



“Building-sector decarbonization is a massive challenge and a key opportunity in the quest to achieve economy-wide carbon neutrality.” The Empire Building Playbook¹

Ticker	ESRT (NYSE) ²
Headquarters	New York, New York
Market Cap	USD \$1.1 billion
Company History	Restructured in 2011 Became a REIT in 2013 ³
Properties	21 properties Office, retail, multifamily
Total Sq. Ft.	9.7 million sq. ft.
Green Building Certifications	ENERGY STAR certified 92% of NYC portfolio 80% of entire portfolio

*Data as of December 31, 2022.



Empire State Building, NYC.
Source: Empire State Realty.
<https://www.esrtreit.com/leasing/>

Recent Awards



5-Star GRESB
Rating 2019-2022



100% of buildings
are WELL Health-
Safety certified



89% of New York City
portfolio is Fitwel
certified



ENERGY STAR
80% of portfolio is
ENERGY STAR certified
including the Empire
State Building



Platinum Green Lease
Leader 2022-2023

Empire State Realty Trust is Leading the Flight to Quality

Empire State Realty Trust (ESRT) is a New York City focused real estate investment trust (REIT) that owns and manages office, retail and a couple of multifamily buildings in Manhattan and the greater New York metropolitan area. The portfolio includes high profile assets like the Empire State Building. As of December 31, 2022, their office and retail portfolio contained 9.7 million rentable square feet of office and retail space. The company is seen as a leader in energy efficiency and sustainability in the New York real estate industry.⁴ ESRT focuses on retrofitting existing buildings in New York City to make sustainability improvements, reducing emissions and increasing energy efficiency. They believe that sustainable retrofits will benefit building occupants and the environment while furthering business goals, such as enhancing their competitive position and mitigating investor risk.⁵

New York City places special importance on sustainable buildings. The city passed groundbreaking legislation for buildings in 2019 that encourages emissions reductions (see box Local Law 97). New Yorkers feel the effects of climate change in extreme heat and flooding. Real estate companies are making investments to reduce greenhouse gas emissions, reduce energy costs, improve air quality, and create healthier buildings.⁶

Offices are also adapting to changing needs for both employers and employees. Empire State Realty believes employers will make a “flight to quality” to improve Manhattan offices to entice employees back. The company believes in keeping rather than demolishing old buildings and upgrading them with the latest technologies and conveniences. This strategy is more sustainable, more cost effective, and accepts the reality that the majority of buildings that exist today will be with us for decades to come.

In 2021 ESRT became the nation’s largest 100% user of green power in real estate with a purchase of renewable wind electricity for its entire commercial portfolio. With this contract with Green Mountain Energy, ESRT’s more than 10.1 million square-foot portfolio is powered by 300 million kilowatt hours (kWh) of renewable energy. This contract means ESRT avoided the production of 450 million tonnes of carbon dioxide. This is equivalent to the removal of all New York City taxis for one year.⁷

Industry Leader in Profitable Energy Retrofits

ESRT's energy efficiency retrofits drive economic return for both the landlord and tenant. Green buildings offer tenants lower utility costs and reduced operating expenses, while giving owners the ability to charge higher rents and maintain lower operating costs, increasing company profits.⁸

ESRT champions energy retrofits of mid-century buildings in New York City. They published an ESG Playbook in partnership with the New York State Energy Research and Development Authority (NYSERDA). The playbook is designed to help other landlords meet the requirements of a strict energy reduction law called Local Law 97, which was created to address the fact that two thirds of NYC's greenhouse gas emissions come from buildings.⁹

ESRT's playbook provides guiding frameworks for deep energy retrofits, walking landlords through the stages of building analysis, energy and carbon modeling, and economic and financial analysis.¹¹

ESRT's leadership is based on their own experience with sustainable retrofitting projects. Thanks to energy efficiency retrofits, ESRT has reduced greenhouse gas emissions across their entire commercial portfolio by 43% since 2009.¹² As of end 2022, 95% of the company's leasable space has been redeveloped. Looking ahead, they calculate no exposure to Local Law 97 fines from 2024 through 2029.¹³

Commitment to Tenant Education and Sustainability Engagement

Green Leases

Green leases establish mutually beneficial agreements between landlords and tenants to allow both parties to financially benefit from energy efficiency investments.

Green Lease Leaders sets the standards for green leases. It was started by the Department of Energy's Better Buildings Alliance and the Institute for Market Transformation.¹⁴



Local Law 97

Enacted in 2019, Local Law 97 sets strict emission limits on buildings over 25,000 square feet, affecting approximately 57,000 buildings in New York City.¹⁰

The goal is to reduce the emissions produced by the city's largest buildings 40% by 2030 and 80% by 2050. The city has also committed to achieve 100% zero-emission electricity by 2040.

ESRT maintains consistent sustainability support to tenants through sustainability guidelines and factsheets, a tenant services webpage and tenant sustainability toolkit on the company website. All tenants have access to ESG and sustainability education events, such as town halls with ESRT's Senior Vice President and Director of Energy, Sustainability, and ESG.

The company developed an ENERGY STAR certification program with the Environmental Protection Agency (EPA) for tenants to demonstrate their commitment to energy efficiency by estimating energy use, metering energy use, using efficient lighting, purchasing efficient equipment and

sharing data.¹⁵ Tenants must then submit an application, get a stamp verifying their information from a professional engineer or registered architect, and submit the application to the EPA, who will review and award the Energy Star recognition.¹⁶

ESRT also excels in green leasing, furthering their goal of tenant engagement in sustainability. ESRT is one of only six awardees to achieve the Green Lease Leader Platinum distinction in 2023.¹⁷ ESRT's green leases outline transparent tracking and reporting of energy, water, waste, and emissions data, broker training, submetering, and tenant fit-out requirements.¹⁸

Project Spotlight: 250 W 57th Street



250 W 57th Street
Source: Empire State Realty
<https://www.esrtreit.com/properties>

250 W 57th Street is a large office building with retailers like HSBC Bank, Bank of America, AT&T, and T.J. Maxx.¹⁹

ESRT applies a whole-building approach to renovation. They comprehensively evaluated the building's heating and cooling systems, chilled water pumps, HVAC fans, lighting systems, and domestic hot water pumps.

Using energy efficiency retrofits, ESRT plans to reduce the building's energy use by 58.2% and CO2 emissions by 88.1% by 2035, relative to baseline values from 2009.²⁰

Notes and Sources:

- ¹ NYSERDA. (2023). "The Empire Building Playbook: An Owner's Guide to Low Carbon Retrofits." NYSERDA. <https://knowledge.nysersda.ny.gov/pages/viewpage.action?pageId=110723298>
- ² Empire State Realty Trust is 0.83% of the Vert Global Sustainable Real Estate Fund (VGSRX) as of March 31, 2023.
- ³ Empire State Realty Trust. (2023 February 28). Annual Report Form 10-K.
- ⁴ Empire State Realty Trust. (2023 February 28). Annual Report Form 10-K.
- ⁵ Empire State Realty Trust. (2023 April 28). "Environmental Sustainability." Empire State Realty Trust. <https://www.esrtreit.com/environmental-sustainability/>.
- ⁶ City of New York. (n.d.). "PlaNYC: Getting Sustainability Done." NYC Mayor's Office of Climate and Environmental Justice. City of New York. <https://climate.cityofnewyork.us/initiatives/planyc-getting-sustainability-done/>
- ⁷ Empire State Realty Trust. (2021 February 3). "Empire State Realty Trust Becomes Nation's Largest 100% User of Green Power in Real Estate." <https://www.esrtreit.com/esrt-news/empire-state-realty-trust-becomes-nations-largest-100-user-of-green-power-in-real-estate/>
- ⁸ Empire State Realty Trust. (2023 February 28). Annual Report Form 10-K.
- ⁹ NYSERDA. (2023). "Learn More about the Playbook." NYSERDA. <https://knowledge.nysersda.ny.gov/display/EBP/Learn+More+About+the+Playbook#LearnMoreAboutthePlaybook-MainPrinciplesforSuccess.1>.
- ¹⁰ NYSERDA. (2023). "Learn More about the Playbook." NYSERDA. <https://knowledge.nysersda.ny.gov/display/EBP/Learn+More+About+the+Playbook#LearnMoreAboutthePlaybook-MainPrinciplesforSuccess.1>.
- ¹¹ NYSERDA. (2023). "The Empire Building Playbook: An Owner's Guide to Low Carbon Retrofits." NYSERDA. <https://knowledge.nysersda.ny.gov/pages/viewpage.action?pageId=110723298>
- ¹² Empire State Realty Trust. (2023 April 17). "Empire State Realty Trust Names as a 2023 Platinum Green Lease Leader by the Department of Energy's Better Buildings Alliance and the Institute for Market Transformation." Empire State Realty Trust. <https://www.esrtreit.com/esrt-news/empire-state-realty-trust-named-as-a-2023-platinum-green-lease-leader-by-the-department-of-energys-better-buildings-alliance-and-the-institute-for-market-transformation/>
- ¹³ Empire State Realty Trust. (2023 February 28). Annual Report Form 10-K.
- ¹⁴ Green Lease Leaders. (n.d.). "About Us." Green Lease Leaders. <https://www.greenleaseleaders.com/about/>.
- ¹⁵ Empire State Realty Trust. (2022). "ESRT 2021 Sustainability Report." Empire State Realty. <https://online.flippingbook.com/view/128905882/30/>
- ¹⁶ Better Buildings. (n.d.). "Better Buildings Initiative." Better Buildings Webinar Series. U.S. Department of Energy. <https://betterbuildingsolutioncenter.energy.gov/>
- ¹⁷ Empire State Realty Trust. (2023 April 17). "Empire State Realty Trust Names as a 2023 Platinum Green Lease Leader by the Department of Energy's Better Buildings Alliance and the Institute for Market Transformation." Empire State Realty Trust. <https://www.esrtreit.com/esrt-news/empire-state-realty-trust-named-as-a-2023-platinum-green-lease-leader-by-the-department-of-energys-better-buildings-alliance-and-the-institute-for-market-transformation/>
- ¹⁸ Empire State Realty Trust. (2023 February 28). Annual Report Form 10-K.
- ¹⁹ Empire State Realty Trust. (2023 February 16). "250 West 57th Street: Office Space Renting in NYC: ESRT." Empire State Realty Trust. <https://www.esrtreit.com/properties/office/250-west-57th-street1/>
- ²⁰ NYSERDA. (2023). "ESRT Case Study." NYSERDA. <https://knowledge.nysersda.ny.gov/pages/viewpage.action?pageId=110723493>.

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