in the proposed consolidation. The supervisor believes that, for reasons stated under Recommendation and Fairness Determination Material Factors Underlying Belief as to Fairness, such opinion addressing the fairness of all possible combinations in the proposed consolidation is not necessary because the supervisor believes that the consolidation is fair, regardless of which particular combination of entities participates in the consolidation among any such combination.

Since each subject LLC will receive capital transaction proceeds from its contribution of assets to the company and distribute such proceeds to all its interest holders including the participants and the supervisor, as holder of the override interests, the consideration allocable to the supervisor, as holder of the override interests, will be determined based on the amount to which it is entitled under such constituent documents in connection with a distribution by each subject LLC of capital transaction proceeds. Accordingly, the amounts of consideration to each participant will take into account the override interests held by the supervisor for each of the subject LLCs. The fairness opinion took those override interests into account in addressing the fairness of the allocation of consideration (Class A common stock, Class B common stock, operating partnership units or cash consideration) to the participants in each subject LLC and each private entity.

The fairness opinion, dated December 21, 2012, is attached as Appendix A to this prospectus/consent solicitation. You should read the independent valuer s opinion in its entirety with respect to the assumptions made, matters considered and limits of the review undertaken by the independent valuer in rendering its opinion.

For further information, please see Reports, Opinions and Appraisals Fairness Opinion.

Alternatives to the Consolidation

In determining whether to propose and recommend the consolidation, the supervisor considered several alternatives. The following discussion summarizes the alternatives to the consolidation that each subject LLC could have pursued. Each of the alternatives that the supervisor considered, including the alternatives discussed below, is described in more detail under the section entitled The Consolidation Alternatives to the Consolidation.

The principal alternatives considered by the supervisor were:

- Liquidation through the sale by each subject LLC of its interest in its property, either individually or as part of a third-party portfolio transaction, followed by a distribution of the net proceeds to its participants or
- Continued management of each subject LLC as currently structured.

The supervisor also considered other alternatives:

- The possibility of converting each subject LLC into a separate REIT that would list its shares on a national securities exchange. The supervisor believes that a REIT with a relatively small capitalization that is advised by an outside advisor and owns an interest in the ground lessor of a single property with most of its cash flow dependent on overage rent under the operating lease would not be well-received by traditional open-market purchasers of REIT common stock.
- Listing of the participation interests of each subject LLC in its current form as a limited liability company on a national securities exchange. The supervisor believes there would be limited trading interest in the presently outstanding participation interests due to, among other things, (i) the fact that the subject LLCs have a relatively small capitalization, own an interest in a property which is operated by an operating lessee that has significant decision-making authority with respect to the property; and (ii) the two-tier subject LLC structure, including the relative lack of certain corporate governance attributes, such as the ability to elect directors.

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Other means of producing liquidity for the participants, such as cash tender offers to acquire participation interests from participants or borrowing by the subject LLCs secured by their interests in properties to provide funds for distribution to participants. The supervisor believes that cash tender offers are costly and would not yield a good value for investors and that borrowing to fund added distributions is not a feasible alternative given that most of its cash flow is dependent on overage rent under the operating lease.

Advantages and Disadvantages of Liquidation Alternative. The supervisor believes that there would be advantages of a liquidation of your subject LLC, including:

- Liquidation provides you with liquidity from a sale of an interest in the property owned by your subject LLC. You would receive your share of the net proceeds obtained from a sale of the interest in the property of your subject LLC;

- The amount that you would receive would not depend on the stock market s valuation of the company, but rather your share of the consideration received from a sale of the interests in the property of your subject LLC and

- You would avoid the risks of continued ownership of your subject LLC or ownership of the company and/or the operating partnership.

The supervisor believes that there would be disadvantages to a liquidation of your subject LLC, including:

- The interest in the property owned by the subject LLC on its own may not create demand from investors, may not be as attractive for financing for investors to acquire the property and has a higher risk profile than the interest in the property as part of a portfolio;

- You would not participate in potential increases in value resulting from anticipated operating efficiencies, marketing efficiencies, capital market efficiencies and an improved governance structure;

- You would not participate in potential increases in value resulting from (a) enhanced performance of the existing portfolio due to leasing available and expiring space at higher rents following the recent renovations and repositioning of the initial properties operated as a branded portfolio and (b) potential additional investments;

- The supervisor does not believe that the subject LLCs could realize their allocable share of the value of the properties through a sale of the interests in the properties held by them. The operating lessees have agreed to transfer their interests in the properties as part of the consolidation, regardless of whether a subject LLC approves the consolidation, and, if the consolidation closes, it may not be possible for a subject LLC to realize its allocable share of the value of the entire property through a sale and

- You may not have the option to improve both your liquidity options and participate in a tax-deferred transaction, which you may do under the consolidation.

While the supervisor believes the consolidation will provide greater benefits to participants than a liquidation, the supervisor believes it is in the best interest of the participants to approve the third-party portfolio proposal, which will allow the supervisor to consider a third-party offer, if one is made, as an alternative to the consolidation.

Advantages and Disadvantages of Continuation Alternative. The supervisor believes there would be advantages to the continued operation of the subject LLCs, including:

The participants would continue to receive regular monthly distributions from Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C.;

The subject LLCs eventually may sell their interests in the properties and distribute the net proceeds, although the supervisor does not believe that such a sale would optimize the value of the participants participation interests;

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- Continuing the subject LLC without change avoids the risks related to the consolidation as described in this prospectus/consent solicitation and

- Each subject LLC would retain the individual benefits of ownership of its interest in its property.

The supervisor believes that there would be disadvantages to the continued operation of the subject LLCs, including:

- The interest in the property owned by the subject LLC on its own may not create demand from investors, may not be attractive for financing for investors to acquire the property and has a higher risk profile than the interest in the property as a portfolio.

- Your investment would continue to be illiquid because your participation interest is not freely transferable and there is no established public trading market or market valuation for your participation interest;

- There is a risk of reduction in distributions if the consolidation is not consummated. Distributions from your subject LLC come from payments made by the operating lessee. Your operating lessee is required to pay a low basic rent to your subject LLC. Any payment you receive above that comes from the profits from your operating lessee s performance and comes in the form of payment of overage rent out of profits from the operating lessee s operations of the property. The operating lessee makes all decisions relating to the operations of the property.

Decisions over which the operating lessee has control which directly impact whether or not there is overage rent from which you may receive additional distributions include whether or not to lease, whether or not to improve the property, whether to use the cash flow from the property or to seek financing for capital expenditures, and whether to use cash flow for property-related expenses. From the overage rent which is paid, the supervisor maintains reserves for expenses. The balance, if any, is paid out as a distribution from overage rent. In recent years, overage rent has been made possible from time to time through the operating lessee working with your subject LLC to gain consents for financing, the operating lessee agreeing to borrow, and the proceeds of borrowing being used to pay for expenses rather than relying exclusively on cash flow from the property.

In the past, when the operating lessee for your subject LLC has not used financing, overage rent has decreased or ceased. If the operating lessee for your subject LLC exercises its right to use cash flow to fund future capital improvements, tenant installation costs, commissions and other expenses rather than to use financing, your distributions from overage rent may again decrease or cease. If the operating lessee for your subject LLC has a deadlock in operating decision-making, it may make decisions or take actions which meaningfully reduce the prospects of your subject LLC s receipt of overage rent in the future. In the case of the Empire State Building, because of the pendency of this proposed consolidation, Empire State Building Company, L.L.C., the operating lessee, has consented to advances of up to the current outstanding principal amount under a property mortgage loan made to Empire State Building Associates L.L.C. and has subordinated the operating lease to such advances, as required by the lender, without having requested an extension of the term of the operating lease beyond any extension provided for in the operating lease.

At the two other properties involved in this consent solicitation, 250 West 57th Street and One Grand Central Place, their improvement and financing programs were linked to extensions of their operating leases. If the consolidation does not go forward, it is possible that the operating lessee of the Empire State Building may not approve additional advances under the loan agreement unless Empire State Building Associates L.L.C. approves lease extensions, in which case the operating lessee may use cash flow for expenditures to improve the building and conclude leases, resulting in immediate and sustained reductions or cessation of overage rent, or may either defer or not make such expenditures.

Decisions as to whether to use cash flow or financing are made by the operating lessees from time to time and no decision has been made by any of the operating lessees involved in this consent. Any decision by the operating lessees for 250 West 57th St. Associates L.L.C. and 60 East 42nd St. Associates L.L.C. would require the consent of members of the Malkin Holdings group and/or the Helmsley estate or their successor in interest. Any decision by the operating lessee of the Empire State Building would require the consent of the members of both the Malkin Holdings group and the Helmsley estate or their successor in interest.

- The subject LLCs have limited roles in property operations;

- The Helmsley estate is required under Leona Helmsley s will to sell its interest in the private entities that are the operating lessees of the subject LLCs. Because the consent of both the Malkin Holdings group and the Helmsley estate is required for action by Empire State Building Company L.L.C., the potential for deadlock exists, particularly after a sale of the Helmsley estate s interest. In addition, the Helmsley estate owns a 35% interest in the operating lessee of 250 West 57th St. Associates L.L.C. and 30% in the operating lessee of 60 East 42nd St. Associates L.L.C. Any purchaser of the Helmsley estate interests will be able to block any decision of the operating lessee of the Empire State Building and will have influence over decisions made by the operating lessees of 250 West 57th St. Associates L.L.C. and 60 East 42nd St. Associates L.L.C.;

- There are inefficiencies which result from the current structure:

  - Presently, property management, leasing and financial reporting for each of the 23 ownership groups covering 18 different office and retail properties and one development site are provided by third party managers, third party leasing agents and outside accountants under the supervision of the supervisor. This is inefficient and that inefficiency causes distraction and requires time and effort. The supervisor believes that the consolidation will enable the company to centralize operations and leasing, which will be more efficient and enhance the competitive position of the properties. Combining the properties in a single entity with a modern corporate structure will also help the company attract qualified management and property leasing and management personnel (to the extent needed by the company) for management succession;

  - The current two-tier structure is archaic, complicates operations, financial reporting and financing of the subject LLCs and is inefficient and costly in general. The consolidation will create a modern governance structure in which participants will share in the ownership of a portfolio of properties by a single entity;

- The subject LLCs have a cumbersome and costly approval process for certain actions, including financings;

- Your subject LLC owns an interest in a single property and is not diversified and

- The receipt of a Schedule K-1 for your subject LLC and each other subject LLC or private entity in which you own participation interests is a process which is complex and time consuming for both the supervisor and the participants. Separate financial statements and tax returns need to be prepared for each entity. With increasingly complex filing requirements, it has become unrealistic to complete all the necessary financial statements and tax returns required to complete and deliver Schedules K-1 to participants in time to file their federal income tax returns by April 15, causing participants to have to file their tax returns on extension. After the consolidation, tax returns will be required only for the company and the operating partnership. Participants who receive operating partnership units will receive only one Schedule K-1. Participants who receive only common stock in the consolidation will receive one Form 1099 for all their interests. The supervisor believes that the simplified financial reporting and tax filings will allow for faster completion and distribution of Forms 1099 and Schedules K-1 for participants and allow participants to file their taxes by April 15 of each year.

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Comparison of Distributions

The following table sets forth a comparison of the distributions by the subject LLCs and by the company:

Subject LLC	Average Annual Distribution for the years ending December 31, 2007-2011 Per $10,000 Original Investment[(1)]	Estimated Initial Distribution of the Company to Former Participants for the year ending September 30, 2013 Per $10,000 Original Investment[(2)]
Empire State Building Associates L.L.C.		
Distributions out of basic rent	$ 1,179	
Distributions out of overage rent		
Overage rent distributions attributable to borrowing[(1)]	$ 140	
Overage rent distributions attributable to operations	$ 1,791	
Total distributions	$ 3,110	$ 5,866[(4)]
60 East 42nd St. Associates L.L.C.		
Distributions out of basic rent	$ 1,495	
Distributions out of overage rent		
Overage rent distributions attributable to borrowing[(1)]	$ 1,498	
Overage rent distributions attributable to operations	$ 3,317	
Total distributions	$ 6,310	$ 7,294
250 West 57th St. Associates L.L.C.		
Distributions out of basic rent	$ 2,000	
Distributions out of overage rent		
Overage rent distributions attributable to borrowing[(1)]	$ 3,308	
Overage rent distributions attributable to extraordinary lease cancellation payment[(3)]	$ 652	
Overage rent distributions attributable to operations	$ 5,016	
Total distributions	$ 10,976	$ 7,421[(4)]

(1) Distributions each year consist of small regular monthly distributions out of basic rent and larger, but variable, distributions out of overage rent. The amount of distributions out of overage rent varies from year to year depending on factors such as:

- capital expenditures funded out of operating cash flow which reduced distributions;
- borrowings to fund capital expenditures which must be agreed to by the operating lessees of each subject LLC and which would otherwise have been paid out of operating cash flow, which increases overage rent and the amount available for distribution; and
- non-recurring events that generate additional cash, such as early lease cancellations, which may increase distributions and non-recurring events that require expenditure of funds, which may decrease distributions.

Accordingly, participants should not treat the amount distributed in any year as indicative of the amount that they would have received in future years if the subject LLC continued its operations. After the consolidation, a diverse collection of properties will be combined with more efficient access to capital and, as a result, the supervisor expects that overall distributions should be more consistent with less fluctuation due to these factors.

(2) The calculation of the estimated annual distributions to stockholders of the company is shown in the table under Background of and Reasons for the Consolidation Comparison of Distributions by the Subject LLCs and the Company Distributions by the Company.

(3) In 2010, the operating lessee received an extraordinary lease cancellation payment from a space tenant in the amount of $7.9 million, which contributed to $3,259 per $10,000 original investment of overage rent distributions in that year (or $652 per $10,000 original investment of average annual overage rent distributions over the period).

(4) Assumes that a participant is subject to the voluntary override.

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Voluntary Pro Rata Reimbursement Program for Expenses of Legal Proceedings with Former Property Manager and Leasing Agent

In 1997, the supervisor commenced litigation and arbitration proceedings, which is referred to herein as the former property manager and leasing agent legal proceedings, to remove Helmsley-Spear, Inc. (after it was sold by entities controlled by Leona M. Helmsley), the former property manager and leasing agent, as property manager and leasing agent of the properties owned by the subject LLCs.

The successful outcome of the former property manager and leasing agent legal proceedings and the settlement thereof enabled the subject LLCs to conclude the termination of the former property manager and leasing agent as property manager and leasing agent (with the release of claims) and engage new independent property managers (except Empire State Building Associates L.L.C., which later became self-managed) and leasing agents and to launch strategic improvements and Malkin branding programs for the properties that the subject LLCs own. The supervisor also added engineering, marketing and tax/accounting staff to compensate for the former property manager and leasing agent s deficiency. While the supervisor has believed from inception that it is entitled to be reimbursed for these litigation and arbitration expenses, it, together with Peter L. Malkin, advanced all costs pending the outcome.

Now, with the impending consolidation, the supervisor requests of each participant in each subject LLC, on a voluntary and individual basis, consent that a portion of your distributions to be received in connection with the consolidation or a third-party portfolio transaction, as applicable, be applied to reimburse the supervisor and Peter L. Malkin for a pro rata share of such advances, including interest at prime, from the date of each such advance. The same voluntary pro rata reimbursement program has been approved by holders representing 72.36% of the interests in the 13 private entities and other entities supervised by the supervisor to which the proposal has been made. These approvals include the Helmsley estate, which as part of an agreement with the supervisor covering this and other matters, has paid the voluntary pro rata reimbursement to the supervisor for its pro rata share of costs advanced, plus interest, which totaled $5,021,048.

If you consent to the voluntary pro rata reimbursement program, the supervisor and Peter L. Malkin will be reimbursed for your pro rata share of costs, plus interest, previously incurred out of your share of the excess cash of your subject LLC that is being distributed to participants, and, to the extent that is insufficient, the consideration that you would receive in the consolidation or the consideration that you would receive in a third-party portfolio transaction, as applicable, will be reduced by the balance and such balance would be paid to the supervisor and Peter L. Malkin in shares of Class A common stock, if the consolidation is consummated, or out of distributions that you would receive from the proceeds of a third-party portfolio transaction, if consummated, or out of distributions from operations of the subject LLC. To the extent that the supervisor and Peter L. Malkin have not otherwise been reimbursed from distributions in connection with the consolidation, 50% of any distributions to be paid to you in excess of your share of aggregate distributions by the subject LLC equal to $3,889,333 per annum, $1,046,320 per annum and $720,000 per annum, respectively, for Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. for the period commencing January 1, 2008 (including any cumulative deficiency from prior months) will be applied to reimburse the supervisor and Peter L. Malkin for a pro rata share of such advances, including interest at prime from the date of each such advance, until your pro rata share of the costs is paid in full. Cumulative distributions equal to the target amount have been made for the period from January 1, 2008 through the date hereof and therefore there are no past cumulative deficiencies.

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

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

(1) Empire State Building Associates L.L.C. s, 60 East 42nd St. Associates L.L.C. s and 250 West 57th St. Associates L.L.C. s share of the aggregate voluntary reimbursement (before any reimbursements) is $3,150,896, $1,564,930, and $694,487, respectively, plus interest. The amount shown in the table includes accrued interest through September 30, 2012 and does not include interest which will accrue subsequent to September 30, 2012.

97% of the potential voluntary reimbursement is attributable to advances by Peter L. Malkin for payments to unaffiliated third parties, with interest thereon at prime, and 3% is for amounts to be paid to the supervisor for work it performed.

The consent to the voluntary pro rata reimbursement program is independent of your vote on the consolidation. Thus, you can consent to the program whether you voted **FOR**, **AGAINST**, **ABSTAIN** or failed to vote on the consolidation and the third-party portfolio proposal. Your failure to consent to the program will not affect whether or not the subject LLC participates in the consolidation or a third-party portfolio transaction.

See Voluntary Pro Rata Reimbursement Program for Expenses of Legal Proceedings with Former Property Manager and Leasing Agent.

Allocation of Consideration in the Consolidation

The following table sets forth for each subject LLC, each private entity and the management companies:

- the exchange value of each subject LLC, each private entity and the management companies;

- the percentage of total exchange value and percentage of total shares of common stock, on a fully-diluted basis, to be issued;

- the number of shares of common stock, on a fully-diluted basis, to be allocated to each subject LLC, each private entity and the management companies based on the hypothetical exchange value of $10 per share arbitrarily assigned by the supervisor for illustrative purposes, including the number of operating partnership units to be allocated on account of the override interests of the supervisor and the Malkin Holdings group;

- the value of common stock or operating partnership units based on the hypothetical exchange value of $10 per share arbitrarily assigned by the supervisor for illustrative purposes for each $10,000 of original investment in each subject LLC and its operating lessee;

the book value (deficit) of the assets determined in accordance with U.S. generally accepted accounting principles, which is referred to herein as GAAP, per $10,000 original investment in each subject LLC and its operating lessee; and

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the number of shares of common stock, on a fully-diluted basis, per $10,000 original investment in each subject LLC and its operating lessee:

				Per $10,000 Original Investment (except as otherwise noted)		
Entity[1]	**Total Exchange Value[2][3]**	**Percentage of Total Exchange Value and Percentage of Total Shares of Common Stock Issued, on a Fully-Diluted Basis[4]**	**Number of Shares of Common Stock, on a Fully-Diluted Basis[4][5]**	**Value of Shares of Common Stock or Operating Partnership Units[3]**	**GAAP Book Value (Deficit) as of September 30, 2012**	**Number of Shares of Common Stock, on a Fully-Diluted Basis[5]**
Empire State Building Associates L.L.C.						
Participants (subject to voluntary override)	$ 1,004,308,935	24.0%	100,430,894	$ 323,803	$ (2,853)	32,380
Participants (not subject to voluntary override)	$ 71,160,232	1.7%	7,116,023	$ 358,670	$ (2,853)	35,867
Override Interests to the Malkin Holdings group[6]	$ 108,143,382	2.6%	10,814,338	NA	NA	NA
Other Override Interests	$ 0	0%	0	NA	NA	NA
Total	$ 1,183,612,549	28.3%	118,361,255			
60 East 42nd St. Associates L.L.C.						
Participants	$ 281,860,580	6.7%	28,186,058	$ 402,658	$ (13,607)	40,266
Override Interests to the Malkin Holdings group	$ 31,208,953	0.8%	3,120,895	NA	NA	NA
Other Override Interests	$ 0	0%	0	NA	NA	NA
Total	$ 313,069,533	7.5%	31,306,953			
250 West 57th St. Associates L.L.C.						
Participants (subject to voluntary override)	$ 115,510,893	2.8%	11,551,089	$ 409,662	$ (7,497)	40,966
Participants (not subject to voluntary override)	$ 35,345,763	0.9%	3,534,576	$ 452,957	$ (7,497)	45,296
Override Interests to the Malkin Holdings group[6]	$ 12,207,951	0.3%	1,220,795	NA	NA	NA
Other Override Interests	$ 0	0%	0	NA	NA	NA
Total	$ 163,064,607	3.9%	16,306,461			
Empire State Building Company L.L.C.[7][8]						
Members and Participants	$ 1,056,028,581	25.3%	105,602,858	$ 105,602,858	$ 2,601,832	10,560,286
Override Interests to the Malkin Holdings group	$ 52,889,643	1.3%	5,288,964	NA	NA	NA
Other Override Interests	$ 53,218,257	1.3%	5,321,826	NA	NA	NA
Total	$ 1,162,136,482	27.8%	116,213,648			
Lincoln Building Associates L.L.C.[9]						
Members	$ 266,388,586	6.4%	26,638,859	$ 2,663,886	$ 563,798	266,389
Override Interests to the Malkin Holdings group	$ 29,598,732	0.7%	2,959,873	NA	NA	NA
Other Override Interests	$ 0	0%	0	NA	NA	NA
Total	$ 295,987,317	7.1%	29,598,732			
Fisk Building Associates L.L.C.[10]						
Members and Participants	$ 105,470,905	2.5%	10,547,090	$ 10,547,090	$ 263,687	1,054,709

Override Interests to the Malkin Holdings group	$ 31,851,768	0.8%	3,185,177	NA	NA	NA
Other Override Interests	$ 13,826,125	0.3%	1,382,612	NA	NA	NA
Total	$ 151,148,797	3.6%	15,114,880			
1333 Broadway Associates L.L.C.						
Members	$ 156,335,546	3.7%	15,633,555			

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				Per $10,000 Original Investment (except as otherwise noted)		
Entity[1]	**Total Exchange Value**[2][3]	**Percentage of Total Exchange Value and Percentage of Total Shares of Common Stock Issued, on a Fully-Diluted Basis**[4]	**Number of Shares of Common Stock, on a Fully-Diluted Basis**[4][5]	**Value of Shares of Common Stock or Operating Partnership Units**[3]	**GAAP Book Value (Deficit) as of September 30, 2012**	**Number of Shares of Common Stock, on a Fully-Diluted Basis**[5]
1350 Broadway Associates L.L.C.						
Peter L. Malkin 50% Group	$ 54,376,708	1.3%	5,437,671			
Override Interests to the Malkin Holdings group	$ 13,545,915	0.3%	1,354,591			
Other Override Interests	$ 0	0%	0			
David M. Baldwin 50% Group	$ 67,922,623	1.6%	6,792,262			
Total	$ 135,845,247	3.3%	13,584,525			
Marlboro Building Associates L.L.C.						
Members	$ 147,828,064	3.5%	14,782,806			
Override Interests to the Malkin Holdings group[6]	$ 10,404,981	0.3%	1,040,498			
Other Override Interests	$ 0	0%	0			
Total	$ 158,233,045	3.8%	15,823,304			
Seventh & 37th Building Associates L.L.C.						
Participants	$ 60,461,969	1.5%	6,046,197			
Override Interests to the Malkin Holdings group[6]	$ 5,746,980	0.1%	574,698			
Other Override Interests	$ 0	0%	0			
Total	$ 66,208,949	1.6%	6,620,895			
501 Seventh Avenue Associates L.L.C.						
Member	$ 56,462,653	1.4%	5,646,265			
Override Interests to the Malkin Holdings group	$ 6,273,628	0.2%	627,363			
Other Override Interests	$ 0	0%	0			
Total	$ 62,736,281	1.5%	6,273,628			
Soundview Plaza Associates II L.L.C.[11]						
Malkin Co-Investor Capital L.P. (General Partner)[12]	$ 114,039	0.0%	11,404			
Malkin Co-Investor Capital L.P. (Class A LPs)	$ 11,289,834	0.3%	1,128,983			
Malkin Co-Investor Capital L.P. (Class B LPs) [13]	$ 0	0.0%	0			
Peter L. Malkin	$ 8,935,118	0.2%	893,512			
New Soundview Plaza Associates LLC (excluding interests held by the Malkin Holdings group)	$ 1,218,425	0.0%	121,842			
Total	$ 21,557,416	0.5%	2,155,742			
East West Manhattan Retail Portfolio L.P.						

General Partner[12]	$ 560,119	0.0%	56,012
Class A LPs	$ 27,725,882	0.7%	2,772,588
Class B LP[13]	$ 27,725,882	0.7%	2,772,588
Total	$ 56,011,882	1.3%	5,601,188
One Station Place, Limited Partnership[11]			
General Partner[12]	$ 579,030	0.0%	57,903
Class A LP	$ 5,211,267	0.1%	521,127
Class B LPs	$ 52,112,666	1.3%	5,211,267
Total	$ 57,902,962	1.4%	5,790,296

				Per $10,000 Original Investment (except as otherwise noted)		
Entity[1]	Total Exchange Value[2][3]	Percentage of Total Exchange Value and Percentage of Total Shares of Common Stock Issued, on a Fully-Diluted Basis[4]	Number of Shares of Common Stock, on a Fully-Diluted Basis[4][5]	Value of Shares of Common Stock or Operating Partnership Units[3]	GAAP Book Value (Deficit) as of September 30, 2012	Number of Shares of Common Stock, on a Fully-Diluted Basis[5]
New York Union Square Retail L.P.						
General Partner[12]	$ 833,793	0.0%	83,379			
Class A LPs	$ 41,272,757	1.0%	4,127,276			
Class B LP[13]	$ 41,272,757	1.0%	4,127,276			
Total	$ 83,379,307	2.0%	8,337,931			
Westport Main Street Retail L.L.C.[11]						
Manager[14]	$ 69,256	0.0%	6,926			
Class A Members	$ 6,856,297	0.2%	685,630			
Class B Member[13]	$ 0	0.0%	0			
Total	$ 6,925,553	0.2%	692,555			
Fairfax Merrifield Associates L.L.C.						
Participants	$ 5,703,986	0.1%	570,399			
Override Interests to the Malkin Holdings group	$ 633,776	0.02%	63,378			
Other Override Interests	$ 0	0%	0			
Total	$ 6,337,762	0.1%	633,776			
Merrifield Apartments Company L.L.C.						
55% Members	$ 3,137,192	0.1%	313,719			
45% Members	$ 1,283,397	0.0%	128,340			
Override Interests to the Malkin Holdings group	$ 1,275,275	0.03%	127,547			
Other Override Interests	$ 641,698	0.02%	64,170			
Total	$ 6,337,762	0.2%	633,776			
First Stamford Place L.L.C.						
Class A & A2 Members	$ 3,655,634	0.1%	365,563			
Manager[14]	$ 73,851	0.0%	7,385			
Class B Member[13]	$ 3,655,634	0.1%	365,563			
Total	$ 7,385,119	0.2%	738,512			
1185 Swap Portfolio L.P.[11]						
1185 Bank L.L.C.(General Partner)[12]	$ 271,977	0.0%	27,198			
1185 Gotham L.L.C.(General Partner)[11]	$ 371,386	0.0%	37,139			
Total (General Partner)	$ 643,364	0.0%	64,336			
1185 Bank L.L.C.(Class 1 LP)	$ 13,928,283	0.3%	1,392,828			
1185 Gotham L.L.C.(Class 1 LP)	$ 19,019,130	0.5%	1,901,913			
Total (Class 1 LP)	$ 32,947,413	0.8%	3,294,741			
1185 Bank L.L.C.(Class 2 LP)	$ 539,450	0.0%	53,945			
1185 Gotham L.L.C.(Class 2 LP)	$ 736,621	0.0%	73,662			

Total (Class 2 LP)	$ 1,276,070	0.0%	127,607
Malkin Support Fund L.P.	$ 1,988,308	0.1%	198,831
Total (1185 Swap Portfolio L.P.)	$ 36,855,156	0.9%	3,685,516

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Entity[1]	Total Exchange Value[2][3]	Percentage of Total Exchange Value and Percentage of Total Shares of Common Stock Issued, on a Fully-Diluted Basis[4]	Number of Shares of Common Stock, on a Fully-Diluted Basis[4][5]	Per $10,000 Original Investment (except as otherwise noted): Value of Shares of Common Stock or Operating Partnership Units[3]	GAAP Book Value (Deficit) as of September 30, 2012	Number of Shares of Common Stock, on a Fully-Diluted Basis[5]
Fairfield Merrittview Limited Partnership[11]						
General Partner[12]	$ 51,407	0.0%	5,141			
Class A LP	$ 2,804,539	0.1%	280,454			
Class B LP[13]	$ 2,284,752	0.1%	228,475			
Override Interests to the Malkin Holdings group	$ 571,189	0.01%	57,119			
Other Override Interests	$ 0	0%	0			
Total	$ 5,711,887	0.1%	571,189			
500 Mamaroneck Avenue L.P.						
Class A LPs	$ 10,858,230	0.3%	1,085,823			
Class B LPs[13]	$ 0	0.0%	0			
General Partner[12]	$ 109,679	0.0%	10,968			
Co-Tenant	$ 3,655,970	0.1%	365,597			
Total	$ 14,623,878	0.4%	1,462,388			
BBSF LLC	$ 14,600,000	0.4%	1,460,000			
Supervisor and Management Companies						
Malkin Holdings, LLC[15]	$ 5,777,000	0.1%	577,700			
Malkin Properties[16]	$ 5,500,000	0.1%	550,000			
Malkin Construction Corp.	$ 5,025,000	0.1%	502,500			
Total	$ 16,302,000	0.4%	1,630,200			
Total	**$ 4,182,309,037**	**100.0%**	**418,230,904**			
Overrides (including Class B interests) held by the Supervisor and the Malkin Holdings group	$ 304,352,372	7.3%	30,435,237			
Overrides (including Class B interests) of other Persons	$ 128,327,761	3.1%	12,832,776			

(1) Excludes three private entities which are the ground lessees and an operating lessee of two properties that are supervised by the supervisor, having an aggregate exchange value of $612,458,701, of which $333,680,322 relates to 112-122 West 34th Street and $278,778,379 relates to 1400 Broadway. The operating partnership has entered into option agreements pursuant to which it has the option to acquire their property interests upon the final resolution of certain ongoing litigation with respect to these properties. The exchange values of such properties are the exchange values the properties would have had if the litigation is resolved, and were determined on a basis consistent with the exchange values of the subject LLCs and the private entities. If the option properties are included in the consolidation, the aggregate exchange value would increase by the total exchange value of the option properties, and the individual exchange values of the other properties would not be affected. The relative share of the aggregate exchange value of each of the subject LLCs would be calculated based on the aggregate exchange value including the private entities that own the option properties.

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

(3) The exchange value of each subject LLC, each private entity and the management companies is based on each subject LLC s, each private entity s and each management company s assets and liabilities included in the quarterly balance sheets of the subject LLC, private entity or the management companies, as of June 30, 2012. The exchange value will be revised to reflect changes in the balance sheet items included in the calculation of the exchange value in the final

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

(4) The number of shares of common stock issued, on a fully-diluted basis, equals the number of shares of Class A common stock outstanding plus shares of Class A common stock issuable upon the exchange of operating partnership units or upon conversion of Class B common stock for shares of Class A common stock on a one-for-one basis. To the extent that participants in the private entities that are non-accredited investors or charitable organizations receive cash, the Class A common stock, which would have been issued to them, will not be issued. As a result, the number of outstanding shares of Class A common stock will be reduced and the percentage of the Class A common stock each participant owns will increase.

(5) The number of shares of common stock, on a fully-diluted basis, assumes that none of the participants in the private entities receive cash. The number of shares of common stock, on a fully-diluted basis, issuable to each subject LLC, as set forth in the table, was determined by dividing the exchange value for the subject LLC by $10, which is the hypothetical value that the supervisor arbitrarily assigned for illustrative purposes. The number of shares of Class A common stock, Class B common stock, and operating partnership units issued in

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the consolidation will be determined based on the company s enterprise value, which will be determined based on the IPO price. Enterprise value is calculated without giving effect to shares of Class A common stock issued in the IPO. The enterprise value (which is based on the IPO price) will be determined by, among other things, market conditions at the time of pricing of the IPO, the historical and future performance of the company and its portfolio of properties and the market s view of the company s net asset value and other valuation metrics. Today, some REITs common stock trades at a premium to perceived net asset value and others trade at a discount to perceived net asset value. The market s view of the company s net asset value determined in connection with the IPO could be less than the exchange values determined based on the Appraisal. The Appraisal was undertaken in connection with establishing relative value for the purpose of allocation of interests in the company among contributors of interests in the properties and not to establish the value of shares of common stock in the company upon completion of the IPO. In contrast, the pricing of REIT initial public offerings generally takes into account different factors not considered in the Appraisal, including current conditions in the securities markets, investor preferences and the market s view of the company s management team. Additionally, the Appraisal did not take into account transaction costs for the consolidation and the IPO.

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

(6) Represents a voluntary capital override, which was voluntarily agreed to by certain participants.
(7) Operating lessee of Empire State Building Associates L.L.C.
(8) Information is provided per 1% interest instead of per $10,000 original investment.
(9) Operating lessee of 60 East 42nd St. Associates L.L.C.
(10) Operating lessee of 250 West 57th St. Associates L.L.C.
(11) Based on financial statements prepared on a tax basis and not in accordance with GAAP.
(12) The general partner is an affiliate of the supervisor.
(13) The Class B interests are equivalent to override interests.
(14) The manager is an affiliate of the supervisor.
(15) Total exchange value of the supervisor excludes the value attributable to the supervisor s overrides, which are included in the value of the overrides that the Malkin Holdings group holds in the subject LLCs and the private entities.
(16) Refers collectively to Malkin Properties, L.L.C. Malkin Properties of New York, L.L.C. and Malkin Properties of Connecticut, L.L.C. (collectively Malkin Properties).

How the exchange value per $10,000 original investment was calculated. Exchange value per participant s average $10,000 original investment was calculated as follows. The supervisor started with the exchange value for each subject LLC, as computed by the independent valuer and approved by the supervisor. The supervisor divided the exchange value by the aggregate original investment in each subject LLC multiplied by 10,000 to determine the exchange value per $10,000 original investment. The voluntary capital transaction override was then deducted only from the distributions allocable to those participants that consented. The distributions allocable to participants that did not consent to the voluntary capital transaction override program and/or the voluntary pro rata reimbursement program will be determined without any deduction for such payments. The amount of voluntary capital transaction override in the tables is presented as if each participant in each subject LLC and each private entity that has a voluntary capital transaction override program has consented to the program. To determine the approximate value of the operating partnership units and/or common stock you will receive if your subject LLC is acquired in the consolidation, you would multiply the figure in the fourth column (titled Value of Shares of Common Stock or Operating Partnership Units per Participant s $10,000 Original Investment) by the amount of your original investment divided by $10,000. This calculation assumes that all payments under the voluntary pro rata reimbursement program will be made out of consenting participants share of excess cash of the subject LLCs and the private entities and not deducted from consideration at closing of the consolidation.

For a detailed explanation of the manner in which the allocations are made, see Background of and Reasons for the Consolidation Allocation of Common Stock and Operating Partnership Units among the Subject LLCs, the Private Entities and the Management Companies.

Voting Procedures for the Consolidation Proposal and the Third-Party Portfolio Proposal

The supervisor is asking you to vote **FOR** both the consolidation and the third-party portfolio proposal. If you own participation interests in more than one subject LLC, for each subject LLC in which you own a participation interest you will receive a transmittal letter, supplement and consent form. Regardless of how many subject LLCs in which you own a participation interest, you will receive a single copy of the prospectus/consent solicitation. Participants in each subject LLC will vote separately on whether or not to approve the consolidation and the third-party portfolio proposal. Accordingly, if you hold interests in more than one subject LLC, you must complete one consent form for each subject LLC in which you are a participant.

If you vote **FOR** the consolidation and your subject LLC participates in the consolidation, you effectively will be voting against the alternatives to the consolidation, other than a third-party portfolio transaction, unless you vote **AGAINST** the third-party portfolio proposal. These alternatives include continuation of your subject LLC and a sale of your subject LLC s interest in the property and distribution of the net proceeds to participants. If the consolidation is not approved your subject LLC and a third-party portfolio transaction is not consummated, the supervisor expects the operations of your subject LLC to continue.

Your consent form must be received by MacKenzie Partners, Inc. by 5:00 p.m. Eastern time on March 25, 2013 unless the supervisor extends the solicitation period as set forth below. You may submit your consent form by mail, to 105 Madison Avenue, NY, NY 10016, or by facsimile, to (212) 929-0308. You can change your vote by mail or facsimile at any time before the later of the date that consents from participants holding the required percentage interest in your participating group are received and the 60th day after the beginning of the solicitation period. Either MacKenzie Partners, Inc. or the supervisor will send you a written acknowledgment by facsimile or, if requested by you, mail, that your vote has been changed promptly following receipt of a changed vote. If you are a participant in Empire State Building Associates L.L.C. or 60 East 42nd St. Associates L.L.C., and you do not consent to the consolidation or the third-party portfolio proposal, as applicable, you may also change your vote to consent to the consolidation or the third-party portfolio proposal, as applicable, within ten days notice that the required supermajority consent from the participants in your participating group has been received, as described below. You may call MacKenzie Partners, Inc. during the solicitation period to check whether or not the required supermajority consent has been received from the participants in your participating group, or to confirm that your changed vote has been received.

The supervisor may extend on one or more occasions the solicitation period for one or more proposals for one or more subject LLCs or one or more participating groups in a subject LLC without extending for other proposals, subject LLCs or participating groups whether or not it has received approval for the consolidation proposal or the third-party portfolio proposal on expiration of the consent solicitation period.

If you do not submit a consent form, you will be counted as having voted **AGAINST** both the consolidation and the third-party portfolio proposal. If you submit a properly signed consent form but do not indicate how you wish to vote on the consolidation, the third-party portfolio proposal, or both, you will be counted as having voted **FOR** such proposal(s).

The participation interests in each subject LLC are divided into separate participating groups. Participants are being asked to vote on both the proposed consolidation and the third-party portfolio proposal. For each of these proposals to be approved, participants holding 100% of the outstanding participation interests in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. must approve that proposal, and

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participants holding greater than 75% of the outstanding participation interests in eight out of the ten participating groups of 250 West 57th St. Associates L.L.C. must approve that proposal. Approval by the required vote of the participants in 250 West 57th St. Associates L.L.C. in favor of a proposal will be binding on you if you are a participant in 250 West 57th St. Associates L.L.C. even if you vote **AGAINST** such proposal.

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

The buyout amount for your interest would be substantially lower than the exchange value. The buyout amount, which is equal to the original cost less capital repaid, but not less than $100, is currently $100 for the interest held by a participant in Empire State Building Associates L.L.C. and $100 for the interest held by a participant in 60 East 42nd St. Associates L.L.C., as compared to the exchange value of $323,800 (or $358,670 if you are not subject to the voluntary capital override) per $10,000 original investment for Empire State Building Associates L.L.C. and $402,660 per $10,000 original investment for 60 East 42nd St. Associates L.L.C., respectively.

These buyouts are contractual provisions expressly stated for 60 East 42nd St. Associates L.L.C. and Empire State Building Associates L.L.C. at the inception of these subject LLCs in their original participating agreements dated December 1, 1954 and July 11, 1961, respectively, under which the participation interests were issued. The buyout provisions were included as a practical way to permit the entity to act, while still following the then-current tax advice provided to the supervisor of the subject LLCs that participants needed to act unanimously to permit these subject LLCs to obtain partnership status and to avoid entity level tax as a corporation for U.S. federal income tax purposes. For this purpose, the buyout provisions allow the purchase, at original cost less capital returned (but not less than $100), of the interest held by a non-consenting participant after ten-days notice of receipt of approval by a required supermajority (90% for 60 East 42nd St. Associates L.L.C. and 80% for Empire State Building Associates L.L.C., in each case by participation group), if such non-consenting participant still does not change its vote to approval. Accordingly, the buyout provisions preserved the unanimity which was considered necessary for these tax reasons, but prevented a small minority, which might be acting for its own purposes and not in the interests of other participants, from preventing action by the large supermajority. The agents are authorized under the participating agreements to buy out participation interests of participants that do not consent to the action if the required supermajority consent is received, as described below. Since such buyout is necessary to provide for the required unanimous consent and is not conditioned on the transaction closing, the agent has the right to buy out participation interests from participants who do not vote **FOR** either proposal, if the required supermajority consent is obtained with respect to such proposal, within ten days after written notice, as described below, whether or not either or neither proposal is consummated.

Prior to an agent purchasing the participation interests of non-consenting participants, an agent will give such participants not less than ten days notice after the required supermajority consent is received by the applicable participating group in a subject LLC to permit them to consent to the consolidation or the third-party portfolio proposal, as applicable, in which case their participation interests will not be purchased. The agents will purchase the participation interests for the benefit of the subject LLC and not for their own account and will be reimbursed by the subject LLC for the cost of such buyout. If the agent purchases these participation interests, the requirement for consent of participants holding 100% of the participation interests of that participating group will be satisfied.

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Unanimity on the consents is required pursuant to the organizational documents of Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. with respect to both the consolidation and the third-party portfolio proposal for the consent of a participating group; therefore, a participant in either of such subject LLCs who does not vote in favor of either the consolidation or third-party portfolio transaction proposal (and does not change his or her vote after notice that the requisite supermajority consent has been obtained) will be subject to this buyout regardless of whether either or neither transaction is consummated or the required consent of other participating groups is received. A vote for the proposed transaction by the participants constitutes an authorization for the agents of each participating group to approve, in their capacity as members of the applicable subject LLC, the consolidation or the third-party portfolio transaction, as applicable. The agents, under the operating agreements of the subject LLCs, have discretion, subject to their fiduciary duties, to determine whether to approve the transaction, even after supermajority approval has been obtained for either or both transactions and dissenting participants have been bought out. Additionally, the supervisor, acting on behalf of the subject LLCs and the agents, similarly has discretion, subject to its fiduciary duties, as to whether to abandon or to postpone the transaction, even after supermajority approval has been obtained for either or both transactions and dissenting participants have been bought out. The agents and supervisor could determine not to proceed with the consolidation and the IPO due to market conditions or other reasons.

The agents, who are the members of your subject LLCs, recently created a new class of membership interests, which were divided into series. A separate series was deemed to be distributed to holders of each participating group in your subject LLC. Each new series provides protections similar to those under a shareholder rights plan for a corporation. Each new series corresponds to a participating group for which a member acts as agent. The new series will not affect voting rights, except with respect to any person or group that acquires 6%, 3%, or 7.5% or more, respectively, of the outstanding participation interests in the applicable participating group (an acquiring person) for each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. If there is an acquiring person, the effect of the new series is that approval of the consolidation proposal and the third-party portfolio proposal by a participating group will require approval by the requisite consent of the participants in the participating group, as holders of the new series of membership interests, excluding the acquiring person.

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

No Right to Independent Appraisal

If your subject LLC approves the consolidation or the third-party portfolio proposal and your subject LLC participates in the consolidation or a third-party portfolio transaction, as applicable, participants who vote **AGAINST** or **ABSTAIN** with respect to such proposal or do not submit a consent form will not have appraisal rights for their participation interests or a right to receive cash based upon an appraisal.

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Consolidation Expenses

If your subject LLC approves the consolidation and your subject LLC is consolidated with the company, the company will bear all consolidation expenses. The company will also bear all of the consolidation expenses of other subject LLCs and private entities that are consolidated with the company. Additionally, the entities owning the option properties have borne a portion of the consolidation expenses and if the option is approved by the participants in such entities, the company will bear all of the consolidation expenses of such entities.

If the consolidation does not close, each subject LLC and private entity will bear its proportionate share of the consolidation expenses based on the exchange value of each subject LLC and private entity. If the consolidation closes, but the subject LLC does not participate in the consolidation, the subject LLC will bear its proportionate share of all consolidation expenses incurred through the date of termination of the contribution agreement. The supervisor does not know whether the acquiror in a third-party portfolio transaction will agree to pay any of the consolidation expenses.

Conditions to the Consolidation

The following conditions must be satisfied to consummate the consolidation of each of the subject LLCs:

- Requisite consent of the participants in the subject LLC must have been received;
- The IPO must close;
- The operating partnership units and Class A common stock must be approved for listing on the NYSE or another national securities exchange prior to or concurrently with the consummation of the consolidation and the closing of the IPO;
- The contribution to the company of the property interests in the Empire State Building owned by Empire State Building Associates L.L.C., which owns the fee interest and the underlying land, and Empire State Building Company L.L.C., the private entity which is the operating lessee with respect to the Empire State Building;
- The consolidation must have been completed by December 31, 2014 and
- The consolidation will be subject to other customary conditions as set forth in Section 2.1 of the Contribution Agreement attached to the supplement for each subject LLC as Appendix B.

Your Right to Investor Lists and to Communicate with Other Participants

Under federal securities laws, upon written request from you, the supervisor will deliver the following information to you:

- A statement of the approximate number of participants in your subject LLC and
- The estimated cost of mailing a proxy statement, form of proxy or other similar communication to your subject LLC s participants.

In addition, you have the right, at your option, either:

To have your subject LLC mail (at your expense) copies of any consent statement, consent form or other soliciting materials to be furnished by you to the other participants in your subject LLC or

To have your subject LLC deliver to you, within five business days of the receipt of the request, a reasonably current list of the names, addresses and participation interests held by the participants in your subject LLC.

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The right to receive the list of participants is subject to your payment of the cost of mailing and duplication at a rate of $0.20 per page.

U.S. Federal Income Tax Considerations of the Consolidation Proposal

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

(i) If you receive solely shares of Class A common stock, the consolidation should be treated as a taxable sale of your participation interest in which gain or loss is recognized. Such gain or loss should generally equal the difference between your amount realized (which generally will equal the fair market value of shares of Class A common stock that you receive, plus any distribution you receive of consolidation expenses that the operating partnership pays as a reimbursement to your subject LLC, plus the share of liabilities associated with your participation interests that you are deemed to be relieved of under U.S. federal income tax law) and your adjusted tax basis in your participation interests. You will realize phantom income if you have a negative capital account with respect to your participation interest. In each of 250 West 57th St. Associates L.L.C. and 60 East 42nd St. Associates L.L.C., original participants have a negative capital account. If you are an individual or a partnership for New York State personal income tax purposes, any gain that you recognize in the consolidation will generally be treated as New York source income for New York State personal income tax purposes. As a result, you (or, if you are a partnership, any of your partners who are individuals) will generally be subject to New York State personal income tax on such gain even if you are treated as a New York nonresident for purposes of the New York State personal income tax. The New York City personal income tax should not apply to individuals who are treated as New York City nonresidents for purposes of the tax. If all of your participation interest is exchanged for Class A common stock pursuant to the consolidation, suspended passive activity losses associated with your participation interest, if any, may be eligible for treatment as losses that are not from a passive activity to the extent that they exceed income and gains from passive activities for your taxable year that includes the consolidation.

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

(iii) If you receive a combination of (a) operating partnership units and (b) shares of common stock in excess of your reimbursement amount, you should be treated as first selling a portion of your participation interest for such excess shares of common stock in a transaction in which gain or loss is recognized. Following such sale, the subject LLC should be treated as contributing the portion of its property not attributable to participation interests otherwise treated as having been sold to the operating partnership in exchange for operating partnership units and common stock as a reimbursement of

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qualified capital expenditures in a tax-deferred contribution, and the subject LLC should be treated as distributing operating partnership units and shares of common stock equal to your reimbursement amount to you in a tax-deferred distribution.

If you receive solely Class A shares of common stock in the consolidation, or if you receive a combination of (a) operating partnership units and (b) an amount of common stock in excess of your reimbursement amount, upon receipt of such shares of common stock, you will be deemed to have consented to treat the consolidation as a sale of all or a portion of your participation interest in exchange for such shares of common stock for U.S. federal income tax purposes.

If you consent to the voluntary pro rata reimbursement program, you may be treated as receiving shares of common stock that you would otherwise receive in the consolidation and immediately transferring such shares of common stock to the supervisor as a reimbursement payment. For this purpose, even if you elect to receive solely operating partnership units in the consolidation, you should be treated as receiving shares of common stock equal to the amount that you are treated as transferring to the supervisor as a reimbursement payment. Accordingly, the gain or loss that you recognize in the consolidation transaction should take into account your deemed receipt of such common stock. You should be entitled to deduct the value of the shares of common stock that you are deemed to pay to the supervisor as an expense associated with your participation interest in your subject LLC. This deduction should offset the amount of gain you recognize, or increase the amount of losses you would otherwise recognize, as a result of your deemed receipt of shares of common stock. However, this deduction may be subject to certain limitations depending on your individual circumstances and may be required to be capitalized, and you should consult with your tax advisor regarding your ability to utilize all or a portion of this deduction for U.S. federal income tax purposes. See U.S. Federal Income Tax Considerations U.S. Federal Income Tax Considerations of the Voluntary Pro Rata Reimbursement Program for the Former Property Manager and Leasing Agent Legal Proceedings.

Whether you receive operating partnership units, Class A common stock, or Class B common stock in connection with the consolidation, you will be allocated your proportionate share of the income and other tax items of the subject LLC for the period ending with the date of closing of the consolidation. You will have to report such income even though you do not receive cash in consideration for your participation interest.

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

Taxable gain and loss estimates per participant s $10,000 original investment for participants receiving solely Class A common stock

Subject LLC	**Estimated Gain/(Loss) per Participant s $10,000 Original Investment(1)(2) Participant Receives Class A Common Stock**	
Empire State Building Associates L.L.C.		
Participants (without voluntary overrides)	$	356,320
Participants (with voluntary overrides)	$	321,460
250 West 57th St. Associates L.L.C.		
Participants (without voluntary overrides)	$	467,200
Participants (with voluntary overrides)	$	423,900
60 East 42nd St. Associates L.L.C.		
Participants	$	425,260

(1) Values are based on the hypothetical $10 per share exchange value that the supervisor arbitrarily assigned for illustrative purposes. Upon listing the Class A common stock on the NYSE, the price at which the Class A common stock will trade may be above or below the hypothetical $10 per share.
(2) The estimated gain/(loss) is calculated based upon presumed tax treatment of the subject LLCs as a result of the proposed consolidation for participants that were original investors in the subject LLCs.

Qualification of the Company as a REIT

The company has been organized and intends to operate in a manner that will enable it to qualify as a REIT for U.S. federal income tax purposes commencing with its taxable year ending December 31, 2013. The company has not requested and does not intend to request a ruling from the Internal Revenue Service, or the IRS, that it qualifies as a REIT. Qualification as a REIT involves the application of highly technical and complex Code provisions and Treasury Regulations promulgated thereunder for which there are limited judicial and administrative interpretations. The complexity of these provisions and of applicable Treasury Regulations is greater in the case of a REIT that, like the company, holds its assets through partnerships. To qualify as a REIT, the company must meet, on an ongoing basis, various tests regarding the nature and diversification of the company s assets and income, the ownership of the company s outstanding shares, and the amount of the company s distributions. The company s ability to satisfy these asset tests depends upon the company s analysis of the characterization and fair market values of its assets, some of which are not susceptible to a precise determination, and for which the company will not obtain independent appraisals. The company s compliance with the REIT income and quarterly asset requirements also depends upon the company s ability to manage successfully the composition of its income and assets on an ongoing basis. Moreover, new legislation, court decisions or administrative guidance, in each case possibly with retroactive effect, may make it more difficult or impossible for the company to qualify as a REIT. Thus, while the company intends to operate so that it will qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in the company s circumstances, no assurance can be given that the company will so qualify for any particular year. These considerations also might restrict the types of assets that the company can acquire in the future. If the company fails to qualify as a REIT in any taxable year and does not qualify for certain statutory relief provisions, the company will be subject to U.S. federal income tax at regular corporate rates and may be precluded from qualifying as a REIT for the subsequent four taxable years following the year during which it lost its REIT qualification. Even if the company qualifies for taxation as a REIT, it may be subject to certain U.S. federal, state and local taxes on its income or property. See U.S. Federal Income Tax Considerations.

Selected Financial and Other Data

The following table sets forth selected financial and other data on (i) a combined historical basis for the predecessor beginning on page F-51 and (ii) a pro forma basis for the company giving effect to the consolidation and the IPO, the related use of proceeds thereof and the other adjustments described in the unaudited pro forma financial information beginning on page F-5. The company has not presented historical information for Empire State Realty Trust, Inc. because the company has not had any corporate activity since its formation other than the issuance of shares of common stock in connection with the initial capitalization of the company and because the company believes a discussion of the results of the company would not be meaningful.

The company s predecessor s combined historical financial information includes:

The management companies, including their asset management, leasing, administrative, construction and development operations; and

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the real estate operations for the subject LLCs and the private entities excluding the four office properties for which the supervisor acts as supervisor but that are not consolidated into the company s predecessor for accounting purposes except for the company s predecessor s non-controlling interests in such properties.

You should read the following selected financial data in conjunction with the company s combined historical and unaudited pro forma condensed consolidated financial statements and the related notes and with Management s Discussion and Analysis of Financial Condition and Results of Operations of Empire State Realty Trust.

The selected historical combined balance sheet information as of December 31, 2011, 2010 and 2009 of the company s predecessor and selected combined statements of operations information for the years ended December 31, 2011, 2010, 2009 and 2008 of the company s predecessor have been derived from the audited historical combined financial statements of the company s predecessor. The historical combined balance sheet information as of September 30, 2012 and combined statements of operations for the nine months ended September 30, 2012 and 2011 have been derived from the unaudited combined financial statements of the company s predecessor. The selected historical combined balance sheet information as of December 31, 2008 and 2007 and selected combined statements of operations information for the year ended December 31, 2007 have been derived from the unaudited combined financial statements of the company s predecessor. The company s results of operations for the interim period ended September 30, 2012 are not necessarily indicative of the results that will be obtained for the full fiscal year.

The company s unaudited selected pro forma condensed consolidated financial statements and operating information as of and for the nine months ended September 30, 2012 and for the year ended December 31, 2011 assumes completion of the consolidation and the IPO and the other adjustments described in the unaudited pro forma financial information beginning on page F-5 as of January 1, 2012 for the operating data and as of the stated date for the balance sheet data.

The company s unaudited pro forma financial information is not necessarily indicative of what the company s actual financial position and results of operations would have been as of the date and for the periods indicated, nor does it purport to represent the company s future financial position or results of operations.

Empire State Realty Trust, Inc.

Selected Financial and Other Data

(amounts in thousands except for shares and per share data)

	Nine Months Ended September 30,			Year Ended December 31,					
	Pro Forma Consolidated	Historical Combined (Predecessor)		Pro Forma Consolidated	Historical Combined (Predecessor)				
	2012 (Unaudited)	2012	2011	2011 (Unaudited)	2011	2010	2009	2008	2007 (Unaudited)
Statement of Operations Data:									
Revenue:									
Rental revenue	$ 232,321	$ 129,673	$ 126,768	$ 301,828	$ 198,494	$ 166,159	$ 167,556	$ 162,194	$ 166,524
Tenant expense reimbursement	46,305	22,570	22,869	62,932	31,063	32,721	36,309	35,684	35,789
Third-party management and other fees	2,148	3,909	4,671	3,672	5,626	3,750	4,296	5,916	4,220
Construction revenue	11,731	11,731	35,323	47,560	47,560	27,139	15,997	56,561	42,373
Observatory income[(1)(2)]	68,493			80,562					
Other income and fees	23,041	8,778	9,909	16,485	12,045	16,776	8,157	8,442	13,601
Total Revenues	384,039	176,661	199,540	513,039	294,788	246,545	232,315	268,797	262,507
Expenses									
Operating expenses	106,186	40,336	40,520	141,381	57,102	60,356	58,850	55,291	51,180
Marketing, general, and administrative expenses	26,481	14,415	13,431	28,778	15,688	13,924	16,145	17,763	17,173
Observatory expenses[(2)]	15,473			20,009					
Construction expenses	12,575	12,575	34,121	46,230	46,230	27,581	17,281	56,080	42,217
Formation transaction expenses		1,640	1,849		2,845	807			
Real estate taxes	50,401	22,493	21,968	67,439	29,160	27,585	28,937	24,863	22,063
Depreciation and amortization	69,194	31,877	25,773	93,941	35,513	34,041	29,327	26,838	25,802
Total Operating Expenses	280,310	123,336	137,662	397,778	186,538	164,294	150,540	180,835	158,435

(footnotes on next page)

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	Nine Months Ended September 30,				Year Ended December 31,				
	Pro Forma Consolidated	Historical Combined (Predecessor)		Pro Forma Consolidated	Historical Combined (Predecessor)				
	2012 (Unaudited)	2012	2011	2011 (Unaudited)	2011	2010	2009	2008	2007 (Unaudited)
Income from Operations before Interest Expense and Equity in Net income of Non-controlled Entities	103,729	53,325	61,878	115,261	108,250	82,251	81,775	87,962	104,072
Interest expense, net	43,566	40,223	41,732	56,608	54,746	52,264	50,738	48,664	50,758
Income from Operations before Equity in Net Income of Non-controlled Entities	60,163	13,102	20,146	58,653	53,504	29,987	31,037	39,298	53,314
Equity in net income of non-controlled entities(2)		13,498	12,239		3,893	15,324	10,800	13,422	15,947
Net Income	$ 60,163	$ 26,600	$ 32,385	$ 58,653	$ 57,397	$ 45,311	$ 41,837	$ 52,720	$ 69,261
Other Data									
Funds from operations(3)	$ 128,804	$ 63,381	$ 63,402	$ 151,854	$ 99,761	$ 85,020	$ 75,458	$ 83,513	
EBITDA(4)	$ 178,514	$ 106,837	$ 108,235	$ 213,171	$ 158,647	$ 141,283	$ 129,591	$ 134,269	
Cash flows from:									
Operating activities		$ 85,646	$ 59,426		$ 47,682	$ 73,574	$ 58,509	$ 75,410	
Investing activities		$ (69,836)	$ (42,218)		$ (60,527)	$ (34,837)	$ (38,617)	$ (13,768)	
Financing activities		$ (8,891)	$ 20,685		$ 11,130	$ (44,793)	$ (5,035)	$ (65,824)	

	Nine Months Ended September 30,		Year Ended December 31,				
	Pro Forma Consolidated	Historical Combined (Predecessor)	Historical Combined (Predecessor)				
	2012 (Unaudited)	2012 (Unaudited)	2011	2010	2009	2008 (Unaudited)	2007 (Unaudited)
Balance Sheet Data (at period end):							
Net real estate	$ 1,239,096	$ 675,139	$ 632,132	$ 590,466	$ 582,904	$ 567,404	$ 575,348
Total assets	$ 2,683,193	$ 1,053,348	1,004,971	910,743	890,598	857,796	870,537
Notes and loans payable	$ 1,110,292	$ 991,275	939,705	869,063	871,636	828,150	828,812
Total liabilities	$ 1,351,356	$ 1,073,085	1,003,677	922,308	908,856	872,736	873,036
Stockholders /owners equity (deficit)	$ 1,331,837	$ (19,737)	1,294	(11,565)	(18,258)	(14,940)	(2,499)
Total liabilities and stockholders /owners equity (deficit)	$ 2,683,193	$ 1,053,348	1,004,971	910,743	890,598	857,796	870,537

(1) Observatory income includes $4,167 and $4,870 for the nine months ended September 30, 2012 and for the year ended December 31, 2011, respectively, of rental revenue attributable to a retail tenant which operates the concession space in the observatory under a lease expiring in May 2020.

(2) For the historical combined periods, the company s proportionate share of the revenues and expenses of the Empire State Building, including the observatory, are included in Equity in net income of non-controlled entities. Upon completion of the IPO, the revenues and expenses of the Empire State Building, including the observatory, will be presented on a consolidated basis.

(3) For a definition and reconciliation of funds from operations, or FFO, and a statement disclosing the reasons why the company s management believes that presentation of FFO provides useful information to investors and, to the extent material, any additional purposes for which the company s management uses FFO, see Management s Discussion and Analysis of Financial Condition and Results of Operations of Empire State Realty Trust Funds from Operations.

(4) For a definition and reconciliation of earnings before interest, income tax, depreciation and amortization, or EBITDA, and a statement disclosing the reasons why the company s management believes that presentation of EBITDA provides useful information to investors and, to the extent material, any additional purposes for which the company s management uses EBITDA, see Management s Discussion and Analysis of Financial Condition and Results of Operations of Empire State Realty Trust EBITDA.

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RISK FACTORS

Before you decide how to vote on the consolidation and the third-party portfolio proposal, you should be aware that there are various risks involved in the consolidation and a third-party portfolio transaction, including those described below. In addition to the other information included in this prospectus/consent solicitation, you should consider the following risk factors carefully in determining whether to vote in favor of the consolidation and the third-party portfolio proposal. The supervisor believes the various risks described below have substantially the same affect on participants in each subject LLC.

The supervisor and the company also caution you that this prospectus/consent solicitation contains forward-looking statements. These forward-looking statements are based on the supervisor s or the company s beliefs and expectations as applicable, which may not be correct. Important factors that could cause such actual results to differ materially from the expectations reflected in these forward-looking statements include those set forth below, as well as general economic, business and market conditions, changes in federal and local laws and regulations, costs or difficulties relating to the consolidation and related transactions and increased competitive pressures. See Forward-Looking Statements. The terms of the agreements and the assumptions concerning the IPO could change prior to the closing of the consolidation and the IPO and such changes could be significant.

Risk Factors Related to the Company and Risks Resulting from the Consolidation

The value of the operating partnership units and/or common stock that you receive and trading price of the operating partnership units and Class A common stock following completion of the IPO is uncertain. The value of the operating partnership units and Class A common stock and their trading prices could be lower than anticipated and, based on current market conditions, the supervisor believes that such values may be less than the exchange value.

The exchange values of the subject LLCs, each private entity and the management companies were determined based on the Appraisal of each subject LLC, each private entity and the management companies prepared by the independent valuer. The Appraisal does not necessarily represent the values that would be realized in a sale of the subject LLCs, the private entities, the management companies or their assets in arm s length transactions. The value of the operating partnership units and/or common stock that you receive will be based on the enterprise value of the company determined in connection with the IPO. The enterprise value and the IPO price for the Class A common stock will be based on a variety of factors, including the price per share at which third-party investors are willing to invest in the Class A common stock and economic and market conditions for the Class A common stock at the time of the IPO. Accordingly, the fair market value of the consideration that you receive will not be known until the pricing of the IPO, which will occur after you vote upon the approval of the consolidation transaction. The enterprise value (which is based on the IPO price) will be determined by, among other things, market conditions at the time of pricing of the IPO, the historical and future performance of the company and its portfolio of properties and the market s view of the company s net asset value and other valuation metrics. Today, some REITs common stock trades at a premium to perceived net asset value and others trade at a discount to perceived net asset value. The market s view of the company s net asset value determined in connection with the IPO could be less than the exchange values determined based on the Appraisal. The Appraisal was undertaken in connection with establishing relative value for the purpose of allocation of interests in the company among contributors of interests in the properties and not to establish the value of shares of common stock in the company upon completion of the IPO. In contrast, the pricing of REIT initial public offerings generally takes into account different factors not considered in the Appraisal, including current conditions in the securities markets, investor preferences and the market s view of the company s management team. Additionally, the Appraisal did not take into account transaction costs for the consolidation and the IPO.

The supervisor believes that initial public offering pricing for REIT common stock generally is at a discount to the market price for common stock of well-established, publicly-traded REITs, and that the company s IPO pricing will be no different. For this and other reasons, the supervisor expects that the enterprise value at the pricing of the IPO will be lower than the aggregate exchange value at the pricing of the IPO, and such discount at the pricing of the IPO could be material and substantial. This discount cannot be determined until the pricing of the IPO.

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The market value of the operating partnership units and Class A common stock could be substantially affected by general market conditions, including the extent to which a secondary market develops for the operating partnership units and Class A common stock following the IPO, the extent of institutional investor interest in the company, the general reputation of REITs and the attractiveness of their equity securities in comparison to other equity securities, including securities issued by other real estate-based companies, the company s financial performance and general stock and bond market conditions.

The supervisor arbitrarily has assigned $10 as the hypothetical value of each operating partnership unit and share of common stock for purposes of illustrating the number of operating partnership units and shares of common stock that will be issued to each of the subject LLCs, the private entities and the management companies in the consolidation. The IPO price of the Class A common stock may be below the hypothetical $10 per share.

The stock markets, including the NYSE on which the company expects the operating partnership units issued to participants in the subject LLCs and shares of the Class A common stock will be listed, have from time to time experienced significant price and volume fluctuations. As a result, the market price of the operating partnership units and shares of the Class A common stock may be similarly volatile, and investors in the operating partnership units and shares of the Class A common stock may from time to time experience a decrease in the value of their units or shares, including decreases unrelated to the company s operating performance or prospects. The price of the operating partnership units and shares of the Class A common stock could be subject to wide fluctuations in response to a number of factors, including those listed in this Risk Factors section of this prospectus/consent solicitation and others such as:

- the company s operating performance and the performance of other similar companies;
- actual or anticipated differences in the company s quarterly operating results;
- changes in the company s revenues or earnings estimates or recommendations by securities analysts;
- publication of research reports about the company, the office or retail real estate sectors, office or retail tenants or the real estate industry;
- increases in market interest rates, which may lead investors to demand a higher distribution yield for shares of the company s common stock, and would result in increased interest expenses on the company s debt;
- actual or anticipated changes in the company s and its tenants businesses or prospects;
- the current state of the credit and capital markets, and the company s ability and the ability of the company s tenants to obtain financing;
- additions and departures of key personnel;
- increased competition in the commercial office and retail real estate business in the company s markets;
- strategic decisions by the company or the company s competitors, such as acquisitions, divestments, spin-offs, joint ventures, strategic investments or changes in business strategy;

the passage of legislation or other regulatory developments that adversely affect the company or the company s industry;

speculation in the press or investment community;

actions by institutional stockholders;

equity issuances by the company (including the issuances of operating partnership units), or common stock resales by the company s stockholders, or the perception that such issuances or resales may occur;

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- the impact of the limited number of holders of each series of operating partnership units, the lock-ups and tax attributes;
- actual, potential or perceived accounting problems;
- changes in accounting principles;
- the failure of the operating partnership to maintain its status as a partnership for U.S. federal income tax purposes;
- failure of the company to qualify as a REIT;
- terrorist acts, natural or man-made disasters or threatened or actual armed conflicts and
- general market and local, regional and national economic conditions, particularly in the Manhattan and greater New York metropolitan area, including factors unrelated to the company s performance.

No assurance can be given that the market price of the operating partnership units and shares of the Class A common stock will not fluctuate or decline significantly in the future or that holders of operating partnership units and shares of the Class A common stock will be able to sell their units or shares when desired on favorable terms, or at all. From time to time, in the past, securities class action litigation has been instituted against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert the company s management s attention and resources.

There will be a fundamental change in the nature of your investment if the consolidation is consummated.

The consolidation involves a fundamental change in the nature of your investment. As a result, you may be subject to increased risks, including:

- Your investment currently consists of a participation interest in an entity, taxed as a partnership for U.S. federal income tax purposes, which owns an interest in a single office building property in Manhattan. After the consolidation, you will hold operating partnership units, unless you elect to receive Class A common stock, or, to a limited extent, as described herein, Class B common stock in lieu of operating partnership units issuable to you. The operating partnership units will be redeemable at your option for cash or, at the company s election, shares of Class A common stock. The operating partnership is a subsidiary of the company. The company intends to elect and qualify to be taxed as a REIT for U.S. federal income tax purposes commencing with its taxable year ending December 31, 2013, and, through the operating partnership, is expected to own as many as 18 properties that include office and retail properties in Manhattan and the greater New York metropolitan area, and expects to make additional investments;
- If your subject LLC sold its property interests it would liquidate and distribute the net proceeds to its participants. The company intends to reinvest the net proceeds from any future property sales. The company may raise additional funds through equity or debt financings to make future acquisitions of properties and such future issuances of debt or equity securities or the company s other borrowings may reduce the market price of the operating partnership units or the company s shares of Class A common stock and dilute your ownership in the company;
- The company will own types of properties different from those in which your subject LLC is invested;

The risks inherent in investing in an operating company such as the company include the risk that the company may invest in new properties that are not as profitable as anticipated;

It is possible that properties acquired in the consolidation will not be as profitable as anticipated and

Your investment will change from one in which you generally are entitled to receive distributions from rents received from the lessees of the property owned by your subject LLC and any net proceeds of a sale or refinancing of your subject LLC s interest in a property to an investment in an entity in which you may realize the value of your investment only through the distributions of rents from the company and the sale of your common stock.

After the consolidation, you will hold operating partnership units, unless you elect to receive Class A common stock, or, to a limited extent, as described herein, Class B common stock in lieu of operating partnership units issuable to you. Beginning 12 months after the completion of the IPO, the operating partnership units will be exchangeable at your option for cash or, at the company s election, shares of Class A common stock. The operating partnership will be a majority owned subsidiary of the company. You will be subject to the risks inherent in investing in an operating partnership which is a majority owned subsidiary of the company, including the risk that the company may invest in new properties that are not as profitable as anticipated.

Holders of operating partnership units of the operating partnership will have limited rights.

Participants issued operating partnership units in the consolidation will hold units of limited partnership interest in a subsidiary of the company and will not be entitled to exercise voting rights in the company or other rights of a stockholder in the company. In addition, holders of operating partnership units will have no right to vote for members of the company s board of directors unless such holder elects, to the limited extent described herein, to receive Class B common stock or until such holder s operating partnership units are exchanged for shares of Class A common stock. Therefore, to the extent a participant receives operating partnership units, such holder s rights will be more limited than if such participant receives Class A common stock.

Holders of operating partnership units that acquire shares of Class B common stock will have a significant vote in matters submitted to a vote of stockholders.

The participants in the subject LLCs have an option to elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participant would otherwise receive in the consolidation (*i.e.*, they will receive one share of Class B common stock and 49 operating partnership units). Accredited investors in the private entities and the management companies had the same option at the time they made their election of consideration in the private solicitation. Each outstanding share of Class B common stock entitles the holder to 50 votes on all matters on which the stockholders of Class A common stock are entitled to vote. Holders of Class B common stock will be entitled to share equally, on a per share basis, in all distributions payable with respect to shares of the Class A common stock. Holders of Class B common stock may have interests that differ from those holders of Class A common stock, including by reason of their interest in the operating partnership, and may accordingly vote as a stockholder in ways that may not be consistent with the interests of holders of Class A common stock. This significant voting influence over certain matters may have the effect of delaying, preventing or deterring a change of control of the company, or could deprive holders of Class A common stock of an opportunity to receive a premium for their Class A common stock as part of a sale of the company.

After the consolidation, participants will have exposure to the market and economic conditions of other properties.

As a result of the consolidation, the participants will own interests in a much larger, broader range of properties than any of the subject LLCs individually. A material adverse change affecting the company s property will affect all the stockholders whether or not a particular stockholder previously was a participant in an entity owning an interest in such affected property. Each subject LLC owns a discrete property asset, and the consolidation will diversify the types of the properties in which the participants, as stockholders of the company, will have interests and result in ownership of interests in an entity owning properties located outside of Manhattan. As a result, the properties owned by the company may be affected differently by economic and market conditions than the property owned by an individual subject LLC.

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Actual distribution levels to stockholders will depend upon actual results of operations, economic conditions and other factors that could differ materially from current expectations and could be lower than the amount estimated and your current distributions.

The company cannot assure you that the estimated distribution yields will be made or sustained. Any distributions the company pays in the future will depend upon actual results of operations, economic conditions and factors that could differ materially from current expectations and will be determined in the sole discretion of the company s board of directors. Actual results of operations will be affected by a number of factors, including the revenue the company receives from the existing and acquired properties, operating expenses, interest expense, occupancy levels, the ability of tenants to meet their obligations and unanticipated expenditures. As a result, cash distributions to the stockholders after the consolidation may be less than the anticipated cash distributions and the cash distributions currently received by the participants.

There are conflicts of interest inherent in the structure of the consolidation, and the supervisor and the Malkin Holdings group will receive substantial benefits if it is consummated.

The supervisor, the agents and their affiliates serve as supervisor, agents for groups of participants or in a similar capacity with respect to each subject LLC and each private entity, and, as such, have conflicts of interest structuring the consolidation. The supervisor and the Malkin Holdings group structured and negotiated the consolidation and will receive benefits that may exceed the benefits that they would derive from ownership of their interests in the subject LLCs, the private entities and the management companies if the consolidation were not consummated. The Malkin Holdings group will receive an estimated aggregate of 73,078,153 operating partnership units, shares of Class A common stock and shares of Class B common stock, having an aggregate value based on the exchange value of $730,781,533, which they will receive in accordance with the allocation of exchange value based on the Appraisal. The amounts allocated to the Malkin Holdings group are based on the hypothetical $10 per share exchange value that the supervisor arbitrarily assigned for illustrative purposes, and consists of: their interests as participants which will be allocated to them on the same basis as other participants; their interests as holders of override interests which will be allocated to them in accordance with the subject LLCs and private entities organizational documents; and their interests in the management companies, which will be allocated to them in accordance with the valuations of the management companies by the independent valuer. This is in addition to shares of Class A common stock issuable in respect of the voluntary pro rata reimbursement program consented to by participants in the subject LLCs and its share of distributions of any cash available for distribution from the subject LLCs prior to the consolidation.

The Malkin Holdings group may hold a greater interest, including overrides, in other subject LLCs and the other private entities than in your subject LLC. While the Malkin Holdings group holds a greater interest, including overrides, in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. than in their operating lessees, the Malkin Holdings group s interest, including overrides, in Fisk Building Associates L.L.C., the operating lessee of 250 West 57th St. Associates L.L.C., is greater than its interest, including overrides, in 250 West 57th St. Associates L.L.C.

The Malkin Holdings group has a conflict of interest in connection with the structure of the consideration and the allocation of consideration because it could affect the benefit to the Malkin Holdings group. The Malkin Holdings group will also realize a benefit from the allocation of consideration to the management companies, which has an exchange value of $16,302,000, and from the company s compensation arrangements. In addition, officers and members of the supervisor will be executive officers and a director of the company and will benefit from the terms of their compensation arrangements with the company. The distribution and compensation to the Malkin Holdings group will change as a result of the consolidation. For a comparison of the distributions and compensation that the Malkin Holdings group would have received from the subject LLCs as compared to the distributions and compensation it will receive after the consolidation, see Comparison of Ownership of Participation Interests, Operating Partnership Units and Shares of Common Stock Compensation and Fees and the section entitled Distributions and Compensation Paid to the Supervisor and its Affiliates Compensation, Reimbursement and Distributions to the Supervisor and its Affiliates in the supplement for your subject LLC.

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Pursuant to an indemnification agreement, the principals of the supervisor also will be entitled to indemnification for claims relating to the consolidation, including a claim by participants in the subject LLCs. As a result, the supervisor of your subject LLC has a conflict of interest in connection with the consolidation, which could affect the structuring of the consolidation.

From inception, the supervisor has represented many different ownership interests, and the subject LLCs and the private entities, therefore, have been exposed to conflicts of interest. For example, the supervisor and persons associated with the supervisor, act as an external manager for all of the entities (including the subject LLCs and the operating lessees), serve as agents for the participants in the subject LLCs and certain of the private entities, determine when to make recommendations on sales, financings and operations of the properties, and make or recommend all operating and leasing decisions in all operating entities and all decisions of the subject LLCs. Decisions made by the supervisor in its capacity as supervisor of the operating lessees with regard to property operations dictate the cash available for distribution to the subject LLCs, which are also supervised by the supervisor. For a detailed description of the conflicts of interests, see Conflicts of Interest.

The company may acquire properties or portfolios of properties through tax-deferred contribution transactions, which could result in stockholder dilution and limit the company s ability to sell such assets.

In the future the company may acquire properties or portfolios of properties through tax deferred contribution transactions in exchange for partnership interests in the operating partnership, which may result in stockholder dilution. This acquisition structure may have the effect of, among other things, reducing the amount of tax depreciation the company could deduct over the tax life of the acquired properties, and may require that the company agree to protect the contributors ability to defer recognition of taxable gain through restrictions on the company s ability to dispose of the acquired properties and the allocation of partnership debt to the contributors to maintain their tax bases. These restrictions could limit the company s ability to sell an asset at a time, or on terms, that would be favorable absent such restrictions.

The company may pursue less vigorous enforcement of terms of the contribution agreements because of conflicts of interest with certain principals and officers of the supervisor who will be officers of the company, which could have a material adverse effect on the company s business.

Principals and officers of the supervisor have ownership interests in the subject LLCs and the private entities that the company will acquire in the consolidation upon completion of the IPO. As part of the consolidation, Anthony E. Malkin, Scott D. Malkin and Cynthia M. Blumenthal made limited representations and warranties to the company regarding the entities, properties and assets to be acquired by the company in the consolidation transaction and agreed to indemnify the company and the operating partnership for 12 months after the closing of the IPO for breaches of such representations and warranties subject to a deductible of $1 million and a cap of $25 million. Such indemnification is limited, however, and the company is not entitled to any other indemnification in connection with the consolidation. In addition, the company expects that Anthony E. Malkin will enter into an employment agreement with the company pursuant to which he will agree, among other things, not to engage in certain business activities in competition with the company (both during, and for a period of time following, his employment with the company). The company may choose not to enforce, or to enforce less vigorously, its rights under these agreements due to the company s ongoing relationship with its predecessor principals and its executive officers, and this could have a material adverse effect on the company s business.

If a participant consents to the voluntary pro rata reimbursement program for expenses of the legal proceedings with the former property manager and leasing agent, the supervisor will be reimbursed for costs previously advanced.

You are being asked to consent to the voluntary pro rata reimbursement program under which your share of distributions will be reduced by your pro rata share of the costs advanced by the supervisor and Peter L. Malkin for the former property manager and leasing agent legal proceedings. See the section entitled Voluntary Pro

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Rata Reimbursement Program For Expenses of Legal Proceeding with Former Property Manager and Leasing Agent. If you consent to the voluntary pro rata reimbursement program, the supervisor and Peter L. Malkin will be reimbursed for your pro rata share of costs previously incurred out of your share of the excess cash of your subject LLC that is being distributed to participants, and, to the extent that is insufficient, the consideration that you would receive in the consolidation or the consideration that you would receive in a third-party portfolio transaction, as applicable, will be reduced by the balance (valued, if the consolidation is consummated, at the IPO price) and such balance would be paid to the supervisor and Peter L. Malkin in shares of Class A common stock, if the consolidation is consummated, or out of distributions that you would receive from the proceeds of a third-party portfolio transaction, if consummated, or out of distributions from operations of the subject LLC. Your failure to consent to this proposal will not affect whether or not the subject LLC participates in the consolidation or a third-party portfolio transaction.

The independent valuer s Appraisal and fairness opinion relied on information that the supervisor provided and analysis performed by the independent valuer.

The independent valuer s Appraisal of the subject LLCs, the private entities and the management companies and its opinion as to the fairness from a financial point of view of the allocation of consideration relied on information the supervisor provided and analysis performed by the independent valuer. The information the supervisor provided to the independent valuer included in-place and certain other lease rates and other financial and descriptive information about the properties. The supervisor has a conflict of interest in connection with the information it provided because it affects the number of shares of common stock and operating partnership units issued to it and the Malkin Holdings group.

There are limitations on the independent valuer s fairness opinion and Appraisal that could affect the reliance on the fairness opinion and Appraisal rendered by the independent valuer.

The independent valuer s fairness opinion and Appraisal are subject to limitations which could affect participants reliance on the fairness opinion and Appraisal, including:

- The supervisor engaged the independent valuer to render both the fairness opinion and the Appraisal, so participants do not have the potential benefit of a separate review of the independent valuer s Appraisal by a fairness opinion provider;

- The independent valuer s fairness opinion addresses solely the allocation of consideration (Class A common stock, Class B common stock, operating partnership units or cash) (i) among each subject LLC, each private entity and the management companies and (ii) to the participants in each subject LLC and each private entity (without giving effect to any impact of the consolidation on any particular participant other than in its capacity as a participant in each of the subject LLCs and each of the private entities). The fairness opinion does not address any other term of the consolidation, the market value of the shares of common stock and operating partnership units, or alternatives to the consolidation. The fairness opinion assumes that all entities are included in the consolidation and has not addressed the fairness of other possible combinations where one or more of such entities is not included. Accordingly, the fairness opinion does not address other matters which are significant to the participants evaluation of the consolidation and

- Since the independent valuer will not further update the Appraisal or fairness opinion, changes may occur from the date of the Appraisal or fairness opinion that might affect the conclusions expressed in them. Some of the changes could be material.

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The method of calculation of the value of your participation interests in the subject LLC (and consequently, the consideration payable to you in the consolidation) will lock in the relative value of all of the subject LLCs, the private entities and the management companies, which will limit your ability to benefit from relative changes in value of the property in which you currently hold direct or indirect participation interests and will cause you to bear a portion of the burden of changes in the value of the properties in which you do not currently hold direct or indirect participation interests. In addition, the participants consents to the consolidation will not be affected by any change in value.

If the consolidation is approved, the contribution agreements require that the consolidation be consummated by December 31, 2014. There could be significant changes in the value of the company between the date that the consents are received and the date of consummation of the consolidation. The contribution agreements use a formula to ascribe value to the subject LLCs, the private entities, and the management companies. This formula is based, in part, on the relative exchange values of the subject LLCs, the private entities, and the management companies determined as of June 30, 2012 and effectively locks in the relative values of the subject LLCs, the private entities, and the management companies as of such date. Other than subsequent variations in relative valuation due to certain extraordinary receipts of or payments made by the subject LLCs, the private entities, and the management companies prior to the closing of the IPO (which are taken into account under the contribution agreements) and certain balance sheet adjustments, these locked-in relative valuations will not change prior to the closing of the consolidation. Therefore, you will not capture all of the benefit from pre-IPO increases in the value of the property relative to the rest of the properties as such increases will be shared pro rata by you and all other holders of participation interests in the subject LLCs, the private entities, and the management companies. Similarly, if the value of other properties declines in value relative to the property in which you currently hold an interest, you will bear a pro rata portion of this decline in value along with all other holders of participation interests in all of the properties. In addition, the participants consents to the consolidation will not be affected by any change in value, including any change in the relative value of a subject LLC as compared to the value of other subject LLCs, private entities or the management companies. The consolidation may be consummated regardless of how significant such changes are and may be consummated notwithstanding such changes.

There have been no arm s-length negotiations.

The supervisor established the terms of the consolidation, including the exchange value, without any arm s-length negotiations. Accordingly, the exchange value may not reflect the value that you could realize upon a sale of your participation interest or a liquidation of your subject LLC s assets.

The terms of the consolidation may have been more favorable to you and the other participants if an independent representative had been retained on behalf of you and the other participants in structuring and negotiating the consolidation.

The subject LLCs have not retained any outside representative to act on behalf of the participants in structuring and negotiating the terms and conditions of the consolidation. No group of participants was empowered to negotiate the terms and conditions of the consolidation or to determine what procedures should be in place to safeguard the rights and interests of the participants. In addition, no investment banker, attorney, financial consultant or expert was engaged to represent the interests of the participants. The company and the supervisor of your subject LLC were the parties responsible for structuring all the terms and conditions of the consolidation. The company and the supervisor engaged legal counsel to assist with the preparation of the documentation for the consolidation, including this prospectus/consent solicitation. This legal counsel did not serve, or purport to serve, as legal counsel for the subject LLCs or the participants. While the subject LLCs exchange values have been determined based on the Appraisal by the independent valuer, which has also delivered a fairness opinion as described above, no independent representative was retained to negotiate on behalf of the participants. There are 23 subject LLCs and private entities and groups with different interests in many of these entities. The supervisor does not believe that a single independent representative could have represented the interests of all participants and believes that to locate and retain an independent and equally competent and qualified representative for each separate interest in the consolidation is not possible. The supervisor represents the interests of all participants in the subject LLCs and private entities. The supervisor has served the same role in the past for sales of other properties with different groups of participants and believes it is not required to retain any independent representative on behalf of each group of participants or all of the participants as a whole. The supervisor believes the Appraisal prepared by the independent valuer serves the purposes of representing all parties fairly and that the consolidation is fair to all participants regardless of the absence of any such independent representative. If a representative or representatives had been retained for the participants, the terms of the consolidation might have been different and, possibly, more favorable to the participants.

The IPO may not be consummated if one or more LLCs do not obtain the requisite consent for the consolidation from its participants.

The closing of the consolidation is conditioned on the approval of Empire State Building Associates L.L.C., but is not conditioned on the approval of any other subject LLC. The other subject LLCs represent a material portion of the exchange value and anticipated cash flow and net income of the company (assuming that all private entities and subject LLCs participate in the consolidation). As a result, if one or more of the subject LLCs do not approve the consolidation, it could adversely affect the ability of the company to complete the IPO.

Participants who do not approve the consolidation, including participants that do not timely submit their consent forms, after notice that the required percentage of participants in their participating group have so approved, may have their participation interests purchased at a lower price.

The organizational documents provide that if holders of 80% of the participation interests in any of the three participating groups in Empire State Building Associates L.L.C. or holders of 90% of the participation interests in any of the seven participating groups in 60 East 42nd St. Associates L.L.C. approve an action, the agents may purchase on behalf of the subject LLC the participation interests of participants who do not approve such action, and that price would be substantially below the exchange value of the interests. If the required supermajority consent of the participation interests in a participating group in a subject LLC approves the consolidation, the agent of any such participating group will purchase on behalf of the subject LLC the participation interest of any participant in such participating group that voted **AGAINST** the consolidation, **ABSTAINED**, or did not properly or timely submit a consent form. The buyout amount for a participant s interest would be substantially lower than the exchange value. The buyout amount, which is equal to the original cost less capital repaid, but not less than $100, is currently $100 for the interest held by a participant in Empire State Building Associates L.L.C. and $100 for the interest held by a participant in 60 East 42nd St. Associates L.L.C., as compared to the exchange value of $323,800 (or $358,670 if you are not subject to the voluntary capital override) per $10,000 original investment for Empire State Building Associates L.L.C. and $402,660 per $10,000 original investment for 60 East 42nd St. Associates L.L.C., respectively. Prior to an agent purchasing the participation interests of non-consenting participants, an agent will give such participants not less than ten days notice after the required supermajority consent is received by the applicable participating group in such subject LLC to permit them to consent to the consolidation, in which case their participation interests will not be purchased. Unanimity on the consents is required pursuant to the organizational documents of Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. with respect to both the consolidation and the third-party portfolio proposal for the consent of a participating group; therefore, a participant in either of such subject LLCs who does not vote in favor of either the consolidation or third-party portfolio transaction proposal (and does not change his or her vote after notice that the requisite supermajority consent has been obtained) will be subject to this buyout regardless of whether either or neither transaction is consummated or the required consent of other participating groups is received. A vote for the proposed transaction by the participants constitutes an authorization for the agents of each participating group to approve, in their capacity as members of the applicable subject LLC, the consolidation or the third-party portfolio transaction, as applicable. The agents, under the operating agreements of the subject LLCs, have discretion, subject to their fiduciary duties, to determine whether to approve the transaction, even after supermajority approval has been obtained for either or both transactions and dissenting participants have been bought out. Additionally, the supervisor, acting on behalf of the subject LLCs and the agents, similarly has discretion, subject to its fiduciary duties, as to whether to abandon or to postpone the transaction, even after supermajority approval has been obtained for either or both transactions and dissenting participants have been bought out. The agents and supervisor could determine not to proceed with the consolidation and the IPO due to market conditions or other reasons.

If the participants in a subject LLC approve the consolidation and the subject LLC is consolidated with the company, the subject LLC no longer can enter into alternatives to the consolidation.

The alternatives to participation in the consolidation include continuation of a subject LLC and sale of such subject LLC s interest in the property and the distribution of the net proceeds to its participants. Continuation of the subject LLC in accordance with its existing business plan would not subject the subject LLC to the risks associated with the consolidation or changes in participants rights. Sale of the subject LLC s interest in a property would enable participants to receive the net proceeds from the sale of the subject LLC s interest in its property. If a subject LLC were consolidated with the company, participants no longer will be able to realize the potential benefits of alternatives to the consolidation.

Participants have no cash appraisal rights.

You do not have the right to elect to receive a cash payment equal to the value of your participation interest in your subject LLC if your subject LLC approves the consolidation and you voted **AGAINST** it. Additionally, you do not have the right to have the value of your participation interest determined in a separate proceeding and paid in cash.

At the time participants vote on the consolidation proposal, there will be uncertainties as to the size, makeup and leverage of the company after the consolidation which affects your ability to evaluate the consolidation.

There will be several uncertainties relating to the consolidation at the time that you and the other participants vote on the consolidation. Most importantly, you will not know which subject LLCs will approve the consolidation or which of the subject LLCs and the private entities will participate in the consolidation, either because conditions to closing are not satisfied or for other reasons, and thus, which properties the company will acquire. You also will not know the IPO price, the size of the IPO, the exact exchange value for each subject LLC, the enterprise value of the company prior to the IPO or the amount of leverage of the company or the operating partnership. The consolidation is conditioned on the contribution to the company of the property interests in the Empire State Building owned by Empire State Building Associates L.L.C., which owns the fee interest and the underlying land, and Empire State Building Company L.L.C., the private entity which is the operating lessee with respect to the Empire State Building, but is not conditioned on any other subject LLC or private entity contributing their property interests to the company in the consolidation. You also will not know the capital structure of the company. These factors will affect the post-consolidation size and scope of the company and the value of your operating partnership units and shares of common stock.

There is currently litigation pending, and the potential for additional litigation, associated with the consolidation. The company may incur costs from these litigations.

In March 2012, five putative class actions, or the Class Actions, were filed in New York State Supreme Court, New York County by participants in Empire State Building Associates L.L.C. and several other entities supervised by the supervisor (on March 1, 2012, March 7, 2012, March 12, 2012, March 14, 2012 and March 19, 2012). The plaintiffs assert claims against Malkin Holdings LLC, Malkin Properties, L.L.C., Malkin Properties of New York, L.L.C., Malkin Properties of Connecticut, Inc., Malkin Construction Corp., Anthony E. Malkin, Peter L. Malkin, the Helmsley estate, the operating partnership and the company for breach of fiduciary duty, unjust enrichment, and/or aiding and abetting breach of fiduciary duty. They allege, among other things, that the terms of the transaction and the process by which it was structured (including the valuation that was employed) are unfair to the participants, the consolidation provides excessive benefits to the Malkin Holdings group and the then-draft prospectus/consent solicitation filed with the SEC failed to make adequate disclosure to permit a fully-

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informed decision about the proposed transaction. The complaints seek money damages and injunctive relief preventing the proposed transaction. The actions were consolidated and co-lead plaintiffs counsel were appointed by the New York State Supreme Court by order dated June 26, 2012.

The parties entered into a Stipulation of Settlement dated September 28, 2012, resolving the Class Actions. The defendants in the Stipulation of Settlement denied that they committed any violation of law or breached any of their duties and did not admit that they had any liability to the plaintiffs. Members of the putative class have the right to opt out of the monetary portion of the settlement, but not the portion providing for equitable relief. Although a Stipulation of Settlement has been entered into, there can be no assurance that the New York State Supreme Court will approve the settlement. In such event, the proposed settlement as contemplated by the Stipulation of Settlement may be terminated. Accordingly, no assurances can be given that the Class Actions will be settled or that the defendants will be successful in the outcome of any of these pending or future lawsuits, and as a result, the company may incur costs associated with defending or settling such litigation or paying any judgment if the company loses. In addition, the company may be required to pay damage awards or settlements. If the New York State Supreme Court does not approve the settlement, the company cannot reasonably assess the timing or outcome of this litigation, estimate the amount of loss, or assess its effect, if any, on its financial statements. The payment in settlement of the Class Actions will be made by the Helmsley estate and the Malkin Holdings group and certain participants in the private entities who agree to contribute. Neither the company nor the operating partnership will bear any of the settlement payment. For a description of the terms of the settlement, see The Company Business and Properties Legal Proceedings.

Additionally, there is a risk that other third parties will assert claims against the company or the supervisor, including, without limitation, that the supervisor breached its fiduciary duties to participants in the subject LLCs and the private entities or that the consolidation violates the relevant operating agreements, and third parties may commence litigation against the company or the supervisor. As a result, the company may incur costs associated with defending or settling such litigation or paying any judgment if it loses.

The company may assume unknown liabilities in connection with the consolidation, which, if significant, could materially and adversely affect the company s business.

As part of the consolidation, the company (through the operating partnership) will acquire the properties and assets of the subject LLCs, the private entities and the management companies subject to existing liabilities, some of which may be unknown at the time the IPO is consummated. Unknown liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims of tenants, vendors or other persons dealing with such entities prior to the IPO (whether or not asserted or threatened prior to the IPO), tax liabilities and accrued but unpaid liabilities incurred in the ordinary course of business. As part of the consolidation, Anthony E. Malkin, Scott D. Malkin and Cynthia Blumenthal made limited representations and warranties to the company regarding the subject LLCs, the private entities, the management companies, the properties and the assets to be acquired by the company in the consolidation and agreed to indemnify the company and the operating partnership for 12 months after the closing of the IPO for breaches of such representations subject to a deductible of $1 million and a cap of $25 million. Because many liabilities, including tax liabilities, may not be identified within such period, the company may have no recourse against Anthony E. Malkin, Scott D. Malkin or Cynthia Blumenthal for such liabilities. In addition, the company has agreed to indemnify members, managers, officers, directors, partners and agents of the supervisor for certain claims. Any unknown or unquantifiable liability that the company assumes in connection with the consolidation for which it has no or limited recourse could materially and adversely affect the company.

The departure of any of the company s key personnel could materially and adversely affect the company.

The company s success depends on the efforts of key personnel, particularly Anthony E. Malkin, the company s Chairman, Chief Executive Officer and President. Among the reasons Anthony E. Malkin is important to the company s success is that he has a national industry reputation that attracts business and investment opportunities and assists the company in negotiations with lenders, existing and potential tenants and industry personnel. He has led the acquisition, operating and repositioning of the company s assets for the last two decades. If the company lost his services, the company s external relationships and internal leadership resources would be materially diminished.

Other members of the company s senior management team also have strong industry reputations and experience, which aid the company in attracting, identifying and exploiting opportunities. The loss of the services of one or more members of the company s senior management team, particularly Anthony E. Malkin, could have a material and adverse impact on the company.

The company s Chairman, Chief Executive Officer and President has outside business interests that will take his time and attention away from the company, which could materially and adversely affect the company.

The company s Chairman, Chief Executive Officer and President will continue to own interests in the excluded properties, excluded businesses and option properties that are not being contributed to the company in the consolidation, some of which will be managed by the company and certain non-real estate family investments. In some cases, Anthony E. Malkin or his affiliates will have certain management and fiduciary obligations that may conflict with such person s responsibilities as an officer or director of the company and may adversely affect the company s operations. Anthony E. Malkin will devote a majority of his business time and attention to the company s business and, under his employment agreement, he may also devote time to the excluded properties, option properties, the excluded businesses and certain family investments to the extent that such activities do not materially interfere with the performance of his duties to the company.

The potential liability of the officers and directors of the company is limited.

As a stockholder, you will have different rights and remedies against the company, its officers and directors than you have against the supervisor and agents of your subject LLC. The company s charter provides that, to the maximum extent permitted by law, no officer or director is liable to the company or its stockholders for monetary damages. Generally, under the company s charter and bylaws, the company will indemnify its officers and directors against specified liabilities that may be incurred in connection with their service to the company. These provisions could limit the legal remedies against any officer or director of the company that are available to the company, to you and to other stockholders after the consolidation. The company s charter limits the liability of its present and former directors and officers to the company and its stockholders for money damages to the maximum extent permitted under Maryland law. Under current Maryland law, the company s present and former directors and officers will not have any liability to the company or its stockholders for money damages other than liability resulting from (1) actual receipt of an improper benefit or profit in money, property or services or (2) active and deliberate dishonesty by the director or officer that was established by a final judgment and is material to the cause of action.

The company s charter and bylaws require the company to indemnify its present and former directors and officers for actions taken by them in those capacities to the maximum extent permitted by Maryland law, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service to the company. As a result, the company and the stockholders may have limited rights against the company s present and former directors and officers, members, partners, employees and agents, which could limit your recourse in the event of actions not in your best interest.

After the consolidation, participants will have no control over major decisions.

Currently, a participant in a subject LLC generally has the right to vote on certain major transactions, such as a financing, sale, transfer or mortgage of the subject LLC s interest in its property or the making or modification of the net operating lease of such property. After the consolidation, decisions regarding most major transactions will be made by the company s management, subject to oversight by the company s board of directors. Such decisions may not fully reflect the interests of the stockholders. Holders of common stock and operating partnership units will have no opportunity to vote on financing, management or disposition decisions with respect to individual properties. Holders of common stock will have only the right to approve extraordinary transactions involving the company, such as a sale of all or substantially all of the company s assets. Holders of operating partnership units will not have any consent rights, except to the extent participants elect to receive Class B common stock, which vote together as a class with the Class A common stock, in lieu of a portion of the operating partnership units issuable to them, or receive Class A common stock or exercise their right to require the operating partnership to exchange all or a portion of their operating partnership units for a cash amount equal to the then-current market value of one share of Class A common stock per operating partnership unit, or, at the company s election, to exchange each such operating partnership unit for a share of Class A common stock on a one-for-one basis.

The board of directors of the company may change its strategies, policies or procedures without stockholder consent, which may subject the company to different and more significant risks in the future.

The company s investment, financing, leverage and distribution policies and the company s policies with respect to all other activities, including growth, debt, capitalization and operations, will be determined by its board of directors. These policies may be amended or revised at any time and from time to time at the discretion of the board of directors without notice to or a vote of the stockholders. This could result in the company s conducting operational matters, making investments or pursuing different business or growth strategies than those contemplated in this prospectus/consent solicitation. Under these circumstances, the company may expose itself to different and more significant risks in the future, which could have a material adverse effect on its business and growth. In addition, the board of directors may change the company s policies with respect to conflicts of interest, provided that such changes are consistent with applicable legal requirements. A change in these policies could have an adverse effect on the company s financial condition, results of operations, cash flow, trading price of the operating partnership units and Class A common stock and ability to satisfy its principal and interest obligations and to make distributions to stockholders.

The concentration of the company s ownership may adversely affect the ability of new investors to influence the company s policies.

Upon consummation of the IPO and the Consolidation, Anthony E. Malkin, the Chairman, Chief Executive Officer and President, together with the Malkin Holdings group, will have the right to vote 72,918,219 shares of the company s common stock which will represent approximately 30.4% of the voting power of the company s outstanding common stock (assuming that each participant in the subject LLCs elects to receive Class A common stock, Class B common stock and operating partnership units in the same proportion as participants (other than the Malkin Holdings group and the Helmsley estate) in the private entities). Consequently, Mr. Malkin will have the ability to influence the outcome of matters presented to the company s stockholders, including the election of the company s board of directors and approval of significant corporate transactions, including business combinations, consolidations and mergers and the determination of the company s day-to-day corporate and management policies. Therefore, Mr. Malkin will have substantial influence over the company and could exercise influence in a manner that is not in the best interests of the company s other stockholders. This concentration of ownership might also have the effect of delaying or preventing a change of control that the company s stockholders may view as beneficial.

The operating partnership may issue additional operating partnership units without the consent of the stockholders, which could have a dilutive effect on the stockholders.

The operating partnership may issue additional operating partnership units to third parties without the consent of the stockholders, which would reduce the company s ownership percentage in the operating partnership and would have a dilutive effect on the amount of distributions made to the company by the operating partnership and, therefore, the amount of distributions the company can make to its stockholders and holders of operating partnership units. Any such issuances, or the perception of such issuances, could materially and adversely affect the market price of the operating partnership units and Class A common stock.

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The company s operating performance and value are subject to risks associated with real estate assets and the real estate industry, the occurrence of which could materially and adversely affect the company.

Real estate investments are subject to various risks and fluctuations and cycles in value and demand, many of which are beyond the company s control. Certain events may decrease cash available for distributions, as well as the value of the company s properties. These events include, but are not limited to:

- adverse changes in international, national, regional or local economic and demographic conditions;
- vacancies or the company s inability to rent space on favorable terms, including possible market pressures to offer tenants rent abatements, tenant improvements, early termination rights or below-market renewal options;
- adverse changes in market rental rates, particularly as the company s buildings age, and the company s ability to fund repair and maintenance costs;
- adverse changes in financial conditions of buyers, sellers and tenants of properties;
- the company s inability to collect rent and expense reimbursements from tenants;
- competition from other real estate investors with significant capital, including other real estate operating companies, publicly traded REITs and institutional investment funds;
- the introduction of a competitor s property in or in close proximity to one of the company s current submarkets in the greater New York metropolitan area;
- reductions in the level of demand for office or retail space, and changes in the relative popularity of properties; increases in the supply of office or retail space;
- increases in the supply of office or retail space;
- opposition from local community or political groups with respect to the construction or operations at a property;
- the company s inability to provide effective and efficient management and maintenance at the company s properties;
- the company s inability to provide effective management to the excluded properties for which it will be designated as the exclusive manager upon consummation of the consolidation;
- the investigation, removal or remediation of hazardous materials or toxic substances at a property;

fluctuations in interest rates, which could adversely affect the company s ability, or the ability of buyers and tenants of properties, to obtain financing on favorable terms or at all;

increases in expenses, including, without limitation, insurance costs, labor costs, energy prices, real estate assessments and other taxes and costs of compliance with laws, regulations and governmental policies, which the company may be restricted in passing on to its tenants;

civil disturbances, hurricanes and other natural disasters, or terrorist acts or acts of war which may result in uninsured or underinsured losses and

changes in, and changes in enforcement of, laws, regulations and governmental policies, including, without limitation, health, safety, environmental, zoning and tax laws, governmental fiscal policies and the ADA.

In addition, periods of economic slowdown or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in rents or an increased incidence of defaults among the company s existing leases. If the company cannot operate its properties to meet its financial expectations, the company s financial condition, results of operations, cash flow, trading price of

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the operating partnership units and Class A common stock and the company s ability to satisfy its principal and interest obligations and to make distributions to its stockholders and holders of operating partnership units could be adversely affected. There can be no assurance that the company can achieve its return objectives.

Conflicts of interest exist or could arise in the future between the interests of the company s stockholders and the interests of holders of operating partnership units, which may impede business decisions that could benefit the company s stockholders.

Conflicts of interest exist or could arise in the future as a result of the relationships between the company and its affiliates, on the one hand, and the operating partnership or any partner thereof, on the other. The company s directors and officers have duties to the company under applicable Maryland law in connection with their management of the company. At the same time, the company, as the general partner in the operating partnership, has fiduciary duties and obligations to the operating partnership and its limited partners under Delaware law and the partnership agreement of the operating partnership in connection with the management of the operating partnership. The company s fiduciary duties and obligations as general partner to the operating partnership and its partners may come into conflict with the duties of the company s directors and officers to the company.

Additionally, the partnership agreement provides that the company and its directors and officers will not be liable or accountable to the operating partnership for losses sustained, liabilities incurred or benefits not derived if the company, or such director or officer acted in good faith. The partnership agreement also provides that the company will not be liable to the operating partnership or any partner for monetary damages for losses sustained, liabilities incurred or benefits not derived by the operating partnership or any limited partner, except for liability for the company s intentional harm or gross negligence. Moreover, the partnership agreement provides that the operating partnership is required to indemnify its directors and officers, the company and the company s directors and officers and authorizes the operating partnership to indemnify present and former members, managers, shareholders, directors, limited partners, general partners, officers or controlling persons of the supervisor and authorizes the company to indemnify members, partners, employees and agents of the company or the supervisor, in each case for actions taken by them in those capacities from and against any and all claims that relate to the operations of the operating partnership, except (1) if the act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (2) for any transaction for which the indemnified p the supervisor party received an improper personal benefit, in money, property or services or otherwise, in violation or breach of any provision of the partnership agreement or (3) in the case of a criminal proceeding, if the indemnified person had reasonable cause to believe that the act or omission was unlawful. No reported decision of a Delaware appellate court has interpreted provisions similar to the provisions of the partnership agreement of the operating partnership that modify and reduce the company s fiduciary duties or obligations as the general partner or reduce or eliminate the company s liability for money damages to the operating partnership and its partners, and the company has not obtained an opinion of counsel as to the enforceability of the provisions set forth in the partnership agreement that purport to modify or reduce the fiduciary duties that would be in effect were it not for the partnership agreement.

Under his employment agreement, Anthony E. Malkin will have certain rights to terminate his employment and receive severance in connection with a change of control of the company, which may adversely affect the company.

In connection with the IPO, the company intends to enter into an employment agreement with Anthony E. Malkin. Although this agreement has not yet been negotiated, the company expects it will provide for termination payments in connection with a change of control if Mr. Malkin is terminated by the company without cause or leaves with good reason within a specified period of time either before or following a change of control (as defined in the equity incentive plan). Furthermore, these provisions could delay or prevent a transaction or a change in control that might involve a premium paid for shares of the company s common stock or otherwise be in the best interests of the company s stockholders.

The company could increase or decrease the number of authorized shares of stock, classify and reclassify unissued stock and issue stock without stockholder approval, which could prevent a change in the company s control and negatively affect the market value of the shares.

The company s board of directors, without stockholder approval, has the power under the company s charter to amend the company s charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that the company is authorized to issue, to authorize the company to issue authorized but unissued shares of the company s common stock or preferred stock and to classify or reclassify any unissued shares of common stock or preferred stock into one or more classes or series of stock and set the terms of such newly classified or reclassified shares. See Description of Capital Stock Power to Increase or Decrease Authorized Shares of Common Stock and Issue Additional Shares of Common and Preferred Stock and Power to Reclassify the Company s Unissued Shares of Stock. As a result, the company may issue series or classes of common stock or preferred stock with preferences, dividends, powers and rights, voting or otherwise, that are senior to, or otherwise conflict with, the rights of holders of common stock. Any such issuance could dilute the company s existing stockholders interests. Although the company s board of directors has no such intention at the present time, it could establish a class or series of preferred stock that could, depending on the terms of such series, delay, defer or prevent a transaction or a change of control that might involve a premium price for the common stock or that the stockholders otherwise believe to be in their best interest.

Certain provisions of Maryland law could inhibit changes in control of the company, which could negatively affect the market price of the Class A common stock.

Certain provisions of the Maryland General Corporation Law, or the MGCL, may have the effect of deterring a third party from making a proposal to acquire the company or of impeding a change in control under circumstances that otherwise could provide stockholders with the opportunity to realize a premium over the then-prevailing market price of the Class A common stock. Among other things, the company is subject to the business combination, control share acquisition and unsolicited takeover provisions of the MGCL. These provisions may have the effect of inhibiting a third party from making an acquisition proposal for the company or of delaying, deferring or preventing a change in control of the company under the circumstances that otherwise could provide stockholders with the opportunity to realize a premium over the then-current market price. Pursuant to the statute, the company s board of directors has by resolution exempted business combinations between the company and any other person, provided that such business combination is first approved by the company s board of directors (including a majority of the directors who are not affiliates or associates of such person). The company s bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of shares of the company s stock. There can be no assurance that these exemptions or provisions will not be amended or eliminated at any time in the future. The charter contains a provision whereby the company has elected to be subject to the provisions of Title 3, Subtitle 8 of the MGCL relating to the filling of vacancies on the company s board of directors.

Certain provisions in the partnership agreement of the operating partnership may delay or prevent unsolicited acquisitions of the company.

Provisions in the partnership agreement of the operating partnership may delay or make more difficult unsolicited acquisitions of the company or changes of control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of the company or change of control, although some stockholders might consider such proposals, if made, desirable. These provisions include, among others:

- redemption rights of qualifying parties;
- transfer restrictions on operating partnership units;
- the company s ability, as general partner, in some cases, to amend the partnership agreement and to cause the operating partnership to issue units with terms that could delay, defer or prevent a merger or other change of control of the company or the operating partnership without the consent of the limited partners and

the right of the limited partners to consent to transfers of the general partnership interest and mergers or other transactions involving the company under specified circumstances.

The charter, bylaws, the partnership agreement of the operating partnership and Maryland law also contain other provisions that may delay, defer or prevent a transaction or a change of control that might involve a premium price for the common stock or that the stockholders otherwise believe to be in their best interest.

The company has no operating history as a REIT or as a publicly-traded company, and the company s inexperience could materially and adversely affect the company.

The company has no operating history as a REIT or as a publicly-traded company. The company s board of directors and senior management team will have overall responsibility for the company s management and, while certain members of the company s senior management team and directors have extensive experience in real estate marketing, development, management, finance and law, none of the company s directors or members of the company s senior management team have prior experience in operating a business in accordance with the requirements under the Code applicable to REITs or in operating a public company. As a publicly-traded REIT, the company will be required to develop and implement substantial control systems, policies and procedures in order to maintain the company s REIT qualification and satisfy the company s periodic SEC reporting and listing requirements of the New York Stock Exchange, or NYSE. The company cannot assure you that management s past experience will be sufficient to successfully develop and implement these systems, policies and procedures and to operate the company. Failure to do so could jeopardize the company s status as a REIT or as a public company, and the loss of such status would materially and adversely affect the company.

The charter contains stock ownership limits, which may delay or prevent a change or control.

In order for the company to qualify as a REIT for each taxable year commencing with the company s taxable year ending December 31, 2013, no more than 50% in value of the company s outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals during the last half of any calendar year, and at least 100 persons must beneficially own the stock during at least 335 days of a taxable year of 12 months, or during a proportionate portion of a shorter taxable year. Individuals for this purpose include natural persons, private foundations, some employee benefit plans and trusts and some charitable trusts. To assist the company in complying with these limitations, among other purposes, the company s charter generally prohibits any person from directly or indirectly owning more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of the capital stock or more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of the common stock. The ownership limitations could have the effect of discouraging a takeover or other transaction in which stockholders might receive a premium for their shares over the then prevailing market price or which holders might believe to be otherwise in their best interests. For further details regarding stock ownership limits, see Description of Capital Stock Restrictions on Ownership and Transfer.

The company s charter s constructive ownership rules are complex and may cause the outstanding shares owned by a group of related individuals or entities to be deemed to be constructively owned by one individual or entity. As a result, the acquisition of less than these percentages of the outstanding shares by an individual or entity could cause that individual or entity to own constructively in excess of these percentages of the outstanding shares and thus violate the share ownership limits. The company s charter also provides that any attempt to own or transfer shares of common stock or preferred stock (if and when issued) in excess of the stock ownership limits without the consent of the board of directors or in a manner that would cause the company to be closely held under Section 856(h) of the Code (without regard to whether the shares are held during the last half of a taxable year) will result in the shares being deemed to be transferred to a trustee for a charitable trust or, if the transfer to the charitable trust is not automatically effective to prevent a violation of the share ownership limits or the restrictions on ownership and transfer of the company s shares, any such transfer of the company s shares will be void.

The company board of directors will approve very broad investment guidelines for the company and will not review or approve each investment decision made by the company s senior management team.

The company s senior management team will be authorized to follow broad investment guidelines and, therefore, has great latitude in determining the types of assets that are proper investments for the company, as well as the individual investment decisions. The company s senior management team may make investments with lower rates of return than those anticipated under current market conditions and/or may make investments with greater risks to achieve those anticipated returns. The company s board of directors will not review or approve each proposed investment by the company s senior management team.

If the company fails to establish and maintain an effective system of integrated internal controls, the company may not be able to report the company s financial results accurately, which could have a material adverse effect on the company.

In the past, the company has reported the company s results to participants in the subject LLCs and the private entities on a property-by-property basis, and the company has not separately reported audited results for the supervisor. In addition, the company was not required to report the company s results on a consolidated basis under GAAP basis. In connection with the company s operation as a public company, the company will be required to report the company s operations on a consolidated basis under GAAP and, in some cases, on a property-by-property basis. The company is in the process of implementing an internal audit function and modifying the company-wide systems and procedures in a number of areas to enable the company to report on a consolidated basis under GAAP as the company continues the process of integrating the financial reporting of the supervisor. Section 404 of the Sarbanes-Oxley Act of 2002 will require the company to evaluate and report on the company s internal control over financial reporting and have the company s independent auditors issue their own opinion on the company s internal control over financial reporting. If the company fails to implement proper overall business controls, including as required to integrate the systems and procedures of the supervisor and support the company s growth, the company s results of operations could be harmed or the company could fail to meet the company s reporting obligations. In addition, the existence of a material weakness or significant deficiency could result in errors in the company s financial statements that could require a restatement, cause the company to fail to meet the company s public company reporting obligations and cause investors to lose confidence in the company s reported financial information, which could have a material adverse effect on the company.

There will be no public market for the operating partnership units or common stock prior to the IPO and an active trading market may not develop or be sustained following the IPO, which may negatively affect the market price of the operating partnership units issued to participants in the subject LLCs and shares of the Class A common stock and make it difficult for investors to sell their operating partnership units and shares.

Prior to the IPO, there will be no public market for the operating partnership units and common stock, and there can be no assurance that an active trading market will develop or be sustained or that operating partnership units or shares of the Class A common stock will be resold at or above the IPO price. The IPO price of shares of the Class A common stock will be determined by agreement among the company and the underwriters, but there can be no assurance that the operating partnership units or Class A common stock will not trade below the IPO price following the completion of the IPO. The market value of the operating partnership units and Class A common stock could be substantially affected by general market conditions, including the extent to which a secondary market develops for the operating partnership units and Class A common stock following the completion of the IPO, the extent of institutional investor interest in the company, the general reputation of REITs and the attractiveness of their equity securities in comparison to other equity securities (including securities issued by other real estate-based companies), the company s financial performance and general stock and bond market conditions.

The stock markets, including the NYSE on which the company expects the operating partnership units issued to participants in the subject LLCs and shares of the Class A common stock to be listed, have from time to time experienced significant price and volume fluctuations. As a result, the market price of the operating partnership

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units and shares of the Class A common stock may be similarly volatile, and investors in the operating partnership units and shares of the Class A common stock may from time to time experience a decrease in the value of their operating partnership units or shares, including decreases unrelated to the company s operating performance or prospects. The price of the operating partnership units or shares of the Class A common stock could be subject to wide fluctuations in response to a number of factors, including those listed in this Risk Factors section of this prospectus/consent solicitation and others such as those listed above under The value of the operating partnership units and/or common stock that you receive and trading price of the operating partnership units and Class A common stock following completion of the IPO is uncertain. The value of the operating partnership units and Class A common stock and the trading price could be lower than anticipated and, based on current market conditions, the supervisor believes that the value may be less than the exchange value. No assurance can be given that the market price of the operating partnership units or shares of the Class A common stock will not fluctuate or decline significantly in the future or that a holder of operating partnership units or shares of the Class A common stock will be able to sell their operating partnership units or shares, as applicable, when desired on favorable terms, or at all. From time to time in the past, securities class action litigation has been instituted against companies following periods of extreme volatility in their stock price. This type of litigation could result in substantial costs and divert the company s management s attention and resources.

The trading market for the operating partnership units issued to participants in the subject LLCs may be more limited than the trading market for shares of Class A common stock, and the operating partnership units will not be exchangeable for Class A common stock for 12 months after completion of the IPO, which in each case may adversely affect the liquidity and market price of the operating partnership units.

While the operating partnership units that participants may receive in accordance with their election are expected to be listed on the NYSE, operating partnership units will not be issued in the IPO. The trading market for the operating partnership units may be less active than the trading market for the Class A common stock, and an active trading market for the operating partnership units may not develop.

Holders of operating partnership units may not elect to exercise their redemption rights with respect to such operating partnership units until 12 months after the completion of the IPO. As a result, the company anticipates that the market price of the operating partnership units during the first 12 months after the IPO may be further adversely affected.

While holders of operating partnership units will be afforded certain registration rights with respect to any shares of Class A common stock issued in exchange for the operating partnership units, such holders will not be issued Class A common stock unless such a registration statement with respect to the issuance of Class A common stock in exchange for such operating partnership units has been filed with the SEC and is effective or an exemption from registration is available.

Furthermore, the operating partnership units to be issued to participants in the subject LLCs will be issued in three separate series to the participants in each of the three subject LLCs (other than the Wien group), each of which will be listed and traded separately. Because the operating partnership units are in separate series, there will be fewer holders of each series. While each of the series has the same rights, the tax consequences to a participant that receives, and a subsequent purchaser of, operating partnership units of a particular series will be different than those to a participant that receives, and a subsequent purchaser of, operating partnership units of another series (based on different and unique tax attributes of the properties being contributed by each of the subject LLCs). These factors may adversely affect the market for operating partnership units and may adversely affect the market price of the operating partnership units.

The operating partnership units issued in the consolidation to participants in the subject LLCs will be subject to a lock-up agreement, which could adversely affect the market price of the operating partnership units.

The operating partnership units that participants may receive in accordance with their election are expected to be listed on the NYSE, but generally will be subject to lock-up agreements pursuant to which the participants in the subject LLCs and private entities may not sell or otherwise transfer or encumber shares of common stock or operating partnership units (i) with respect to 50% of the operating partnership units owned by them at completion of the IPO, for a period of 180 days after the IPO pricing date and (ii) with respect to any remaining operating partnership units, for a period of one year after the IPO pricing date, in each case without first obtaining the written consent of the representatives of the underwriters in the IPO. See The Consolidation Lock Up Agreements below, except that each participant in the subject LLCs that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to 4.0% of the operating partnership units he or she receives with respect to each subject LLC (assuming all of the participants in each subject LLC elect to receive operating partnership units, the enterprise value equals the aggregate exchange value and the IPO price equals $10 per share, which treats all three subject LLCs equally after having determined for Empire State Building Associates L.L.C. the minimum amount required by the NYSE for it to meet the requirements as the primary listing). The restrictions on sales and transfers contained in the lock up agreement could adversely affect the market price of the operating partnership units.

Initial estimated cash available for distribution may not be sufficient to make distributions at expected levels.

The company intends to make distributions to holders of shares of its common stock and holders of operating partnership units. The company intends to maintain the company s initial distribution rate for the 12-month period following completion of the IPO unless actual results of operations, economic conditions or other factors differ materially from the assumptions used in the company s estimate. All dividends and distributions will be made at the discretion of the company s board of directors and will depend on the company s earnings, financial condition, maintenance of REIT qualification and other factors as the company s board of directors may deem relevant from time to time. If sufficient cash is not available for distribution from the company s operations, the company may have to fund distributions from working capital or to borrow to provide funds for such distribution, or to reduce the amount of such distribution. However, the company currently has no intention to use the net proceeds from the IPO to make distributions. The company cannot yet estimate the amount of dividends and distributions that it will make or assure you that the company s estimated distributions will be made or sustained. Any distributions the company pays in the future will depend upon the company s actual results of operations, economic conditions and other factors that could differ materially from the company s current expectations.

The market price of the operating partnership units and shares of Class A common stock could be adversely affected by the company s level of cash distributions.

The market value of the equity securities of a REIT is based primarily upon the market s perception of the REIT s growth potential and its current and potential future cash distributions, whether from operations, sales or refinancings, and is secondarily based upon the real estate market value of the underlying assets. For that reason, the operating partnership units and Class A common stock may trade at prices that are higher or lower than the company s net asset value per share. To the extent the company retains operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of the company s underlying assets, may not correspondingly increase the market price of the operating partnership units and Class A common stock. The company s failure to meet the market s expectations with regard to future earnings and cash distributions likely would adversely affect the market price of the operating partnership units and Class A common stock.

Increases in market interest rates may result in a decrease in the value of the operating partnership units and Class A common stock.

One of the factors that will influence the price of the operating partnership units and the Class A common stock will be the dividend yield on the Class A common stock (as a percentage of the price of the Class A common stock) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of shares of the Class A common stock to expect a higher dividend yield and higher interest rates would likely increase the company s borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of the operating partnership units and Class A common stock to go down.

The number of shares and operating partnership units available for future sale could adversely affect the market price of the operating partnership units and the company s Class A common stock.

The company cannot predict whether future issuances of operating partnership units or shares of the company s common stock or the availability of operating partnership units or shares for resale in the open market will decrease the market price of the operating partnership units or the company s Class A common stock. Upon completion of the consolidation, the Malkin Family will own 16.4% of the company s outstanding common stock on a fully diluted basis. Based on the assumptions set forth above the chart showing the organization of the company after the consolidation and the IPO, in the section entitled The Consolidation Pre- and Post-Consolidation Structure, the company expects the Helmsley estate will hold approximately 7.9% of the company s outstanding common stock on a fully-diluted basis upon the completion of the consolidation. Under the terms of the registration rights agreement, the participants in the consolidation, including the Helmsley estate, will receive rights to have shares of common stock held by them registered for resale under the Securities Act of 1933, as amended, or the Securities Act, and the Malkin Family and the Helmsley estate will have rights to demand underwritten offerings with respect to such resales. As a result, these participants (except the Malkin Family, whose members are subject to a longer restrictive period in which they cannot sell), pursuant to the terms of the lock-up agreements, will have the ability to sell up to 50% of both the operating partnership units and common stock received in the consolidation at any time after the 180th day following the IPO pricing date and the balance of the operating partnership units and common stock 12 months after the IPO pricing date. This includes Class A common stock issuable in exchange for operating partnership units, which are only issuable in exchange for operating partnership units beginning 12 months after the completion of the IPO, and Class B common stock. In addition, each participant in the subject LLCs that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to 4.0% of the operating partnership units he or she receives with respect to each subject LLC (assuming all of the participants in each subject LLC elect to receive operating partnership units, the enterprise value equals the aggregate exchange value and the IPO price equals $10 per share), which treats all three subject LLCs equally after having determined for Empire State Building Associates L.L.C. the minimum amount required by the NYSE for it to meet the requirements as the primary listing. However, the Malkin Family and the company s directors and senior management team members may not sell any of the shares of common stock or securities convertible or exchangeable into Class A common stock (including operating partnership units) held by any of them until one year after the IPO pricing date. Although the Helmsley estate has advised the company that it currently expects to sell a significant portion of its Class A common stock as soon as market and other conditions permit following expiration of the lock-up period, any such sales will be solely within the discretion of the Helmsley estate and it may elect to hold all or any portion of its Class A common stock indefinitely. Each of the company s officers and directors may sell the shares of the company s common stock that they acquire in the consolidation or are granted in connection with the IPO at any time following the expiration of the lock-up periods for such shares, which expire one year after the IPO pricing date, or earlier with the prior written consent of certain of the underwriters in the IPO. The company may also issue shares of common stock or operating partnership units in connection with future property, portfolio or business acquisitions. Sales of substantial amounts of shares of the company s Class A common stock (including shares of Class A common stock issued pursuant to the equity incentive plan) or operating partnership units in the public market, or upon the exchange of operating partnership units, or the perception that such sales might occur could adversely affect the market price of the operating partnership units and shares of Class A common stock. This potential adverse effect may be increased by the large number of shares of common stock, on a fully-diluted basis, owned by the Helmsley estate to the extent that it sells, or there is a perception that it may sell, a significant portion of its holdings. In addition, future sales of shares by the company of Class A common stock may be dilutive to holders of operating partnership units and existing stockholders.

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Future issuances of debt securities, which would rank senior to shares of the company s common stock or operating partnership units upon the company s liquidation, and future issuances of equity securities (including operating partnership units), which would dilute the holdings of holders of operating partnership units and the company s existing common stockholders and may be senior to the operating partnership units and shares of the company s common stock for the purposes of making distributions, periodically or upon liquidation, may materially and adversely affect the market price of the operating partnership units and shares of the Class A common stock.

In the future, the company may issue debt or equity securities or make other borrowings. Upon liquidation, holders of the company s debt securities and other loans and preferred shares will receive a distribution of the company s available assets before holders of operating partnership units and holders of shares of the company s common stock. The company is not required to offer any such additional debt or equity securities to existing stockholders on a preemptive basis. Therefore, additional operating partnership units and shares of the company s common stock issuances, directly or through convertible or exchangeable securities (including operating partnership units), warrants or options, will dilute the holdings of the holders of operating partnership units and company s existing common stockholders and such issuances or the perception of such issuances may reduce the market price of the operating partnership units and shares of Class A common stock. The company s preferred shares, if issued, would likely have a preference on distribution payments, periodically or upon liquidation, which could limit the company s ability to make distributions to holders of operating partnership units and holders of shares of the company s common stock. Because the company s decision to issue debt or equity securities or otherwise incur debt in the future will depend on market conditions and other factors beyond the company s control, the company cannot predict or estimate the amount, timing or nature of the company s future capital raising efforts. Thus, holders of operating partnership units and holders of shares of common stock bear the risk that the company s future issuances of debt or equity securities or the company s other borrowings will reduce the market price of the operating partnership units or shares of the Class A common stock and dilute their ownership in the operating partnership and the company.

A portion of the company s distributions may be treated as a return of capital for U.S. federal income tax purposes, which could reduce the basis of a stockholder s investment in shares of the company s common stock.

A portion of the company s distributions may be treated as a return of capital for U.S. federal income tax purposes. As a general matter, a portion of the company s distributions will be treated as a return of capital for U.S. federal income tax purposes if the aggregate amount of the company s distributions for a year exceeds the company s current and accumulated earnings and profits for that year. To the extent that a distribution is treated as a return of capital for U.S. federal income tax purposes, it will reduce a holder s adjusted tax basis in the holder s shares, and to the extent that it exceeds the holder s adjusted tax basis will be treated as gain resulting from a sale or exchange of such shares. See U.S. Federal Income Tax Considerations Taxation of Stockholders.

The combined financial statements of the predecessor to the company and the company s unaudited pro forma financial statements may not be representative of the company s financial statement as an independent public company.

The combined financial statements of the predecessor to the company and the company s unaudited pro forma financial statements that are included in this prospectus/consent solicitation do not necessarily reflect what the company s financial position, results of operations or cash flows would have been had the company been an independent entity during the periods presented. Furthermore, this financial information is not necessarily indicative of what the company s results of operations, financial position or cash flows will be in the future. It is impossible for the company to accurately estimate all adjustments which may reflect all the significant changes that will occur in the company s cost structure, funding and operations as a result of the IPO and the consolidation, including potential increased costs associated with reduced economies of scale and increased costs associated with being a separate publicly traded company. For additional information, see Selected Financial and Other Data and the combined financial statements of the predecessor and the company s unaudited pro forma financial statements, as well as Management s Discussion and Analysis of Financial Condition and Results of Operations of Empire State Realty Trust, appearing elsewhere in this prospectus/consent solicitation.

The company s balance sheet includes significant amounts of goodwill. The impairment of a significant portion of this goodwill would negatively affect the company business, financial condition and results of operations.

The company s balance sheet includes goodwill, on a pro forma basis, of approximately $872.1 million at September 30, 2012. These assets consist primarily of goodwill associated with the acquisition of the controlling interest in Empire State Building Company L.L.C. and 501 Seventh Avenue Associates L.L.C. The company also expects to engage in additional acquisitions, which may result in its recognition of additional goodwill. Under accounting standards goodwill is not amortized. On an annual basis and whenever events or changes in circumstances indicate the carrying value or goodwill may be impaired, the company is required to assess whether there have been impairments in the carrying value of goodwill. If the carrying value of the asset is determined to be impaired, then it is written down to fair value by a charge to operating earnings. An impairment of goodwill could have a material adverse effect on the company s business, financial condition and results of operations.

Risks Related to a Third-Party Portfolio Transaction

At the time you vote on the third-party portfolio proposal and the consolidation proposal, there will be significant uncertainties which affect your ability to evaluate both proposals.

At the time that you vote on the consolidation proposal and the third-party portfolio proposal, you will not have any information concerning offers that may be subsequently received. There may be other significant information then unknown to you which could be material to your decision as to whether to consent to either or both of the consolidation and the third-party portfolio proposal, such as information on whether an offer for a third-party portfolio transaction will be received and the amount and terms of such offer.

At the time you vote on the third-party portfolio transaction, no information will be available regarding negotiations or solicitations of competing transactions; termination fees in, or termination, non-competition, non-solicitation and financing provisions relating to, the transaction; tax matters relating to, or accounting treatment of, the transaction; or the identity of the acquiror. Any third-party portfolio offer must provide for cash consideration, but may include an option for participants to elect to receive securities. Unlike with respect to the consolidation proposal, it is not possible to know at this time or at the time you vote on the third-party portfolio proposal whether the third-party portfolio offer will include an option to receive securities, and therefore estimated distributions cannot be calculated at this time. Such information, if known to you, could affect your vote on either or both of these proposals. The effectiveness of your consent will not be affected by any information concerning any subsequent offers and or any other unknown information, regardless of how significant. Additionally, if the supervisor accepts a third-party portfolio offer, such an offer would not be subject to any further approval or action by you.

If both the consolidation proposal and the third-party portfolio proposal are approved, the supervisor may not approve a third-party portfolio transaction, even if it provides for greater consideration than to be issued or paid pursuant to the consolidation.

Because the supervisor believes the consolidation is likely to provide greater benefits to participants than a third-party portfolio transaction, the supervisor intends to accept an offer for a third-party portfolio transaction only if the consideration to be received pursuant to such offer represents what the supervisor believes is an adequate premium above the value expected to be realized over time from the consolidation. However, the supervisor is authorized to approve a third-party portfolio transaction only if the aggregate consideration is at least 115% of the aggregate exchange value for the subject LLCs, the private entities and the management companies included in the third-party portfolio transaction and certain other conditions are met. Accordingly, if both the consolidation proposal and the third-party portfolio proposal are approved, the supervisor may determine not to approve a third-party portfolio transaction or if such third-party portfolio transaction is approved by the supervisor, the committee, which includes representatives of the supervisor and a representative of the Helmsley estate, may not approve the third-party portfolio transaction, even if such an offer is received providing equal to or greater consideration than the aggregate exchange value.

The supervisor does not know currently what structure a third-party portfolio transaction would take and may approve a third-party portfolio transaction which you may view as less favorable than the consolidation.

At the time you vote on the proposals, you may not have information concerning (a) the purchase price or terms of an offer (including the tax consequences associated with the transaction), (b) the extent that the offer provides an option to receive securities instead of cash, and, if so, information concerning the business, prospects or risks associated with an investment in the third party or the market for the securities of the third party, or (c) to the extent participants have been provided with such information, whether or not the supervisor will accept an offer. Accordingly, participants will rely on the supervisor, which will determine whether to accept or reject the offer in its sole discretion and, if the supervisor approves a third-party portfolio transaction, subject to the unanimous approval of a committee which includes representatives of the supervisor and a representative of the Helmsley estate. While the supervisor is authorized to approve a third-party portfolio transaction if the aggregate consideration is at least 115% of the aggregate exchange value for the subject LLCs, the private entities and the management companies included in the third-party portfolio transaction and certain other conditions are met, the supervisor may not approve a third-party portfolio proposal even if it provides for consideration greater than the aggregate exchange value. It is also possible that the supervisor may approve a third-party portfolio transaction which you may view as less favorable than the consolidation.

The supervisor and the Malkin Holdings group may have a conflict of interest in determining whether to accept a third-party portfolio transaction offer and in establishing the terms of a third-party portfolio transaction.

The supervisor and the Malkin Holdings group may receive different benefits in connection with the consolidation, as compared with a third-party portfolio transaction. Accordingly, the supervisor and the Malkin Holdings group may have a conflict of interest in determining whether to accept a third-party portfolio transaction offer and in making decisions as to the amount and form of the consideration to be received in the transaction, the terms of the agreements, and other matters.

Even if there is a definitive agreement for a third-party portfolio transaction, it is possible that neither a third-party portfolio transaction nor the consolidation will be consummated.

If the supervisor approves an offer for a third-party portfolio transaction, it is possible (a) the supervisor and the third party making that offer may not be able to negotiate and conclude a definitive agreement or (b) if a definitive agreement is concluded, it may not be consummated due to its conditions or for other reasons. Nonetheless, the negotiation or execution of such definitive agreement for the portfolio transaction could prevent the IPO and consolidation from being consummated, even if a third-party portfolio transaction is not consummated.

The amount of consideration you would receive if a third-party portfolio transaction is consummated is uncertain.

If approved, the third-party portfolio proposal would authorize the supervisor to sell or contribute each subject LLC s interest in its property as part of a portfolio transaction if the aggregate consideration payable in the third-party portfolio transaction is at least 115% of the aggregate exchange value or the subject LLCs, the private entities and the management companies included in the third-party portfolio transaction and certain other conditions are met. If such a third-party portfolio transaction were to proceed, the consideration in a third-party portfolio transaction will be allocated among the subject LLCs, the private entities, and the management companies on a basis which is consistent with the exchange values included in this prospectus/consent solicitation. Any third-party portfolio proposal must provide for all cash, payable in full at closing, but such proposal may provide for an option for all participants to elect to receive securities as an alternative to cash. As a result, you will not know the amount of consideration you would receive if a third-party portfolio transaction is consummated.

Participants who do not approve the third-party portfolio proposal, including participants that do not timely submit their consent forms, after notice that the required percentage of participants in their participating group have so approved may have their participation interests purchased at a lower price.

If consent is received for the third party portfolio proposal from holders of 80% of the participation interests in any of the three participating groups in Empire State Building Associates L.L.C. or holders of 90% of the participation interests in any of the seven participating groups in 60 East 42nd St. Associates L.L.C., the agent of any such participating group has the right to purchase on behalf of the subject LLC the participation interest of any participant in such participating group that failed to vote **FOR** the proposal, including participants that **ABSTAINED** or did not properly or timely submit a consent form, unless within ten days after the agent gives such participant notice of such consent, such participant does vote **FOR** the proposal. The buyout amount for a participant s interest would be substantially lower than the consideration received in a third-party portfolio transaction. The buyout amount, which is equal to the original cost less capital repaid, but not less than $100, is currently $100 for the interest held by a participant in Empire State Building Associates L.L.C. and $100 for the interest held by a participant in 60 East 42nd St. Associates L.L.C. as compared to the exchange value of $323,800 (or $358,670 if you are not subject to the voluntary capital override) per $10,000 original investment for Empire State Building Associates L.L.C. and $402,660 per $10,000 original investment for 60 East 42nd St. Associates L.L.C., respectively.

Participants have no cash appraisal rights.

In a third-party portfolio transaction, you may not have the right to elect to receive a cash payment equal to the value of your participation interest in your subject LLC and you will not have the right to have the value of your participation interest determined in a separate proceeding and paid in cash. A third-party portfolio transaction offer must be for cash, provided that it may provide participants with the option to elect to receive securities in lieu of cash.

Real Estate/Business Risks

All of the company s properties are located in Manhattan and the greater New York metropolitan area, in particular midtown Manhattan, and adverse economic or regulatory developments in this area could materially and adversely affect the company.

All of the company s properties are located in Manhattan and the greater New York metropolitan area, in particular midtown Manhattan, as well as nearby markets in Fairfield County, Connecticut and Westchester County, New York. Seven of the company s 12 office properties are located in midtown Manhattan. As a result, the company s business is dependent on the condition of the New York City economy in general and the market for office space in midtown Manhattan in particular, which exposes the company to greater economic risks than if it owned a more geographically diverse portfolio. The company is susceptible to adverse developments in the New York City economic and regulatory environment (such as business layoffs or downsizing, industry slowdowns, relocations of businesses, increases in real estate and other taxes, costs of complying with governmental regulations or increased regulation). Such adverse developments could materially reduce the value of the company s real estate portfolio and its rental revenues, and thus materially and adversely affect the company s ability to service current debt and to pay dividends to stockholders. According to RCG, the Manhattan vacancy rate was 9.0% as of June 30, 2012. The company could also be impacted by adverse developments in the Fairfield County, Connecticut and Westchester County, New York markets. The company cannot assure you that these markets will grow or that underlying real estate fundamentals will be favorable to owners and operators of office or retail properties. The company s operations may also be affected if competing properties are built in either of these markets.

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Adverse economic and geopolitical conditions in general and in Manhattan and the greater New York metropolitan area commercial office and retail markets in particular could have a material adverse effect on the company s results of operations, financial condition and the company s ability to make distributions to its stockholders and holders of operating partnership units.

The company s business may be affected by the volatility and illiquidity in the financial and credit markets, a general global economic recession, and other market or economic challenges experienced by the real estate industry or the U.S. economy as a whole. The company s business may also be materially and adversely affected by local economic conditions, as substantially all of the company s revenues are derived from its properties located in Manhattan and the greater New York metropolitan area, particularly in Manhattan, Fairfield County and Westchester County. Because the company s portfolio consists primarily of commercial office and retail buildings (as compared to a more diversified real estate portfolio) located principally in Manhattan, if economic conditions persist or deteriorate, then the company s results of operations, financial condition and ability to service current debt and to make distributions to the company s stockholders may be materially and adversely affected by the following, among other potential conditions:

- the financial condition of the company s tenants, many of which are financial, legal and other professional firms, may be adversely affected, which may result in tenant defaults under leases due to bankruptcy, lack of liquidity, operational failures or other reasons;

- significant job losses in the financial and professional services industries have occurred and may continue to occur, which may decrease demand for the company s office space, causing market rental rates and property values to be impacted negatively;

- the company s ability to borrow on terms and conditions that it finds acceptable, or at all, may be limited, which could reduce the company s ability to pursue acquisition and development opportunities and refinance existing debt, reduce the company s returns from both its existing operations and its acquisition and development activities and increase the company s future interest expense;

- reduced values of the company s properties may limit its ability to dispose of assets at attractive prices or to obtain debt financing secured by the company s properties and may reduce the availability of unsecured loans;

- reduced liquidity in debt markets and increased credit risk premiums for certain market participants may impair the company s ability to access capital;

- the value and liquidity of the company s short-term investments and cash deposits could be reduced as a result of a deterioration of the financial condition of the institutions that hold the company s cash deposits or the institutions or assets in which the company has made short-term investments, the dislocation of the markets for the company s short-term investments, increased volatility in market rates for such investments or other factors and

- one or more counterparties to the company s derivative financial instruments could default on their obligations to the company, increasing the risk that the company may not realize the benefits of these instruments.

These conditions may continue or worsen in the future, which could have materially and adversely affect the company s results of operations, financial condition and ability to make distributions to the company s stockholders.

There can be no assurance that the renovation and repositioning program will be completed in its entirety in accordance with the anticipated timing or at the anticipated cost, or that the company will achieve the results it expects from the company s renovation and repositioning program, which could materially and adversely affect the company s financial condition and results of operations.

Since the supervisor gradually gained full control of the day-to-day management of the company s Manhattan office properties from 2002 through 2006, the supervisor has been undertaking a comprehensive renovation and

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repositioning program of the company s Manhattan office properties that has included the physical improvement through upgrades and modernization of, and tenant upgrades in, such properties. The company currently intends to invest between $100.0 million and $130.0 million of additional capital through the end of 2013 on this program. The company expects to complete substantially this program by the end of 2013, except with respect to the Empire State Building, which is the last Manhattan office property that began its renovation program. In addition, the company currently estimates that between $85.0 million and $115.0 million of capital is needed beyond 2013 to complete substantially the renovation program at the Empire State Building, which the company expects to occur by the end of 2016. These estimates are based on the supervisor s current budgets (which do not include tenant improvements and leasing commissions) and may be less than the actual costs. The company may also experience conditions which delay or preclude program completion. In addition, the company may not be able to lease available space on favorable terms or at all. Further, the renovation and repositioning program may lead to temporary increased vacancy rates at the company s Manhattan office properties. There can be no assurance that the renovation and repositioning program will be completed in its entirety in accordance with the anticipated timing or at the anticipated cost, or that the company will achieve the results it expects from the renovation and repositioning program, or that the company will be able to achieve results similar to those presented in the case studies described under The Company Business and Properties Renovation and Repositioning Case Studies, which could materially and adversely affect the company s financial condition and results of operations.

The company relies on four properties for a significant portion of its revenue.

As of September 30, 2012, four of the company s properties, the Empire State Building, One Grand Central Place, First Stamford Place and 250 West 57th Street, together accounted for approximately 57.7% of the company s portfolio s annualized base rent, and no other property accounted for more than approximately 6.2% of the company s portfolio s annualized base rent (which excludes revenues from the company s broadcasting licenses and related leased space). As of September 30, 2012, the Empire State Building individually accounted for approximately 29.3% of the company s portfolio s annualized base rent. The company s revenue and cash available for distribution to its stockholders and holders of operating partnership units would be materially and adversely affected if the Empire State Building, One Grand Central Place, First Stamford Place or 250 West 57th Street were materially damaged or destroyed. Additionally, the company s revenue and cash available for distribution to its stockholders and holders of operating partnership units would be materially adversely affected if a significant number of the company s tenants at these properties experienced a downturn in their business which may weaken their financial condition and result in their failure to make timely rental payments, defaulting under their leases or filing for bankruptcy.

The company may be unable to renew leases, lease vacant space or re-lease space on favorable terms or at all as leases expire, which could materially and adversely affect the company s financial condition, results of operations and cash flow.

As of September 30, 2012, the company had approximately 1.6 million rentable square feet of vacant office space and 91,872 rentable square feet of vacant retail space (in each case, excluding leases signed but not yet commenced). In addition, leases representing 3.3% and 5.9% of the square footage of the properties in the company s portfolio will expire in the remainder of 2012 (including month-to-month leases) and in 2013, respectively. Above-market rental rates at some of the properties in the company s portfolio may force it to renew some expiring leases or re-lease properties at lower rates. The company cannot assure you expiring leases will be renewed or that its properties will be re-leased at net effective rental rates equal to or above the current average net effective rental rates. If the rental rates of the company s properties decrease, the company s existing tenants do not renew their leases or the company does not re-lease a significant portion of its available space and space for which leases will expire, the company s financial condition, results of operations, cash flow, trading price of the operating partnership units and the Class A common stock and the company s ability to satisfy its principal and interest obligations and to make distributions to its stockholders and holders of operating partnership units would be materially and adversely affected.

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The actual rents the company receives for the properties in its portfolio may be less than the company s asking rents, and the company may experience a decline in realized rental rates from time to time, which could materially and adversely affect its financial condition, results of operations and cash flow.

Throughout this prospectus/consent solicitation, the company makes certain comparisons between its in-place rents and its asking rents, and between the company s asking rents and average asking rents in its markets. As a result of various factors, including competitive pricing pressure in the company s markets, a general economic downturn and the desirability of the company s properties compared to other properties in its markets, the company may be unable to realize its asking rents across the properties in its portfolio. In addition, the degree of discrepancy between the company s asking rents and the actual rents the company is able to obtain may vary both from property to property and among different leased spaces within a single property. If the company is unable to obtain sufficient rental rates across its portfolio, then the company s ability to generate cash flow growth will be negatively impacted. In addition, depending on market rental rates at any given time as compared to expiring leases in the company s portfolio, from time to time rental rates for expiring leases may be higher than starting rental rates for new leases.

The company is exposed to risks associated with property redevelopment and development that could materially and adversely affect its financial condition and results of operations.

The company has engaged, and continues to engage, in development and redevelopment activities with respect to its Manhattan office properties. In addition, the company owns entitled land at the Stamford Transportation Center in Stamford, Connecticut, that can support the development of an approximately 380,000 rentable square foot office building and garage. To the extent that the company continues to engage in development and redevelopment activities, it will be subject to certain risks, including, without limitation:

- the availability and pricing of financing on favorable terms or at all;
- the availability and timely receipt of zoning and other regulatory approvals;
- the potential for the fluctuation of occupancy rates and rents at developed properties due to a number of factors, including market and economic conditions, which may result in the company s investment not being profitable;
- start-up, repositioning and redevelopment costs may be higher than anticipated;
- the cost and timely completion of construction (including risks beyond the company s control, such as weather or labor conditions, or material shortages);
- the potential that the company may fail to recover expenses already incurred if the company abandons development or redevelopment opportunities after it begins to explore them;
- the potential that the company may expend funds on and devote management time to projects which it does not complete;
- the inability to complete construction and leasing of a property on schedule, resulting in increased debt service expense and construction or renovation costs and
- the possibility that developed or redeveloped properties will be leased at below expected rental rates.

These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation of development and redevelopment activities or the completion of development and redevelopment activities once undertaken, any of which could have an adverse effect on the company s financial condition, results of operations, cash flow, trading price of the operating partnership units and Class A common stock and ability to satisfy the company s principal and interest obligations and to make distributions to its stockholders and holders of operating partnership units.

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The company may be required to make rent or other concessions and/or significant capital expenditures to improve its properties in order to retain and attract tenants, which could materially and adversely affect the company, including the company s financial condition, results of operations and cash flow.

To the extent there are adverse economic conditions in the real estate market and demand for office space decreases, upon expiration of leases at the company s properties and with respect to its current vacant space, the company will be required to increase rent or other concessions to tenants, accommodate increased requests for renovations, build-to-suit remodeling and other improvements or provide additional services to its tenants. In addition, seven of the company s existing properties are pre-war office properties which may require more frequent and costly maintenance to retain existing tenants or attract new tenants than newer properties. As a result, the company would have to make significant capital or other expenditures in order to retain tenants whose leases expire and to attract new tenants in sufficient numbers. Additionally, the company may need to raise capital to make such expenditures. If the company is unable to do so or capital is otherwise unavailable, it may be unable to make the required expenditures. This could result in non-renewals by tenants upon expiration of their leases and the company s vacant space remaining untenanted, which could materially and adversely affect the company s financial condition, results of operations, cash flow and per share trading price of the operating partnership units and Class A common stock. As of September 30, 2012, the company had approximately 1.6 million rentable square feet of vacant office space and 91,872 rentable square feet of vacant retail space (in each case, excluding leases signed but not yet commenced), and leases representing 3.3% and 5.9% of the square footage of the properties in the company s portfolio will expire in the remainder of 2012 (including month-to-month leases) and in 2013, respectively.

The company depends on significant tenants in its office portfolio, including LF USA, Coty, Inc., Legg Mason, Warnaco and Thomson Reuters, which together represented approximately 20.9% of the company s total portfolio s annualized base rent as of September 30, 2012.

As of September 30, 2012, the company s five largest tenants together represented 20.9% of its total portfolio annualized base rent. The company s largest tenant is LF USA. As of September 30, 2012, LF USA leased an aggregate of 820,284 rentable square feet of office space at three of the company s office properties, representing approximately 9.8% of the total rentable square feet and approximately 10.8% of the annualized base rent in the company s portfolio. The company s rental revenue depends on entering into leases with and collecting rents from tenants. General and regional economic conditions, such as the current challenging economic climate described above, may adversely affect the company s major tenants and potential tenants in its markets. The company s major tenants may experience a material business downturn, weakening their financial condition and potentially resulting in their failure to make timely rental payments and/or a default under their leases. In many cases, the company has made substantial up front investments in the applicable leases, through tenant improvement allowances and other concessions, as well as typical transaction costs (including professional fees and commissions) that the company may not be able to recover. In the event of any tenant default, the company may experience delays in enforcing its rights as landlord and may incur substantial costs in protecting its investment.

The bankruptcy or insolvency of a major tenant also may adversely affect the income produced by the company s properties. If any tenant becomes a debtor in a case under the United States Bankruptcy Code, the company cannot evict the tenant solely because of the bankruptcy. In addition, the bankruptcy court might authorize the tenant to reject and terminate their lease with the company. The bankruptcy of a tenant or lease guarantor could delay the company s efforts to collect past due balances under the relevant leases, and could ultimately preclude collection of these sums. If a lease is rejected by a tenant in bankruptcy, the company would have only a general unsecured claim for damages. Any unsecured claim the company holds may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims, and there are restrictions under bankruptcy laws that limit the amount of the claim the company can make if a lease is rejected.

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The company s revenue and cash flow could be materially adversely affected if any of its significant tenants were to become bankrupt or insolvent, or suffer a downturn in their business, default under their leases or fail to renew their leases at all or renew on terms less favorable to the company than their current terms.

Competition may impede the company s ability to attract or retain tenants or re-let space, which could materially and adversely affect the company s results of operations and cash flow.

The leasing of real estate in the greater New York metropolitan area is highly competitive. The principal means of competition are rent charged, location, services provided and the nature and condition of the premises to be leased. The company directly competes with all lessors and developers of similar space in the areas in which its properties are located as well as properties in other submarkets. Demand for retail space may be impacted by the recent bankruptcy of a number of retail companies and a general trend toward consolidation in the retail industry, which could adversely affect the company s ability to attract and retain tenants. In addition, retailers at the company s properties face increasing competition from outlet malls, discount shopping clubs, electronic commerce, direct mail and telemarketing, which could (i) reduce rents payable to the company, (ii) reduce the company s ability to attract and retain tenants at its properties and (iii) lead to increased vacancy rates at the company s properties, any of which could materially and adversely affect the company.

The company s office properties are concentrated in highly developed areas of midtown Manhattan and densely populated metropolitan communities in Fairfield County and Westchester County. Manhattan is the largest office market in the United States. The number of competitive office properties in the markets in which the company s properties are located (which may be newer or better located than the company s properties) could have a material adverse effect on the company s ability to lease office space at its properties, and on the effective rents the company is able to charge. Additionally, completion of the new Vornado Tower currently under construction at 15 Penn Plaza may provide a significant source of competition for office and retail tenants, due to its close proximity to the Empire State Building.

If the company s tenants are unable to secure financing necessary to continue to operate their businesses and pay the company rent, the company could be materially and adversely affected.

Many of the company s tenants rely on external sources of financing to operate their businesses. The U.S. financial and credit markets continue to experience significant liquidity disruptions, resulting in the unavailability of financing for many businesses. If the company s tenants are unable to secure financing necessary to continue to operate their businesses, they may be unable to meet their rent obligations or be forced to declare bankruptcy and reject their leases, which could materially and adversely affect the company.

The company s dependence on smaller businesses to rent its office space could materially and adversely affect the company s cash flow and results of operations.

The majority of the tenants in the company s properties (measured by number of tenants as opposed to aggregate square footage) are smaller businesses that generally do not have the financial strength of larger corporate tenants. Smaller companies generally experience a higher rate of failure than large businesses. There is a current risk with these companies of a higher rate of tenant defaults, turnover and bankruptcies, which could materially and adversely affect the company s distributable cash flow and results of operations.

The company s dependence on rental income may materially and adversely affect the company s profitability, the company s ability to meet its debt obligations and the company s ability to make distributions to its stockholders and holders of operating partnership units.

A substantial portion of the company s income is derived from rental income from real property. See The Company Business and Properties Tenant Diversification. As a result, the company s performance depends on its ability to collect rent from tenants. The company s income and funds for distribution would be negatively affected if a significant number of the company s tenants, or any of its major tenants (as discussed in more detail below):

- delay lease commencements;

- decline to extend or renew leases upon expiration;
- fail to make rental payments when due or
- declare bankruptcy.

Any of these actions could result in the termination of the tenants leases and the loss of rental income attributable to the terminated leases. In these events, the company cannot be sure that any tenant whose lease expires will renew that lease or that the company will be able to re-lease space on economically advantageous terms or at all. The loss of rental revenues from a number of the company s tenants and the company s inability to replace such tenants may adversely affect the company s profitability, its ability to meet debt and other financial obligations and the company s ability to make distributions to its stockholders and holders of operating partnership units.

The company may not be able to control its operating costs, or the company s expenses may remain constant or increase, even if income from its properties decreases, causing the company s results of operations to be adversely affected.

The company s financial results depend substantially on leasing space in its properties to tenants on terms favorable to the company. Costs associated with real estate investment, such as real estate taxes, insurance and maintenance costs, generally are not reduced even when a property is not fully occupied, rental rates decrease or other circumstances cause a reduction in income from the property. As a result, cash flow from the operations of the company s properties may be reduced if a tenant does not pay its rent or the company is unable to rent its properties on favorable terms. Under those circumstances, the company might not be able to enforce its rights as landlord without delays and may incur substantial legal costs. The terms of the company leases may also limit its ability to change tenants for all or a portion of these expenses. Additionally, new properties that the company may acquire or redevelop may not produce significant revenue immediately, and the cash flow from existing operations may be insufficient to pay the operating expenses and principal and interest on debt associated with such properties until they are fully leased.

The company s breach of or the expiration of its ground lease could materially and adversely affect the company s results of operations.

The company s interest in one of its commercial office properties, 1350 Broadway, is a long-term leasehold of the land and the improvements, rather than a fee interest in the land and the improvements. If the company is found to be in breach of this ground lease, it could lose the right to use the property. In addition, unless the company purchases the underlying fee interest in this property or extends the terms of its lease for this property before expiration on terms significantly comparable to the company s current lease, the company will lose its right to operate this property and its leasehold interest in this property upon expiration of the lease or the company will continue to operate it at much lower profitability, which would significantly adversely affect the company s results of operations. In addition, if the company is perceived to have breached the terms of this lease, the fee owner may initiate proceedings to terminate the lease. The remaining term of this long-term lease, including unilateral extension rights available to the company, is approximately 39 years (expiring July 31, 2050). Annualized base rent from this property as of September 30, 2012 was approximately $17.9 million**.**

Pursuant to the ground lease, the company, as tenant under the ground lease, performs the functions traditionally performed by owners, as landlords, with respect to its subtenants. In addition to collecting rent from its subtenants, the company also maintains the property and pays expenses relating to the property. The company does not have a right, pursuant to the terms of its lease or otherwise, to acquire the fee interest in this property.

The company will not recognize any increase in the value of the land or improvements subject to the company s ground lease, and the company may only receive a portion of compensation paid in any eminent domain proceeding with respect to the property, which could materially and adversely affect the company.

The company has no economic interest in the land or improvements at the expiration of its ground lease at 1350 Broadway and therefore the company will not share in any increase in value of the land or improvements

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beyond the term of the company s ground lease, notwithstanding the company s capital outlay to purchase its interest in the property. Furthermore, if the state or federal government seizes the property subject to the ground lease under its eminent domain power, the company may only be entitled to a portion of any compensation awarded for the seizure. In addition, if the value of the property has increased, it may be more expensive for the company to renew its ground lease.

The company may be unable to identify and successfully complete acquisitions and even if acquisitions are identified and completed, including potentially the option properties, the company may fail to operate successfully acquired properties, which could materially and adversely affect the company and impede its growth.

The company s ability to identify and acquire properties on favorable terms and successfully operate or redevelop them may be exposed to the following significant risks:

- even if the company enters into agreements for the acquisition of properties, these agreements are subject to customary conditions to closing, including completion of due diligence investigations to the company s satisfaction and other conditions that are not within the company s control, which may not be satisfied, and the company may be unable to complete an acquisition after making a non-refundable deposit and incurring certain other acquisition-related costs;

- the company may be unable to finance the acquisition on favorable terms in the time period it desires, or at all, including potentially the option properties;

- the company may spend more than budgeted to make necessary improvements or renovations to acquired properties;

- the company may not be able to obtain adequate insurance coverage for new properties;

- acquired properties may be located in new markets where the company may face risks associated with a lack of market knowledge or understanding of the local economy, lack of business relationships in the area and unfamiliarity with local governmental and permitting procedures;

- the company may be unable to integrate quickly and efficiently new acquisitions, particularly acquisitions of portfolios of properties, into its existing operations, and as a result the company s results of operations and financial condition could be adversely affected;

- market conditions may result in higher than expected vacancy rates and lower than expected rental rates and

- the company may incur significant costs and divert management attention in connection with evaluating and negotiating potential acquisitions, including ones that the company is subsequently unable to complete.

Any delay or failure on the company s part to identify, negotiate, finance and consummate such acquisitions in a timely manner and on favorable terms, or operate acquired properties to meet the company s financial expectations, could impede the company s growth and adversely affect its financial condition, results of operations, cash flow and trading price of the operating partnership units and Class A common stock.

The company s option properties are subject to various risks and the company may not be able to acquire them.

The company s option properties consist of 112-122 West 34th Street, an office property in midtown Manhattan that was 86.8% leased as of September 30, 2012 and that encompasses approximately 741,487 rentable square feet (inclusive of the retail space on the ground, first and lower floors), and 1400 Broadway, an office property in midtown Manhattan that was 78.2% leased as of September 30, 2012 (or 82.2% giving effect to leases signed but not yet commenced as of that date) and that encompasses approximately 886,815 rentable square feet (inclusive of the retail space on the ground floor). 112-122 West 34th Street and 1400 Broadway will not be contributed to the company in the consolidation due to the ongoing litigation related to these properties.

112 West 34th Street Associates L.L.C. and 1400 Broadway Associates L.L.C., the operating lessees of the company s option properties, are named as defendants in actions alleging that they undertook structural modifications to 112-122 West 34th Street and 1400 Broadway, respectively, without the required consent of the owner of the land on which 112 West 34th Street and 1400 Broadway were constructed (or the ground lessee, in the case of the portion of the 112-122 West 34th Street property that is owned by a private entity supervised by the supervisor and has been ground leased to such ground lessee and subleased to such private entity). Although the company does not intend to acquire 112-122 West 34th Street or 1400 Broadway as part of the consolidation, the operating partnership has entered into option agreements that allow it to acquire the interests in the option properties upon resolution of such litigation. The company s option properties are exposed to many of the same risks that may affect the other properties in its portfolio. The terms of the option agreements relating to the option properties were not determined by arm s length negotiations, and such terms may be less favorable to the company than those that may have been obtained through negotiations with third parties. It may become economically unattractive to exercise the company s options with respect to the option properties. These risks could cause the company to decide not to exercise its option to purchase these properties in the future.

The interests of the private entities that are supervised by the supervisor in the company s option properties, 112-122 West 34th Street and 1400 Broadway, are fee (in the case of a portion of 112-122 West 34th Street), long-term leaseholds (in the case of both of the option properties) and sub-leasehold or sub-subleasehold (in the case of 112-122 West 34th Street only) in the land and the improvements. The remaining terms of these long-term leases, including unilateral extension rights available to the company, are approximately 65 years (expiring June 10, 2077) and approximately 51 years (expiring December 31, 2063), respectively. Even if the company exercises its option to purchase the option properties upon resolution of the ongoing litigation, unless the company purchases the underlying fee interest in these properties or extends the terms of its leases for these properties before expiration on terms significantly comparable to its current leases, the company will lose its right to operate these properties and its leasehold interest in these properties upon expiration of the leases or the company may extend the leases on new terms that may result in reduced profitability, which may significantly adversely affect its results of operations at that time. The purchase price is payable in a combination of cash, shares of the company s common stock and operating partnership units, but the Helmsley estate will have the right to elect to receive all cash (and non-accredited investors are required to receive all cash), which may impact the company s ability to acquire the option properties. Based on the exchange values the option properties would have had, calculated in accordance with the methodology used to derive the exchange values for the subject LLCs and the private entities, the Malkin Holdings group would receive consideration having an aggregate value of $77,600,811 in respect of its participation interests and overrides in the entities which own the option properties, and the Helmsley estate would receive consideration having an aggregate value of $160,160,461 in respect of its participation interests in such entities.

Additionally, Anthony E. Malkin has a conflict of interest because he, together with the Malkin Family controls and owns economic interests in the option properties. As a result, an exercise of such options by the company could economically benefit him.

Competition for acquisitions may reduce the number of acquisition opportunities available to the company and increase the costs of those acquisitions, which may impede the company s growth.

The company plans to continue to acquire properties as it is presented with attractive opportunities. The company may face significant competition for acquisition opportunities in the greater New York metropolitan area with other investors, particularly private investors who can incur more leverage, and this competition may adversely affect the company by subjecting it to the following risks:

- an inability to acquire a desired property because of competition from other well-capitalized real estate investors, including publicly traded and privately held REITs, private real estate funds, domestic and foreign financial institutions, life insurance companies, sovereign wealth funds, pension trusts, commercial developers, partnerships and individual investors and

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an increase in the purchase price for such acquisition property, in the event the company is able to acquire such desired property. The significant competition for acquisitions of commercial office and retail properties in the greater New York metropolitan area may impede the company s growth.

The observatory operations at the Empire State Building are not traditional real estate operations, and competition and changes in tourist trends may subject the company to additional risks, which could materially and adversely affect the Company.

During the nine months ended September 30, 2012 and year ended December 31, 2011, the Empire State Building derived approximately $68.5 million and $80.6 million of revenue, respectively, from its observatory operations, representing approximately 40.1% and 40.5% of the Empire State Building s total revenue for these periods. Demand for the Empire State Building s observatory is highly dependent on domestic and overseas tourists. In addition, competition from observatory operations in the new property currently under construction at One World Trade Center and, to a lesser extent, from the existing observatory at Rockefeller Center, could have a negative impact on revenues from the company s observatory operations. Adverse impacts on domestic travel and changes in foreign currency exchange rates may also decrease demand in the future which could have a material adverse effect on the company s results of operations, financial condition and ability to make distributions to its stockholders and holders of operating partnership units.

The broadcasting operations at the Empire State Building are not traditional real estate operations, and competition and changes in the broadcasting of signals over air may subject the company to additional risks, which could materially and adversely affect the company.

The Empire State Building and its broadcasting mast provides radio and data communications services and supports delivery of broadcasting signals to cable and satellite systems and television and radio receivers. The company licenses the use of the broadcasting mast to third party television and radio broadcasters. During the nine months ended September 30, 2012 and the year ended December 31, 2011, the company derived approximately $15.9 million and $20.6 million, respectively, of revenue from the Empire State Building s broadcasting licenses and related leased space, representing approximately 9.3% and 10.4% of the Empire State Building s total revenue for these periods. Competition from broadcasting operations in the planned property currently under construction at One World Trade Center and, to a lesser extent, from the existing broadcasting operations at Four Times Square, could have a negative impact on revenues from the company s broadcasting operations. The company s broadcast television and radio licensees also face a range of competition from advances in technologies and alternative methods of content delivery in their respective industries, as well as from changes in consumer behavior driven by new technologies and methods of content delivery, which may reduce the demand for over-the-air broadcast licenses in the future. New government regulations affecting broadcasters, including the implementation of the FCC s National Broadband Plan, or the Plan, also might materially and adversely affect the company s results of operations by reducing the demand for broadcast licenses. Among other things, the Plan urges Congress to make more spectrum available for wireless broadband service providers by encouraging over-the-air broadcast licensees to relinquish spectrum through a voluntary auction process, which raises many issues that could impact the broadcast industry. At this time the company cannot predict whether Congress or the FCC will adopt or implement any of the Plan s recommendations or the rule changes as proposed, or how any such actions might affect the company s broadcasting operations. Any of these risks might materially and adversely affect the company.

Acquired properties may expose the company to unknown liability, which could adversely affect the company s results of operations, cash flow and the market value of its securities.

The company may acquire properties subject to liabilities and without any recourse, or with only limited recourse, against the prior owners or other third parties with respect to unknown liabilities. As a result, if a liability were asserted against the company based upon ownership of those properties, the company might have to

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pay substantial sums to settle or contest it, which could adversely affect the company s results of operations, cash flow and the market value of its securities. Unknown liabilities with respect to acquired properties might include:

- liabilities for clean-up of undisclosed environmental contamination;
- claims by tenants, vendors or other persons against the former owners of the properties;
- liabilities incurred in the ordinary course of business and
- claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

The company may acquire properties or portfolios of properties through tax deferred contribution transactions, which could result in stockholder dilution and limit the company s ability to sell such assets.

In the future the company may acquire properties or portfolios of properties through tax deferred contribution transactions in exchange for partnership interests in the company s operating partnership, which may result in stockholder dilution. This acquisition structure may have the effect of, among other things, reducing the amount of tax depreciation the company could deduct over the tax life of the acquired properties, and may require that the company agrees to protect the contributors ability to defer recognition of taxable gain through restrictions on the company s ability to dispose of the acquired properties and/or the allocation of partnership debt to the contributors to maintain their tax bases. These restrictions could limit the company s ability to sell an asset at a time, or on terms, that would be favorable absent such restrictions.

Turmoil in the capital and credit markets could materially and adversely affect the company.

Ongoing economic conditions have negatively impacted the capital and credit markets, particularly for real estate. The capital markets have witnessed significant adverse conditions, including a substantial reduction in the availability of and access to capital. The risk premium demanded by capital suppliers has increased markedly, as they are demanding greater compensation for credit risk. Lending spreads have widened from recent levels, and underwriting standards are being tightened. In addition, recent failures and consolidations of certain financial institutions have decreased the number of potential lenders, resulting in reduced lending levels available to the market. As a result, the company may not be able to obtain favorable debt financing in the future or at all. This may result in future acquisitions generating lower overall economic returns, which may adversely affect the company s results of operations and distributions to stockholders. Furthermore, any turmoil in the capital or credit markets could adversely impact the overall amount of capital and debt financing available to invest in real estate, which may result in decreases in price or value of real estate assets.

With the turmoil in the capital markets, an increasing number of financial institutions have sought federal assistance or failed. In the event of a failure of a lender or counterparty to a financial contract, obligations under the financial contract might not be honored and many forms of assets may be at risk and may not be fully returned to the company. Should a financial institution fail to fund its committed amounts when contractually obligated to do so, the company s ability to meet its obligations could be materially and adversely impacted.

Should the company decide at some point in the future to expand into new markets, it may not be successful, which could adversely affect the company s financial condition, result of operations, cash flow and trading price of the operating partnership units and Class A common stock.

If opportunities arise, the company may explore acquisitions of properties in new markets. Each of the risks applicable to the company s ability to acquire and integrate successfully and operate properties in its current markets is also applicable to the company s ability to acquire and integrate successfully and operate properties in new markets. In addition to these risks, the company will not possess the same level of familiarity with the dynamics and market conditions of any new markets that the company may enter, which could adversely affect the results of its expansion into those markets, and the company may be unable to build a significant market share or achieve a desired return on its investments in new markets. If the company is unsuccessful in expanding into new

markets, it could adversely affect the company s financial condition, results of operations, cash flow, trading price of the operating partnership units and Class A common stock and ability to satisfy the company s principal and interest obligations and to make distributions to its stockholders and holders of operating partnership units.

The company s growth depends on external sources of capital that are outside of its control, which may affect the company s ability to seize strategic opportunities, satisfy debt obligations and make distributions to its stockholders and holders of operating partnership units.

In order to qualify as a REIT, the company must distribute to its stockholders, on an annual basis, at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains. In addition, the company will be subject to U.S. federal income tax at regular corporate rates to the extent that the company distributes less than 100% of its net taxable income (including net capital gains) and will be subject to a 4% nondeductible excise tax on the amount by which the company s distributions in any calendar year are less than a minimum amount specified under U.S. federal income tax laws. Because of these distribution requirements, the company may not be able to fund future capital needs, including any necessary acquisition financing, from operating cash flow. Consequently, the company may need to rely on third-party sources to fund its capital needs. The company may not be able to obtain financing on favorable terms, in the time period it desires, or at all. Any additional debt the company incurs will increase its leverage. The company s access to third-party sources of capital depends, in part, on:

- general market conditions;
- the market s perception of the company s growth potential;
- the company s current debt levels;
- the company s current and expected future earnings;
- the company s cash flow and cash distributions and
- the market price of the operating partnership units and the company s Class A common stock.

If the company cannot obtain capital from third-party sources, it may not be able to acquire or redevelop properties when strategic opportunities exist, satisfy its principal and interest obligations or make the cash distributions to the company s stockholders necessary to maintain its qualification as a REIT.

If the company is unable to sell, dispose of or refinance one or more properties in the future, the company may be unable to realize its investment objectives and the company s business may be adversely affected.

The real estate investments made, and to be made, by the company are relatively difficult to sell quickly. Return of capital and realization of gains from an investment generally will occur upon disposition or refinancing of the underlying property. In addition, the Code imposes restrictions on the ability of a REIT to dispose of properties that are not applicable to other types of real estate companies. The company may be unable to realize its investment objectives by sale, other disposition or refinancing at attractive prices within any given period of time or may otherwise be unable to complete any exit strategy. In particular, these risks could arise from weakness in or even the lack of an established market for a property, changes in the financial condition or prospects of prospective purchasers, changes in national or international economic conditions and changes in laws, regulations or fiscal policies of jurisdictions in which the company s properties are located.

The company s outstanding indebtedness upon completion of the IPO reduces cash available for distribution and may expose the company to the risk of default under its debt obligations and may include covenants that restrict the company s ability to pay dividends.

Upon completion of the IPO, the company anticipates its pro forma total consolidated indebtedness will be approximately $1.11 billion (which is only 21% of its total assets based on the appraised value of the company s properties set forth in the Appraisal prepared by the independent valuer for purposes of establishing aggregate

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exchange value), and the company may incur significant additional debt to finance future acquisition and redevelopment activities. In addition, the company expects to obtain an $800.0 million secured revolving and term credit facility upon the closing of the IPO from lenders that will include certain of the underwriters of the IPO or their respective affiliates. The company has obtained a commitment for $400.0 million of availability under the secured revolving and term credit facility, subject to satisfaction of certain customary conditions precedent, from the representatives of the underwriters or their respective affiliates who have also agreed to use commercially reasonable efforts to syndicate the remainder of the facility. The company expects to use this secured revolving and term credit facility to, among other things, fully repay borrowings under its existing $500.0 million term loan secured by the Empire State Building, which had a balance of $219.0 million as of September 30, 2012, fund capital expenditures and tenant improvements and leasing commissions, potential acquisitions, general corporate matters and working capital. See Management s Discussion and Analysis of Financial Condition and Results of Operations of Empire State Realty Trust Consolidated Indebtedness to be Outstanding After the IPO Description of Certain Debt Secured Revolving and Term Credit Facility.

Payments of principal and interest on borrowings may leave the company with insufficient cash resources to operate its properties or to pay the distributions currently contemplated or necessary to qualify as a REIT. The company s level of debt and the limitations imposed on the company by its loan documents could have significant adverse consequences, including the following:

- the company s cash flow may be insufficient to meet its required principal and interest payments;
- the company may be unable to borrow additional funds as needed or on favorable terms;
- the company may be unable to refinance its indebtedness at maturity or the refinancing terms may be less favorable than the terms of the company s original indebtedness;
- to the extent the company borrows debt that bears interest at variable rates, increases in interest rates could materially increase the company s interest expense;
- the company may be forced to dispose of one or more of its properties, possibly on disadvantageous terms;
- the company may default on its obligations or violate restrictive covenants, in which case the lenders or mortgagees may accelerate the company s debt obligations, foreclose on the properties that secure their loans and/or take control of the company s properties that secure their loans and collect rents and other property income;
- the company may violate restrictive covenants in its loan documents, which would entitle the lenders to accelerate the company s debt obligations or reduce its ability to make, or prohibit it from making, distributions and
- the company s default under any one of its mortgage loans with cross default provisions could result in a default on other indebtedness.

In addition, the secured revolving and term credit facility is expected to include covenants which may restrict the company s ability to pay dividends if the company fails to meet certain tests. See Management s Discussion and Analysis of Financial Condition and Results of Operations of Empire State Realty Trust Consolidated Indebtedness to be Outstanding After the IPO Description of Certain Debt Secured Revolving and Term Credit Facility.

If any one of these events were to occur, the company s financial condition, results of operations, cash flow, trading price of the operating partnership units and Class A common stock and the company s ability to satisfy its principal and interest obligations and to make distributions to its stockholders could be adversely affected. In addition, in connection with the company s debt agreements it may enter into lockbox and cash management agreements pursuant to which substantially all of the income generated by the company s properties will be deposited directly into lockbox accounts and then swept into cash management accounts for the benefit of the company s various lenders and from which cash will be distributed to the company only after funding of improvement, leasing and maintenance reserves and the payment of principal and interest on the company s debt, insurance, taxes, operating expenses and extraordinary capital expenditures and leasing expenses. As a result, the company may be forced to borrow additional funds in order to make distributions to the company s stockholders (including, potentially, to make distributions necessary to allow the company to qualify as a REIT).

Mortgage debt obligations expose the company to the possibility of foreclosure, which could result in the loss of the company s investment in a property or group of properties subject to mortgage debt.

Incurring mortgage and other secured debt obligations increases the company s risk of property losses because defaults on indebtedness secured by properties may result in foreclosure actions initiated by lenders and ultimately the company s loss of the property securing any loans for which the company is in default. Any foreclosure on a mortgaged property or group of properties could adversely affect the overall value of the company s portfolio of properties. For tax purposes, a foreclosure of any of the company s properties that is subject to a nonrecourse mortgage loan would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds the company s tax basis in the property, the company would recognize taxable income on foreclosure, but would not receive any cash proceeds, which could hinder the company s ability to meet the distribution requirements applicable to REITs under the Code. Foreclosures could also trigger the company s tax indemnification obligations under the terms of its agreements with certain investors with respect to sales of certain properties, and obligate the company to make certain levels of indebtedness available for them to guarantee which, among other things, allows them to defer the recognition of gain in connection with the consolidation.

High mortgage rates and/or unavailability of mortgage debt may make it difficult for the company to finance or refinance properties, which could reduce the number of properties the company can acquire, its net income and the amount of cash distributions the company can make.

If mortgage debt is unavailable at reasonable rates, the company may not be able to finance the purchase of properties. If the company places mortgage debt on properties, it may be unable to refinance the properties when the loans become due, or to refinance on favorable terms. If interest rates are higher when the company refinances its properties, the company s income could be reduced. If any of these events occur, the company s cash flow could be reduced. This, in turn, could reduce cash available for distribution to the company s stockholders and may hinder the company s ability to raise more capital by issuing more stock or by borrowing more money. In addition, to the extent the company is unable to refinance the properties when the loans become due, the company will have fewer debt guarantee opportunities available to offer under its tax protection agreement. If the company is unable to offer certain guarantee opportunities to the parties to the tax protection agreement, or otherwise is unable to allocate sufficient liabilities of the operating partnership to those parties, it could trigger an indemnification obligation of the company under the tax protection agreement.

Some of the company s financing arrangements involve balloon payment obligations, which may adversely affect its ability to make distributions.

Upon closing of the consolidation, the company will have pro forma total debt outstanding of approximately $1.11 billion (which is only 21.0% of its total assets based on the appraised value of the company s properties set forth in the Appraisal prepared by the independent valuer for purposes of establishing aggregate exchange value), with a weighted average interest rate of 5.20%, a weighted average maturity of 3.4 years and 78.2% of which is fixed-rate indebtedness. Additionally, the company expects to have approximately $304.1 million of available borrowing capacity under its loans on a pro forma basis (excluding amounts under the $800.0 million secured revolving and term credit facility which the company expects to obtain upon the closing of the IPO from lenders that will include certain of the underwriters of the IPO or their respective affiliates). The company has no debt maturing in the remainder of 2012 and approximately $56.9 million maturing in 2013. As of September 30, 2012, the company had 23 mortgage loans outstanding secured by 17 of the company s properties. As of September 30, 2012, these loans had an aggregate estimated principal balance at maturity of approximately $1.0 billion with maturity dates ranging from May 2013 through April 2018. Some of the company s financing arrangements require it to make a lump-sum or balloon payment at maturity. See Management s Discussion and Analysis of

Financial Condition and Results of Operations of Empire State Realty Trust Consolidated Indebtedness to be Outstanding After the IPO for a description of the estimated principal balances at maturity, including lump-sum or balloon payments, of the company s indebtedness. The company s ability to make a balloon payment at maturity is uncertain and may depend upon the company s ability to obtain additional financing or its ability to sell the property. At the time the balloon payment is due, the company may or may not be able to refinance the existing financing on terms as favorable as the original loan or sell the property at a price sufficient to make the balloon payment. The effect of a refinancing or sale could affect the rate of return to stockholders and the projected time of disposition of the company s assets. In addition, payments of principal and interest made to service the company s debts may leave it with insufficient cash to make distributions necessary to meet the distribution requirements applicable to REITs under the Code.

The company s degree of leverage and the lack of a limitation on the amount of indebtedness the company may incur could materially and adversely affect it.

The company s organizational documents do not contain any limitation on the amount of indebtedness it may incur. Upon closing of the consolidation and on a pro forma basis for the year ended December 31, 2011, the company had a debt-to-EBITDA ratio of approximately 4.93x. For the year ended December 31, 2011 the company s pro forma EBITDA and pro forma net income, the most comparable GAAP measure, were approximately $213.2 million and $58.7 million, respectively. Any changes that increase the company s debt-to-EBITDA could be viewed negatively by investors. As a result, the company s stock price could decrease. The company also considers factors other than debt-to-EBITDA in making decisions regarding the incurrence of indebtedness, such as the purchase price of properties to be acquired with debt financing, the estimated market value of the company s properties upon refinancing and the ability of particular properties and the company s business as a whole to generate cash flow to cover expected debt service.

The company s degree of leverage could affect its ability to obtain additional financing for working capital, capital expenditures, acquisitions, development or other general corporate purposes. The company s degree of leverage could also make it more vulnerable to a downturn in business or the economy generally. If the company becomes more leveraged in the future, the resulting increase in debt service requirements could cause the company to default on its obligations, which could materially and adversely affect the company.

The company s tax protection agreement could limit its ability either to sell certain properties, engage in a strategic transaction or to reduce its level of indebtedness, which could materially and adversely affect the company.

As part of the consolidation, the operating partnership intends to enter into a tax protection agreement with Peter L. Malkin and Anthony E. Malkin pursuant to which the operating partnership will agree to indemnify the Wien 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 liabilities if those tax liabilities result from (i) the operating partnership s sale, transfer, conveyance, or other taxable disposition of four specified properties (First Stamford Place, Metro Center, 10 Bank Street and 1542 Third Avenue, which collectively represent approximately 2.44% of the aggregate exchange value) to be acquired by the operating partnership in the consolidation for a period of 12 years with respect to First Stamford Place and for the later of (x) eight years or (y) the death of both Peter L. Malkin and Isabel W. Malkin, who are 78 and 76 years old, respectively, for the three other properties, (ii) the operating partnership s failing to maintain until maturity the indebtedness secured by those properties or failing to use commercially reasonable efforts to refinance such indebtedness upon maturity in an amount equal to the principal balance of such indebtedness, or, if the operating partnership is unable to refinance such indebtedness at its current principal amount, at the highest principal amount possible, or (iii) the operating partnership failing to make available to any of these investors the opportunity to guarantee, or otherwise bear the risk of loss, for U.S. federal income tax purposes, of their allocable share of $160 million of aggregate indebtedness meeting certain requirements, until such 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 consolidation. If the company s tax indemnification obligations were to be triggered under these agreements, the company would be required to pay damages for the resulting tax consequences to the Malkin Family, and the company has acknowledged that a calculation of damages will not be based on the time value of money or the time remaining within the restricted period. Moreover, these obligations may restrict the company s ability to engage in a strategic transaction. In addition, these obligations may require the company to maintain more or different indebtedness than the company would otherwise require for the company s business. See The Consolidation Description of the Tax Protection Agreement. The operating partnership estimates that if all of its assets subject to the tax protection agreement were sold in a taxable transaction immediately after the IPO, the amount of the operating partnership s indemnification obligations (based on tax rates applicable for the taxable year ending December 31, 2012, and exchange values, and including additional payments to compensate the indemnified partners for additional tax liabilities resulting from the indemnification payments) would be approximately $97.7 million (which will be $119.6 million beginning after December 31, 2012 if certain sunset provisions under the Internal Revenue Code are not altered or reversed).

The continuing threat of a terrorist event may materially and adversely affect the company s properties, their value and the company s ability to generate cash flow.

There may be a decrease in demand for space in Manhattan and the greater New York metropolitan area because it is considered at risk for a future terrorist event, and this decrease may reduce the company s revenues from property rentals. In the aftermath of a terrorist event, tenants in Manhattan and the greater New York metropolitan area may choose to relocate their businesses to less populated, lower-profile areas of the United States that are not as likely to be targets of future terrorist activity. This in turn could trigger a decrease in the demand for space in Manhattan and the greater New York metropolitan area, which could increase vacancies in the company s properties and force the company to lease its properties on less favorable terms. Further, certain of the company s properties, including the Empire State Building, may be considered to be susceptible to increased risks of a future terrorist event due to the high-profile nature of the property. In addition, a terrorist event could cause insurance premiums at certain of the company s properties to increase significantly. As a result, the value of the company s properties and the level of its revenues could materially decline.

Potential losses such as those from adverse weather conditions, natural disasters, terrorist events and title claims, may not be fully covered by the company s insurance policies, and such losses could materially and adversely affect the company.

The company s business operations are susceptible to, and could be significantly affected by, adverse weather conditions, terrorist events and natural disasters that could cause significant damage to the properties in its portfolio. The company s insurance may not be adequate to cover business interruption or losses resulting from such events. In addition, the company s insurance policies include substantial self-insurance portions and significant deductibles and co-payments for such events, and recent hurricanes in the United States have affected the availability and price of such insurance. As a result, the company may incur significant costs in the event of adverse weather conditions, terrorist events and natural disasters. The company may discontinue certain insurance coverage on some or all of its properties in the future if the cost of premiums for any of these policies in the company s judgment exceeds the value of the coverage discounted for the risk of loss.

The company carries comprehensive liability, fire, extended coverage, earthquake, terrorism and rental loss insurance, covering all of its Manhattan properties and its greater New York metropolitan area properties under a blanket policy. The company carries additional all-risk property and business insurance, which includes terrorism insurance, on the Empire State Building through ESB Captive Insurance Company L.L.C., or ESB Captive Insurance, the company s wholly owned captive insurance company. ESB Captive Insurance covers terrorism insurance for $700 million in losses in excess of $800 million per occurrence suffered by the Empire State Building, providing the company with aggregate terrorism coverage of $1.5 billion. ESB Captive Insurance fully reinsures the 15% coinsurance under the Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA) and the difference between the TRIPRA captive deductible and policy deductible of $25,000 for non-Nuclear, Biological, Chemical and Radiological exposures. As a result, the company remains only liable for

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the 15% coinsurance under TRIPRA for Nuclear, Biological, Chemical and Radiological (NBCR) exposures, as well as a deductible equal to 20% of the prior year s premium, which premium was approximately $429,000 in 2011. As long as the company owns ESB Captive Insurance, the company is responsible for its liquidity and capital resources, and its accounts are part of the company s consolidated financial statements. If the company experiences a loss and its captive insurance company is required to pay under its insurance policy, the company would ultimately record the loss to the extent of its required payment.

Furthermore, the company does not carry insurance for certain losses, including, but not limited to, losses caused by war. In addition, while the company s title insurance policies insure for the current aggregate market value of the company s portfolio, the company does not intend to increase its title insurance policies as the market value of its portfolio increases. As a result, the company may not have sufficient coverage against all losses that it may experience, including from adverse title claims.

If the company experiences a loss that is uninsured or which exceeds its policy limits, the company could incur significant costs and lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, the company would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

In addition, certain of the company s properties could not be rebuilt to their existing height or size at their existing location under current land-use laws and policies. In the event that the company experiences a substantial or comprehensive loss of one of its properties, the company may not be able to rebuild such property to its existing specifications and otherwise may have to upgrade such property to meet current code requirements.

TRIA, which was enacted in November 2002, was renewed on December 31, 2007. Congress extended TRIA, now called TRIPRA (Terrorism Risk Insurance Program Reauthorization Act of 2007) until December 31, 2014. The law extends the federal Terrorism Risk Insurance Program that requires insurance companies to offer terrorism coverage and provides for compensation for insured losses resulting from acts of foreign and domestic terrorism. The company s debt instruments, consisting of mortgage loans secured by its properties (which are generally non-recourse to the company), ground leases and the company s secured term loan, contain customary covenants requiring the company to maintain insurance, including TRIPRA insurance. While the company does not believe it will be likely, there can be no assurance that the lenders or ground lessors under these instruments will not take the position that a total or partial exclusion from all-risk insurance coverage for losses due to terrorist acts is a breach of these debt and ground lease instruments that allows the lenders or ground lessors to declare an event of default and accelerate repayment of debt or recapture of ground lease positions for those properties in the portfolio which are not insured against terrorist events. In addition, if lenders insist on full coverage for these risks and prevail in asserting that the company is required to maintain such coverage, it could result in substantially higher insurance premiums.

Certain mortgages on the company s properties contain requirements concerning the financial ratings of the insurers who provide policies covering the property. The company provides the lenders on a regular basis with the identity of the insurance companies in its insurance programs. While the ratings of the company s insurers currently satisfy the rating requirements in some of its loan agreements, in the future, the company may be unable to obtain insurance with insurers which satisfy the rating requirements which could give rise to an event of default under such loan agreements. Additionally, in the future the company s ability to obtain debt financing secured by individual properties, or the terms of such financing, may be adversely affected if lenders generally insist on ratings for insurers which are difficult to obtain or which result in a commercially unreasonable premium.

The company may become subject to liability relating to environmental and health and safety matters, which could have a material and adverse effect on it.

Under various federal, state and/or local laws, ordinances and regulations, as a current or former owner or operator of real property, the company may be liable for costs and damages resulting from the presence or release of hazardous substances, waste, or petroleum products at, on, in, under or from such property, including costs for investigation or remediation, natural resource damages, or third party liability for personal injury or property damage. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence or release of such materials, and the liability may be joint and several. Some of the company s properties have been or may be impacted by contamination arising from current or prior uses of the property or adjacent properties for commercial, industrial or other purposes. Such contamination may arise from spills of petroleum or hazardous substances or releases from tanks used to store such materials. The company also may be liable for the costs of remediating contamination at off-site disposal or treatment facilities when the company arranges for disposal or treatment of hazardous substances at such facilities, without regard to whether the company complies with environmental laws in doing so. The presence of contamination or the failure to remediate contamination on the company s properties may adversely affect its ability to attract and/or retain tenants and its ability to develop or sell or borrow against those properties. In addition to potential liability for cleanup costs, private plaintiffs may bring claims for personal injury, property damage or for similar reasons. Environmental laws also may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on the company s properties, environmental laws may impose restrictions on the manner in which that property may be used or how businesses may be operated on that property. For example, the company s property at 69-97 Main Street is subject to an Environmental Land Use Restriction that imposes certain restrictions on the use, occupancy and activities of the affected land beneath the property. This restriction may prevent the company from conducting certain renovation activities at the property, which may adversely affect its resale value and may adversely affect the company s ability to finance or refinance this property. See The Company Business and Properties Regulation Environmental Matters.

Some of the company s properties are adjacent to or near other properties used for industrial or commercial purposes or that have contained or currently contain underground storage tanks used to store petroleum products or other hazardous or toxic substances. Releases from these properties could impact the company s properties. In addition, some of the company s properties have previously been used by former owners or tenants for commercial or industrial activities, e.g., gas stations and dry cleaners, and a portion of the Metro Tower site is currently used for automobile parking and fuelling that may release petroleum products or other hazardous or toxic substances at such properties or to surrounding properties.

In addition, the company s properties are subject to various federal, state and local environmental and health and safety laws and regulations. Noncompliance with these environmental and health and safety laws and regulations could subject the company or its tenants to liability. These liabilities could affect a tenant s ability to make rental payments to the company. Moreover, changes in laws could increase the potential costs of compliance with such laws and regulations or increase liability for noncompliance. This may result in significant unanticipated expenditures or may otherwise materially and adversely affect the company s operations, or those of its tenants, which could in turn have a material adverse effect on the company.

As the owner or operator of real property, the company may also incur liability based on various building conditions. For example, buildings and other structures on properties that the company currently owns or operates or those the company acquires or operates in the future contain, may contain, or may have contained, asbestos-containing material, or ACM. Environmental and health and safety laws require that ACM be properly managed and maintained and may impose fines or penalties on owners, operators or employers for non-compliance with those requirements. These requirements include special precautions, such as removal, abatement or air monitoring, if ACM would be disturbed during maintenance, renovation or demolition of a building, potentially resulting in substantial costs. In addition, the company may be subject to liability for personal injury or property damage sustained as a result of releases of ACM into the environment.

In addition, the company s properties may contain or develop harmful mold or suffer from other indoor air quality issues, which could lead to liability for adverse health effects or property damage or costs for remediation. When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as

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pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of the company s properties could require it to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose the company to liability from its tenants, employees of its tenants or others if property damage or personal injury occurs.

The company cannot assure you that costs or liabilities incurred as a result of environmental issues will not affect the company s ability to make distributions to its stockholders or holders of operating partnership units or that such costs, liabilities, or other remedial measures will not have a material adverse effect on the company s financial condition and results of operations.

Potential environmental liabilities may exceed the company s environmental insurance coverage limits, which could have a material and adverse effect on it.

The company carries environmental insurance to cover certain potential environmental liabilities associated with pollution conditions at certain of its properties. The company cannot assure you, however, that its insurance coverage will be sufficient or that the company s liability will not have a material adverse effect on its financial condition, results of operations, cash flow, trading price of the operating partnership units and Class A common stock and the company s ability to satisfy its principal and interest obligations and to make distributions to the company s stockholders.

The company may experience a decline in the fair value of its assets, which may have a material impact on the company s financial condition, liquidity and results of operations and adversely impact its stock price.

A decline in the fair market value of the company s assets may require it to recognize an other-than-temporary impairment against such assets under GAAP if the company were to determine that, with respect to any assets in unrealized loss positions, it does not have the ability and intent to hold such assets to maturity or for a period of time sufficient to allow for recovery to the amortized cost of such assets. If such a determination were to be made, the company would recognize unrealized losses through earnings and write down the amortized cost of such assets to a new cost basis, based on the fair value of such assets on the date they are considered to be other-than-temporarily impaired. Such impairment charges reflect non-cash losses at the time of recognition; subsequent disposition or sale of such assets could further affect the company s future losses or gains, as they are based on the difference between the sale price received and adjusted amortized cost of such assets at the time of sale.

Failure to hedge interest rates effectively could have a material and adverse effect on the company.

Subject to the company s qualification as a REIT, the company may seek to manage its exposure to interest rate volatility by using interest rate hedging arrangements that involve risk, such as the risk that counterparties may fail to honor their obligations under these arrangements, and that these arrangements may not be effective in reducing the company s exposure to interest rate changes. Moreover, there can be no assurance that the company s hedging arrangements will qualify for hedge accounting or that the company s hedging activities will have the desired beneficial impact on the company s results of operations. Should the company desire to terminate a hedging agreement, there could be significant costs and cash requirements involved to fulfill the company s initial obligation under the hedging agreement. Failure to hedge effectively against interest rate changes may adversely affect the company s results of operations.

When a hedging agreement is required under the terms of a mortgage loan it is often a condition that the hedge counterparty maintains a specified credit rating. With the current volatility in the financial markets, there is an increased risk that hedge counterparties could have their credit rating downgraded to a level that would not be acceptable under the loan provisions. If the company were unable to renegotiate the credit rating condition with the lender or find an alternative counterparty with acceptable credit rating, the company could be in default under the loan and the lender could seize that property through foreclosure.

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As a general contractor, Malkin Construction, the company s wholly-owned subsidiary, is subject to the various risks associated with construction that could have a material adverse effect on the company s business and results of operations.

As a general contractor, Malkin Construction, the company s wholly-owned subsidiary, is subject to the various risks associated with construction (including, without limitation, shortages of labor and materials, work stoppages, labor disputes and weather interference) that could cause construction delays. The company is subject to the risk that it will be unable to complete construction at budgeted costs or be unable to fund any excess construction costs, which could have a material adverse effect on the company s business and results of operations.

The company may incur significant costs complying with the ADA and similar laws, which could adversely affect the company s financial condition, results of operations, cash flow and trading price of the operating partnership units and Class A common stock.

Under the Americans with Disabilities Act of 1990, or the ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. The company has not conducted a recent audit or investigation of all of its properties to determine the company s compliance with the ADA. If one or more of the properties in the company s portfolio is not in compliance with the ADA, the company would be required to incur additional costs to bring the property into compliance. Additional federal, state and local laws also may require modifications to the company s properties, or restrict the company s ability to renovate its properties. The company cannot predict the ultimate cost of compliance with the ADA or other legislation. If the company incurs substantial costs to comply with the ADA and any other legislation, the company s financial condition, results of operations, cash flow, trading price of the operating partnership units and Class A common stock and the company s ability to satisfy its principal and interest obligations and to make distributions to the company s stockholders could be adversely affected.

The company s property taxes could increase due to property tax rate changes or reassessment, which could impact the company s cash flows.

Even if the company qualifies as a REIT for U.S. federal income tax purposes, the company will be required to pay state and local taxes on its properties. The real property taxes on the company s properties may increase as property tax rates change or as the company s properties are assessed or reassessed by taxing authorities. In particular, the company s portfolio of properties may be reassessed as a result of the IPO. Therefore, the amount of property taxes the company pays in the future may increase substantially from what the company has paid in the past. If the property taxes the company pays increase, the company s financial condition, results of operations, cash flows, trading price of the operating partnership units and Class A common stock and the company s ability to satisfy its principal and interest obligations and to make distributions to the company s stockholders could be adversely affected.

The company may become subject to litigation, which could have a material and adverse effect on the company s financial condition, results of operations, cash flow and trading price of the operating partnership units and Class A common stock.

In the future the company may become subject to litigation, including claims relating to its operations, offerings, and otherwise in the ordinary course of business. Some of these claims may result in significant defense costs and potentially significant judgments against the company, some of which are not, or cannot be, insured against. The company generally intends to defend itself vigorously; however, the company cannot be certain of the ultimate outcomes of any claims that may arise in the future. Resolution of these types of matters against the company may result in it having to pay significant fines, judgments, or settlements, which, if uninsured, or if the fines, judgments, and settlements exceed insured levels, could adversely impact the company s earnings and cash flows, thereby having an adverse effect on the company s financial condition, results of operations, cash flow and trading price of the operating partnership units and Class A common stock.

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Certain litigation or the resolution of certain litigation may affect the availability or cost of some of the company s insurance coverage, which could adversely impact the company s results of operations and cash flows, expose the company to increased risks that would be uninsured, and/or adversely impact the company s ability to attract officers and directors.

Joint venture investments could be adversely affected by the company s lack of sole decision-making authority, its reliance on co-venturers financial condition and disputes between the company and its co-venturers.

The company may co-invest in the future with third parties through partnerships, joint ventures or other entities, acquiring non-controlling interests in or sharing responsibility for managing the affairs of a property, partnership, joint venture or other entity. In such event, the company would not be in a position to exercise sole decision-making authority regarding the property, partnership, joint venture or other entity. Investments in partnerships, joint ventures or other entities may, under certain circumstances, involve risks not present were a third party not involved, including the possibility that partners or co-venturers might become bankrupt or fail to fund their share of required capital contributions. Partners or co-venturers may have economic or other business interests or goals which are inconsistent with the company s business interests or goals, and may be in a position to take actions contrary to the company s policies or objectives, and they may have competing interests in the company s markets that could create conflict of interest issues. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither the company nor the partner or co-venturer would have full control over the partnership or joint venture. In addition, prior consent of the company s joint venture partners may be required for a sale or transfer to a third party of the company s interests in the joint venture, which would restrict the company s ability to dispose of its interest in the joint venture. If the company becomes a limited partner or non-managing member in any partnership or limited liability company and such entity takes or expects to take actions that could jeopardize the company s status as a REIT or require it to pay tax, the company may be forced to dispose of its interest in such entity including at an unfavorable price. Disputes between the company and partners or co-venturers may result in litigation or arbitration that would increase the company s expenses and prevent its officers and/or directors from focusing their time and effort on the company s business. Consequently, actions by or disputes with partners or co-venturers might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, the company may in certain circumstances be liable for the actions of its third-party partners or co-venturers. The company s joint ventures may be subject to debt and, in any weakened credit market, the refinancing of such debt may require equity capital calls.

Changes in accounting rules, assumptions and/or judgments could materially and adversely affect the company.

Accounting rules for certain aspects of the company s anticipated operations are highly complex and involve significant judgment and assumptions. These complexities could lead to a delay in the preparation of the company s financial statements and the delivery of this information to the company s stockholders. Furthermore, changes in accounting rules or in the company s accounting assumptions and/or judgments, such as asset impairments, could materially impact its financial statements. Under any of these circumstances, the company could be materially and adversely affected.

The company may incur significant costs complying with various regulatory requirements, which could materially and adversely affect its financial performance.

The company s properties are subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If the company fails to comply with these various requirements, it might incur governmental fines or private damage awards. In addition, existing requirements could change and future requirements might require the company to make significant unanticipated expenditures, which materially and adversely affect its financial performance.

Risks Related to the Tax Consequences of the Consolidation

A participant that receives common stock in the consolidation may recognize gain or loss for U.S. federal income tax purposes.

If you receive solely Class A common stock, you generally will recognize gain or loss for U.S. federal income tax purposes with respect to your participation interest equal to the amount by which the fair market value of any shares of Class A common stock you receive in connection with the consolidation, plus the amount of liabilities allocable to your participation interest, exceeds your tax basis in your participation interest. In addition, if you are an individual or a partnership for New York State personal income tax purposes, any gain that you recognize in the consolidation will generally be treated as New York source income for New York State personal income tax purposes. As a result, you (or, if you are a partnership, any of your partners who are individuals) will generally be subject to New York State personal income tax on such gain even if you are treated as a New York nonresident for purposes of the New York State personal income tax. The New York City personal income tax should not apply to individuals who are treated as New York City nonresidents for purposes of the tax. You will recognize phantom income (*i.e.*, income in excess of the value of any shares of common stock you receive) if you have a negative capital account with respect to your participation interest. If you elect to receive common stock and have gain for U.S. federal income tax purposes, you will need to satisfy any associated tax liabilities with cash from you other resources. The supervisor urges you to consult with your tax advisor to evaluate the tax consequences to you in your particular circumstances as a result of the consolidation. For a further discussion of the general U.S. federal income tax consequences of the transactions contemplated herein that may be relevant, you should carefully review the section entitled U.S. Federal Income Tax Considerations.

If you receive a combination of operating partnership units and common stock, you may also recognize gain or loss for U.S. federal income tax purposes, as more fully discussed under U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation. See also U.S. Federal Income Tax Considerations U.S. Federal Income Tax Considerations of the Voluntary Pro Rata Reimbursement Program for the Former Property Manager and Leasing Agent Legal Proceedings for a discussion of the tax consequences of the deemed receipt of shares of common stock under the voluntary pro rata reimbursement program.

Tax consequences to holders of operating partnership units upon a sale or refinancing of the company s properties may cause the interests of certain members of the company s senior management team to differ from your own.

As a result of the unrealized built-in gain attributable to a property at the time of contribution, some holders of operating partnership units, including Anthony E. Malkin and Peter L. Malkin, may suffer different and more adverse tax consequences than holders of common stock or other holders of operating partnership units upon the sale or refinancing of the properties owned by the operating partnership, including disproportionately greater allocations of items of taxable income and gain upon a realization event. As those holders will not receive a correspondingly greater distribution of cash proceeds, they may have different objectives regarding the appropriate pricing, timing and other material terms of any sale or refinancing of certain properties, or whether to sell or refinance such properties at all. As a result, the effect of certain transactions on Anthony E. Malkin and Peter L. Malkin may influence their decisions affecting these properties and may cause them to attempt to delay, defer or prevent a transaction that might otherwise be in the best interests of the company s other stockholders. In connection with the consolidation, the operating partnership intends to enter into a tax protection agreement with Anthony E. Malkin and Peter L. Malkin pursuant to which the operating partnership will agree to indemnify the Wien 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 liabilities if those tax liabilities result from (i) the operating partnership s sale, transfer, conveyance, or other taxable disposition of four specified properties (First Stamford Place, Metro Center, 10 Bank Street and 1542 Third Avenue, which collectively represent approximately 2.44% of the aggregate exchange value) to be acquired by the operating partnership in the consolidation for a period of 12 years with respect to First Stamford Place and for the later of (x) eight years or

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(y) the death of both Peter L. Malkin and Isabel W. Malkin, who are 78 and 76 years old, respectively, for the three other properties, (ii) the operating partnership s failing to maintain until maturity the indebtedness secured by those properties or failing to use commercially reasonable efforts to refinance such indebtedness upon maturity in an amount equal to the principal balance of such indebtedness, or, if the operating partnership is unable to refinance such indebtedness at its current principal amount, at the highest principal amount possible, or (iii) the operating partnership s failing to make available to any of these investors the opportunity to guarantee, or otherwise bear the risk of loss, for U.S. federal income tax purposes, of their allocable share of $160 million of aggregate indebtedness meeting certain requirements, until such investor owns less that 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 consolidation. The operating partnership estimates that if all of its assets subject to the tax protection agreement were sold in a taxable transaction immediately after the IPO, the amount of the operating partnership s indemnification obligations (based on tax rates applicable for the taxable year ending December 31, 2012, and exchange values, and including additional payments to compensate the indemnified partners for additional tax liabilities resulting from the indemnification payments) would be approximately $97.7 million (which will be $119.6 million beginning after December 31, 2012 if certain sunset provisions under the Internal Revenue Code are not altered or reversed). As a result of entering into the tax protection agreement, Anthony E. Malkin and Peter L. Malkin may have an incentive to cause the company to enter into transactions from which they may personally benefit.

Participants may recognize taxable gain resulting from a reduction in their share of the operating partnership s liabilities and accordingly may recognize taxable gain even if they elect to receive solely operating partnership units in the consolidation.

If you elect to receive solely operating partnership units in the consolidation, or a combination of (a) operating partnership units and (b) shares of common stock not in excess of your reimbursement amount, to the extent that the current mortgage debt on the subject LLC s property is maintained, or such mortgage debt is refinanced with similar mortgage debt, your share of the operating partnership s liabilities should generally be an amount sufficient to avoid your recognizing gain for U.S. federal income tax purposes as a result of the consolidation. However, there can be no assurance that this will be the case for all participants in each subject LLC.

In general, following the consolidation, the operating partnership generally intends to maintain a level of mortgage debt on the property currently held by the subject LLC, or to refinance such debt with similar debt. The operating partnership may, however, elect to pay down its indebtedness or refinance such indebtedness with unsecured debt following the consolidation, including mortgage indebtedness on property owned by the subject LLC which may reduce the amount of the operating partnership s liabilities allocable to a participant. In addition, the operating partnership s commitment pursuant to the tax protection agreement entered into with Peter L. Malkin and Anthony E. Malkin could result in less operating partnership liabilities available to be allocated to a participant as a result of such persons and the Wien group being offered opportunities to guarantee certain indebtedness of the operating partnership. Over time, property depreciation, capital improvements made to the properties and debt amortization and repayment, among other things, may reduce your share of the operating partnership s liabilities. A reduction in your share of the operating partnership s liabilities (either as a result of the consolidation, from a pay down of mortgage debt following the consolidation or over time) that exceeds your U.S. federal income tax basis in your operating partnership units is treated as taxable gain from the sale or exchange of your operating partnership units.

Participants should carefully review U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation and consult their tax advisors with regard to liabilities associated with their participation interests and their share of the operating partnership s liabilities following the consolidation and in future periods.

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You will not receive tax protection against taxable gains.

Generally, under applicable U.S. federal income tax laws and regulations, participants of a subject LLC would recognize gain or loss, for U.S. federal income tax purposes, with respect to their operating partnership units if, following the consolidation, the operating partnership were to sell a property previously owned by that subject LLC. Participants also would recognize taxable gain if participants were not allocated sufficient liabilities under U.S. federal tax rules with respect to their operating partnership units.

As part of the consolidation, the operating partnership intends to enter into a tax protection agreement with Peter L. Malkin and Anthony E. Malkin pursuant to which the operating partnership will agree to indemnify the Wien 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 liabilities if those tax liabilities result from (i) the operating partnership s sale, transfer, conveyance or other taxable disposition of four specified properties (First Stamford Place, Metro Center, 10 Bank Street and 1542 Third Avenue, which collectively represent approximately 2.44% of the aggregate exchange value), to be acquired by the operating partnership in the consolidation, for a period of 12 years with respect to First Stamford Place and for the later of (x) eight years or (y) the death of both of Peter L. Malkin and Isabel W. Malkin, who are 78 and 76 years old, respectively, for the three other properties, (ii) the operating partnership s failing to maintain until maturity the indebtedness secured by these properties or failing to use commercially reasonable efforts to refinance such indebtedness upon maturity in an amount equal to the principal balance of such indebtedness, or, if the operating partnership is unable to refinance such indebtedness at its current principal amount, at the highest principal amount possible, or (iii) the operating partnership s failing to make available to any of these investors the opportunity to guarantee, or otherwise bear the risk of loss, for U.S. federal income tax purposes, of their allocable share of $160 million of aggregate indebtedness meeting certain requirements, until such 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 of common stock such investor received in the consolidation. For a further description of the tax protection agreement, see The Consolidation Description of the Tax Protection Agreement.

Specific transactions or tax elections may cause you to recognize gain or otherwise affect your investment.

As a general matter, the company, per the terms of the operating partnership agreement, will not be required to take into account tax consequences to the other partners of the operating partnership (including a holder of operating partnership units that received those units in connection with the consolidation) in deciding whether to cause the operating partnership to undertake specific transactions or make tax elections that could cause you to recognize gain. Consequently, any deferred tax gain allocable to the operating partnership units that you receive in connection with the consolidation could be triggered at any time, and your share of the liabilities of the operating partnership could be reduced at any time and no promise can be made to you that you will continue to enjoy the benefit of deferring any gain that would have otherwise been recognized had you received common stock in the consolidation.

If the operating partnership were not to make an election under Section 754 of the Code to adjust its asset basis, a subsequent transferee of operating partnership units could be allocated more taxable income in respect of those operating partnership units prior to disposition than if such an election were made.

The operating partnership currently intends to make an election to adjust asset basis under Section 754 of the Code. If no such election is made, there will generally be no adjustment to the basis of the assets of the operating partnership upon a subsequent transferee s acquisition of operating partnership units from a participant transferring operating partnership units, even if the purchase price for those operating partnership units is greater than the share of the aggregate tax basis of the operating partnership s assets attributable to those operating partnership units immediately prior to the acquisition. Consequently, upon a sale of an asset by the operating partnership, gain allocable to a holder of operating partnership units could include built-in gain in the asset existing at the time such subsequent holder acquired the operating partnership units, which built-in gain would otherwise generally be eliminated if a Section 754 election had been made. See U.S. Federal Income Tax Considerations Consequences of Holding Operating Partnership Units Section 754 Election.

The operating partnership cannot match transferors and transferees of Series 60, Series 250, or Series ES operating partnership units, and the operating partnership will therefore adopt certain income tax accounting positions that may not conform with all aspects of applicable tax requirements. The IRS may challenge this treatment, which could adversely affect the tax consequences, liquidity and market price of such operating partnership units.

Because the operating partnership cannot match transferors and transferees of Series 60, Series 250, or Series ES operating partnership units, the operating partnership will adopt certain depreciation, amortization and other tax accounting positions that may not conform with all aspects of existing Treasury Regulations. A successful challenge to those positions could adversely affect the amount of tax benefit available or taxable income allocated to holders of such operating partnership units. It also could affect the timing of certain tax benefits or the amount of gain on the sale of such operating partnership units and could have a negative impact on the value of such operating partnership units or result in audits of and adjustments to the tax returns of holders of Series 60, Series 250, or Series ES operating partnership units.

In addition, the operating partnership s taxable income and losses will be determined and apportioned among investors using conventions the operating partnership regards as consistent with applicable law. As a result, if you transfer your operating partnership units, you may be allocated income, gain, loss and deduction realized by the operating partnership after the date of transfer. Similarly, a transferee may be allocated income, gain, loss and deduction realized by the operating partnership prior to the date of the transferee s acquisition of operating partnership units and, in certain circumstances, even if such a transferee receives no distributions. A transferee may also bear the cost of withholding tax imposed with respect to income allocated to a transferor through a reduction in the cash distributed to the transferee.

The company s failure to qualify or remain qualified as a REIT would subject the company to U.S. federal income tax and applicable state and local taxes, which would reduce the amount of cash available for distribution to the company s stockholders.

The company has been organized and intends to operate in a manner that will enable it to qualify as a REIT for U.S. federal income tax purposes commencing with its taxable year ending December 31, 2013. The company has not requested and does not intend to request a ruling from the IRS that it qualifies as a REIT. Qualification as a REIT involves the application of highly technical and complex Code provisions and Treasury Regulations promulgated thereunder for which there are limited judicial and administrative interpretations. The complexity of these provisions and of applicable Treasury Regulations is greater in the case of a REIT that, like the company, holds its assets through partnerships. To qualify as a REIT, the company must meet, on an ongoing basis, various tests regarding the nature and diversification of its assets and the company s income, the ownership of its outstanding shares, and the amount of its distributions. The company s ability to satisfy these asset tests depends upon its analysis of the characterization and fair market values of its assets, some of which are not susceptible to a precise determination, and for which the company will not obtain independent appraisals. The company s compliance with the REIT income and quarterly asset requirements also depends upon the company s ability to manage successfully the composition of its income and assets on an ongoing basis. Moreover, new legislation, court decisions or administrative guidance, in each case possibly with retroactive effect, may make it more difficult or impossible for the company to qualify as a REIT. Thus, while the company intends to operate so that it will qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in the company s circumstances, no assurance can be given that the company will so qualify for any particular year. These considerations also might restrict the types of assets that the company can acquire in the future.

If the company fails to qualify as a REIT in any taxable year, and it does not qualify for certain statutory relief provisions, it would be required to pay U.S. federal income tax, including any applicable alternative minimum tax, on its taxable income at regular corporate rates, and distributions to its stockholders would not be deductible by it in determining its taxable income. In such a case, the company might need to borrow money, sell assets, or reduce or even cease making distributions in order to pay its taxes. The company s payment of income tax would reduce

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significantly the amount of cash available for distribution to its stockholders. Furthermore, if the company fails to maintain its qualification as a REIT, it no longer would be required to distribute substantially all of its net taxable income to its stockholders. In addition, unless the company was eligible for certain statutory relief provisions, it could not re-elect to qualify as a REIT until the fifth calendar year following the year in which it failed to qualify.

Complying with the REIT requirements may cause the company to forego and/or liquidate otherwise attractive investments.

To qualify as a REIT, the company must ensure that it meets the REIT gross income tests annually. In addition, the company must ensure that, at the end of each calendar quarter, at least 75% of the value of its total assets consists of cash, cash items, government securities and qualified REIT real estate assets, including certain mortgage loans and certain kinds of mortgage-backed securities. The remainder of the company s investment in securities (other than government securities, securities of corporations that are treated as taxable REIT subsidiaries, or TRSs, and qualified REIT real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of the company s assets (other than government securities and qualified real estate assets) can consist of the securities of any one issuer, and no more than 25% of the value of the company s total securities can be represented by securities of one or more TRSs. See U.S. Federal Income Tax Considerations Requirements for Qualification General Asset Tests. If the company fails to comply with these asset requirements at the end of any calendar quarter, it must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing its REIT qualification and suffering adverse tax consequences.

To meet these tests, the company may be required to take or forgo taking actions that it would otherwise consider advantageous. For instance, in order to satisfy the gross income or asset tests applicable to REITs under the Code, the company may be required to forego investments that it otherwise would make. Furthermore, the company may be required to liquidate from its portfolio otherwise attractive investments. In addition, the company may be required to make distributions to stockholders at disadvantageous times or when the company does not have funds readily available for distribution. These actions could have the effect of reducing the company s income and amounts available for distribution to its stockholders and holders of operating partnership units. Thus, compliance with the REIT requirements may hinder the company s investment performance.

The REIT distribution requirements could require the company to borrow funds during unfavorable market conditions or subject the company to tax, which would reduce the cash available for distribution to the company s stockholders.

In order to qualify as a REIT, the company must distribute to its stockholders, on an annual basis, at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains. In addition, the company will be subject to U.S. federal income tax at regular corporate rates to the extent that it distributes less than 100% of its net taxable income, (including capital gains) and will be subject to a 4% nondeductible excise tax on the amount by which its distributions in any calendar year are less than a minimum amount specified under U.S. federal income tax laws. The company intends to distribute its net income to its stockholders in a manner intended to satisfy the REIT 90% distribution requirement and to avoid U.S. federal income tax and the 4% nondeductible excise tax.

In addition, the company s taxable income may exceed its net income as determined by GAAP because, for example, realized capital losses will be deducted in determining the company s GAAP net income, but may not be deductible in computing the company s taxable income. In addition, the company may incur nondeductible capital expenditures or be required to make debt or amortization payments. As a result of the foregoing, the company may generate less cash flow than taxable income in a particular year and the company may incur U.S. federal income tax and the 4% nondeductible excise tax on that income if the company does not distribute such income to stockholders in that year. In that event, the company may be required to use cash reserves, incur debt or liquidate assets at rates or times that the company regards as unfavorable or make a taxable distribution of its shares in order to satisfy the REIT 90% distribution requirement and to avoid U.S. federal income tax and the 4% nondeductible excise tax in that year.

If the operating partnership is treated as a corporation for U.S. federal income tax purposes, the company will cease to qualify as a REIT.

The company believes the operating partnership qualifies as a partnership for U.S. federal income tax purposes. Assuming that it qualifies as a partnership for U.S. federal income tax purposes, the operating partnership will not be subject to U.S. federal income tax on its income. Instead, each of its partners, including the company, is required to pay tax on its allocable share of the operating partnership s income. No assurance can be provided, however, that the IRS will not challenge the operating partnership s status as a partnership for U.S. federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating the operating partnership as a corporation for U.S. federal income tax purposes, the company would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, therefore, cease to qualify as a REIT and the operating partnership would become subject to U.S. federal, state and local income tax. The payment by the operating partnership of income tax would reduce significantly the amount of cash available to the operating partnership to satisfy obligations to make principal and interest payments on its debt and to make distribution to its partners, including the company.

Even if the company qualifies as a REIT, it may incur tax liabilities that reduce its cash flow.

Even if the company qualifies for taxation as a REIT, it may be subject to certain U.S. federal, state and local taxes on its income and assets, including taxes on any undistributed income, taxes on income from some activities conducted as a result of a foreclosure, and state or local income, franchise, property and transfer taxes, including mortgage recording taxes. See U.S. Federal Income Tax Considerations Taxation of the Company Taxation of REITs in General. In addition, Empire State Realty Observatory TRS, LLC, a New York limited liability company, or Observatory TRS, Empire State Realty Holdings TRS, LLC, a Delaware limited liability company, or Holding TRS, and any other TRSs the company owns will be subject to U.S. federal, state and local corporate income taxes. In order to meet the REIT qualification requirements, or to avoid the imposition of a 100% tax that applies to certain gains derived by a REIT from sales of inventory or property held primarily for sale to customers in the ordinary course of business, the company will hold some of its assets through taxable C corporations, including TRSs. Any taxes paid by such subsidiary corporations would decrease the cash available for distribution to the company s stockholders.

If the company is not able to lease the Empire State Building observatory to a TRS in a manner consistent with the ruling that the company has received from the IRS, or if the company is not able to maintain its broadcast licenses in a manner consistent with the ruling it has received from the IRS, it would be required to restructure its operations in a manner that could adversely affect the value of its stock.

Rents from real property are generally not qualifying income for purposes of the REIT gross income tests if the rent is treated as related party rent. Related party rent generally includes (i) any rent paid by a corporation if the REIT (or any person who owns 10% or more of the stock of the REIT by value) directly or indirectly owns 10% or more of the stock of the corporation by vote or value and (ii) rent paid by a partnership if the REIT (or any person who owns 10% or more of the stock of the REIT by value) directly or indirectly owns an interest of 10% or more in the assets or net profits of the partnership. Under an exception to this rule, related party rent is treated as qualifying income for purposes of the REIT gross income tests if it is paid by a TRS of the REIT and (i) at least 90% of the leased space in the relevant property is rented to persons other than either TRSs or other related parties of the REIT, and (ii) the amounts paid to the REIT as rent from real property are substantially comparable to the rents paid by unrelated tenants of the REIT for comparable space.

Income from admissions to the Empire State Building observatory, and certain other income generated by the observatory, would not likely be qualifying income for purposes of the REIT gross income tests. The company will jointly elect with Observatory TRS, which is the current lessee and operator of the observatory and

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which will be wholly owned by the operating partnership following the completion of the IPO, for Observatory TRS to be treated as a TRS of the company for U.S. federal income tax purposes following the completion of the IPO. Observatory TRS will lease the Empire State Building observatory from the operating partnership pursuant to an existing lease that provides for fixed base rental payments and variable rental payments equal to certain percentages of Observatory TRS s gross receipts from the operation of the observatory. Given the unique nature of the real estate comprising the observatory, the company does not believe that there is any space in the Empire State Building or in the same geographic area as the Empire State Building that would likely be considered sufficiently comparable to the observatory for the purpose of applying the exception to related party rent described above. The company has received from the IRS a private letter ruling that the rent that the operating partnership will receive from Observatory TRS pursuant to the lease described above will be qualifying income for purposes of the REIT gross income tests.

In addition, following completion of the IPO, the operating partnership will acquire various license agreements (i) granting certain third party broadcasters the right to use space on the tower on the top of the Empire State Building for certain broadcasting and other communication purposes and (ii) granting certain third party vendors the right to operate concession stands in the observatory. The company has received from the IRS a private letter ruling that the license fees that the operating partnership will receive under the license agreements described above will be qualifying income for purposes of the REIT gross income tests.

The company is entitled to rely upon these private letter rulings only to the extent that it did not misstate or omit a material fact in the ruling request and that it continues to operate in accordance with the material facts described in such request, and no assurance can be given that the company will always be able to do so. If the company were not able to treat the rent that the operating partnership receives from Observatory TRS as qualifying income for purposes of the REIT gross income tests, the company would be required to restructure the manner in which it operates the observatory, which would likely require the company to cede operating control of the observatory by leasing the observatory to an affiliate or third party operator. If the company were not able to treat the license fees that the operating partnership will receive from the license agreements described above as qualifying income for purposes of the REIT gross income tests, the company would be required to enter into the license agreements described above through a TRS, which would cause the license fees to be subject to U.S. federal income tax and accordingly reduce the amount of the company s cash flow available to be distributed to its stockholders. In either case, if the company is not able to appropriately restructure its operations in a timely manner, it would likely realize significant income that does not qualify for the REIT gross income tests, which could cause the company to fail to qualify as a REIT.

Although the company s use of TRSs may partially mitigate the impact of meeting certain requirements necessary to maintain its qualification as a REIT, there are limits on the company s ability to own TRSs, and a failure to comply with the limits would jeopardize the company s REIT qualification and may result in the application of a 100% excise tax.

A REIT may own up to 100% of the stock of one or more TRSs. A TRS may hold assets and earn income that would not be qualifying assets or income if held or earned directly by a REIT. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a TRS. Overall, no more than 25% of the value of a REIT s assets may consist of securities of one or more TRSs. In addition, the TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The rules also impose a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm s-length basis.

The company will jointly elect with each of Observatory TRS and Holding TRS, which will be a newly formed Delaware limited liability company that will be wholly owned by the operating partnership following the completion of the consolidation, for each of Observatory TRS and Holding TRS to be treated as a TRS under the Code for U.S. federal income tax purposes following the completion of the consolidation. Observatory TRS,

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Holdings TRS, and any other TRSs that the company forms will pay U.S. federal, state and local income tax on their taxable income, and their after-tax net income will be available for distribution to the company but is not required to be distributed unless necessary to maintain the company s REIT qualification. Although the company will be monitoring the aggregate value of the securities of such TRSs and intends to conduct its affairs so that such securities will represent less than 25% of the value of its total assets, there can be no assurance that the company will be able to comply with the TRS limitation in all market conditions.

Dividends payable by REITs have not qualified for the reduced tax rates applicable to dividend income from regular corporations in taxable years beginning before January 1, 2013, which could adversely affect the value of the company s Class A common stock if these tax rates are extended.

For taxable years beginning prior to January 1, 2013, the maximum U.S. federal income tax rate for certain qualified dividends payable to U.S. stockholders that are individuals, trusts and estates is 15%. Dividends payable by REITs, however, are generally not eligible for the reduced rates and therefore may be subject to a 35% maximum U.S. federal income tax rate on ordinary income during this period. Absent legislative action, for taxable years beginning after December 31, 2012, all dividends payable to U.S. stockholders that are individuals, trusts and estates will be subject to a maximum U.S. federal income tax rate of 39.6%, regardless of whether the dividend is payable by a REIT. However, if legislation is passed extending the reduced tax rates in effect prior to 2013, the more favorable rates applicable to regular corporate dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends even though the reduced U.S. federal income tax rate applicable to dividend income from regular corporate dividends does not adversely affect the taxation of REITs or dividends paid by REITs. This could adversely affect the value of the shares of REITs, including the company s Class A common stock.

Complying with REIT requirements may limit the company s ability to hedge effectively and may cause the company to incur tax liabilities.

The REIT provisions of the Code may limit the company s ability to hedge its assets and operations. Under these provisions, any income that the company generates from transactions intended to hedge its interest rate risk will be excluded from gross income for purposes of the REIT 75% and 95% gross income tests if the instrument hedges interest rate risk on liabilities used to carry or acquire real estate assets, and such instrument is properly identified under applicable Treasury Regulations. Income from hedging transactions that do not meet these requirements will generally constitute non-qualifying income for purposes of both the REIT 75% and 95% gross income tests. See U.S. Federal Income Tax Considerations Requirements for Qualification Gross Income Tests and U.S. Federal Income Tax Considerations Requirements for Qualification Hedging Transactions. As a result of these rules, the company may have to limit its use of hedging techniques that might otherwise be advantageous or implement those hedges through a TRS. This could increase the cost of the company s hedging activities because the company s TRS would be subject to tax on gains or expose the company to greater risks associated with changes in interest rates than the company would otherwise want to bear. In addition, losses in the company s TRS will generally not provide any tax benefit, except for being carried forward against future taxable income in the TRS.

The ability of the company s board of directors to revoke the company s REIT election without stockholder approval may cause adverse consequences to the company s stockholders.

The company s charter provides that the board of directors may revoke or otherwise terminate the company s REIT election, without the approval of the company s stockholders, if the board determines that it is no longer in the company s best interest to continue to qualify as a REIT. If the company ceases to qualify as a REIT, it would become subject to U.S. federal income tax on its net taxable income and it generally would no longer be required to distribute any of its net taxable income to its stockholders, which may have adverse consequences on the company s total return to its stockholders.

Legislative or regulatory tax changes related to REITs could materially and adversely affect the company s business.

At any time, the U.S. federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations may be changed, possibly with retroactive effect. The company cannot predict if or when any new U.S. federal income tax law, regulation or administrative interpretation, or any amendment to any existing U.S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective or whether any such law, regulation or interpretation may take effect retroactively. The company and its stockholders could be adversely affected by any such change in, or any new, U.S. federal income tax law, regulation or administrative interpretation.

Your investment has various tax risks.

Although provisions of the Code generally relevant to an investment in operating partnership units, Class A common stock or Class B common stock are described in U.S. Federal Income Tax Considerations, you should consult your tax advisor concerning the effects of U.S. federal, state, local and foreign tax laws to you with regard to an investment in operating partnership units, Class A common stock or Class B common stock.

The company may inherit tax liabilities from the entities to be merged into the company or its subsidiaries in the consolidation.

Pursuant to the consolidation, Malkin Properties of Connecticut, Inc., a Connecticut corporation, or Malkin Properties CT, and Malkin Construction Corp., a Connecticut corporation, or Malkin Construction, will merge with and into a subsidiary of the company, with the subsidiary surviving, in a transaction that is intended to be treated as a reorganization under the Code. Each of Malkin Properties CT and Malkin Construction has elected to be treated as an S Corporation for U.S. federal income tax purposes under Section 1361 of the Code. If either of Malkin Properties CT or Malkin Construction failed to qualify as an S corporation, the company could assume material U.S. federal income tax liabilities in connection with the consolidation and/or may be subject to certain other adverse tax consequences. In addition, to qualify as a REIT under these circumstances, the company would be required to distribute, prior to the close of its first taxable year in which it elected to be taxed as a REIT under the Code, any earnings and profits of these entities to which the company is deemed to succeed. No rulings from the IRS will be requested and no opinions of counsel will be rendered regarding the U.S. federal income tax treatment of any of Malkin Properties CT or Malkin Construction. Accordingly, no assurance can be given that Malkin Properties CT or Malkin Construction has qualified as an S corporation for U.S. federal income tax purposes, or that these entities do not have any other tax liabilities. In addition, the supervisor will merge with a subsidiary of the operating partnership in the consolidation, and as a result, the company may inherit any liabilities, including any tax liabilities, of the supervisor.

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FORWARD-LOOKING STATEMENTS

This prospectus/consent solicitation contains forward-looking statements. In particular, statements pertaining to the company s and the subject LLCs capital resources, portfolio performance, dividend policy and results of operations contain forward-looking statements. Likewise, the company s unaudited pro forma financial statements and all the company s statements regarding anticipated growth in the company s portfolio from operations, acquisitions and anticipated market conditions, demographics and results of operations are forward-looking statements. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. You can identify forward-looking statements by the use of forward-looking terminology such as believes, expects, may, will, should, seeks, preli approximately, intends, plans, pro forma, estimates, contemplates, aims, continues, would or anticipates or the negative of the phrases or similar words or phrases. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and the company may not be able to realize them. The company and the supervisor do not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

the factors included in this prospectus/consent solicitation, including those set forth under the headings Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations of Empire State Realty Trust and The Company Business and Properties;

the effect of the credit crisis on general economic, business and financial conditions, and changes in the company s industry and changes in the real estate markets in particular, either nationally or in Manhattan or the greater New York metropolitan area;

resolution of the class action lawsuits;

the value of the operating partnership units and shares of common stock that you will receive in the consolidation;

reduced demand for office or retail space;

use of proceeds of the IPO;

general volatility of the capital and credit markets;

the market price of the operating partnership units and the company s Class A common stock issued to participants in the subject LLCs, including the amount of the discount of enterprise value to exchange value;

changes in the company s business strategy;

defaults on, early terminations of or non-renewal of leases by tenants;

bankruptcy or insolvency of a major tenant or a significant number of smaller tenants;

fluctuations in interest rates and increased operating costs;

declining real estate valuations and impairment charges;

availability, terms and deployment of capital;

the company s failure to obtain necessary outside financing, including the company s expected new secured revolving and term credit facility;

the company s expected leverage;

decreased rental rates or increased vacancy rates;

the company s failure to generate sufficient cash flows to service its outstanding indebtedness;

the company s failure to redevelop, renovate and reposition properties successfully or on the anticipated timeline or at the anticipated costs;

difficulties in identifying properties to acquire and completing acquisitions, including potentially the option properties described in this prospectus/consent solicitation;

risks of real estate acquisitions, dispositions and development (including the company s Metro Tower development site), including the cost of construction delays and cost overruns;

the company s failure to operate acquired properties and operations successfully;

the company s projected operating results;

the company s ability to manage its growth effectively;

estimates relating to the company s ability to make distributions to its stockholders in the future;

impact of changes in governmental regulations, tax law and rates and similar matters;

the failure of the operating partnership to maintain its status as a partnership for U.S. federal income tax purposes;

the company s failure to qualify as a REIT;

future terrorist events in the U.S.;

environmental uncertainties and risks related to adverse weather conditions and natural disasters;

lack or insufficient amounts of insurance;

financial market fluctuations;

availability of and the company s ability to attract and retain qualified personnel;

conflicts of interest with the company s senior management team;

the company s understanding of its competition;

changes in real estate and zoning laws and increases in real property tax rates and

the company s ability to comply with the laws, rules and regulations applicable to companies and, in particular, public companies.
While forward-looking statements reflect the company s or the supervisor s, as applicable, good faith beliefs, they are not guarantees of future performance. The company and the supervisor disclaim any obligation publicly to update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes after the date of this prospectus, except as required by applicable law. For a further discussion of these and other factors that could impact the company s future results, performance or transactions, see the section above entitled Risk Factors. You should not place undue reliance on any forward-looking statements, which are based only on information currently available to the company (or to third parties making the forward-looking statements).

BACKGROUND OF AND REASONS FOR THE CONSOLIDATION

Background of the Subject LLCs

The three subject LLCs are publicly-registered limited liability companies originally formed as partnerships by principals of the supervisor from 1953 to 1961. The principals of the supervisor during this period consisted of Lawrence A. Wien, until his death in 1988 and, beginning in 1958, Mr. Wien s son-in-law Peter L. Malkin. Anthony E. Malkin, Mr. Wien s grandson, joined his father Peter L. Malkin as a principal in 1989. In exercising control, Peter L. Malkin and Anthony E. Malkin have been, and continue to be, subject to fiduciary duties owed to multiple sets of equity owners in each subject LLC and private entity. Each subject LLC was formed to acquire the fee title or long-term ground lease interest in an office property located in Manhattan and to lease the property to an operating lessee, which operates the property. The private entities, including the operating lessees were formed between 1953 and 2008 and own office properties, retail properties and, in one case, fully entitled land including a development site, in Manhattan and the greater New York metropolitan area. The supervisor and the Malkin Family provide supervisory and other services for each subject LLC, each operating lessee and the other private entities.

As lessor, each subject LLC receives from its operating lessee fixed basic rent (and, in the case of 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C., primary additional rent), overage rent (equal to 50% of the operating lessee s net operating profit). In the case of Empire State Building Associates L.L.C., net operating profit is calculated as net operating profits in excess of $1,000,000 per annum, which amount is retained by Empire State Building Company L.L.C., and in the case of 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C., net operating profit is calculated as net operating profits in excess of $1,053,800 per annum and $752,000 per annum, respectively, of primary additional rent, which is paid by the operating lessee to the applicable subject LLC to the extent of net profits. Such amounts represent approximately 2.78%, 4.35% and 10.59%, respectively, of the original purchase price of each of the Empire State Building, One Grand Central Place and 250 West 57th Street. Each operating lessee was formed initially as a partnership, the partners of which included Lawrence A. Wien and Harry B. Helmsley, and later converted to a limited liability company. Under the operating lease, the subject LLC, as lessor, has no right to operate the property. The operating lessee does not require any approval from the subject LLC for any operating decision. As such, the operating lessee makes all decisions relating to the operations of the property, including decisions as to leasing the property and selection of tenants and timing of leasing; what repairs to make, how much to spend on them and how to maintain the property (consistent with its obligation to repair, maintain and replace the property, subject to the lessor s consent for certain alterations which must be reasonably given); whether to hire property management and leasing agents or to handle such work internally; how to use the cash flow from the property; whether to seek financing for major expenditures; and whether to use cash flow for property-related expenses or to establish reserves. Each subject LLC has the right to approve a sale or mortgage of the entire property. The control by the operating lessee affects the cash returns to a subject LLC above basic rent (and, in the case of 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C., primary additional rent) because, under the lease, the subject LLC and operating lessee have a 50/50 split of net operating profit above such specified amount.

A subject LLC, as lessor, cannot decide whether to take steps to maximize the value of the property or to undertake improvements or repairs and maintenance. A subject LLC, as lessor, also cannot determine to obtain additional financing to maximize cash flows and therefore distributions unless the operating lessee also agrees to the financing, because, in view of the operating lessee s rights under the operating lease, lenders generally could be expected to require in connection with any significant financing that the operating lessee subordinate its interest to the financing. A subject LLC, as lessor, has the right to sell its fee interest in the property without the operating lessee s consent. While the operating lessee does not have a contractual right to approve a sale of the property by the subject LLC, any property sale not agreed to by the operating lessee necessarily will be subject to the operating lease. The supervisor believes this limitation reduces the value of the subject LLCs unless sold with the operating lease position.

The supervisor, which is related to the principals who formed the subject LLCs, was appointed as the supervisor of the subject LLCs pursuant to the original partnership agreements of each of the subject LLCs and is the only party which has performed, and is authorized to perform, this role under the subject LLCs organizational documents. The members of the supervisor are Peter L. Malkin, Anthony E. Malkin, direct descendants of Peter L. Malkin, and trusts and entities, the beneficiaries and owners of which are Peter L. Malkin, his descendants and their spouses and, Thomas N. Keltner, Jr. The subject LLCs were originally established as general partnerships with no managing general partner or managing member and the supervisor is responsible for the operations and administrative functions on behalf of the subject LLCs. The supervisor, in its capacity as supervisor of each of the subject LLCs, provides all administrative and oversight services, such as maintaining the entity s records, including those related to participants, performing physical inspections of the property, providing or coordinating certain counsel services to the subject LLC, reviewing insurance coverage, arranging for financing, conducting annual supervisory review meetings, payment of monthly and additional distributions to the participants, payment of all other disbursements including real estate taxes, review of operations of the properties by the operating lessee, preparation and filing of tax returns, preparation of financial statements of the subject LLC and preparation of quarterly, annual and other periodic filings with the SEC and applicable state authorities and distribution of tax information and other information to the participants. The supervisor performs all of these services itself. In exchange for such services, the supervisor has received supervisory fees as described in the section entitled Distributions and Compensation Paid to the Supervisor and its Affiliates Compensation, Reimbursement and Distributions to the Supervisor and its Affiliates in the supplement for each subject LLC. The supervisor currently receives supervisory fees at the rate of $761,888, $189,158, and $107,190, per annum, from each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates, L.L.C., and 250 West 57th St. Associates, L.L.C., respectively, for such services, in addition to compensation at an hourly rate for special supervisory services. During 2011, the supervisor billed fees for special supervisory services (primarily relating to legal and accounting services) as follows: $1,094,938 to Empire State Building Associates L.L.C. ($93,693 regarding mortgage financing and $1,001,245 regarding the proposed consolidation and IPO), $228,603 to 60 East 42nd St. Associates L.L.C. (all regarding the proposed consolidation and IPO) and $109,560 to 250 West 57th St. Associates L.L.C. (all regarding the proposed consolidation and IPO). The fees for basic and special supervisory services expected to be received over the 10 years ended 2020 were taken into account in determining the exchange value of the management companies. The fees for special supervisory services in connection with the consolidation and IPO were not included in determining the exchange value of the management companies. The supervisor also serves as supervisor of the private entities and in that capacity, in addition to providing the administrative functions similar to those it provides to the subject LLCs, it supervises all aspects of property operations, leasing, reporting and financing. The supervisor s supervisory services on behalf of the subject LLCs and the operating lessees are interrelated, as they have been since inception. The supervisor owes a fiduciary duty to the subject LLCs.

Principals of the supervisor have been partners, members or agents in the operating lessees from the origination of these entities, and in its capacity as supervisor of the operating lessees, the supervisor oversees the day-to-day operations of the operating lessees and the properties.

Each of the agents is a member of the subject LLCs with the right to approve actions requiring the consent of members of the subject LLCs, subject to approval of certain significant actions by participants to the extent required under the participating agreements and as described in the next paragraph and under Comparison of Ownership of Participation Interests, Operating Partnership Units and Shares of Common Stock Voting Rights. The agents, in their capacities as agents, have no economic interest in the subject LLCs. From inception, the agents have been persons who have been principals of, or are related to principals of, the supervisor. The supervisor has played the central role in administering the subject LLCs and the agents role has been primarily performing ministerial functions and consenting to matters proposed by the supervisor for which the participants have given any required consent. The agents have a duty to comply with the participating agreements and the organizational documents of the subject LLCs and owe a fiduciary duty to the participants in their participation groups.

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The participants are divided into participating groups and the participants in each participating group have been granted participations in the membership interest of one of the agents. Under the participating agreements, the agent has the right to take all actions with respect to its membership interest, except for certain significant actions, such as sales, financings and amendment to the operating lease, that require the consent of the participants. For a more detailed list of such actions requiring consent of the participants, see Comparison of Ownership of Participation Interests, Operating Partnership Units and Shares of Common Stock Voting Rights. The agents distribute all amounts received by them to the participants in their participating group, pro rata in proportion to their participation interests.

The Malkin Holdings group and the Helmsley estate own, on an aggregate basis, the following interests in each of the subject LLCs, each of the operating lessees and the private entities (other than the operating lessees), as a group, based on exchange values and percentage of aggregate exchange value for the applicable entity:

Entity	**Malkin Holdings group**		**Helmsley estate**	
	Exchange Value	**Percentage**	**Exchange Value**	**Percentage**
Empire State Building Associates L.L.C.				
As holders of participation interests[(1)]	$ 74,481,907	6.29%	$ 971,410	0.08%
Override Interests[(2)]	$ 108,143,382	9.14%		
Total	$ 182,625,289	15.43%	$ 971,410	0.08%
60 East 42nd St. Associates L.L.C.				
As holders of participation interests[(3)]	$ 22,600,706	7.22%	$ 1,207,974	0.39%
Override Interests[(2)]	$ 31,208,953	9.97%		
Total	$ 53,809,659	17.19%	$ 1,207,974	0.39%
250 West 57th St. Associates L.L.C.				
As holders of participation interests	$ 10,933,720	6.71%	$ 452,957	0.28%
Override Interests[(2)]	$ 12,207,951	7.49%		
Total	$ 23,141,671	14.19%	$ 452,957	0.28%
Empire State Building Company L.L.C.				
As holders of participation interests[(4)]	$ 24,724,899	2.13%	$ 740,862,007	63.75%
Override Interests[(2)]	$ 52,889,643	4.55%		
Total	$ 77,614,543	6.68%	$ 740,862,007	63.75%
Lincoln Building Associates L.L.C.				
As holders of participation interests[(5)]	$ 19,979,144	6.75%	$ 79,916,576	27.00%
Override Interests[(2)]	$ 29,598,732	10.0%		
Total	$ 49,577,876	16.75%	$ 79,916,576	27.00%
Fisk Building Associates L.L.C.				
As holders of participation interests	$ 18,354,490	12.14%	$ 47,611,871	31.50%
Override Interests[(2)]	$ 31,851,768	21.07%		
Total	$ 50,206,258	33.22%	$ 47,611,871	31.50%
Other Private Entities				
As holders of participation interests[(6)]	$ 239,052,294	26.65%	$ 157,600,323	17.57%
Override Interests[(2)]	$ 38,451,943	4.29%		
Total	$ 277,504,237	30.94%	$ 157,600,323	17.57%

(1) Does not include participation interests in which the Malkin Holdings group controls the vote, but does not have an economic interest. A member of the Malkin Holdings group is the trustee of a trust that owns participation interests. The member of the Malkin Holdings group does not require the consent of the participants/partners to give its consent with respect to such participation interests. These participation interests represent 0.15% of the participation interests of Empire State Building Associates L.L.C. The economic interests in such participation interests are held by unaffiliated third parties and have an exchange

value of $1,619,017.

(2) The percentage determined is based on the percentage of distributions that will be received based on the exchange values, which were determined as described in Exchange Value and Allocation of Operating Partnership Units and Common Stock Derivation of Exchange Values. In the case of Empire State Building Associates L.L.C. and 250 West 57th St. Associates L.L.C., the override interests included in the table represent a voluntary capital override, which was voluntarily agreed to by certain participants.

(3) Does not include participation interests in which the Malkin Holdings group controls the vote, but does not have an economic interest. A member of the Malkin Holdings group is the trustee of a trust that owns participation interests. The member of the Malkin Holdings group does not require the consent of the participants/partners to give its consent with respect to such participation interests. These participation interests represent 0.14% of the participation interests of 60 East 42nd St. Associates L.L.C. The economic interests in such participation interests are held by unaffiliated third parties and have an exchange value of $402,658.

(4) Does not include participation interests in which the Malkin Holdings group controls the vote, but does not have an economic interest. A member of the Malkin Holdings group either acts as agent for a participating group that owns the economic interests in the participation interests or is the general partner of a partnership that owns participation interests. In either case, the member of the Malkin Holdings group does not require the consent of the participants/partners to give its consent with respect to such participation interests. These participation interests represent 23.75% of the participation interests of Empire State Building Company L.L.C. The economic interests in such participation interests are held by unaffiliated third parties and have an exchange value of $180,266,284.

(5) Does not include participation interests in which the Malkin Holdings group controls the vote, but does not have an economic interest. A member of the Malkin Holdings group is the trustee of a trust that owns participation interests. The member of the Malkin Holdings group does not require the consent of the participants/partners to give its consent with respect to such participation interests. These participation interests represent 5.0% of the participation interests of Lincoln Building Associates L.L.C. The economic interests in such participation interests are held by unaffiliated third parties and have an exchange value of $13,319,429.

(6) Does not include participation interests in which the Malkin Holdings group controls the vote, but does not have an economic interest. A member of the Malkin Holdings group either acts as agent for a participating group that owns the economic interests in the participation interests, is the general partner of a partnership that owns participation interests or is the trustee of a trust that owns participation interests in certain of the subject LLCs and private entities. In either case, the member of the Malkin Holdings group does not require the consent of the participants/partners to give its consent with respect to such participation interests. With respect to the other private entities, a member of the Malkin Holdings group serves as trustee for a trust that holds participation interests in one of the other private entities. These participation interests represent 1.1% of the participation interests in such private entity. The economic interests in such participation interests are held by unaffiliated third parties and have an aggregate exchange value of $1,586,319.

The table below sets forth certain information concerning the original participants in the subject LLCs:

LLC	Entity Formed (Month/Year)	Total Capital Raised(1)	Date of Last Admission of Original Participants (Month/Year)(2)	Aggregate Distributions Through September 30, 2012	Aggregate Distributions per $10,000 Original Investment September 30, 2012
60 East 42nd St. Associates L.L.C.	September 1958	$ 7,000,000	September 1958	$ 173,538,288	$ 247,912
Empire State Building Associates L.L.C.	July 1961	$ 33,000,000	January 1962	$ 477,246,462	$ 144,620
250 West 57th St. Associates L.L.C.	May 1953	$ 3,600,000	September 1953	$ 86,143,181	$ 239,287

(1) All of the net proceeds from the original offerings of participation interests have been invested as planned.

(2) In 1954, the agents for the original participants acquired interests in One Grand Central Place as tenants-in-common for the benefit of the participants and the form of ownership was changed to ownership through a partnership in 1958.

The Manhattan office properties that will be included in the initial portfolio were acquired between 1950 and 1979 through the business ventures of Lawrence A. Wien in partnership with Harry B. Helmsley, and later with his son-in-law and the company s Chairman Emeritus Peter L. Malkin. Three properties, the Empire State Building, One Grand Central Place and 250 West 57th Street, were acquired by the subject LLCs from 1953 to 1961, following earlier transactions on structures developed by Lawrence A. Wien, which are credited as the first flow-through tax treatment real estate syndications ever conducted, including other Manhattan office properties, 1333 Broadway, 1350 Broadway, 1359 Broadway and 501 Seventh Avenue, which were acquired by the private entities from 1950 to 1979. With respect to the Manhattan office properties, Lawrence A. Wien and Peter L. Malkin were responsible for the syndication of the transactions, and Harry B. Helmsley was responsible for the identification of opportunities and the management and leasing of the properties once purchased. The principals of the supervisor during this period consisted of Lawrence A. Wien, until his death in 1988 and, beginning in 1958, Peter L. Malkin. Anthony E. Malkin joined Peter L. Malkin as a principal in 1989. All of the standalone retail assets and most of the Fairfield County and Westchester County office properties that will be included in the initial portfolio were acquired from 1989 to 2006 under the direction of Anthony E. Malkin.

The supervisor historically provided asset management services for most of the properties. The Manhattan office properties were managed, subject to the supervision of the supervisor, by the former property manager and leasing agent until 2002, in the case of One Grand Central Place, 250 West 57th Street and 501 Seventh Avenue; 2003, in the case of 1359 Broadway; and 2006, in the case of the Empire State Building, 1350 Broadway, 1333 Broadway and the option properties.

Over time, the supervisor observed and objected to a deterioration in the property management and leasing services provided by the former property manager and leasing agent to the properties owned by the subject LLCs and the other properties in which the supervisor and the Helmsley estate owned interests, which are referred to herein as the Manhattan office properties, resulting in deferred maintenance, reduced occupancy and/or rents and reduced tenant quality. The supervisor brought legal action to remove the former property manager and leasing agent as property manager and leasing agent of the properties owned by the subject LLCs (after it was sold by entities controlled by Leona M. Helmsley) of these properties both for cause and based on contractual removal rights. The resolutions of the ensuing arbitrations and litigations resulted in a gradual transfer of day-to-day management away from the former property manager and leasing agent beginning in 2002 and were fully settled in 2006. Upon such transfer, the supervisor conceived and designed a renovation and repositioning program for the Manhattan office properties, and a majority of the work on such program has taken place since 2008. The supervisor has overseen the engagement of third-party property management and leasing agents for these properties, and eventually the transformation of the Empire State Building to a self-managed structure, retaining a third party agent only for leasing.

Separately, entities organized and supervised by the supervisor acquired certain office, city-center retail and multi-family residential properties outside of Manhattan and organized and manage mezzanine and industrial funds, which other than the greater New York metropolitan area properties, will not be part of the portfolio upon completion of the consolidation. It developed and implemented a branding strategy for brokers and tenants for this portfolio. The branded portfolio provides tenants with a consistently high quality level of services, installations, maintenance and amenities and has built strong relationships with the broker community.

As the former property manager and leasing agent legal proceedings progressed and were resolved, the supervisor conceived, planned and executed a comprehensive program to renovate and improve the Manhattan office properties in the portfolio with a combination of operating cash flow and debt financing. The improvements included restored and improved or new lobbies; elevator modernization; common hallway upgrades; bathroom renovations; roof and façade restorations; new windows; and building-wide systems upgrades. As each property renovation was put in place, the supervisor established its brand by deploying the same branding strategy with tenants and brokers as had succeeded with the office and retail properties in Fairfield County, Connecticut and Westchester County, New York.

Investment Objectives of the Subject LLCs

The investment objective of each subject LLC was to acquire and hold for the long term the fee or master lease interest in the property it now owns and for which it receives rental income. The supervisor believes that the investment objectives of the subject LLCs have been met. The offering documents for each subject LLC s interests did not describe an exit strategy for the subject LLCs. The supervisor does not believe that a transfer of the subject LLC s property interest in an individual sale would be in the best interest of the subject LLC, because it believes a buyer would discount substantially the value of the subject LLC s interest if sold without the operating lessee in view of these factors:

(a) The subject LLC has no say in property operations, improvements, leasing, repairs, maintenance or the other decisions which govern operation of real estate;

(b) The operating lessee controls the application of property cash flow and thus the amount of overage rent payable each year to such buyer;

(c) A subject LLC cannot decide whether to take steps to maximize the value of the property or to undertake improvements or repairs and maintenance;

(d) A subject LLC also cannot determine to obtain additional financing to maximize cash flows and therefore distributions unless the operating lessee also agrees to the financing, because, in view of the operating lessee s rights under the operating lease, lenders generally could be expected to require in connection with any significant financing that the operating lessee subordinate its interest to the financing and

(e) The operating lease remains in effect in each case for a term, including agreed renewals, which currently ranges from 74 to 91 years, and the operating lease is likely to be required to be extended in order to obtain the operating lessee s necessary cooperation for property improvements and financing as noted above.

Accordingly, the supervisor does not believe that original investors in the subject LLCs contemplated that the subject LLCs would sell the property without an agreement of the operating lessee to join in the sale. There is no precedent for the supervisor submitting for consent for a sale of a two-tier ownership structure unless the sale included both the lessor and the operating lessee. Since the operating lease does not address the allocation of sales proceeds between the subject LLC and the operating lessee or give the subject LLC the right to require the operating lessee to join in a sale, any sale of the property in a single transaction, free and clear of the operating lease, requires an agreement between the subject LLC and the operating lessee, including provision for the allocation of sale proceeds In cases where similar positions have been sold in the past, the supervisor has arranged for an independent valuation of the interests to be combined to provide for a fair division of sales proceeds.

The subject LLCs are authorized to sell their interests in the properties upon receiving in each case the required consent of the participants. In keeping with prior practice, the supervisor believes that to maximize the return on a sale, the operating lessee would be required to join in such sale. The supervisor has in the past concluded the sale of properties owned in two-tier structures similar to the properties owned by the subject LLCs, including the sale of three office properties in New York City in the past fifteen years, 200 Fifth Avenue (known as the International Toy Center), 498 Seventh Avenue and 500-512 Seventh Avenue. See Reports, Opinions and Appraisal Supervisor s Reasons for Representation as to 50/50 Allocation. In each instance those properties were sold in a sale of the property interests of both the lessor and the operating lessee. Proceeds to a subject LLC from such disposition must be distributed to the participants in the subject LLC according to the terms of the subject LLC s operating agreement. As noted above, in cases when there have been sales, the operating lessee has joined in the sale and the proceeds of the sale of the property have been allocated between the subject LLC and the operating lessee on such terms as have been recommended pursuant to an independent valuation and agreed to by the subject LLC and the operating lessee. While the net proceeds of a sale for cash generally have not been reinvested in other properties in investment programs the supervisor, Peter L. Malkin and Anthony E. Malkin have supervised, the subject LLCs could reinvest proceeds or invest in new properties. In a consent for refinancing in 2008, Empire State Building Associates L.L.C. participants consented to the supervisor using proceeds from a financing of up to 50% of Empire State Building Associates L.L.C. s value to purchase another property.

Historically, in accordance with prior practice for investment programs organized by the supervisor, Peter L. Malkin and Anthony E. Malkin, net proceeds of a sale available for distribution have been distributed to the participants in accordance with each subject LLC s operating agreement. Each operating agreement provides that the subject LLC will continue until it has disposed of all its assets.

Chronology of the Consolidation

Initially, Lawrence A. Wien, then Lawrence A. Wien together with Peter L. Malkin, and subsequently Peter L. Malkin together with Anthony E. Malkin, maintained for more than 70 years an ongoing program of raising money from private investors to invest in real estate. Their affiliated entity, now named Malkin Holdings LLC, has always acted as supervisor of every investment they have originated, including the Manhattan portfolio of properties including the Manhattan office properties, which is referred to herein as the Manhattan Portfolio and the properties in the greater New York metropolitan area.

From time to time, for various reasons, the supervisor has pursued sales of properties in the Manhattan Portfolio where the supervisor believed a sale would produce a higher return than continuing to hold the property. Sometimes, sales were pursued because of a perceived property risk due to market conditions and disputes, but until recently, the supervisor did not believe that conditions favored either a sale or consolidation of the properties. See The Supervisor s Reasons for Proposing the Consolidation.

From the first settlement with the Helmsley estate in 1997 concerning the legal proceedings relating to the removal of the former property manager and leasing agent, relations between the supervisor and the Helmsley estate as the two major investors in certain properties in the Manhattan Portfolio, steadily improved. After the last properties involved in the resolution of disputes between Peter L. Malkin and the supervisor, on the one hand, and the former property manager and leasing agent, on the other, had completed transitioning their operation and leasing away from the former property manager and leasing agent to a new property manager and leasing agent, the supervisor considered options in the market, and the supervisor and the Helmsley estate consulted with each other concerning a possible sale of the Empire State Building. After the death of Leona Helmsley in August 2007, the supervisor briefly considered, and had discussions with representatives of the Helmsley estate concerning, the possible sale of the Empire State Building. It was ultimately decided that there was greater value for Empire State Building Associates L.L.C. and Empire State Building Company L.L.C. in holding, improving, and repositioning the Empire State Building rather than selling the Empire State Building in its then-current condition. The property was not marketed and no proposals from potential purchasers were received.

In 2008, the supervisor solicited and received the consent of participants in Empire State Building Associates L.L.C. for mortgage financing, on the basis that the mortgage debt on the Empire State Building cannot exceed 50% of the appraised value of the property subject to the mortgage, and Peter L. Malkin and Anthony E. Malkin at their discretion can use the money towards certain investments for the account of Empire State Building Associates L.L.C., and no further action by the participants of Empire State Building Associates L.L.C. is required for them to act. At no time has Empire State Building Company L.L.C., the operating lessee, joined in any similar consent. For Empire State Building Company L.L.C. to take any such action will, like every other of its decisions, require the agreement of the Malkin Holdings group and whoever is the owner of the interest presently owned by the Helmsley estate. To date, the supervisor has not pursued any such investments.

On July 26, 2011, pursuant to such consent for financing property improvements, Empire State Building Associates L.L.C. entered into a three-year term loan, or secured term loan, under which the lenders provided it with an initial advance of $159.0 million and, subject to conditions in the secured term loan agreement as amended, agreed to provide it with additional advances of up to $141.0 million, of which $60.0 million was subsequently advanced. The loan agreement was amended on October 11, 2012 to increase the aggregate commitments to $500.0 million. A condition to the lenders obligation to loan the additional amounts (in addition to the other conditions in the loan agreement) is that the loan-to-value ratio (as defined therein), based on an updated appraisal, does not then exceed 50%. This secured term loan, which had a balance of $219.0 million as of September 30, 2012, will be repaid and retired using the secured revolving and term credit facility which the company expects to obtain upon the closing of the IPO from lenders that will include certain of the underwriters of the IPO or their respective affiliates.

In 2008, the supervisor negotiated a potential joint venture with an institutional investor, which is a global financial services firm, with respect to the properties in the greater New York metropolitan area outside of Manhattan, but such venture was not concluded. The proposed transaction had been initiated by Anthony E. Malkin and substantially negotiated, but the institutional investor eventually determined not to proceed with transaction on the terms then offered.

Beginning in 2008, Anthony E. Malkin and Peter L. Malkin began to consider transactions to address issues inherent in the structure of the subject LLCs and the private entities, including consent requirements, single-property entities, two-tier ownership, and lack of a trading market for participation interests, all of which impaired the efficient operation of the properties, the opportunity for liquidity and the realization of the full value of the participation interests which have been sought by numerous investors over time. In addition, Anthony E. Malkin and Peter L. Malkin considered the likely sale by Helmsley of its interests in the subject LLCs and the private entities, including the operating lessees of the subject LLCs, based on their understanding that the Helmsley estate was required to sell such interests to diversify their holdings under the will of Leona M. Helmsley. They considered that in the event of such a sale, the supervisor and the other participants in the subject LLCs and the private entities will not be able to influence or control the selection of the purchaser and that since an operating lessee controls the operations of its property, such purchaser may take actions which adversely affect the value and distributions for the Empire State Building Associates L.L.C. and its participants and could influence materially the activities in the other two subject LLCs.

In 2010, Anthony E. Malkin and Peter L. Malkin, as principals of the supervisor, met with the executors of the Helmsley estate, as a significant investor, to discuss the merits of a consolidation of several properties, including the subject LLCs, and a subsequent initial public offering of the consolidated entity.

Thereafter, Anthony E. Malkin and Peter L. Malkin, as principals of the supervisor, began to investigate the feasibility of such a consolidation and IPO. Over a period of about six months, the supervisor interviewed numerous candidates and ultimately retained selected firms as counsel, accountants, investment bankers and valuation firm, all to assist in the process of evaluating a consolidation and IPO and then implementing the transactions if the supervisor decided to pursue them.

In April 2010, Anthony E. Malkin, Peter L. Malkin and Thomas N. Keltner, Jr., general counsel and a member of the supervisor, on behalf of the supervisor, met with representatives of Proskauer Rose LLP concerning the firm s retention as counsel to represent the supervisor in its consideration of a consolidation and alternatives. They discussed the mechanics of the consolidation and Proskauer Rose LLP s experience. In April 2010, the supervisor retained Proskauer Rose LLP.

In May 2010, through various conference calls and meetings, Anthony E. Malkin, Peter L. Malkin and Thomas N. Keltner, Jr., on behalf of the supervisor, and a representative of Skadden, Arps, Slate, Meagher & Flom LLP, or Skadden Arps, on behalf of the Helmsley estate, and a representative of Proskauer Rose LLP, on behalf of the supervisor, met with representatives of several investment banks to discuss the feasibility of a potential IPO of a REIT organized pursuant to the consolidation and their serving as lead book runners in connection with such an IPO. Following such meetings and conference calls, the supervisor in June, 2010, selected two leading investments banks to act as lead book runners for the potential IPO.

In June 2010, Anthony E. Malkin, Peter L. Malkin and Thomas N. Keltner, Jr., on behalf of the supervisor, and a representative of Skadden Arps, on behalf of the Helmsley estate, and a representative of Proskauer Rose LLP, on behalf of the supervisor, met with representatives of Clifford Chance US LLP concerning the firm s retention as counsel to the company in connection with such a consolidation and IPO. They discussed the mechanics of the IPO and Clifford Chance US LLP s experience. In July 2010, the supervisor retained Clifford Chance US LLP as counsel to the company.

In June and July 2010, Anthony E. Malkin, Peter L. Malkin and Thomas N. Keltner, Jr., on behalf of the supervisor, met with several independent registered public accountants concerning their retention as independent registered public accountants to audit the financial statements of the company. On August 2, 2010, the supervisor retained Ernst & Young LLP for the audit; and on August 17, 2010, the supervisor retained Ernst & Young LLP to assist with certain tax analysis.

During August and September 2010, Anthony E. Malkin, Peter L. Malkin and Thomas N. Keltner, Jr., on behalf of the supervisor, and a representative of Skadden Arps, on behalf of the Helmsley estate, and a

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representative of Proskauer Rose LLP, on behalf of the supervisor, had several conference calls and meetings with representatives of several real estate valuation firms to discuss their retention to appraise the assets of the subject LLCs, the private entities and the management companies and to provide a fairness opinion. They discussed the firms experience in connection with consolidations and the valuation process. After several meetings and conference calls, on September 27, 2010, the supervisor retained Duff & Phelps as independent valuer.

In November 2010, Anthony E. Malkin, Peter L. Malkin and Thomas N. Keltner, Jr., on behalf of the supervisor, met with several firms concerning their retention to provide advisory and consulting services in connection with the solicitation process. On December 8, 2010, the supervisor retained MacKenzie Partners, Inc. to provide these services.

In January 2011, Anthony E. Malkin and Thomas N. Keltner, Jr., on behalf of the supervisor, met with several public relations firms concerning their retention. On February 18, 2011, the supervisor retained Sard Verbinnen & Co as public relations firm for the company.

Representatives of the supervisor met regularly (in person or via conference call) during the period commencing July 2010 with counsel for the supervisor and counsel for the company to discuss the terms of the consolidation and the IPO. These meetings generally took place weekly. Anthony E. Malkin, Peter L. Malkin and Thomas N. Keltner, Jr. generally participated in these meetings. These meetings included attorneys from Proskauer Rose LLP, and attorneys from Clifford Chance US LLP also participated in a substantial number of these meetings. At these meetings a variety of topics relating to the consolidation and the IPO were discussed and a substantial portion of the meetings was devoted to logistics of the consolidation and IPO. The principal topics discussed at these meetings included the following:

- Commencing in September 2010, the structure of the transaction, including the separation of the transaction into a two-step transaction with the initial solicitation of the participants in the private entities in a transaction exempt from registration under the Securities Act by virtue of Regulation D and the solicitation of the participants in the subject LLCs after completion of the solicitation of the participants in the private entities.

- Commencing in September 2010, the role of the Helmsley estate in the process.

- Commencing in September 2010, the structure of the transaction as it relates to the terms of the cash election that was to be made available to participants, including the effect of transfer taxes and the granting of a cash election to the Helmsley estate to address the overhang resulting from the significant block held by the Helmsley estate and its desire to obtain liquidity to diversify its holdings.

- Commencing in September 2010, which properties would be included in the consolidation and which properties would be excluded assets, the treatment of the option properties and the management arrangements with respect to the excluded properties and the option properties.

- Commencing in September 2010, the process of valuing the assets to be included in the consolidation.

- Commencing in September 2010, the capital structure, whether to borrow additional amounts prior to the IPO and whether to use IPO proceeds to repay debt.

- Commencing in September 2010, the governance structure of the company, the terms of the lock-ups and registration rights, including addressing the structure to address the effect of the size of the Helmsley estate s interest and the Helmsley estate s desire to obtain liquidity to diversify its holdings.

- Commencing in October 2010, the Registration Statements on Form S-4 and Form S-11.

Commencing in January 2011, the terms of the options for the option properties.

Throughout the period, the terms of the consolidation and the IPO.

Representatives of the supervisor also met (in person or via conference call) regularly during the period with representatives of the Helmsley estate. These meetings or conference calls generally took place weekly. Anthony E. Malkin, Peter L. Malkin and Thomas N. Keltner, Jr. generally participated in these meetings. A representative of Proskauer Rose LLP also participated in these meetings. The executors of the Helmsley estate and a representative of Skadden Arps, as well other representatives from time to time, generally participated in these meetings on behalf of the Helmsley estate. The topics covered in these meetings were similar to those covered in the meetings that the supervisor held with its counsel.

From time to time during the period from October 2010 to November 2011, some or all of Anthony E. Malkin, Peter L. Malkin and Thomas N. Keltner, Jr., as representatives of the supervisor, met in person or via conference call with representatives of the underwriters to discuss the terms of the IPO and the consolidation. At certain of these meetings, attorneys from Hogan Lovells US LLP, counsel to the underwriters, and attorneys from Proskauer Rose LLP and attorneys from Clifford Chance US LLP, were also present. These discussions included obtaining the underwriters view of various business issues relating to the consolidation and IPO.

Representatives of the supervisor met in person or via conference call with the independent valuer from time to time during the period from April 2011 to November 2011 to discuss the Appraisal being prepared by the independent valuer and its methodology. The topics discussed at these meetings included the assumptions being used in the Appraisal, factual questions concerning the operations of the properties, factual questions concerning the assumptions, valuations of management companies and overrides.

The supervisor met in person or via conference call with representatives of Pearson Partners, Inc. and CB Richard Ellis, advisors to the Helmsley estate, from time to time during the period from April 2011 to November 2011. The topics discussed included review and discussion of the cash flow models for the properties, valuations and allocations provided by the independent valuer. These discussions included, among other things, discussions of the assumptions used in preparing cash flow models, valuations and allocations and comments concerning the factual basis for the Appraisal.

Following the delivery by the independent valuer of preliminary valuations to the supervisor in September 2011, representatives of the supervisor, including Anthony E. Malkin, John Hogg, Thomas P. Durels, Fred Posniak and Thomas N. Keltner, Jr., and representatives of Pearson Partners, Inc., an advisor to the Helmsley estate, also met in person and via conference call with the independent valuer from time to time during the period from September 20 through November 17 to review and discuss the preliminary valuations and allocations of consideration prepared by the independent valuer. These discussions included, among other things, discussions of the assumptions used in preparing the preliminary valuations and allocations, and comments concerning the factual basis for the Appraisal.

During the period from November 2010 through November 2011, the supervisor discussed the risk of third parties making offers to acquire interests of the subject LLCs, such as through partial tender offers, that could have the purpose and effect of blocking a subject LLC s participation in the consolidation. The supervisor determined at a meeting held in November 2011 to amend the limited liability company agreement of each of the subject LLCs to provide protections in the event of a third party acquisition of participation interests in the subject LLCs similar to that provided by shareholders rights plans.

The supervisor during the period from March 2011 to November 2011 considered and determined to include in the consent solicitation to the subject LLCs and private entities a proposal to participants to authorize the supervisor to approve a portfolio transaction as a potential alternative to the consolidation. The supervisor during May 2011 met in person or via conference call with the lead book runners for the potential IPO to discuss the effect of this proposal on the IPO.

On November 5, 2010 and February 10, 2011, Anthony E. Malkin and Peter L. Malkin, as principals of the supervisor, reviewed and discussed each of the alternatives to the consolidation listed in the prospectus/consent solicitation under Alternatives to the Consolidation . The alternatives were also discussed from time to time as part of other discussions of the consolidation. During such discussion each of the alternatives described in the consent solicitation/prospectus was discussed, but none of such alternatives was considered to be preferable to the consolidation and IPO. Thomas N. Keltner, Jr. and Proskauer Rose LLP, counsel to the supervisor, also participated in the meetings.

On November 22, 2011, Anthony E. Malkin and Peter L. Malkin, principals of the supervisor, met in person or via conference call to discuss the consolidation. Thomas N. Keltner, Jr., representatives of Proskauer Rose LLP and representatives of the independent valuer also participated in the meeting. The representatives of the independent valuer described their preliminary valuation and their fairness analysis. The supervisor concluded that none of the alternatives was more beneficial to the participants than the consolidation and determined to pursue the consolidation.

In 2010 and in November 2011, Anthony E. Malkin and Peter L. Malkin also discussed the potential consolidation with Lester S. Morse, Jr., Douglas A. Morse and Mitchell J. Nelson, who are members of the Wien group, and Sanfurd Bluestein and Joan Konner, who are investors in Empire State Building Company L.L.C. The discussions were informal. In the discussions in 2010, Anthony E. Malkin and Peter L. Malkin informed them of the potential consolidation transaction, but did not discuss specific terms of the proposed transaction. The discussions in November 2011 preceded the mailing of the solicitation to the private investors and Messrs. Malkin provided details of the proposed consolidation transaction.

The supervisor commenced solicitation of consents of the participants in the private entities in November 2011. The solicitation was completed in January 2012, and contribution of the assets of each of the private entities to the company pursuant to the consolidation was approved by the required consent, if any, of participants in each of the private entities.

The supervisor in February 2012 determined to file with the SEC the Registration Statement on Form S-4 relating to the consolidation and the Registration Statement on Form S-11 relating to the IPO.

A purported class action litigation which is described under The Company Business and Properties Legal Proceedings was commenced in March 2012. Counsel for the supervisor met with counsel for the plaintiff class during the period from March 2012 to September 2012 to discuss the claims and address a settlement of the purported class action. A stipulation of settlement was entered into on September 28, 2012.

Richard Edelman and Steven Edelman have organized conference calls, organized volunteers and other persons that they have paid to call participants in the subject LLCs and established a website in opposition to the consolidation. In the course of their activities, they have suggested as alternatives to the consolidation that Empire State Building Associates L.L.C. should obtain financing to buyout the Helmsley Estate s interest and convert Empire State Building Associates L.L.C. to a stand-alone REIT or should create a new stand-alone REIT for the Empire State Building. The supervisor reviewed their proposals and, as described under Alternatives to the Consolidation, believes that they are unrealistic proposals that could not be implemented. The supervisor repeatedly offered to meet with Steven Edelman, but he declined.

Based on statements it has heard and seen, and as reported to it by others, the supervisor also believes that Richard Edelman and Steven Edelman and certain of the persons paid and volunteering on their behalf have provided information that includes false and misleading statements. Beginning in July 2012, the supervisor delivered cease and desist notices (identifying in certain of such letters the specific statements considered to be false and misleading) to seek to prevent them from continuing to provide information which the supervisor believes to be false and misleading information to investors. The supervisor also asked that they preserve all information relating to this matter, which would include information as to who provided such information.

In addition, on October 22, 2012, representatives of Clifford Chance US LLP, Dewey Pegno & Kramarsky LLP, Proskauer Rose LLP, along with representatives of the supervisor met with Martin B. Cowan (accompanied by his attorney), who was participating in the Edelmans communications and whose distribution analysis was included in their website and discussed during their conference calls. The supervisor discussed with him his analysis and requested that he cease his participation in their communications. Following a series of discussions regarding these matters, as well as the potential for certain of Mr. Cowan s statements to be misinterpreted by participants in Empire State Building Associates L.L.C., Mr. Cowan prepared the letter to clarify that computations he had made included inadvertent error in part of the calculation and should not be relied upon, and agreed to cease participating in the Edelmans communications. Mr. Cowan and the supervisor entered into an agreement providing for, among other things, a mutual release of any potential legal claims. No payments were made or will be made in connection with this agreement.

The agents for the participating groups are principals of the supervisor, and in their capacity as principals of the supervisor, were actively involved in the discussions relating to, and the structuring of, the consolidation. They consented to the consolidation, subject to receiving the required participant consents.

The operating lessees do not have executive officers and are supervised by the supervisor. The principals of the supervisor were involved in the discussions relating to, and the structuring of, the consolidation.

Because of the Helmsley estate s significant ownership interest in certain of the private entities, including the operating lessees of the subject LLCs, representatives of the supervisor met with the Helmsley estate on a regular basis to discuss the consolidation, the treatment of the option properties and the proposal to authorize the supervisor to approve a portfolio sale transaction. The Helmsley estate participated in these meetings because of its significant membership interest in certain of the private entities, including the operating lessees of the subject LLCs, and the legal requirement for its consent to proceed with the consolidation. The Helmsley estate was not representing the interests of other participants.

The Supervisor s Reasons for Proposing the Consolidation

The supervisor proposed the consolidation and recommends that you vote **FOR** the consolidation. Affiliates of the supervisor will receive substantial benefits from the consolidation and have conflicts of interest in making this recommendation. The supervisor believes that the consolidation of your subject LLC into the company is the best way for you to maximize the value of your investment in your subject LLC and to have the option to receive the benefit of increased liquidity through ownership of operating partnership units (which are exchangeable for Class A common stock or cash as described herein) and/or shares of Class A common stock, in each case, expected to be listed on the NYSE, which investors may sell from time to time as and when they so desire (subject to the restrictions of applicable U.S. federal and state securities laws and after expiration of the lock-up period as described in this prospectus/consent solicitation).

The supervisor believes the consolidation is the logical next step for the subject LLCs after the successful replacement of Helmsley-Spear, Inc., the former property manager and leasing agent, the creation of the renovation and repositioning turnaround program, the creation and implementation of the branding of the subject LLCs as part of a well regarded portfolio brand and improvement of the credit quality of tenants at the subject LLCs properties.

Following the consolidation, certain executives of the supervisor will be members of the senior management team and Anthony E. Malkin, an executive and principal of the supervisor, will be Chairman, Chief Executive Officer, President and a director of the company. The supervisor is a recognized operator of office and retail properties in Manhattan and the greater New York metropolitan area and has developed a comprehensive knowledge of its markets that has been acquired through substantial experience. Additionally, at any point after the consolidation, the IPO and expiration of the lock-up described in the section entitled The Consolidation Lock-Up Agreements, participants will have the ability to sell their shares of Class A common stock at the time of their choice on the NYSE without limitation or need for any additional action. Participants may also achieve liquidity through sale of Class A common stock issued in exchange for operating partnership units and Class B common stock, subject to such restrictions. Participants in the subject LLCs who receive operating partnership units may also sell operating partnership units, which also are expected to be listed on the NYSE, subject to restrictions described above, although the market for operating partnership units may be more limited than the market for Class A common stock. In addition, each participant in the subject LLCs that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to 4.0% of the operating partnership units he or she receives with respect to each subject LLC (assuming all of the participants in each subject LLC elect to receive operating partnership units, the enterprise value equals the aggregate exchange value and the IPO price equals $10 per share), which treats all three subject LLCs equally after having determined for Empire State Building Associates L.L.C. the minimum amount required by the NYSE for it to meet the requirements as the primary listing.

The Helmsley estate has expressed its intention that, if the consolidation and IPO do not occur, it will liquidate its interests in the private entities, including each of the operating lessees. The supervisor believes that such liquidation by the Helmsley estate is required pursuant to the specific terms of Leona Helmsley s will.

In the event of such a liquidation, the supervisor and the other participants in the subject LLCs and the private entities will not be able to influence or control the selection of the purchaser. Such purchaser would own the Helmsley estate s current position in the operating lessee of the Empire State Building, which would provide it with the ability to veto all decisions, and a large percentage of each of the other two operating lessees.

The Malkin Family and the Helmsley estate each effectively has an ability to veto actions by Empire State Building Company L.L.C., because under the operating agreement of Empire State Building Company L.L.C., full administrative and operational control of all matters connected with the business of Empire State Building Company L.L.C., including all matters connected with the operation, management, leasing, maintenance, repair and improvement of the Empire State Building, require the consent of 80% in interest of the participants in Empire State Building Company L.L.C. The Helmsley estate (or its successor) owns 63.75% of the participation interests while principals of the supervisor have the right to vote as to 23.75% of the participation interests. Because the consent of each of the supervisor and the Helmsley estate is needed for such actions, the potential for a stalemate is created. The Helmsley estate is required to sell its interests in the private entities, including the operating lessees of the subject LLCs, pursuant to the will of Leona M. Helmsley. As a result, the status quo, which consists of the current working arrangement between the supervisor and the Helmsley estate, will not continue and the supervisor and any transferee of the Helmsley estate s interest may not reach agreement on actions to be taken to operate the Empire State Building.

Since an operating lessee controls all aspects of the operations of its property, and that control allows it to make decisions that affect property performance and the availability of profits which are shared 50/50 with the subject LLCs, such purchaser may take actions which adversely affect the value and distributions for the Empire State Building Associates L.L.C. and its participants and could influence materially the activities in the other two subject LLCs.

The consolidation and IPO would permit the Helmsley estate to monetize a significant portion of its interests at the IPO price without creating such a potentially adverse event. Further, it would also provide a liquid trading market for the Helmsley estate to monetize the remainder of its interests in an efficient manner that will be transparent to the public markets.

The supervisor believes it is in the best interests of the participants and the company to provide to the Helmsley estate the right to receive an allocation of excess IPO proceeds in exchange for their interests in the private entities, to the extent available after providing cash to redeem non-accredited investors in the private entities and other uses of proceeds. This would include proceeds from any upsize of the IPO and any exercise of the underwriters option to purchase additional shares of the company s Class A common stock.

The supervisor believes that, for the reasons described under Alternatives to the Consolidation, the consolidation of the subject LLCs and the private entities is more beneficial than continuing to operate the subject LLCs and the private entities, seeking separately to sell the interests in the properties the subject LLCs own or other alternatives the supervisor considered. The supervisor also believes that the consolidation will eliminate inefficiencies resulting from the current owner-operating lessee structure of the properties and create a diversified investment for the participants. The inefficiencies include the additional costs resulting from separately maintaining the two entities, including SEC reporting, consents for financings, tax filings, maintenance of books and records and financial statements.

The supervisor believes that the consolidation will provide you with the following benefits:

Tax-Deferred Transaction. The consolidation offers participants the opportunity to participate in a transaction expected to be tax-deferred for U.S. federal income tax purposes. These are the same terms as those offered to participants in the private entities that are accredited investors and to the Malkin Family. See U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation. Participants are urged to consult with their tax advisor as to the tax consequences of the consolidation in light of their particular circumstances.

Liquidity. The supervisor believes that the consolidation will provide you with increased liquidity. The market for the participation interests that participants own is very limited. The supervisor believes that this results from each participant s owning an interest in an entity that owns only an interest in a single property subject to an operating lease and because the participation interests are not listed on a national securities exchange. Therefore, there is only limited demand for the participation interests, and a potential buyer has only a limited basis upon which to value the participation interests. As a holder of a participation interest that has only a limited market, the pool of potential buyers for the participation interest is limited and, to the extent there is a willing buyer, the buyer likely would acquire the participation interest at a substantial discount. After the consolidation, participants will own operating partnership units and Class A common stock, which are expected to be listed on the NYSE, and therefore will be publicly valued and freely tradable. In addition, the consolidation offers participants that receive operating partnership units the opportunity, beginning 12 months after the completion of the IPO, to exchange their operating partnership units, for cash or, at the company s election, shares of Class A common stock. Participants will be able to achieve liquidity by selling all or part of their shares of Class A common stock, subject to the restrictions of applicable U.S. federal and state securities laws and after expiration of the lock-up period. Participants may also achieve liquidity through sale of Class A common stock issued in exchange for operating partnership units and Class B common stock, subject to such restrictions. Participants in the subject LLCs who receive operating partnership units may also sell operating partnership units, subject to restrictions described above, although the market for operating partnership units may be more limited than the market for Class A common stock. In addition, each participant in the subject LLCs that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to 4.0% of the operating partnership units he or she receives with respect to each subject LLC (assuming all of the participants in each subject LLC elect to receive operating partnership units, the enterprise value equals the aggregate exchange value and the IPO price equals $10 per share), which treats all three subject LLCs equally after having determined for Empire State Building Associates L.L.C. the minimum amount required by the NYSE for it to meet the requirements as the primary listing.

Risk Diversification. The consolidation will result in a more diversified investment than your investment in your subject LLC. The company will own a large number of quality office and retail properties in the Manhattan and the greater New York metropolitan area and have much broader tenant diversification than your subject LLC, which owns an interest in a single property. This diversification will reduce the dependence of your investment upon the performance of, and the exposure to the risks associated with, the property interest your subject LLC owns, and allow for more stable cash flows for distributions. Your subject LLC owns an interest in a single property subject to a long term operating lease and does not participate in the operation of the property. Your subject LLC is exposed to all of the risks associated with ownership of an interest in a single property, including risks relating to loss of a significant tenant, adverse events that affect that property or the area where the property is located and casualties affecting that property.

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Regular Quarterly Cash Distributions. Similar to the subject LLCs present method of operation, the supervisor expects that the company and the operating partnership will make regular quarterly cash distributions on the operating partnership units and common stock, which will include distributions of at least 90% of the company s annual REIT taxable income (determined without regard to the dividends paid, and excluding net capital gains), which is required for REIT qualification. REIT taxable income will be determined by the performance of the portfolio of the company s properties and unaffected by its stock price.

The expected regular quarterly dividends to stockholders in the company will be based on the performance of a portfolio of properties rather than just one property and are required to be at least 90% of annual REIT taxable income (determined without regard to the deduction for dividends paid, and excluding net capital gains) to maintain the company s qualification as a REIT. The supervisor believes that participants have greater potential for increased distributions as a holder of operating partnership units or common stock than as a participant in a subject LLC from improved performance of the properties, potential growth from acquisitions and a better capital structure made possible by the combined balance sheet of all the properties. There is no assurance, however, that the company s dividends will increase over time or be greater than the historical distributions made to participants in a subject LLC.

More Efficient Decision-Making. Each subject LLC currently requires several internal procedural steps to undertake major transactions, which affects its ability to take timely advantage of favorable opportunities. Financing and sales require costly and time consuming steps to obtain consent of a very high percentage of the participants in a subject LLC.

Improved Capital Structure by Eliminating Two-Tier Ownership. Except for very small loans supported by basic rent, the relationship between the subject LLCs and the operating lessees requires that any additional financing placed on an entire property requires the agreement of both the operating lessee and the subject LLCs.

Easier Access to Financing. A subject LLC cannot require the operating lessee to obtain or utilize financing to maximize its cash flow and therefore overage rent available for additional distributions to participants in the subject LLCs. Each operating lessee controls all aspects of property operations, leasing, and investment and has broad discretion to use cash flow from the property for purposes related to the applicable property. Operating lessee decisions can result in little or no overage rent to the corresponding subject LLC, and additional distributions to the subject LLC s participants are contingent on overage rent.

Eliminates Two-Tier Ownership Impact on Borrowing. In the past, decisions by operating lessees have resulted in uneven payments of overage rent to the subject LLCs from year to year. Without the cooperation of the operating lessee, there is very limited opportunity for financing by the subject LLCs to provide funds for distributions. It is likely that any lender would require agreement of the operating lessee before making any loan to a subject LLC.

Shared Motivations to Reinvest and Maintain Properties. Additionally, the operating leases between the subject LLCs and the operating lessees do not address reinvestment by the operating lessees in capital improvements for the properties. To induce reinvestment by their operating lessees, two of the subject LLCs (60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C.) have agreed, in accordance with their participants consent and the supervisor s recommendation, to extend the operating leases. These extensions have been coupled with consents by the operating lessees to allow financing on the entire property, which minimized the impact of reinvestment on operating profit and allowed for additional distributions from overage rent.

In connection with these extension and financing agreements, the basic rent has been increased by the amount of the increase in debt service arising from the financing, and such increase in basic rent is deducted in calculating overage rent, ultimately resulting in the debt service being shared 50/50 between each such subject LLC and its operating lessee. In the case of the Empire State Building, because of the pendency of this proposed consolidation, there has been no such lease extension request, though the operating lessee has consented to limited advances under a property mortgage loan made to Empire State Building Associates

L.L.C. and has subordinated the operating lease to such advances. If the consolidation does not go forward, the operating lessee has indicated it will request additional lease extensions as a condition for subordination to additional mortgage advances at that time.

Broader Markets for Property Sales. Finally, as described under The Supervisor s Reasons for Proposing the Consolidation, the supervisor believes that, unless the operating lessee joins with the corresponding subject LLC in a sale of the property, such a sale would not maximize the value of the such subject LLC s interests in the property.

Modern Governance Structure. The company will have a modern governance structure. Capital reinvestment and financing decisions will be based on what is considered to be best for the company, and there will be no need to secure approvals of operating lessees or subject LLCs. Such decisions will be made under a corporate governance structure governed by a board of directors, with six of seven directors being independent.

Quarterly Distributions of a Minimum of 90% of REIT Taxable Income. The supervisor expects that the company and the operating partnership will make regular quarterly cash distributions on the operating partnership units and common stock, which will include distributions of at least a minimum of 90% of the company s annual REIT taxable income (determined without regard to the deduction for dividends paid, and excluding any net capital gains), as required for REIT qualification. REIT taxable income will be determined by the performance of the portfolio of the company s properties and unaffected by its stock price. Such distributions will be based on a portfolio of properties, rather than investors being dependent on a single property. The subject LLCs generally have been required to maintain property-level reserves to meet potential future expenditures, including those relating to repairs, maintenance and capital improvement, and such reserves generally have been, and in the future, if the consolidation is not consummated, are expected to be, required under the subject LLCs loan agreements. The supervisor does not believe that property-level reserves will be required to be maintained by the company and, as a result, additional cash should be available to the company for distribution.

Risk of Reduction in Distributions if Consolidation is Not Consummated. Distributions from your subject LLC come from payments made by the operating lessee. Your operating lessee is required to pay a low basic rent to your subject LLC. Any payment you receive above that comes from the profits from your operating lessee s performance and comes in the form of payment of overage rent out of profits from the operating lessee s operations of the property. The operating lessee makes all decisions relating to the operations of the property.

Decisions over which the operating lessee has control which directly impact whether or not there is overage rent from which you may receive additional distributions include whether or not to lease, whether or not to improve the property, whether to use the cash flow from the property or to seek financing for capital expenditures, and whether to use cash flow for property-related expenses. From the overage rent which is paid, the supervisor maintains reserves for expenses. The balance, if any, is paid out as a distribution from overage rent. In recent years, overage rent has been made possible from time to time through the operating lessee working with your subject LLC to gain consents for financing, the operating lessee agreeing to borrow, and the proceeds of borrowing being used to pay for expenses rather than relying exclusively on cash flow from the property.

In the past, when the operating lessee for your subject LLC has not used financing, overage rent has decreased or ceased. If the operating lessee for your subject LLC exercises its right to use cash flow to fund future capital improvements, tenant installation costs, commissions and other expenses rather than to use financing, your distributions from overage rent may again decrease or cease. If the operating lessee for your subject LLC has a deadlock in operating decision-making, it may make decisions or take actions which meaningfully reduce the prospects of your subject LLC s receipt of overage rent in the future. In the case of the Empire State Building, because of the pendency of this proposed consolidation, Empire State Building Company, L.L.C., the operating lessee, has consented to advances of up to the current outstanding principal amount under a property mortgage loan made to Empire State Building Associates L.L.C. and has subordinated the operating lease to such advances, as required by the lender, without having requested an extension of the term of the operating lease beyond any extension provided for in the operating lease.

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At the two other properties involved in this consent solicitation, 250 West 57th Street and One Grand Central Place, their improvement and financing programs were linked to extensions of their operating leases. If the consolidation does not go forward, it is possible that the operating lessee of the Empire State Building may not approve additional advances under the loan agreement unless Empire State Building Associates L.L.C. approves lease extensions, in which case the operating lessee may use cash flow for expenditures to improve the building and conclude leases, resulting in immediate and sustained reductions or cessation of overage rent, or may either defer or not make such expenditures.

Decisions as to whether to use cash flow or financing are made by the operating lessees from time to time and no decision has been made by any of the operating lessees involved in this consent. Any decision by the operating lessees for 250 West 57th St. Associates L.L.C. and 60 East 42nd St. Associates L.L.C. would require the consent of members of the Malkin Holdings group and/or the Helmsley estate or their successor in interest. Any decision by the operating lessee of the Empire State Building would require the consent of the members of both the Malkin Holdings group and the Helmsley estate or their successor in interest.

Increased Accountability. As a result of the governance structure of a company with Class A common stock and operating partnership units expected to be listed on the NYSE, stockholders will benefit from the oversight by a board of directors consisting predominantly of independent directors.

Growth Potential. The supervisor believes that there is greater potential for increased distributions and capital appreciation to you as a unitholder or stockholder than there would be for you as a participant in your subject LLC. This growth potential results from several factors:

- The supervisor expects that the company will be able to realize future benefits from the existing portfolio of properties that have not yet been fully realized. These benefits include:

  - Continuing to lease at higher rents, since, as of September 30, 2012, the company had approximately 1.6 million rentable square feet of vacant office space and 91,872 rentable square feet of vacant retail space (in each case, excluding leases signed but not yet commenced) and leases representing 3.3% and 5.9% of the square footage of the properties in the company s portfolio will expire in the remainder of 2012 (including month-to-month leases) and in 2013, respectively;

  - Continuing the program of renovating and repositioning the properties, including energy efficiency retrofitting sustainability initiatives, from which the full benefits in enhanced market appeal and rental rates have not yet been fully realized, to create operating efficiencies and attract higher credit-quality tenants;

  - Implementing the branding strategy for a consolidated portfolio in Manhattan and the balance of the greater New York metropolitan area;

  - Developing the site at the Stamford Transportation Center which will support the development of an approximately 380,000 square foot office building and garage. This site is adjacent to the Metro Center property;

  - The supervisor believes that substantial opportunities will exist for the company to acquire additional properties which would be expected to be accretive in value to stockholders. As a result of the company s ability to use cash, common stock, operating partnership units or indebtedness to acquire additional properties, the company will have a greater degree of flexibility than the subject LLCs in making future acquisitions on advantageous economic terms. Participants in Empire State Building Associates L.L.C. have approved additional financing and consented to the supervisor using such financing for additional acquisitions, thus recognizing the benefits of additional investments. While participants in Empire State Building Associates L.L.C. could realize some of the benefit of growth through such investment, the supervisor believes that the consolidation is the best way for investors in the subject LLCs, including the Empire State Building, to realize this benefit;

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The company also will be able to take advantage of its structure as an UPREIT, to acquire additional portfolios of properties by using operating partnership units as consideration. The use of operating partnership units enables the company to make acquisitions in a structure that permits the seller to defer the recognition of U.S. federal taxes due on the transfer, while providing the seller similar opportunities to participate in the company s growth as those stockholders have and

The supervisor believes the company will have greater flexibility than the subject LLCs in obtaining financing, both to fund further property renovations and to fund acquisitions. The consolidation will result in increased flexibility in obtaining financing, including the ability to borrow on a portfolio basis, rather than just single asset borrowings.

Greater and More Efficient Access to Capital. The company will have a larger base of assets and the supervisor believes that it will have a greater variety of options and ability to access the capital markets and the built-up equity value in its base of assets than any of the subject LLCs individually. As a result, the company expects to have greater and more efficient access to the capital necessary to fund its operations, fund renovations to the properties and consummate acquisitions than would be available to any of the subject LLCs individually. The supervisor believes that it would be extremely difficult, for the subject LLCs to obtain similar access to capital due to their size and ownership structure. The company anticipates that it also will have greater flexibility in obtaining financing because financing could be obtained by the company on a portfolio-wide basis, and the company also could raise capital or obtain financing through the issuance of additional shares of common stock, preferred stock, operating partnership units or unsecured debt securities. If not consolidated, each subject LLC and private entity in need of capital individually would be required to obtain standalone financing, which could be less efficient and more expensive to obtain. This greater access to capital should provide greater financial stability to the company and provide funding for growth through future acquisitions.

Elimination of Risk and Discount in Value from Subject LLCs Passive Ownership of the Property Interests. Each subject LLC owns an interest in a single property subject to an operating lease, the operating lessee operates the property and the subject LLC does not participate in the operations. The market for the interest held by each subject LLC is smaller than that for, and the subject LLC s interests are less valuable than the entire property, and the operating lessee already has agreed to participate in the consolidation. Following the consolidation, ownership and operation of the properties owned by the subject LLCs and the private entities will be integrated.

Valuable Synergies. The subject LLCs presently benefit from being part of a common brand awareness with a portfolio of properties. However, under the current structure, there are major obstacles to obtaining true synergies and realization of value, such as combining financings, movements of tenants from one building to another, sharing of employees and management and oversight. The consolidation will remove such obstacles and free up access to value creation.

Position in Highly Desirable Marketplace. The properties owned by the subject LLCs and the private entities are concentrated in Manhattan and the greater New York metropolitan area. The supervisor believes this is one of the most highly desired markets in the world for office and retail properties.

Reduced Conflicts of Interest. From inception, the supervisor has represented many different ownership interests, and the subject LLCs and the private entities, therefore, have been exposed to conflicts of interest. For example, the supervisor and persons associated with the supervisor act as an external manager for all of the entities (including the subject LLCs and the operating lessees), serve as agents for the participants in the subject LLCs and certain of the private entities, determine when to make recommendations on sales, financings and operations of the properties, and make or recommend all operating and leasing decisions in all operating entities and all decisions of the subject LLCs. Decisions made by the supervisor in its capacity as supervisor of the operating lessees with regard to property operations dictate the cash available for distribution to the subject LLCs, which are also supervised by the supervisor. The company, on the other hand, will be managed by its officers, subject to the direction and control of its board of directors, which will consist predominantly of independent directors, and all the properties will be owned directly or indirectly by a single entity, without a division of interests. There will not be separate interests of different groups of owners and there will not be a role for, or requirement of, an outside supervisor. Accordingly, the supervisor believes this consolidated structure eliminates the conflicts inherent in the structure which have been there from inception of the subject LLCs and the private entities and more closely aligns the interests among the stockholders and management. The persons engaged to manage the company will be employees of the company. They will not be employees of a separate management company whose activities could be determined by objectives and goals inconsistent with the company s financial objectives.

Election to Receive Operating Partnership Units, Class A Common Stock and/or Class B Common Stock. Each participant in a subject LLC will have the option to receive operating partnership units in a transaction expected to be tax-deferred for U.S. federal income tax purposes. Each participant will receive operating partnership units, unless such participant elects to receive shares of Class A common stock or, to a limited extent, Class B common stock. Each participant may elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participant would otherwise receive in the consolidation. Each share of Class B common stock has 50 votes on all matters on which stockholders are entitled to vote and the same economic interest as a share of Class A common stock, and one share of Class B common stock and 49 operating partnership units together represent a similar economic value as 50 shares of Class A common stock. The Malkin Holdings group will receive its consideration as follows: 97.00% in operating partnership units, 1.03% in Class A common stock and 1.97% in Class B common stock. The operating partnership units will be issued in three separate series to the participants in each of the three subject LLCs (other than the Wien group) and in a separate series to the participants in the private entities receiving operating partnership units and the Wien group. Each series of operating partnership units will have identical rights as to distributions, liquidation and other rights as a limited partner in the operating partnership.

For all these reasons, the supervisor believes that the consolidation, rather than continuation of the subject LLCs or a sale of each interest in the property each subject LLC owns, will result a higher possible value for your investment for you and the other participants.

Alternatives to the Consolidation

Before deciding to recommend the consolidation, the supervisor considered several alternatives in an effort to achieve maximum investor return and give a choice to participants. These alternatives were:

- Sale by each subject LLC of its interests in its property, either individually or as part of third-party portfolio transaction, followed by a distribution of the net proceeds to its participants;
- Continued management of the subject LLCs as currently structured;
- Conversion of each subject LLC into a separate REIT;
- Listing of each subject LLC s participation interests on a national securities exchange; or
- Other means of producing liquidity for the participants, such as cash tender offers to acquire participation interests from participants or borrowing by the subject LLCs secured by its interests in its property to provide funds for distribution to participants.

Set forth below are the supervisor s conclusions regarding its belief that the consolidation is more beneficial to participants than the alternatives.

Liquidation of the subject LLCs. An alternative available to the supervisor is to proceed with a sale of the interest in the property each subject LLC owns separately and distribute the net proceeds to its participants and holders of override interests. Through these sales, participants investments in the subject LLCs would be concluded.

The supervisor believes that there would be advantages to a liquidation of the subject LLCs, including:

- Liquidation provides participants liquidity from a sale of the interest in the property of the subject LLC. Participants would receive their share of the net proceeds obtained from a sale of the interest in the property of the participant s subject LLC;
- The amount that a participant would receive would not depend on the stock market s valuation of the company, but rather a participant s share of the consideration received from a sale of the interests in the property of the subject LLC and
- Participants would avoid the risks of continued ownership in their subject LLC and ownership of common stock.

The supervisor believes that there would be disadvantages to a liquidation of the subject LLCs, including:

- The interest in the property owned by the subject LLC on its own may not create demand from investors, may not be attractive for financing for investors to acquire the property and has a higher risk profile than the interest in the property as a portfolio;
- Participants would not participate in potential increases in value resulting from anticipated operating efficiencies, marketing efficiencies, capital market efficiencies and an improved governance structure;
- Participants would not participate in potential increases in value resulting from (a) enhanced performance of the existing portfolio due to leasing available and expiring space at higher rents following the recent renovations and repositioning of the initial properties operated as a branded portfolio and (b) potential additional investments;
- The combination of a subject LLC s interest with the operating lessee s interest as part of a larger portfolio of properties would provide greater value than selling that subject LLC s interest in its property separately. There is no precedent for the supervisor, which supervises both the subject LLCs and their operating lessees and has the authority to solicit consents in connection with the sale of any operating lessee, submitting for consent for a sale of a two-tier ownership structure unless the sale included both the lessor and the operating lessee. The supervisor believes that in view of fact that the subject LLCs own the interest in the property, but the operating lessees operate the properties, it would not be in the best interests of the subject LLCs to sell their interests in the properties separate from a sale by the operating lessees. The private entities (including the operating lessees), with the required consent of their participants have agreed to transfer their interests in the properties, including their interests in the operating lessees, as part of the consolidation and
- Participants would lose benefits from the consolidation, such as:
  - The potential realization of value due to the factors described under The Supervisor s Reasons for Proposing the Consolidation and
  - Permitting participants who do not wish to liquidate their investment to continue to hold an investment managed by the principals of the supervisor until the participants determine that a sale of their investment is appropriate for their individual investment strategy.

Continuation of the subject LLCs. An alternative to the consolidation is to continue the current operations of the subject LLCs, the subject LLCs do not need to liquidate to satisfy debt obligations or other current liabilities or to avert defaults, foreclosures or other adverse business developments. The subject LLCs would remain separate legal entities with their own assets and liabilities, governed by their existing operating agreements.

The supervisor believes there would be advantages to the continued operation of the subject LLCs, including:

- The participants would continue to receive regular monthly distributions from Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C.;

- The subject LLCs eventually may sell their interests in the properties and distribute the net proceeds, although the supervisor does not believe that such a sale would optimize the value of the participants participation interests;

- Continuing a subject LLC without change avoids the risks related to the consolidation as described in this prospectus/consent solicitation and

- Each subject LLC would retain the individual benefits of ownership of its interest in its property, such as, in the case of the Empire State Building, sharing income from the observatory and broadcast antenna licenses.

The supervisor believes there would be disadvantages to the continued operation of the subject LLCs, including:

- Illiquidity of participation interests on a current basis due to the lack of a large and established secondary market;

- Difficulty in valuing the investment due to the limited secondary market for participation interests;

- Risk of reduction in distributions if consolidation is not consummated. Distributions from your subject LLC come from payments made by the operating lessee. Your operating lessee is required to pay a low basic rent to your subject LLC. Any payment you receive above that comes from the profits from your operating lessee s performance and comes in the form of payment of overage rent out of profits from the operating lessee s operations of the property. The operating lessee makes all decisions relating to the operations of the property.

Decisions over which the operating lessee has control which directly impact whether or not there is overage rent from which you may receive additional distributions include whether or not to lease, whether or not to improve the property, whether to use the cash flow from the property or to seek financing for capital expenditures, and whether to use cash flow for property-related expenses. From the overage rent which is paid, the supervisor maintains reserves for expenses. The balance, if any, is paid out as a distribution from overage rent. In recent years, overage rent has been made possible from time to time through the operating lessee working with your subject LLC to gain consents for financing, the operating lessee agreeing to borrow, and the proceeds of borrowing being used to pay for expenses rather than relying exclusively on cash flow from the property.

In the past, when the operating lessee for your subject LLC has not used financing, overage rent has decreased or ceased. If the operating lessee for your subject LLC exercises its right to use cash flow to fund future capital improvements, tenant installation costs, commissions and other expenses rather than to use financing, your distributions from overage rent may again decrease or cease. If the operating lessee for your subject LLC has a deadlock in operating decision-making, it may make decisions or take actions which meaningfully reduce the prospects of your subject LLC s receipt of overage rent in the future. In the case of the Empire State Building, because of the pendency of this proposed consolidation, Empire State Building Company, L.L.C., the operating lessee, has consented to advances of up to the current outstanding principal amount under a property mortgage loan made to Empire State Building Associates L.L.C. and has subordinated the operating lease to such advances, as required by the lender, without having requested an extension of the term of the operating lease beyond any extension provided for in the operating lease.

At the two other properties involved in this consent solicitation, 250 West 57th Street and One Grand Central Place, their improvement and financing programs were linked to extensions of their operating leases. If the consolidation does not go forward, it is possible that the operating lessee of the Empire State Building may not approve additional advances under the loan agreement unless Empire State Building Associates L.L.C. approves lease extensions, in which case the operating lessee may use cash flow for expenditures to improve the building and conclude leases, resulting in immediate and sustained reductions or cessation of overage rent, or may either defer or not make such expenditures.

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Decisions as to whether to use cash flow or financing are made by the operating lessees from time to time and no decision has been made by any of the operating lessees involved in this consent. Any decision by the operating lessees for 250 West 57th St. Associates L.L.C. and 60 East 42nd St. Associates L.L.C. would require the consent of members of the Malkin Holdings group and/or the Helmsley estate or their successor in interest. Any decision by the operating lessee of the Empire State Building would require the consent of the members of both the Malkin Holdings group and the Helmsley estate or their successor in interest;

The Helmsley estate s requirement under Leona Helmsley s will to sell its interest in the private entities that are the operating lessees of the subject LLCs. Because the consent of both the Malkin Holdings group and the Helmsley estate is required for action by Empire State Building Company L.L.C., the potential for deadlock exists, particularly after a sale of the Helmsley estate s interest. In addition, the Helmsley estate owns a 35% interest in the operating lessee of 250 West 57th St. Associates L.L.C. and 30% in the operating lessee of 60 East 42nd St. Associates L.L.C. Any purchaser of the Helmsley estate interests will be able to block any decision of the operating lessee of the Empire State Building and will have influence over decisions made by the operating lessees of 250 West 57th St. Associates L.L.C. and 60 East 42nd St. Associates L.L.C.;

Inefficiencies which result from the current structure:

Presently, property management, leasing and financial reporting for each of the 23 ownership groups covering 18 different office and retail properties and one development site are provided by third party managers, third party leasing agents and outside accountants under the supervision of the supervisor. This is inefficient and that inefficiency causes distraction and requires time and effort. The supervisor believes that the consolidation will enable the company to centralize operations and leasing, which will be more efficient and enhance the competitive position of the properties. Combining the properties in a single entity with a modern corporate structure will also help the company attract qualified management and property leasing and management personnel (to the extent needed by the company) for management succession;

The current two-tier structure is archaic, complicates operations, financial reporting and financing of the subject LLCs and is inefficient and costly in general. The consolidation will create a modern governance structure in which participants will share in the ownership of a portfolio of properties by a single entity;

Cumbersome and costly approval process for the subject LLCs, due to need to obtain high percentages of participant approvals for actions that may be required, such as selling the interests in the property or obtaining additional mortgage financing;

Difficulty in making decisions concerning the properties due to the two-tier owner-operating lessee structure, as a result of which the subject LLCs, as fee owners, either do not have the right to take an action or the action may require the consent of the operating lessee, and, in some cases, its participants;

Conflicting position of fee owner and operating lessee, because actions that benefit the operating lessee could reduce distributions to participants in the subject LLCs;

Less diversification;

Loss of ability to access capital markets or finance on a portfolio-wide basis to obtain capital for future renovations of the properties. As a result, financing may be more costly or the subject LLCs might be required to reduce distributions to participants to fund future property renovations. However, as described under Background of and Reasons for the Consolidation Chronology of the Consolidation, Empire State Building Associates L.L.C. recently has obtained significant financing;

Receipt of a Schedule K-1 for your subject LLC and each other subject LLC or private entity in which you own participation interests is a process which is complex and time consuming for both the supervisor and the participants. Separate financial statements and tax returns need to be prepared for each entity. With increasingly complex filing requirements, it has become unrealistic to complete all the necessary financial statements and tax returns required to complete and deliver Schedules K-1 to participants in time to file their federal income tax returns by April 15, causing participants to have to file their tax returns on extension. After the consolidation, tax returns will be required only for the company and the operating partnership. Participants who receive operating partnership units will receive only one Schedule K-1. Participants who receive only common stock in the consolidation will receive one Form 1099 for all their interests. The supervisor believes that the simplified financial reporting and tax filings will allow for faster completion and distribution of Forms 1099 and Schedules K-1 for participants and allow participants to file their taxes by April 15 of each year and

Loss of benefits from the consolidation described under The Supervisor s Reasons for Proposing the Consolidation.

Conversion of the subject LLCs into individual REITs. The supervisor considered the possibility of converting each subject LLC into a separate REIT that would list its shares on a national securities exchange. The supervisor believes that a REIT with a relatively small capitalization that is advised by an outside advisor and owns an interest in the ground lessor of a single property with most of its cash flow dependent on overage rent under the operating lease would not be well-received by traditional open-market purchasers of REIT common stock. The supervisor, therefore, believes that this alternative would not fulfill the objectives of participants in the subject LLCs.

Listing of the participation interests on a national securities exchange. The supervisor believes there would be limited trading interest in the presently outstanding participation interests due to, among other things, (i) the fact that the subject LLCs have a relatively small capitalization, own an interest in a property which is operated by an operating lessee that has significant decision-making authority with respect to the property; and (ii) the two-tier subject LLC structure, including the relative lack of certain corporate governance attributes, such as the ability to elect directors.

Other means of producing liquidity. The supervisor also considered other means of producing liquidity for the participants, such as cash tender offers to acquire participation interests from participants or borrowing by the subject LLCs secured by their interests in properties to provide funds for distribution to participants. The supervisor believes that cash tender offers are costly and would not yield a good value for participants and that borrowing to fund added distributions is not a feasible alternative given that most of its cash flow is dependent on overage rent under the operating lease.

The supervisor believes that cash tender offers would not be desirable because the price that could be offered to participants would be adversely affected by the current two-tier owner-lessee structure through which the subject LLCs own their interests in the properties and the limited resale market for participation interests.

The supervisor believes that it would be difficult for a subject LLC to borrow to fund added distributions because, among other things, such financing would require the operating lessee s consent and agreement to join in the financing. Additionally, increasing the leverage on the properties would result in increased risks to the participants in the subject LLCs.

While the supervisor did not perform a detailed financial analysis of all these alternatives, other than continued operations of the subject LLCs and liquidation of the subject LLCs, the supervisor believes that these alternatives would not be as beneficial to participants as the consolidation.

Certain potential alternatives as to Empire State Building Associates L.L.C. not considered viable by the supervisor.

Empire State Building stand-alone REIT. The supervisor does not believe a REIT which includes only the Empire State Building is a feasible alternative. Any Empire State Building-only REIT would require the consent of Empire State Building Company L.L.C. which is controlled by the Malkin Family and the Helmsley estate. The Malkin Family and the Helmsley estate have consented only to the proposed consolidation and believe that a single-asset REIT would not be desirable.

The supervisor believes that a single-asset REIT is not typical and that the potential REIT investors (the great majority of which are institutional investors) would not react favorably to such a REIT. Moreover, a stand-alone Empire State Building REIT, even if consented to, would have certain risks resulting from lack of diversification and risks relating specifically to the Empire State Building and bear many of the same ongoing expenses of a company with a security listed on a national securities exchange without other properties to share them.

The proposed consolidation provides benefits, which, as described under Background of and Reasons for the Consolidation The Supervisor s Reasons for Proposing the Consolidation, would not be provided by a stand-alone Empire State Building REIT. In addition, a stand-alone Empire State Building REIT would have management which also continues to manage, separate from the REIT, the other subject LLCs and the private entities they currently supervise, which the supervisor believes would not be viewed favorably by institutional investors and would create continuing conflicts of interest.

Borrowing to buy out the Helmsley estate s interest in Empire State Building Company L.L.C. The supervisor also did not consider borrowing funds to buy the Helmsley estate s interest in Empire State Building Company L.L.C. to be a feasible alternative to the consolidation. For a number of reasons, the supervisor believes that based on its knowledge of the loan markets, a loan for these purposes would be improbable at this time on any reasonable terms. The supervisor does not believe that a lender would make the necessary loan of this size on top of the borrowing required to upgrade the Empire State Building, install tenants, and pay leasing commissions, with the building in its current state of repositioning, to buy out an existing investor. Empire State Building Company L.L.C. would have to join in the loan or otherwise Empire State Building Associates L.L.C. would be reliant on basic and overage rent from Empire State Building Company L.L.C. to cover costs to service and repay the loan. Empire State Building Company L.L.C. is not required to apply cash flow in such a way as to make any additional rent payment above basic rent. Moreover, both the controlling partners in Empire State Building Company L.L.C., Peter L. Malkin and the Helmsley estate, have committed to the consolidation and the IPO. Additionally, buying the Helmsley estate s interest would not create the benefits the supervisor believes would result from the consolidation and IPO, which benefits are described under Background of and Reasons for the Consolidation The Supervisor s Reasons for Proposing the Consolidation.

Comparison of Alternatives

The supervisor has not provided an estimate of the going concern values and liquidation values of the subject LLCs and the private entities for the reasons set forth below. As explained below, the supervisor believes these values would be in the same range as, or lower than, the exchange values. These values may be more or less than the value of the consideration that you will receive in the consolidation.

Continuance as a Going-Concern. The supervisor considered the going-concern value of each subject LLC. The purpose of a going-concern analysis is to determine the estimated value of each subject LLC, assuming that each subject LLC continues to operate as a separate legal entity with its own assets and liabilities and governed by its organizational documents. A going-concern analysis differs from a liquidation analysis in that a liquidation analysis assumes that a subject LLC immediately commences an orderly disposition of its interest in the property and distributes the net liquidation proceeds, to the members and participants holding participation interests and to the supervisor on account of overrides and voluntary reimbursement payments. The going-concern analysis estimates the present value of the participation interests in each subject LLC, assuming that each subject LLC was operated as an independent standalone entity during an assumed ten-year holding period, and sold its interest in the property at the end of the ten-year period.

The supervisor believes that, based on, among other things, advice of the independent valuer, the going concern value of the participation interests in the subject LLCs pursuant to a going concern analysis, which would assume continued operation and eventual sale, is in the same range as the exchange value. The exchange value is based on (i) the appraised values of the properties owned by the subject LLCs and private entities which was based on the income approach taking into account, among other things, the expected financial performance such as estimated revenues, operating expenses, general and administrative costs, capital expenditures and leasing costs for the property, and operating cash flow of the properties, and (ii) the allocation of such appraised values to the participants in each subject LLC and each private entity as described in Reports, Opinions, and Appraisals Fairness Opinion. Similarly, a going concern analysis would determine the value of the equity interest in a partnership or limited liability company by estimating the present value of distributions to such interests in the going concern entity. The supervisor believes that, based on advice from the independent valuer, the methodology used to determine the value of an equity interest in a partnership or a limited liability company, as was performed in the Appraisal, is a generally accepted valuation and analytical technique, and, when performed using the same underlying assumptions, can be expected to yield a result in approximately the same range as the going concern analysis.

Liquidation of the subject LLCs and the private entities. Since another available alternative is to proceed with a sale of the interest in the property each subject LLC owns and to distribute the net proceeds to its participants, the supervisor has considered the liquidation value of each subject LLC. The supervisor believes that, based on advice from the independent valuer, using the discounted cash flow method used in the Appraisal is a reasonable way to estimate the price at which the property could be sold for purposes of a liquidation value analysis. The difference between the exchange values and the liquidation value would be the deduction of assumed selling and liquidation costs (real estate commissions and legal and other closing costs) in calculating the liquidation value, which the supervisor estimates would equal approximately 2.5% to 5.0% of the appraised real estate value. The supervisor believes that the costs relating to liquidation, including costs of soliciting participants consent and legal fees, could exceed this percentage. This alternative also assumes that non-real estate assets are sold at their estimated realizable value determined on a basis consistent with the independent valuer s Appraisal.

However, while the Appraisal is not necessarily indicative of the price at which the assets would sell, the real estate appraisal assumes that the interest in the property of each subject LLC is sold in an orderly manner and is not sold in forced or distressed sales where sellers might be expected to dispose of their interests at substantial discounts to their actual value. See Reports, Opinions and Appraisals Appraisal.

The supervisor believes that the value of the participation interests in the subject LLCs and private entities in a liquidation would be lower than the exchange values because the value in a liquidation would be determined based on the appraised values of the properties owned by the subject LLCs and private entities (as described under Reports, Opinions, and Appraisals Appraisal), reduced by the transaction costs associated with marketing and selling a property, and the costs of soliciting participants consent and legal fees. Such fees and expenses were not deducted in calculating the exchange value because they are being borne by the company. The liquidation value would also not incorporate any prepayment penalties that would be due upon the sale of a property, which is not expected to be payable, to the same extent, in the consolidation. Such fees and expenses would reduce the amounts distributable to the participants in the subject LLCs and the private entities in a liquidation to a level below the exchange values. Additionally, participants might not have the opportunity to receive consideration in a tax-deferred transaction as they have in the consolidation.

Secondary Market Prices. Participation interests in the subject LLCs are not traded on any national securities exchange. There is no established trading market for participation interests and it is not anticipated that any market will develop for the purchase and sale of the participation interests. There is only a limited market for the participation interests in the subject LLCs, and the supervisor believes the highest price for past sales of participation interests is substantially below the value of the shares of common stock or operating partnership units that you will receive, based on the enterprise value.

Sales transactions for participation interests have been limited and sporadic. The supervisor is aware of sales made which were not arranged by it because it acts as transfer agent for the participation interests. In some cases, the supervisor receives information regarding the prices at which secondary sale transactions of participation interests have been effectuated but, in many instances, the supervisor is not aware of the prices at which transactions have been made. Affiliates of the supervisor have arranged for purchases of participation interests, from time to time, as an accommodation to participants that desired to sell their participation interests. The supervisor also is aware of third-party appraisals that were performed for participants. The supervisor generally used methodology similar to that in these appraisals in determining the price to be offered to participants that requested that the supervisor arrange sales of their participation interests as an accommodation. In making such purchases of participation interests as an accommodation to participants, the supervisor generally determined the purchase price by applying capitalization rates to annual distributions out of basic rent and overage rent, applying a discount because the interest is an illiquid minority interest and, since 2008, applying a further discount because of the instability of the economy. The supervisor believes that these prices are less than the long-term value of the participation interests and the supervisor so advised each participant who requested that the supervisor arrange a sale. The extent of the participation interest sales transactions between willing buyers and willing sellers, each having access to relevant information regarding the financial affairs of the subject LLCs, the expected value of their assets and their prospects for the future is unknown. Many participation interest sales transactions are believed to be distressed sales where sellers are highly motivated to dispose of the interests and, to facilitate the sales are willing to accept substantial discounts from what might otherwise be regarded as the fair value of the interest being sold.

On December 19, 2012, entities affiliated with MacKenzie Capital Management, LP (the offerors) (which has no relation with the supervisor or MacKenzie Partners, Inc, which is assisting the supervisor in connection with solicitation of consents) commenced partial tender offers for participation interests in each of the three subject LLCs. Pursuant to the tender offers, the offerors offered to purchase (i) up to 170 $10,000 original investment units (5.15% of the outstanding participation interests) for $110,000 per $10,000 original investment unit of Empire State Building Associates L.L.C., (ii) up to 40 $10,000 original investment units (5.71% of the outstanding participation interests) for $140,000 per $10,000 original investment unit of 60 East 42nd St. Associates L.L.C. and (iii) up to 30 $10,000 original investment units (8.33% of the outstanding participation interests) for $100,000 per $10,000 original investment unit (equivalent to $50,000 per original $5,000 original investment unit) of 250 West 57th St. Associates L.L.C. The supervisor is not aware of any other tender offers during the period from January 1, 2009 through the date of this prospectus/consent solicitation.

Affiliates of the supervisor made the following purchases of participation interests in the subject LLCs from participants during the period from January 1, 2009 through September 30, 2012:

Subject LLC	Date of Transfer (Mo./Day/Yr.)	Amount of Purchase (Based on Original Investment)	Amount of Consideration Paid per $10,000 Original Investment
Empire State Building Associates L.L.C.	2/02/11	$ 10,000.00	$ 15,000.00
Empire State Building Associates L.L.C.	10/02/10	$ 5,000.00	$ 15,000.00
Empire State Building Associates L.L.C.	9/02/10	$ 1,666.67	$ 15,000.00
Empire State Building Associates L.L.C.	3/02/10	$ 2,500.00	$ 15,000.00
Empire State Building Associates L.L.C.	1/02/10	$ 5,000.00	$ 15,000.00
Empire State Building Associates L.L.C.	11/02/09	$ 10,000.00	$ 15,000.00
Empire State Building Associates L.L.C.	11/02/09	$ 10,000.00	$ 15,000.00
Empire State Building Associates L.L.C.	11/02/09	$ 10,000.00	$ 15,000.00
Empire State Building Associates L.L.C.	10/02/09	$ 7,500.00	$ 15,000.00
Empire State Building Associates L.L.C.	10/02/09	$ 5,000.00	$ 15,000.00
Empire State Building Associates L.L.C.	9/02/09	$ 6,666.66	$ 15,000.00
Empire State Building Associates L.L.C.	5/02/09	$ 5,000.00	$ 29,400.00
60 East 42nd St. Associates L.L.C.	9/02/10	$ 3,333.34	$ 15,000.00
60 East 42nd St. Associates L.L.C.	5/02/10	$ 6,666.67	$ 15,000.00
60 East 42nd St. Associates L.L.C.	4/02/10	$ 15,000.00	$ 14,666.70
60 East 42nd St. Associates L.L.C.	10/02/09	$ 5,000.00	$ 15,000.00
60 East 42nd St. Associates L.L.C.	9/02/09	$ 1,666.66	$ 15,000.10
250 West 57th St. Associates L.L.C.	9/02/10	$ 1,666.67	$ 40,001.90
250 West 57th St. Associates L.L.C.	5/02/10	$ 5,000.00	$ 40,000.00
250 West 57th St. Associates L.L.C.	3/02/10	$ 10,000.00	$ 40,000.00
250 West 57th St. Associates L.L.C.	7/02/09	$ 5,000.00	$ 40,000.00

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The supervisor also is aware of the prices on the following additional purchases of participation interests by third parties in the subject LLCs during the period from January 1, 2009 through September 30, 2012:

Subject LLC	Date of Transfer (Mo./Day/Yr.)	Amount of Purchase (Based on Original Investment)	Amount of Consideration Paid per $10,000 Original Investment
Empire State Building Associates L.L.C.	4/02/10	$ 10,000.00	$ 17,000.00
Empire State Building Associates L.L.C.	3/02/09	$ 10,000.00	$ 29,400.00
Empire State Building Associates L.L.C.	3/02/09	$ 5,000.00	$ 29,400.00
Empire State Building Associates L.L.C.	1/02/09	$ 2,500.00	$ 50,000.00
60 East 42nd St. Associates L.L.C.	3/02/11	$ 5,000.00	$ 16,000.00
60 East 42nd St. Associates L.L.C.	2/02/11	$ 2,500.00	$ 15,000.00
250 West 57th St. Associates L.L.C.	1/02/10	$ 2,500.00	$ 50,000.00

Assumptions, Limitations and Qualifications. The prices at which the operating partnership units and Class A common stock initially trades may be affected, among other things, by: general market conditions, including the extent to which a secondary market develops for the Class A common stock following the IPO, the extent of institutional investor interest in the company, the general reputation of REITs and the attractiveness of their equity securities in comparison to other equity securities (including securities issued by other real estate-based companies), the company s financial performance and general stock and bond market conditions.

It is impossible to predict how these factors will impact the price of the operating partnership units and Class A common stock. The price may be either lower or higher than those used in computing the range of estimated values.

Distribution Comparison. The supervisor has considered the potential impact of the consolidation upon distributions that would be made to the participants that exchange their participation interests for common stock. The following table compares the average annual distributions for the years ending December 31, 2007-2011 for each subject LLC with the estimated initial dividends that will be received by participants in the subject LLCs per $10,000 investment by stockholders of the company assuming all subject LLCs and private entities participate in the consolidation (maximum participation).

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Comparison of Distributions by the Subject LLCs and the Company

Comparison

The following table sets forth a comparison of the distributions by the subject LLCs and by the company.

Subject LLC	Average Annual Distribution for the years ending December 31, 2007-2011 Per $10,000 Original Investment	Estimated Initial Distribution of the Company to Former Participants for the year ending September 30, 2013 Per $10,000 Original Investment(1)
Empire State Building Associates L.L.C.		
Distributions out of basic rent	$ 1,179	
Distributions out of overage rent		
Overage rent distributions attributable to borrowing(3)	$ 140	
Overage rent distributions attributable to operations	$ 1,791	
Total distributions	$ 3,110	$ 5,866(2)
60 East 42nd St. Associates L.L.C.		
Distributions out of basic rent	$ 1,495	
Distributions out of overage rent		
Overage rent distributions attributable to borrowing(3)	$ 1,498	
Overage rent distributions attributable to operations	$ 3,317	
Total distributions	$ 6,310	$ 7,294
250 West 57th St. Associates L.L.C.		
Distributions out of basic rent	$ 2,000	
Distributions out of overage rent		
Overage rent distributions attributable to borrowing(3)	$ 3,308	
Overage rent distributions attributable to extraordinary lease cancellation payment(4)	$ 652	
Overage rent distributions attributable to operations	$ 5,016	
Total distributions	$ 10,976	$ 7,421(2)

(1) The calculation of the estimated annual distributions to stockholders of the company is determined in accordance with the table below under Distributions by the Company. The estimated initial distribution per $10,000 original investment was calculated based on the percentage interest that a holder of a $10,000 original investment would hold of the number of shares of common stock of the company outstanding after the IPO on a fully diluted basis. The estimated annual distribution per $10,000 original investment was calculated by dividing the aggregate distribution to shareholders of the company in the table below under Distributions by the Company by the estimated number of shares that would be outstanding on a fully diluted basis after the IPO. That amount was then multiplied by the number of shares per $10,000 original investment in each subject LLC that a participant would receive. The company estimated the number of shares of common stock on a fully diluted basis outstanding after the IPO to be equal to the sum of:

(i) the number of shares of common stock on a fully diluted basis issuable in the consolidation (calculated without reduction for cash paid to participants in the private entities in lieu of common stock or operating partnership units), as set forth in table under Exchange Value and Allocation of Operating Partnership Units and Common Stock Derivation of Exchange Values, plus

(ii) 1,500,000 LTIP units/shares of restricted Class A common stock estimated to be issued as equity compensation at the IPO, plus

(iii) a number of shares issuable in the IPO (assuming no exercise of the underwriters option to purchase additional shares of the company s Class A common stock) equal to: (a) the portion of the gross proceeds from the IPO used to pay expenses of the consolidation and IPO and underwriting discounts (other than underwriting discounts that are deducted in calculating the cash payable to charitable organizations who are participants in the private entities, including the Helmsley estate, on exercise of their cash election), which is estimated to equal $47,662,141, (b) divided by the IPO price, assuming that the IPO price equals the hypothetical $10 per share (used solely for illustrative purposes).

By way of explanation, the portion of the proceeds from the IPO used to pay cash to participants in the private entities is excluded because shares of Class A common stock issuable in the IPO that are used for such purpose do not increase the common stock outstanding on a fully diluted basis from that which would have been outstanding if all participants received operating partnership units or common stock instead of cash, because the number of shares of common stock on a fully diluted basis otherwise issuable to participants in the consolidation is reduced on a one-for-one basis.

The estimate of the initial distribution per $10,000 may be more or less than that set forth herein to the extent that the actual amounts are more or less than the estimated amounts set forth herein or to the extent that the number of shares under clauses (i), (ii) and (iii) are different due to the difference between exchange value and enterprise value, which will not be known until the pricing of the IPO, or would be affected by the IPO price being more or less than $10 per share.

(2) Assumes that a participant is subject to the voluntary override.
(3) The distributions attributable to borrowings resulted from borrowings used to fund capital expenditures which would otherwise have been funded from operations and reduced overage rent.
(4) In 2010, the operating lessee received an extraordinary lease cancellation payment from a space tenant in the amount of $7.9 million, which contributed to $3,259 per $10,000 original investment of overage rent distributions in that year (or $652 per $10,000 original investment of average annual overage rent distributions over the period).

Distributions by the Subject LLCs

The following table sets forth the amount of annual distributions, per $10,000 original investment, of each subject LLC for each of the five years in the period ended December 31, 2011 and the amount of distributions, per $10,000 original investment, for the nine months ended September 30, 2012. The original cost per unit was $10,000, in the case of Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C., and $5,000, in the case of 250 West 57th St. Associates L.L.C.

Empire State Building Associates L.L.C.

	Nine Months Ended September 30, 2012	2011	2010	2009	2008	2007
Distributions out of basic rent	$ 884	$ 1,179	$ 1,179	$ 1,179	$ 1,179	$ 1,179
Distributions out of overage rent						
Overage rent distributions attributable to borrowing[1]	$ 5,255	$	$ 679	$	$	$
Overage rent distributions attributable to operations	$	$	$ 339	$	$ 4,051	$ 4,589
Total distributions out of overage rent	$ 5,255	$	$ 1,018	$	$ 4,051	$ 4,589
Total distributions	**$ 6,139**	**$ 1,179**	**$ 2,197**	**$ 1,179**	**$ 5,230**	**$ 5,768**

250 West 57th St. Associates L.L.C.

	Nine Months Ended September 30, 2012	2011	2010	2009	2008	2007
Distributions out of basic rent	$ 1,500	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000
Distributions out of overage rent[2]						
Overage rent distributions attributable to borrowing[1]	$	$ 3,829	$ 4,111	$ 3,019	$ 709	$ 4,889
Overage rent distributions attributable to extraordinary lease cancellation payment[3]	$	$	$ 3,259	$	$	$
Overage rent distributions attributable to operations	$	$ 3,290	$ 6,711	$ 8,599	$ 6,875	$ 2,849
Total distributions out of overage rent	$	$ 7,119	$ 10,822	$ 11,618	$ 7,584	$ 7,738
Total distributions	**$ 1,500**	**$ 9,119**	**$ 12,822**	**$ 13,618**	**$ 9,584**	**$ 9,738**

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

	Nine Months Ended September 30,	2011	2010	2009	2008	2007

	2012					
Distributions out of basic rent	$ 1,121	$ 1,495	$ 1,495	$ 1,495	$ 1,495	$ 1,495
Distributions out of overage rent[(4)]						
Overage rent distributions attributable to borrowing[(1)]	$	$	$	$	$ 520	$ 6,979
Overage rent distributions attributable to operations	$	$	$	$ 3,057	$ 8,288	$ 5,230
Total distributions out of overage rent	$	$	$	$ 3,057	$ 8,808	$ 12,209
Total distributions	**$ 1,121**	**$ 1,495**	**$ 1,495**	**$ 4,552**	**$ 10,303**	**$ 13,704**

(1) The distributions attributable to borrowings resulted from borrowings used to fund capital expenditures which would otherwise have been funded from operations and reduced overage rent.
(2) In addition, subsequent to September 30, 2012, 250 West 57th St. Associates L.L.C. paid distributions out of overage rent relating to the 12 months ended September 30, 2012 of $5,139 per $10,000 original investment, all of which was attributable to borrowing.
(3) In 2010, the operating lessee received an extraordinary lease cancellation payment from a space tenant in the amount of $7.9 million, which contributed to $3,259 per $10,000 original investment of overage rent distributions attributable to operations in that year.
(4) In addition, subsequent to September 30, 2012, 60 East 42nd St. Associates L.L.C. paid distributions out of overage rent relating to the 12 months ended September 30, 2012 of $4,118 per $10,000 original investment, of which $2,662 per $10,000 original investment was attributable to borrowing.

Distributions each year consist of small regular monthly distributions out of basic rent and larger, but variable, distributions out of overage rent. The amount of distributions out of overage rent varies from year to year depending on factors such as:

- capital expenditures funded out of operating cash flow which reduced distributions;
- borrowings to fund capital expenditures which must be agreed to by the operating lessees of each subject LLC and which would otherwise have been paid out of operating cash flow, which increases overage rent and the amount available for distribution; and
- non-recurring events that generate additional cash, such as early lease cancellations, which may increase distributions and non-recurring events that require expenditure of funds, which may decrease distributions.

Accordingly, participants should not treat the amount distributed in any year as indicative of the amount that they would have received in future years if the subject LLC continued its operations. After the consolidation, a diverse collection of properties will be combined with more efficient access to capital and, as a result, the supervisor expects that overall distributions should be more consistent with less fluctuation due to these factors.

Distributions by the Company

The company s intended annual rate of initial distribution with respect to the period commencing on completion of the IPO and ending 12 months after completion of the IPO will be established based on its estimate of cash available for distribution for such 12-month period calculated based on adjustments to its pro forma income before non-controlling interests for such period. Assuming that the IPO was completed on July 1, 2012, the company s estimated cash available for distribution for the 12-month period ending September 30, 2013 would be as set forth in the table below. In estimating its cash available for distribution for the 12 months ending September 30, 2013, the company has made certain assumptions as reflected in the table and footnotes below, including that there will be no terminations of existing leases in its portfolio after September 30, 2012 (other than scheduled lease expirations) or lease renewals or new leases (other than month-to-month leases) after September 30, 2012 unless a new or renewal lease has been entered into prior to the date of this prospectus/consent solicitation.

The company s estimate of cash available for distribution does not reflect the effect of any changes in its working capital after September 30, 2012, other than the amount of cash estimated to be used for tenant improvement and leasing commission costs related to leases that may be entered into prior to the date of this prospectus/consent solicitation. It also does not reflect the amount of cash estimated to be used for investing activities for acquisition and other activities, other than estimated capital expenditures, or the amount of cash estimated to be used for financing activities, other than the refinancing of the loan at the Empire State Building and scheduled mortgage loan principal repayments on mortgage indebtedness that will be outstanding upon consummation of the IPO. Although the company has included all material investing and financing activities that it has commitments to undertake as of September 30, 2012, the company may undertake other investing and/or financing activities in the future. Any such investing and/or financing activities may have a material effect on the company s estimate of cash available for distribution. Because the company has made the assumptions set forth above in estimating cash available for distribution, it does not intend this estimate to be a projection or forecast of its actual results of operations or liquidity. The company s estimate of cash available for distribution should not be considered as an alternative to cash flow from operating activities (computed in accordance with GAAP) or as an indicator of its liquidity or ability to pay dividends or make distributions. In addition, the methodology upon which the company made the adjustments described below is not necessarily intended to be a basis for calculating cash available for distribution.

Notwithstanding the estimate set forth below, any distributions the company pays in the future will depend upon its actual results of operations, economic conditions and other factors that could differ materially from the company s current expectations. The company s actual results of operations will be affected by a number of factors, including the revenue it receives from its properties, its operating expenses, interest expense, the ability of its tenants to meet their obligations and the amount and timing of expenditures. For more information regarding risk factors that could materially adversely affect the company s actual results of operations, see Risk Factors. Distributions declared by the company will be authorized by the company s board of directors in its sole discretion out of funds legally available therefore and will be dependent upon a number of factors, including restrictions under applicable law, the capital requirements of the company and the distribution requirements necessary to maintain the company s qualification as a REIT, the distributable income generated by operations, the principal and interest payments on debt, capital expenditure levels, the company s policy with respect to cash distributions and the capitalization and asset composition of the company, which will vary based on the private entities and the subject LLCs that ultimately participate in the consolidation. No assurance can be given that the company s estimate of cash flow available for distribution will prove accurate, and actual distributions may therefore be significantly different from the expected distributions. Unless the company s operating cash flow increases, it may be required to fund distributions from working capital or borrow to provide funds for such distributions or it may choose to make a portion of the required distributions in the form of a taxable stock dividend to preserve the company s cash balance or reduce its distribution. However, the company currently has no intention to use the net proceeds from the IPO to make distributions nor does it currently intend to make distributions using shares of the company s common stock.

Actual annual distributions on the operating partnership units and common stock will depend on the market conditions at the time of the IPO and the company s cash available for distribution at the time of the IPO. For more information regarding risk factors that could materially adversely affect the company s actual results of operations, see Risk Factors.

In order to qualify as a REIT, the company must distribute to its stockholders, on an annual basis, at least 90% of the company s REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains. For more information, see Management s Discussion and Analysis of Financial Condition and Results of Operations of Empire State Realty Trust Distribution Policy and U.S. Federal Income Tax Considerations.

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The following table describes the company s pro forma net income available to holders of common stock of the company and operating partnership units for the 12 months ended December 31, 2011, and the adjustments the company has made thereto in order to estimate its initial cash available for distribution for the 12 months ending September 30, 2013 (amounts in thousands except share data, per share data, square footage data and percentages). These calculations do not assume any changes to the company s operations or any acquisitions or dispositions or other developments or occurrences which could affect its operating results and cash flows, or changes in the company s outstanding shares of Class A and Class B common stock or the operating partnership s operating partnership units. Holders of operating partnership units and stockholders of the company will have the same rights to distributions. The company cannot assure you that its actual results will be the same as or comparable to the calculations below.

Pro forma net income for the 12 months ended December 31, 2011	$ 58,653
Less: Pro forma net income for the nine months ended September 30, 2011	(47,745)
Add: Pro forma net income for the nine months ended September 30, 2012	60,163
Pro forma net income for the 12 months ended September 30, 2012	$ 71,071
Add: Pro forma real estate depreciation and amortization[(1)]	93,198
Add: Net increases in contractual rent income[(2)]	37,145
Less: Net decreases in contractual rent income due to lease expirations, assuming no renewals[(3)]	(24,818)
Less: Net effects of straight-line rent adjustments to tenant leases[(4)]	(23,782)
Add: Net effects of above- and below-market rent adjustments[(5)]	(8,465)
Add: Non-cash compensation expense[(6)]	3,906
Add: Non-cash interest expense[(7)]	2,814
Less: Additional interest expense under the company s expected new secured revolving and term credit facility[(8)]	(233)
Add: Non-cash ground rent expense	1,657
Estimated cash flow from operating activities for the 12 months ending September 30, 2013	$ 152,493
Less: Estimated provision for recurring capital expenditures[(9)]	(12,531)
Less: Estimated provision for tenant improvements costs not associated with the company s renovation program and all leasing commissions[(10)]	(11,089)
Less: Estimated provision for tenant improvements costs associated with the renovation program not expected to be funded under the company s expected secured revolving and term credit facility[(10)]	(5,262)
Total estimated cash flows used in investing activities	$ (28,882)
Estimated cash flow used in financing activities	
Less: Scheduled mortgage loan principal repayments[(11)]	(15,002)
Estimated cash flow used in financing activities for the 12 months ending September 30, 2013	$ (15,002)
Estimated cash available for distribution for the 12 months ending September 30, 2013	$ 108,609
Allocation of cash available for distribution:	
The company s share of estimated cash available for distribution available to the operating partnership (30.50%)[(12)]	33,126
Non-controlling interests share of estimated cash available for distribution available to the operating partnership (69.50%)[(12)]	75,483
Estimated cash available for distribution for the 12 months ending September 30, 2013	$ 108,609
Estimated initial distribution:	
Total estimated initial annual distribution to holders of operating partnership units (other than the company)	$ 55,600
Total estimated initial annual distribution to stockholders	24,400
Total estimated initial annual distribution	$ 80,000

Payout ratio based on the company s share of estimated cash available for distribution[13]	73.7%

(1) Included in real estate depreciation and amortization is acquired in-place lease asset amortization, which was calculated by the independent valuer based upon assumed absorption periods ranging from 1 10 months for the leased premises.

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	Empire State Building	1350 Broadway	1333 Broadway	501 Seventh	Total
Total lease in place value	$ 93,309	$ 7,011	$ 6,704	$ 12,088	$ 119,112
Amortization for 12 months ended September 30, 2012	$ 14,106	$ 1,496	$ 728	$ 2,357	$ 18,687
Absorption (# of months)	1 10	5 8	5 - 8	5 8	

(2) Represents the net increases in contractual rental income net of expenses from existing leases and from new leases and renewals through the date hereof that were not in effect for the entire 12-month period ended September 30, 2012 or that were signed prior to the date of this prospectus/consent solicitation but that will go into effect during the 12 months ending September 30, 2013.

(3) Assumes no lease renewals or new leases (other than month-to-month leases) for leases expiring after September 30, 2012 unless a new or renewal lease had been entered into prior to the date of this prospectus/consent solicitation.

(4) Represents the conversion of estimated rental revenues for the 12 months ending September 30, 2013 from a straight-line accrual basis to a cash basis of revenue recognition.

(5) Represents the elimination of non-cash adjustments for above-market and below-market leases for the 12 months ended September 30, 2012. This is calculated as follows:

	12 months ended September 30, 2012
Add: Net effects of above- and below-market rent adjustments	$ (8,465)**(a)**
(a) Calculated as follows:	
Effects of above-market rent adjustments	$ 11,618
Effects of below-market rent adjustments	(20,083)
	$ (8,465)

(6) Pro forma non-cash compensation expense related to LTIP units/shares of restricted Class A common stock that the company intends to issue to the company s independent directors, executive officers (other than Anthony E. Malkin) and certain other employees in connection with the IPO.

(7) Pro forma non-cash interest expense for the 12 months ended September 30, 2012 includes: (i) amortization of financing costs on the mortgage loans assumed by the company in the consolidation transaction; and (ii) amortization of the acquisition premium for debt assumed in the consolidation transaction.

(8) Represents estimated interest expense associated with borrowings under the expected new secured revolving and term credit facility (described in (9) and (10) below) to cover non-recurring capital expenditures, certain tenant improvements, costs of the expected new credit facility and refinance the existing term loan at the Empire State Building net of interest expense associated with the existing term loan for the 12 months ending September 30, 2013. These amounts are calculated on the basis that the principal and accrued interest on the existing term loan was repaid with proceeds from the expected new credit facility on October 1, 2012 and that additional drawdowns under the expected new credit facility to fund capital expenditures will occur equally over the subsequent four quarters.

(9) Represents recurring capital expenditures consisting of capital expenditures that are intended to maintain the company s properties and are not intended to be value enhancing capital improvements (but excluding tenant improvements and leasing commissions). For the purposes of calculating the distribution in the above table, the company has assumed, based on its current estimate, that it will incur approximately $12.5 million of estimated recurring capital expenditures (excluding costs of tenant improvements and leasing commissions) over the 12 month period ending September 30, 2013, including, but not limited to, costs associated with building maintenance repairs, stairwell lighting, carpet replacement, bathroom repairs and electric closet repairs and retrofits. For the purposes of calculating the distribution in the above table, the company has assumed, based on its current estimate, that it will incur approximately $98.4 million of estimated non-recurring capital expenditures (excluding costs of tenant improvements and leasing commissions) associated with the company s renovation program of its Manhattan office properties over the 12 month period ending September 30, 2013, including, but not limited to, costs associated with elevator modernization, renovations and repairs of the building elevator shafts, concourse renovations, corridor renovations and fitness center construction. Historically, the company has not tracked capital expenditures as either recurring or non-recurring and the company believes that the capital expenditures associated with the company s renovation program would be considered to be non-recurring due to the extensive amount of capital spent on renovation and repositioning at the company s Manhattan office properties. The company s historical weighted average aggregate recurring and non-recurring annual capital expenditures incurred during the years ended December 31, 2009, 2010 and 2011 and the nine months ended September 30, 2012 was approximately $43.5 million, which is lower than the company s estimated non-recurring and recurring capital expenditures over the 12 month period ending September 30, 2013. The company intends to fund the non-recurring capital expenditures with an expected new $800.0 million secured revolving and term credit facility, or the new credit facility, which the company expects to have in place upon the closing of the IPO from lenders that will include certain of the underwriters of the IPO or their respective affiliates. As of the date of this prospectus/consent solicitation, the company has obtained a commitment for $400.0 million of availability under the new credit facility, subject to satisfaction of certain customary conditions precedent, from the representatives of the underwriters of the IPO or their respective affiliates who have also agreed to use commercially reasonable efforts to syndicate the remainder of the facility. In connection with entering into the new credit facility, the company will be required to pay off in full the existing term loan currently secured by the Empire State Building, which had a balance of $219.0 million as of September 30, 2012, and to pay costs of the expected new credit facility.

(10)

For purposes of calculating the distribution in the above table, the company has assumed it will incur approximately $95.3 million of tenant improvements and leasing commission costs related solely to tenant improvements and leasing commission costs incurred or expected to be incurred in the 12 months ending September 30, 2013 that the company is contractually obligated to provide pursuant to

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151 leases, or the contractual leases, entered into prior to the date of this prospectus/consent solicitation. While the company is contractually obligated to perform the renovation work relating to these leases, the company has estimated the costs to complete such work based on its current budgets. Of these, tenant improvements of approximately $84.2 million, relating to 65 of such leases, or the renovation leases, including 24 leases at the Empire State Building (with a cost of approximately $73.1 million), represent costs in connection with leases where the company has completed, or is in the process of completing, its renovation and repositioning efforts. Many of the renovation leases have commencement dates significantly after October 1, 2012 and therefore will recognize significantly less revenue in the twelve months ending September 30, 2013 than if the lease commenced on October 1, 2012. However, the company will recognize substantially all of the tenant improvements and leasing commission costs associated with such leases in this twelve month period. These renovation leases entail putting a tenant into the renovated space, which are spaces that were substantially demolished and demised, for its first time and is distinguishable from normal tenant improvements and leasing commission costs which are associated with re-tenanting vacated space. In many of the cases, there were significant vacancy costs associated with the time in which the space was renovated and with time in which the company did not renew leases in anticipation of the start of the renovation activities. In certain of the cases, there were significant vacancy costs associated with the time in which the company left the space vacated in anticipation of not only renovating the space but renovating a larger aggregated space. As such, these costs are distinguishable from normal costs associated with taking on a new tenant. For purposes of calculating the distribution in the above table, the company has assumed that approximately $79.0 million of the $84.2 million of tenant improvements costs associated with these renovation leases will be funded with the expected new credit facility and approximately $4.3 million of tenant improvements costs not associated with the renovation leases will be funded from operating cash flow. Additionally, for purposes of calculating the distributions in the above table, the company has assumed that $6.8 million of leasing commission costs associated with the contractual leases will be funded from operating cash flow.

(11) Represents scheduled payments of mortgage loan principal due during the 12 months ending September 30, 2013. Does not include $55.7 million of debt maturities during the 12 months ending September 30, 2013 based on the assumptions that the company will be able to renew those mortgage loans under terms similar to those currently in place.

(12) Based on a total of 132,533,203 shares of the company s Class A common stock, 2,143,774 shares of the company s Class B common stock and 306,957,713 operating partnership units to be outstanding after the IPO. Shares of the company s Class A common stock will consist of 100,000,000 shares to be sold in the IPO, assuming no exercise of the underwriters option to purchase additional shares, 31,059,143 shares of Class A common stock to be issued in the consolidation, and 1,500,000 LTIP units/shares of restricted Class A common stock to be issued upon completion of the IPO to the company s independent directors, executive officers (other than Anthony E. Malkin) and certain other employees. Shares of the company s Class B common stock will consist of 2,143,774 shares of Class B common stock issued to participants in the consolidation. Units of the operating partnership will consist of 306,957,713 operating partnership units issued in the consolidation and IPO. The amounts utilized in this footnote are preliminary and subject to change and assumes the enterprise value equals the exchange value, $1.0 billion of shares of Class A common stock are sold in the IPO and the IPO price equals $10 per share. The number of operating partnership units and shares of common stock presented in this prospectus/consent solicitation is based on the hypothetical $10 per share exchange value arbitrarily assigned by the supervisor to illustrate the number of operating partnership units and/or shares of common stock that a participant would receive if the enterprise value of the company determined in connection with the IPO were the same as the aggregate exchange value and the IPO price were $10 per share. The actual number of operating partnership units and shares of common stock, on a fully-diluted basis, issued in the consolidation will equal the enterprise value divided by the actual IPO price upon pricing of the IPO. The enterprise value (which is based on the IPO price) will be determined by, among other things, market conditions at the time of pricing of the IPO, the historical and future performance of the company and its portfolio of properties and the market s view of the company s net asset value and other valuation metrics. Today, some REITs common stock trades at a premium to perceived net asset value and others trade at a discount to perceived net asset value. The market s view of the company s net asset value determined in connection with the IPO could be less than the exchange values determined based on the Appraisal. The Appraisal was undertaken in connection with establishing relative value for the purpose of allocation of interests in the company among contributors of interests in the properties and not to establish the value of shares of common stock in the company upon completion of the IPO. In contrast, the pricing of REIT initial public offerings generally takes into account different factors not considered in the Appraisal, including current conditions in the securities markets, investor preferences and the market s view of the company s management team. Additionally, the Appraisal did not take into account transaction costs for the consolidation and the IPO.

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

(13) Calculated as estimated initial annual distribution per Class A and Class B share divided by the company s share of estimated cash available for distribution per share for the 12 months ending September 30, 2013.

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RECOMMENDATION AND FAIRNESS DETERMINATION

General

The supervisor believes the consolidation to be fair to, and in the best interests of, each subject LLC and its respective participants. After careful evaluation, the supervisor concluded that the consolidation is the best way to maximize the value of your investment in the subject LLC. The supervisor of the subject LLCs recommends that you and the other participants vote **FOR** the consolidation. Affiliates of the supervisor will receive substantial benefits from the consolidation and have conflicts of interest making this recommendation.

Based upon the supervisor s analysis of the consolidation, it believes that:

- the terms of the consolidation are fair to you and the other participants;
- the operating partnership units and common stock offered to the participants were allocated fairly and constitute fair consideration for their participation interests in the subject LLCs and
- after comparing the potential benefits and detriments of the consolidation with those of several alternatives, the consolidation is the best way for you to maximize the value of your investment in the subject LLC.

The supervisor s beliefs are based upon its analysis of the terms of the consolidation, an assessment of its potential economic impact upon you and the other participants, a comparison of the potential benefits and detriments of the consolidation and alternatives to the consolidation and a review of the financial condition and performance of the subject LLCs, the private entities and the management companies and the proposed operations of the company.

The supervisor believes that the consolidation is fair to all participants in each subject LLC and as a whole, regardless of which particular combination of entities participates in the consolidation and that a fairness opinion on all possible combinations is not necessary. Even if less than all of the subject LLCs participate in the consolidation, the supervisor believes that the participants in the subject LLCs that do participate will realize the benefits described under Summary Benefits of Participation in the Consolidation. There are no material differences among the subject LLCs (such as with respect to types of assets owned or investment objectives) that affect the reasons why the supervisor believes that the consolidation is fair to you. While the supervisor believes that it would be more beneficial to participants if all of the subject LLCs participate in the consolidation, the supervisor believes that, through a combination of the properties of the private entities, for which necessary approvals have been obtained, and the property interests of Empire State Building Associates L.L.C. and Empire State Building Company L.L.C., the company will be of sufficient size and have sufficient assets to allow participants to realize the benefits described under Summary Benefits of Participation in the Consolidation even if one or both of 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. do not participate in the consolidation.

In considering fairness, the supervisor considered the following:

- The tax protection agreement, which the supervisor believes is consistent with market practice for transactions of this type and generally would require payment only if the company took or failed to take certain actions, which it does not currently intend to take or fail to take, as the case may be, with respect to the protected properties;
- The option agreements, which the supervisor believes benefit the company by providing it with the right to acquire attractive properties complementary to the company s portfolio on terms which the company believes are reasonable and, with respect to which any determination to be made by the company will be made by the company s independent directors; and

The agreements to indemnify the principals of the supervisor for certain liabilities relating to the subject LLCs and the private entities; the supervisor believes it is reasonable for a REIT which is being formed to assume indemnification obligations relating to the operations of entities whose assets are being acquired. Under the organizational documents of the subject LLCs and private entities and applicable law, the principals of the supervisor are already generally entitled to indemnification from the participants in the subject LLCs and the private entities for liabilities incurred by them in good faith and not arising out of their own willful misconduct or gross negligence.

The supervisor also took into account the terms of the compensation payable to persons in the Malkin Holdings group by the company after the closing of the consolidation as set forth under Management Executive Compensation, which the supervisor believes are on terms customary for similar publicly-traded REITs and are based on recommendations of a compensation consultant.

The supervisor also took into account the effects of the IPO. The supervisor believes that the issuance of shares of Class A common stock in the IPO will benefit participants because it will result in a more liquid market with more investment by institutional investors. In addition, the proceeds from the IPO will, among other things, provide cash to pay expenses from the consolidation and provide cash to buy out a portion of the Class A common stock otherwise issuable to the Helmsley estate. Following the consummation of the consolidation and the IPO, the Helmsley estate is anticipated to continue to own a sizeable position in the company. Therefore, in light of the Helmsley estate s desire, and requirement, to sell all or a significant portion of its post-IPO position, which could adversely affect the market price of the company s Class A common stock following the IPO, the supervisor structured elements of the consolidation and the IPO, including this cash option, to minimize the Helmsley estate s post-IPO position. The company also has provided that the net proceeds from any potential upsizing of the IPO or any exercise of the underwriters option to purchase additional shares of the company s Class A common stock would also be applied to the Helmsley estate s cash election to further reduce the Helmsley estate s position in the company. Such reduction of the Helmsley estate s overhang would be viewed favorably by the market and would provide for a better trading market in the company s Class A common stock following the IPO for the benefit of all stockholders.

The supervisor also believes that the consolidation is procedurally fair. First, the consolidation is required to be approved by a supermajority of the outstanding participation interests of the subject LLC and is subject to conditions set forth in The Consolidation Conditions to the Consolidation. Second, participants will be given the option to receive operating partnership units, Class A common stock, or, to a limited extent, as described herein, Class B common stock. These options allow participants to receive the same form of consideration as the participants in the private entities and the Malkin Family. Third, the supervisor believes that the exchange value of the subject LLCs has been determined according to a process that is fair because the process involved an appraisal of all of the subject LLCs property interests, the private entities property interests and the business of the management companies by the same appraisal firm, Duff & Phelps, LLC, thereby maximizing consistency among the valuation of the property portfolio. Finally, Duff & Phelps, LLC, the independent valuer, a recognized independent investment banking firm, has delivered its opinion to the effect that, subject to the assumptions, limitations and qualifications contained in its fairness opinion, the allocation of consideration (Class A common stock, Class B common stock, operating partnership units or cash consideration) (i) among each subject LLC, each private entity and the management companies and (ii) to the participants in each subject LLC and each private entity is fair to the participants in the subject LLC from a financial point of view (without giving effect to any impact of the consolidation on any particular participant other than in its capacity as a participant in each of the subject LLCs and each of the private entities). While the subject LLCs exchange values have been determined based on the Appraisal by the independent valuer, which has also delivered a fairness opinion as described above, no independent representative was retained to negotiate on behalf of the participants. There are 23 subject LLCs and private entities and groups with different interests in many of these entities. The supervisor does not believe that a single independent representative could have represented the interests of all participants and believes that to locate and retain an independent and equally competent and qualified representative for each separate interest in the consolidation is not possible. The supervisor represents the interests of all participants in the subject LLCs and private entities. The supervisor has served the same role in the past for sales of other properties with different groups of participants, which included the sale of three office properties in New York

City in the past fifteen years, 200 Fifth Avenue (known as the International Toy Center), 498 Seventh Avenue and 500-512 Seventh Avenue (see Reports, Opinions and Appraisal Supervisor s Reasons for Representation as to 50/50 Allocation) and believes it is not required to retain any independent representative on behalf of each group of participants or all of the participants as a whole. The supervisor believes the Appraisal prepared by the independent valuer serves the purposes of representing all parties fairly and that the consolidation is fair to all participants regardless of the absence of any such independent representative.

The supervisor does not believe that the buyout right relating to participation interests held by participants in Empire State Building Associates L.L.C. or 60 East 42nd St. Associates L.L.C. affects the procedural fairness of the consolidation, because such buyout was provided for in the organizational documents of such subject LLCs at the time of their formation and requires a supermajority vote in order to be triggered. In addition, participants in such subject LLCs who have voted against the consolidation (or abstained), have the right to change their vote within ten days of receiving notice that consents from participants holding the required percentage interest in their participating group have been received, in which case their participation interests will not be purchased.

Although the supervisor believes the terms of the consolidation are fair to you and the other participants, the supervisor and its affiliates have conflicts of interest with respect to the consolidation. These conflicts include, among others, its realization of substantial economic benefits upon completion of the consolidation. For a further discussion of the conflicts of interest and potential benefits of the consolidation to the supervisor, see Conflicts of Interest Substantial Benefits to the Supervisor and its Affiliates. While the supervisor has conflicts of interest which are described under Conflicts of Interest, the supervisor does not believe that these conflicts of interests affected its fairness determination. To understand the actual benefits that the supervisor will receive if your subject LLC approves the consolidation, please review the supplement accompanying this prospectus/consent solicitation.

Notwithstanding the recommendation of the supervisor, each participant must make its own determination as to whether to vote for the consolidation and whether to elect to receive operating partnership units, Class A common stock or Class B common stock based upon its personal situation, and such decision should be based upon a careful examination of personal finances, investment objectives, liquidity needs and expectations as to the company s future growth.

Material Factors Underlying Belief as to Fairness

The following is a discussion of the material factors underlying the supervisor s belief that the terms of the consolidation are fair to you and the other participants.

1. *Consideration Allocated*. The supervisor believes that the consideration offered to the subject LLCs and the participants constitute fair value for their participation interests. The allocation of the operating partnership units and common stock to participants is based on the same valuation methodology and Appraisal which was consistently applied to each subject LLC and each private entity. The allocation of the shares of common stock and operating partnership units with respect to the management companies was based on an Appraisal by the independent valuer. Therefore, the supervisor believes that the exchange values take into account the relative values of each subject LLC, each private entity and the management companies.

2. *Independent Appraisal and Fairness Opinion*. The supervisor s belief as to the fairness of the consolidation to the participants and the statements above regarding the material terms underlying its belief as to fairness partially are based upon the Appraisal of each subject LLC s interest in a property that the independent valuer prepared and upon the fairness opinion the independent valuer provided to the supervisor. The supervisor attributed significant weight to the Appraisal and the fairness opinion of the independent valuer, which the supervisor believes support its belief that the consolidation is fair to the participants. The supervisor does not know of any factor that would materially alter the conclusions made in the Appraisal or the fairness opinion of the independent valuer, including developments or trends that have materially affected or are reasonably likely to materially affect their conclusions. The supervisor believes that the engagement of the independent valuer to

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provide the Appraisal of each subject LLC s property and to provide the fairness opinion assisted it in the fulfillment of its fiduciary duties to the subject LLCs and the agents fiduciary duties to the participants, although the independent valuer received fees for its services and is entitled to indemnification. See Reports, Opinions and Appraisals Fairness Opinion.

In rendering its opinions with respect to the fairness, from a financial point of view, to each subject LLC and each private entity and the participants in each subject LLC and each private entity, of the allocation of consideration (Class A common stock, Class B common stock, operating partnership units in the operating partnership or cash consideration) (i) among each subject LLC, each private entity and the management companies and (ii) to the participants in each subject LLC and each private entity (without giving effect to any impact of the consolidation on any particular participant other than in its capacity as a participant in each of the subject LLCs and each of the private entities), the independent valuer did not address or render any opinion with respect to any other aspect of the consolidation, including, but not limited to:

- the impact of the consolidation with respect to tax consequences for the participants in the subject LLCs or private entities;
- the market price or value of the company, either before or after the completion of the consolidation or the IPO;
- any potential incremental value attributable to the portfolio of assets taken as a whole after giving effect to the consolidation and
- the effects of variations in aggregate values attributed to the portfolio of assets after giving effect to the consolidation on relative values of such portfolio of assets.

The fairness opinion assumes that all entities are included in the consolidation and has not addressed the fairness of other possible combinations where one or more of such entities is not included. If less than all of the subject LLCs participate in the consolidation, the fairness of such a consolidation will not have been addressed by the fairness opinion.

In addition, the independent valuer was not requested to, and did not, solicit the interest of any other party in acquiring the subject LLCs or their respective assets. The independent valuer s opinion also does not compare the relative merits of the consolidation with those of any other transaction or business strategy which were or might have been considered by the supervisor as alternatives to the consolidation.

The independent valuer s fairness opinion does not constitute a recommendation to you as to how to vote on the consolidation or as to whether you should elect to receive operating partnership units or receive shares of Class A common stock or shares of Class B common stock.

3. *Increased Liquidity* While there is no assurance that the IPO price will be equal to or greater than the exchange value per share or that the Class A common stock or operating partnership units will trade at a price equal to or greater than the IPO price following consummation of the consolidation and IPO, the supervisor believes that the increased liquidity will offer participants in the subject LLCs the opportunity to achieve liquidity by selling all or part of their shares of Class A common stock, subject to the restrictions of applicable U.S. federal and state securities laws and after expiration of the lock-up period. The shares of Class A common stock are expected to be listed on the NYSE. Participants may also achieve liquidity through sale of Class A common stock issued in exchange for operating partnership units and Class B common stock, subject to such restrictions. Participants in the subject LLCs who receive operating partnership units may also sell operating partnership units, which also are expected to be listed on the NYSE, subject to restrictions described above, although the market for operating partnership units may be more limited than the market for Class A common stock.

In addition, after the consolidation and the IPO, each participant (except the Malkin Family, whose

members are subject to a longer restrictive period in which they cannot sell) will have the ability to sell up to

50% of both the operating partnership units and common stock received in the consolidation at any time after the 180th day following the IPO pricing date and the balance of the operating partnership units and common stock 12 months after the IPO pricing date. This includes Class A common stock issuable in exchange for operating partnership units, which are only issuable in exchange for operating partnership units beginning 12 months after the completion of the IPO, and Class B common stock. In addition, each participant in the subject LLCs that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to 4.0% of the operating partnership units he or she receives with respect to each subject LLC (assuming all of the participants in each subject LLC elect to receive operating partnership units, the enterprise value equals the aggregate exchange value and the IPO price equals $10 per share), which treats all three subject LLCs equally after having determined for Empire State Building Associates L.L.C. the minimum amount required by the NYSE for it to meet the requirements as the primary listing.

Each participant must make its own determination as to the form of consideration best suiting its personal situation. Such decision should be based upon a careful examination of the participant s personal finances, investment objectives, liquidity needs, tax situation and expectations as to the company s future growth.

4. *Consideration of Alternatives*. The supervisor considered alternatives to the consolidation including the continuation of the subject LLCs without change and the liquidation of the subject LLCs and the distributions of the net proceeds to participants. The supervisor does not believe that the subject LLCs could realize their allocable share of the value of the properties through a sale of the interests in the properties held by them. The supervisor believes that, over time, the likely value of the interest you will receive in the consolidation will be higher than the value of the consideration a participant would receive from any of the other alternatives as a result of increased efficiencies, growth opportunities, more efficient access to financing and other opportunities for value enhancement.

5. *Market Value*. To the extent there is trading in the participation interests, such trading takes place in an informal secondary market. A direct comparison of the current or historical prices of the Class A common stock and operating partnership units and the participation interests cannot be made because there is no current or historical market price information available with respect to the Class A common stock or operating partnership units, which will not be issued or traded prior to the consolidation. Therefore, the determination of the consideration to be received by participants is based upon the valuation of the subject LLCs as described under Background of and Reasons for the Consolidation Derivation of Exchange Values and is not based upon the current or historical market prices of the participation interests. Because there is no active trading market for the participation interests, the supervisor believes that historical sales prices of the participation interests in the secondary market are lower than, and not indicative of, the value of the underlying assets of the subject LLCs and the private entities.

6. *Participant s Choice of Investment Operating Partnership Units, Class A Common Stock and/or Class B Common Stock.* Offering participants in the subject LLCs a choice to exchange their participation interests for operating partnership units, Class A common stock and, to a limited extent, Class B common stock enhances the procedural fairness of the consolidation by giving all participants in the subject LLCs the opportunity to elect to receive operating partnership units, Class A common stock or Class B common stock. Through this element of the consolidation, the supervisor is attempting to accommodate the possibly different investment objectives of the participants in the subject LLCs.

7. *Cash Available for Distribution Before and After the Consolidation*. The supervisor s belief as to the fairness of the consolidation took into account the effect of the consolidation on the aggregate cash available for distribution to you and the other participants. The effect of the consolidation and the cash available for distribution will vary among the subject LLCs. The estimated initial distribution that participants will receive as stockholders of the company for the year ending September 30, 2013 per $10,000 original investment in each of Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. is greater than the average annual distribution per $10,000 original investment in each of such subject LLCs for the five years ending

December 31, 2011 that they received (for Empire State Building Associates L.L.C., $5,866 of estimated initial distributions as a stockholder of the company as compared to $3,110 of average annual distributions (including $140 of overage rent distributions attributable to borrowings) as a participant in Empire State Building Associates L.L.C., and for 60 East 42nd St. Associates L.L.C., $7,294 of estimated initial distributions as a stockholder of the company as compared to $6,310 of average annual distributions (including $1,498 of overage rent distributions attributable to borrowings) as a participant in 60 East 42nd St. Associates L.L.C.). The estimated initial distribution that participants will receive as stockholders of the company for the year ending September 30, 2013 per $10,000 original investment in 250 West 57th St. Associates L.L.C. is less than the average annual distribution per $10,000 original investment for such subject LLC for the five years ending December 31, 2011 that they received. The total average annual distributions for 250 West 57th St. Associates L.L.C. of $10,976 includes $3,308 of distributions attributable to borrowing and $652 of distributions attributable to an extraordinary lease cancellation payment. The extraordinary lease cancellation payment was a one-time event and the supervisor does not believe that 250 West 57th St. Associates L.L.C. could continue to borrow on an on-going basis to enable it to pay distributions at such level. In the absence of distributions from these sources, the remaining average annual distributions out of operations of $7,016, which is less than the estimated initial distribution of the company of $7,421 per $10,000 original investment. The supervisor believes that participants in each of the subject LLCs have greater potential for increased distributions as a holder of operating partnership units or common stock than as a participant in a subject LLC from improved performance of the properties, potential growth from acquisitions and a better capital structure made possible by the combined balance sheet of all the properties. There is no assurance, however, that the company s dividends will increase over time or be greater than the historical distributions made to participants in a subject LLC. The estimated annual distribution is based on certain assumptions. See Background of and Reasons for the Consolidation Comparison of Distributions by the Subject LLCs and the Company Distributions by the Company.

8. *Other Benefits from the Consolidation*. In addition to the receipt of cash available for distribution, you and the other participants whose subject LLCs participate in the consolidation will be able to benefit from the potential growth of the company and also will receive investment liquidity through the public market by selling all or part of the shares of Class A common stock, subject to the restrictions of applicable U.S. federal and state securities laws and after expiration of the lock-up period described herein. The shares of Class A common stock are expected to be listed on the NYSE. Participants may also achieve liquidity through sale of Class A common stock issued in exchange for operating partnership units and Class B common stock, subject to such restrictions. Participants in the subject LLCs who receive operating partnership units may also sell operating partnership units, which also are expected to be listed on the NYSE, which they may sell, subject to restrictions described above, although the market for operating partnership units may be more limited than the market for Class A common stock. In addition, each participant in the subject LLCs that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to 4.0% of the operating partnership units he or she receives with respect to each subject LLC (assuming all of the participants in each subject LLC elect to receive operating partnership units, the enterprise value equals the aggregate exchange value and the IPO price equals $10 per share), which treats all three subject LLCs equally after having determined for Empire State Building Associates L.L.C. the minimum amount required by the NYSE for it to meet the requirements as the primary listing.

9. *Net Book Value of the Subject LLCs*. The supervisor calculated the net book value of each subject LLC under GAAP, as of September 30, 2012, per $10,000 original investment. Since the calculation of the book value was done on a GAAP basis, it is based primarily on depreciated historical cost and, therefore, is not indicative of the fair market value of the subject LLCs. This figure was compared to the exchange value per $10,000 original investment.

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Summary of Valuations

(per $10,000 original investment (except as otherwise noted))

Entity	Exchange Value[1]	GAAP Net Book Value (Deficit) as of September 30, 2012
Empire State Building Associates L.L.C.		
Participants (subject to voluntary override)	$ 323,803	($ 2,853)
Participants (not subject to voluntary override)	$ 358,670	($ 2,853)
60 East 42nd St. Associates L.L.C.		
Participants	$ 402,658	($ 13,607)
250 West 57th St. Associates L.L.C.		
Participants (subject to voluntary override)	$ 409,662	($ 7,497)
Participants (not subject to voluntary override)	$ 452,957	($ 7,497)

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

Relative Weight Assigned to Material Factors

The supervisor gave greatest weight to the factors set forth in paragraphs one, two, three, four and eight above in reaching its conclusions as to the fairness of the consolidation.

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CONSIDERATION

If your subject LLC participates in the consolidation, meaning that it contributes its assets to the company, you will be allocated operating partnership units and/or shares of common stock. If your subject LLC votes **AGAINST** the consolidation and the consolidation closes, your subject LLC will continue as an independent entity with the company or one of the company s subsidiaries as supervisor.

Operating Partnership Units. You will receive operating partnership units, unless you elect to receive, in exchange for your participation interests, Class A common stock, or, to a limited extent, as described below, Class B common stock. The operating partnership units will be issued in three separate series to the participants in each of the three subject LLCs, other than the Wien group. Each series of operating partnership units has identical rights as to distributions, liquidation and other rights as a limited partner in the operating partnership.

Class A Common Stock. If you elect to receive Class A common stock in lieu of operating partnership units issuable to you, you will receive one share of Class A common stock for each operating partnership unit you would have otherwise been entitled to receive.

Class B Common Stock. Participants may elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participant would otherwise receive in the consolidation. The Class B common stock provides its holder with a voting right that is no greater than if such holder had received solely Class A common stock in the consolidation. Each outstanding share of Class B common stock entitles the holder to 50 votes on all matters on which the stockholders of Class A common stock are entitled to vote, including the election of directors, and holders of shares of Class A common stock and Class B common stock will vote together as a single class. Each share of Class B common stock has the same economic interest as a share of Class A common stock, and one share of Class B common stock and 49 operating partnership units together represent a similar economic value as 50 shares of Class A common stock

You can elect the form of consideration in the consent form accompanying this prospectus/consent solicitation.

Supervisor. The supervisor and the Malkin Holdings group have override interests in the subject LLCs and in the private entities, which are the rights to receive a portion of the distributions in excess of a base amount distributable to participants in the subject LLCs and the private entities. The override interests allocable to the supervisor for Empire State Building Associates L.L.C. and 250 West 57th St. Associates L.L.C. will be distributed in operating partnership units and will be allocated to participants that have consented to a distribution to the supervisor pursuant to a voluntary program out of their share of distributions. The override interest with respect to 60 East 42nd St. Associates L.L.C. was determined in accordance with the organizational documents, as described under Exchange Values Allocation of Common Stock and Operating Partnership Units. The amount of distributions payable to the supervisor and the Malkin Holdings group in respect of the override interests initially has been determined based on the exchange value for the subject LLC. The final amount will be determined based on the value of the operating partnership units and shares of Class A common stock issued to the subject LLCs at the price per share of the Class A common stock in the IPO.

THE CONSOLIDATION

To effect the consolidation, the subject LLCs that vote in favor of the consolidation will contribute their assets subject to their liabilities to the operating partnership of the company or a subsidiary of the operating partnership. As described above, you will receive operating partnership units, unless you elect to receive shares of Class A common stock or, to a limited extent, as described herein, Class B common stock in lieu of operating partnership units issuable to you. The following is an overview of the principal components and other key aspects of the consolidation. The description below also includes a summary of the material provisions of the contribution agreements between the company, the operating partnership and each subject LLC. Such description does not purport to be complete and is subject to and qualified in its entirety by reference to the contribution agreement. A copy of the contribution agreement for your subject LLC is attached to the supplement accompanying this prospectus/consent solicitation as Appendix B. By reference to this contribution agreement, the company is incorporating the contribution agreement for your subject LLC into this prospectus/consent solicitation as required by the federal securities laws.

Principal Components of the Consolidation

The consolidation will consist of the following principal components:

The subject LLCs will consolidate into the company. The subject LLCs in which participants holding the required percentage of the subject LLC s participation interests approve the consolidation will contribute their assets to the operating partnership or a subsidiary of the operating partnership as more fully described in The Consolidation Vote Required for Approval of the Consolidation. Consequently, the company will own, through the operating partnership and its subsidiaries, the acquired subject LLCs property interests and certain other assets after the completion of the consolidation. In addition, the operating partnership or a subsidiary company generally will assume the liabilities of the subject LLCs. The number of subject LLCs that will approve the consolidation currently is unknown. Operating partnership units, Class A common stock or Class B common stock, as applicable, will be issued by the company to the subject LLCs which, in turn, will distribute them in accordance with participants elections. The subject LLCs will also distribute any available cash held by the subject LLCs, promptly following the closing of the consolidation. See Distributions. These distributions will be liquidating distributions and the business of each of the subject LLCs will be liquidated and wound up promptly following the closing. Following the contribution of each of the subject LLCs interests in the properties to the company, the agents of each of the subject LLCs have the authority under the participating agreements to liquidate the subject LLCs without consent of the participants. The operating partnership units, Class A common stock and Class B common stock issuable to the participants in the subject LLCs are registered pursuant to the Registration Statement on Form S-4, of which this prospectus/consent solicitation is a part and, therefore, fully transferable after expiration of the lock-up period. The Class A common stock issuable in exchange for the operating partnership units may only be issued if the Class A common stock is registered under the Securities Act or an exemption is available therefrom. Pursuant to a registration rights agreement, the company has agreed to register such Class A common stock. See Registration Rights Agreement.

The company also has entered into a contribution agreement with the supervisor and the Wien group pursuant to which (i) the supervisor will contribute to the operating partnership all of the supervisor s override interests in the subject LLCs in exchange for operating partnership units and (ii) the Wien group will contribute their participation interests in the subject LLCs to the operating partnership in exchange for operating partnership units and Class B common stock.

The company will acquire the properties of the private entities. To the extent required under their organizational documents, the participants in each private entity have consented to the consolidation. The company has entered into agreements with the private entities described under Summary the Subject LLCs, the Private Entities and the Management Companies pursuant to which each private entity has agreed to contribute its property interests and other assets, other than interests in excluded properties and excluded businesses, to the operating partnership or a subsidiary or merge with the operating partnership or a subsidiary of the operating partnership, conditioned on (i) the closing of the IPO and the listing of the operating partnership units and Class A common stock on the NYSE or another national securities exchange; (ii) the closing of the consolidation no later than December 31, 2014; (iii) the contribution to the company of the property interests in the Empire State Building owned by Empire State Building Associates L.L.C., which owns the fee interest and the underlying land, and Empire State Building Company L.L.C., the private entity which is the operating lessee with respect to the Empire State Building; (iv) delivery of a fairness opinion by the independent valuer and (v) other customary conditions. The contribution by the private entity will be made in exchange for operating partnership units, Class A common stock, Class B common stock and cash. Based on the hypothetical exchange value of $10 per share which the supervisor has established for illustrative purposes, the company will issue to participants and holders of override interests in the private entities 129,080,462 operating partnership units having an exchange value of $1,290,804,624; 6,974,722 shares of Class A common stock having an exchange value of $69,747,222; and 1,007,830 shares of Class B common stock having an exchange value of $10,078,299 (not including any additional shares of Class A common stock that may be issued to charitable organizations as described below). Of the consideration issuable to the private entities, the Malkin Holdings group will receive 44,575,277 operating partnership units; 8,578 shares of Class A common stock; and 906,436 shares of Class B common stock having an aggregate exchange value of $454,902,914; including in respect of their overrides. In addition, participants in the private entities who are non-accredited investors who would have been entitled to 8,530,581 shares of common stock on a fully diluted basis having an exchange value of $85,305,810, will receive cash at a price per share equal to the offering price in the IPO. Participants in the private entities who are charitable organizations, including the Helmsley estate, who would have been entitled in the aggregate to 105,032,439 shares of common stock on a fully diluted basis having an exchange value of $1,050,324,394 that have made a cash election will receive cash, subject to a cut back (at a price per share equal to the IPO price reduced by the underwriting discount per share paid by the company in the IPO) and will receive Class A common stock for the balance. Of the consideration issuable to the charitable organizations the Helmsley estate will receive Class A common stock, Class B common stock and/or operating partnership units and cash having an aggregate exchange value of $1,025,990,777. In addition, the operating partnership or one or more of its subsidiaries will be subject to all the liabilities of the private entities. The Malkin Holdings group and the Helmsley estate will receive the largest amount of consideration in the consolidation, because they hold participation interests and, in the case of the Malkin Holdings group, overrides, issued to them or their predecessors during a period of more than 60 years in respect of their cumulative cash investments and their roles in the entity formation and property operations with respect to (a) all of the entities and properties in the case of the Malkin Holdings group including the activities of Lawrence A. Wien, Peter L. Malkin and Anthony E. Malkin for many decades and (b) a large number of them in the case of the Helmsley estate.

The private entities own interests in an aggregate of 18 properties that will be included in the consolidation, and include three private entities which are the operating lessees of the properties that the subject LLCs own. There can be no assurance that the company will acquire all of these properties, whether as a result of conditions in the contribution agreements for the private entities not being met or for other reasons.

The company will acquire the management companies. The company will acquire the supervisor and the other management companies that provide asset management and property management and leasing services to the subject LLCs and private entities and construction services. The company will issue to equity holders in the management companies 866,222 operating partnership units having an exchange value of $8,662,220; 746,300 shares of Class A common stock having an exchange value of $7,463,000; and 17,678 shares of Class B common stock having an exchange value of $176,780. The management companies, which are controlled by Peter L. Malkin and Anthony E. Malkin, consist of Malkin Holdings LLC, which is the supervisor, Malkin Properties, L.L.C., Malkin Properties of New York, L.L.C., Malkin Properties of Connecticut, Inc. and Malkin Construction Corp. Malkin Holdings LLC, Malkin Properties, L.L.C., and Malkin Properties of New York, L.L.C. each will merge into a separate wholly-owned subsidiary of the operating partnership and the holders of limited liability company interests in these entities will receive operating partnership units and Class B common stock in exchange for the interests in these entities. Malkin Properties of Connecticut, Inc. and Malkin Construction Corp. each will merge into a wholly-owned subsidiary of the company and the holders of stock in such entities will receive Class A common stock in exchange for the interests in these entities.

Excluded Properties and Businesses. In addition to the interests in the properties being acquired from the subject LLCs and the private entities or entities organized by them, the Malkin Family 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 six multi-family properties, five net leased retail properties, one former post office property which is subject to rezoning before it will be converted into a single tenant retail property, and a development parcel that is zoned for residential use. The Malkin Family also owns non-controlling interests in one Manhattan office property, two Manhattan retail properties and several retail properties outside of Manhattan, none of which will be contributed to the company in the consolidation. The non-controlling interests described above are referred to collectively herein as the excluded properties. In addition, the Malkin Family owns interests in six mezzanine and senior equity funds, two industrial funds, five residential property managers and a registered broker dealer, none of which will be contributed to the company in the consolidation, and which is referred collectively herein as the excluded businesses. The Malkin Family owns certain non-real estate family investments that will not be contributed to the company in the consolidation. The company does not believe that the excluded properties or the excluded businesses are consistent with its portfolio geographic or property type composition, management or strategic direction. Pursuant to management and/or services 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 the supervisor and its affiliates, the company will be designated as the 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 to the existing managers of the other excluded businesses (other than with respect to the registered broker dealer). As the manager or service provider, the company will be paid a management or other fee with respect to those excluded properties and excluded businesses (other than with respect to the registered broker dealer). The management and services agreements have not yet been entered into, but the supervisor expects that where the supervisor and its affiliates had previously received a management fee, the company will receive a fee on the same terms as the fee paid to the supervisor and its affiliates, and where the supervisor and its affiliates had not previously received a management fee, the company will be reimbursed for its costs in providing the management and other services to those excluded properties and businesses. The company s management of the excluded properties and provision of services to the owners of certain of the excluded properties, the five residential property managers and the existing managers of the other excluded businesses will represent a minimal portion of its overall business. There is no established time period in which the company will manage such properties or provide services to such entities and Peter L Malkin and Anthony E. Malkin expect to sell certain of these properties or unwind certain of these businesses over time.

TRS Election. The company will jointly elect with Observatory TRS, which is the current lessee and operator of the observatory and which will be wholly owned by the operating partnership following the completion of the IPO and the consolidation, for Observatory TRS to be treated as a TRS under the Code for U.S. federal income tax purposes following the completion of the IPO and the consolidation. Observatory TRS will lease the Empire State Building observatory from the operating partnership pursuant to an existing lease that provides for fixed base rental payments and variable rental payments equal to certain percentages of Observatory TRS s gross receipts from the operation of the observatory. In addition, the company will jointly elect with Holding TRS, which will be wholly owned by the operating partnership following the completion of the IPO, for Holding TRS to be treated as a TRS under the Code for U.S. federal income tax purposes following the completion of the IPO. Holding TRS and/or its wholly owned subsidiaries will provide certain construction services to third parties and will provide certain services to the tenants of the company s properties.

Issuance of Shares of Class A Common Stock, Class B Common Stock and Operating Partnership Units. As described above, the company and the operating partnership, as applicable, will issue shares of Class A common stock, Class B common stock, operating partnership units and/or cash in connection with the consolidations with the subject LLCs, the private entities and the management companies. See Consideration. Each operating partnership unit provides generally the same rights to distributions as one share of Class A common stock and will be exchangeable for cash or, at the company s election, exchangeable for one share of Class A common stock, beginning 12 months after the completion of the IPO, subject to certain specified conditions.

The operating partnership units to be issued to participants in the subject LLCs will be issued in three separate series to the participants in each of the three subject LLCs (other than the Wien group), each of which will be listed and traded separately. Because the operating partnership units are in separate series, there will be fewer holders of each series. While each of the series has the same rights, the tax consequences to a participant that receives, and a subsequent purchaser of, operating partnership units of a particular series will be different than those to a participant that receives, and a subsequent purchaser of, operating partnership units of another series (based on different and unique tax attributes of the properties being contributed by each of the subject LLCs). These factors may adversely affect the market for operating partnership units. To avoid such factors and to achieve liquidity, holders of operating partnership units may elect to exercise their redemption rights with respect to such operating partnership units, which commence 12 months after the completion of the IPO, and, if applicable, sell the Class A common stock received in exchange.

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

The shares of common stock and operating partnership units issuable to the private entities and the holders of interests in the management companies and to the Wien group are not registered pursuant to the Registration Statement on Form S-4 of which this prospectus/consent solicitation is a part. Persons holding operating partnership units will have rights beginning 12 months after the completion of the consolidation, to cause the operating partnership to redeem each of their operating partnership units for a cash amount equal to the then-current market value of one share of Class A common stock per operating partnership unit or, at the company s election, to exchange their operating partnership units for shares of Class A common stock on a one-for-one basis. The company will agree to use commercially reasonable efforts to file a registration statement covering the issuance of Class A common stock upon the exchange of operating partnership units, the resale of all shares of Class A common stock into which the operating partnership units are exchangeable or Class B common stock is convertible, and all shares of common stock issued to holders of participation interests in the private entities as part of the consolidation within 12 months after the closing of the IPO.

Cash option for participants in private entities. Charitable organizations, including the Helmsley estate were granted a cash option in connection with their interests in the private entities. These charitable organizations had the option to receive cash at a price per share equal to the IPO price per share (reduced by the underwriting discount per share paid by the company in the IPO) to the extent of cash available from the IPO for this purpose, after providing cash to redeem non-accredited investors in the private entities and other uses of proceeds. To the extent that there is not sufficient available cash to pay in full the cash payable to electing charitable organizations, there will be a pro rata reduction in the cash received by each electing charitable organization and the balance will be in the form of Class A common stock.

The Helmsley estate and other charitable organizations have exercised the cash option as to all of the operating partnership units issuable to them by the private entities in the consolidation (which based on the exchange values represents 24.53% for the Helmsley estate and 0.58% for the other charitable organizations, respectively, of the common stock on a fully-diluted basis or $1.050 billion of the exchange value in the aggregate) and will receive Class A common stock, Class B common stock and/or operating partnership units to the extent that the cash available for this purpose is insufficient to pay all of the consideration in cash. The Helmsley estate will also receive an amount equal to any New York City transfer tax savings resulting from its status as a charitable organization. In addition, the company and the Helmsley estate have also agreed that if the IPO is upsized after the effective time of the registration statement filed in connection with the IPO or if the underwriters in the IPO exercise their option to purchase additional shares of Class A common stock, all additional net proceeds from the sale of shares of Class A common stock issued by the company in such upsize or option will be allocated solely to the Helmsley estate for purposes of the consolidation at the same value as the cash option described above.

The company has provided the Helmsley estate with a cash option as described above. Following the consummation of the consolidation and the IPO, the Helmsley estate is anticipated to continue to own a sizeable position in the company. Therefore, in light of the Helmsley estate s desire, and requirement, to sell all or a significant portion of its post-IPO position, which could adversely affect the market price of the company s Class A common stock following the IPO, the supervisor structured elements of the consolidation and the IPO, including this cash option, to minimize the Helmsley estate s post-IPO position. The company also has provided that the net proceeds from any potential upsizing of the IPO or any exercise of the underwriters option to purchase additional shares of the company s Class A common stock would also be applied to the Helmsley estate s cash election to further reduce the Helmsley estate s position in the company. Such reduction of the Helmsley estate s overhang would be viewed favorably by the market and would provide for a better trading market in the company s Class A common stock following the IPO for the benefit of all stockholders. The company has also provided registration rights to the Helmsley estate to provide for an efficient and transparent process for the Helmsley estate to sell all or a portion of its remaining interest in the company following the IPO.

The company has filed a registration statement with respect to the IPO and upon the closing of the IPO, the Class A common stock is expected to be listed on the NYSE. The company will provide liquidity and a trading market for the shares of common stock by listing the common stock for trading on the NYSE upon completion of the IPO, which will be concurrent with the consummation of the consolidation.

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Pre- and Post-Consolidation Structure

The following charts reflect the organizational structure of each subject LLC before the consolidation:

Empire State Building Associates L.L.C.

(1) Represents a voluntary capital override agreed to by approximately 94% of the participants and documented individually with each participant who granted the override, which provides the supervisor with 10% of the distribution of capital proceeds otherwise payable to participants that have agreed to the voluntary capital override program after they have received a return of their original investment. The supervisor will receive distributions on the voluntary capital overrides with respect to the consideration from the consolidation, because such consideration constitutes capital proceeds. Assuming that the enterprise value determined in connection with the IPO were the same as the aggregate exchange value, such overrides would comprise approximately 9.14% of the economic value of Empire State Building Associates L.L.C. These voluntary capital overrides were solicited pursuant to consent solicitation statements dated September 13, 1991, September 14, 2001 and June 9, 2008.

(2) This override, which is not a voluntary override, is payable pursuant to the original offering documents for Empire State Building Associates L.L.C. and provides the supervisor the right to receive additional payments equal to 6% of any distributions of overage rent received under the operating lease, 6% of 50% of the amount of the reduction in mortgage charges due to the repayment of the purchase money mortgage placed at the time of the original acquisition by Empire State Building Associates L.L.C. of its interest in the Empire State Building and 6% of 50% of certain scheduled reductions in ground rent payable by Empire State Building Associates L.L.C. under the operating lease.

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

(1) The override, which is not a voluntary override, represents a contractual obligation of the subject LLC payable pursuant to a consent of participants in 1968 and provides that supervisor is entitled to receive 10% of all additional amounts paid out (without specifying the source of distributions) after the members have received distributions equal to a return at the rate of 14% on their cash investment in the year in which the distribution is made. The supervisor will receive distributions on the override with respect to the consideration from the consolidation, because such consideration constitutes capital proceeds. Assuming that the enterprise value determined in connection with the IPO were the same as the aggregate exchange value, such override would comprise approximately 9.97% of the economic value of 60 East 42nd St. Associates L.L.C.

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250 West 57th St. Associates L.L.C.

(1) Represents a voluntary capital override agreed to by approximately 78% of the participants and documented individually with each participant who granted the override, which provides the supervisor with 10% of the distribution of capital proceeds otherwise payable to participants that have agreed to the voluntary capital override program after they have received a return of twice the amount of their original investment. The supervisor will receive distributions on the voluntary capital overrides with respect to the consideration from the consolidation, because such consideration constitutes capital proceeds. Assuming that the enterprise value determined in connection with the IPO were the same as the aggregate exchange value, such overrides would comprise approximately 7.49% of the economic value of 250 West 57th St. Associates L.L.C. These voluntary capital overrides were solicited pursuant to consent solicitation statements dated March 10, 2004 and May 17, 2006. All of these override interests are owned by the Malkin Holdings group.

(2) The override, which is not a voluntary override, is payable pursuant to a consent of participants in 1968, represents the right to receive 10% of all cash distributions (other than from mortgage, sale or condemnation proceeds) in excess of 15% on the remaining cash investment in any one year.

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The following chart shows the percentage ownership of the common stock on a fully diluted basis in the company (assuming exchange of all operating partnership units for Class A common stock, conversion of all Class B common stock into Class A common stock, and that no cash is paid to any participants in the private entities) after closing of the consolidation but prior to closing of the IPO, allocable to each of the entities shown in the table (including the Helmsley estate, which has made a cash election as described under Related Party Transactions Transactions Relating to the Consolidation), and assuming the consolidation is approved by all three subject LLCs:

(1) 15.43% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Malkin Holdings group and 0.08% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Helmsley estate.
(2) 6.68% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Malkin Holdings group and 63.75% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Helmsley estate.
(3) 17.19% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Malkin Holdings group and 0.39% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Helmsley estate.
(4) 16.75% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Malkin Holdings group and 27.00% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Helmsley estate.
(5) 14.19% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Malkin Holdings group and 0.28% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Helmsley estate.
(6) 33.22% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Malkin Holdings group and 31.50% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Helmsley estate.
(7) 30.94% of the shares of common stock on a fully diluted basis issuable to the other private entities is allocable to the Malkin Holdings group and 17.57% of the shares of common stock on a fully diluted basis issuable to the other private entities is allocable to the Helmsley estate.
(8) All of the shares of common stock on a fully diluted basis issuable to the entity are allocated to the Malkin Holdings group.
(9) 17.47% of the shares of common stock on a fully diluted basis is allocable to the Malkin Holdings group and 24.59% of the shares of common stock on a fully diluted basis is allocable to the Helmsley estate.

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The following charts show, for each of the properties owned by the subject LLCs, the relative exchange value of the applicable property attributable to the subject LLC, the operating lessee, and, for each of the subject LLCs and operating lessees, the participants interests and override interests associated with the subject LLCs and operating lessees override interests, except as otherwise noted, are held by the Malkin Holdings group:

(1) Voluntary capital transaction override.

(2) $53,218,257 of the overrides are paid to persons other than the Malkin Holdings group. Of the additional overrides not owned by the Malkin Holdings group, $42,851,487 are owned primarily by members of the Wien group (who are not members of the Malkin Family). Such overrides were created under agreements with participants who acquired their interests from Lawrence A. Wien, and they were transferred to members of the Wien group as descendants of Lawrence A. Wien. In addition, a portion of the overrides held by persons other than the Malkin Holdings group are held by other persons not members of the Wien group who sold their participation interests, but retained an override interest.

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(1) Voluntary capital transaction override.

(2) $13,826,125 of the overrides are paid to persons other than the Malkin Holdings group. The additional overrides not owned by the Malkin Holdings group are owned by members of the Wien group (who are not members of the Malkin Family). The override interests were created under the agreements in which participants received their interests from Lawrence A. Wien and were transferred to members of the Wien group as descendants of Lawrence A. Wien.

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The following chart shows the organization of the company after the consolidation and the IPO, assuming the consolidation is approved by all three subject LLCs, that each participant in the subject LLCs elects to receive Class A common stock, Class B common stock and operating partnership units in the same proportion as participants (other than the Malkin Family and the Helmsley estate) in the private entities, that 100 million shares of Class A common stock are issued in the IPO at a purchase price of $10 per share, that net proceeds from the IPO are used as set forth in the pro forma financial statements (unaudited) of the company and that cash is paid to participants in the private entities that are non-accredited investors or charitable organizations (including the Helmsley estate) that elected cash. The operating partnership units and common stock issuable to the Helmsley estate assumes the Helmsley estate receives cash in lieu of 69,360,195 shares of common stock on exercise of its cash election and does not give effect to any additional cash that the Helmsley estate may receive as a result of any exercise of the underwriters option to purchase additional shares of the Company s Class A common stock in the IPO.

The Class A common stock, Class B common stock and operating partnership units represent 30.0%, 0.5% and 69.5%, respectively, of the common stock, on a fully diluted basis.

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The following tables show the ownership of participation interests, at September 30, 2012, in each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C., by persons who may be deemed to be directors or executive officers of each subject LLC and by other members of the Malkin Holdings group. At September 30, 2012, no person owned of record or was known by Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. or 250 West 57th St. Associates L.L.C., as applicable, to own beneficially more than 5% of the participation interests in Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C., or 250 West 57th St. Associates L.L.C.

Empire State Building Associates L.L.C.:

Title of Class	Name & Address of Beneficial Owners	Amount of Beneficial Ownership of Participation Interests (based on original invested capital)		Percent of Class
Participation Interests	Anthony E. Malkin One Grand Central Place 60 East 42nd Street New York, New York 10165	$	23,333	0.07%
	Thomas N. Keltner, Jr. One Grand Central Place 60 East 42nd Street New York, New York 10165	$	17,709	0.05%
	Peter L. Malkin One Grand Central Place 60 East 42nd Street New York, New York 10165	$	65,833(1)	0.20%
	Peter L. Malkin One Grand Central Place 60 East 42nd Street New York, New York 10165	$	80,833(2)	0.24%
	Entities, the beneficial owners of which are members of Peter L. Malkin s family	$	1,064,583(3)	3.23%
	Anthony E. Malkin	$	187,500(4)	0.57%

One Grand Central Place 60 East 42nd Street New York, New York 10165			
Trusts for the benefit of members of Anthony E. Malkin s family	$	85,833(5)	0.26%
Members of Thomas N. Keltner, Jr. s family	$	6,667(6)	0.02%
Other members of the supervisor, members of their families, trusts for the benefit of the foregoing, and entities, the beneficial owners of which consist of the foregoing	$	810,614	2.45%
TOTAL	$	2,342,905	7.09%(7)

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(1) Such participation interests are owned of record as trustee or co-trustee but not beneficially. Peter L. Malkin disclaims any beneficial ownership of such participation interests.
(2) Such participation interests are owned of record as trustee and beneficially. Peter L. Malkin disclaims any beneficial ownership of such participation interests.
(3) Such participation interests are owned of record and beneficially. Peter L. Malkin disclaims any beneficial ownership of such participation interests, except that related family trusts and entities are required to complete scheduled payments to him.
(4) Such participation interests are owned of record as trustee or co-trustee but not beneficially. Anthony E. Malkin disclaims any beneficial ownership of such participation interests.
(5) Such participation interests are owned of record and beneficially. Anthony E. Malkin disclaims any beneficial ownership of such participation interests.
(6) Such participation interests are owned of record and beneficially. Thomas N. Keltner, Jr. disclaims any beneficial ownership of such participation interests.
(7) In addition to participation interests, the supervisor holds override interests in Empire State Building Associates L.L.C.

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

Title of Class	Name & Address of Beneficial Owners	Amount of Beneficial Ownership of Participation Interests (based on original invested capital)		Percent of Class
Participation Interests	Anthony E. Malkin One Grand Central Place 60 East 42nd Street New York, New York 10165	$	25,833	0.37%
	Peter L. Malkin One Grand Central Place 60 East 42nd Street New York, New York 10165	$	33,334(1)	0.48%
	Entities, the beneficial owners of which are members of Peter L. Malkin s family	$	160,000(2)	2.29%
	Anthony E. Malkin One Grand Central Place 60 East 42nd Street New York, New York 10165	$	80,000(3)	1.14%
	Trusts for the benefit of members of Anthony E. Malkin s family	$	65,000(4)	0.93%
	Other members of the	$	194,621	2.78%

supervisor, members of their families, trusts for the benefit of the foregoing, and entities, the beneficial owners of which consist of the foregoing			
TOTAL	$	558,788	7.98%(5)

(1) Such participation interests are owned of record as trustee or co-trustee but not beneficially. Peter L. Malkin disclaims any beneficial ownership of such participation interests.
(2) Such participation interests are owned of record and beneficially. Peter L. Malkin disclaims any beneficial ownership of such participation interests, except that related trusts are required to complete scheduled payments to him.
(3) Such participation interests are owned of record as trustee but not beneficially. Anthony E. Malkin disclaims any beneficial ownership of such participation interests.
(4) Such participation interests are owned of record and beneficially. Anthony E. Malkin disclaims any beneficial ownership of such participation interests.
(5) In addition to participation interests, the supervisor holds override interests in 60 East 42nd St. Associates L.L.C.

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250 West 57th St. Associates L.L.C.:

Title of Class	Name & Address of Beneficial Owners	Amount of Beneficial Ownership of Participation Interests (based on original invested capital)		Percent of Class
Participation Interests	Anthony E. Malkin One Grand Central Place 60 East 42nd Street New York, New York 10165	$	8,333(1)	0.23%
	Anthony E. Malkin One Grand Central Place 60 East 42nd Street New York, New York 10165	$	8,333(2)	0.23%
	Entities, the beneficial owners of which are members of Peter L. Malkin s family	$	167,500(3)	4.65%
	Peter L. Malkin One Grand Central Place 60 East 42nd Street New York, New York 10165	$	7,500(4)	0.21%
	Other members of the supervisor, members of their families, trusts for the benefit of the foregoing, and entities, the beneficial owners of which consist of the foregoing	$	59,167	1.64%
	Thomas N. Keltner, Jr. One Grand Central Place 60 East 42nd Street	$	2,500	0.07%

New York, New York 10165

TOTAL	$	253,333	7.03%[5]

(1) Such participation interests are owned of record as trustee but not beneficially. Anthony E. Malkin disclaims any beneficial ownership of such participation interests.
(2) Such participation interests are owned of record and beneficially. Anthony E. Malkin disclaims any beneficial ownership of such participation interests.
(3) Such participation interests are owned of record and beneficially. Peter L. Malkin disclaims any beneficial ownership of such participation interests, except that trusts related to such entities are required to complete scheduled payments to him.
(4) Such participation interests are owned of record as trustee but not beneficially. Peter L. Malkin disclaims any beneficial ownership of such participation interests.
(5) In addition to participation interests, the supervisor holds override interests in 250 West 57th St. Associates L.L.C.

Operating Partnership

Following the consummation of the IPO and the consolidation, substantially all of the company s assets will be held, directly or indirectly, by, and the company s operations will run through, the operating partnership. The company will contribute the net proceeds from the IPO to the operating partnership in exchange for operating partnership units. The company s interest in the operating partnership will entitle the company to share in cash distributions from, and in the profits and losses of, the operating partnership in proportion to the company s percentage ownership. As the sole general partner of the operating partnership, the company generally will have

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the exclusive power under the operating partnership agreement to manage and conduct its business, subject to certain limited approval and voting rights of the other limited partners described more fully below in Description of Operating Partnership Units and the Partnership Agreement of the Operating Partnership. The company s board of directors will manage the affairs of the company by directing the affairs of the operating partnership.

Beginning on or after the date which is 12 months after the consummation of the IPO, limited partners of the operating partnership have the right to require the operating partnership to redeem part or all of their operating partnership units for cash or, at the company s election, shares of Class A common stock, based upon the fair market value of an equivalent number of shares of Class A common stock at the time of the redemption, subject to the ownership limits set forth in the company s charter and described under the section entitled Description of Capital Stock Restrictions on Ownership and Transfer. With each exchange of operating partnership units, the company will increase its percentage ownership interest in the operating partnership and its share of the operating partnership s cash distributions and profits and losses. See Description of Operating Partnership Units and the Partnership Agreement of the Operating Partnership.

Management Companies

The management companies (or their successors) or another subsidiary of the operating partnership will manage all the company s properties and assets. The management services will include oversight in marketing, leasing, insurance, capital and operating budgets and routine administrative tasks such as reports and tax and compliance filings. The management companies (or their successors) also may act as a general contractor with respect to construction and repair work for the properties the company acquires and their tenants.

Conditions to the Consolidation

The company and the supervisor have established conditions that must be satisfied for the consolidation of each of the subject LLCs to be consummated, including the following:

- requisite consent of the participants in the subject LLC must have been received;
- the IPO must close and the operating partnership units and Class A common stock must be approved for listing on the NYSE or another national securities exchange prior to or concurrently with the consummation of the consolidation and the closing of the IPO;
- the contribution to the company of the property interests in the Empire State Building owned by Empire State Building Associates L.L.C., which owns the fee interest and the underlying land, and Empire State Building Company L.L.C., the private entity which is the operating lessee with respect to the Empire State Building;
- the consolidation must have been completed by December 31, 2014 and
- the consolidation will be subject to other customary conditions as set forth in Section 2.1 of the Contribution Agreement attached to the supplement for each subject LLC as Appendix B.

Distributions

Promptly following the closing of the IPO, as described under Related Party Transactions Cash Amounts, the subject LLCs, the private entities and the management companies will distribute their cash (in the case of the subject LLCs and the private entities, excluding from such distributable cash, any reserves on deposit with lenders for escrow accounts; amounts attributable to certain prepayments of rent, management fees or other income streams or expense reimbursements; and amounts held by the subject LLCs and the private entities as security deposits or amounts otherwise required to be reserved by the subject LLCs or the private entities pursuant to existing agreements with third parties) to the participants or equity owners of such subject LLC, private entity or the management companies in accordance with the provisions of the applicable organizational

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documents of each such subject LLC, private entity or the management companies; provided that cash will only be distributed by any entity to the extent that it exceeds the normalized level of net working capital for such entity, as determined by the supervisor (determined based on the most recent quarterly financial statements). Net working capital as used herein is defined as current assets (excluding cash and cash equivalents), less current liabilities (excluding the current portion of debt). Generally, any such distribution of cash will reduce a participant s adjusted tax basis (but not below zero), determined for U.S. federal income tax purposes, in its participation interest immediately prior to the consolidation by the amount of cash received, which, as a general matter, will result in a correspondingly lower tax basis in the operating partnership units that such participant receives in connection with the consolidation. As a general matter, a distribution of cash in excess of a participant s tax basis generally would result in taxable gain to the extent of such excess.

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

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

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

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

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

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

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

It is expected that any distributions of excess cash held by the subject LLCs and any distributions of overage rent accrued through the date of the closing of the consolidation should be treated as distributions of cash from your subject LLC prior to the liquidation of your subject LLC. Accordingly, you should not generally be taxable for U.S. federal income tax purposes on any such distribution to the extent such distribution does not exceed your basis in your participation interest in the subject LLC immediately prior to the liquidation of the subject LLC, and your basis in your participation interest in your subject LLC should be reduced (but not below zero) by the amount of such distribution. See U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation Termination of the Subject LLCs and Distribution of Cash from the Subject LLCs.

If you receive solely shares of Class A common stock in the consolidation, any distribution to you of consolidation expenses that the operating partnership pays to your subject LLC should generally increase your amount realized in the consolidation, and accordingly should increase the amount of gain or decrease the amount of loss you recognize in the consolidation. See U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation Receipt of Class A Common Stock Solely Class A Common Stock.

If you receive solely operating partnership units or a combination of operating partnership units and shares of common stock in the consolidation, it is expected that your share of any payment the operating partnership makes to your subject LLC as a reimbursement of consolidation expenses should be treated as a reimbursement of capital expenditures to which the disguised sale rules should not apply to the extent that such payment does not exceed certain qualified capital expenditures incurred by your subject LLC, and the distribution to you of any such amounts should be treated as additional consideration in the consolidation. See U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation Receipt of Operating Partnership Units Potential Application of the Disguised Sale Rules.

Each of the subject LLCs, the private entities and management companies has agreed that other than the distributions by the subject LLCs, the private entities and management companies contemplated by the consolidation, such subject LLC, such private entity or the management companies shall not take any action not in the ordinary course consistent with past practice to increase current assets or reduce current liabilities, including by increasing long-term liabilities, decreasing long-term assets, changing reserves or otherwise.

Contribution Agreements

If your subject LLC approves the consolidation, that approval also constitutes consent to the contribution of your subject LLC s interest in its property to the operating partnership or its subsidiaries pursuant to the terms and conditions of your subject LLC s contribution agreement which was entered into prior to the date of this prospectus/consent solicitation. Each contribution agreement provides that the subject LLC will contribute its assets subject to its liabilities to the company and the operating partnership or its subsidiary in exchange for the consideration under Consideration. The operating partnership or a subsidiary will assume the mortgage loans on the properties. At the time the consolidation occurs, all of the properties and other assets and the liabilities of each participating subject LLC will be deemed to have been transferred to the company.

The contribution agreements also provide that the properties and assets may be acquired in an alternative transaction, which may include the acquisitions being preceded by an actual or de facto recapitalization of a subject LLC, provided that the alternative transaction or the recapitalization, as the case may be, does not change the consideration a participant would receive or the anticipated tax consequences of the transaction.

A recapitalization may be effected through a transfer of the assets to a newly organized entity and occur on the same day as, but before, the closing of the consolidation.

An alternative transaction also may take the form of a merger of the subject LLC with and into the company or a subsidiary of the company, or a merger of the company or a subsidiary of the company with and into the subject LLCs, or any other transaction pursuant to which the economic benefits (taking into account the tax treatment of such alternative transaction) to the company and the participants are not adversely affected by such alternative transaction as compared to the economic benefits to be received by the company and the participants.

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The supervisor currently expects to effect a recapitalization pursuant to which the supervisor would be issued interests in the subject LLC (or its successor) in exchange for its override interests prior to the closing of the consolidation. The limited liability company interests would provide the supervisor with the same distributions as it would have received on account of its override interests, described under Allocation of Common Stock and Operating Partnership Units. The recapitalization would be effected so that the ownership of interests in the subject LLC would reflect the distributions that each participant and the supervisor would be entitled to receive in the consolidation, in accordance with historic arrangements among the participants of the subject LLC and the supervisor and the exchange values determined by the independent valuer and approved by the supervisor.

The consideration allocated to each subject LLC will be increased by the amount of any working capital (determined based on the most recent quarterly financial statements), after the cash distributions described under Distributions above in excess of the normalized level of working capital for the subject LLC, as determined by the supervisor. Conversely, the consideration allocated to each subject LLC will be decreased by the amount of any negative working capital (determined based on the most recent quarterly financial statement) that is less than the normalized level of working capital for the subject LLC, as determined by the supervisor.

Representations and warranties of each subject LLC. Each subject LLC will make customary warranties and representations including representations that it is duly organized and validly existing and in good standing; that the contribution agreement has been duly and validly authorized executed and delivered; that it has the power and authority to transfer, sell, assign and convey its participation interests to the operating partnership, and that there is no other right to purchase such participation interests; that, except as disclosed to the operating partnership, no consent, waiver, approval or authorization is required to complete the consolidation transaction; that the execution, delivery and performance of the contribution agreement will not result in a breach of the subject LLC s organizational documents, any agreement to which the subject LLC is a party or any term or provision of any judgment, order, writ, injunction or decree binding on the subject LLC (or its assets or properties) and that there is no litigation pending against the subject LLC with respect to its participation interests and representations concerning the property and its operations. Such representations and warranties will survive the closing of the consolidation; however, neither the subject LLCs nor any of their members, managers, officers or employees, to the extent applicable, will be liable for any breaches of the representations or warranties contained in the contribution agreement.

Covenants of the subject LLCs. Each subject LLC will covenant that it will not sell, transfer or otherwise dispose of all or any portion of its participation interests; mortgage, pledge, hypothecate or encumber (or permit to become encumbered) all or any portion of such participation interests; authorize or consent to, or cause any person or entity to take, any of the actions prohibited by the contribution agreements, amend the organizational documents of the subject LLC or adopt a plan of liquidation, dissolution, merger, consolidation, restructuring, recapitalization or reorganization with respect to the subject LLC or exercise rights, if any, under applicable organizational documents to initiate any buy-sell procedures or to commence any process to market and sell the property held by the subject LLC. Such covenants will not survive the closing of the consolidation.

Conditions to Closing. The following conditions must be satisfied to consummate the consolidation of the subject LLC: (i) requisite consent of the participants in the subject LLC must have been received; (ii) the closing of the IPO and the listing of the operating partnership units and Class A common stock on the NYSE or another national securities exchange; (iii) the closing of the consolidation no later than December 31, 2014; (iv) the contribution to the company of the property interests in the Empire State Building owned by Empire State Building Associates L.L.C., which owns the fee interest and the underlying land, and Empire State Building Company L.L.C., the private entity which is the operating lessee with respect to the Empire State Building and (v) other customary conditions as set forth in Section 2.1 of the Contribution Agreement attached to the supplement for each subject LLC as Appendix B.

Amendment. The contribution agreement may be amended prior to the closing of the IPO, without the consent of a participant, provided that such amendment does not adversely affect the economic benefits to the participants (taking into account the tax treatment of such amendment).

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If your subject LLC approves the consolidation, it also will have consented to all actions necessary or appropriate to accomplish the consolidation.

Other Consolidation Transaction Agreements

Merger agreements with the management companies. The company will acquire through merger the supervisor and the other management companies, which are owned by the same persons as own the supervisor. On November 28, 2011, the company entered into a merger agreement with the supervisor and each other management company on substantially the same terms and conditions as the contribution agreements with each subject LLC, as described above, except that in connection with the consolidation: (i) the holders of interests in the management companies that were limited liability companies will receive operating partnership units and the option to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units they would otherwise receive in exchange for their interests in such entities and (ii) the holders of interests in the management companies that were corporations will receive shares of Class A common stock or Class B common stock in exchange for their interests in such entities.

Contribution agreement with the Wien group. On November 28, 2011, the company entered into a contribution agreement with the supervisor and the Wien group pursuant to which, upon closing of the consolidation, the Wien group will contribute its participation interests in the subject LLCs and the supervisor will contribute its override interests in the subject LLCs to the operating partnership, each in exchange for operating partnership units and the option to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units they would otherwise receive. Under this contribution agreement, the supervisor and the Wien group are entitled to receive the same amount of consideration they otherwise would have received (but in the form set forth in the preceding sentence) in the absence of such contribution agreement as a participant in the subject LLCs and as a holder of override interests, respectively, under the organization documents of the subject LLCs. Pursuant to this contribution agreement, the Wien group agreed to consent irrevocably to the consolidation with respect to each of the subject LLCs in which it holds participation interests.

The Wien group made customary representations and warranties with respect to itself and its participation interests.

The conditions to consummate the consolidation of each subject LLC in which the Wien group owns a participation interest must be satisfied in order for the closing of the Wien group s contribution of its participation interests in such subject LLC to occur. In addition, the contribution agreement is subject to the satisfaction of other customary conditions, such as the accuracy in all material respects of the representations and warranties and the performance in all material respects of all agreements and covenants required by the contribution agreement.

Contribution agreements with the private entities. On November 28, 2011, the company entered into a contribution agreement with each private entity on substantially the same terms and conditions as each subject LLC, as described above, except that in connection with the consolidation: (i) the accredited investors in each private entity may receive operating partnership units as consideration for their participation interests, and also had the option to receive (A) one share of Class A common stock instead of one operating partnership unit and/or (B) one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participants would otherwise receive in the consolidation (*i.e.*, they will receive one share of Class B common stock and 49 operating partnership units) and (ii) the non-accredited investors in each private entity will receive cash at a price per operating partnership unit equal to the IPO price (without reduction for underwriting discounts) instead of the operating partnership units that they otherwise would have received in the consolidation in order to comply with federal securities law requirements.

Contribution agreement with certain entities affiliated with the Helmsley estate. On November 28, 2011, the company entered into a contribution agreement with the Helmsley estate, which the company has amended, pursuant to which the Helmsley estate will contribute all of its participation interests in the private entities to the company and the operating partnership or a subsidiary in exchange for Class A common stock, Class B common stock and/or operating partnership units and cash at a price per share equal to the IPO price per share (reduced by the underwriting discount per share paid by the company in the IPO) to the extent of cash available from the IPO for this purpose after providing cash to redeem non-accredited investors in the private entities and other uses of proceeds. Under this contribution agreement, the Helmsley estate is entitled to the same consideration that it otherwise would have received (but in the form set forth in the preceding sentence) in the absence of such contribution agreement as a member or participant of the private entity plus an amount equal to any New York City transfer tax savings resulting from its status as a charitable organization. In addition, pursuant to this contribution agreement, the company and the Helmsley estate have also agreed that if the underwriters in the IPO exercise their option to purchase additional shares of Class A common stock or if the IPO is upsized after the effective time of the registration statement filed in connection with the IPO, all additional net proceeds from the sale of Class A common stock issued by the company in such option or upsize will be allocated solely to the Helmsley estate for purposes of the consolidation at the same value as the cash option. Pursuant to this contribution agreement, the Helmsley estate agreed to consent irrevocably to the consolidation with respect to each of the private entities in which it holds participation interests.

The Helmsley estate made customary representations and warranties with respect to itself and its participation interests.

The conditions to consummate the consolidation of each private entity in which the Helmsley estate owns a participation interest must be satisfied in order for the closing of the Helmsley estate s contribution of its participation interests in such private entity to occur. In addition, the contribution agreement is subject to the satisfaction of other customary conditions, such as the accuracy in all material respects of the representations and warranties and the performance in all material respects of all agreements and covenants required by the contribution agreement.

Lock-Up Agreements

Pursuant to lock-up agreements, each participant in the subject LLCs and private entities may not sell or otherwise transfer or encumber shares of common stock or operating partnership units (i) with respect to 50% of the operating partnership units and common stock owned by them at completion of the IPO, for a period of 180 days after the IPO pricing date and (ii) with respect to any remaining operating partnership units and shares of common stock, for a period of one year after the IPO pricing date, in each case without first obtaining the written consent of the representatives of the underwriters in the IPO. This includes Class A common stock issuable in exchange for the operating partnership units, which are only issuable in exchange for operating partnership units beginning 12 months after the completion of the IPO, and Class B common stock. In addition, each participant in Empire State Building Associates L.L.C. that receives operating partnership units may, immediately following the consolidation and the IPO, sell his or her pro rata portion of the greater of 1,100,000 operating partnership units and $40.0 million in value of operating partnership units (based on the IPO price of the Class A common stock), and each participant in 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to the same percentage as the percentage of each participant s operating partnership units that can be sold by participants in Empire State Building Associates L.L.C. immediately following the consolidation and the IPO. Therefore, each participant in the subject LLCs that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to 4.0% of the operating partnership units he or she receives with respect to each subject LLC (assuming all of the participants in each subject LLC elect to receive operating partnership units, the enterprise value equals the aggregate exchange value and the IPO price equals $10 per share), which treats all three subject LLCs equally after having determined for Empire State Building Associates L.L.C. the minimum amount required by the NYSE for it to meet the requirements as the primary listing.

However, the Malkin Family and the company s directors and senior management team members may not sell any of the shares of common stock or securities convertible or exchangeable into Class A common stock (including operating partnership units) held by any of them until one year after the IPO pricing date. In addition, the company has agreed with the representatives of the underwriters, subject to certain exceptions, not to sell or otherwise transfer or encumber any such shares or securities (including operating partnership units) owned by it at the completion of the IPO for a period of 180 days after the IPO pricing date without the prior written consent of the representatives of such underwriters.

The second stage of the lock-up period will expire after one year, which applies only to the last 50% of the operating partnership units and common stock owned by all parties at completion of the IPO:

- offer, pledge, sell or contract to sell any common stock;
- sell any option or contract to purchase any common stock;
- purchase any option or contract to sell any common stock;
- grant any option, right or warrant for the sale of any common stock;
- otherwise dispose of or transfer any common stock;
- request or demand that the company file a registration statement related to the common stock;
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock (including operating partnership units). It also applies to operating partnership units and common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition. In the event that either (x) during the last 17 days of any lock-up period referred to above, the company issues an earnings release or material news or a material event relating to the company occurs or (y) prior to the expiration of the lock-up periods referred to above, the company announces that it will release earnings results or become aware that material news or a material event will occur during the 16-day period beginning on the last day of the applicable lock-up period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

Registration Rights Agreement

Upon completion of the IPO, the company will enter into a registration rights agreement with participants in the consolidation. Under the registration rights agreement, subject to certain limitations, not later than 12 months from the beginning of the first full calendar month following the completion of the IPO, the company will file one or more registration statements, which are referred to herein as the resale shelf registration statements, covering the resale of all shares of Class A common stock issued in the consolidation (to the extent not already registered), all shares of Class A common stock issued to the company s independent directors, all shares of Class A common stock issued to members of the company s senior management team pursuant to the equity incentive plan, and all shares of Class A common stock that may be issued upon the exchange of operating partnership units or upon conversion of Class B common stock, or collectively the registrable shares. The company may, at its option, satisfy its obligation to prepare and file a resale shelf registration statement with respect to shares of Class A common stock issued upon the exchange of operating partnership units or issued upon conversion of shares of Class B common stock by filing one or more issuer shelf registration statements, which, collectively with the resale shelf registration statements, are referred to as the shelf registration statements, registering the issuance by the company of shares of Class A common stock under the Securities Act, provided that the company will be obligated to file an issuer shelf registration statement with respect to shares of its Class A common stock issued upon the exchange of operating partnership units or shares of Class B common stock to participants in the subject LLCs. The company has agreed to use its commercially reasonable efforts to cause each shelf registration statement to be declared effective within 120 days of filing, which is referred to as the shelf effective date. Commencing upon the shelf effective date, under certain circumstances, the company will also be required to undertake an underwritten offering upon the written request of the Helmsley estate or the

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Malkin Family, which are referred to in this discussion as the holders, provided (i) the registrable shares to be registered in such offering will have a market value of at least $150 million, except that with respect to the fourth underwritten offering described in subclause (iii) below which is requested by the Helmsley estate, the registrable securities to be registered in such offering will have a market value of at least $100 million; (ii) the company will not be obligated to effect more than two underwritten offerings during any 12-month period following the resale shelf effective date; and (iii) no holder will have the ability to effect more than four underwritten offerings. In addition, commencing six months after the completion of the IPO and ending on the shelf effective date (unless the resale shelf registration statement has not been declared effective on the shelf effective date, in which case during each 180 day period following the shelf effective date), the holders will have demand rights to require the company, subject to certain limitations, to undertake an underwritten offering with respect to the registrable shares having a market value of at least $150 million under a registration statement, provided, however, that any such registration shall not be counted for purposes of determining the four underwritten offerings described in the preceding sentence. In addition, if the company files a registration statement with respect to an underwritten offering for its own account or on behalf of a holder, each 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 a holder, the company will have the right to register such number of primary shares as the company requests; provided, however, that if cut backs are required by the managing underwriters of such an offering, the company s primary shares shall be cut back first (but in no event will the company s shares be cut back to less than $25 million).

The company has 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. The company has 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 the company, but excluding underwriting discounts and commissions, any participant s out-of-pocket expenses (except the company will pay any holder s out-of-pocket fees (including disbursements of such holder s of 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.

Option to Acquire Two Additional Properties

The operating partnership has entered into option agreements with three private entities supervised by the supervisor, one of which is the ground lessee of the property located at 112-120 West 34th Street and fee owner of the property located at 122 West 34th Street, one of which is the operating lessee of 112-122 West 34th Street and one of which is the ground lessee of 1400 Broadway, pursuant to which each of these private entities has granted to the operating partnership an option to acquire its property interest and other assets in exchange for operating partnership units, shares of common stock and/or cash following the settlement of, or final judgment not subject to further appeal with respect to, a litigation related to the properties owned by these private entities. Each of the Malkin Holdings group and the Helmsley estate owns interests in such private entities. Based on the exchange values the option properties would have had, calculated in accordance with the methodology used to derive the exchange values for the subject LLCs and the private entities, the Malkin Holdings group would receive consideration having an aggregate value of $77,600,811 in respect of its participation interests and overrides in the entities which own the option properties, and the Helmsley estate would receive consideration having an aggregate value of $160,160,461 in respect of its participation interests in such entities.

These private entities are parties to litigation with the third party ground lessor of the properties they own and the uncertainty resulting from the litigation could affect the valuations of these entities so long as the litigation is pending. The exchange values for these entities set forth in this prospectus/consent solicitation do not reflect any reduction for the effect of this litigation. In September 2011, the court before which these litigations are pending granted summary judgment dismissing the ground lessor s claims with respect to 112-122 West 34th

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Street. The ground lessor appealed the grant of summary judgment. By Decision and Order dated May 8, 2012, the Appellate Division, First Department, unanimously affirmed the decision and judgment. The ground lessor has filed a motion in the Appellate Division for leave to appeal to the Court of Appeals from that decision. The supervisor has opposed the motion. In November 2011, the supervisor filed a similar summary judgment motion with respect to the other property. At a hearing on June 7, 2012, the court granted the supervisor s motion for summary judgment.

The option is exercisable by the operating partnership with respect to either or both of the properties until the later of (i) 12 months after notice of settlement of the litigation or of final, non-appealable judgment in litigation or (ii) six months after completion of the valuation referred to in the next paragraph, but not later than seven years from the completion of the IPO. The determination to exercise the option will be made by the independent directors and affiliates of the supervisors will not participate in the decision.

The purchase price for each of these property interests will be determined based on an appraisal by independent third parties, unless the private entities, with the consent of the Helmsley estate, and the company agree to a negotiated price, and unless the litigation related to these properties is resolved and the option is exercised prior to the closing of the consolidation, in which case the consideration will be determined based on the exchange values determined by the independent valuer.

The consideration will consist of operating partnership units or common stock for accredited investors and cash for non-accredited investors, except that the company may elect to pay cash instead of common stock or operating partnership units to accredited investors if the market price of the Class A common stock (based on the average of the 20 trading days prior to the option closing) is below the IPO price or to accredited investors that have made cash elections. Additionally, the Helmsley estate will have the right to elect to receive cash.

Pricing Committee

The company will establish a pricing committee in connection with the IPO, which will meet on March 31, 2013 and December 31, 2013 if the consolidation and IPO have not yet closed, and will have the authority to evaluate market conditions and determine the desirability of continuing to pursue the consolidation and IPO. The pricing committee will have the authority to approve the price and terms of the IPO and will consist of representatives of the supervisor and a representative of the Helmsley estate. All actions of the pricing committee will require unanimous approval.

Description of the Tax Protection Agreement

Under the Code, taxable gain or loss recognized upon a sale of an asset contributed to a partnership must be allocated to the contributing partner in a manner that takes into account the variation between the tax basis and the fair market value of the asset at the time of the contribution. This requirement may result in a significant allocation of taxable gain to the contributing partner, without any increased cash distribution to the contributing partner. In addition, when a partner contributes an asset subject to a liability to a partnership, any reduction in the partner s share of partnership liabilities may result in taxable gain to the contributing partner.

The operating partnership intends to enter into a tax protection agreement with Anthony E. Malkin and Peter L. Malkin that is intended to protect the Wien 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 of the tax consequences described above to a limited extent. First, this agreement will provide that the operating partnership will not sell, exchange, transfer or otherwise dispose of four specified properties, which are referred to in this section as protected assets, or any interest in a protected asset for a period of 12 years, with respect to First Stamford Place and the later of (x) eight years or (y) the death of Peter L. Malkin and Isabel W. Malkin, who are 78 and 76 years old, respectively, for the three other protected assets unless:

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

(2) the 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 had the protected asset been sold for fair market value in a taxable transaction at the time of the consolidation transaction) 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 Wien 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 each such investor s share of the operating liabilities, the agreement also will provide that during the period from the closing of the IPO until such 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 it received in the consolidation, which is referred to in this section as the tax protection period, the 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 the operating partnership is unable to refinance such indebtedness at its current principal amount, at the highest principal amount possible. The agreement also will provide that, during the tax protection period, the operating partnership will make available to such investors the opportunity to (1) to enter into a bottom dollar guarantee of their allocable share of $160 million of aggregate indebtedness of the operating partnership meeting certain requirements or (2) in the event the operating partnership has recourse debt outstanding and the investor agrees in lieu of guaranteeing debt pursuant to clause (1) 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 investor. In the event that an investor guarantees debt of the operating partnership, such 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 an obligation of such investor, under certain circumstances, to contribute a designated amount of capital to the operating partnership upon the operating partnership s liquidation in the event that the assets of the operating partnership are insufficient to repay the operating partnership liabilities.

Because the company expects that the operating partnership will have at all times sufficient liabilities to allow it to meet its obligations to allocate liabilities to its partners that are protected parties under the tax protection agreement, the operating partnership s indemnification obligation with respect to certain tax liabilities would generally arise only in the event that the operating partnership disposes of a protected asset in a taxable transaction within the period specified above in a taxable transaction. In the event of such a disposition, the amount of the 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 estimates that if all of its assets subject to the tax protection agreement were sold in a taxable transaction immediately after the IPO, the amount of the operating partnership s indemnification obligations (based on tax rates applicable for the taxable year ending December 31, 2012, and exchange values, and including additional payments to compensate the indemnified partners for additional tax liabilities resulting from the indemnification payments) would be approximately $97.7 million (which will be $119.6 million beginning after December 31, 2012 if certain sunset provisions under the Internal Revenue Code are not altered or reversed).

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, the operating partnership has agreed to use the traditional method for accounting for book-tax differences for the properties acquired by the operating partnership in the consolidation. Under the traditional method, which is the least favorable method from the company s perspective, the carryover basis of the acquired properties in the hands of the operating partnership (1) may cause the company to be allocated lower amounts of depreciation and other deductions for tax purposes than would be allocated to the company if all of the acquired properties were to have a tax basis equal to their fair market value at the time of acquisition and (2) in the event of a sale of such properties, could cause the company 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 the operating partnership for interests in the operating partnership.

Participants in the private entities who are not protected under the tax protection agreement and who currently own an interest in a protected asset may benefit from the prohibition on disposing of such assets to the extent the prohibition prevents the operating partnership from recognizing gain. However, unlike the Wien group, such participants will not be parties to the tax protection agreement and will not be entitled to indemnification from the operating partnership if a protected asset is sold, nor is their consent required to dispose of a protected asset. In addition, a disposition of an existing property that is not a protected asset would not be subject to the tax protection agreement and could cause participants, including the Wien group, to recognize gain. The company currently has no intention to sell or otherwise dispose of the protected assets or interest therein in taxable transactions during the restriction period.

The company believes that it is consistent with market practice for significant contributing unitholders, such as the Malkin Group and the one additional third party investor in Metro Center, to be indemnified against certain tax liabilities as set forth in the tax protection agreement. Accordingly, the company believes it is appropriate to enter into a tax protection agreement.

The company does not presently intend to sell or take any other action which would result in a tax protection payment with respect to the properties covered by the tax protection agreement. The tax protection agreement will not apply to a third-party portfolio transaction.

Representation, Warranty and Indemnity Agreement

Anthony E. Malkin, Scott D. Malkin and Cynthia M. Blumenthal have entered into a separate representation, warranty and indemnity agreement with the company and the operating partnership in which they made limited representations and warranties to the company and the operating partnership with respect to the condition and operations of the entities, properties and assets to be contributed to the company. Anthony E. Malkin, Scott D. Malkin and Cynthia M. Blumenthal, jointly and severally have agreed to indemnify the operating partnership for breach of such representations and warranties until 12 months after the closing of the IPO, subject to a deductible of $1 million and a cap of $25 million. Anthony E. Malkin, Scott D. Malkin and Cynthia M. Blumenthal have pledged operating partnership units and common stock to the operating partnership with a value, based on the price per share of Class A common stock in the IPO (before the deduction of underwriting and other fees and expenses), equal to $25 million, to secure their indemnity obligation, and such operating partnership units are the sole recourse and sole remedy of the operating partnership in the case of a breach of representation or warranty or other claim for indemnification.

No Fractional Share of Common Stock

The company will not issue fractional shares of common stock in the consolidation. Each participant that otherwise would be entitled to a fractional share of common stock will receive one share of common stock for each fractional share of common stock of 0.50 or greater. The company will not issue a share of common stock for any fractional share of common stock of less than 0.50. The maximum amount which a participant could forfeit if such participant s fractional share was 0.49 is approximately $4.90, based on the hypothetical exchange value of $10 per share arbitrarily assigned by the supervisor for illustrative purposes.

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Effect of the Consolidation or a Third-Party Portfolio Transaction on Participants Who Vote Against the Consolidation or the Third-Party Portfolio Proposal and Who Do Not Change Their Vote After Receipt of the Buyout Notice

If you vote **AGAINST** the consolidation or the third-party portfolio proposal, **ABSTAIN** or do not submit a consent form, you do not have a statutory right to elect to be paid the appraised value of your participation interest in the subject LLC for cash.

If holders of 80% of the participation interests in any of the three participating groups in Empire State Building Associates L.L.C. or holders of 90% of the participation interests in any of the seven participating groups in 60 East 42nd St. Associates L.L.C. approve the consolidation or third-party portfolio proposal, as shown in the tabulation of consents by MacKenzie Partners, Inc., pursuant to a buyout right included in the participating agreements since inception of the subject LLCs, the agent of any such participating group will purchase on behalf of the subject LLC the participation interest of any participant in such participating group that voted **AGAINST** the consolidation or the third-party portfolio proposal or **ABSTAINED**, as applicable, or that did not submit a consent form, even if the proposal is not approved by the other participating groups in such subject LLC, unless such participant consents to the proposal within ten days after receiving written notice that the required supermajority consent has been received by such participant s participating group, at a price that would be substantially lower than the exchange value. The buyout amount, which is equal to the original cost less capital repaid, but not less than $100, is currently $100 for the interest held by a participant in Empire State Building Associates L.L.C. and $100 for the interest held by a participant in 60 East 42nd St. Associates L.L.C., as compared to the exchange value of $323,800 (or $358,670 if you are not subject to the voluntary capital override) per $10,000 original investment for Empire State Building Associates L.L.C. and $402,660 per $10,000 original investment for 60 East 42nd St. Associates L.L.C., respectively.

If holders of 80% of the participation interests in any of the three participating groups in Empire State Building Associates L.L.C. or holders of 90% of the participation interests in any of the seven participating groups in 60 East 42nd St. Associates L.L.C. approve the third-party portfolio proposal, the agent of any such participating group will purchase on behalf of the subject LLC the participation interest of any participant in such participating group that voted **AGAINST** the third-party portfolio proposal or **ABSTAINED** or that did not submit a consent form, unless such participant consents to the proposal within ten days after receiving written notice that the required supermajority vote has been received, at a price that would be substantially lower than the exchange value.

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

Prior to an agent purchasing the participation interests of non-consenting participants in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C., an agent will give such participants not less than ten days notice after the required supermajority consent is received by the applicable participating group in such subject LLC to permit them to consent to the consolidation or the third-party portfolio proposal, as applicable, in which case their participation interests will not be purchased. The agents will purchase the participation interests for the benefit of the subject LLC and not for their own account and will be reimbursed by the subject LLC for the cost of such buyout. If the agent purchases these participation interests, the requirement for consent of participants holding 100% of the participation interests of that participating group will be satisfied.

The agents, who are the members of your subject LLCs, recently created a new class of membership interests, which were divided into series. A separate series was deemed to be distributed to holders of each participating group in your subject LLC. Each new series provides protections similar to those under a shareholder rights plan for a corporation. Each new series corresponds to a participating group for which a member acts as agent. The new series will not affect voting rights, except with respect to any person or group that acquires 6%, 3%, or 7.5% or more, respectively, of the outstanding participation interests in the applicable participating group (an acquiring person) for each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. If there is an acquiring person, the effect of the new series is that approval of the consolidation proposal and the third-party portfolio proposal by a participating group will require approval by the requisite consent of the participants in the participating group, as holders of the new series of membership interests, excluding the acquiring person.

The buyout is described under the section entitled Voting Procedures for the Consolidation Proposal and the Third-Party Portfolio Proposal.

Effect of Consolidation on Subject LLCs not Acquired

If the company does not acquire your subject LLC s assets in the consolidation and a third-party portfolio transaction is not consummated with respect to your subject LLC, your subject LLC will continue to operate as a separate limited liability company with its own assets and liabilities and will bear its proportionate share of the expenses of the consolidation. If the consolidation is not consummated, there will be no change in your subject LLC s investment objectives and it will remain subject to the terms of its organizational documents.

Consolidation and IPO Expenses

If the company acquires the property of your subject LLC in the consolidation, the company will bear all consolidation and IPO expenses.

If the consolidation does not close, each subject LLC and private entity will bear its proportionate share of the consolidation and IPO expenses based on their respective exchange values. If the consolidation closes, but your subject LLC does not participate in the consolidation, your subject LLC will bear its proportionate share of all consolidation and IPO expenses incurred through the date of termination of the contribution agreement. The supervisor does not know whether the acquiror in a third-party portfolio transaction will agree to pay any of the consolidation or IPO expenses.

Accounting Treatment

The consolidation of the subject LLCs, the private entities and the management companies, other than the non-controlling interests in the four office properties for which the supervisor acts as supervisor and not previously controlled by Peter L. Malkin, Anthony E. Malkin or the Malkin Family, will be accounted for at historical cost as a transfer of assets under common control. The acquisition of the controlling interests in the four office properties for which the supervisor acts as supervisor but which are not controlled by Peter L. Malkin, Anthony E. Malkin or the Malkin Family will be accounted for as purchase acquisitions, with the assets acquired and liabilities assumed recorded at the estimated fair value at the acquisition date.

Subsequent Modifications to Offering Terms

The company may make changes (including changes that may be deemed material) to the information described in this prospectus/consent solicitation, the supplement for your subject LLC accompanying this prospectus/consent solicitation, as well as to the forms of the agreements attached as appendices hereto and contained in the supplement. The contribution agreement attached to the supplement accompanying this prospectus/consent solicitation as Appendix B provides that each subject LLC (i) agrees and confirms that the terms of the operating partnership units and common stock described in this prospectus/consent solicitation, the applicable supplement and the appendices and exhibits thereto are not final and may be modified prior to the completion of the consolidation, depending in part on the prevailing market conditions at the time of the IPO, (ii) understands that, as of the date of the contribution agreement, the company does not know the value of the operating partnership units and common stock and that such value will depend on the company s enterprise value in connection with the IPO and the IPO price and the number of shares outstanding, on a fully-diluted basis, immediately prior to the IPO may be higher or lower than that set forth herein and the IPO price may be higher or lower than the hypothetical $10 per share exchange value which the supervisor has arbitrarily selected and is used herein for illustrative purposes only, (iii) authorizes the company to, and understands and agrees that the company may, make changes (including changes that may be deemed material) to the charter and bylaws of the company, the limited partnership agreement of the operating partnership, the contribution agreements, the representation, warranty and indemnity agreement, the lock-up agreements, the tax protection agreement and this prospectus/consent solicitation, and that the subject LLC agrees to receive operating partnership units and/or shares of Class A common stock with such final terms and conditions as the company determines and (iv) acknowledges that the subject LLC understands that the information presented in this prospectus/consent solicitation is preliminary and is subject to change (particularly the company management s discussion and analysis of the financial condition and results of operation, the financial statements and footnotes thereto, the preliminary pro forma financial statements and footnotes thereto, the property information, the assumed IPO price and the assumed entity valuations) in connection with the review and comments of the SEC and in reaction to investor feedback during the course of the IPO and the subject LLCs agreement to participate in the consolidation will not be affected by any such changes. The federal securities laws may require the subject LLCs to resolicit the consent of participants under certain facts or circumstances.

Initial Public Offering

The closing of the consolidation is conditioned on the closing of the IPO. The company will contribute the net proceeds of the IPO to the operating partnership in exchange for operating partnership units, with the value of each operating partnership unit being treated as equivalent to one share of Class A common stock at the IPO price. The operating partnership will use a portion of the net proceeds to provide cash to non-accredited participants in the private entities and to accredited participants in the private entities that are charitable organizations as described under The Consolidation Principal Components of the Consolidation.

The IPO price of the Class A common stock will be determined based on investor demand for the Class A common stock and in consultation with the underwriters in the IPO. Among the factors that influence the pricing of the IPO are the company s record of operations; its management; its estimated net income; its estimated funds from operations; its estimated cash available for distribution; its anticipated dividend yield; its growth prospects; the current market valuations for comparable REITs; financial performance and dividend yields of publicly traded companies considered by the company and the underwriters to be comparable to the company and the state of the commercial real estate industry and the economy as a whole. The IPO price does not and will not necessarily bear any relationship to the company s book value or the fair market value of the company s assets.

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THIRD-PARTY PORTFOLIO PROPOSAL

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

Market forces are dynamic, unpredictable, and subject to volatility. Should the public awareness of the proposed consolidation and IPO produce potential compelling offers from unaffiliated third parties to purchase the consolidated portfolio, it will be costly and time consuming to solicit consents to allow a sale or contribution of the portfolio to a third party, and there is considerable risk that any opportunity which might appear would be lost without the requested consent in place. Therefore, the supervisor believes that it is advisable to have the flexibility and discretion, subject to certain conditions, to accept an offer for the entire portfolio of properties from an unaffiliated third party, rather than pursue the consolidation and IPO, if the supervisor determines the offer price includes what the supervisor believes is an adequate premium above the value that is expected to be realized over time from the consolidation. The supervisor will consider an offer from an unaffiliated third-party only for the entire portfolio of properties owned by all of the subject LLCs and all of the private entities (including the operating lessees of the subject LLCs), excluding (a) the option properties, (b) certain properties owned by the private entities that are not included in the consolidation, (c) any property interest as to which the required consent is not received, and (d) any property interest as to which customary contract conditions, such as absence of a material adverse change, are not satisfied. A third-party portfolio transaction also will include the management companies. A sale of less than the entire portfolio of properties owned by the subject LLCs and the private entities (excluding the option properties and any properties not being contributed to the company in the consolidation) would occur only if consents are not received with respect to a particular property interest or if customary contract conditions are not satisfied with respect to a particular property interest. The supervisor is not undertaking or engaged in any current negotiations with respect to a third-party portfolio transaction, nor does the supervisor have any agreement in principle with any party relating to a third-party portfolio transaction.

The third-party portfolio transaction would be undertaken only if the aggregate consideration payable in the third-party portfolio transaction is at least 115% of the aggregate exchange value for the subject LLCs, the private entities and the management companies included in the third-party portfolio transaction. If such a third-party portfolio transaction were to proceed, the consideration will be allocated among the subject LLCs, the private entities and the management companies on a basis consistent with the exchange values.

A third-party portfolio transaction would be on the following terms:

- The proposal must provide for all cash, payable in full at closing. There will be no purchase price adjustments, earn-outs, or any other similar or contingent payments.

- The proposal may provide for an option for all participants to elect to receive securities as an alternative to cash. If the proposal provides for a securities option:

  - The Malkin Family, affiliates of the subject LLCs and private entities and participants in the subject LLCs and private entities will have the right to elect to receive securities only on the same proportional basis as other participants.

  - Any securities in a third-party portfolio transaction will be issued pursuant to a registration statement of the issuer, which will describe the securities and their terms.

  - Any securities issued in a third-party portfolio transaction would be valued on the following basis. Common stock would be issued only if it is listed on a national securities exchange and would be

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valued at a price equal to the market price on a date or for a period set forth in the agreement relating to the third-party portfolio transaction. Any securities other than common stock would be issued only if such securities are exchangeable for common stock (meeting the conditions in this bullet) no later than one year after the date of issuance on substantially the same basis as the operating partnership units. Any such securities will be valued at the market price for the common stock for which they are exchangeable, determined as described in this paragraph.

No member of the Malkin Family, and no other affiliate of the subject LLCs or the private entities will be an affiliate, consultant, employee, officer or director of the acquiror or any of its affiliates or subsidiaries before or after the closing or receive any compensation or any other consideration from the acquiror or any of its subsidiaries or affiliates (other than their pro rata share of the consideration that that they will receive in the third-party portfolio transaction).

There will be no representations, warranties or indemnification obligations that survive the closing and there will be no holdback or escrow of any of the consideration.

If the supervisor accepts a third-party portfolio offer that meets the above conditions and is in accordance with the terms described above, such an offer would not be subject to any further approval or action by the participants. A third-party portfolio transaction would trigger the voluntary capital transaction overrides agreed to by certain participants in Empire State Building Associates L.L.C. and 250 West 57th St. Associates L.L.C. and the override payable by 60 East 42nd St. Associates L.L.C.

The third-party portfolio transaction will be in the form of a transfer or sale of all of the assets of each of the subject LLCs, private entities (including the operating lessees of the subject LLCs) and the management companies, subject to all of their liabilities.

If securities will be issued in a third-party portfolio transaction, the form of consideration that each participant will receive will be determined in accordance with such participant s election. Each participant will be provided at least 20 business days to make such election after the prospectus relating to the securities to be issued is sent to participants.

If participants in the subject LLCs have an option to receive securities instead of cash, the Malkin Family will receive cash to the extent that receiving equity securities would result in it being an affiliate of the acquiror. The Malkin Family would receive equity securities only if its percentage interest in the acquiror was sufficiently small so that it was not an affiliate or there was another arrangement, such as issuance to the Malkin Family of non-voting securities which otherwise had the same rights as equity securities issued to other participants, in such a manner that the Malkin Family will not be considered an affiliate.

The consideration received in the third-party portfolio transaction will be distributed promptly by each of the subject LLCs and private entities to its participants. Any excess cash not included in the assets transferred in connection with the third-party portfolio transaction will also be distributed to the participants, and the subject LLCs and private entities will be promptly liquidated. Following the consummation of a third-party portfolio sale, the agents of each of the subject LLCs have the authority under the participating agreements to liquidate the subject LLCs without consent of the participants.

Employees of the supervisor, other than the Malkin Family, could become officers, directors, and/or employees of the acquiring entity after a third-party portfolio transaction.

At the time you vote on the third-party portfolio transaction, no information will be available regarding negotiations or solicitations of competing transactions; termination fees in, or termination, non-competition, non-solicitation and financing provisions relating to, the transaction; tax matters relating to, or accounting treatment of, the transaction; or the identity of the acquiror. As described above, any third-party portfolio offer must provide for cash consideration, but may include an option for participants to elect to receive securities. Unlike

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with respect to the consolidation proposal, it is not possible to know at this time or at the time you vote on the third-party portfolio proposal whether the third-party portfolio offer will include an option to receive securities, and therefore estimated distributions cannot be calculated at this time. However, if securities are to be issued in connection with the third-party portfolio transaction, any such securities must be listed on a national securities exchange as described above, and information regarding the historical distributions on such securities will be available.

Because of the inability to act without consent of the subject LLCs and certain of the private entities, the supervisor intends to inform any unaffiliated third-party which expresses interest in making a third-party offer that it will not consider any offer until after completion of the solicitation of consents of the subject LLCs. If a bona fide offer is submitted during the solicitation period, the supervisor will provide information regarding the proposal to participants, to assist them in their decision regarding the consolidation.

The supervisor has agreed that it will not accept a third-party offer unless it is unanimously approved by a committee which will include representatives of the supervisor and a representative of the Helmsley estate. This committee will also meet on March 31, 2013, January 1, 2014 and January 1, 2015 if an agreement relating to a third-party portfolio transaction has not been entered into, and determine unanimously whether to continue to pursue a third-party portfolio transaction. The supervisor will be authorized to approve offers only if a definitive agreement is entered into prior to December 31, 2015 or such earlier date as the supervisor may set with or without notice or public announcement. The tax protection agreement will not apply to a third-party portfolio transaction.

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VOLUNTARY PRO RATA REIMBURSEMENT PROGRAM FOR EXPENSES OF LEGAL PROCEEDINGS WITH FORMER PROPERTY MANAGER AND LEASING AGENT

The supervisor is requesting that each participant consent to a voluntary pro rata reimbursement program to reimburse the supervisor and Peter L. Malkin, a principal of the supervisor, for his or her pro rata share of all costs advanced, plus interest, incurred in connection with the legal proceedings required to remove and replace the former property manager and leasing agent. The supervisor and the agents had the authority to commence the legal proceedings without consents from participants so no authorization was sought. No challenge has been raised about the supervisor s authority. In commencing the litigation, Peter L. Malkin believed that participants would understand the value from his and the supervisor s actions and voluntarily agree to the reimbursement. While the supervisor believes it could have effected reimbursement by the subject LLCs and the private entities to the supervisor and Peter L. Malkin, it will not seek such reimbursement from participants who do not consent to the voluntary pro rata reimbursement program to make such reimbursement. The supervisor believes that the voluntary pro rata reimbursement program is fair and reasonable because the successful resolution of the legal proceedings allowed the property to participate in a renovation and repositioning turnaround program, conceived and implemented by the supervisor. The Helmsley estate, as part of an agreement with the supervisor covering this and other matters, has paid the voluntary pro rata reimbursement to the supervisor for its pro rata share of costs advanced, plus interest, which totaled $5,021,048 with respect to its interest in all the subject LLCs and private entities.

Lawrence A. Wien and Peter L. Malkin, affiliates of the supervisor, organized the subject LLCs, from 1953 to 1961.

The supervisor provided asset management services for, and supervised the operations of, the subject LLCs and the private entities that are the operating lessees. The properties owned by the subject LLCs and leased to the operating lessees were managed by Helmsley-Spear, Inc., the former property manager and leasing agent, from the subject LLCs formation until 2002 in the case of 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. and until 2006 in the case of Empire State Building Associates L.L.C., all subject to the supervisor s supervision.

Over time, the supervisor observed and objected to deterioration in the property management provided by the former property manager and leasing agent to the properties owned by the subject LLCs and the Manhattan office properties, resulting in such problems as deferred maintenance, reduced occupancy and reduced quality of tenants. For that reason, the supervisor brought action to remove the former property manager and leasing agent (after it was sold by entities controlled by Leona M. Helmsley) as property manager and leasing agent of the properties owned by the subject LLCs both for cause and based on contractual removal rights. The ensuing lengthy legal proceedings included a ruling in favor of the supervisor and Peter L. Malkin in the United States Supreme Court. A gradual transfer of day-to-day management away from the former property manager and leasing agent began in 2002 by votes of the private entities and the remaining litigation was fully settled in 2006. In accordance with a separate litigation against Harry B. Helmsley s widow, Leona M. Helmsley, which was settled in 1997, the supervisor has overseen the engagement of third-party property management and leasing agents beginning in 2002 for these properties, and the transformation of the Empire State Building to a self-management structure, retaining a third-party agent only for leasing.

The supervisor believes that its efforts for the participants in the subject LLCs and the investors in the Manhattan office properties in respect of the legal proceedings against the former property manager and leasing agent enhanced the monitoring of the former property manager and leasing agent s conduct and contributed to the former property manager and leasing agent s replacement by effective property manager and leasing agents, thereby preventing the loss of the investment value of all the parties subject to the former property manager and leasing agent legal proceedings, including the subject LLCs.

While the supervisor has believed from inception that the supervisor and Peter L. Malkin are entitled to be reimbursed for these litigation and arbitration expenses, they advanced all costs pending the outcome of the

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former property manager and leasing agent legal proceedings. The supervisor also added engineering, marketing and tax/accounting staff to compensate for the former property manager and leasing agent s deficiency. After the settlement, the supervisor was able to deploy its branding strategy for the Manhattan office properties and pursue a program of renovating and repositioning the Manhattan office properties. Now, with the impending consolidation, the supervisor requests of each participant in each subject LLC, on a voluntary and individual basis, consent to the voluntary pro rata reimbursement program.

The same voluntary pro rata reimbursement program has been approved by holders representing 72.36% of the interests in the 13 private entities and other entities supervised by the supervisor to which the proposal has been made. These approvals include the Helmsley estate, which as part of an agreement with the supervisor covering this and other matters has paid the voluntary pro rata reimbursement to the supervisor for its pro rata share of costs advanced, plus interest, which totaled $5,021,048. Accordingly, no additional amounts will be deducted from any distributions payable to it or from the consideration payable to it in the consolidation or a third-party portfolio transaction. If you fail to return a signed consent form by the end of the solicitation period, you will be deemed to have not consented to the voluntary pro rata reimbursement program.

If you consent to the voluntary pro rata reimbursement program, the supervisor and Peter L. Malkin will be reimbursed for your pro rata share of costs, plus interest, previously incurred out of your share of the excess cash of your subject LLC that is being distributed to participants, and, to the extent that is insufficient, the consideration that you would receive in the consolidation or the consideration that you would receive in a third-party portfolio transaction, as applicable, will be reduced by the balance and such balance would be paid to the supervisor and Peter L. Malkin in shares of Class A common stock, if the consolidation is consummated, or out of distributions that you would receive from the proceeds of a third-party portfolio transaction, if consummated. Such excess cash consists of (i) any cash held by such entity at the closing in excess of the normalized level of net working capital for such entity, as determined by the supervisor, (ii) the consolidation expenses reimbursed by the operating partnership to the subject LLC at the closing of the consolidation out of proceeds of the IPO and (iii) overage rent that will have accrued through the date of the closing of the consolidation.

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

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

(1) The actual amount of distributions will be based on cash available at closing of the consolidation and no assurance can be given that these cash amounts will be available for distribution.
(2) The allocation of settlement proceeds from the class action settlement is in addition to the distributions shown elsewhere in this table. The allocation of net settlement proceeds (that is, net of any court-awarded attorneys fees and expenses) shown in the table is based on the current plan of allocation proposed by counsel for the class plaintiffs. The settlement and the allocation of settlement proceeds are approximate and subject to court approval, and the proposed allocation is subject to revision by counsel for the class. They are not effective until such court approval is final, including the resolution of any appeal.
(3) $8,350 per $10,000 original investment for participants not subject to voluntary capital override.
(4) $4,700 per $10,000 original investment for participants not subject to voluntary capital override.

The actual amount of distributions will be based on cash available at closing of the consolidation and no assurance can be given that these cash amounts will be available for distribution. To the extent that the supervisor and Peter L. Malkin have not otherwise been reimbursed from distributions in connection with the consolidation, 50% of any distributions to be paid to you in excess of your share of aggregate distributions by the subject LLC equal to $3,889,333 per annum, $1,046,320 per annum and $720,000 per annum, respectively, for Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. for the period commencing January 1, 2008 (including any cumulative deficiency from prior months) will be applied to reimburse the supervisor and Peter L. Malkin for a pro rata share of such advances, including interest at prime from the date of each such advance, until your pro rata share of the costs is paid in full. Cumulative distributions equal to the target amount have been made for the period from January 1, 2008 through the date hereof and therefore there are no past cumulative deficiencies.

Each subject LLC s and private entity s share of these costs, which aggregate $20,927,638 for all subject LLCs and private entities including interest at prime from the date of each advance through November 1, 2011 was determined based upon the property s percentage of rentable area of all the Manhattan office properties held by the private entities and the subject LLCs. Each subject LLC s share will then be allocated to you based on your investment percentage among all participants in the subject LLC. Thus, advances by the supervisor and Peter L. Malkin would be allocated 14.15285% to Empire State Building Associates L.L.C., 7.0292% to 60 East 42nd St. Associates L.L.C. and 3.11945% to 250 West 57th St. Associates L.L.C. (with the balance allocated to the private entities that hold Manhattan office properties), in each case by rentable area, and then allocated to you in accordance with the participation interest held by you. The table below shows the amount to be received by the supervisor from the subject LLC (assuming that all participants have consented to the voluntary reimbursement) and for each $10,000 of original investment by a participant pursuant to the voluntary pro rata reimbursement program:

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

(1) Empire State Building Associates L.L.C. s, 60 East 42nd St. Associates L.L.C. s and 250 West 57th St. Associates L.L.C. s share of the aggregate voluntary reimbursement (before any reimbursements) is $3,150,896, $1,564,930, and $694,487, respectively, plus interest. The amount shown in the table includes accrued interest through September 30, 2012 and does not include interest which will accrue subsequent to September 30, 2012.

97% of the potential voluntary reimbursement is attributable to advances by Peter L. Malkin for payments to unaffiliated third parties, with interest thereon at prime, and 3% is for amounts to be paid to the supervisor for work it performed.

The supervisor requests that each participant consent to the voluntary pro rata reimbursement program on the consent form accompanying this prospectus/consent solicitation. If you consent to the voluntary pro rata

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reimbursement program and the consolidation or a third-party portfolio transaction is consummated, your share of distributions will be reduced by your pro rata share of the costs, plus interest, advanced by the supervisor and Peter L. Malkin for the former property manager and leasing agent legal proceedings plus interest. If you give such consent but your subject LLC does not participate in the consolidation, your pro rata share of the former property manager and leasing agent legal proceedings advanced costs will be deducted from any future distributions until your pro rata share is paid in full.

The voluntary pro rata reimbursement program is an independent program. Your consent, withheld consent, or failure to consent to the voluntary pro rata reimbursement program will not have any effect on whether or not your subject LLC participates in the consolidation or a third-party portfolio transaction. Your withholding your consent or failure to consent to the voluntary pro rata reimbursement program will not result in any buyout of your participation interests.

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REPORTS, OPINIONS AND APPRAISALS

General

The exchange values were determined as of June 30, 2012 by Duff & Phelps, LLC, the independent valuer, and have been assigned to each subject LLC, each private entity and the management companies solely to establish a consistent method of allocating the consideration among the participating entities for purposes of the consolidation. The exchange values were based on the Appraisal of the subject LLCs, the private entities, the supervisor and the management companies by the independent valuer.

The independent valuer has delivered to the supervisor a copy of its report, based upon the review, analysis, scope, assumptions, qualifications and limitations described therein, as to the estimated fair market value of the properties owned by the subject LLCs and the private entities as of June 30, 2012 (the Appraisal). The Appraisal, which contains a description of the assumptions and qualifications made, matters considered and limitations on the review and analysis, is attached to this prospectus/consent solicitation as Appendix B and should be read in its entirety.

The Appraisal and the Exchange Values, which were both as of June 30, 2012, have not been updated since that date. The supervisor has represented to the independent valuer that, since June 30, 2012, there have been no changes in the operations or performance for the subject LLCs, the private entities, the supervisor or the management companies that materially affect the projections used in connection with the Appraisal, which are attached as Appendix C to this prospectus/consent solicitation, and there have been no material changes in any of those projections. Based on this representation, and the independent valuer s view that there have been no material changes since June 30, 2012 in the discount or capitalization rates upon which it based the Appraisal, the independent valuer has advised the supervisor that it believes there would have been no material change to either the Appraisal or to the Exchange Values if the Appraisal and the Exchange Values had been updated after June 30, 2012.

The independent valuer has also delivered to the supervisor and each of the subject LLCs and the private entities its opinion, dated December 21, 2012, to the effect that, as of that date and subject to the assumptions, limitations and qualifications contained therein, the allocation of consideration (Class A common stock, Class B common stock, operating partnership units or cash consideration) (i) among each subject LLC, each private entity and the management companies was fair from a financial point of view to each such subject LLC, each such private entity and the participants in each such subject LLC and each such private entity, and (ii) to the participants in each subject LLC and each private entity, was fair from a financial point of view to the participants in each such subject LLC and each such private entity (without giving effect to any impact of the consolidation on any particular participant other than in its capacity as a participant in each of the subject LLCs and each of the private entities). In this regard, the fairness opinion addressed the fairness of the consolidation assuming that each subject LLC and each private entity would participate in the proposed consolidation and did not address the fairness of all possible combinations in the proposed consolidation. The supervisor believes that, for reasons stated under Recommendation and Fairness Determination Material Factors Underlying Belief as to Fairness, such opinion addressing the fairness of all possible combinations in the proposed consolidation is not necessary because the supervisor believes that the consolidation is fair, regardless of which particular combination of entities participates in the consolidation among any such combination.

Duff & Phelps was engaged based on its experience as a leading global independent provider of financial advisory, real estate, and investment banking services. Duff & Phelps delivers advice principally in the areas of valuation, transactions, financial restructuring, dispute and taxation. Since 2005, Duff & Phelps has completed hundreds of valuations in the real estate investment trust and real estate operating company industry and rendered over 342 fairness opinions in transactions aggregating over $105 billion. Duff & Phelps has also rendered over 250 solvency opinions in transactions aggregating over $1.1 trillion.

The subject LLCs and the private entities have agreed to pay the independent valuer an aggregate fee of $1.8 million for preparing the Appraisal and for rendering a fairness opinion, none of which is contingent upon

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consummation of the consolidation. In addition, the independent valuer is entitled to reimbursement for certain reasonable legal, travel and out-of-pocket expenses incurred in making site visits and preparing the Appraisal and the fairness opinion. The independent valuer also is entitled to indemnification against liabilities, including liabilities under federal securities laws, from the subject LLCs and the private entities. The fee was negotiated between the subject LLCs, the private entities and the independent valuer and payment thereof is not dependent upon completion of the consolidation. In addition, the independent valuer was separately engaged by the supervisor to provide financial services to assist the supervisor with an allocation of the purchase price for financial reporting purposes, for which services the independent valuer has been paid fees in the amount of approximately $323,000 and for which the independent valuer expects to receive additional customary fees through completion of such services. The independent valuer has not received any fees during the past two years from the supervisor, the subject LLCs or the private entities other than as described in this paragraph.

Appraisal

Summary of Methodology. In traditional valuation theory, the three approaches to estimating the value of an asset are the cost approach, sales comparison approach, and income capitalization approach. Each approach assumes valuation of the property at the property s highest and best use. From the indications of these analyses, an opinion of value is reached based upon expert judgment within the outline of the appraisal process.

Income Approach

The income capitalization approach (income approach) simulates the reasoning of an investor who views the cash flows that would result from the anticipated revenue and expense on a property throughout its lifetime. The net income (NOI) developed in its analysis is the balance of potential income remaining after vacancy and collection loss, and operating expenses. This net income is then capitalized at an appropriate rate to derive an estimate of value or discounted by an appropriate yield rate over a typical projection period in a discounted cash flow analysis. Thus, two key steps are involved: (1) estimating the net income applicable to the subject and (2) choosing appropriate capitalization rates and discount rates.

The discounted cash flow (DCF) analysis focuses on the operating cash flows expected from the property and the anticipated proceeds of a hypothetical sale at the end of an assumed holding period. These amounts are then discounted to their present value. The discounted present values of the income stream and the reversion are added to obtain a value indication. Because benefits to be received in the future are worth less than the same benefits received in the present, this method weights income projected in the early years more heavily than the income and the sale proceeds to be received later.

With respect to the DCF analysis, the independent valuer used financial projections of the supervisor and the management companies, in each case provided to the independent valuer by management of the supervisor. In addition, the independent valuer used financial projections of the subject LLCs and private entities and the properties owned by the subject LLCs and private entities. These financial projections were (i) presented by the independent valuer based on the Information (as defined below) provided by management of the supervisor and analysis performed by the independent valuer and (ii) reviewed and approved by management of the supervisor.

The independent valuer relied primarily on the DCF method to determine the market value of the operating properties owned by the subject LLCs and private entities. The independent valuer relied on the sales comparison approach to value the Stamford, CT land. However, the independent valuer corroborated its results through an analysis of the implied capitalization rate for each property. The independent valuer analyzed the implied capitalization rate based on the value determined via the DCF and the first several years of projected NOI.

The income approach was relied upon in determining the market value of the properties owned by the subject LLCs and private entities. This is the approach the independent valuer believes utilized by typical investors and other market participants in the local market of the properties owned by the subject LLCs and private entities, and was therefore determined to be the most reliable indicator of market value.

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Cost Approach

The cost approach considers the cost to replace the existing improvements, less accrued depreciation, plus the market value of the land. The cost approach is based on the understanding that market participants relate value to cost. The value of the property is derived by adding the estimated value of the land to the current cost of constructing a reproduction or replacement for the improvements and then subtracting the amount of depreciation in the structure from all causes. Profit for coordination by the entrepreneur is included in the value indication.

The cost approach was omitted from the independent valuer s analysis, as it is not an approach typically utilized by investors in the local market of the properties owned by the subject LLCs and private entities. Additionally, a portion of the properties owned by the subject LLCs and private entities are unique and historic buildings. The reproduction of the improvements would not be possible in many cases, and a replacement of the improvements would not necessarily constitute an adequate substitute, given their unique and historic nature.

Sales Comparison Approach

The sales comparison approach estimates value based on what other purchasers and sellers in the market have agreed to as price for comparable properties. This approach is based upon the principle of substitution, which states that the limits of prices, rents, and rates tend to be set by the prevailing prices, rents, and rates of equally desirable substitutes. In conducting the sales comparison approach, the independent valuer gathered data on reasonably substitutable properties and makes adjustments for transactional and property characteristics. The resulting adjusted prices lead to an estimate of the price one might expect to realize upon sale of the property.

The sales comparison approach was considered but omitted from its analysis (with the exception of the Stamford, CT land and the excess land at 500 Mamaroneck Avenue), as the income approach was deemed by the independent valuer to be a more reliable indicator of market value, as it is the typical approach utilized by investors in the local market of the properties owned by the subject LLCs and private entities. Sales comparables were used to corroborate the independent valuer s value conclusions arrived at using the income approach.

Ground Lease and Operating Lease Methodology

The following table shows the individual properties that are subject to ground leases or operating leases:

Property	**Ground Lease Type**
The Empire State Building	Operating Lease with Private Entity
One Grand Central Place	Operating Lease with Private Entity
250 W 57th Street	Operating Lease with Private Entity
1350 Broadway	Third-Party
501 Seventh Avenue	Operating Lease with Private Entity

Operating Leases

Four of the properties owned by the subject LLCs and private entities listed above are subject to operating leases with a private entity. A subsidiary of Malkin Holdings LLC is supervisor of both the property owner or ground lessee with a third-party and the operating lessee.

One of the properties (which is owned by a private entity) listed above is subject to a third-party ground lease, which is a standard ground lease in which a third-party owns the land, and the private entity or a subsidiary thereof is the lessee of the land and the owner of the building, until ground lease expiration when building ownership reverts back to the ground lessor. The private entity that is the ground lessee makes contractual ground rent payments to the third-party land owner for these properties.

As some of the properties owned by the subject LLCs and private entities are subject to operating leases, the independent valuer determined the value for the private entity or subject LLC that is the property owner or ground lessee with a third-party and the private entity that is the operating lessee. In order to determine the market value of the land and building, the independent valuer used the same discounted cash flow technique highlighted above to estimate the value of the unencumbered property. Secondly, the independent valuer deducted the present value of the fixed rent payments. Lastly, as more fully described in the Exchange Value and Allocation of Operating Partnership Units and Common Stock Derivation of Exchange Values section, the independent valuer split the adjusted value evenly between the private entity or subject LLC that is the property owner or ground lessee with a third-party and the private entity that is the operating lessee.

The allocated exchange value (determined after deducting the present value of the fixed lease payments) was allocated 50% to the property owner and 50% to the operating lessee in a two tier entity instead of being allocated in accordance with discounted cash flow based on representations of the supervisor as to the original intent to treat the two tier entities as equivalent to a joint venture and the historical treatment of the two tier entities in this manner. The supervisor has represented that historically, agreements have been entered into to share capital expenditure and financing costs, and the operating leases have been extended in connection therewith. As a result, such allocated exchange value has been allocated equally to the property owner and operating lessee, rather than in proportion to the value indicated by the discounted cash flow analysis, which would have resulted in a significantly higher allocation to Empire State Building Associates L.L.C.

Supervisor s Reasons for Representation as to 50/50 Allocation

The supervisor made this representation to the independent valuer for the following reasons:

When Lawrence A. Wien, and subsequently Lawrence A. Wien and Peter L. Malkin, structured the transactions involving the subject LLCs and the operating lessees, prepared the agreements establishing the structure, and marketed these investments, the intent of those who created the structure and drafted the agreements related thereto from the beginning was to achieve the economic attributes of a 50/50 joint venture. The primary objective of the unique format of the documents established by Mr. Wien, and then Mr. Wien and Mr. Peter Malkin, from the initiation of the investment groups by the supervisor was to establish a joint venture treatment which would offer the subject LLC investors favorable, flow-through tax treatment for U.S. federal income tax purposes while at the same time protecting the passive investors in the subject LLCs from general partner liability for building operations. The facts at the time dictated the transaction structure.

When the subject LLCs were formed, the only entity structure which allowed flow-through tax treatment for U.S. federal income tax purposes was a general partnership which exposed investors to general partner liability. Limited partnerships with corporate characteristics subject to entity-level tax as corporations for U.S. federal income tax purposes, and limited liability companies had not yet been created. Lawrence A. Wien created the operating lease legal structure to produce the desirable result of flow-through tax treatment while protecting the investors against general partner liability for operations. His unique deal structure helped him raise money from the small investors who invested with him. This information is the understanding of persons still associated with the supervisor who were involved in the original structuring, and is reflected in the economic realities of the terms of the operating leases.

When each property was acquired, a large group of passive investors invested in participations in member interests under partnership agreements through agents, who were members of, related to, or close business partners of the supervisor. Each partnership (holding either the fee title or ground leasehold of the property) became the lessor, which was supervised by the supervisor. Lawrence A. Wien, and later Lawrence A. Wien and Peter L. Malkin, formed in each case a small group of participants who created the entity known as the operating lessee. These individuals functioned as managing partners and were supervised by the supervisor. From the inception of each subject LLC and disclosed to every investor from inception, Lawrence A. Wien, then Lawrence A. Wien and Peter L. Malkin, then Peter L. Malkin and Anthony E. Malkin, have controlled the supervisor, had interests in the lessor, and had interests in and/ or controlled the operating lessee. Part of the presentation of the subject LLCs by Mr. Wien and Mr. Peter L. Malkin when marketing the subject entity to investors was that both of the two entities were supervised by Mr. Wien and/or Mr. Peter L. Malkin and that Mr. Wien and Mr. Malkin were also investors in the operating lessee of each subject property.

This two-tier operating lessee/lessor arrangement synthesized a conventional joint venture waterfall while protecting investors from taxes at the entity level and general partner liability. After a fixed annual priority distribution of income (equal to basic rent of $6,018,750, $28,000 and $24,000 (in addition to amounts attributable to debt service), respectively, and in the case of 60 East 42nd St. Associates, L.L.C. and 250 West 57th St. Associates, L.L.C., $1,053,800 and $752,000, respectively, as primary additional rent, as provided in the operating lease for each of Empire State Building Associates, L.L.C., 60 East 42nd St. Associates, L.L.C., and 250 West 57th St. Associates, L.L.C.) to the passive investors in the lessor position, who had provided cash for the acquisition (this initial allocation of income was referred to as basic rent), in the case of Empire State Building Associates L.L.C., income in the amount of $1,000,000 is allocated to the operating lessee (*i.e.*, the managing partners), and in the case of 60 East 42nd St. Associates, L.L.C. and 250 West 57th St. Associates, L.L.C., income in the amount of $1,053,800 and $752,000, respectively, is allocated to the fee owner as primary additional rent out of profits, and then, in each case, the remaining income is shared 50/50 between the investors (*i.e.* managing partners) in the operating lessee and the cash investors in the lessor through overage rent equal to 50% of the remaining property profits.

Consistent with this structure, for the third party ground lease and acquisition mortgage in effect at inception of the investment at the Empire State Building, the operating lease provided for reducing the operating lessee s basic rent to the lessor by 50% of any reduction in the lessor s required payments to third parties for such ground lease rent and such mortgage, all to maintain the 50/50 sharing in such two-tier arrangement.

The residual interest in the property owned by each subject LLC as lessor (*i.e.*, the value after expiration of the operating lease) was not viewed as having any material additional value (in excess of the present value of the basic rent to be received under the operating lease), because the scheduled lease terms (with renewals) were fixed to continue for more than 100 years in the future. Even then, the parties relative positions in the structure have fostered a practice of lease term extensions. Each subject LLC would be entitled to 100% of the remaining value only if the lease were terminated.

Pursuant to the operating lease, the lessor has no say in property operations, improvements, leasing, repairs, maintenance, insurance, real estate tax protests, or any other decision regarding the operation of real estate. Only the operating lessee controls the operations of the property. Cooperation of the lessor and the operating lessee is required to mortgage the property efficiently, because both positions are generally required as collateral for any financing of size. Thus, the parties were from inception placed in structural positions of economic and management interdependence, and by design the supervisor represents both parties and can make this relationship function.

The lessor can not sell the entire property without the cooperation of the operating lessee. While the lessor can sell its fee interest in the property without the operating lessee s consent, the lessor does not have any right to sell the property free of the operating lease. Because any sale by the lessor alone is subject to the operating lease, a buyer would be subject to the operating lessee s continuing to determine leasing, capital expenditure, property operation, and all issues which determine property performance and distributions to the lessor as noted above. Thus, the decision to sell the entire property and the sharing of any resulting sale proceeds requires joint action between the subject LLC and operating lessee.

Under the supervisor, the lessors and the operating lessees subject to this structure have historically shared the costs of required building improvements. This was the original intention of Mr. Wien, and later Mr. Wien and Mr. Peter L. Malkin, because of the mutual benefit to the lessor and the operating lessee from any such improvement. These arrangements flow from the terms of the operating leases, under which (a) any expenditure after payment of the basic rent reduces the operating lessee s profit, and only that excess profit is split 50/50 with the lessor and (b) the operating lessee has full control over the property, and has the obligation to repair, maintain and replace the property, but is not required to make

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capital improvements. The lease terms express and mandate an interdependence between the lessor and the operating lessee for the capital improvements which are necessary to maximize the long-term value of the property an interdependence expressed by 50/50 cost-sharing, debt financing and improvement programs between the lessor and the operating lessee, typically including lease extension to induce the operating lessee to join in such long-term reinvestment in the property.

In connection with such joint financing for capital and other improvements, the lessor and the operating lessee give effect to 50/50 sharing of the resulting debt service by (a) increasing the basic rent under the operating lease by an amount equal to such debt service and (b) allowing such increase in basic rent to be deducted in calculating profits for payment of 50% overage rent. Thus, the lessor receives additional basic rent to pay the debt service, but its overage rent receipts are reduced by an amount equal to 50% of such debt service yielding an overall 50/50 sharing of the new debt service burden between the lessor and the operating lessee. If debt service thereafter is reduced, such basic rent is correspondingly reduced, to maintain such 50/50 sharing. In each case, the amendment to the operating lease recites that the proceeds of the financing will be used to pay for property improvements, including the capital improvements program. Accordingly, the lessor and the operating lessee are effectively sharing the costs of property improvements 50/50.

Generally, the operating leases have been extended in connection with the joint programs for sharing of costs of improvements and related financing. Such extensions were made in similar circumstances for other two-tier properties, including those owned by One Grand Central Place and 250 West 57th Street. However, for the current phase of improvements at the Empire State Building, other factors recently in place, including the prospect of the proposed consolidation and planning for transfer tax efficiency, caused the parties to defer any action on lease extension. While the lessor at the Empire State Building has granted the supervisor unilateral authority to enter into mortgage financing for up to 50% of the value of all interests subordinated to the mortgage (which would include the operating lessee s interest with its consent), the operating lessee at the Empire State Building has consented to only a small amount of financing. If the operating lessee does not approve more financing, requirements for capital improvement and upgrade may result in material diminishment and/or suspension of overage rent. The supervisor will recommend that the operating lessee require an extension of its operating lease (as in other properties) if the proposed consolidation is not consummated before it is determined how additional improvement work is financed.

The independent valuer initially provided a preliminary draft valuation that allocated the property value based upon the lease agreements between the lessor and the operating lessee using a discounted cash flow analysis. Such draft valuation allocated additional value to the lessor by attributing value to the residual interest (that is, the value of the property at the expiration of the operating lease), which the independent valuer determined on a discounted cash flow basis by (a) applying an assumed inflation rate to forecast such residual value and (b) then computing the net present value of that residual by applying a discount rate.

The independent valuer s preliminary draft valuation also allocated all of the debt to the lessor. Pursuant to the operating lease terms as amended for each financing, the debt service is a shared expense between the lessor and the operating lessee, but the principal amount due on maturity is contractually only an obligation of the lessor. In contrast, the final method allocated all debt as shared financing costs which were allocated 50% to the lessor and 50% to the operating lessee, except for $60,500,000 of debt of Empire State Building Associates L.L.C. relating to financing costs incurred by Empire State Building Associates L.L.C in connection with the acquisition of the fee interest, which benefited Empire State Building Associates L.L.C as it was relieved of the obligation to pay the ground rent.

As compared with the final method used to allocate the appraised value between the lessor and the operating lessee, such preliminary draft valuation, which was prepared on a discounted cash flow basis and resulted in residual value allocated to the lessor, had the effect of allocating a greater amount of appraised value after such debt allocation (a) to the lessor at the Empire State Building and (b) to the operating lessee at the other four two-tier properties, as shown in the table below.

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As discussed above, the independent valuer initially provided a preliminary draft valuation which used a discounted cash flow method to determine the value of the residual. For the reasons described above, preliminary exchange values shown in this prospectus/consent solicitation were determined by the independent valuer based on the representation of the supervisor described above treating the two-tier entities on a basis consistent with the economic attributes of a 50/50 joint venture.

Set forth below is a comparison of the allocation of value of each of the subject LLCs and their operating lessees using the joint venture methodology (JV) and the discounted cash flow method for calculating the residual (DCF).

Each of the valuations has been calculated based on the valuation inputs used to calculate the exchange values shown in this prospectus/consent solicitation.

The valuation based on the discounted cash flow method, as set forth below, was calculated by the independent valuer. The supervisor requested the independent valuer in September 2012 to calculate the exchange values using the discounted cash flow methodology on this basis solely for illustrative purposes to show participants the effect of the different methods. This illustrative valuation prepared by the independent valuer and summarized below was not prepared based on the same valuation inputs as the original valuation using the discounted cash flow methodology prepared by the independent valuer. The original discounted cash flow methodology had been prepared on the basis of valuation inputs that were not yet final.

The supervisor requested that the independent valuer prepare the illustrative valuation using the discounted cash flow methodology using the same valuation inputs that were used to prepare the exchange values shown in this prospectus/consent solicitation to show participants the effect of the application of the discounted cash flow method for valuing the residual interest in the properties owned by the subject LLCs. Calculation on this basis resulted in an increase in the difference between the exchange values of Empire State Building Associates L.L.C. and Empire State Building Company L.L.C. from the original calculation using the discounted cash flow method.

A copy of this illustrative valuation prepared by the independent valuer, which is attached as Exhibit 99.48 to the Registration Statement on Form S-4, of which this prospectus/consent solicitation is a part, may be obtained without charge by you or your representative (who has been so designated in writing) upon written request to MacKenzie Partners, Inc., the company s vote tabulator, at 105 Madison Avenue, NY, NY 10016 or by calling toll free at (888) 410-7850.

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Entity	Appraised Property Value	Debt Obligations	Cash for Improvements	Present Value of Supervisory Fees	Unpaid Cash Overrides	Total Exchange Value	Per $10,000 Original investment (after voluntary override for Empire State Building Associates L.L.C. and 250 West 57th St. Associates L.L.C.)
Empire State Building							
Empire State Building Associates L.L.C. (Lessor) .							
JV	$ 1,306,500,000(1)	($ 124,750,000)	$ 7,000,000	($ 5,137,451)	$ 0	$ 1,183,612,549	$ 323,803
DCF	$ 1,458,000,000	($ 189,000,000)	$ 7,000,000	($ 5,137,451)	$ 0	$ 1,270,862,549	$ 347,599
Empire State Building Company L.L.C. (Operating Lessee)							
JV	$ 1,223,500,000(1)	($ 64,250,000)	$ 7,000,000	($ 4,113,518)	$ 0	$ 1,162,136,482	N/A
DCF	$ 1,072,000,000	$ 0	$ 7,000,000	($ 4,113,518)	$ 0	$ 1,074,886,482	N/A
One Grand Central Place							
60 East 42nd St. Associates L.L.C. (Lessor)							
JV	$ 359,500,000(1)	($ 45,155,119)	$ 0	($ 1,275,348)	$ 0	$ 313,069,533	$ 402,658
DCF	$ 392,000,000	($ 90,310,237)	$ 0	($ 1,275,348)	$ 0	$ 300,414,415	$ 386,387
Lincoln Building Associates L.L.C. (Operating Lessee)							
JV	$ 344,500,000(1)	($ 45,155,119)	$ 0	($ 2,739,564)	($ 618,000)	$ 295,987,317	N/A
DCF	$ 312,000,000	$ 0	$ 0	($ 2,739,564)	($ 618,000)	$ 308,642,436	N/A
250 West 57th St.							
250 West 57th St. Associates L.L.C. (Lessor)							
JV	$ 186,000,000(1)	($ 22,212,606)	$ 0	($ 722,787)	$ 0	$ 163,064,607	$ 409,662
DCF	$ 197,000,000	($ 44,425,212)	$ 0	($ 722,787)	$ 0	$ 151,852,001	$ 381,630
Fisk Building Associates L.L.C. (Operating Lessee)							
JV	$ 175,000,000(1)	($ 22,212,606)	$ 0	($ 729,597)	($ 909,000)	$ 151,148,797	N/A
DCF	$ 164,000,000	$ 0	$ 0	($ 729,597)	($ 909,000)	$ 162,361,403	N/A

(1) Represents, for the joint venture method, the allocation of the appraised value determined by the independent valuer 50% to the subject LLC and 50% to the operating lessee after deducting the present value of the base rent from the appraised value and adding the present value of base rent to the appraised value of the subject LLC.

The supervisor did not believe that the sharing ratio shown in such preliminary draft valuation was appropriate, because:

(a) It was inconsistent with the original intent of those who created the structure and drafted the agreements related thereto, to achieve the economic attributes of a 50/50 joint venture and practice (as described above).

(b) It would have yielded a sharing ratio substantially dissimilar to that which was provided by other independent valuers in sales over the past decades of other two-tier properties supervised by the supervisor and was approved by investors in both the entities parallel to the subject LLCs and their operating lessees. The sharing ratios under the discounted cash flow analysis were 54.5% for Empire State Building Associates L.L.C. and 45.5% for Empire State Building Company L.L.C., 48.3% for 60 East 42nd St. Associates L.L.C. and 51.7% for Lincoln Building Associates L.L.C., and 48.6% for 250 West 57th St. Associates L.L.C. and 51.4% for Fisk Building Associates L.L.C. Since 1989, from which time the supervisor has comprehensive records of sales transactions, the supervisor has proposed to investors, and investors have approved, three sales of two-tier office properties. In each case, the sale included both the lessor and lessee, and the allocation of the purchase price was based on a sharing ratio that was determined based on a report by an independent third party experienced in valuing real property and was approved by the investors as part of their consent to the sale. The supervisor believes that the preliminary draft value initially provided by the independent third party (which determined the value of the residual interest in the property after expiration of the lease on a discounted cash flow basis) was inconsistent with the allocations in these prior sales of two-tier properties.

In one of these transactions, 200 Fifth Avenue (known as the International Toy Center), the independent third party determined that 52% of the purchase price should be allocated to the fee owner of the property and 48% of the purchase price should be allocated to the operating lessee. The independent third party based its determination on the present value of contractual lease payments under the operating lease, including agreed upon extensions. The independent third party s report stated that it also gave weight to the motivation of the investors at the origination of the investment, as well as noting that the lessee s operating control adds some marginal value to its position. Based on the analysis in the report, the supervisor does not believe that the independent third party attributed any value to the lessor s residual interest in the property after expiration of the lease.

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The second transaction involved the sale of ground leasehold and operating subleasehold interests in a property known as 500-512 Seventh Avenue. An unaffiliated third party which owned the fee interest was the ground lessor and did not join in the sale. The sellers, both supervised by the supervisor, were the ground lessee and the operating sublessee, both subject to expiration of their leasehold interest on the same day. Thus, there was no residual interest. The independent third party determined that the ground lessee would be allocated 46.32% 48.20% of the purchase price and the operating sublessee would be allocated 51.80% 53.68% of the purchase price (with a greater percentage being allocated to the sublessee as the purchase price increased).

The third transaction involved a distressed property known as 498 Seventh Avenue, where the operating lessee was in default under the operating lease due to a failure to pay real estate taxes. In addition, the property had no significant cash flow, so any leasing costs would be borne directly and solely by the operating lessee. Due to these special circumstances, a substantial portion of the proceeds (60% to 80%, depending on the purchase price) were allocated to the fee owner.

(c) The supervisor believes such preliminary draft allocation overvalued the residual and does not believe that an independent third party in an arms length market transaction would pay what the independent valuer determined to be the residual value of the Empire State Building. The supervisor s belief is based on (i) its experience in the prior transactions referred to in (b) above, (ii) its experience in real estate markets, and its discussions with others in the real estate industry as to the valuation of a fee interest subject to a long-term operating lease and (iii) the purchase price paid by Empire State Building Associates L.L.C. to acquire the fee interest from an independent third party.

(d) The supervisor believes, based on its experience with its two-tier properties as discussed above, that in the absence of the proposed consolidation it is likely the operating lease term will be extended at the Empire State Building as part of joint improvement and financing agreements between the lessor and the operating lessee. (As noted previously, such extensions had arisen in similar circumstances for other two-tier properties, including those owned by the other subject LLCs, One Grand Central Place and 250 West 57th Street.)

(e) The supervisor believes that the properties, particularly in view of their age, will continue to require building improvement and reinvestment over time, which will continue to require additional financing and likely result in additional lease extensions to maintain the operating lessee s incentive to join in such improvements and financing. Such lease extensions would reduce any value attributed to the residual interest in the building by making the residual more remote in time. Even without such lease extensions, improvements made decades into the future will reduce the cash flows to the lessor by the extent to which the operating lessee s spending decreases cash available for distribution. Finally, in the absence of such lease extensions, the supervisor believes the operating lessee would not join in the improvements and financing needed to make the necessary building improvements to prevent obsolescence, thereby reducing such residual value.

(f) The operating lease does not address allocation of sale proceeds between the lessor and the operating lessee if sold together (which the supervisor believes is the best way to maximize such proceeds). Any such allocation would have to be made by negotiated agreement, and the supervisor believes that that negotiation would not result in a sharing ratio like the one set forth the independent valuer s preliminary draft valuation.

Accordingly, the supervisor concluded and represented to the independent valuer that the allocation of value between the lessor and the operating lessee should be determined by conforming to the economic format of a joint venture which shares excess profits 50/50, parallel to the existing operating lease format for sharing excess profits 50/50 including a corresponding allocation of the joint financing.

The supervisor does not view such conclusion as contradicting any statement in the original offering documents or operating lease to the effect that the operating lease is not a joint venture. Any such statements were intended only to reinforce the desire to avoid the tax and liability characteristics of a joint venture where it was felt needed in the face of having created de facto in the operating lease the economic characteristics of a joint venture.

Third-Party Ground Leases

For the property subject to a third-party ground lease, the independent valuer estimated the value of the private entity that is the ground lessee by calculating the present value of the future cash flows through the contractual term including all potential extensions noting that the reversion of the building would flow to the third-party ground lessor.

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Application of Discounted Cash Flow

In applying the discounted cash flow technique, the independent valuer estimated the operating results over a hypothetical 10-year holding period and assumed the properties owned by the subject LLCs and private entities would be sold at the end of the final year for a price calculated by capitalizing the following year s projected net operating income. The independent valuer averaged the 11th, 12th and 13th years to account for any inconsistencies in cash flow. The independent valuer then discounted the cash flows at rates ranging from 6.75% to 9.00%, and used terminal capitalization rates ranging from 5.75% to 7.00%.

Conclusion as to Value. Based on the valuation methodology described above, the independent valuer estimated the value of properties owned by the subject LLCs and the private entities, before deducting mortgage indebtedness and other liabilities, and the business of the management companies as follows:

Property(1)	Real Estate or (for the Management Companies) Business Value Conclusion, Before Deducting Mortgage Indebtedness and Other Liabilities(2)
Empire State Building	$ 2,530,000,000
One Grand Central Place	$ 704,000,000
250 West 57th Street	$ 361,000,000
1333 Broadway	$ 209,000,000
1350 Broadway(3)	$ 187,000,000
1359 Broadway	$ 206,000,000
501 Seventh Avenue	$ 178,000,000
69-97 Main St.	$ 31,000,000
77 West 55th Street & 1010 Third Avenue	$ 85,000,000
Metro Center	$ 157,000,000
10 Union Square	$ 105,000,000
103-107 Main Street	$ 7,000,000
100, 200 & 300 First Stamford Place	$ 266,000,000
10 Bank Street	$ 50,000,000
1542 Third Avenue	$ 41,000,000
383 Main St.	$ 37,000,000
500 Mamaroneck Avenue	$ 52,000,000
BBSF LLC	$ 14,600,000
Supervisor and Management Companies(4)	$ 16,302,000

(1) Excludes three private entities which are the ground lessees and an operating lessee of two properties that are supervised by the supervisor, having an appraised value of $776,000,000 (after reduction for the third-party ground lease), of which $424,000,000 relates to 112-122 West 34th Street and $352,000,000 relates to 1400 Broadway. The operating partnership has entered into option agreements pursuant to which it has the option to acquire their property interests upon the final resolution of certain ongoing litigation with respect to these properties. The appraised values of such properties are the appraised values the properties would have had if the litigation is resolved, and were determined on a basis consistent with the exchange values of the subject LLCs and the private entities.

(2) Represents the fee simple values, except as otherwise noted, which have been allocated to the subject LLCs and the private entities as described in Exchange Value and Allocation of Operating Partnership Units and Common Stock.

(3) Reflects the interest in the leasehold only.

(4) Total exchange value of the supervisor excludes the value attributable to the supervisor s overrides, which are included in the value of the overrides that the Malkin Holdings group holds in the subject LLCs and the private entities.

The independent valuer s estimated value of the properties owned by each of the entities is as of June 30, 2012. They do not necessarily reflect the sales prices of the properties or portfolio that would be realized in actual sales of the properties or portfolio. These prices could be higher or lower than the appraised value of the properties or portfolio.

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Properties Proposed For Inclusion In Consolidation

The following table provides, as of September 30, 2012, descriptive information regarding the properties covered by the Appraisal and proposed to be included in the consolidation. The aggregate value of the properties pursuant to the Appraisal is $5.2 billion and the aggregate value of such properties pursuant to the Appraisal net of mortgage indebtedness is $4.2 billion, including, in each case, $15 million relating to the management companies.

Property Name	Submarket	Year Built / Renovated[1]	Rentable Square Feet[2]	Percent Leased[3]	Annualized Base Rent[4]	Annualized Base Rent Per Leased Square Foot[5]	Net Effective Rent Per Leased Square Foot [6]	Number of Leases[7]
Manhattan Office Properties								
The Empire State Building	Penn Station- Times Sq. South	1931/ In process					$ 43.80	
Office[8]			2,696,316	67.4%	$ 70,119,745	$ 38.60		247
Retail[9]			169,215	85.9%	$ 15,234,691	$ 104.82		25
One Grand Central Place	Grand Central	1930/ In process					$ 47.67	
Office			1,181,327	79.1%	$ 41,949,725	$ 44.89		297
Retail			68,005	92.9%	$ 6,313,878	$ 99.97		19
250 West 57th Street	Columbus Circle- West Side	1921/ In process					$ 45.02	
Office			476,574	86.0%	$ 16,794,389	$ 40.99		165
Retail			52,247	100.0%	$ 4,566,250	$ 87.40		7
501 Seventh Avenue	Penn Station- Times Sq. South	1923/ In process					$ 35.79	
Office			441,203	87.3%	$ 13,487,847	$ 35.03		31
Retail			35,502	100.0%	$ 1,784,676	$ 50.27		10
1359 Broadway	Penn Station- Times Sq. South	1924/ In process					$ 39.41	
Office			441,022	93.0%	$ 15,407,047	$ 37.58		31
Retail			27,618	40.3%	$ 1,510,342	$ 135.59		5
1350 Broadway[10]	Penn Station- Times Sq. South	1929/ In process					$ 55.80	
Office			368,323	81.7%	$ 12,154,203	$ 40.41		73
Retail			30,895	100.0%	$ 5,730,477	$ 185.48		6
1333 Broadway	Penn Station- Times Sq. South	1915/ In process					$ 43.96	
Office			302,277	96.6%	$ 11,996,983	$ 41.09		10
Retail			50,063	6.4%	$ 745,713	$ 233.11		3
Sub-Total / Weighted Average Manhattan Office Properties			**6,340,587**	**77.1%**	**$ 217,795,966**	**$ 44.54**	**$ 44.46**	**929**
Office			**5,907,042**	**77.0%**	**$ 181,909,939**	**$ 39.99**		**854**
Retail			**433,545**	**78.8%**	**$ 35,886,027**	**$ 105.09**		**75**
Greater New York Metropolitan Area Office Properties								
First Stamford Place[11]	Stamford, Connecticut[12]	1986/2003	785,945	88.6%	$ 26,824,272	$ 38.53	$ 39.54	38
Metro Center	Stamford, Connecticut[12]	1987/1999	275,758	98.6%	$ 12,855,443	$ 47.28	$ 47.28	26
383 Main Avenue	Norwalk, Connecticut[13]	1985/1996	259,856	81.3%	$ 5,787,139	$ 27.39	$ 27.94	18
500 Mamaroneck Avenue	Harrison, New York[14]	1986/2004	289,711	88.5%	$ 6,950,955	$ 27.12	$ 26.74	29
10 Bank Street		1989/2001	228,994	85.4%	$ 6,485,766	$ 33.15	$ 33.71	28

	White Plains, New York[15]						
Sub-Total / Weighted Average Greater New York Metropolitan Area Office Properties		**1,840,264**	**88.6%**	**$ 58,903,574**	**$ 36.11**	**$ 36.62**	**139**
Total / Weighted Average Office Properties		**7,747,306**	**79.8%**	**$ 240,813,514**	**$ 38.97**		**993**

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Property Name	Submarket	Year Built / Renovated(1)	Rentable Square Feet(2)	Percent Leased(3)	Annualized Base Rent(4)	Annualized Base Rent Per Leased Square Foot(5)	Net Effective Rent Per Leased Square Foot (6)	Number of Leases(7)
Standalone Retail Properties								
10 Union Square	Union Square	1988/1997	58,005	100.0%	$ 4,731,292	$ 81.57	$ 81.95	13
1542 Third Avenue	Upper East Side	1993(16)	56,250	100.0%	$ 2,775,618	$ 49.34	$ 47.71	3
1010 Third Avenue	Upper East Side	1963/2007(17)	44,662	100.0%	$ 3,048,085	$ 68.25	$ 65.88	2
77 West 55th Street	Midtown	1962(16)	24,102	100.0%	$ 2,244,516	$ 93.13	$ 79.62	3
69-97 Main Street	Westport, Connecticut	1922/2005	17,103	100.0%(18)	$ 1,513,984	$ 88.52	$ 90.79	5
103-107 Main Street	Westport, Connecticut	1900(16)	4,330	100.0%	$ 423,696	$ 97.85	$ 94.69	3
Sub-Total / Weighted Average Standalone Retail Properties			**204,452**	**100.0%**	**$ 14,737,192**	**$ 72.08**	**$ 69.75**	**29**
Total / Weighted Average Retail Properties(19)			**637,997**	**85.6%**	**$ 50,623,218**	**$ 92.73**		**104**
Portfolio Total			**8,385,303**	**80.2%**	**$ 291,436,731**	**$ 43.33**	**$ 43.33**	**1,097**

(1) For more information regarding the status of ongoing renovations at certain of the company s properties, see The Company Business and Properties Description of the Company s Properties.
(2) Office property measurements are based on the Real Estate Board of New York measurement standards; retail property measurements are based on useable square feet. Excludes (i) 119,437 square feet of space across the company s portfolio attributable to building management use and tenant amenities and (ii) 68,226 square feet of space attributable to the company s observatory.
(3) Based on leases signed and commenced as of September 30, 2012 and calculated as (i) rentable square feet less available square feet divided by (ii) rentable square feet.
(4) Annualized base rent for office properties is calculated by multiplying (i) base rental payments (defined as cash base rents (before abatements and free rent)) for the month ended September 30, 2012 for leases commenced as of September 30, 2012, by (ii) 12. Total abatements and free rent with respect to the office properties for leases in effect as of September 30, 2012 for the 12 months ending September 30, 2013 are $10,441,248. Total annualized base rent, net of abatements and free rent, for the company s office properties is $230,372,265. Annualized base rent for retail properties (including the retail space in the company s Manhattan office properties) is calculated by multiplying (i) base rental payments (defined as cash base rents (before abatements, tenant reimbursements and free rent)) for the month ended September 30, 2012 for leases commenced as of September 30, 2012, by (ii) 12. Total abatements, tenant reimbursements and free rent with respect to the retail properties (including the retail space in the company s Manhattan office properties) for leases in effect as of September 30, 2012 for the 12 months ending September 30, 2013 are $243,517. Total annualized base rent, net of abatements, tenant reimbursements and free rent, for the company s retail properties is $50,379,701. Annualized base rent data for the company s office and retail properties is as of September 30, 2012 and does not reflect scheduled lease expirations for the 12 months ending September 30, 2013.
(5) Represents Annualized Base Rent under leases commenced as of September 30, 2012 divided by leased square feet.
(6) Net effective rent per leased square foot represents (i) the contractual base rent for office and retail leases in place as of September 30, 2012, calculated on a straight-line basis to amortize free rent periods and abatements, but without regard to tenant improvement allowances and leasing commissions, divided by (ii) square footage under commenced leases as of September 30, 2012.
(7) Represents the number of leases at each property or on a portfolio basis. If a tenant has more than one lease, whether or not at the same property, but with different expirations, the number of leases is calculated equal to the number of leases with different expirations.
(8) Includes 85,812 rentable square feet of space leased by the company s broadcasting tenants.
(9) Includes 6,180 rentable square feet of space leased by Host Services of New York, a licensee of the company s observatory.
(10) Denotes a ground leasehold interest in the property with a remaining term, including unilateral extension rights available to the company, of approximately 39 years (expiring July 31, 2050).
(11) First Stamford Place consists of three buildings.
(12) This submarket is part of the Stamford, Connecticut central business district (CBD) submarket as defined by RCG. See Economic and Market Overview.
(13) This submarket is part of the South Central Stamford, Connecticut submarket as defined by RCG. See Economic and Market Overview.
(14) This submarket is part of the Eastern Westchester County submarket as defined by RCG. See Economic and Market Overview.
(15) This submarket is part of the White Plains, New York CBD submarket as defined by RCG. See Economic and Market Overview.
(16) No major renovation activity was undertaken at this property.
(17) This property underwent major renovations in 2007 to coincide with the signing of a significant retail lease.
(18) 100% leased, including leases signed but not yet commenced.
(19) Includes 433,545 rentable square feet of retail space in the company s Manhattan office properties.

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Fairness Opinion

The independent valuer has delivered to the supervisor and each of the subject LLCs and the private entities its opinion, dated December 21, 2012, to the effect that, as of that date and subject to the assumptions, limitations and qualifications contained therein, the allocation of consideration (Class A common stock, Class B common stock, operating partnership units in the operating partnership or cash consideration) (i) among each subject LLC, each private entity and the management companies was fair from a financial point of view to each such subject LLC, each such private entity and the participants in each such subject LLC and each such private entity, and (ii) to the participants in each subject LLC and each private entity, was fair from a financial point of view to the participants in each such subject LLC and each such private entity (without giving effect to any impact of the consolidation on any particular participant other than in its capacity as a participant in each of the subject LLCs and each of the private entities). The fairness opinion did not take into account the effects of the IPO upon the consolidation.

The fairness opinion addressed the fairness of the consolidation assuming that each subject LLC and each private entity would participate in the proposed consolidation and did not address the fairness of all possible combinations in the proposed consolidation. Accordingly, if the consolidation is completed with less than all of the subject LLCs participating, no report, opinion or appraisal concerning the fairness of the transaction will have been obtained as to such a consolidation. The supervisor believes that, for reasons stated under Recommendation and Fairness Determination Material Factors Underlying Belief as to Fairness, an opinion addressing the fairness of all possible combinations in the proposed consolidation is not necessary because the supervisor believes that the consolidation is fair, regardless of which particular combination of entities participates in the consolidation among any such combination.

The consideration to which each participant or member of the subject LLCs and private entities is entitled was determined by the supervisor based on the appraisals by the independent valuer and the exchange value determined by the independent valuer, because the supervisor believes that it is appropriate to rely on the independent valuer s determination of exchange value to allocate consideration. Since each subject LLC will receive capital transaction proceeds from its contribution of assets to the company and distribute such proceeds to all its interest holders including the participants and the supervisor, as holder of the override interests, the consideration allocable to the supervisor, as holder of the override interests, will be determined based on the amount to which it is entitled under such constituent documents in connection with a distribution by each subject LLC of capital transaction proceeds. Accordingly, the amounts of consideration to each participant will take into account the override interests held by the supervisor for each of the subject LLCs. The fairness opinion took those override interests into account in addressing the fairness of the allocation of consideration (Class A common stock, Class B common stock, operating partnership units or cash consideration) to the participants in each subject LLC and each private entity.

In rendering its opinion as to the fairness from a financial point of view of the allocation of the consideration to the participants in the consolidation, the independent valuer relied on information provided by the management of the company concerning the terms of the constituent documents of the subject LLCs and the private entities which are applicable to distributions of capital proceeds to the participants.

The fairness opinion, dated December 21, 2012, is attached as Appendix A to this prospectus/consent solicitation. You should read the independent valuer s opinion in its entirety with respect to the assumptions made, matters considered and limits of the review undertaken by the independent valuer in rendering its opinion. Certain of the material assumptions and limitations to the fairness opinion are described below, but this does not purport to be a complete description of the analyses used by the independent valuer in rendering the fairness opinion. Arriving at a fairness opinion is a complex analytical process not necessarily susceptible to partial analysis or amenable to summary description. Except as described below, the supervisor did not impose any limitations on the scope of the investigation conducted by the independent valuer in rendering its opinion.

Selection of the Fairness Opinion Provider. The supervisor selected the independent valuer because of its experience in real estate valuation and its reputation in valuing real estate assets and real estate entities. The compensation payable by the subject LLCs and private entities to the independent valuer in connection with the rendering of the fairness opinion is not contingent on the approval or completion of the consolidation.

Summary of Materials Considered and Analysis Performed.

In connection with its fairness opinion, the independent valuer has made such reviews, analyses and inquiries as it has deemed necessary and appropriate under the circumstances. The independent valuer also took into account its assessment of general economic, market and financial conditions, as well as its experience in securities, business, and real estate valuation, in general, and with respect to similar transactions, in particular. The independent valuer s procedures, investigations, and financial analysis with respect to the preparation of its fairness opinion included, but were not limited to, the items summarized below:

1. Reviewed the following documents:

a. a draft of this prospectus/consent solicitation in substantially the form intended to be sent to participants in the subject LLCs;

b. a draft of the private consent solicitation in substantially the form intended to be provided to the participants in the private entities;

c. audited financial statements, or to the extent not available, unaudited financial statements, for the subject LLCs and private entities, the supervisor and the management companies for the years ended December 31, 2010 and 2011 and unaudited financial statements for the subject LLCs and private entities, the supervisor and the management companies for the six months ended June 30, 2012, in each case, provided to the independent valuer by the supervisor;

d. historical operating and financial information including property-level financial data relating to the business, financial condition and results of operations of the subject LLCs and private entities, the properties owned by the subject LLCs and private entities, the supervisor, and the management companies, in each case, provided to the independent valuer by the supervisor;

e. other internal documents relating to the history, current operations, current budgets, and probable future outlook of the subject LLCs and private entities, the properties owned by the subject LLCs and private entities, the supervisor, and the management companies, including financial projections of the supervisor, and the management companies, in each case provided to the independent valuer by management of the supervisor, and financial projections of the subject LLCs and private entities and the properties owned by the subject LLCs and private entities, which financial projections were (i) presented by the independent valuer based on the Information (as defined below) provided by management of the supervisor and analysis performed by the independent valuer and (ii) reviewed and approved by management of the supervisor. A copy of such financial projections which were finalized in September 2012 is attached to this prospectus/consent solicitation as Appendix C;

f. a letter dated December 21, 2012 from the supervisor to the independent valuer which made certain representations as to historical financial statements, financial projections and the underlying assumptions for the subject LLCs and private entities, the properties owned by the subject LLCs and private entities, the supervisor, and the management companies, the allocation of fee simple value among certain entities which are ground lessees or operating lessees, and the equity interest allocation worksheets for the subject LLCs and private entities;

g. other documents and information related to the properties owned by the subject LLCs and prepared by management of the supervisor, including: floor plans, re-measurement projections, stacking plans, present market rental package including market rents and concessions, rent rolls, lease abstracts, property tax cards, capital expenditure projections stabilization estimates for the properties, Argus files prepared by the supervisor and operating expense estimates (collectively, the Information);

h. organizational and related documents of the subject LLCs and the private entities and

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i. the schedule setting forth the allocation of consideration provided from the supervisor to the independent valuer.

2. Discussed the information referred to above and the background, other elements of the consolidation, conditions in property markets, conditions in the market for sales or acquisitions of properties similar to the properties owned by the subject LLCs and private entities, current and projected operations and performance, financial condition, and future prospects of such properties, the supervisor, and the management companies with the supervisor and professionals from Pearson Partners, Inc. and CBRE Group, Inc., both as representatives of the Helmsley estate, a significant investor in certain of the subject LLCs and the private entities;

3. Reviewed the historical trading price and trading volume of the publicly traded securities of certain other companies that the independent valuer deemed relevant;

4. With respect to the supervisor and the management companies, performed certain valuation and comparative analyses using generally accepted valuation and analytical techniques including a discounted cash flow analysis, and an analysis of selected public companies that the independent valuer deemed relevant;

5. With respect to the properties owned by the subject LLCs and the private entities, conducted independent valuations using generally accepted valuation and analytical techniques that the independent valuer deemed relevant;

6. Performed site visits for each of the properties owned by the subject LLCs and the private entities, with the exception of the properties located in Westport, CT at 69-97 Main Street and 103-107 Main Street and

7. Conducted such other analyses and considered such other factors as the independent valuer deemed appropriate.

Summary of Analysis. The following is a summary of financial analyses conducted by the independent valuer in connection with, and in support of, the fairness opinion. The summary of the opinion and analysis of the independent valuer set forth in this prospectus/consent solicitation is qualified in its entirety by reference to the full text of such opinion.

Appraisal. In preparing its opinion, the independent valuer s scope of work included an investigation, analysis, and valuation of the properties owned by the subject LLCs and the private entities. More specifically, it included inspecting the interior and exterior of the properties owned by the subject LLCs and the private entities (with the exception of 69-97 Main Street and 103-107 Main Street), and examining local and regional market data. The independent valuer spoke with the supervisor s asset managers and the property managers for the properties and consulted local real estate professionals and databases for comparable rentals and sales. Additionally, the independent valuer analyzed local market conditions as well as competitive metrics, economics and yields and placed primary reliance on the income approach to determine the fair market value of the properties owned by the subject LLCs and the private entities as of June 30, 2012.

Supervisor and Management Companies Business Enterprise Valuations. The independent valuer estimated the operating business values of each of the management companies and the supervisor. In estimating the operating business values for each of the management companies and the supervisor, the independent valuer utilized a discounted cash flow analysis. In addition, the independent valuer used a selected public companies analysis as a second indication of operating business value for Malkin Construction Corp. The exchange value ascribed to the supervisor and the management companies was derived by reducing their enterprise values by the net liabilities of each of the businesses, as described more fully in Exchange Value and Allocation of Operating Partnership Units and Common Stock Derivation of Exchange Values.

Discounted Cash Flow Analysis. The independent valuer performed a discounted cash flow analysis of the projected free cash flows of the supervisor and the management companies, with free cash flow defined as cash that is available either to reinvest or to distribute to security holders. The discounted cash flow analysis provided

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an indication of the operating business value by discounting the future free cash flows utilizing a weighted average cost of capital for the discount rate. The projected free cash flows were based on financial projections and assumptions provided by the supervisor for the years ended December 31, 2012 through 2020.

The independent valuer estimated the present value of all cash flows after 2020, referred to herein as the terminal value, of the supervisor and the management companies by utilizing a perpetuity formula, a commonly accepted terminal value approach, based on the projected free cash flow in 2020. For Malkin Properties, the independent valuer normalized the projected 2020 free cash flow to reflect normalized levels of leasing, financing and other fees.

The independent valuer assumed an 11.5% to 13.5% weighted average cost of capital to discount the projected free cash flows and terminal value for the property management companies and the supervisor. The independent valuer assumed a 15.5% to 17.5% weighted average cost of capital to discount the projected free cash flows and terminal value for Malkin Construction Corp. The discount rates used are equivalent to the rates of return that security holders could expect to realize on alternative investment opportunities with risk profiles similar to those of the management companies and the supervisor.

Based on its assumptions, and the projected financials provided by the supervisor, the independent valuer s discounted cash flow analysis indicated a range of operating business value for the property management companies of $5.15 million to $5.85 million, a range of operating business value for the supervisor of $4.0 million to $4.75 million, and a range of operating business value for Malkin Construction Corp of $4.69 million to $5.40 million. The operating business value of the supervisor excludes the value of any of its or its affiliates overrides in the properties owned by the subject LLCs and the private entities, which are included in the consideration received by the Malkin Holdings group from the subject LLCs and private entities.

Selected Publicly Traded Companies Analysis. The independent valuer compared certain financial metrics of Malkin Construction Corp. to corresponding data and ratios from similar construction companies. For purposes of its analysis, the independent valuer used certain publicly available historical financial data and consensus equity analyst estimates for the selected publicly traded companies. This analysis produced valuation multiples of selected financial metrics which indicated an estimate of the operating business value of Malkin Construction Corp. The five companies included in the selected publicly traded companies analysis were:

- Bird Construction Inc.
- Balfour Beatty plc
- Churchill Corp.
- Kier Group plc
- Tutor Perini Corporation

The independent valuer selected these companies for its selected publicly traded companies analysis based on its familiarity with companies in the construction industry and their relative similarity, primarily in terms of business model, to that of Malkin Construction Corp.

The table below reflects the observed trading multiples and the historical and projected financial performance, on an aggregate basis, of the peer group.

	EV / 2012E EBITDA	EV / 2013E EBITDA	EV / 2012E Revenue	Revenue Growth			EBITDA Margin	
				3-YR CAGR	2012E	2013E	2012E	2012E

Minimum	3.7x	3.5x	0.15x	-13.1%	2.7%	0.0%	3.6%	3.7%
Maximum	5.5x	4.6x	0.38x	22.8%	31.1%	8.7%	6.8%	7.7%
Mean	4.6x	4.1x	0.24x	1.8%	12.2%	4.8%	5.0%	5.5%
Median	4.4x	4.1x	0.24x	-2.1%	5.7%	5.4%	5.2%	5.6%

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CAGR = Compounded Annual Growth Rate

Enterprise Value (EV) = (Market Capitalization) + (Debt + Preferred Stock + Minority Interest) (Cash & Equivalents)

EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization

Note: Financial data as of June 30, 2012.

Source: Bloomberg, Capital IQ, SEC filings

In order to estimate a range of operating business values for Malkin Construction Corp, the independent valuer selected and applied valuation multiples of projected 2013 EBITDA ranging from 4.0x to 5.0x and projected 2012 revenue multiples ranging from 0.10x to 0.12x based on the historical and projected financial performance of Malkin Construction Corp. as compared to the selected publicly traded companies. As a result of these selected valuation multiples, the selected publicly traded companies analysis indicated an estimated operating business value for Malkin Construction Corp. of $4.2 million to $5.1 million.

None of the companies utilized for comparative purposes in the independent valuer s analysis were identical to Malkin Construction Corp. Accordingly, a complete valuation analysis cannot be limited to a quantitative review of the selected publicly traded companies, and involves complex considerations and judgments concerning differences in financial and operating characteristics of such companies, as well as other factors that could affect their value relative to that of Malkin Construction Corp.

Exchange Value and Allocation. The independent valuer s evaluation of the fairness from a financial point of view of the allocations of Class A common stock, Class B common stock, operating partnership units or cash consideration among the subject LLCs, private entities, the supervisor, and the management companies employed comparisons of the exchange value of each individual interest to the aggregate exchange value of all such interests. The exchange values are based on the appraised values of the properties owned by the subject LLCs and private entities, the supervisor, and the management companies and is more fully described in Exchange Value and Allocation of Operating Partnership Units and Common Stock Derivation of Exchange Values.

Relying on these exchange values, the independent valuer observed that the allocation of Class A common stock, Class B common stock, operating partnership units or cash consideration among the subject LLCs, private entities, the supervisor, and the management companies, reflects the net value of the assets contributed in the consolidation.

Assumptions, Qualifications and Limiting Conditions. In performing its analyses and rendering its fairness opinion with respect to the consolidation, the independent valuer, with the supervisors consent relied on certain assumption stated in its fairness opinion, including the following:

1. Relied upon the accuracy, completeness, and fair presentation of the Information and all other information, data, advice, opinions and representations obtained from public sources or provided to it from private sources, including management of the supervisor, and did not independently verify any of the Information or such information;

2. Assumed that any estimates, evaluations, forecasts, projections, documents and information related to the properties owned by the subject LLCs and the private entities prepared by the management of the supervisor and the schedule setting forth the allocation of consideration among the holders of interest in each subject LLC and private entity furnished to the independent valuer were reasonably prepared and based upon the best information currently available to, and the good faith judgment of, the person furnishing the same;

3. Assumed that information supplied and representations made by management of the supervisor are substantially accurate regarding the supervisor and the consolidation;

4. Assumed that the factual statements concerning the subject LLCs, the private entities and their properties made in this prospectus/consent solicitation and in the offering memorandum/consent solicitation (other than descriptions of the Appraisal supplied by the independent valuer) in the

solicitation of participants in the private entities do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading;

5. Assumed that there has been no material change in the assets, financial condition, business, or prospects of the subject LLCs or private entities, the properties they own, the supervisor or the management companies since the date of the most recent financial statements and other information made available to the independent valuer;

6. Assumed that each of the subject LLCs and private entities will consent to the consolidation, and that the company will acquire all of assets and liabilities of the subject LLCs and private entities, the supervisor, and the management companies (other than certain specific excluded assets);

7. Assumed that, for the purposes of its analysis, the values of each form of consideration (Class A common stock, Class B common stock, operating partnership units or cash) are equivalent;

8. Assumed at the direction of the supervisor that, for the purpose of its analysis, the value of each form of consideration (Class A common stock, Class B common stock, operating partnership units or cash consideration) is equivalent;

9. Assumed that all of the conditions required to implement the consolidation will be satisfied and that the consolidation will be completed in accordance with the prospectus/consent solicitation and the offering memorandum/consent solicitation for the private entities without any amendments thereto or any waivers of any terms or conditions thereof; and

10. Assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the consolidation will be obtained without any adverse effect on the company, the supervisor, or the management companies.

Limitations and Qualifications of Fairness Opinion. To the extent that any of the foregoing assumptions or any of the facts on which the fairness opinion is based prove to be untrue in any material respect, the fairness opinion cannot and should not be relied upon. Furthermore, in the independent valuer s analysis and in connection with the preparation of the fairness opinion, the independent valuer has made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of any party involved in the consolidation. In rendering its opinion as to the fairness from a financial point of view of the allocation of the consideration to the participants in the consolidation, the independent valuer relied on information provided by the management of the company concerning the terms of the constituent documents of the subject LLCs and the private entities which are applicable to distributions of capital proceeds to the participants.

The independent valuer has prepared the Appraisal of the subject LLCs and private entities, their properties, the supervisor and the management companies as of June 30, 2012 and assumes (i) no responsibility for changes in market conditions and (ii) no obligation to revise its analysis to reflect any such changes which occurred subsequent June 30, 2012. The independent valuer s fairness opinion was dated as of December 21, 2012. The fairness opinion was necessarily based upon market, economic, financial and other conditions as they exist and can be evaluated as of December 21, 2012, and the independent valuer disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the fairness opinion which may come or be brought to the attention of the independent valuer after the date hereof.

The independent valuer has not been requested to, and did not, (i) initiate any discussions with, or solicit any indications of interest from, third parties with respect to the consolidation, the assets, businesses or operations of the properties owned by the subject LLCs and private entities, the supervisor, or the management companies, or (ii) advise the supervisor or any other party with respect to alternatives to the consolidation.

The independent valuer is not expressing any opinion as to the market price or value of the company, including the price at which the Class A common stock or any other securities of the company or the operating partnership may trade at any time, or, except as set forth in the valuation analysis, any particular property, the supervisor or the management companies, either before or after the completion of the consolidation or the IPO. In this regard, the fairness opinion addresses the relative percentage of the consideration that each of the subject LLCs, the private entities and the management companies is to receive in the consolidation, and not the market price or value of the consideration upon completion of the consolidation and the IPO. The independent valuer fairness opinion is based on its valuation analyses of the properties owned by the subject LLCs and private entities, the subject LLCs and private entities, and the management companies as of June 30, 2012. The independent valuer s analysis did not take into account (i) the impact of the consolidation with respect to tax consequences for the participants in the subject LLCs or private entities; (ii) the market price or value of the company or, except as set forth in the valuation analysis, any particular property, the supervisor or the management companies, either before or after the completion of the consolidation or the IPO; (iii) any potential incremental value attributable to the portfolio of assets taken as a whole after giving effect to the consolidation and (iv) the effects of variations in aggregate values attributed to the portfolio assets after giving effect to the consolidation on relative values of such portfolio assets. The fairness opinion should not be construed as a valuation opinion, credit rating, solvency opinion, an analysis of the supervisor s credit worthiness, as tax advice, or as accounting advice. The independent valuer has not made, and assumes no responsibility to make, any representation, or render any opinion, as to any legal matter.

The fairness opinion is for the information of the supervisor, its officers, managers and members of the subject LLCs and private entities in connection with their consideration of the consolidation and may not be used for any other purpose without the independent valuer s prior written consent. The basis and methodology for the fairness opinion have been designed specifically for the express purposes of the supervisor, the subject LLCs, the private entities and the management companies and may not translate to any other purposes. The fairness opinion (i) does not address the merits of the underlying business decision to enter into the consolidation versus any alternative strategy or transaction, (ii) is not a recommendation as to how the participants of subject LLCs and private entities should vote or act with respect to any matters relating to the consolidation, and (iii) does not address whether the participants of subject LLCs and private entities should elect to receive common stock, limited partnership interests in the operating partnership, or cash, or whether to proceed with the consolidation or any related transaction. The ultimate decision to participate in the consolidation or any related transaction must be made by each subject LLC or private entity and will need to take into account factors unrelated to the financial analysis on which the fairness opinion is based. The fairness opinion should not be construed as creating any fiduciary duty on the part of Duff & Phelps to any party.

A copy of the Project Legacy Fairness Analysis dated September 2012, prepared by the independent valuer, which is attached as Exhibit 99.58 to the Registration Statement on Form S-4, of which this prospectus/consent solicitation is a part, and describes in more detail the valuation and fairness analysis, may be obtained without charge by you or your representative (who has been so designated in writing) upon written request to MacKenzie Partners, Inc., the company s vote tabulator, at 105 Madison Avenue, NY, NY 10016 or by calling toll free at (888) 410-7850.

Prior Independent Valuer Work Papers and Analysis

During the period from September 16, 2011 through the submission of the final preliminary valuation prior to commencement of the solicitation of consents from participants in the private entities in November 2011, the independent valuer provided to the supervisor for its review interim preliminary work papers with respect to property valuations and allocations of consideration. These interim preliminary work papers were submitted for review and verification and were not intended to and did not reflect the final work product or advice or conclusions of the independent valuer. The interim preliminary work papers containing material differences from the final preliminary valuation are filed as Exhibits 99.52, 99.53, 99.54, 99.55, 99.56 and 99.57 to the Registration Statement on Form S-4.

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The material differences from these interim work papers reflected in the final preliminary valuation are as follows: revisions to the property allocations to reflect corrections provided by the supervisor for the calculation of the overage rent payable under operating leases to conform to the various governing documents; adjustment in the management fees the independent valuer applied in respect to certain of the non-New York City properties to the actual management fees paid by the private entities that own such properties; changes in the property valuations and allocations to reflect the change in the valuation methodology from valuing the residual interest in a two-tier property on the basis of the discounted cash flow method to valuing it on the basis of the 50/50 joint venture method and, in connection therewith, to change the allocation of debt from 100% to the subject LLCs to 50% to the subject LLCs and 50% to the operating lessees, except for $60,500,000 of debt of Empire State Building Associates L.L.C. incurred in connection with the acquisition of the fee interest, which was allocated 100% to Empire State Building Associates L.L.C; changes in the allocations to reflect changes in the property values; and changes in the discount rates and terminal capitalization rates.

The final preliminary valuation was submitted by the independent valuer in November 2011. This preliminary valuation was included in the documents relating to the solicitation of consents of participants in the private entities. A copy of the Fairness Analysis relating to the preliminary valuation dated November 2011 is attached as Exhibit 99.47 to the Registration Statement on Form S-4, of which this prospectus/consent solicitation is a part. The preliminary exchange values based on such valuations and the financial projections used by the independent valuer in connection with such preliminary exchange values are attached to this prospectus/consent solicitation as Appendix C-2. The material differences between the preliminary exchange values and the final exchange values reflected in this prospectus/consent solicitation resulted from changes occurring between the dates as of which the valuations were made. The principal changes were changes in the leasing market and sales market, which have resulted in a compression of cap rates and discount rates, increasing property values; significant increase in the retail markets and the value of retail properties; and changes in the performance of individual properties, including leasing activity, resulting in changes in their projected cash flow.

Copies of the interim preliminary work papers and the Fairness Analysis relating to the preliminary valuation dated November 2011 may be obtained without charge by you or your representative (who has been so designated in writing) upon written request to MacKenzie Partners, Inc., the company s vote tabulator, at 105 Madison Avenue, NY, NY 10016 or by calling toll free at (888) 410-7850.

EXCHANGE VALUE AND ALLOCATION OF OPERATING PARTNERSHIP UNITS

AND COMMON STOCK

Exchange Value Allocation of Operating Partnership Units and Common Stock

General. The exchange value for each subject LLC, each private entity and the management companies was determined as of June 30, 2012 to establish a consistent method of allocating common stock and operating partnership units for purposes of the consolidation. The shares of common stock and operating partnership units to be issued to each subject LLC, private entity and the management companies will be allocated based on their respective share of the aggregate exchange value. The number of shares of common stock, on a fully-diluted basis, to be issued in the consolidation, as presented in this prospectus/consent solicitation, was determined by dividing the aggregate exchange value by $10 and each subject LLC s share of the common stock, on a fully-diluted basis, is equal to its exchange value divided by $10. The hypothetical value per share of $10 was an arbitrary amount chosen by the supervisor for the sole purpose of illustrating the allocation of common stock and operating partnership units.

The fair market value of the consideration that you receive will not be known until the pricing of the IPO, which will occur after you vote upon the approval of the consolidation transaction. The value of the consideration will be based on the enterprise value determined in connection with the pricing of the IPO. The actual number of shares of common stock, on a fully-diluted basis, issued in the consolidation will equal the enterprise value of the company in connection with the IPO (which will be allocated in proportion to the relative share of the aggregate exchange value) divided by the IPO price. Additionally, the IPO price may be more or less than the hypothetical $10 per share exchange value arbitrarily assigned by the supervisor for illustrative purposes and, after the offering, the shares of Class A common stock may trade above or below the IPO price. See Risk Factors. Accordingly, both the number of operating partnership units and shares of common stock and the value of the operating partnership units and shares of common stock that each participant will receive for each $10,000 of original investment could be higher or lower than the hypothetical amounts set forth in this prospectus/ consent solicitation. The number of shares of Class A common stock, Class B common stock, and operating partnership units issued in the consolidation will be determined based on the company s enterprise value, which will be determined based on the IPO price, without giving effect to shares of Class A common stock issued in the IPO. The enterprise value (which is based on the IPO price) will be determined by, among other things, market conditions at the time of pricing of the IPO, the historical and future performance of the company and its portfolio of properties and the market s view of the company s net asset value and other valuation metrics. Today, some REITs common stock trades at a premium to perceived net asset value and others trade at a discount to perceived net asset value. The market s view of the company s net asset value determined in connection with the IPO could be less than the exchange values determined based on the Appraisal. The Appraisal was undertaken in connection with establishing relative value for the purpose of allocation of interests in the company among contributors of interests in the properties and not to establish the value of shares of common stock in the company upon completion of the IPO. In contrast, the pricing of REIT initial public offerings generally takes into account different factors not considered in the Appraisal, including current conditions in the securities markets, investor preferences and the market s view of the company s management team. Additionally, the Appraisal did not take into account transaction costs for the consolidation and the IPO.

The supervisor believes that initial public offering pricing for REIT common stock generally is at a discount to the market price for common stock of well-established, publicly-traded REITs, and that the company s IPO pricing will be no different. For this and other reasons, the supervisor expects that the enterprise value at the pricing of the IPO will be lower than the aggregate exchange value at the pricing of the IPO, and such discount at the pricing of the IPO could be material and substantial. This discount cannot be determined until the pricing of the IPO. As the company continues to develop a track record as a public company, the supervisor believes that the company s trading price following the IPO will be based on, among other things, the company s historical and future performance, its performance relative to its peers, market conditions generally and its continued seasoning in the public markets. The company currently intends to pay regular quarterly dividends based on the performance of the company and its portfolio of properties, rather than just one property, and those distributions

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are required to be at least 90% of annual REIT taxable income (determined without regard to the deduction for dividends paid, and excluding net capital gains) to maintain its qualification as a REIT. REIT taxable income will be determined by the performance of the portfolio of the company s properties and unaffected by its stock price.

No fractional share of operating partnership unit or common stock will be issued by the company in connection with the consolidation. See No Fractional Share of Common Stock.

Adjustments to Exchange Value and Allocation of Operating Partnership Units and Shares of Common Stock. All determinations of the exchange value for purposes of allocating the common stock and operating partnership units among the subject LLCs, the private entities and the management companies were determined as of June 30, 2012 in the manner described below under Derivation of Exchange Values. No adjustment will be made to the allocations of any of the subject LLCs, private entities or the management companies. The exchange value will be revised to reflect changes in the balance sheet items included in the calculation of the exchange value in the final quarterly balance sheet prior to the closing of the consolidation (other than indebtedness incurred after June 30, 2012 which is used to fund capital expenditures taken into account in the Appraisal or held as reserves for such purposes and included in the assets contributed by the subject LLC or private entity to the company), but will not be revised based on changes in the balance sheets or other events after the final quarterly balance sheet date prior to the closing of the consolidation. As of the date of this prospectus/consent solicitation, the supervisor does not know of any material change regarding any subject LLC, any private entity or the management companies that will affect materially the exchange value for that entity.

Derivation of Exchange Values

The exchange value has been determined for each subject LLC, each private entity and the management companies, as described below.

The subject LLCs and the private entities for two tier properties in which there is a property owner and an operating lessee the exchange value of each subject LLC or private entity is determined as follows:

- the total allocable value as described below has been allocated equally between the property owner and operating lessee:
  - the total allocable value equals:
    - the sum of:
      - the appraised value, on a fee simple basis, of a subject LLC s or private entity s property, as determined by the independent valuer s Appraisal of such property, as of June 30, 2012 and
      - the amount by which the actual net working capital of the subject LLC and the private entity exceeds (such value being negative if it is exceeded by) the normalized level of net working capital required to operate the property owned by the subject LLC or private entity, except for cash in excess of the normalized level of working capital which will be retained by the subject LLC and the private entity and distributed to their participants. Net working capital as used in this allocation is defined as current assets (excluding cash and cash equivalents, except to the extent required to maintain the normalized levels of working capital), less current liabilities (excluding the current portion of debt). As of June 30, 2012 the supervisor determined that there was no excess or deficit in the net working capital over the normalized level of working capital at any of the subject LLCs or private entities, with the exception of the unpaid cash overrides addressed below and
      - the amount of cash held by the subject LLC and private entity that is expressly designated for property improvements, as of June 30, 2012, as provided by the supervisor;

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reduced by:

the face value of shared mortgage debt obligations, which are mortgage debt obligations of the property owner that are serviced by basic rent paid by the operating lessee, as of June 30, 2012 and

the present value of the base operating lease payments from the operating lessee to the property owner.

fifty percent of such allocable value is allocated to the property owner and is adjusted as follows to estimate the exchange value of the property owner:

subtract the after-tax present value of supervisory fees paid to the supervisor and unpaid cash flow overrides as of June 30, 2012;

subtract the property owner debt obligations that are not shared mortgage debt obligations serviced with basic rent paid by the operating lessee as of June 30, 2012 and

add the present value of the base operating lease payments from the operating lessee to the property owner.

fifty percent of such allocable value is allocated to the operating lessee and is adjusted as follows to estimate the exchange value of the operating lessee:

subtract the after-tax net present value of the supervisory fees paid to the supervisor and the unpaid cash overrides as of June 30, 2012.

The allocated exchange value was allocated 50% to the property owner and 50% to the operating lessee in a two tier entity instead of being allocated in accordance with discounted cash flow based on representations of the supervisor as to the original intent to treat the two tier entities as equivalent to a joint venture and the historical treatment of the two tier entities in this manner. The supervisor has represented that historically, agreements have been entered into to share capital expenditure and financing costs and the operating leases have been extended in connection therewith. As a result, such allocated exchange value has been allocated equally to the property owner and operating lessee, rather than in proportion to the value indicated by the discounted cash flow analysis, which would have resulted in a higher allocation to the property owner, which, in the case of Empire State Building Associates L.L.C. would have been significantly higher.

The private entities for fee simple properties, properties with co-tenancy arrangements and properties with third-party ground leases the exchange value of each private entity is determined as follows:

the sum of:

the appraised value of a private entity s (i) property on a fee simple basis when such property is owned, or (ii) leasehold when the lessor of such leasehold is a third party, as determined by the independent valuer s Appraisal of such property or leasehold as of June 30, 2012;

the amount by which the actual net working capital exceeds (such value being negative if it is exceeded by) the normalized level of net working capital required to operate the property owned by the subject LLC or private entity and

the amount of cash held in the subject LLC or private entity that is expressly designated for property improvements as of June 30, 2012, as provided by the supervisor;

reduced by:

the face value of its mortgage debt balance as of June 30, 2012 and

the after-tax net present value of the supervisory fees paid to the supervisor.

The supervisor and management companies The exchange value of the supervisor and the management companies was determined based on the independent valuer s Appraisal of such entities operating business values, as summarized in the following table as of June 30, 2012.

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Appraised Value of the Management Companies

	Concluded Operating Business Value		
	Low	High	Midpoint
Malkin Holdings, LLC[(1)]	$ 4,000,000	$4,750,000	$ 4,250,000
Malkin Properties	$ 5,150,000	$5,850,000	$ 5,500,000
Malkin Construction Corp.	$ 4,688,000	$5,400,000	$ 5,025,000

(1) Total exchange value of the supervisor excludes the value attributable to the supervisor s overrides, which are included in the value of the overrides that the Malkin Holdings group holds in the subject LLCs and the private entities.

The exchange value of the management companies was then computed as the operating business value determined by the independent valuer as of June 30, 2012 plus, in the case of the supervisor, the value of the unpaid cash overrides that are accrued but unpaid. The increases in the fees payable to the supervisor (described under Management s Discussion and Analysis of Financial Condition and Results of Operations of Empire State Realty Trust Results of Operations Third-Party Management and Other Fees) increased the appraised value of the supervisor because the appraised value of the supervisor was calculated based on its discounted cash flow, as described under Reports, Opinions and Appraisals Fairness Opinion Supervisor and Management Companies Business Enterprise Valuations. The management fees payable by the private entities and subject LLCs increased from $821,655 to $2,483,000. The increase in fees was approved by participants in those private entities in which such consent was required under the operative documents. With respect to the subject LLCs, the increase was approved by the agents. No consent of the participants was required under the participating agreements. The supervisor believes that increases in the fees, which were based in each case solely on a cost of living adjustment from the date the current fees were set, results in reasonable levels of compensation in effect, leaving the earlier fee unchanged except to adjust for inflation. Accordingly, it does not result in the supervisor receiving an amount in excess of its fair value.

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Derivation of Exchange Value

The derivation of the exchange value of each subject LLC, each private entity, the supervisor and the management companies, is summarized in the following tables.

The following table shows the derivation of the total allocable value which is the value that, in the case of Two Tier Properties, is shared equally by the property owner and ground lessee or operating lessee:

Entity[(1)]	Appraised Property Value[(2)]	Shared Debt Obligations[(3)]	Present Value of Base Operating Rent[(4)]	Cash for Improvements	Total Allocable Value[(5)]
Empire State Building	$ 2,530,000,000	($ 128,500,000)	($ 83,000,000)	$ 14,000,000	
Empire State Building Associates L.L.C.					$ 1,166,250,000
Empire State Building Company L.L.C.					$ 1,166,250,000
Total	$ 2,530,000,000	($ 128,500,000)	($ 83,000,000)	$ 14,000,000	$ 2,332,500,000
One Grand Central Place	$ 704,000,000	($ 90,310,237)	($ 15,000,000)	$ 0	
60 East 42nd St. Associates L.L.C.					$ 299,344,882
Lincoln Building Associates L.L.C.					$ 299,344,882
Total	$ 704,000,000	($ 90,310,237)	($ 15,000,000)	$ 0	$ 598,689,763
250 West 57th St.	$ 361,000,000	($ 44,425,212)	($ 11,000,000)	$ 0	
250 West 57th St. Associates L.L.C.					$ 152,787,394
Fisk Building Associates L.L.C.					$ 152,787,394
Total	$ 361,000,000	($ 44,425,212)	($ 11,000,000)	$ 0	$ 305,574,788
1333 Broadway					
1333 Broadway Associates L.L.C.	$ 209,000,000	($ 71,200,000)	$ 0	$ 18,914,650	$ 156,714,650
1350 Broadway[(6)]					
1350 Broadway Associates L.L.C.	$ 187,000,000	($ 50,427,335)	$ 0	$ 0	$ 136,572,665
1359 Broadway					
Marlboro Building Associates L.L.C.	$ 206,000,000	($ 47,001,233)	$ 0	$ 0	$ 158,998,767
501 Seventh Avenue	$ 178,000,000	($ 47,154,079)	($ 4,000,000)	$ 0	
Seventh & 37th Building Associates L.L.C.					$ 63,422,961
501 Seventh Avenue Associates L.L.C.					$ 63,422,961
Total	$ 178,000,000	($ 47,154,079)	($ 4,000,000)	$ 0	$ 126,845,921
69-97 Main Street					
Soundview Plaza Associates II L.L.C.	$ 31,000,000	($ 9,284,389)	$ 0	$ 0	$ 21,715,611
1010 Third Avenue and 79 West 55th Street					
East West Manhattan Retail Portfolio L.P.	$ 85,000,000	($ 28,796,975)	$ 0	$ 0	$ 56,203,025
Metro Center					
One Station Place, Limited Partnership	$ 157,000,000	($ 99,097,038)	$ 0	$ 0	$ 57,902,962
10 Union Square					
New York Union Square Retail L.P.	$ 105,000,000	($ 21,431,164)	$ 0	$ 0	$ 83,568,836
103-107 Main Street					
Westport Main Street Retail L.L.C.	$ 7,000,000	$ 0	$ 0	$ 0	$ 7,000,000
First Stamford Place[(7)]	$ 266,000,000	($ 245,435,000)	$ 0	$ 0	
Fairfax Merrifield Associates L.L.C.					$ 6,412,167
Merrifield Apartments Company L.L.C.					$ 6,412,167
First Stamford Place L.L.C.					$ 7,740,666
Total	$ 266,000,000	($ 245,435,000)	$ 0	$ 0	$ 20,565,000
10 Bank Street					
1185 Swap Portfolio L.P.	$ 50,000,000	($ 34,235,042)	$ 0	$ 0	$ 15,764,958
1542 Third Avenue					
1185 Swap Portfolio L.P.	$ 41,000,000	($ 19,540,393)	$ 0	$ 0	$ 21,459,607
383 Main Ave					

Fairfield Merrittview Limited Partnership	$ 37,000,000	($ 31,173,778)	$ 0	$ 0	$ 5,826,222
500 Mamaroneck Ave					
500 Mamaroneck Avenue L.P.	$ 52,000,000	($ 37,190,401)	$ 0	$ 0	$ 14,809,599
BBSF LLC	$ 14,600,000	$ 0	$ 0	$ 0	$ 14,600,000
Supervisor and Management Companies					
Malkin Holdings, LLC	$ 4,250,000	$ 0	$ 0	$ 0	$ 4,250,000
Malkin Properties	$ 5,500,000	$ 0	$ 0	$ 0	$ 5,500,000
Malkin Construction Corp.	$ 5,025,000	$ 0	$ 0	$ 0	$ 5,025,000
Total	$ 14,775,000	$ 0	$ 0	$ 0	$ 14,775,000
Total	**$ 5,235,375,000**	**($ 1,005,202,276)**	**($ 113,000,000)**	**$ 32,914,650**	**$ 4,150,087,374**

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(1) Excludes three private entities which are the ground lessees and an operating lessee of two properties that are supervised by the supervisor, having total allocable value of $609,305,097. The operating partnership has entered into option agreements pursuant to which it has the option to acquire their property interests upon the final resolution of certain ongoing litigation with respect to these properties. The allocable values of such properties are the allocable values the properties would have had if the litigation is resolved, and were determined on a basis consistent with the exchange values of the subject LLCs and the private entities.

(2) Represents the fee simple values, except as otherwise noted, which have been allocated to the subject LLCs and the private entities as described in Exchange Value and Allocation of Operating Partnership Units and Common Stock.

(3) Debt obligations, including mortgage debt, and in the case of the Two Tier Properties, shared mortgage debt obligations of the fee owner that are serviced by basic rent paid by the operating lessee.

(4) Represents the present value of the base operating lease payments from the operating lessee to the fee owner.

(5) Total Allocable Value that is shared equally by the property owner or ground lessee and the operating lessee associated with the Two Tier Properties, defined below, equals the appraised value of such property minus the sum of shared debt obligations and the present value of base rent payable under the operating lease, plus the cash reserves for improvements. Two Tier properties are those in which one entity is a property owner or ground lessee and the other entity is an operating lessee or operating sublessee.

(6) Reflects the interest in the leasehold only.

(7) First Stamford Place L.L.C. is a 37.64% co-tenant with Fairfax Merrifield Associates L.L.C. and Merrifield Apartments Company L.L.C., together owning a 62.36% interest. Merrifield Apartments Company L.L.C. is the operating lessee, owning a 50.00% interest in the co-tenancy, for an aggregate ownership interest of 31.18% in the property.

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The following table shows the additional adjustments to allocable value to derive the exchange value:

Entity[1]	Total Allocable Value[2]	Present Value of Supervisory Fees[3]	Unpaid Cash Overrides[4]	Unshared Debt Obligations[5]	Present Value of Base Rent[6]	Total Exchange Value[7]
Empire State Building						
Empire State Building Associates L.L.C.	$ 1,166,250,000	($ 5,137,451)	$ 0	($ 60,500,000)	$ 83,000,000	$ 1,183,612,549
Empire State Building Company L.L.C.	$ 1,166,250,000	($ 4,113,518)	$ 0	$ 0	$ 0	$ 1,162,136,482
Total	$ 2,332,500,000	($ 9,250,969)	$ 0	($ 60,500,000)	$ 83,000,000	$ 2,345,749,031
One Grand Central Place						
60 East 42nd St. Associates L.L.C.	$ 299,344,882	($ 1,275,348)	$ 0	$ 0	$ 15,000,000	$ 313,069,533
Lincoln Building Associates L.L.C.	$ 299,344,882	($ 2,739,564)	($ 618,000)	$ 0	$ 0	$ 295,987,317
Total	$ 598,689,763	($ 4,014,913)	($ 618,000)	$ 0	$ 15,000,000	$ 609,056,850
250 West 57th St.						
250 West 57th St. Associates L.L.C.	$ 152,787,394	($ 722,787)	$ 0	$ 0	$ 11,000,000	$ 163,064,607
Fisk Building Associates L.L.C.	$ 152,787,394	($ 729,597)	($ 909,000)	$ 0	$ 0	$ 151,148,797
Total	$ 305,574,788	($ 1,452,383)	($ 909,000)	$ 0	$ 11,000,000	$ 314,213,405
1333 Broadway						
1333 Broadway Associates L.L.C.	$ 156,714,650	($ 379,104)	$ 0	$ 0	$ 0	$ 156,335,546
1350 Broadway						
1350 Broadway Associates L.L.C.	$ 136,572,665	($ 727,418)	$ 0	$ 0	$ 0	$ 135,845,247
1359 Broadway						
Marlboro Building Associates L.L.C.	$ 158,998,767	($ 765,722)	$ 0	$ 0	$ 0	$ 158,233,045
501 Seventh Avenue						
Seventh & 37th Building Associates L.L.C.	$ 63,422,961	($ 396,824)	$ 0	($ 817,187)	$ 4,000,000	$ 66,208,949
501 Seventh Avenue Associates L.L.C.	$ 63,422,961	($ 686,679)	$ 0	$ 0	$ 0	$ 62,736,281
Total	$ 126,845,921	($ 1,083,504)	$ 0	($ 817,187)	$ 4,000,000	$ 128,945,230
69-97 Main Street						
Soundview Plaza Associates II L.L.C.	$ 21,715,611	($ 158,195)	$ 0	$ 0	$ 0	$ 21,557,416
1010 Third Avenue and 79 West 55th Street						
East West Manhattan Retail Portfolio L.P.	$ 56,203,025	($ 191,143)	$ 0	$ 0	$ 0	$ 56,011,882
Metro Center						
One Station Place, Limited Partnership	$ 57,902,962	$ 0	$ 0	$ 0	$ 0	$ 57,902,962
10 Union Square						
New York Union Square Retail L.P.	$ 83,568,836	($ 189,529)	$ 0	$ 0	$ 0	$ 83,379,307
103-107 Main Street						
Westport Main Street Retail L.L.C.	$ 7,000,000	($ 74,447)	$ 0	$ 0	$ 0	$ 6,925,553
First Stamford Place[8]						
Fairfax Merrifield Associates L.L.C.	$ 6,412,167	($ 74,405)	$ 0	$ 0	$ 0	$ 6,337,762
Merrifield Apartments Company L.L.C.	$ 6,412,167	($ 74,405)	$ 0	$ 0	$ 0	$ 6,337,762
First Stamford Place L.L.C.	$ 7,740,666	($ 355,547)	$ 0	$ 0	$ 0	$ 7,385,119
Total	$ 20,565,000	($ 504,356)	$ 0	$ 0	$ 0	$ 20,060,644
10 Bank Street						
1185 Swap Portfolio L.P.	$ 15,764,958	($ 184,705)	$ 0	$ 0	$ 0	$ 15,580,253
1542 Third Avenue						
1185 Swap Portfolio L.P.	$ 21,459,607	($ 184,705)	$ 0	$ 0	$ 0	$ 21,274,902
383 Main Ave						
Fairfield Merrittview Limited Partnership	$ 5,826,222	($ 114,335)	$ 0	$ 0	$ 0	$ 5,711,887
500 Mamaroneck Ave						
500 Mamaroneck Avenue L.P.	$ 14,809,599	($ 185,721)	$ 0	$ 0	$ 0	$ 14,623,878
BBSF LLC	$ 14,600,000	$ 0	$ 0	$ 0	$ 0	$ 14,600,000
Supervisor and Management Companies						
Malkin Holdings, LLC[9]	$ 4,250,000	$ 0	$ 1,527,000	$ 0	$ 0	$ 5,777,000
Malkin Properties	$ 5,500,000	$ 0	$ 0	$ 0	$ 0	$ 5,500,000

Malkin Construction Corp.	$ 5,025,000	$ 0	$ 0	$ 0	$ 0	$ 5,025,000
Total	$ 14,775,000	$ 0	$ 1,527,000	$ 0	$ 0	$ 16,302,000
Total	**$ 4,150,087,374**	**($ 19,461,150)**	**$ 0**	**($ 61,317,187)**	**$ 113,000,000**	**$ 4,182,309,037**

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(1) Excludes three private entities which are the ground lessees and an operating lessee of two properties that are supervised by the supervisor, having an aggregate exchange value of $612,458,701, of which $333,680,322 relates to 112-122 West 34th Street and $278,778,379 relates to 1400 Broadway. The operating partnership has entered into option agreements pursuant to which it has the option to acquire their property interests upon the final resolution of certain ongoing litigation with respect to these properties. The exchange values of such properties are the exchange values the properties would have had if the litigation is resolved, and were determined on a basis consistent with the exchange values of the subject LLCs and the private entities. If the option properties are included in the consolidation, the aggregate exchange value would increase by the total exchange value of the option properties, and the individual exchange values of the other properties would not be affected. The relative share of the aggregate exchange value of each of the subject LLCs would be calculated based on the aggregate exchange value including the private entities that own the option properties.

(2) Total Allocable Value that is shared equally by the property owner or ground lessee and the operating lessee associated with the Two Tier Properties, defined below, equals the appraised value of such property minus the sum of shared debt obligations and the present value of base rent payable under the operating lease, plus the cash reserves for improvements. Two Tier properties are those in which one entity is a property owner or ground lessee and the other entity is an operating lessee or operating sublessee.

(3) Reflects the after-tax net present value of the supervisory fees paid to the supervisor. The net operating income used to determine the appraised value of the properties was calculated without deducting supervisory fees as an expense. Instead, the after-tax net present value of the supervisory fee was included in determining the appraised value of the supervisor.

(4) Reflects operating overrides due to the supervisor in respect of cash flow from operations which were unpaid as of June 30, 2012. The appraised value of the supervisor includes an amount equal to the value of the unpaid overrides.

(5) Debt obligations attributable solely to the fee owner of the Two Tier Properties.

(6) Represents the present value of the base operating lease payments from the operating lessee to the fee owner.

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

(8) First Stamford Place L.L.C. is a 37.64% co-tenant with Fairfax Merrifield Associates L.L.C. and Merrifield Apartments Company L.L.C., together owning a 62.36% interest. Merrifield Apartments Company L.L.C. is the operating lessee, owning a 50.00% interest in the co-tenancy, for an aggregate ownership interest of 31.18% in the property.

(9) Total exchange value of the management companies excludes the value attributable to the supervisor s overrides, which are included in the value of the overrides that the Malkin Holdings group holds in the subject LLCs and the private entities.

Allocation of Common Stock and Operating Partnership Units

The method utilized to allocate common stock and operating partnership units is as follows:

Level 1 Allocation: The shares of common stock and operating partnership units will be allocated among the subject LLCs, the private entities and the management companies based upon the exchange value of each subject LLC, each private entity and the management companies relative to the aggregate estimated exchange value of all of the subject LLCs, the private entities and the management companies, as determined by the independent valuer and approved by the supervisor. The supervisor believes that the exchange value constitutes a reasonable basis for such allocation. The composition of the consideration issuable to each of the subject LLCs, and private entities will be based on the elections made by the participants.

Level 2 Allocation: Within each subject LLC, the operating partnership units, Class A common stock and Class B common stock allocable to the subject LLC will be allocated among the participants holding participation interests in the subject LLC (including the supervisor in respect of its override interests) in accordance with the provisions of the subject LLC s operating agreement and other agreements relating to distributions upon liquidation of the subject LLC. To obtain the participants share of the common stock and operating partnership units of an applicable LLC, the common stock and operating partnership units allocated to each subject LLC (which will be determined in accordance with the Level 1 Allocation) will be allocated to each participant after allocation of the overrides in proportion to the percentage of participation interests it holds.

With respect to Empire State Building Associates L.L.C. and 250 West 57th St. Associates L.L.C., which have voluntary override programs, the voluntary capital transaction override then will be deducted only from the distributions allocable to those participants that have consented to the voluntary

capital transaction override, and the distributions allocable to participants that have not consented to

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the voluntary capital transaction override program will be determined without any deduction for these payments.

Since each subject LLC will receive capital transaction proceeds from its contribution of assets to the company and distribute such proceeds to all its interest holders including the participants and the supervisor, as holder of the override interests, the consideration allocable to the supervisor, as holder of the override interests, will be determined based on the amount to which it is entitled under such constituent documents in connection with a distribution by each subject LLC of capital transaction proceeds. Accordingly, the override payment to the supervisor will be calculated in accordance with the formula for the overrides included in the constituent documents for the subject LLCs (including the consents from participants to overrides). The amounts shown in this prospectus/consent solicitation assume that the value will be equal to the exchange value. The actual amount of such override payments will be determined after closing of the IPO based on the enterprise value instead of the exchange value. For example, the voluntary override for Empire State Building Associates L.L.C. equals 10% of the distribution of capital proceeds otherwise payable to participants that have agreed to the voluntary capital override program after they have received a return of their original investment. A participant with a $10,000 original investment in Empire State Building Associates L.L.C. that has agreed to the voluntary override would have received capital proceeds of $358,670 (based on the exchange value), before deduction of the voluntary capital override. The supervisor would receive as an override on such participant s participation interest $34,870, representing 10% of the capital proceeds after $10,000 of unreturned original investment. Accordingly, the amounts of consideration to each participant will take into account the override interests held by the supervisor for each of the subject LLCs. See Exchange Value and Allocation of Operating Partnership Units and Common Stock Derivation of Exchange Values in the supplement for your subject LLC for a description of the allocation of consideration for your subject LLC.

The presentation of the number of operating partnership units and shares of common stock that a participant would receive is based on the aggregate exchange value and the hypothetical $10 per share exchange value arbitrarily assigned by the supervisor for illustrative purposes only. The actual number of operating partnership units and shares of common stock allocated to each participant and the number of operating partnership units allocated with respect to the voluntary capital transaction overrides, will be determined based on the amount of each subject LLC s allocation (which will be determined in accordance with the Level 1 Allocation) of the common stock, on a fully-diluted basis. The number of shares of Class A common stock, Class B common stock, and operating partnership units issued in the consolidation will be determined based on the company s enterprise value, which will be determined based on the IPO price, without giving effect to shares of Class A common stock issued in the IPO. The enterprise value (which is based on the IPO price) will be determined by, among other things, market conditions at the time of pricing of the IPO, the historical and future performance of the company and its portfolio of properties and the market s view of the company s net asset value and other valuation metrics. Today, some REITs common stock trades at a premium to perceived net asset value and others trade at a discount to perceived net asset value. The market s view of the company s net asset value determined in connection with the IPO could be less than the exchange values determined based on the Appraisal. The Appraisal was undertaken in connection with establishing relative value for the purpose of allocation of interests in the company among contributors of interests in the properties and not to establish the value of shares of common stock in the company upon completion of the IPO. In contrast, the pricing of REIT initial public offerings generally takes into account different factors not considered in the Appraisal, including current conditions in the securities markets, investor preferences and the market s view of the company s management team. Additionally, the Appraisal did not take into account transaction costs for the consolidation and the IPO.

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

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of the IPO, and such discount at the pricing of the IPO could be material and substantial. This discount cannot be determined until the pricing of the IPO. As the company continues to develop a track record as a public company, the supervisor believes that the company s trading price following the IPO will be based on, among other things, the company s historical and future performance, its performance relative to its peers, market conditions generally and its continued seasoning in the public markets. The company currently intends to pay regular quarterly dividends based on the performance of the company and its portfolio of properties, rather than just one property, and those distributions are required to be at least 90% of annual REIT taxable income (determined without regard to the deduction for dividends paid, and excluding net capital gains) to maintain its qualification as a REIT. REIT taxable income will be determined by the performance of the portfolio of the company s properties and unaffected by its stock price.

The following paragraphs describe the allocations.

Allocation of Common Stock and Operating Partnership Units among the Subject LLCs, the Private

Entities and the Management Companies

The number of shares of common stock and operating partnership units actually issued in the consolidation will be equal to the aggregate enterprise value divided by the IPO price. For illustrative purposes only, this prospectus/consent solicitation includes information regarding the allocation of common stock and operating partnership units based on a hypothetical value of $10 per share and a hypothetical enterprise value equal to the aggregate exchange value arbitrarily assigned by the supervisor to illustrate the allocation of the common stock and operating partnership units and to determine the hypothetical number of outstanding common stock and operating partnership units.

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The table below shows such illustrative allocation of common stock and operating partnership units among each subject LLC, each private entity and the management companies assuming:

that all subject LLCs participate in the consolidation;

that all private entities participate in the consolidation;

that all participants in the private entities and the equity owners of the management companies receive operating partnership units or shares of common stock. The actual number of shares of common stock and operating partnership units allocated to each private entity upon consummation of the consolidation will be reduced by an amount equal to the number of shares of common stock or operating partnership units that would have been issuable to participants in the private entities that receive cash and

that the enterprise value of the company in connection with the IPO is equal to the aggregate exchange value.

Entity(1)	Exchange Value	Number of Shares of Common Stock, on a Fully-Diluted Basis(2)	Percentage of Total Exchange Value and Percentage of Total Shares of Common Stock Issued, on a Fully-Diluted Basis
Empire State Building Associates L.L.C.	$ 1,183,612,549	118,361,255	28.3%
60 East 42nd St. Associates L.L.C.	$ 313,069,533	31,306,953	7.5%
250 West 57th St. Associates L.L.C.	$ 163,064,607	16,306,461	3.9%
Empire State Building Company L.L.C.(3)	$ 1,162,136,482	116,213,648	27.8%
Lincoln Building Associates L.L.C.(4)	$ 295,987,317	29,598,732	7.1%
Fisk Building Associates L.L.C.(5)	$ 151,148,797	15,114,880	3.6%
1333 Broadway Associates L.L.C.	$ 156,335,546	15,633,555	3.7%
1350 Broadway Associates L.L.C.	$ 135,845,247	13,584,525	3.2%
Marlboro Building Associates L.L.C.	$ 158,233,045	15,823,304	3.8%
Seventh & 37th Building Associates L.L.C.	$ 66,208,949	6,620,895	1.6%
501 Seventh Avenue Associates L.L.C.	$ 62,736,281	6,273,628	1.5%
Soundview Plaza Associates II L.L.C.	$ 21,557,416	2,155,742	0.5%
East West Manhattan Retail Portfolio L.P.	$ 56,011,882	5,601,188	1.3%
One Station Place, Limited Partnership	$ 57,902,962	5,790,296	1.4%
New York Union Square Retail L.P.	$ 83,379,307	8,337,931	2.0%
Westport Main Street Retail L.L.C.	$ 6,925,553	692,555	0.2%
Fairfax Merrifield Associates L.L.C.	$ 6,337,762	633,776	0.2%
Merrifield Apartments Company L.L.C.	$ 6,337,762	633,776	0.2%
First Stamford Place L.L.C.	$ 7,385,119	738,512	0.2%
1185 Swap Portfolio L.P.	$ 36,855,156	3,685,516	0.9%
Fairfield Merrittview Limited Partnership	$ 5,711,887	571,189	0.1%
500 Mamaroneck Avenue L.P.	$ 14,623,878	1,462,388	0.3%
BBSF LLC	$ 14,600,000	1,460,000	0.3%
Supervisor and Management Companies			
Malkin Holdings, LLC(6)	$ 5,777,000	577,700	0.1%
Malkin Properties	$ 5,500,000	550,000	0.1%

Malkin Construction Corp.	$ 5,025,000	502,500	0.1%
Total	$ 16,302,000	1,630,200	0.4%
Total	**$ 4,182,309,037**	**418,230,904**	**100.0%**

(1) Excludes three private entities which are the ground lessees and an operating lessee of two properties that are supervised by the supervisor, having an aggregate exchange value of $612,458,701, of which $333,680,322 relates to 112-122 West 34th Street and $278,778,379 relates to 1400 Broadway. The operating partnership has entered into option agreements pursuant to which it has the option to acquire their property interests upon the final resolution of certain ongoing litigation with respect to these properties. The exchange values of such properties are the exchange values the properties would have had if the litigation is resolved, and were determined on a basis consistent with the exchange values of the subject LLCs and the private entities. If the option properties are included in the consolidation, the aggregate exchange value would increase by the total exchange value of the option properties, and the individual exchange values of the other properties would not be affected. The relative share of the aggregate exchange value of each of the subject LLCs would be calculated based on the aggregate exchange value including the private entities that own the option properties.

(2) The number of shares of common stock issued, on a fully-diluted basis, equals the number of shares of Class A common stock issued in the consolidation plus shares of Class A common stock issuable upon the exchange of operating partnership units or upon conversion of Class B common stock for shares of Class A common stock on a one-for-one basis. To the extent that participants in the private entities that are non-accredited investors or charitable organizations receive cash, the common stock which would have been issued to them, will not be issued. As a result, the number of outstanding shares of common stock will be reduced and the percentage of the common stock each other participant owns will increase. The actual number of shares of common stock, on a fully-diluted basis, and the value allocated to each participant in the subject LLCs and the private entities will be based on the enterprise value in connection with the IPO and the IPO price. The enterprise value (which is based on the IPO price) will be determined by, among other things, market conditions at the time of pricing of the IPO, the historical and future performance of the company and its portfolio of properties and the market s view of the company s net asset value and other valuation metrics. Today, some REITs common stock trades at a premium to perceived net asset value and others trade at a discount to perceived net asset value. The market s view of the company s net asset value determined in connection with the IPO could be less than the exchange values determined based on the Appraisal. The Appraisal was undertaken in connection with establishing relative value for the purpose of allocation of interests in the company among contributors of interests in the properties and not to establish the value of shares of common stock in the company upon completion of the IPO. In contrast, the pricing of REIT initial public offerings generally takes into account different factors not considered in the Appraisal, including current conditions in the securities markets, investor preferences and the market s view of the company s management team. Additionally, the Appraisal did not take into account transaction costs for the consolidation and the IPO.

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

(3) Operating lessee of Empire State Building Associates L.L.C.

(4) Operating lessee of 60 East 42nd St. Associates L.L.C.

(5) Operating lessee of 250 West 57th St. Associates L.L.C.

(6) Total exchange value of the supervisor excludes the value attributable to the supervisor s overrides, which are included in the value of the overrides that the Malkin Holdings group holds in the subject LLCs and the private entities.

Allocation of Common Stock and Operating Partnership Units among the Participants and the Supervisor and the Malkin Holdings Group

The common stock and operating partnership units to be allocated among the subject LLCs, the private entities and the management companies will be allocated among the participants holding participation interests and the supervisor and the Malkin Holdings group in each subject LLC and private entity on account of override interests in accordance with the provisions of the subject LLC s operating agreement and other agreements relating to distributions upon liquidation of the subject LLC.

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A description of the allocations for each of the subject LLCs is shown in the supplement for each subject LLC.

Entity[1]	Exchange Value	Common Stock or Operating Partnership Unit Allocation[2]	Percentage of Total Exchange Value or Percentage of Total Shares of Common Stock Issued, on a Fully-Diluted Basis[3]
Empire State Building Associates L.L.C.			
Participants other than the supervisor and the Malkin Holdings group (subject to voluntary override)	$ 932,726,281	93,272,628	22.30%
Participants other than the supervisor and the Malkin Holdings group (not subject to voluntary override)	$ 68,260,979	6,826,098	1.63%
The supervisor and the Malkin Holdings group as holders of participation interests	$ 74,481,907	7,448,191	1.78%
Override Interests to the Malkin Holdings group	$ 108,143,382	10,814,338	2.59%
Other Override Interests	$ 0	0	0.0%
Total	$ 1,183,612,549	118,361,255	28.30%
60 East 42nd St. Associates L.L.C.			
Participants other than the supervisor and the Malkin Holdings group	$ 259,259,874	25,925,987	6.20%
The supervisor and the Malkin Holdings group as holders of participation interests	$ 22,600,706	2,260,071	0.54%
Override Interests to the Malkin Holdings group	$ 31,208,953	3,120,895	0.75%
Other Override Interests	$ 0	0	0.0%
Total	$ 313,069,533	31,306,953	7.49%
250 West 57th St. Associates L.L.C.			
Participants other than the supervisor and the Malkin Holdings group (subject to voluntary override)	$ 110,390,124	11,039,012	2.64%
Participants other than the supervisor and the Malkin Holdings group (not subject to voluntary override)	$ 29,532,812	2,953,281	0.71%
The supervisor and the Malkin Holdings group as holders of participation interests	$ 10,933,720	1,093,372	0.26%
Override Interests to the Malkin Holdings group	$ 12,207,951	1,220,795	0.29%
Other Override Interests	$ 0	0	0.0%
Total	$ 163,064,607	16,306,461	3.90%
Empire State Building Company L.L.C.[4]			
Participants other than the supervisor and the Malkin Holdings group	$ 1,031,303,682	103,130,368	24.66%
The supervisor and the Malkin Holdings group as holders of participation interests	$ 24,724,899	2,472,490	0.59%
Override Interests to the Malkin Holdings group	$ 52,889,643	5,288,964	1.26%
Other Override Interests[5]	$ 53,218,257	5,321,826	1.27%
Total	$ 1,162,136,482	116,213,648	27.79%
Lincoln Building Associates L.L.C.[6]			
Participants other than the supervisor and the Malkin Holdings group	$ 246,409,442	24,640,944	5.89%

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Entity[1]	Exchange Value	Common Stock or Operating Partnership Unit Allocation[2]	Percentage of Total Exchange Value or Percentage of Total Shares of Common Stock Issued, on a Fully-Diluted Basis[3]
The supervisor and the Malkin Holdings group as holders of participation interests	$ 19,979,144	1,997,914	0.48%
Override Interests to the Malkin Holdings group	$ 29,598,732	2,959,873	0.71%
Other Override Interests	$ 0	0	0.0%
Total	$ 295,987,317	29,598,732	7.08%
Fisk Building Associates L.L.C.[7]			
Participants other than the supervisor and the Malkin Holdings group	$ 87,116,414	8,711,641	2.08%
The supervisor and the Malkin Holdings group as holders of participation interests	$ 18,354,490	1,835,449	0.44%
Override Interests to the Malkin Holdings group	$ 31,851,768	3,185,177	0.76%
Other Override Interests[8]	$ 13,826,125	1,382,612	0.33%
Total	$ 151,148,797	15,114,880	3.61%
1333 Broadway Associates L.L.C.			
Participants other than the supervisor and the Malkin Holdings group	$ 124,715,469	12,471,547	2.98%
The supervisor and the Malkin Holdings group as holders of participation interests	$ 31,620,077	3,162,008	0.76%
Override Interests to the Malkin Holdings group	$ 0	0	0.0%
Other Override Interests	$ 0	0	0.0%
Total	$ 156,335,546	15,633,555	3.74%
1350 Broadway Associates L.L.C.			
Participants other than the supervisor and the Malkin Holdings group	$ 117,380,864	11,738,086	2.81%
The supervisor and the Malkin Holdings group as holders of participation interests	$ 4,918,468	491,847	0.12%
Override Interests to the Malkin Holdings group	$ 13,545,915	1,354,591	0.32%
Other Override Interests	$ 0	0	0.0%
Total	$ 135,845,247	13,584,525	3.25%
Marlboro Building Associates L.L.C.			
Participants other than the supervisor and the Malkin Holdings group	$ 139,091,265	13,909,126	3.33%
The supervisor and the Malkin Holdings group as holders of participation interests	$ 8,736,799	873,680	0.21%
Override Interests to the Malkin Holdings group	$ 10,404,981	1,040,498	0.25%
Other Override Interests	$ 0	0	0.0%
Total	$ 158,233,045	15,823,304	3.78%
Seventh & 37th Building Associates L.L.C.			
Participants other than the supervisor and the Malkin Holdings group	$ 57,914,177	5,791,418	1.38%
The supervisor and the Malkin Holdings group as holders of participation interests	$ 2,547,792	254,779	0.06%
Override Interests to the Malkin Holdings group	$ 5,746,980	574,698	0.14%
Other Override Interests	$ 0	0	0.0%

Total	$ 66,208,949	6,620,895	1.58%

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Entity[(1)]	Exchange Value	Common Stock or Operating Partnership Unit Allocation[(2)]	Percentage of Total Exchange Value or Percentage of Total Shares of Common Stock Issued, on a Fully-Diluted Basis[(3)]
501 Seventh Avenue Associates L.L.C.			
Participants other than the supervisor and the Malkin Holdings group	$ 44,905,454	4,490,545	1.07%
The supervisor and the Malkin Holdings group as holders of participation interests	$ 11,557,199	1,155,720	0.28%
Override Interests to the Malkin Holdings group	$ 6,273,628	627,363	0.15%
Other Override Interests	$ 0	0	0%
Total	$ 62,736,281	6,273,628	1.50%
Soundview Plaza Associates II L.L.C.			
Participants other than the supervisor and the Malkin Holdings group	$ 12,122,693	1,212,269	0.29%
The supervisor and the Malkin Holdings group as holders of participation interests	$ 9,434,723	943,472	0.23%
Override Interests to the Malkin Holdings group	$ 0	0	0.0%
Total	$ 21,557,416	2,155,742	0.52%
East West Manhattan Retail Portfolio L.P.			
Participants other than the supervisor and the Malkin Holdings group	$ 27,974,367	2,797,437	0.67%
The supervisor and the Malkin Holdings group as holders of participation interests	$ 28,037,515	2,803,751	0.67%
Override Interests to the Malkin Holdings group	$ 0	0	0.0%
Other Override Interests	$ 0	0	0.0%
Total	$ 56,011,882	5,601,188	1.34%
One Station Place, Limited Partnership			
Participants other than the supervisor and the Malkin Holdings group	$ 5,211,267	521,127	0.12%
The supervisor and the Malkin Holdings group as holders of participation interests	$ 52,691,695	5,269,170	1.26%
Override Interests to the Malkin Holdings group	$ 0	0	0.0%
Other Override Interests	$ 0	0	0.0%
Total	$ 57,902,962	5,790,296	1.38%
New York Union Square Retail L.P.			
Participants other than the supervisor and the Malkin Holdings group	$ 43,700,971	4,370,097	1.04%
The supervisor and the Malkin Holdings group as holders of participation interests	$ 39,678,336	3,967,834	0.95%
Override Interests to the Malkin Holdings group	$ 0	0	0.0%
Other Override Interests	$ 0	0	0.0%
Total	$ 83,379,307	8,337,931	1.99%
Westport Main Street Retail L.L.C.			
Participants other than the supervisor and the Malkin Holdings group	$ 6,680,360	668,036	0.16%
	$ 245,193	24,519	0.01%

The supervisor and the Malkin Holdings group as holders of participation interests

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Entity[1]	Exchange Value	Common Stock or Operating Partnership Unit Allocation[2]	Percentage of Total Exchange Value or Percentage of Total Shares of Common Stock Issued, on a Fully-Diluted Basis[3]
Override Interests to the Malkin Holdings group	$ 0	0	0.0%
Other Override Interests	$ 0	0	0.0%
Total	$ 6,925,553	692,555	0.17%
Fairfax Merrifield Associates L.L.C.			
Participants other than the supervisor and the Malkin Holdings group	$ 4,945,712	494,571	0.12%
The supervisor and the Malkin Holdings group as holders of participation interests	$ 758,274	75,827	0.02%
Override Interests to the Malkin Holdings group	$ 633,776	63,378	0.02%
Other Override Interests	$ 0	0	0.0%
Total	$ 6,337,762	633,776	0.15%
Merrifield Apartments Company L.L.C.			
Participants other than the supervisor and the Malkin Holdings group	$ 3,137,192	313,719	0.08%
The supervisor and the Malkin Holdings group as holders of participation interests	$ 1,283,397	128,340	0.03%
Override Interests to the Malkin Holdings group	$ 1,275,475	127,547	0.03%
Other Override Interests[8]	$ 641,698	64,170	0.02%
Total	$ 6,337,762	633,776	0.15%
First Stamford Place L.L.C.			
Participants other than the supervisor and the Malkin Holdings group	$ 3,686,039	368,604	0.09%
The supervisor and the Malkin Holdings group as holders of participation interests	$ 3,699,080	369,908	0.09%
Override Interests to the Malkin Holdings group	$ 0	0	0.0%
Other Override Interests	$ 0	0	0.0%
Total	$ 7,385,119	738,512	0.18%
1185 Swap Portfolio L.P.			
Participants other than the supervisor and the Malkin Holdings group	$ 9,933,220	993,322	0.24%
The supervisor and the Malkin Holdings group as holders of participation interests	$ 26,921,935	2,692,194	0.64%
Override Interests to the Malkin Holdings group	$ 0	0	0.0%
Other Override Interests	$ 0	0	0.0%
Total	$ 36,855,156	3,685,516	0.88%
Fairfield Merrittview Limited Partnership			
Participants other than the supervisor and the Malkin Holdings group	$ 3,187,556	318,756	0.08%
The supervisor and the Malkin Holdings group as holders of participation interests	$ 1,953,142	195,314	0.05%
Override Interests to the Malkin Holdings group	$ 571,189	57,119	0.01%
Other Override Interests	$ 0	0	0.0%

Total	$ 5,711,887	571,189	0.14%

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Entity(1)	Exchange Value	Common Stock or Operating Partnership Unit Allocation(2)	Percentage of Total Exchange Value or Percentage of Total Shares of Common Stock Issued, on a Fully-Diluted Basis(3)
500 Mamaroneck Avenue L.P.			
Participants other than the supervisor and the Malkin Holdings group	$ 14,255,210	1,425,521	0.34%
The supervisor and the Malkin Holdings group as holders of participation interests	$ 368,668	36,867	0.01%
Override Interests to the Malkin Holdings group	$ 0	0	0.0%
Other Override Interests	$ 0	0	0.0%
Total	$ 14,623,878	1,462,388	0.35%
BBSF LLC			
Participants other than the supervisor and the Malkin Holdings group	$ 0	0	0.0%
The supervisor and the Malkin Holdings group as holders of participation interests	$ 14,600,000	1,460,000	0.35%
Override Interests to the Malkin Holdings group	$ 0	0	0.0%
Other Override Interests	$ 0	0	0.0%
Total	$ 14,600,000	1,460,000	0.35%
Supervisor and Management Companies(9)	$ 16,302,000	1,630,200	0.39%
Total	**$ 4,182,309,037**	**418,230,904**	**100.0%**

(1) Excludes three private entities which are the ground lessees and an operating lessee of two properties that are supervised by the supervisor, having an aggregate exchange value of $612,458,701. The operating partnership has entered into option agreements pursuant to which it has the option to acquire their property interests upon the final resolution of certain ongoing litigation with respect to these properties. The exchange values of such properties are the exchange values the properties would have had if the litigation is resolved, and were determined on a basis consistent with the exchange values of the subject LLCs and the private entities. If the option properties are included in the consolidation, the aggregate exchange value would increase by the total exchange value of the option properties, and the individual exchange values of the other properties would not be affected. The relative share of the aggregate exchange value of each of the subject LLCs would be calculated based on the aggregate exchange value including the private entities that own the option properties.

(2) Assumes all holders of participation interests in the private entities and the management companies receive operating partnership units or shares of common stock. Each operating partnership unit provides the same rights to distributions as one share of Class A common stock in the company and, subject to limitations, is redeemable into one share of Class A common stock after a one-year period.

(3) The number of shares of common stock outstanding, on a fully-diluted basis, equals the number of shares of common stock outstanding plus shares of Class A common stock issuable upon the exchange of operating partnership units or upon conversion of Class B common stock for shares of Class A common stock on a one-for-one basis. To the extent that participants in the private entities that are non-accredited investors or charitable organizations receive cash, the common stock, on a fully-diluted basis, which would have been issued to them, will not be issued. As a result, the number of shares of outstanding common stock, on a fully-diluted basis, will be reduced and the percentage of the common stock, on a fully-diluted basis, each other participant owns will increase.

(4) Operating lessee of Empire State Building Associates L.L.C.

(5) The additional overrides not owned by the Malkin Holdings group are owned primarily by members of the Wien group (who are not members of the Malkin Family). Such overrides were created under agreements with participants who acquired their interests from Lawrence A. Wien, and they were transferred to members of the Wien group as descendants of Lawrence A. Wien. In addition, a portion of the overrides held by persons other than the Malkin Holdings group are held by other persons not members of the Wien group who sold their participation interests, but retained an override interest.

(6) Operating lessee of 60 East 42nd St. Associates L.L.C.

(7) Operating lessee of 250 West 57th St. Associates L.L.C.

(8) The additional overrides not owned by the Malkin Holdings group are owned by members of the Wien group (who are not members of the Malkin Family). The override interests were created under the agreements in which participants received their interests from Lawrence A. Wien and were transferred to members of the Wien group as descendants of Lawrence A. Wien.

(9) Total exchange value of the supervisor excludes the value attributable to the supervisor s overrides, which are included in the value of the overrides that Malkin Holdings group holds in the subject LLCs and the private entities.

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Derivation of Costs of the Consolidation and IPO

The costs of the consolidation and IPO will be borne by the company if the consolidation and the IPO are consummated. The following table sets forth as of September 30, 2012 the allocation of such costs to each subject LLC and each private entity based on the exchange value of each entity. No costs of the consolidation and the IPO were allocated to the management companies. The supervisor estimates that the aggregate costs will be $75,000,000 and that each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. allocable share of these costs will be $18,600,000, $4,900,000 and $2,600,000, respectively.

The costs related to the consolidation and the IPO as of September 30, 2012 are summarized in the following table:

Entity	Appraisals	Solicitation	Printing & Mailing	Legal	Accounting	Title, Transfer & Recording	Pre-formation Costs	Total Expenses
Empire State Building Associates L.L.C.	$ 357,152	$ 274,036	$ 54,001	$ 5,261,925	$ 7,707,533	$ 266	$ 2,549,813	$ 16,204,726
60 East 42nd St. Associates L.L.C.	$ 94,468	$ 72,484	$ 14,283	$ 1,391,797	$ 2,038,669	$ 70	$ 674,434	$ 4,286,205
250 West 57th St. Associates L.L.C.	$ 49,204	$ 37,754	$ 7,440	$ 724,928	$ 1,061,856	$ 37	$ 351,284	$ 2,232,503
Empire State Building Company L.L.C.(1)	$ 350,671	$ 269,064	$ 53,021	$ 5,166,450	$ 7,567,684	$ 261	$ 2,503,548	$ 15,910,699
Lincoln Building Associates L.L.C.(2)	$ 89,313	$ 68,529	$ 13,504	$ 1,315,855	$ 1,927,431	$ 66	$ 637,635	$ 4,052,333
Fisk Building Associates L.L.C.(3)	$ 45,609	$ 34,995	$ 6,896	$ 671,954	$ 984,262	$ 34	$ 325,614	$ 2,069,364
1333 Broadway Associates L.L.C.	$ 47,174	$ 36,196	$ 7,133	$ 695,013	$ 1,018,037	$ 35	$ 336,788	$ 2,140,376
1350 Broadway Associates L.L.C.	$ 40,991	$ 31,452	$ 6,198	$ 603,920	$ 884,607	$ 31	$ 292,646	$ 1,859,845
Marlboro Building Associates L.L.C.	$ 47,746	$ 36,635	$ 7,219	$ 703,448	$ 1,030,393	$ 36	$ 340,876	$ 2,166,353
Seventh & 37th Building Associates L.L.C.	$ 19,978	$ 15,329	$ 3,021	$ 294,342	$ 431,144	$ 15	$ 142,632	$ 906,461
501 Seventh Avenue Associates L.L.C.	$ 18,930	$ 14,525	$ 2,862	$ 278,903	$ 408,531	$ 14	$ 135,150	$ 858,915
Soundview Plaza Associates II L.L.C.	$ 6,505	$ 4,991	$ 984	$ 95,837	$ 140,379	$ 5	$ 46,440	$ 295,141
East West Manhattan Retail Portfolio L.P.	$ 16,901	$ 12,968	$ 2,555	$ 249,009	$ 364,742	$ 13	$ 120,664	$ 766,852
One Station Place, Limited Partnership	$ 17,472	$ 13,406	$ 2,642	$ 257,416	$ 377,057	$ 13	$ 124,738	$ 792,744
New York Union Square Retail L.P.	$ 25,159	$ 19,304	$ 3,804	$ 370,675	$ 542,955	$ 19	$ 179,621	$ 1,141,537
Westport Main Street Retail L.L.C.	$ 2,090	$ 1,603	$ 316	$ 30,789	$ 45,098	$ 2	$ 14,919	$ 94,817
Fairfax Merrifield Associates L.L.C.	$ 1,912	$ 1,467	$ 289	$ 28,175	$ 41,271	$ 1	$ 13,653	$ 86,768
Merrifield Apartments Company L.L.C.	$ 1,912	$ 1,467	$ 289	$ 28,175	$ 41,271	$ 1	$ 13,653	$ 86,768
First Stamford Place L.L.C.	$ 2,228	$ 1,710	$ 337	$ 32,832	$ 48,091	$ 2	$ 15,909	$ 101,109
1185 Swap Portfolio L.P.	$ 11,121	$ 8,533	$ 1,681	$ 163,845	$ 239,996	$ 8	$ 79,396	$ 504,580
Fairfield Merrittview Limited Partnership	$ 1,724	$ 1,322	$ 261	$ 25,393	$ 37,195	$ 1	$ 12,305	$ 78,201
500 Mamaroneck Avenue L.P.	$ 4,413	$ 3,386	$ 667	$ 65,013	$ 95,229	$ 3	$ 31,504	$ 200,215
BBSF LLC	$ 4,406	$ 3,380	$ 666	$ 64,906	$ 95,073	$ 3	$ 31,452	$ 199,886
112 West 34th Street Company L.L.C.	$ 49,390	$ 37,896	$ 7,468	$ 727,665	$ 1,065,865	$ 37	$ 352,610	$ 2,240,931
112 West 34th Street Associates L.L.C.	$ 51,297	$ 39,359	$ 7,756	$ 755,760	$ 1,107,019	$ 38	$ 366,225	$ 2,327,454
1400 Broadway Associates L.L.C.	$ 84,121	$ 64,544	$ 12,719	$ 1,239,351	$ 1,815,369	$ 63	$ 600,562	$ 3,816,729
Total	$ 1,441,887	$ 1,106,335	$ 218,012	$ 21,243,376	$ 31,116,757	$ 1,074	$ 10,294,071	$ 65,421,512

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(1) Operating lessee of Empire State Building Associates L.L.C.
(2) Operating lessee of 60 East 42nd St. Associates L.L.C.
(3) Operating lessee of 250 West 57th St. Associates L.L.C.

Estimated Exchange Value of Common Stock

The following table sets forth for each subject LLC, each private entity and the management companies:

- the exchange value of each subject LLC, each private entity and the management companies;
- the percentage of total exchange value and percentage of total shares of common stock, on a fully-diluted basis, to be issued;
- the number of shares of common stock, on a fully-diluted basis, to be allocated to each subject LLC, each private entity and the management companies based on the hypothetical exchange value of $10 per share arbitrarily assigned by the supervisor for illustrative purposes, including the number of operating partnership units to be allocated on account of the override interests of the supervisor and the Malkin Holdings group;
- the value of common stock or operating partnership units based on the hypothetical exchange value of $10 per share arbitrarily assigned by the supervisor for illustrative purposes for each $10,000 of original investment in each subject LLC and its operating lessee;
- the book value (deficit) of the assets determined in accordance with U.S. generally accepted accounting principles, which is referred to herein as GAAP, per $10,000 original investment in each subject LLC and its operating lessee and
- the number of shares of common stock, on a fully-diluted basis, per $10,000 original investment in each subject LLC and its operating lessee:

				Per $10,000 Original Investment (except as otherwise noted)		
Entity[1]	**Total Exchange Value**[2][3]	**Percentage of Total Exchange Value and Percentage of Total Shares of Common Stock Issued, on a Fully-Diluted Basis**[4]	**Number of Shares of Common Stock, on a Fully-Diluted Basis**[4][5]	**Value of Shares of Common Stock or Operating Partnership Units**[3]	**GAAP Book Value (Deficit) as of September 30, 2012**	**Number of Shares of Common Stock, on a Fully-Diluted Basis**[5]
Empire State Building Associates L.L.C.						
Participants (subject to voluntary override)	$ 1,004,308,935	24.0%	100,430,894	$ 323,803	$ (2,853)	32,380
Participants (not subject to voluntary override)	$ 71,160,232	1.7%	7,116,023	$ 358,670	$ (2,853)	35,867
Override Interests to the Malkin Holdings group[6]	$ 108,143,382	2.6%	10,814,338	NA	NA	NA

Other Override Interests	$ 0	0%	0	NA	NA	NA
Total	$ 1,183,612,549	28.3%	118,361,255			
60 East 42nd St. Associates L.L.C.						
Participants	$ 281,860,580	6.7%	28,186,058	$ 402,658	$ (13,607)	40,266
Override Interests to the Malkin Holdings group	$ 31,208,953	0.8%	3,120,895	NA	NA	NA
Other Override Interests	$ 0	0%	0	NA	NA	NA
Total	$ 313,069,533	7.5%	31,306,953			

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Entity[1]	Total Exchange Value[2][3]	Percentage of Total Exchange Value and Percentage of Total Shares of Common Stock Issued, on a Fully-Diluted Basis[4]	Number of Shares of Common Stock, on a Fully-Diluted Basis[4][5]	Per $10,000 Original Investment (except as otherwise noted): Value of Shares of Common Stock or Operating Partnership Units[3]	GAAP Book Value (Deficit) as of September 30, 2012	Number of Shares of Common Stock, on a Fully-Diluted Basis[5]
250 West 57th St. Associates L.L.C.						
Participants (subject to voluntary override)	$ 115,510,893	2.8%	11,551,089	$ 409,662	$ (7,497)	40,966
Participants (not subject to voluntary override)	$ 35,345,763	0.9%	3,534,576	$ 452,957	$ (7,497)	45,296
Override Interests to the Malkin Holdings group[6]	$ 12,207,951	0.3%	1,220,795	NA	NA	NA
Other Override Interests	$ 0	0%	0	NA	NA	NA
Total	$ 163,064,607	3.9%	16,306,461			
Empire State Building Company L.L.C.[7][8]						
Members and Participants	$ 1,056,028,581	25.3%	105,602,858	$ 105,602,858	$ 2,601,832	10,560,286
Override Interests to the Malkin Holdings group	$ 52,889,643	1.3%	5,288,964	NA	NA	NA
Other Override Interests	$ 53,218,257	1.3%	5,321,826	NA	NA	NA
Total	$ 1,162,136,482	27.8%	116,213,648			
Lincoln Building Associates L.L.C.[9]						
Members	$ 266,388,586	6.4%	26,638,859	$ 2,663,886	$ 563,798	266,389
Override Interests to the Malkin Holdings group	$ 29,598,732	0.7%	2,959,873	NA	NA	NA
Other Override Interests	$ 0	0%	0	NA	NA	NA
Total	$ 295,987,317	7.1%	29,598,732			
Fisk Building Associates L.L.C.[10]						
Members and Participants	$ 105,470,905	2.5%	10,547,090	$ 10,547,090	$ 263,687	1,054,709
Override Interests to the Malkin Holdings group	$ 31,851,768	0.8%	3,185,177	NA	NA	NA
Other Override Interests	$ 13,826,125	0.3%	1,382,612	NA	NA	NA
Total	$ 151,148,797	3.6%	15,114,880			
1333 Broadway Associates L.L.C.						
Members	$ 156,335,546	3.7%	15,633,555			
1350 Broadway Associates L.L.C.						
Peter L. Malkin 50% Group	$ 54,376,708	1.3%	5,437,671			
Override Interests to the Malkin Holdings group	$ 13,545,915	0.3%	1,354,591			
Other Override Interests	$ 0	0%	0			
David M. Baldwin 50% Group	$ 67,922,623	1.6%	6,792,262			
Total	$ 135,845,247	3.3%	13,584,525			

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Entity[(1)]	Total Exchange Value[(2)(3)]	Percentage of Total Exchange Value and Percentage of Total Shares of Common Stock Issued, on a Fully-Diluted Basis[(4)]	Number of Shares of Common Stock, on a Fully-Diluted Basis[(4)(5)]	Per $10,000 Original Investment (except as otherwise noted): Value of Shares of Common Stock or Operating Partnership Units[(3)]	GAAP Book Value (Deficit) as of September 30, 2012	Number of Shares of Common Stock, on a Fully-Diluted Basis[(5)]
Marlboro Building Associates L.L.C.						
Members	$ 147,828,064	3.5%	14,782,806			
Override Interests to the Malkin Holdings group[(6)]	$ 10,404,981	0.3%	1,040,498			
Other Override Interests	$ 0	0%	0			
Total	$ 158,233,045	3.8%	15,823,304			
Seventh & 37th Building Associates L.L.C.						
Participants	$ 60,461,969	1.5%	6,046,197			
Override Interests to the Malkin Holdings group[(6)]	$ 5,746,980	0.1%	574,698			
Other Override Interests	$ 0	0%	0			
Total	$ 66,208,949	1.6%	6,620,895			
501 Seventh Avenue Associates L.L.C.						
Member	$ 56,462,653	1.4%	5,646,265			
Override Interests to the Malkin Holdings group	$ 6,273,628	0.2%	627,363			
Other Override Interests	$ 0	0%	0			
Total	$ 62,736,281	1.5%	6,273,628			
Soundview Plaza Associates II L.L.C.[(11)]						
Malkin Co-Investor Capital L.P.(General Partner)[(12)]	$ 114,039	0.0%	11,404			
Malkin Co-Investor Capital L.P.(Class A LPs)	$ 11,289,934	0.3%	1,128,983			
Malkin Co-Investor Capital L.P.(Class B LPs)[(13)]	$ 0	0.0%	0			
Peter L. Malkin	$ 8,935,118	0.2%	893,512			
New Soundview Plaza Associates LLC (excluding interests held by the Malkin Holdings group)	$ 1,218,425	0.0%	121,842			
Total	$ 21,557,416	0.5%	2,155,742			
East West Manhattan Retail Portfolio L.P.						
General Partner[(12)]	$ 560,119	0.0%	56,012			
Class A LPs	$ 27,725,882	0.7%	2,772,588			
Class B LP[(13)]	$ 27,725,882	0.7%	2,772,588			
Total	$ 56,011,882	1.3%	5,601,188			
One Station Place, Limited Partnership[(11)]						
General Partner[(12)]	$ 579,030	0.0%	57,903			
Class A LP	$ 5,211,267	0.1%	521,127			

Class B LPs	$ 52,112,666	1.3%	5,211,267
Total	$ 57,902,962	1.4%	5,790,296

Entity[1]	Total Exchange Value[2][3]	Percentage of Total Exchange Value and Percentage of Total Shares of Common Stock Issued, on a Fully-Diluted Basis[4]	Number of Shares of Common Stock, on a Fully-Diluted Basis[4][5]	Per $10,000 Original Investment (except as otherwise noted) Value of Shares of Common Stock or Operating Partnership Units[3]	GAAP Book Value (Deficit) as of September 30, 2012	Number of Shares of Common Stock, on a Fully-Diluted Basis[5]
New York Union Square Retail L.P.						
General Partner[12]	$ 833,793	0.0%	83,379			
Class A LPs	$ 41,272,757	1.0%	4,127,276			
Class B LP[13]	$ 41,272,757	1.0%	4,127,276			
Total	$ 83,379,307	2.0%	8,337,931			
Westport Main Street Retail L.L.C.[11]						
Manager[12]	$ 69,256	0.0%	6,926			
Class A Members	$ 6,856,297	0.2%	685,630			
Class B Member[13]	$ 0	0.0%	0			
Total	$ 6,925,553	0.2%	692,555			
Fairfax Merrifield Associates L.L.C.						
Participants	$ 5,703,986	0.1%	570,399			
Override Interests to the Malkin Holdings group	$ 633,776	0.02%	63,378			
Other Override Interests	$ 0	0%	0			
Total	$ 6,337,762	0.2%	633,776			
Merrifield Apartments Company L.L.C.						
55% Members	$ 3,137,192	0.1%	313,719			
45% Members	$ 1,283,397	0.0%	128,340			
Override Interests to the Malkin Holdings group	$ 1,275,475	0.03%	127,547			
Other Override Interests	$ 641,698	0.02%	64,170			
Total	$ 6,337,762	0.2%	633,776			
First Stamford Place L.L.C.						
Class A & A2 Members	$ 3,655,634	0.1%	365,563			
Manager[14]	$ 73,851	0.0%	7,385			
Class B Member[13]	$ 3,655,634	0.1%	365,563			
Total	$ 7,385,119	0.2%	738,512			
1185 Swap Portfolio L.P.[11]						
1185 Bank L.L.C.(General Partner)[12]	$ 271,977	0.0%	27,198			
1185 Gotham L.L.C.(General Partner)[11]	$ 371,386	0.0%	37,139			
Total (General Partner)	$ 643,364	0.0%	64,336			
1185 Bank L.L.C.(Class 1 LP)	$ 13,928,283	0.3%	1,392,828			
1185 Gotham L.L.C.(Class 1 LP)	$ 19,019,130	0.5%	1,901,913			
Total (Class 1 LP)	$ 32,947,413	0.8%	3,294,741			
1185 Bank L.L.C.(Class 2 LP)	$ 539,450	0.0%	53,945			
1185 Gotham L.L.C.(Class 2 LP)	$ 736,621	0.0%	73,662			

Total (Class 2 LP)	$ 1,276,070	0.0%	127,607
Malkin Support Fund L.P.	$ 1,988,308	0.1%	127,607
Total (1185 Swap Portfolio L.P.)	$ 36,855,156	0.9%	3,685,516

				Per $10,000 Original Investment (except as otherwise noted)		
Entity[1]	**Total Exchange Value[2][3]**	**Percentage of Total Exchange Value and Percentage of Total Shares of Common Stock Issued, on a Fully-Diluted Basis[4]**	**Number of Shares of Common Stock, on a Fully-Diluted Basis[4][5]**	**Value of Shares of Common Stock or Operating Partnership Units[3]**	**GAAP Book Value (Deficit) as of September 30, 2012**	**Number of Shares of Common Stock, on a Fully-Diluted Basis[5]**
Fairfield Merrittview Limited Partnership[11]						
General Partner[12]	$ 51,407	0.0%	5,141			
Class A LP	$ 2,804,539	0.1%	280,454			
Class B LP[13]	$ 2,284,752	0.1%	228,475			
Override Interests to the Malkin Holdings group	$ 571,189	0.01%	57,119			
Other Override Interests	$ 0	0%	0			
Total	$ 5,711,887	0.1%	571,189			
500 Mamaroneck Avenue L.P.						
Class A LPs	$ 10,858,230	0.3%	1,085,823			
Class B LPs[13]	$ 0	0.0%	0			
General Partner[12]	$ 109,679	0.0%	10,968			
Co-Tenant	$ 3,655,970	0.1%	365,597			
Total	$ 14,623,878	0.4%	1,462,388			
BBSF LLC	$ 14,600,000	0.4%	1,460,000			
Supervisor and Management Companies						
Malkin Holdings, LLC[15]	$ 5,777,000	0.1%	577,700			
Malkin Properties[16]	$ 5,500,000	0.1%	550,000			
Malkin Construction Corp.	$ 5,025,000	0.1%	502,500			
Total	$ 16,302,000	0.4%	1,630,200			
Total	**$ 4,182,309,037**	**100.0%**	**418,230,904**			
Overrides (including Class B interests) held by the Supervisor and the Malkin Holdings group	$ 304,352,372	7.3%	30,435,237			
Overrides (including Class B interests) of other Persons	$ 128,327,761	3.1%	12,832,776			

(1) Excludes three private entities which are the ground lessees and an operating lessee of two properties that are supervised by the supervisor, having an aggregate exchange value of $612,458,701, of which $333,680,322 relates to 112-122 West 34th Street and $278,778,379 relates to 1400 Broadway. The operating partnership has entered into option agreements pursuant to which it has the option to acquire their property interests upon the final resolution of certain ongoing litigation with respect to these properties. The exchange values of such properties are the exchange values the properties would have had if the litigation is resolved, and were determined on a basis consistent with the exchange values of the subject LLCs and the private entities. If the option properties are included in the consolidation, the aggregate exchange value would increase by the total exchange value of the option properties, and the individual exchange values of the other properties would not be affected. The relative share of the aggregate exchange value of each of the subject LLCs would be calculated based on the aggregate exchange value including the private entities that own the option properties.

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

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

(4) The number of shares of common stock issued, on a fully-diluted basis, equals the number of shares of Class A common stock outstanding plus shares of Class A common stock issuable upon the exchange of operating partnership units or upon conversion of

Class B common stock for shares of Class A common stock on a one-for-one basis. To the extent that participants in the private entities that are non-accredited investors or charitable organizations receive cash, the Class A common stock, which would have been issued to them, will not be issued. As a result, the number of outstanding shares of Class A common stock will be reduced and the percentage of the Class A common stock each participant owns will increase.

(5) The number of shares of common stock, on a fully-diluted basis, assumes that none of the participants in the private entities receive cash. The number of shares of common stock, on a fully-diluted basis, issuable to each subject LLC, as set forth in the table, was determined by dividing the exchange value for the subject LLC by $10, which is the hypothetical value that the supervisor arbitrarily assigned for illustrative purposes. The number of shares of Class A common stock, Class B common stock, and operating partnership units issued in the consolidation will be determined based on the company s enterprise value, which will be determined based on the IPO price. Enterprise value is calculated without giving effect to shares of Class A common stock issued in the IPO. The enterprise value (which is based on the IPO price) will be determined by, among other things, market conditions at the time of pricing of the IPO, the historical and future performance of the company and its portfolio of properties and the market s view of the company s net asset value and other valuation metrics. Today, some REITs common stock trades at a premium to perceived net asset value and others trade at a discount to perceived net asset value. The market s view of the company s net asset value determined in connection with the IPO could be less than the exchange values determined based on the Appraisal. The Appraisal was undertaken in connection with establishing relative value for the purpose of allocation of interests in the company among contributors of interests in the properties and not to establish the value of shares of common stock in the company upon completion of the IPO. In contrast, the pricing of REIT initial public offerings generally takes into account different factors not considered in the Appraisal, including current conditions in the securities markets, investor preferences and the market s view of the company s management team. Additionally, the Appraisal did not take into account transaction costs for the consolidation and the IPO.

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

(6) Represents a voluntary capital override, which was voluntarily agreed to by certain participants.

(7) Operating lessee of Empire State Building Associates L.L.C.

(8) Information is provided per 1% interest instead of per $10,000 original investment.

(9) Operating lessee of 60 East 42nd St. Associates L.L.C.

(10) Operating lessee of 250 West 57th St. Associates L.L.C.

(11) Based on financial statements prepared on a tax basis and not in accordance with GAAP.

(12) The general partner is an affiliate of the supervisor.

(13) The Class B interests are equivalent to override interests.

(14) The manager is an affiliate of the supervisor.

(15) Total exchange value of the supervisor excludes the value attributable to the supervisor s overrides, which are included in the value of the overrides that the Malkin Holdings group holds in the subject LLCs and the private entities.

(16) Refers collectively to Malkin Properties, L.L.C. Malkin Properties of New York, L.L.C. and Malkin Properties of Connecticut, L.L.C. (collectively Malkin Properties).

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CONFLICTS OF INTEREST

Supervisor

The supervisor acts as supervisor to the subject LLCs and the private entities. Members of the supervisor act as agents for groups of participants under the organizational documents of the subject LLCs and certain of the private entities and are general partners or managing members of certain of the private entities. From inception of the subject LLCs, the supervisor and its affiliates have served in these capacities with conflicts of interest and as such have conflicts in connection with the consolidation. The supervisor and its affiliates that act in such capacities have independent obligations to assess whether the terms of the consolidation or a third-party portfolio transaction are fair and equitable to the participants in each subject LLC without regard to whether the consolidation or a third-party portfolio transaction is fair and equitable to any of the participants in other subject LLCs and the private entities. While your supervisor has in good faith sought to discharge its obligations to your subject LLC, there is an inherent conflict of interest in serving, directly or indirectly, in a similar capacity with respect to all other subject LLCs and private entities. If each subject LLC had a separate supervisor and separate agents who did not serve in a similar capacity for any of the other subject LLC or private entity, the supervisor would have had an independent perspective, which might have led it to advocate positions during the negotiations and structuring of the consolidation differently from those taken by the supervisor and may have been more beneficial to the subject LLC. In addition, certain executives of the supervisor will be members of the senior management team and Anthony E. Malkin will be Chairman, Chief Executive Officer, President and a director of the company, and the principals, executives and employees of the supervisor could be officers, directors and/or employees of the acquiring entity following the consummation of a third-party portfolio transaction. The independent directors will act on behalf of the company in connection with any matter that arises subsequent to the closing of the consolidation with respect to the distribution and compensation arrangements of the Malkin Holdings group described in this prospectus/consent solicitation that involves a conflict of interest.

Substantial Benefits to the Supervisor and its Affiliates

The supervisor and the Malkin Holdings group currently receive substantial benefits and from inception of the subject LLCs have had conflicts of interest in connection with the subject LLCs, including in connection with the consolidation or a third-party portfolio transaction. The Malkin Holdings group also could receive certain benefits from a third-party portfolio transaction. These benefits could exceed the benefits that the supervisor and its affiliates would receive from continued ownership of their interests in the subject LLCs and continuing to act as supervisor to the subject LLCs, and, as a result, the supervisor may have a conflict of interest in recommending that participants vote **FOR** the consolidation and the third-party portfolio proposal. These conflicts and benefits include:

The supervisor and the Malkin Holdings group will receive shares of Class A common stock, Class B common stock and operating partnership units. If the consolidation is consummated, the Malkin Holdings group will receive 73,078,153 shares of Class A common stock, Class B common stock and operating partnership units in exchange for their interests in the subject LLCs and the private entities, including their override interests, and the management companies, having an aggregate value of $730,781,533, which they will receive in accordance with the allocation of exchange value based on the Appraisal of the independent valuer. The amounts allocated to the Malkin Holdings group are based on the hypothetical $10 per share exchange value that the supervisor arbitrarily assigned for illustrative purposes, and consist of their interests as participants which will be allocated to them on the same basis as other participants, their interests as holders of override interests that will be allocated to them in accordance with the subject LLCs and private entities organizational documents, and, with respect to their interests in the management companies, in accordance with the valuations of the management companies by the independent valuer. This is in addition to shares of Class A common stock issuable in respect of the voluntary pro rata reimbursement program consented to by participants in the subject LLCs in connection with the solicitation with respect to the consolidation and its share of distributions of any cash available for distribution from the subject LLCs prior to the consolidation.

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Members and officers of the supervisor will become officers and senior management of the company after the consolidation and will receive salary and benefits which will be approved by the board of directors. Following the consolidation, as is customary in connection with formation of a REIT, Anthony E. Malkin, David A. Karp, Thomas P. Durels and Thomas N. Keltner, Jr., executives of the supervisor will be members of the senior management team and Anthony E. Malkin, an executive and principal of the supervisor, will be Chairman, Chief Executive Officer, President and a director. They may receive equity incentives, including LTIP units and/or restricted stock grants under the company s equity incentive plan and any other plan approved by the stockholders of the company. The benefits that may be realized by them may exceed the benefits that they would expect to derive from the subject LLCs or the private entities if the consolidation does not occur.

Some individuals will receive IPO grants under the equity incentive plan. Upon completion of the IPO, the company expects to grant LTIP units and/or restricted shares of its Class A common stock to its independent directors, executive officers (other than Anthony E. Malkin) and certain other employees, including certain executives of the supervisor. Assuming the company receives gross proceeds from the IPO of $1,000,000,000 (excluding the underwriters option to purchase additional shares of the company s Class A common stock), and assuming an IPO price of $10 per share, David A. Karp, the company s Chief Financial Officer, Executive Vice President and Treasurer, is expected to be granted 114,500 LTIP units and/or restricted shares of Class A common stock, Thomas P. Durels, the company s Executive Vice President and Chief of Property Operations and Leasing, is expected to be granted 395,700 LTIP units and/or restricted shares of Class A common stock, and Thomas N. Keltner, Jr., the company s Executive Vice President, General Counsel and Secretary, is expected be granted 252,800 LTIP units and/or restricted shares of Class A common stock. The LTIP units and/or restricted shares of Class A common stock will be subject to time-vesting and/or performance-vesting over a three to four year period.

Some individuals will receive benefits under employment agreements with the company. In publicly traded companies, it is customary practice for the company to enter into employment agreements with key employees. As such, the company intends to enter into an employment agreement with Anthony E. Malkin, providing for salary, bonus and other benefits, including severance upon a termination of employment under certain circumstances and issuance of equity awards as described under Management Employment Agreement.

Some individuals will be relieved of certain guarantee obligations. Peter L. Malkin and Anthony E. Malkin will be released from or otherwise indemnified for liabilities arising under certain guarantees and indemnities with respect to approximately $1.11 billion of mortgage loans (including currently undrawn amounts) on the company s properties, which will be assumed by the company upon closing of the IPO and the consolidation in respect of obligations arising after the closing. The guarantees and indemnities with respect to mortgage loans of many of the existing entities, including the subject LLCs, were undertaken by Messrs. Malkin and Malkin to meet a conventional lender requirement which became standard only long after such entities were formed. In each case, Messrs. Malkin and Malkin provided such guarantee while serving in a representative capacity as an agent or member of a subject LLC or private entity which was then seeking a mortgage loan. The lender required such guarantee, and no party was available or willing to provide it except Messrs. Malkin and Malkin. They received no compensation for the guarantee and provided it as an accommodation to benefit such subject LLC or private entity in obtaining financing. The guarantees and indemnities with respect to all of the indebtedness are, in most instances, limited to losses incurred by the applicable lender arising from acts such as fraud, misappropriation of funds, intentional breach, bankruptcy and certain environmental matters. In connection with the company s assumption of these mortgage loans, it will seek to have the guarantors released from these guarantees and indemnities and to have the company s operating partnership assume any such guarantee and indemnity obligations as replacement guarantor and/or indemnitor. To the extent lenders do not consent to the release of these guarantors and/or indemnitors, and they remain guarantors and/or indemnitors on assumed indebtedness following the IPO and the consolidation, the company s operating partnership will enter into indemnification agreements with the guarantors and/or indemnitors pursuant to which the company s operating partnership will be obligated to indemnify such guarantors and/or indemnitors for any amounts paid by them under guarantees and/or indemnities with respect to the assumed indebtedness. The company believes that since the mortgage loans relating to the guarantees and indemnities will be assumed by the company upon closing of

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the consolidation, and it will have greater financial resources than the individual property owning entities which are subject to the mortgage loans, it is appropriate and consistent with market practice for Messrs. Malkin and Malkin to be indemnified by the company s operating partnership if the lenders do not consent to the release of these guarantors and/or indemnitors. Under the organizational documents of the subject LLCs and private entities and applicable law, Messrs. Malkin and Malkin are already generally entitled to indemnification from the participants in the subject LLCs and the private entities for liabilities incurred by them in good faith and not arising out of their own willful misconduct or gross negligence, including any such liabilities under these guarantees and indemnities. In addition, in connection with future mortgage loans that the company would enter into in connection with future property acquisitions or refinancing of the company s properties, the company intends to enter into any necessary guarantees directly, and neither Messrs. Malkin and Malkin nor any of the company s other directors, executive officers or stockholders would be expected to enter into such guarantees.

Certain loans will be repaid. In addition, 1185 Swap Portfolio L.P., which owns an interest in Ten Bank Street, White Plains, and One Gotham Street, New York, New York, two entities which will contribute properties to the company in the consolidation will repay a loan in the amount of approximately $2.0 million relating to River Oaks Apartments, Rochester Hills, Michigan, a property not included in the consolidation to Anthony E. Malkin, Peter L. Malkin and certain other persons by applying a portion of the consideration received by it in the consolidation. The loan, which is an obligation of 1185 Swap Portfolio L.P., was made for the purpose of providing funds for the operation of River Oaks Apartments, a property owned by 1185 Swap Portfolio, L.P., which is not being contributed to the company.

Some individuals will be indemnified by the company against claims, including claims for actions on behalf of the supervisor. Members, managers and officers of the supervisor, who will be employed by the company, will be indemnified by the company for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against them for actions taken as officers and as a director of the company and for actions taken on behalf of the supervisor and other management companies, in their capacities as such, including actions relating to the consolidation.

Some individuals will have the benefit of a tax protection agreement. As part of the consolidation, the operating partnership intends to enter into a tax protection agreement with Peter L. Malkin and Anthony E. Malkin pursuant to which the operating partnership will agree to indemnify the Wien 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 liabilities if those tax liabilities result from (i) the operating partnership s sale, transfer, conveyance or other taxable disposition of four specified properties (First Stamford Place, Metro Center, 10 Bank Street and 1542 Third Avenue, which collectively represent approximately 2.44% of the aggregate exchange value) to be acquired by the operating partnership in the consolidation, for a period of 12 years with respect to First Stamford Place and for the later of (x) eight years or (y) the death of both of Peter L. Malkin and Isabel W. Malkin, who are 78 and 76 years old, respectively, for the three other properties, (ii) the operating partnership s failing to maintain until maturity the indebtedness secured by these properties or failing to use commercially reasonable efforts to refinance such indebtedness upon maturity in an amount equal to the principal balance of such indebtedness, or, if the operating partnership is unable to refinance such indebtedness at its current principal amount, at the highest principal amount possible or (iii) the operating partnership s failing to make available to any of these investors the opportunity to guarantee, or otherwise bear the risk of loss, for U.S. federal income tax purposes, of their allocable share of $160 million of aggregate indebtedness meeting certain requirements, until such 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 consolidation. The operating partnership estimates that if all of its assets subject to the tax protection agreement were sold in a taxable transaction immediately after the IPO, the amount of the operating partnership s indemnification obligations (based on tax rates applicable for the taxable year ending December 31, 2012, and exchange values, and including additional payments to compensate the indemnified partners for additional tax liabilities resulting from the indemnification payments) would be approximately $97.7 million (which will be $119.6 million beginning after December 31, 2012 if certain sunset provisions under the Internal Revenue Code are not altered or reversed).

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The company does not presently intend to sell or take any other action which would result in a tax protection payment with respect to the properties covered by the tax protection agreement. The tax protection agreement will not apply to a third-party portfolio transaction.

The company will release certain individuals from liabilities for certain actions, including actions previously taken on behalf of the supervisor. The company will release Anthony E. Malkin and Peter L. Malkin and certain other officers of the supervisor from all claims, liabilities, damages and obligations against them related to their ownership of the management companies, interests in any of the subject LLCs or the private entities or for serving as an agent for the participants and their employment with the management companies that exist immediately after the closing of the consolidation, other than breaches by them or entities related to them, as applicable, of the employment and non-competition agreement and the contribution agreements entered into by them and these entities in connection with the consolidation.

If a participant consents to the voluntary pro rata reimbursement program, the supervisor will receive substantial benefits. If a participant consents to the voluntary pro rata reimbursement program for expenses of the former property manager and leasing agent legal proceedings, the supervisor will be reimbursed for costs previously advanced. You are being asked to consent to the voluntary pro rata reimbursement program under which your share of distributions will be reduced by your pro rata share of the costs advanced by the supervisor and Peter L. Malkin for the former property manager and leasing agent legal proceedings. If you consent to the voluntary pro rata reimbursement program, the supervisor and Peter L. Malkin will be reimbursed for your pro rata share of costs previously incurred out of your share of the excess cash of your subject LLC that is being distributed to participants, and, to the extent that is insufficient, the consideration that you would receive in the consolidation or the consideration that you would receive in a third-party portfolio transaction, as applicable, will be reduced by the balance (valued, if the consolidation is consummated, at the IPO price) and such balance would be paid to the supervisor and Peter L. Malkin in shares of Class A common stock, if the consolidation is consummated, or out of distributions that you would receive from the proceeds of a third-party portfolio transaction, if consummated, or out of distributions from operations of the subject LLC. Your failure to consent to this proposal will not affect whether or not the subject LLC participates in the consolidation or a third-party portfolio transaction.

There may be conflicts regarding the allocation of the chief executive officer s time. After the consolidation, the company intends to enter into management and/or services agreements with the entities that own interests in or manage the excluded properties and with the managers of certain excluded businesses, which entities are owned in part by Anthony E. Malkin. Anthony E. Malkin is only required to dedicate a majority of his working time to the business of the company. There may be conflicts of interest in the allocation of his time between the company and his other interests.

There may be conflicts regarding the option properties and other excluded properties and excluded businesses. Affiliates of the supervisor also will retain interests in the option properties with respect to which the company has entered into option agreements, certain other properties to which the company will provide management services and certain excluded businesses. Affiliates of the supervisor are subject to conflicts of interest in connection with the terms of these arrangements. In addition, Anthony E. Malkin will have a conflict of interest in connection with the decision to exercise the option, because he may receive benefits from the exercise of the option not shared by holders of common stock of the company or operating partnership units.

The supervisor and its affiliates may have a conflict of interest in deciding whether to approve a third-party portfolio proposal due to the benefits that the supervisor and the Malkin Holdings group could receive in that transaction. The benefits that the supervisor or the Malkin Holdings group may receive in connection with a third-party portfolio transaction may be greater than the benefits that they would receive in the consolidation. On the other hand, the benefits to the supervisor and the Malkin Holdings group from the consolidation could exceed the benefits from a third-party portfolio transaction, particularly since senior executives of the supervisor will be senior executive officers and a director of the company, and the supervisor will receive other benefits from the

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consolidation described under Conflicts of Interest Substantial Benefits to the Supervisor and its Affiliates. Accordingly, the supervisor may have a conflict of interests in determining whether to approve a third-party offer.

Lack of Independent Representation of Participants

While the subject LLCs exchange values have been determined based on the Appraisal by the independent valuer, which has also delivered a fairness opinion, no independent representative was retained to negotiate on behalf of the participants. There are 23 subject LLCs and private entities and groups with different interests in many of these entities. The supervisor does not believe that a single independent representative could have represented the interests of all participants and believes that to locate and retain an independent and equally competent and qualified representative for each separate interest in the consolidation is not possible. The supervisor represents the interests of all participants in the subject LLCs and private entities. The supervisor has served the same role in the past for sales of other properties with different groups of participants and believes it is not required to retain any independent representative on behalf of each group of participants or all of the participants as a whole. The supervisor believes the Appraisal prepared by the independent valuer serves the purposes of representing all parties fairly and that the consolidation is fair to all participants regardless of the absence of any such independent representative. If a representative or representatives had been retained for the participants, the terms of the consolidation might have been different and, possibly, more favorable to the participants.

Terms of the Consolidation with the Other Subject LLCs, the Private Entities and the Management Companies

The supervisor and the Malkin Holdings group may hold a greater interest (including their share of distributions in respect of the override interests) in other subject LLCs or private entities than in your subject LLC, including the private entity which is the operating lessee of the property your subject LLC owns. Accordingly, they would be benefited to the extent that a greater portion of the exchange value is allocated to other subject LLCs or private entities than to your subject LLC.

The exchange values were determined based on the Appraisal by the independent valuer and the independent valuer has rendered a fairness opinion as to the fairness of the allocation of consideration (operating partnership units, Class A common stock, Class B common stock or cash consideration) (i) among each private entity, each subject LLC and the management companies and (ii) to the participants in each private entity and each subject LLC is fair to the participants in the subject LLC and the private entity from a financial point of view (without giving effect to any impact of the consolidation on any particular participant other than in its capacity as a participant in each of the subject LLCs and each of the private entities).

The supervisor believes that these terms are fair and reasonable and that the number of shares of common stock and operating partnership units allocable in respect of the private entities and the management companies was determined on the same basis and using the same methodology as the determination of the number of shares of Class A common stock issuable to the subject LLCs. However, due to the conflicts of interest the supervisor and its affiliates had in determining the terms of the transactions with the subject LLCs, the private entities and the management companies, the transaction was not the result of arm s-length negotiations.

Non-Arm s-Length Agreements

All agreements and arrangements, including those relating to compensation and the contribution of the interests in the properties (and other assets) by the subject LLCs, the private entities and the management companies were determined by the supervisor and its affiliates. The agreements and arrangements were not the result of arm s-length negotiations.

Conflicts of Interest in Voting Participation Interests

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

Features Discouraging Potential Takeovers

The company s management could use provisions of the company s organizational documents to delay, discourage or thwart efforts of third parties to acquire control of, or a significant equity interest in, the company.

Provisions in the partnership agreement of the operating partnership may delay or make more difficult unsolicited acquisitions of the company or changes of control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of the company or change of control, although some stockholders might consider such proposals, if made, desirable. These provisions include, among others:

- redemption rights of qualifying parties;
- transfer restrictions on units;
- the company s ability, as general partner, in some cases, to amend the partnership agreement and to cause the operating partnership to issue units with terms that could delay, defer or prevent a merger or other change of control of the company or the operating partnership without the consent of the limited partners; and
- the right of the limited partners to consent to transfers of the general partnership interest and mergers or other transactions involving the company under specified circumstances.

In addition, certain provisions of the MGCL may have the effect of deterring a third party from making a proposal to acquire the company or of impeding a change in control under circumstances that otherwise could provide stockholders with the opportunity to realize a premium over the then-prevailing market price of the Class A common stock. Among other things, the company is subject to the business combination, control share acquisition and unsolicited takeover provisions of the MGCL. These provisions may have the effect of inhibiting a third party from making an acquisition proposal for the company or of delaying, deferring or preventing a change in control of the company under the circumstances that otherwise could provide stockholders with the opportunity to realize a premium over the then-current market price. Pursuant to the statute, the company s board of directors has by resolution exempted business combinations between the company and any other person, provided that such business combination is first approved by the company s board of directors (including a majority of the directors who are not affiliates or associates of such person). The company s bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of shares of the company s stock. There can be no assurance that these exemptions or provisions will not be amended or eliminated at any time in the future. The charter contains a provision whereby the company has elected to be subject to the provisions of Title 3, Subtitle 8 of the MGCL relating to the filling of vacancies on the company s board of directors. See Certain Provisions of the Maryland General Corporation Law and the Company s Charter and Bylaws Business Combinations, Control Share Acquisitions and Subtitle 8.

Furthermore, in order for the company to qualify as a REIT for each taxable year commencing with its taxable year ending December 31, 2013, no more than 50% in value of the company s outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals during the last half of any calendar year, and at least 100 persons must beneficially own the company s stock during at least 335 days of a taxable year of 12 months, or during a proportionate portion of a shorter taxable year. Individuals for this purpose include natural persons, private foundations, some employee benefit plans and trusts and some charitable trusts. To assist the

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company in complying with these limitations, among other purposes, the company s charter generally prohibits any person from directly or indirectly owning more than 9.8% by value or number of shares, whichever is more restrictive, of the outstanding shares of the company s capital stock or more than 9.8% by value or number of shares, whichever is more restrictive, of the outstanding shares of the company s common stock. The ownership limitations could have the effect of discouraging a takeover or other transaction in which holders of common stock might receive a premium for their shares over the then prevailing market price or which holders might believe to be otherwise in their best interests.

The company s charter s constructive ownership rules are complex and may cause the outstanding shares owned by a group of related individuals or entities to be deemed to be constructively owned by one individual or entity. As a result, the acquisition of less than these percentages of the outstanding shares of common stock by an individual or entity could cause that individual or entity to own constructively in excess of these percentages of the outstanding shares and thus violate the share ownership limits. The company s charter also provides that any attempt to own or transfer shares of the company s common stock or preferred stock (if and when issued) in excess of the stock ownership limits without the consent of the company s board of directors or in a manner that would cause the company to be closely held under Section 856(h) of the Code (without regard to whether the shares are held during the last half of a taxable year) will result in the shares being deemed to be transferred to a trustee for a charitable trust or, if the transfer to the charitable trust is not automatically effective to prevent a violation of the share ownership limits or the restrictions on ownership and transfer of the company s shares, any such transfer of the company s shares will be void.

The company s bylaws provide that, with respect to an annual meeting of stockholders, nominations of individuals for election to the company s board of directors and the proposal of other business to be considered by stockholders may be made only (1) pursuant to the company s notice of the meeting, (2) by or at the direction of the board of directors or (3) by a stockholder who is a stockholder of record both at the time of giving the notice required by the bylaws and at the time of the meeting, who is entitled to vote at the meeting in the election of each individual so nominated or on such other business and who has complied with the advance notice provisions set forth in the bylaws.

With respect to special meetings of stockholders, only the business specified in the company s notice of meeting may be brought before the meeting. Nominations of individuals for election to the board of directors may be made only (1) by or at the direction of the board of directors or (2) provided, that the meeting has been called in accordance with the bylaws for the purpose of electing directors, by a stockholder who is a stockholder of record both at the time of giving the notice required by the bylaws and at the time of the meeting, who is entitled to vote at the meeting in the election of each individual so nominated and who has complied with the advance notice provisions set forth in the bylaws.

The purpose of requiring stockholders to give the company advance notice of nominations and other business is to afford the board of directors a meaningful opportunity to consider the qualifications of the proposed nominees and the advisability of any other proposed business and, to the extent deemed necessary or desirable by the board of directors, to inform stockholders and make recommendations about such qualifications or business, as well as to provide a more orderly procedure for conducting meetings of stockholders. Although the bylaws do not give the board of directors any power to disapprove stockholder nominations for the election of directors or proposals recommending certain action, they may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals if proper procedures are not followed and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal without regard to whether consideration of such nominees or proposals might be harmful or beneficial to the company and its stockholders.

The charter and bylaws of the company and the partnership agreement of the operating partnership and Maryland law also contain other provisions that may delay, defer or prevent a transaction or a change of control that might involve a premium price for the common stock or that the stockholders otherwise believe to be in their best interest.

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COMPARISON OF OWNERSHIP OF PARTICIPATION INTERESTS, OPERATING PARTNERSHIP UNITS AND SHARES OF COMMON STOCK

The information below highlights a number of the significant differences between the subject LLCs, the operating partnership and the company relating to, among other things, form of organization, investment objectives, policies and restrictions, asset diversification, capitalization, management structure, compensation and fees and investor rights, and compares the principal legal rights associated with the ownership of participation interests in the subject LLCs, operating partnership units in the operating partnership and shares of common stock. These comparisons have been included to assist you in understanding how your investment will change if, as a result of the consolidation, your participation interest is exchanged for operating partnership units or common stock. This discussion is only a summary and does not constitute a complete discussion. The company strongly encourages you to review this prospectus/consent solicitation, as well as the accompanying supplement for your subject LLC for additional information. For a more detailed description of the terms of the common stock and the operating partnership units, see Certain Provisions of the Maryland General Corporation Law and the Company s Charter and Bylaws, Description of Capital Stock and Description of Operating Partnership Units and the Partnership Agreement of the Operating Partnership.

The interests in each subject LLC are held by members of such subject LLC, each of whom holds that interest for the benefit of participants in that agent s participating group.

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Form of Organization and Purpose

Subject LLCs	Operating Partnership	The Company
The three subject LLCs are publicly-registered limited liability companies originally formed as partnerships or joint ventures to acquire the fee title or long-term ground lease interest in an office property located in New York, New York and to lease the property to an operating lessee, which operates the property.	The operating partnership is a Delaware limited partnership formed under the Delaware Revised Uniform Limited Partnership Act, as amended, which is referred to herein as the Delaware Act. The sole general partner of the operating partnership is the company. Following the completion of the IPO and the consolidation, substantially all of the company s business activities, including all activities pertaining to the acquisition and operation of properties, will be conducted through the operating partnership. The operating partnership will be operated in a manner that will enable the company to satisfy the requirements for qualification as a REIT.	The company is a Maryland corporation which intends to elect and to qualify to be taxed as a REIT under the Code. Its primary focus will be to own and manage its current portfolio and continue to operate, acquire and reposition office and retail properties in Manhattan and the greater New York metropolitan area.

The company and the operating partnership will have broader business opportunities than the subject LLCs, which each own an interest in a single office building, subject to an operating lease, and will have access to financing opportunities that are currently not accessible to the subject LLCs. Inherent in several of the additional financing opportunities are risks which do not exist in the case of your subject LLC, and the company encourages you to review Risk Factors for a detailed description of such risks.

Length and Type of Investment

Subject LLCs	Operating Partnership	The Company
Each subject LLC was originally formed between 1953 and 1961 without a stated term. The investment objective of each subject LLC was to acquire and hold for the long-term the fee or leasehold interest in the property it now owns and for which it receives rental income. As a participant in your subject LLC, you are entitled to receive cash distributions out of your subject LLC s net operating income, if any. While historically the supervisor generally has not reinvested the proceeds from a sale, it is not restricted from doing so. Net proceeds of such a sale which are not	The operating partnership will have a perpetual term and intends to continue its operations for an indefinite time period. Events which may cause the dissolution of the operating partnership include: (i) a final and non-appealable judgment by a court of competent jurisdiction ruling that the general partner is bankrupt or insolvent without the appointment by the limited partners of a successor general partner; (ii) an election to dissolve the operating partnership made by the general partner in its sole and absolute discretion; (iii) entry of a decree of judicial	The company will have a perpetual term and intends to continue its operations for an indefinite time period. To the extent the company sells or refinances its assets, the net proceeds therefrom will generally be reinvested in additional properties or retained by the company for working capital and other corporate purposes, except to the extent distributions must be made to permit the company to continue to qualify as a REIT for U.S. federal income tax purposes. No assets have been identified for sale, financing, refinancing or purchase after the consolidation.

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Subject LLCs	Operating Partnership	The Company
reinvested or reserved in the supervisor s discretion would be distributed to the participants in accordance with each subject LLC s operating agreement and participating agreements.	dissolution of the operating partnership pursuant to the provisions of the Delaware Act; (iv) the occurrence of any sale or other disposition of all or substantially all of the assets of the operating partnership or a related series of actions that, taken together, result in the sale or other disposition of all or substantially all of the assets of the operating partnership; (v) the redemption (or acquisition by the general partner) of all operating partnership interests that the general partner has authorized other than those held by the company; or (vi) the incapacity or withdrawal of the general partner, unless all of the remaining partners in their sole and absolute discretion agree in writing to continue the business of the operating partnership and to the appointment of a substitute general partner.	
	To the extent the operating partnership sells or refinances its assets, the net proceeds therefrom will generally be reinvested in additional properties or retained by the operating partnership and the company for working capital and other corporate purposes, except to the extent that distributions must be made to permit the company to qualify as a REIT for tax purposes.	

The investment objective of each subject LLC was to acquire and hold for the long-term the fee or leasehold interest in the property it now owns and for which it receives rental income. The supervisor does not expect to reinvest net proceeds from a sale and net proceeds of such a sale which are not reinvested or reserved in the supervisor s discretion would be distributed to the participants in accordance with each subject LLC s operating agreement and participating agreements. In contrast, the operating partnership and the company generally will be operating companies and will reinvest the proceeds of asset dispositions, if any, in new properties or other appropriate investments consistent with their investment objectives.

Business and Property Diversification

Subject LLCs	Operating Partnership	The Company
The investment portfolio of each subject LLC currently consists of an interest in one office property subject to an operating lease and assets related to the property.	Assuming all of the properties of the subject LLCs and private entities are acquired by the company, the company will own, indirectly through the operating partnership, an interest in a portfolio of 12 office properties (including one long-term ground leasehold interest) encompassing in the aggregate approximately 7.7 million rentable square feet of office space and 428,431 rentable square feet of retail space and six retail properties encompassing 204,452 rentable square feet in the aggregate. Additionally, the company will have fully entitled land in Stamford, Connecticut that will support the development of an approximately 380,000 rentable square foot office building and garage.	Assuming all of the properties of the subject LLCs and private entities are acquired by the company, the company will own, indirectly through the operating partnership, an interest in a portfolio of 12 office properties (including one long-term ground leasehold interest) encompassing in the aggregate approximately 7.7 million rentable square feet of office space and 428,431 rentable square feet of retail space and six retail properties encompassing 204,452 rentable square feet in the aggregate. Additionally, the company will have fully entitled land in Stamford, Connecticut that will support the development of an approximately 380,000 rentable square foot office building and garage.

The assets of each subject LLC currently consist of one office property. The consolidation of the properties owned by the subject LLCs and the private entities under the company and operating partnership ownership will result in a more diversified investment than your investment in your subject LLC. The company and the operating partnership will have a larger number of properties and broader types of properties, tenants and geographic locations. This diversification will reduce the dependence of your investment upon the performance of, and the exposure to the risks associated with, the one property your subject LLC owns.

Borrowing Policies

Subject LLCs	Operating Partnership	The Company
The operating agreements of Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. require the consent of 100% of the agents to enter into a mortgage financing. 250 West 57th St. Associates L.L.C. s operating agreement requires the consent of at least 75% of the agents to enter into a mortgage financing. Each subject LLC s respective participating agreements require an agent to obtain the required consent of the participants, as set forth in Voting Rights below, to enter into a mortgage financing of the interest in the subject LLC. As a practical matter the amount which each subject LLC can borrow is limited by its size.	The operating partnership may incur debt or enter into similar credit, guarantee, financing or refinancing arrangements for any purpose with any person upon such terms as the company, as sole general partner, determines appropriate.	The company expects to employ leverage in its capital structure in amounts determined from time to time by its board of directors. Although the company s board of directors has not adopted a policy that limits the total amount of indebtedness that the company may incur, it will consider a number of factors in evaluating the company s level of indebtedness from time to time, as well as the amount of such indebtedness that will be either fixed or floating rate. The company s charter and bylaws do not limit the amount or percentage of indebtedness that it may incur nor do they restrict the form in which its indebtedness will

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Subject LLCs	Operating Partnership	The Company
In 2008, the supervisor solicited and received the consent of participants in Empire State Building Associates L.L.C. for mortgage financing, on the basis that the mortgage debt on the Empire State Building cannot exceed 50% of the appraised value of the property subject to the mortgage, and Peter L. Malkin and Anthony E. Malkin at their discretion can use the money towards certain investments for the account of Empire State Building Associates L.L.C., and no further action by the participants of Empire State Building Associates L.L.C. is required for them to act. At no time has Empire State Building Company L.L.C., the operating lessee, joined in any similar consent. For Empire State Building Company L.L.C. to take any such action will, like every other of its decisions, require the agreement of the Malkin Holdings group and the owner of the interest presently owned by the Helmsley estate.		be taken (including, but not limited to, recourse or non-recourse debt and cross collateralized debt). The company s board of directors may from time to time modify its leverage policies in light of the then-current economic conditions, relative costs of debt and equity capital, market values of the company s properties, general market conditions for debt and equity securities, fluctuations in the market price of the company s common stock, growth and acquisition opportunities and other factors.

Each subject LLC has incurred mortgage indebtedness, with a debt to total assets ratio ranging from 8.66% to 12.74% as of September 30, 2012. The consent of participants is required for incurrence of debt. As a limited partner or stockholder, you will become an investor in an entity that may incur debt in the ordinary course of business without the consent of its limited partners or stockholders, respectively, and that may invest proceeds from borrowings. The ability of the company and the operating partnership to incur indebtedness in the ordinary course of business increases the risk of your investment in operating partnership units or common stock.

Other Investment Restrictions

Subject LLCs	Operating Partnership	The Company
The operating agreement for each subject LLC does not restrict the entity from investment of net proceeds of a sale of its property or the purchase of additional real property. However, the supervisor does not expect to reinvest net proceeds from a sale and net proceeds of such a sale which are not reinvested or reserved in the supervisor s discretion would be distributed to the participants in accordance with each subject LLC s	There are no restrictions upon the operating partnership s authority to enter into any actions. The policies of the company described under the Company also apply to the operating partnership.	The company may diversify its real estate investments in terms of property locations, size and market or submarket, and it does not have any limit on the amount or percentage of its assets that may be invested in any one property or any one geographic area. The company does not have a specific policy to acquire assets primarily for capital gain or primarily for income. The company may purchase or lease income-producing commercial and

Subject LLCs	Operating Partnership	The Company
operating agreement and participating agreements. Such agreement in each case provides that the subject LLC will continue until it has disposed of all its assets.		other types of properties for long-term investment, expand and improve the properties it presently owns or other acquired properties, or sell such properties, in whole or in part, when circumstances warrant. Although the company does not presently intend to invest in mortgages or deeds of trust, other than in a manner that is ancillary to an equity investment, it may elect to invest in mortgages and other types of real estate interests, including, without limitation, participating or convertible mortgages; provided, in each case, that such investment is consistent with its qualification as a REIT. The company does not currently have any policy limiting the types of entities in which it may make investments in securities or the proportion of assets to be so invested, whether through acquisition of an entity s common stock, limited liability or partnership interests, interests in another REIT or entry into a joint venture, however, the company intends to invest primarily in entities that own commercial real estate.

Neither the operating agreement for the subject LLCs nor the participating agreements for the participating groups contemplate the reinvestment of cash available for distribution for the purchase of additional real property. However, there is no specific restriction on the authority of the agents to consent to the subject LLC reinvesting its sales proceeds. The organizational documents of the operating partnership and the company provide each with discretion in selecting the type of investments it may pursue and reinvesting sales proceeds. While the investment portfolio of each subject LLC currently consists of an interest in one office property subject to an operating lease and assets related to the property, the company and operating partnership will own the properties of the subject LLCs and the private entities that participate in the consolidation (subject to any operating lease) and assets related to such properties, and will likely acquire and own additional unidentified properties in the future.

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Management Control

Subject LLCs	Operating Partnership	The Company
Under the operating agreement for each subject LLC, the supervisor is appointed to supervise the operation of the agreement. The operating agreements for the subject LLCs do no not address the participation of members in the management of the subject LLC except that generally the property held by the subject LLC shall not be sold, mortgaged or transferred in any way, nor the lease modified, nor a new lease made, unless approved by agents owning 100% of Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. and at least 75% of the membership interests of 250 West 57th St. Associates L.L.C., respectively. The participating agreements provide that the agents may act in accordance with the operating agreement on all matters and that the actions of the agents will bind the participants in the group. However, for the agent to consent to certain actions such as the sale, transfer or mortgaging of the property, or the making or modification of a lease affecting the same, the agent must receive the required consent of participants in the participating group, as set forth in Voting Rights below. A subject LLC will also require the agreement of the operating lessee for certain of their actions. A subject LLC, as lessor, cannot determine to obtain additional financing to maximize cash flows and therefore distributions unless the operating lessee also agrees to the financing, because, in view of the operating lessee s rights under the operating lease, lenders generally could be expected to require in connection with any significant financing that the operating lessee subordinate its interest to the financing. A subject LLC, as lessor, has the right to sell its	The operating partnership agreement will provide limited partners certain limited voting rights, as set forth in Voting Rights below. Limited partners will also be entitled to any voting rights that may be required by law. Subject to these voting rights, the general partner of the operating partnership will have full, exclusive and complete responsibility and discretion in the management and control of the operating partnership, including the ability to cause the operating partnership to enter into certain major transactions, including a merger of the operating partnership or a sale of substantially all of the assets of the operating partnership.	After the consolidation, decisions regarding major transactions will be made for the company by the company s management, subject to oversight by the company s board of directors, but, except for certain extraordinary transactions, without any vote or approval of the company s stockholders. The company s board of directors and management will also have broad discretion, without being subject to stockholder vote or approval, to make decisions regarding the company s policies, including its policies with respect to investment, financing, growth, acquisitions, development, debt, capitalization and dividends.

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Subject LLCs	Operating Partnership	The Company
fee interest in the property without the operating lessee s consent. While the operating lessee does not have a contractual right to approve a sale of the property by the subject LLC, any property sale not agreed to by the operating lessee necessarily will be subject to the operating lease. The supervisor believes this limitation reduces the value of the subject LLCs unless sold with the operating lease position. Under the operating agreement of Empire State Building Company L.L.C., the Malkin Family and the Helmsley estate each effectively has an ability to veto actions by Empire State Building Company L.L.C., and Peter L. Malkin has succeeded to the right of first refusal originally held by Lawrence A. Wien on any sale by the Helmsley estate of its interests in Empire State Building Company L.L.C. The participating agreements for 250 West 57th St. Associates L.L.C. do not give the participants the right to remove the agent. The participating agreements for Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. provide that an agent for participants pursuant to a participating agreement may be removed by the written direction of participants owning at least 75% of such participating group.		

Under the operating agreement and participating agreements for the subject LLCs, the participants are not involved in management, except on certain matters where consent of participants in the participating groups is required, as set forth in Voting Rights below. Under the operating partnership agreement of the operating partnership and the charter and bylaws of the company, respectively, the general partner (*i.e.*, the company) directs management of the operating partnership and the board of directors directs management of the company. Except for their vote in the elections of directors and their vote in major transactions, as set forth above, limited partners and stockholders have no control over the management of the operating partnership or the company, respectively.

Fiduciary Duties

Subject LLCs	Operating Partnership	The Company
Each subject LLC was originally formed as a partnership or a joint venture under the laws of New York	Under the Delaware Act, the company, as general partner of the operating partnership, is	The company s directors and officers have duties under applicable Maryland law to act in

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Subject LLCs	Operating Partnership	The Company
and each was converted to a limited liability company under New York law. The agents hold their membership interests in the subject LLCs as agents for the participants in their respective participating group. The agents for each participating group are fiduciaries for the participants in their respective participating group and owe such participants a duty of loyalty and a duty of care, and are required to exercise good faith and fair dealing in conducting the affairs of the subject LLC in which they hold membership interests. The operating agreement of each subject LLC appoints the supervisor to provide supervisory and other services for the subject LLC. The supervisor is accountable to the subject LLC as a fiduciary and owes the subject LLCs a duty of loyalty and a duty of care. The supervisor is required to exercise good faith and fair dealing in providing supervisory and other services. The supervisor s fiduciary duty to the subject LLCs also runs to the participants, as holders of participation interests in the membership interests of the subject LLCs. The operating agreement of each subject LLC does not limit the liability of the supervisor in connection with providing supervisory and other services to the subject LLC.	accountable to the operating partnership as a fiduciary and, consequently, is required to exercise good faith and integrity in all of its dealings with respect to operating partnership affairs. However, under the operating partnership agreement, the company, as the general partner, is under no obligation to consider the separate interests of the limited partners in deciding whether to cause the operating partnership to take (or decline to take) any actions, and the company, as general partner, is liable for monetary damages for losses sustained, liabilities incurred, or benefits not derived by limited partners in connection with such decision, provided that the company, as general partner, has acted in good faith and pursuant to its authority under the operating partnership agreement. The company s duties, as the general partner, to the operating partnership and its limited partners, may come into conflict with the duties of the company s directors and officers to the stockholders of the company. The limited partners agree that in the event of a conflict in the fiduciary duties owed by the general partner to its stockholders and in its capacity as general partner of the operating partnership, to such limited partners, the general partner will fulfill its fiduciary duties to such limited partners by acting in the best interests of its stockholders.	good faith, in a manner reasonably believed to be in the company s best interest and with the care of an ordinarily prudent person in a like position under similar circumstances. At the same time, in its capacity as the general partner of the operating partnership, the company has fiduciary duties to manage the operating partnership in a manner beneficial to the operating partnership and its partners. The company s duties, as the general partner, to the operating partnership and its limited partners, therefore, may come into conflict with the duties of the company s directors and officers to the company and its stockholders. The company will be under no obligation to give priority to the separate interests of the limited partners of the operating partnership or its stockholders in deciding whether to cause the operating partnership to take or decline to take any actions. The limited partners of the operating partnership have agreed that in the event of a conflict in the duties owed by the company s directors and officers to the company and its stockholders and the fiduciary duties owed by the company, in its capacity as general partner of the operating partnership, to such limited partners, the company will fulfill its fiduciary duties to such limited partners by acting in the best interests of its stockholders. The limited partners of the operating partnership expressly acknowledged that the company is acting for the benefit of the operating partnership, the limited partners and its stockholders, collectively.

The agents of a participating group, the general partner of the operating partnership and the directors of the company, respectively, owe duties to their constituent parties. It is unclear, however, whether, or to what extent, there are actual differences in such duties.

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Management s Liability and Indemnification

Subject LLCs	Operating Partnership	The Company
The participating agreements provide that the agent of a participating group shall not be personally liable for any act performed in good faith, nor for any action except for willful misconduct or gross negligence. The participating agreements for Empire State Building Associates L.L.C. provide that an agent may also be personally liable for liabilities under the Securities Act. Each participating agreement for 250 West 57th St. Associates L.L.C. and 60 East 42nd St. Associates L.L.C. provides that the participants in a participating group shall indemnify the agent, in proportion to their participation interests, against any liability to which the agent may be subject by reason of holding record title to the participation interests in his name. For Empire State Building Associates L.L.C., the agents are indemnified for any loss or liability arising out of their actions as agent, and the indemnity obligation by the participants in a participating group does not apply where the agent incurs a loss or liability as a result of bad faith or contravention of the participating agreement. The agreements to indemnify the principals of the supervisor cover certain liabilities relating to the subject LLCs and the private entities. Under the organizational documents of the subject LLCs and private entities and applicable law, the principals of the supervisor are already generally entitled to indemnification from the participants in the subject LLCs and the private entities for liabilities incurred by them in good faith and not arising out of their own willful misconduct or gross negligence.	Neither the company, as the general partner, nor its directors and officers are liable to the operating partnership for losses sustained, liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or of any act or omission, so long as such person acted in good faith. The operating partnership agreement will provide for indemnification of the company, the company s affiliates and each of the company s officers, directors, and any persons the company may designate from time to time in its sole and absolute discretion to the fullest extent permitted by applicable law against any and all losses, claims, damages, liabilities (whether joint or several), expenses (including, without limitation, attorneys fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, that relate to the operations of the operating partnership, provided that the operating partnership will not indemnify such person for (i) willful misconduct or a knowing violation of the law; (ii) any action for which such person received an improper personal benefit in money, property or services in violation or breach of any provision of the operating partnership agreement; or (iii) in the case of any criminal proceeding, the person had reasonable cause to believe the act or omission was unlawful, as set forth in the operating partnership agreement.	The Maryland General Corporation Law, or the MGCL, allows a Maryland corporation to include a provision in its charter limiting the liability of its directors and officers to the corporation and its stockholders for money damages, except for liability resulting from (i) actual receipt of an improper benefit or profit in money, property or services or (ii) active and deliberate dishonesty established by a final judgment as being material to the cause of action. The company s charter contains a provision which eliminates the liability of its directors and officers to the maximum extent permitted by the MGCL. The MGCL requires the company (unless the company s charter provides otherwise, which it does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made or threatened to be made a party by reason of his or her service in that capacity. The MGCL permits the company to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that: (i) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty; (ii) the director or officer actually received an improper personal benefit in

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Subject LLCs	Operating Partnership	The Company
		money, property or services; or (iii) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. The company s charter and bylaws require the company to indemnify its directors and officers to the maximum extent permitted by the MGCL. The company will obtain a policy of insurance under which its directors and officers will be insured against certain losses arising from claims made against such directors and officers by reason of any acts or omissions covered under such policy in their respective capacities as directors or officers, including certain liabilities under the Securities Act. Additionally, the company intends to enter into indemnification agreements with each of its directors and executive officers upon the closing of the IPO.

The agent of a participating group will generally be held liable only for their own willful misconduct or gross negligence or acts not performed in good faith, and may be indemnified in certain cases. The liability of the directors and officers of the operating partnership or the company, as applicable, is limited to the fullest extent permitted under the MGCL, and such directors and officers are indemnified by the operating partnership or the company, as applicable, to the fullest extent permitted by the MGCL.

Takeover Provisions

Subject LLCs	Operating Partnership	The Company
The operating agreements for the subject LLCs do not provide for removal of a member. For each participating group of 250 West 57th St. Associates L.L.C., a change in the agent may be effected only by resignation, death, incompetence or other disability of the agent (who are agents for participants). The participating agreements for the other subject LLCs require the consent of 75% of the participants in a participating group to remove the agent for that participating group.	Change of control actions involving the operating partnership will generally occur only together with a change of control action involving the company.	Certain provisions of the MGCL and the company s charter and bylaws may have the effect of delaying, deferring or preventing a transaction or a change in control of the company that might involve a premium price for stockholders or otherwise be in their best interests. See Certain Provisions of the Maryland General Corporation Law and the Company s Charter and Bylaws.

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Subject LLCs	Operating Partnership	The Company
The agents, who are the members of your subject LLCs, recently created a new class of membership interests, which were divided into series. A separate series was deemed to be distributed to holders of each participating group in your subject LLC. The new series provide protections similar to those under a shareholder rights plan for a corporation. Each new series corresponds to a participating group for which a member acts as agent. The new series will not affect voting rights, except with respect to any person or group that acquires 6%, 3%, or 7.5% or more, respectively, of the outstanding participation interests in the applicable participating group (an acquiring person) for each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. If there is an acquiring person, the effect of the new series is that approval of the consolidation proposal and the third-party portfolio proposal by a participating group will require approval by the requisite consent of the participants in the participating group, as holders of the new series of membership interests, excluding the acquiring person.		
The new series will not affect distributions unless there is an acquiring person. Each participant in the applicable participating group other than an acquiring person prior to the closing of the consolidation will have the right to receive distributions on the new series (equal to three times the distributions on the participations) and as a result if there is an acquiring person prior to the closing of the consolidation, the distributions to the acquiring person will be reduced and the distributions of other participants in the participating group in which there is an acquiring person will be correspondingly increased.		

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Restrictions on removal of agents by the participants could deter attempts to obtain control of the subject LLCs. Certain provisions of the organizational documents of the company could be used to deter attempts to obtain control of the company in transactions not approved by the company s board of directors.

Sale

Subject LLCs	Operating Partnership	The Company
The operating agreements of the subject LLCs require the consent of the members, as set forth under Management Control above, who are agents for the participants, to sell or transfer the property held by the subject LLCs. The participating agreements for each subject LLC require the consent of participants, as described in Voting Rights below for each agent to consent to a sale or transfer of property.	Under the operating partnership agreement, the company generally has the exclusive authority to determine whether, when and on what terms the assets of the operating partnership will be sold. The company, as general partner of the operating partnership, generally may sell, exchange, transfer or otherwise dispose of all or substantially all of the operating partnership s assets in a single transaction or a series of related transactions (including by way of merger, consolidation or other combination with any other persons), without the consent of the limited partners.	Under the MGCL and the company s charter, the sale of all or substantially all of the assets of the company must be declared advisable by the board of directors and approved by the affirmative vote of the stockholders entitled to cast a majority of all the votes entitled to be cast on the matter. No approval of the stockholders is required for the sale of less than substantially all of the company s assets. In addition, under the tax protection agreement, transferring of certain of the company s properties will be restricted without the consent of the parties to the tax protection agreement. See the section entitled, The Consolidation Description of the Tax Protection Agreement.

Under the operating agreement and participating agreements, the sale or transfer of property may be affected with the required consent of participants, as set forth in Voting Rights below. The company, as the sole general partner of the operating partnership, may determine whether, when and on what terms the assets of the operating partnership will be sold. Under the charter of the company, the sale of assets which do not amount to all or substantially all of the assets of the company does not require any consent of the stockholders; however, a sale of all or substantially all of the company s assets requires stockholder consent.

Dissolution

Subject LLCs	Operating Partnership	The Company
Each subject LLC shall dissolve when the all of the property owned by it shall have been disposed of pursuant to its operating agreement. Each participating group shall dissolve when all of the participation interests held by the participating group shall have been disposed of pursuant to its participating agreement.	An election to dissolve the operating partnership may be made by the general partner in its sole and absolute discretion, with or without the consent of a majority in interest of the other limited partners.	Under the MGCL and the company s charter, the dissolution of the company must be declared advisable by the board of directors and approved by the affirmative vote of the stockholders entitled to cast a majority of all votes entitled to be cast on the matter.

Under each subject LLC s operating agreement and participating agreements the entity or participating group shall be dissolved when its property shall be disposed of. The operating partnership may be dissolved by the

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general partner without the consent of the limited partners. Under the charter of the company, the entity may be dissolved with the consent of stockholders entitled to cast a majority of all votes entitled to be cast on the matter.

Amendments

Subject LLCs	Operating Partnership	The Company
The operating agreements of the subject LLCs do not address the vote required for amendment of the operating agreement. The operating agreements provide that the agents will have the same rights and liabilities in relation to the other members of the subject LLC after conversion of the subject LLCs to limited liability companies as they would have under New York partnership law. Under New York partnership law, unanimous consent of the agents would be required to amend the operating agreement of each subject LLC. The agents are not required to obtain the consents of the participants in their respective participating groups to consent to an amendment of the operating agreement. The participating agreements for Empire State Building Associates L.L.C. specify that amendment of the participating agreement requires consent of all of the participants in such participating group. The participating agreements for the subject LLCs, other than Empire State Building Associates L.L.C., do not address the vote required for amendment of the operating agreements. As a result, an amendment of the participating agreements requires the consent of all the participants in such participating group.	Amendments to the operating partnership agreement may only be proposed by the general partner. Generally, the operating partnership agreement will permit amendments with the general partner s approval and the approval of the limited partners holding a majority of all outstanding limited partner units (excluding limited partner units held by the company or its subsidiaries). Certain amendments will need to be approved by each partner adversely affected thereby. Additionally, certain amendments may be made by the general partner without the consent of the limited partners.	Generally, amendments to the charter must be declared advisable by the board of directors and approved by the affirmative vote of holders of shares entitled to cast a majority of all of the votes entitled to be cast on the matter.

Amendment of the operating agreement for the subject LLCs would require the consent of all of the agents and the amendment of the participating agreements would require the consent of all of the participants in such participating group. Certain amendments to the operating partnership agreement require the consent of the majority in interest of the limited partners. Amendment of the charter of the company requires the approval of both the board of directors and majority of the votes entitled to be cast at a meeting of stockholders.

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Review of Investor Lists

Subject LLCs	Operating Partnership	The Company
Neither the operating agreement nor participating agreements for the subject LLCs address the right of participants to receive an investor list. Under New York limited liability company law, a member would have the right to inspect and make copies of investor lists at its own expense for any purpose reasonably related to the member s interest as a member. Under the New York partnership law, which may apply to participating agreements, a participant in a participating group would have the right to access and to make copies of the participating group s books, which would include the list of participants.	Under the Delaware Act, a limited partner will have the right to obtain upon reasonable demand for any purpose reasonably related to the limited partner s interest as a limited partner, a current list of the name and last known business, residence or mailing address of each partner.	The company s bylaws require that it must maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate stock ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder. Under the MGCL, any stockholder may make a written request for a statement showing all stock and securities issued by the corporation during a specified period of not more than 12 months before the date of the request, and the corporation must prepare and have available a sworn statement containing (i) the number of shares or amounts of each class of stock or other securities issued during the specified period; (ii) the consideration received per share or unit, which may be aggregated as to all issuances for the same consideration per share or unit and (iii) the value of any consideration other than money as set in a resolution of the board of directors. The MGCL provides additional rights of inspection to a person or persons who, for at least six months, have held an aggregate of 5% of the outstanding stock of any class of the company, including the right to inspect the company s stock ledger or a list of its stockholders.

The members and participants in the subject LLCs, limited partners of the operating partnership and the stockholders of the company may be entitled, subject to certain limitations, to inspect and, at their own expense (except as noted above), make copies of investor lists.

The following discussion describes the investment attributes and legal rights associated with your ownership of participation interests, operating partnership units and shares of Class A common stock.

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Nature and Terms of Investment

Participation Interest	Operating Partnership	Common Stock
The participation interest you hold constitutes an equity interest entitling you to your pro rata share of distributions made to the participants in your subject LLC. The distributions to participants are made after distributions to the supervisor of its share of cash distributions under its override on distributions and, to the extent that a participant has consented, its share of distributions of capital proceeds pursuant to the overrides. The distributions payable by your subject LLC to its participants are not fixed in amount and depend upon the operating results and net sales or refinancing proceeds available from the disposition or refinancing of your subject LLC s assets.	Operating partnership units constitute equity interests entitling each limited partner to its pro rata share of cash distributions made to the partners of the operating partnership. The operating partnership generally intends to retain and reinvest proceeds of the sale of property or excess refinancing proceeds in its business.	The shares of common stock constitute equity interests in the company with a par value of $0.01 per share. As a stockholder, you will be entitled to your pro rata share of any distributions paid with respect to the common stock, including distributions payable to stockholders in the event of the company s liquidation, dissolution or winding up after payment of, or adequate provision for, all the company s known debts and liabilities. The distributions payable to you are not fixed in amount and are only paid if, as and when authorized by the board of directors of the company and declared by the company. In order for the company to qualify as a REIT, the company must distribute to its stockholders, on an annual basis, at least 90% of its REIT taxable income, determined without the deduction for dividends paid and excluding net capital gains. In addition, the company will be subject to U.S. federal income tax at regular corporate rates to the extent that the company distributes less than 100% of its net taxable income (including any net capital gains) and will be subject to a 4% nondeductible excise tax on the amount, if any, by which the company s distributions in any calendar year are less than a minimum amount specified under U.S. federal income tax laws.
		Holders of shares of common stock have no preference, conversion, exchange, sinking fund or redemption rights (other than the right to convert one share of Class B common stock into one share of Class A common stock as described herein), no preemptive

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Participation Interest	Operating Partnership	Common Stock
		rights to subscribe for any securities of the company and generally no appraisal rights. Subject to the provisions of the company s charter regarding the restrictions on ownership and transfer of the company s stock and except as otherwise provided in the company s charter, shares of common stock will have equal dividend, liquidation and other rights.

The participation interests, operating partnership interests and the common stock constitute equity interests. As a participant in your subject LLC, you are entitled to your pro rata share of the cash distributions of your subject LLC. As a limited partner of the operating partnership and as a stockholder of the company, you will be entitled to your pro rata share of any dividends or distributions of the operating partnership or the company, as applicable, which are paid with respect to the operating partnership units or common stock. Distributions and dividends payable with respect to participation interests, operating partnership units or common stock depend on the performance of your subject LLC, the operating partnership and the company, respectively.

Additional Equity/Potential Dilution

Participation Interest	Operating Partnership	Common Stock
Neither the operating agreements nor the participating agreements of the subject LLCs address whether the subject LLCs or the agents for each applicable participating group is authorized to issue additional equity securities. It would be necessary to amend the applicable operating agreement or participating agreement to issue additional membership interests or participation interests, which would require the consent set forth in Amendments above.	The operating partnership is authorized to issue operating partnership units and other partnership interests (including partnership interests of different series or classes that may be senior to the operating partnership units) as determined by the company, in its sole discretion, including in connection with acquisitions of properties. The operating partnership may issue operating partnership units and other partnership interests to the company, as long as such interests are issued in connection with a comparable issuance of common stock or other equity interests of the company and proceeds in connection with the issuance of such common stock are contributed to the operating partnership.	The company s charter provides that it may issue up to 400,000,000 shares of Class A common stock and up to 50,000,000 shares of Class B common stock. At the discretion of the board of directors, the company may issue additional equity securities, including shares of common stock, and may classify or reclassify unissued shares into one or more classes or series of common stock or preferred stock with certain terms or preferences set by the board of directors. The issuance of additional equity securities by the company will result in the dilution of your percentage ownership interest in the company. See Description of Capital Stock Power to Reclassify the Company s Unissued Shares of Stock and Power to Increase or Decrease Authorized Shares of Common Stock and Issue Additional Shares of Common and Preferred Stock.

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The issuance of additional equity securities by the subject LLCs was not contemplated by the operating agreements of the subject LLCs, although the agents may have the authority to authorize the subject LLCs to issue additional equity securities without the consent of the participants in their participating group. The operating partnership is authorized to issue additional partnership interests that may dilute your percentage ownership interests and/or may be senior to the operating partnership units. As a stockholder, your percentage ownership interest will be diluted if the company issues additional common stock (or securities convertible into common stock). Furthermore, the company may issue preferred stock with priorities or preferences with respect to dividends and liquidation proceeds.

Liability of Investors

Participation Interest	Operating Partnership	Common Stock
Since the subject LLCs are limited liability companies, the agents are not personally liable for the debts and obligations of such limited liability company, subject to certain limitations under New York law. The participants are only participants in these membership interests, and, as such, are not personally liable for the debts and obligations of the limited liability company.	Under the operating partnership agreement and the Delaware Act, the liability of limited partners for the operating partnership s debts and obligations is generally limited to the amount of their investment in the operating partnership, together with their interest in undistributed income, if any.	Under the MGCL, you will not be personally liable for the debts or obligations of the company.

As a holder of a participation interest, your liability for the debts and obligations of your subject LLC is limited to the amount of your investment. In the operating partnership, a limited partner s liability is limited to the amount of his investment. As a stockholder, you generally would have no liability for the debts and obligations of the company.

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Voting Rights

Participation Interest	Operating Partnership	Common Stock
Generally, with some exceptions, you and the other participants in the subject LLCs have voting rights only on the sale, mortgage (including the modification or any existing mortgage) or transfer of the interest in the property, renewal or modification of the existing lease on the property held by your subject LLC or entry into a new lease affecting the same, as well as, with respect to participants in Empire State Building Associates L.L.C. only, conversion of the entity into a REIT, corporation, or any other form of ownership or disposal of any of the subject LLC s assets. The participation interests in each subject LLC are divided into separate participating groups. Each participating group has an agent who holds its interests in the subject LLC for the benefit of the participants in the participating group. Participants holding 100% of the outstanding participation interests in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. must consent for the agent of their participating group to consent to an action requiring the consent of the participants. Participants holding greater than 75% of the outstanding participation interests in at least eight out of ten of the participating groups of 250 West 57th St. Associates L.L.C. must consent for the agent of their participating group to consent to an action requiring the consent of the participants. If holders of 80% of the participation interests in any of the three participating groups in Empire State Building Associates L.L.C. or holders of 90% of the participation interests in any of the seven participating groups in 60 East 42nd St. Associates L.L.C. approve an action, the agent of any such	The operating partnership agreement will provide limited partners with certain limited voting rights. Subject to certain exceptions, the company may not, without the consent of a majority of the limited partners, (i) conduct any business other than as permitted under the partnership agreement or (ii) engage in a merger, consolidation or other combination or sale of substantially all of its assets. Additionally, most amendments to the operating partnership agreement must be approved by the limited partners holding a majority of all outstanding limited partnership units and certain amendments must be approved by each partner adversely affected thereby. For a more detailed description of the actions requiring consent of the limited partners under the operating partnership agreement, see Description of Operating Partnership Units and the Partnership Agreement of the Operating Partnership. Limited partners will also be entitled to any voting rights that may be required by law. Subject to these voting rights, the general partner of the operating partnership will have full, exclusive and complete responsibility and discretion in the management and control of the operating partnership, including the ability to cause the operating partnership to enter into certain major transactions, such as a merger of the operating partnership or a sale of substantially all of the assets of the operating partnership.	The company is managed under the direction of a board of directors, as elected by the stockholders at the annual meeting of stockholders of the company. The MGCL and the company s charter generally require that major actions, including most amendments to the charter, be approved by the affirmative vote of stockholders entitled to cast a majority of all the votes entitled to be cast on the matter. Each outstanding share of Class A common stock entitles the holder thereof to one vote, and each outstanding share of Class B common stock entitles the holder thereof to 50 votes on all matters on which the stockholders of Class A common stock are entitled to vote, including the election of directors, and, except as provided with respect to any other class or series of stock, the holders of shares of Class A common stock and Class B common stock will vote together as a single class and will possess the exclusive voting power. There is no cumulative voting in the election of the company s directors and the directors are elected by a plurality of all the votes cast in the election. Among other things, the company is subject to the business combination, control share acquisition and unsolicited takeover provisions of the MGCL. Pursuant to the statute, the company s board of directors has by resolution exempted business combinations between the company and any other person, provided that such business combination is first approved by the company s board of directors

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Participation Interest	Operating Partnership	Common Stock
participating group will be entitled to purchase the participation interest of any participant in such participating group that voted **AGAINST** such action or **ABSTAINED** or that did not submit a consent form at a purchase price which is equal to the original cost less capital repaid, but not less than $100. If the agent purchases these participation interests, the requirement for consent of participants holding 100% of the participation interests of that participating group will be satisfied.		(including a majority of the directors who are not affiliates or associates of such person). The company s bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of shares of the company s stock. The charter contains a provision whereby the company has elected to be subject to the provisions of Title 3, Subtitle 8 of the MGCL relating to the filling of vacancies on the company s board of directors. For a more detailed description of these provisions, see Certain Provisions of the Maryland General Corporation Law and the Company s Charter and Bylaws.
The agents, who are the members of your subject LLCs, recently created a new class of membership interests, which were divided into series. A separate series was deemed to be distributed to holders of a participating group in your subject LLC. The new series will not affect voting rights, except with respect to any person or group that acquires 6%, 3%, or 7.5% or more, respectively, of the outstanding participation interests in the applicable participating group (an acquiring person) for each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. See Takeover Provisions above.		

The participation interests in each subject LLC are divided into separate participating groups, each of which has an agent who holds his interests in the subject LLC for the benefit of the participants in the participating group. Consent of participants is required to approve certain transactions, including the consolidation. As a limited partner you will have limited voting rights. The general partner of the operating partnership may enter into certain major transactions without the consent of the limited partners. As a stockholder, you will have voting rights that permit you to elect the board of directors and to approve or disapprove certain major actions.

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Liquidity

Participation Interest	Operating Partnership	The Company
The participation interest that represents your ownership interest in your subject LLC is a relatively illiquid investment with a limited resale market. The trading volume of the participation interest in the resale market is limited and the supervisor believes that prices at which your subject LLC s participation interests trade are less than the fair market value. See the table under Background of and Reasons for the Consolidation Comparison of Alternatives. In addition, transfer restrictions in the participating agreements 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. could affect the development of a more active or substantial market for the participation interest. Neither you nor any other participant, individually, can require your subject LLC to dispose of its assets or redeem your or any other participants interests in your subject LLC.	Limited partners may expect to obtain liquidity, not from the sale of assets, but through exchange of their operating partnership units and the sale of common stock. Each participant in the subject LLCs that receives operating partnership units may also achieve liquidity through sale of operating partnership units, which are expected to be listed on the NYSE, which they may sell, upon expiration of the lock-up period as described in this prospectus/consent solicitation, although the market for operating partnership units may be more limited than the market for the Class A common stock. In addition, each participant in the subject LLCs that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to 4.0% of the operating partnership units he or she receives with respect to each subject LLC (assuming all of the participants in each subject LLC elect to receive operating partnership units, the enterprise value equals the aggregate exchange value and the IPO price equals $10 per share), which treats all three subject LLCs equally after having determined for Empire State Building Associates L.L.C. the minimum amount required by the NYSE for it to meet the requirements as the primary listing. After the first anniversary of becoming a limited partner, each limited partner will have the right, subject to the terms and conditions set forth in the operating partnership agreement, to require the operating partnership to redeem all or a portion of the operating partnership units held by the limited partner in exchange for a cash amount equal to the number	Shares of common stock of the company will be freely transferable upon registration under the Securities Act subject to the restrictions on transfer and ownership set forth in the charter. See Description of Capital Stock Restrictions on Ownership and Transfer. The company intends to apply to have the Class A common stock listed on the NYSE, and the company expects a public market for the shares of common stock to develop. The breadth and strength of this market will depend upon, among other things, the amount of shares of the company s Class A common stock that are outstanding, the company s financial results and prospects, and the general interest in the company s dividend yield and growth potential compared to that of other debt and equity securities. See The Consolidation Consideration. One share of Class B common stock may be converted into one share of Class A common stock at any time, and one share of Class B common stock is subject to automatic conversion into one share of Class A common stock upon a direct or indirect transfer of such share of Class B common stock held by the holder of Class B common stock (or a permitted transferee thereof) to a person other than a permitted transferee. Shares of Class B common stock are also subject to automatic conversion upon certain direct or indirect transfers of operating partnership units held by the holder of such Class B common stock at a ratio of one share of Class B common stock for every

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Participation Interest	Operating Partnership	The Company
	of tendered operating partnership units multiplied by the price of a share of common stock, unless the terms of such operating partnership units or a separate agreement entered into between the operating partnership and the limited partner provide that the limited partner is not entitled to a right of redemption. On or before the close of business on the fifth business day after the operating partnership receives a notice of redemption, the company may, in its sole and absolute discretion, but subject to the restrictions on the ownership of common stock that will be imposed under the charter and the transfer restrictions and other limitations thereof, elect to acquire some or all of the tendered operating partnership units from the tendering limited partner in exchange for common stock, based on an exchange ratio of one share of common stock for each operating partnership unit (subject to anti dilution adjustments provided in the operating partnership agreement). It is the company s current intention to exercise this right in connection with any exchange of operating partnership units.	49 operating partnership units transferred to a person other than a permitted transferee. A permitted transferee with respect to a person is defined in the company s charter as a family member, affiliate or controlled entity of such person.

Your participation interest has a limited resale market. If you vote **FOR** the consolidation and your subject LLC participates in the consolidation, you will receive operating partnership units, unless you elect to receive shares of Class A common stock or, to a limited extent, Class B common stock. You may elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units you would otherwise receive in the consolidation. Each share of Class B common stock has 50 votes on all matters on which stockholders are entitled to vote and the same economic interest as a share of Class A common stock, and one share of Class B common stock and 49 operating partnership units together represent a similar economic value as 50 shares of Class A common stock. The operating partnership units you receive will be redeemable, at your option, for cash or, at the company s option, exchangeable for shares of Class A common stock beginning 12 months after the completion of the IPO. The Class A common stock you receive will be freely transferable, subject to the restrictions of the applicable U.S. federal and state securities laws and after expiration of the lock-up period as described in this prospectus/consent solicitation and subject to the restrictions on transfer and ownership set forth in the charter. The company intends to apply to have the Class A common stock listed on the NYSE. As a stockholder of the company, you will have the opportunity to achieve liquidity by trading the Class A common stock in the public market. Participants may also achieve liquidity through sale of Class A common stock issued in exchange for operating partnership units and Class B common stock, subject to

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such restrictions. If you receive operating partnership units in exchange for your participation interests, you may also achieve liquidity through the sale of such operating partnership units, which also are expected to be listed on the NYSE, which they may sell, subject to restrictions described above, although the market for operating partnership units may be more limited than the market for Class A common stock. In addition, each participant in the subject LLCs that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to 4.0% of the operating partnership units he or she receives with respect to each subject LLC (assuming all of the participants in each subject LLC elect to receive operating partnership units, the enterprise value equals the aggregate exchange value and the IPO price equals $10 per share), which treats all three subject LLCs equally after having determined for Empire State Building Associates L.L.C. the minimum amount required by the NYSE for it to meet the requirements as the primary listing.

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Expected Distributions and Payments

Participation Interest	Operating Partnership	Common Stock
Your subject LLC makes small regular monthly distributions and annual distributions out of overage rent, to the extent paid under the operating lease, in each case to the extent of available cash flow (equal to 50% of the operating lessee s net operating profit, which, in the case of Empire State Building Company L.L.C. is net operating profits above $1,000,000, and which, in the case of 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C., is net operating profits in excess of $1,053,800 per annum and $752,000 per annum, respectively, of primary additional rent, which is paid by the operating lessee to the applicable subject LLC to the extent of net profits). Such amounts represent approximately 2.78%, 4.35% and 10.59%, respectively, of the original purchase price of each of the Empire State Building, One Grand Central Place and 250 West 57th Street. Amounts distributed to you are derived from your pro rata share of cash flow from operations or cash flow from sales or financings. See Selected Financial Information of the subject LLCs for a presentation of the cash distributions to you and the other limited partners of the subject LLCs over the five most recent calendar years.	The operating partnership agreement will provide that limited partners are entitled to receive quarterly distributions of available cash (i) first, with respect to any operating partnership units that are entitled to any preference in accordance with the rights of such interest (and within such class, pro rata in accordance with their respective percentage interests) and (ii) second, with respect to any operating partnership units that are not entitled to any preference in distribution, in accordance with the rights of such class of operating partnership units (and within such class, pro rata in accordance with their respective percentage interests). Limited partners in the operating partnership will receive their pro rata share of all distributions paid by the company to its stockholders.	The company intends to make quarterly dividend and distribution payments to the holders of its common stock. The amount of such dividends and distributions and the timing thereof will be established by the board of directors, taking into account the capital requirements of the company, funds from operations, yields available to stockholders, the market price for the common stock, the requirements for qualification as a REIT and the MGCL. In order for the company to qualify as a REIT, the company must distribute to its stockholders, on an annual basis, at least 90% of its REIT taxable income, determined without the deduction for dividends paid and excluding capital gains. Unlike the subject LLCs, the company is not required to distribute net proceeds from the sale or refinancing of properties.

Your subject LLC makes small regular monthly distributions and annual distributions out of overage rent as described above, in each case to the extent of available cash flow. The operating partnership and the company will pay dividends if, as and when authorized by the board of directors in its discretion out of funds legally available therefor and declared by the company. If you become a limited partner or stockholder, you will receive your pro rata share of the dividends and distributions made with respect to operating partnership units or shares of common stock, as applicable. The amount of such dividends and distributions will depend upon such factors as revenues, operating expenses, debt service payments, capital expenditures, and funds set aside for renovations or improvements of properties.

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Taxation of Taxable Investors

Participation Interest	**Operating Partnership**	**Common Stock**
Each subject LLC is intended to be treated as a partnership for U.S. federal income tax purposes. As a partnership, a subject LLC is generally not subject to U.S. federal income tax at the entity-level. Participants must report their allocable share of partnership income, gain, loss and deduction on their tax return, regardless of whether cash distributions are made by the relevant subject LLC.	The operating partnership will be a limited partnership intended to be treated as a partnership for U.S. federal income tax purposes. As a partnership, the operating partnership is generally not subject to U.S. federal income tax at the entity-level. Limited partners must report their allocable share of partnership income, gain, loss and deduction on their tax return, regardless of whether cash distributions are made by the operating partnership.	As a general matter, the company will be able, as a REIT, to deduct dividends paid to stockholders, generally eliminating entity-level taxation to the extent that such income is distributed. In order to qualify as a REIT, the company must distribute, on an annual basis, at least 90% of its REIT taxable income (determined without regard to the deduction for dividends paid, and excluding net capital gain). As a general matter, the company will be subject to U.S. federal corporate income tax on its income and capital gain for a given taxable year that it does not distribute. The company may also be subject to certain other taxes (including U.S. federal excise taxes and state and local taxes).
A participant s allocable share of income or loss from the subject LLC generally constitutes passive activity income or loss, subject to the passive activity rules of Section 469 of the Code.	A limited partner s allocable share of income or loss from the operating partnership generally constitutes passive activity income or loss, subject to the passive activity rules of Section 469 of the Code.	
Generally, by March 30 of each year, you receive an annual Schedule K-1 with respect to information about your subject LLC for inclusion on your U.S. federal income tax returns. Generally, by April 15 of each year, a participant that also hold interests in one or more private entities receives an annual Schedule K-1 with respect to information about such private entities for inclusion on such participant s U.S. federal income tax returns.	The company, as the general partner of the operating partnership, will use reasonable efforts to furnish, within 90 days of the close of each taxable year, an annual Schedule K-1 with respect to information about the operating partnership for inclusion on your U.S. federal income tax returns.	Distributions by the company to the stockholders will generally be treated as taxable dividends to the extent of the company s accumulated earnings and profits. The company will mail stockholders an annual 1099-DIV in January.
You must file state income tax returns and incur state income tax in the state in which your subject LLC owns its interest in a property.	You must file state income tax returns and incur state income tax in each state in which the operating partnership owns properties.	Distributions received by a stockholder and gain or loss from a disposition of common stock by a stockholder generally does not constitute income from a passive activity for purposes of Section 469 of the Code, and therefore cannot be offset by passive losses.
		As a general matter, stockholders will not be obligated to file state income tax returns in states in which the company has properties solely as a result of owning common stock of the company.

Each subject LLC is intended to be treated as a partnership for U.S. federal income tax purposes. As a partnership, a subject LLC is generally not subject to U.S. federal income tax at the entity-level. Participants must report their allocable share of partnership income, gain, loss and deduction on their tax return, regardless of whether cash distributions are made by the relevant subject LLC. A participant s allocable share of income or loss from the subject LLC generally constitutes passive activity income or loss, subject to the passive activity rules of Section 469 of the Code. The operating partnership is also intended to be a pass-through entity whose income and loss generally is not taxed at the entity level, but instead is allocated to its limited partners. Limited partners will be taxed on income or loss allocated to them whether or not cash distributions are made to them. By contrast, as a general matter, the company will be able, as a REIT, to deduct dividends paid to stockholders for U.S. federal income tax purposes, generally eliminating entity level taxation to the extent that such income is distributed. In order to qualify as a REIT, as a REIT, the company must distribute, on an annual basis, at least 90% of its REIT taxable income (determined without regard to the deduction for dividends paid, and excluding net capital gain). As a general matter, the company will be subject to U.S. federal corporate income tax on its income and capital gain for a given taxable year that it does not distribute. Distributions by the company to the stockholders will generally be treated as taxable dividends to the extent of the company s accumulated earnings and profits. Distributions received by a stockholder and gain or loss from a disposition of common stock by a stockholder generally does not constitute income from a passive activity for purposes of Section 469 of the Code, and therefore cannot be offset by passive losses. Corporate stockholders will not be able to claim the dividends received deduction for dividends distributed by the company.

Taxation of Tax-Exempt Investors

Participation Interest	Operating Partnership	Common Stock
Allocations of income from a subject LLC and gain from the disposition of an interest in a subject LLC are characterized as unrelated business taxable income, or UBTI, to a tax-exempt investor, only to the extent that the tax-exempt investor incurs acquisition indebtedness with respect to its interest in the public partnership or to the extent the subject LLC incurs acquisition indebtedness.	Allocations of income from the operating partnership and gain from the disposition of an interest in a the operating partnership are characterized as unrelated business taxable income, or UBTI, to a tax-exempt investor, only to the extent that the tax-exempt investor incurs acquisition indebtedness with respect to its interest in the operating partnership or to the extent the operating partnership incurs acquisition indebtedness.	Dividends received from the company and gain from a disposition of common stock will generally not constitute UBTI except to the extent the tax-exempt investor finances the common stock with acquisition indebtedness, or, in the case of certain tax-exempt investors, unless the company is a pension-held REIT. See U.S. Federal Income Tax Considerations Taxation of Stockholders Taxation of Tax-Exempt U.S. Stockholders.

A tax-exempt entity is treated as owning and carrying on the business activity conducted by a partnership in which such entity owns an interest. Income received from a subject LLC or the operating partnership must not constitute UBTI for the tax-exempt investor to avoid U.S. federal income tax on such income. Income from the subject LLC or the operating partnership does not constitute UBTI except to the extent the subject LLC or the operating partnership incurs acquisition indebtedness or the tax-exempt investor incurs acquisition indebtedness with respect to its interest in the subject LLC or the operating partnership. In general, income attributable to the common stock is not UBTI.

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Compensation and Fees

Under each subject LLC s operating agreement or pursuant to the consent of the participants, the management companies and the Malkin Holdings group receive distributions, reimbursements, fees and sales proceeds. The following chart details the nature of the supervisor s compensation for each subject LLC and compares it to the operating partnership and the company.

	250 West 57th St. Associates L.L.C.	Empire State Building Associates L.L.C.	60 East 42nd St. Associates L.L.C.	Operating Partnership	The Company
Interest in Cash Flow, and Partnership Management Fee	Basic supervisory fee was equal to $40,000 per annum prior to July 1, 2010 and was increased to equal $102,000 per year after July 1, 2010, plus an annual adjustment for inflation after July 1, 2010. Supervisory fee for special services, such as legal and accounting services, payable at hourly rates. Distributions of cash flow of 10% of all cash distributions (other than from mortgage, sale or condemnation proceeds) in excess of 15% on the remaining cash investment in any one year. The Malkin Holdings group also receives distributions on account of	Basic supervisory fee was equal to $100,000 per annum prior to July 1, 2010 and was increased to $725,000 per year after July 1, 2010, plus an annual adjustment for inflation after July 1, 2010. Supervisory fee for special services, such as legal and accounting services, payable at hourly rates. Distributions of (i) 6% of any distributions of overage rent received under the operating sublease; (ii) 6% of 50% of savings from mortgage elimination; and (iii) 6% of 50% of scheduled reductions in ground rent in 1992 and 2013 except to participants who approved the	Basic supervisory fee was equal to $24,000 per annum prior to July 1, 2010 and was increased to $180,000 per year after July 1, 2010, plus an annual adjustment for inflation. Supervisory fee for special services, such as legal and accounting services, payable at hourly rates. Distributions of cash flow of 10% of all cash distributions in excess of 14% on the remaining cash investment in any one year. The Malkin Holdings group also receives distributions on account of interests owned by them on the	All payments described under The Company will be made by the operating partnership.	The company, through the operating partnership, will pay all management expenses. Such management expenses will reduce the funds available for distribution by the company. The officers and directors of the company will receive compensation for their services as described herein under Management. The company will not otherwise pay any management fees, other than property management fees paid to third party property manager. As an internally-advised REIT, the company will not otherwise pay a portion of net cash flow or allocations to management,

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	250 West 57th St. Associates L.L.C.	Empire State Building Associates L.L.C.	60 East 42nd St. Associates L.L.C.	Operating Partnership	The Company
	interests owned by them on the same basis as other participants.	voluntary compensation plan for the management companies.	same basis as other participants.		except for distribution pro rata in accordance with ownership of the company s common stock and operating partnership units.
		The Malkin Holdings group also receives distributions on account of interests owned by them on the same basis as other participants.			
Reimbursements	Disbursements and regular accounting fees related to the supervisor s maintenance of the books and records of 250 West 57th St. Associates L.L.C. and supervision of the operation of the 250 West 57th St. Associates L.L.C. operating agreement are paid by 250 West 57th St. Associates L.L.C.	Disbursements and regular accounting fees related to the supervisor s maintenance of the books and records of Empire State Building Associates L.L.C. and supervision of the operation of the Empire State Building Associates L.L.C. operating agreement are paid by Empire State Building Associates L.L.C.	Disbursements and regular accounting fees related to the management companies maintenance of the books and records of 60 East 42nd St. Associates L.L.C. and supervision of the operation of the 60 East 42nd St. Associates L.L.C. operating agreement are paid by 60 East 42nd St. Associates L.L.C.	All payments described under The Company will be made by the operating partnership.	The company, through the operating partnership, will pay all management expenses. Such management expenses will reduce the funds available for distribution by the company.
	In addition to the basic supervisory fee and overrides, the supervisor receives payments for time charges for services not included in the	In addition to the basic supervisory fee and overrides, the supervisor receives payments for time charges for services not	In addition to the basic supervisory fee and overrides, the supervisor receives payments for time charges for services not included in the		

	250 West 57th St. Associates L.L.C.	Empire State Building Associates L.L.C.	60 East 42nd St. Associates L.L.C.	Operating Partnership	The Company
	supervisory fee, that include administrative fees for tax information (k-l) preparation, fees for investing funds, internal disbursements (i.e. copies, fax), third party disbursements (postage and delivery, supplies, filing fees) and third party billings advanced by the supervisor.	included in the supervisory fee, that include administrative fees for tax information (k-l) preparation, fees for investing funds, internal disbursements (i.e. copies, fax), third party disbursements (postage and delivery, supplies, filing fees) and third party billings advanced by the supervisor.	supervisory fee, that include administrative fees for tax information (k-l) preparation, fees for investing funds, internal disbursements (i.e. copies, fax), third party disbursements (postage and delivery, supplies, filing fees) and third party billings advanced by the supervisor.		
Property Management Fees	None.	None.	None.	None.	None.
Real Estate Disposition Fees	None.	None.	None.	None.	None.
Distribution of Net Sales Proceeds	Under the voluntary capital transaction override program, approximately 78.32% of participants approved paying a portion of their distributions to the supervisor as follows: if cumulative net proceeds received by a participant from all capital transactions (including a partial or full sale, mortgage, pledge or	Under the voluntary capital transaction override program, approximately 94% of participants approved paying a portion of their distributions to the supervisor as follows: if cumulative net sale and refinancing proceeds received by a participant exceed the participants original cash investment, then	None.	Distributions will be made pro rata in accordance with ownership of the company s common stock and operating partnership units.	Distributions will be made pro rata in accordance with ownership of the company s common stock and operating partnership units.

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	250 West 57th St. Associates L.L.C.	Empire State Building Associates L.L.C.	60 East 42nd St. Associates L.L.C.	Operating Partnership	The Company
	assignment of the property or substantially all the interests in 250 West 57th St. Associates L.L.C.) exceed two times the original cash investment, then 10% of the excess shall be paid to the supervisor.	10% of the excess shall be paid to the supervisor.			

See also the section entitled Distributions and Compensation Paid to the Supervisor and its Affiliates Compensation, Reimbursement and Distributions to the Supervisor and its Affiliates in the supplement for your subject LLC.

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VOTING PROCEDURES FOR THE CONSOLIDATION PROPOSAL AND THE THIRD-PARTY PORTFOLIO PROPOSAL

Distribution of Solicitation Materials

This prospectus/consent solicitation, together with the accompanying supplement, transmittal letter and consent form constitute the solicitation materials being distributed to you and the other participants to obtain their votes **FOR** or **AGAINST** your subject LLC s participation in the consolidation and the third-party portfolio proposal.

Participants are being asked to vote on both the proposed consolidation and the third-party portfolio proposal. The participants holding the required percentage of the outstanding participation interests of your subject LLC must approve each proposal in order for such proposal to be approved by your subject LLC. If the consolidation is approved by your subject LLC and the consolidation is consummated, your subject LLC will consolidate with the company in the manner described in this prospectus/consent solicitation and in the supplement relating to your subject LLC.

The consent form seeks your consent to the consolidation and the third-party portfolio proposal. If you own participation interests in more than one subject LLC, for each subject LLC in which you own a participation interest you will receive a transmittal letter, supplement and consent form. Regardless of how many subject LLCs in which you own a participation interest, you will receive a single copy of the prospectus/consent solicitation. Participants in each subject LLC will vote separately on whether or not to approve the consolidation and the third-party portfolio proposal. Accordingly, if you hold interests in more than one subject LLC, you must complete one consent form for each subject LLC in which you are a participant.

If you vote **FOR** the consolidation and your subject LLC participates in the consolidation, you effectively will be voting against the alternatives to the consolidation, other than a third-party portfolio transaction, unless you vote **AGAINST** the third-party portfolio proposal. These alternatives include continuation of your subject LLC and a sale of your subject LLC s interest in the property and distribution of the net proceeds to participants. If the consolidation is not approved your subject LLC and a third-party portfolio transaction is not consummated, the supervisor expects the operations of your subject LLC to continue.

You should complete and return the consent form before the expiration of the solicitation period, which is the time period during which participants may vote **FOR** or **AGAINST** the consolidation and the third-party portfolio proposal. The solicitation period will commence upon delivery of the solicitation materials to you which is on or about January 23, 2013.

Your consent form must be received by MacKenzie Partners, Inc. by 5:00 p.m. Eastern time on March 25, 2013 unless the supervisor extends the solicitation period as set forth below. You may submit your consent form by mail, to 105 Madison Avenue, NY, NY 10016, or by facsimile, to (212) 929-0308. You can change your vote by mail or facsimile at any time before the later of the date that consents from participants holding the required percentage interest in your participating group are received and the 60th day after the beginning of the solicitation period. Either MacKenzie Partners, Inc. or the supervisor will send you a written acknowledgment by facsimile or, if requested by you, mail, that your vote has been changed promptly following receipt of a changed vote. If you are a participant in Empire State Building Associates L.L.C. or 60 East 42nd St. Associates L.L.C., and you do not consent to the consolidation or the third-party portfolio proposal, as applicable, you may also change your vote to consent to the consolidation or the third-party portfolio proposal, as applicable, within ten days notice that the required supermajority consent from the participants in your participating group has been received, as described below. You may call MacKenzie Partners, Inc. during the solicitation period to check whether or not the required supermajority consent from the participants in your participating group has been received, or to confirm that your changed vote has been received.

The supervisor may extend on one or more occasions the solicitation period for one or more proposals for one or more subject LLCs or one or more participating groups in a subject LLC without extending for other proposals, subject LLCs or participating groups whether or not it has received approval for the consolidation proposal or the third-party portfolio proposal on expiration of the consent solicitation period.

If you do not submit a consent form, you will be counted as having voted **AGAINST** both the consolidation and the third-party portfolio proposal. If you submit a properly signed consent form but do not indicate how you wish to vote on the consolidation, the third-party portfolio proposal, or both, you will be counted as having voted **FOR** such proposal(s).

The consent form also includes a section which permits participants to elect whether to receive operating partnership units or Class A common stock or, to a limited extent, as described above, Class B common stock. See Consideration.

Required Vote for the Consolidation Proposal and the Third-Party Portfolio

Proposal and Other Conditions

The participation interests in each subject LLC are divided into separate participating groups. Participants are being asked to vote on both the proposed consolidation and the third-party portfolio proposal. For each of these proposals to be approved, participants holding 100% of the outstanding participation interests in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. must approve that proposal, and participants holding greater than 75% of the outstanding participation interests in eight out of the ten participating groups of 250 West 57th St. Associates L.L.C. must approve that proposal. Approval by the required vote of the participants in 250 West 57th St. Associates L.L.C. in favor of a proposal will be binding on you if you are a participant in 250 West 57th St. Associates L.L.C. even if you vote **AGAINST** such proposal. Each of these proposals is subject to a separate consent and approval of each proposal is not dependent on approval of any other proposal.

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

The buyout amount for your interest would be substantially lower than the exchange value. The buyout amount, which is equal to the original cost less capital repaid, but not less than $100, is currently $100 for the interest held by a participant in Empire State Building Associates L.L.C. and $100 for the interest held by a participant in 60 East 42nd St. Associates L.L.C., as compared to the exchange value of $323,800 (or $358,670 if you are not subject to the voluntary capital override) per $10,000 original investment for Empire State Building Associates L.L.C. and $402,660 per $10,000 original investment for 60 East 42nd St. Associates L.L.C., respectively. The cash required to buyout non-consenting participants will not be paid from the proceeds from the IPO.

These buyouts are contractual provisions expressly stated for 60 East 42nd St. Associates L.L.C. and Empire State Building Associates L.L.C. at the inception of these subject LLCs in their original participating agreements dated December 1, 1954 and July 11, 1961, respectively, under which the participation interests were issued. The buyout provisions were included as a practical way to permit the entity to act, while still following the then-current tax advice provided to the supervisor of the subject LLCs that participants needed to act unanimously to permit these subject LLCs to obtain partnership status and to avoid entity level tax as a corporation for U.S. federal income tax purposes. For this purpose, the buyout provisions allow the purchase, at original cost less capital returned (but not less than $100), of the interest held by a non-consenting participant after ten-days notice of receipt of approval by a required supermajority (90% for 60 East 42nd St. Associates L.L.C. and 80% for Empire State Building Associates L.L.C., in each case by participation group), if such non-consenting participant still does not change its vote to approval. Accordingly, the buyout provisions preserved the unanimity which was considered necessary for these tax reasons, but prevented a small minority, which might be acting for its own purposes and not in the interests of other participants, from preventing action by the large supermajority. The agents are authorized under the participating agreements to buy out participation interests of participants that do not consent to the action if the required supermajority consent is received, as described below. Since such buyout is necessary to provide for the required unanimous consent and is not conditioned on the transaction closing, the agent has the right to buy out participation interests from participants who do not vote **FOR** either proposal, if the required supermajority consent is received by the applicable participating group with respect to such proposal, within ten days after written notice, as described below, whether or not either or neither proposal is consummated.

Prior to an agent purchasing the participation interests of non-consenting participants, an agent will give such participants not less than ten days notice after the required supermajority consent is received by the applicable participating group in a subject LLC to permit them to consent to the consolidation or the third-party portfolio proposal, as applicable, in which case their participation interests will not be purchased. The agents will purchase the participation interests for the benefit of the subject LLC and not for their own account and will be reimbursed by the subject LLC for the cost of such buyout. If the agent purchases these participation interests, the requirement for consent of participants holding 100% of the participation interests of that participating group will be satisfied.

Unanimity on the consents is required pursuant to the organizational documents of Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. with respect to both the consolidation and the third-party portfolio proposal for the consent of a participating group; therefore, a participant in either of such subject LLCs who does not vote in favor of either the consolidation or third-party portfolio transaction proposal (and does not change his or her vote after notice that the requisite supermajority consent has been obtained) will be subject to this buyout if the tabulation of consents by MacKenzie Partners, Inc. shows that the required consent in his or her participating group has been received, but in no event before the expiration of the 60-day solicitation period as the same may be extended, regardless of whether either or neither transaction is consummated or the required consent of other participating groups is received. A vote for the proposed transaction by the participants constitutes an authorization for the agents of each participating group to approve, in their capacity as members of the applicable subject LLC, the consolidation or the third-party portfolio transaction, as applicable. The agents, under the operating agreements of the subject LLCs, have discretion, subject to their fiduciary duties, to determine whether to approve the transaction, even after supermajority approval has been obtained for either or both transactions and dissenting participants have been bought out. Additionally, the supervisor, acting on behalf of the subject LLCs and the agents, similarly has discretion, subject to its fiduciary duties, as to whether to abandon or to postpone the transaction, even after supermajority approval has been obtained for either or both transactions and dissenting participants have been bought out. The agents and supervisor could determine not to proceed with the consolidation and the IPO due to market conditions or other reasons.

The agents, who are the members of your subject LLCs, recently created a new class of membership interests, which were divided into series. A separate series was deemed to be distributed to holders of each participating group in your subject LLC. Each new series provides protections similar to those under a shareholder rights plan for a corporation. Each new series corresponds to a participating group for which a member acts as agent. The new series will not affect voting rights, except with respect to any person or group that acquires 6%, 3%, or 7.5% or more, respectively, of the outstanding participation interests in the applicable participating group (an acquiring person) for each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. If there is an acquiring person, the effect of the new series is that approval of the consolidation proposal and the third-party portfolio proposal by a participating

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group will require approval by the requisite consent of the participants in the participating group, as holders of the new series of membership interests, excluding the acquiring person.

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

Outstanding Participation interests. Holders of participation interests for all subject LLCs as of September 30, 2012 are entitled to vote. As of September 30, 2012, the following numbers of participation interests were held by the number of participants indicated below:

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

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

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

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

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

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

You are entitled to one vote for each participation interest held. Accordingly, the number of participation interests entitled to vote with respect to the consolidation and the third-party portfolio proposal is equivalent to the number of participation interests held on the last day of the consent solicitation period.

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Investor Lists. Under Rule 14a-7 of the Securities Exchange Act of 1934, as amended, which is referred to herein as the Exchange Act, your subject LLC is required, upon your written request, to provide to you:

- a statement of the approximate number of participants in your subject LLC and
- the estimated cost of mailing a proxy statement, form of proxy or other similar communication to your subject LLC s participants.

In addition, you have the right, at your option, either:

- to have your subject LLC mail (at your expense) copies of any consent statement, consent form or other soliciting materials to be furnished by you to the other participants in your subject LLC or
- to have the subject LLC deliver to you, within five business days of the receipt of the request, a reasonably current list of the names, addresses and participation interests held by the participants in your subject LLC.

The right to receive the list of participants is subject to your payment of the cost of mailing and duplication at a rate of $0.20 fee per page.

Tabulation of Votes. An automated system administered by MacKenzie Partners, Inc. will tabulate the votes and consents. Abstentions will be tabulated with respect to the consolidation and other matters to be voted on. Abstentions will have the effect of a vote **AGAINST** the consolidation, as will the failure to return a consent form and broker nonvotes. Broker nonvotes are where a broker submits a consent but does not have authority to vote a participant s participation interest the consolidation proposal.

Revocability of Consent. You may withdraw or revoke your consent form, or change your vote, at any time before the later of the date that consents from participants holding the required percentage interest in your participating group are received by your subject LLC and the 60th day after the beginning of the solicitation period. In addition, a participant in Empire State Building Associates L.L.C. or 60 East 42nd St. Associates L.L.C. that does not consent to (or who abstains from or does not vote with respect to) the consolidation or the third-party portfolio proposal, as applicable, may also change his or her vote to consent to the consolidation or the third-party portfolio proposal, as applicable, within ten days after the notice that the required supermajority consent from the participants in such participant s participating group has been received with respect to such proposal is sent, as described below. A participant can change his or her vote by sending to MacKenzie Partners, Inc., the vote tabulator, (i) a written statement that he or she would like to change his or her vote, or (ii) a new consent form, in either case, by mail, to 105 Madison Avenue, NY, NY 10016, or by facsimile, to (212) 929-0308. Either MacKenzie Partners, Inc. or the supervisor will send to the participant a written acknowledgment by facsimile or, if requested by the participant, mail, that the participant s vote has been changed promptly following receipt of a changed vote. If a participant in Empire State Building Associates L.L.C. or 60 East 42nd St. Associates L.L.C. votes **AGAINST** the consolidation or the third-party portfolio proposal, **ABSTAINS** or does not submit a consent form and the supermajority consent of his or her participating group is received, the agent for his or her participating group will provide the written buyout notice, stating that such supermajority consent from the participants in such participant s participating group has been received to the participant following the expiration of the solicitation period, as the same may be extended. Participants may call MacKenzie Partners, Inc. during the solicitation period to check whether or not the required supermajority consent from the participants in such participant s participating group has been received, or to confirm that such participant s changed vote has been received.

The consents of each of the agents, who are the members of the subject LLCs, will become effective when they execute consents following receipt of the required consents of the participants. The consents of the participants in each participating group will become effective when the consents of the required number of participants are received, but not earlier than the 60th day after the beginning of the solicitation period, and, in the case of Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C., the procedure for buyouts is completed.

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Solicitation of Consents. The solicitation of consents for the consolidation and the third-party portfolio transaction is being made by the supervisor and will be done principally by mail. Each of the subject LLCs, the supervisor, as well as Peter L. Malkin, Anthony E. Malkin and Thomas N. Keltner, Jr., as agents, and other affiliates of the supervisor may be deemed to be participants in the solicitation of consents in connection with the consolidation. The company will bear the entire cost of soliciting consents and of preparing, assembling, printing and mailing this prospectus/consent solicitation and any additional information furnished to participants in the subject LLCs if the consolidation is consummated. Original solicitation of consents by mail will be supplemented by telephone, telegram or personal solicitation by officers, members, managers or other regular employees of the supervisor and by MacKenzie Partners, Inc. The company has engaged MacKenzie Partners, Inc. to furnish solicitation services on its behalf. No additional compensation will be paid to officers, members, managers or other regular employees for such services, but MacKenzie Partners, Inc. will be paid a customary fee for its services, plus reimbursement of out-of-pocket expenses. The fee is not based on whether participants vote in favor of the proposals. The anticipated costs of soliciting consents, which include the estimated fee to be paid to MacKenzie Partners, Inc., are included as part of consolidation expenses as described under Exchange Value and Allocation of Operating Partnership Units and Common Stock Derivation of Costs of the Consolidation and IPO and the portion of these expenses allocable to the solicitation are estimated by the supervisor to be $18,600,000, $4,900,000 and $2,600,000 respectively, for each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C.

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CONSENT PROCEDURES FOR VOLUNTARY PRO RATA REIMBURSEMENT PROPOSAL

The consent form being distributed to you and the other participants also seeks to obtain your consent to the payment of a voluntary pro rata reimbursement to the supervisor and Peter L. Malkin for costs advanced, plus interest, for the former property manager and leasing agent legal proceedings.

If you return a signed consent form but fail to indicate whether you consent to or disapprove of the voluntary pro rata reimbursement program, you will be deemed not to have consented to the voluntary pro rata reimbursement program. If you fail to return a signed consent form by the end of the solicitation period, you will be deemed not to have consented to the voluntary pro rata reimbursement program.

The solicitation of consents for the voluntary pro rata reimbursement program will continue until the later of: (i) March 25, 2013 or (ii) such later date as the supervisor from time to time may select. At its discretion, the supervisor may elect to extend the solicitation period for such proposal. Any consent form will be effective provided that such consent form has been properly completed and signed if received by MacKenzie Partners, Inc., which the company hired to tabulate your votes, prior to 5:00 p.m. Eastern time, on March 25, 2013, unless the supervisor extends the solicitation period for such proposal, and, in such case, the last day of such extended solicitation period.

Tabulation of Consents. An automated system administered by MacKenzie Partners, Inc. will tabulate the votes and consents. Abstentions will have the effect of a **DOES NOT CONSENT** vote with respect to the voluntary pro rata reimbursement program, as will the failure to return a consent form and broker nonvotes. Broker nonvotes are where a broker submits a consent but does not have authority to vote a participant s participation interest in the proposal.

Revocability of Consent. You may withdraw or revoke your consent form at any time before the 60th day after the beginning of the solicitation period. A participant can withdraw or revoke his or her consent form by sending to MacKenzie Partners, Inc., the vote tabulator, (i) a written statement that he or she would like to withdraw or revoke his or her consent form, or (ii) a new consent form, in either case, by mail, to 105 Madison Avenue, NY, NY 10016, or by facsimile, to (212) 929-0308. Either MacKenzie Partners, Inc. or the supervisor will send to the participant a written acknowledgment by facsimile or, if requested by the participant, mail, that the participant s consent has been changed promptly following receipt of a changed consent. You may call MacKenzie Partners, Inc. during the solicitation period to confirm that your changed vote has been received.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF EMPIRE STATE REALTY TRUST

This prospectus/consent solicitation contains forward-looking statements that involve risks and uncertainties. The company s actual results could differ materially from those anticipated in forward-looking statements for many reasons, including the risks described in Risk Factors and elsewhere in this prospectus/consent solicitation. The company s results of operations and financial condition, as reflected in the accompanying combined financial statements and related notes, are subject to the company s management s evaluation and interpretation of business conditions, changing capital market conditions and other factors that could affect the ongoing viability of the company s tenants. You should read the following discussion with Forward-Looking Statements and the combined financial statements and related notes included elsewhere in this prospectus/consent solicitation.

Upon completion of the IPO and the consolidation, the historical operations of the predecessor and the properties that have been operated through the predecessor, will be combined with the company, the operating partnership and/or their subsidiaries. The following discussion and analysis should be read in conjunction with Selected Financial and Other Data, the company s combined financial statements as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 and the notes related thereto, the company s unaudited combined financial statements as of September 30, 2012 and for the nine months ended September 30, 2012 and 2011, and the company s unaudited condensed consolidated pro forma financial information appearing elsewhere in this prospectus/consent solicitation. Since the company s formation, the company has not had any corporate activity. Accordingly, the company believes a discussion of its results of operations would not be meaningful, and this Management s Discussion and Analysis of Financial Condition and Results of Operations of Empire State Realty Trust therefore only discusses the historical operations of the predecessor and the unaudited pro forma results of the company.

Unless the context otherwise requires or indicates, references in this section to the company, refer to (i) the company and its consolidated subsidiaries (including the operating partnership) after giving effect to the consolidation and the IPO and (ii) the predecessor before giving effect to the consolidation and the IPO.

Overview

The company is 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. The company was formed to continue and expand the commercial real estate business of the supervisor and its affiliates. The company s primary focus will be to continue to own, manage and operate its current portfolio and to acquire and reposition office and retail properties in Manhattan and the greater New York metropolitan area.

For the periods presented, this Management s Discussion and Analysis of Financial Condition and Results of Operations discusses only the historical financial condition and results of operations of the predecessor which owns controlling interests in 16 properties and non-controlling interests in the following four office properties, which are accounted for under the equity method of accounting: the Empire State Building, 1350 Broadway, 1333 Broadway and 501 Seventh Avenue. The fee ownership interests of the Empire State Building and 501 Seventh Avenue are included in the predecessor s portfolio but the operating lease interests of these two properties are part of the predecessor s equity interest in non-controlled entities. These non-controlled interests will represent a significant part of the company s operations following the consolidation and the IPO (58.1% and 51.7% of the company s pro forma revenues for the nine months ended September 30, 2012, and the year ended December 31, 2011, respectively) when they become consolidated into the company s operations. Therefore, the company does not show historical consolidated financial information for the company s entire portfolio following the consolidation and the IPO. For the periods following the consummation of the consolidation and the IPO, the company s operations will consolidate the operations of the non-controlled entities (as defined below) which will result in a material change in the company s disclosure of the company s financial condition and results of operations. The company also presents in this prospectus/consent solicitation pro forma financial information for the company reflecting the company s entire portfolio on a consolidated basis, as of and for the nine months ended September 30, 2012, and for the year ended December 31, 2011.

The company operates an integrated business that currently consists of two operating segments: real estate and construction contracting.

As of September 30, 2012, the company s Manhattan and greater New York metropolitan area office properties were 77.0% leased (or 81.4% giving effect to leases signed but not yet commenced as of that date) and 88.6% leased (or 89.4% giving effect to leases signed but not yet commenced as of that date), respectively, and the company s office properties as a whole were 79.8% leased (or 83.3% giving effect to leases signed but not yet commenced as of that date). The company s ability to increase occupancy and rental revenue at its office properties depends on the successful completion of the company s repositioning program and market conditions. The other component of the company s real estate segment, retail leasing, comprises both standalone retail properties and retail space in the company s Manhattan office properties. The company s retail properties, including retail space in its Manhattan office properties, were 85.6% leased as of September 30, 2012.

Although construction contracting represented approximately 6.6% and 16.1%, respectively, of the company s revenues for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively, its relative contribution to the company s net income was much less significant than its contribution to the company s revenues.

The Empire State Building is the company s flagship property and accounted for 47.3% and 41.6%, respectively, of the company s total pro forma revenues for the nine months ended September 30, 2012 and the year ended December 31, 2011. The Empire State Building provides the company with a diverse source of revenue through its office and retail leases, observatory operations and broadcasting licenses and related leased space. On a pro forma basis, during the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively, the company generated approximately $181.6 million and $213.4 million of revenue from the Empire State Building. During the nine months ended September 30, 2012 and the year ended December 31, 2011, the Empire State Building generated approximately $68.5 million and $80.6 million, respectively, of revenue from its observatory operations which represented approximately 17.8% and 15.7%, respectively, of the company s pro forma revenues. The company anticipates that the observatory operations will be a separate accounting segment following the consolidation and the IPO. The components of the Empire State Building revenue from its office lease, retail leases, tenant reimbursements and other income, observatory operations and broadcasting licenses and related leased space represented 27.3%, 4.1%, 13.3%, 40.1% and 9.3% during the nine months ended September 30, 2012, respectively, and 28.7%, 4.8%, 15.6%, 40.5% and 10.4% during the year ended December 31, 2011, respectively, of its historical revenues. During the first nine months of 2012, the Empire State Building also received a real estate tax refund in the amount of $10.1 million, which was 5.9% of its revenues during the same period.

From 2002 through 2006, the supervisor gradually gained full control of the day-to-day management of the company s Manhattan office properties (with the Helmsley estate holding certain approval rights at some of these properties as a result of its interest in the entities owning the properties). Since then, the supervisor has been undertaking a comprehensive renovation and repositioning strategy of the Manhattan office properties that has included the physical improvement through upgrades and modernization of, and tenant upgrades in, such properties. Since the supervisor assumed full control of the day-to-day management of the company s Manhattan office properties beginning with One Grand Central Place in 2002, and through September 30, 2012, the private entities and the subject LLCs have invested a total of approximately $342.0 million (excluding tenant improvement costs and leasing commissions) in its Manhattan office properties pursuant to this program. Of the $342.0 million invested pursuant to this program, $157.9 million was invested at the Empire State Building. The company currently intends to invest between $100.0 million and $130.0 million of additional capital through the end of 2013. The company expects to complete substantially this program by the end of 2013, except with respect to the Empire State Building, which is the last Manhattan office property that began its renovation program. In addition, the company currently estimates that between $85.0 million and $115.0 million of capital is needed beyond 2013 to complete substantially the renovation program at the Empire State Building, which the company expects to occur by the end of 2016 due to the size and scope of the company s remaining work and their desire to minimize tenant disruptions at the property. Of the total $190.0 million to $250.0 million of estimated additional capital the company expects to be incurred through 2016, the company currently estimates that between $185.0 million and $225.0 million is attributable to the Empire State Building. These estimates are based on the supervisor s current budgets (which do not include tenant improvement and leasing commission costs) and are subject to change.

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

Historically, the supervisor has operated the business to preserve capital through conservative debt levels. Upon completion of the consolidation and the IPO, the company will have no debt maturing in the remainder of 2012 and approximately $56.9 million of debt maturing in 2013 and the company expects to have pro forma total debt outstanding of approximately $1.11 billion, with a weighted average interest rate of 5.20% and a weighted average maturity of 3.4 years and 78.2% of which is fixed-rate indebtedness. Additionally, the company expects to have approximately $304.1 million of available borrowing capacity under its loans on a pro forma basis (excluding amounts under the $800.0 million secured revolving and term credit facility which the company expects to obtain upon the closing of the IPO from lenders that will include certain of the underwriters of the IPO or their respective affiliates). The secured revolving and term credit facility will be used to repay and retire the existing $500.0 million term loan currently secured by the Empire State Building, which had a balance of $219.0 million as of September 30, 2012. The company s overall leverage will depend on the company s mix of investments and the cost of leverage. The company s charter does not restrict the amount of leverage that the company may use.

The company is a Maryland corporation that was formed on July 29, 2011. The company conducts all of its business activities through its operating partnership, of which the company is the sole general partner. The company intends to elect and to qualify as a REIT