

Edgar Filing: Empire State Realty Trust, Inc. - Form 10-Q

Empire State Realty Trust, Inc.  
Form 10-Q  
November 06, 2018

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

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2018

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-36105

EMPIRE STATE REALTY TRUST, INC.

(Exact name of Registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

37-1645259

(I.R.S. Employer Identification No.)

111 West 33rd Street, 12th Floor

New York, New York 10120

(Address of principal executive offices) (Zip Code)

(212) 687-8700

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

Emerging growth company

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

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Class A Common Stock, par value \$0.01 per share	173,008,231
Class B Common Stock, par value \$0.01 per share	1,038,804
(Class)	(Outstanding on October 30, 2018)

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EMPIRE STATE REALTY TRUST, INC.		
FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2018		
TABLE OF CONTENTS		PAGE
PART 1. FINANCIAL INFORMATION		
ITEM 1. FINANCIAL STATEMENTS		
	Condensed Consolidated Balance Sheets as of September 30, 2018 (unaudited) and December 31, 2017	<u>2</u>
	Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2018 and 2017 (unaudited)	<u>3</u>
	Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2018 and 2017 (unaudited)	<u>4</u>
	Condensed Consolidated Statements of Stockholders' Equity for the nine months ended September 30, 2018 (unaudited)	<u>5</u>
	Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2018 and 2017 (unaudited)	<u>6</u>
	Notes to Condensed Consolidated Financial Statements (unaudited)	<u>8</u>
ITEM 2.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	<u>28</u>
ITEM 3.	QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK	<u>44</u>
ITEM 4.	CONTROLS AND PROCEDURES	<u>44</u>
PART II.	OTHER INFORMATION	<u>45</u>
ITEM 1.	LEGAL PROCEEDINGS	<u>45</u>
ITEM 1A.	RISK FACTORS	<u>45</u>
ITEM 2.	UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	<u>45</u>
ITEM 3.	DEFAULTS UPON SENIOR SECURITIES	<u>45</u>
ITEM 4.	MINE SAFETY DISCLOSURES	<u>45</u>
ITEM 5.	OTHER INFORMATION	<u>45</u>
ITEM 6.	EXHIBITS	<u>45</u>
	SIGNATURES	<u>46</u>



## ITEM 1. FINANCIAL STATEMENTS

Empire State Realty Trust, Inc.

Condensed Consolidated Balance Sheets

(amounts in thousands, except share and per share amounts)

	September 30, 2018	December 31, 2017
	(unaudited)	
<b>ASSETS</b>		
Commercial real estate properties, at cost:		
Land	\$ 201,196	\$ 201,196
Development costs	7,987	7,986
Building and improvements	2,616,772	2,458,473
	2,825,955	2,667,655
Less: accumulated depreciation	(718,959)	(656,900)
Commercial real estate properties, net	2,106,996	2,010,755
Cash and cash equivalents	229,745	464,344
Restricted cash	54,356	65,853
Short-term investments	400,000	—
Tenant and other receivables, net of allowance of \$1,616 and \$1,422 in 2018 and 2017, respectively	31,342	28,329
Deferred rent receivables, net of allowance of \$22 and \$185 in 2018 and 2017, respectively	195,455	178,629
Prepaid expenses and other assets	50,663	61,028
Deferred costs, net	244,441	262,701
Acquired below-market ground leases, net	362,355	368,229
Goodwill	491,479	491,479
Total assets	\$ 4,166,832	\$ 3,931,347
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Mortgage notes payable, net	\$ 609,299	\$ 717,164
Senior unsecured notes, net	1,045,362	707,895
Unsecured term loan facility, net	264,023	263,662
Unsecured revolving credit facility	—	—
Accounts payable and accrued expenses	128,340	110,849
Acquired below-market leases, net	55,662	66,047
Deferred revenue and other liabilities	32,175	40,907
Tenants' security deposits	42,520	47,086
Total liabilities	2,177,381	1,953,610
Commitments and contingencies		
Equity:		
Empire State Realty Trust, Inc. stockholders' equity:		
Preferred stock, \$0.01 par value per share, 50,000,000 shares authorized, none issued or outstanding	—	—
Class A common stock, \$0.01 par value per share, 400,000,000 shares authorized, 168,176,734 shares issued and outstanding and 160,424,575 shares issued and outstanding in 2018 and 2017, respectively	1,681	1,604
Class B common stock, \$0.01 par value per share, 50,000,000 shares authorized, 1,044,169 and 1,052,469 shares issued and outstanding in 2018 and 2017, respectively	10	11
Additional paid-in capital	1,165,080	1,128,460

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Accumulated other comprehensive loss	(2,229	) (8,555	)
Retained earnings	37,004	46,762	
Total Empire State Realty Trust, Inc.'s stockholders' equity	1,201,546	1,168,282	
Non-controlling interests in operating partnership	779,901	801,451	
Private perpetual preferred units, \$16.62 per unit liquidation preference, 1,560,360 issued and outstanding in 2018 and 2017	8,004	8,004	
Total equity	1,989,451	1,977,737	
Total liabilities and equity	\$ 4,166,832	\$ 3,931,347	

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

2

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues:				
Rental revenue	\$123,621	\$122,391	\$369,970	\$360,348
Tenant expense reimbursement	18,627	20,346	52,626	53,889
Observatory revenue	40,241	39,306	96,691	94,212
Lease termination fees	1,185	1,165	2,164	10,354
Third-party management and other fees	312	345	1,151	1,088
Other revenue and fees				