

**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, 2022

**OR**

**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: 001-36746

**PARAMOUNT GROUP, INC.**

(Exact name of registrant as specified in its charter)

**Maryland**  
(State or other jurisdiction of  
incorporation or organization)

**32-0439307**  
(IRS Employer  
Identification No.)

**1633 Broadway, Suite 1801, New York, NY**  
(Address of principal executive offices)

**10019**  
(Zip Code)

**Registrant's telephone number, including area code: (212) 237-3100**

**Securities registered pursuant to Section 12(b) of the Act:**

Title of each Class	Trading Symbol	Name of each exchange on which registered
Common stock of Paramount Group, Inc., \$0.01 par value per share	PGRE	New York Stock Exchange

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 (Section 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

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

As of October 14, 2022, there were 219,823,849 shares of the registrant's common stock outstanding.

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**PART I – FINANCIAL INFORMATION**  
**ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS**

**PARAMOUNT GROUP, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

(Amounts in thousands, except share, unit and per share amounts)	<u>September 30, 2022</u>	<u>December 31, 2021</u>
<b>Assets</b>		
Real estate, at cost:		
Land	\$ 1,966,237	\$ 1,966,237
Buildings and improvements	6,152,652	6,061,824
	8,118,889	8,028,061
Accumulated depreciation and amortization	(1,248,059)	(1,112,977)
Real estate, net	6,870,830	6,915,084
Cash and cash equivalents	469,398	524,900
Restricted cash	40,456	4,766
Investments in unconsolidated joint ventures	428,785	408,096
Investments in unconsolidated real estate funds	14,558	11,421
Accounts and other receivables	19,865	15,582
Deferred rent receivable	340,540	332,735
Deferred charges, net of accumulated amortization of \$65,144 and \$70,666	123,864	122,177
Intangible assets, net of accumulated amortization of \$239,733 and \$252,142	97,371	119,413
Other assets	90,813	40,388
<b>Total assets <sup>(1)</sup></b>	<b>\$ 8,496,480</b>	<b>\$ 8,494,562</b>
<b>Liabilities and Equity</b>		
Notes and mortgages payable, net of unamortized deferred financing costs of \$18,856 and \$22,380	\$ 3,839,144	\$ 3,835,620
Revolving credit facility	-	-
Accounts payable and accrued expenses	152,371	116,192
Dividends and distributions payable	18,564	16,895
Intangible liabilities, net of accumulated amortization of \$99,689 and \$105,790	39,037	45,328
Other liabilities	24,171	25,495
<b>Total liabilities <sup>(1)</sup></b>	<b>4,073,287</b>	<b>4,039,530</b>
Commitments and contingencies		
Paramount Group, Inc. equity:		
Common stock \$0.01 par value per share; authorized 900,000,000 shares; issued and outstanding 222,461,093 and 218,991,795 shares in 2022 and 2021, respectively	2,224	2,190
Additional paid-in-capital	4,210,442	4,122,680
Earnings less than distributions	(589,623)	(538,845)
Accumulated other comprehensive income	51,320	2,138
Paramount Group, Inc. equity	3,674,363	3,588,163
Noncontrolling interests in:		
Consolidated joint ventures	407,402	428,833
Consolidated real estate fund	79,248	81,925
Operating Partnership (15,822,806 and 21,740,404 units outstanding)	262,180	356,111
<b>Total equity</b>	<b>4,423,193</b>	<b>4,455,032</b>
<b>Total liabilities and equity</b>	<b>\$ 8,496,480</b>	<b>\$ 8,494,562</b>

<sup>(1)</sup> Represents the consolidated assets and liabilities of Paramount Group Operating Partnership LP, a Delaware limited partnership (the “Operating Partnership”). The Operating Partnership is a consolidated variable interest entity (“VIE”), of which we are the sole general partner and own approximately 93.4% as of September 30, 2022. As of September 30, 2022, the assets and liabilities of the Operating Partnership include \$3,940,253 and \$2,585,416 of assets and liabilities, respectively, of certain VIEs that are consolidated by the Operating Partnership. See Note 11, *Variable Interest Entities (“VIEs”)*.

See notes to consolidated financial statements (unaudited).

**PARAMOUNT GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**(UNAUDITED)**

(Amounts in thousands, except share and per share amounts)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Revenues:</b>				
Rental revenue	\$ 179,250	\$ 170,851	\$ 526,415	\$ 518,625
Fee and other income	7,897	8,280	29,934	23,941
Total revenues	187,147	179,131	556,349	542,566
<b>Expenses:</b>				
Operating	72,845	67,131	207,320	197,821
Depreciation and amortization	58,284	57,522	171,306	175,752
General and administrative	13,150	13,257	45,501	46,039
Transaction related costs	105	87	381	503
Total expenses	144,384	137,997	424,508	420,115
<b>Other income (expense):</b>				
(Loss) income from unconsolidated joint ventures	(5,797)	223	(15,326)	(20,810)
Income from unconsolidated real estate funds	300	276	625	604
Interest and other income, net	1,580	138	2,607	2,510
Interest and debt expense	(36,949)	(36,266)	(106,804)	(105,919)
Income (loss) before income taxes	1,897	5,505	12,943	(1,164)
Income tax expense	(673)	(873)	(1,559)	(2,448)
Net income (loss)	1,224	4,632	11,384	(3,612)
Less net (income) loss attributable to noncontrolling interests in:				
Consolidated joint ventures	(4,179)	(3,768)	(12,383)	(16,924)
Consolidated real estate fund	1,309	(3,123)	2,677	(3,179)
Operating Partnership	109	204	(204)	2,139
<b>Net (loss) income attributable to common stockholders</b>	<b>\$ (1,537)</b>	<b>\$ (2,055)</b>	<b>\$ 1,474</b>	<b>\$ (21,576)</b>
 <b>(Loss) Income per Common Share - Basic:</b>				
(Loss) income per common share	\$ (0.01)	\$ (0.01)	\$ 0.01	\$ (0.10)
Weighted average shares outstanding	224,864,791	218,706,356	222,228,605	218,689,696
 <b>(Loss) Income per Common Share - Diluted:</b>				
(Loss) income per common share	\$ (0.01)	\$ (0.01)	\$ 0.01	\$ (0.10)
Weighted average shares outstanding	224,864,791	218,706,356	222,262,748	218,689,696

See notes to consolidated financial statements (unaudited).

**PARAMOUNT GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(UNAUDITED)**

(Amounts in thousands)	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Net income (loss)	\$ 1,224	\$ 4,632	\$ 11,384	\$ (3,612)
Other comprehensive income:				
Change in value of interest rate swaps and interest rate caps	9,796	995	34,450	995
Pro rata share of other comprehensive income of unconsolidated joint ventures	5,707	928	19,109	5,677
<b>Comprehensive income</b>	<b>16,727</b>	<b>6,555</b>	<b>64,943</b>	<b>3,060</b>
Less comprehensive (income) loss attributable to noncontrolling interests in:				
Consolidated joint ventures	(4,179)	(3,768)	(12,383)	(16,924)
Consolidated real estate fund	1,309	(3,123)	2,677	(3,191)
Operating Partnership	(914)	30	(4,581)	1,541
<b>Comprehensive income (loss) attributable to common stockholders</b>	<b>\$ 12,943</b>	<b>\$ (306)</b>	<b>\$ 50,656</b>	<b>\$ (15,514)</b>

See notes to consolidated financial statements (unaudited).

**PARAMOUNT GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**(UNAUDITED)**

(Amounts in thousands, except per share and unit amounts)	Common Shares		Additional Paid-in-Capital	Earnings Less than Distributions	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests in			Total Equity
	Shares	Amount				Consolidated Joint Ventures	Consolidated Real Estate Fund	Operating Partnership	
<b>Balance as of June 30, 2022</b>	<b>225,625</b>	<b>\$ 2,255</b>	<b>\$ 4,228,674</b>	<b>\$ (570,577)</b>	<b>\$ 36,840</b>	<b>\$ 412,189</b>	<b>\$ 80,557</b>	<b>\$ 261,416</b>	<b>\$ 4,451,354</b>
Net (loss) income	-	-	-	(1,537)	-	4,179	(1,309)	(109)	1,224
Common shares issued upon redemption of common units	77	1	1,271	-	-	-	-	(1,272)	-
Common shares issued under Omnibus share plan, net of shares withheld for taxes	(4)	-	-	(4)	-	-	-	-	(4)
Repurchases of common shares	(3,237)	(32)	(21,281)	-	-	-	-	-	(21,313)
Dividends and distributions (\$0.0775 per share and unit)	-	-	-	(17,270)	-	-	-	(1,294)	(18,564)
Distributions to noncontrolling interests	-	-	-	-	-	(8,966)	-	-	(8,966)
Change in value of interest rate swaps and interest rate caps	-	-	-	-	9,150	-	-	646	9,796
Pro rata share of other comprehensive income of unconsolidated joint ventures	-	-	-	-	5,330	-	-	377	5,707
Amortization of equity awards	-	-	331	-	-	-	-	3,863	4,194
Reallocation of noncontrolling interest	-	-	1,447	-	-	-	-	(1,447)	-
Other	-	-	-	(235)	-	-	-	-	(235)
<b>Balance as of September 30, 2022</b>	<b>222,461</b>	<b>\$ 2,224</b>	<b>\$ 4,210,442</b>	<b>\$ (589,623)</b>	<b>\$ 51,320</b>	<b>\$ 407,402</b>	<b>\$ 79,248</b>	<b>\$ 262,180</b>	<b>\$ 4,423,193</b>
<b>Balance as of June 30, 2021</b>	<b>218,962</b>	<b>\$ 2,189</b>	<b>\$ 4,113,889</b>	<b>\$ (507,321)</b>	<b>\$ (8,478)</b>	<b>\$ 442,428</b>	<b>\$ 79,085</b>	<b>\$ 358,331</b>	<b>\$ 4,480,123</b>
Net (loss) income	-	-	-	(2,055)	-	3,768	3,123	(204)	4,632
Common shares issued under Omnibus share plan, net of shares withheld for taxes	(6)	-	-	(14)	-	-	-	-	(14)
Dividends and distributions (\$0.07 per share and unit)	-	-	-	(15,327)	-	-	-	(1,570)	(16,897)
Distributions to noncontrolling interests	-	-	-	-	-	(11,054)	-	-	(11,054)
Change in value of interest rate swaps and interest rate caps	-	-	-	-	905	-	-	90	995
Pro rata share of other comprehensive income of unconsolidated joint ventures	-	-	-	-	843	-	1	84	928
Amortization of equity awards	-	-	305	-	-	-	-	3,928	4,233
Reallocation of noncontrolling interest	-	-	3,474	-	-	-	-	(3,474)	-
Other	-	-	271	-	-	-	-	-	271
<b>Balance as of September 30, 2021</b>	<b>218,956</b>	<b>\$ 2,189</b>	<b>\$ 4,117,939</b>	<b>\$ (524,717)</b>	<b>\$ (6,730)</b>	<b>\$ 435,142</b>	<b>\$ 82,209</b>	<b>\$ 357,185</b>	<b>\$ 4,463,217</b>

See notes to consolidated financial statements (unaudited).

**PARAMOUNT GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**(UNAUDITED)**

(Amounts in thousands, except per share and unit amounts)	Common Shares		Additional Paid-in-Capital	Earnings Less than Distributions	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests in			Total Equity
	Shares	Amount				Consolidated Joint Ventures	Consolidated Real Estate Fund	Operating Partnership	
<b>Balance as of December 31, 2021</b>	<b>218,992</b>	<b>\$ 2,190</b>	<b>\$ 4,122,680</b>	<b>\$ (538,845)</b>	<b>\$ 2,138</b>	<b>\$ 428,833</b>	<b>\$ 81,925</b>	<b>\$ 356,111</b>	<b>\$ 4,455,032</b>
Net income (loss)	-	-	-	1,474	-	12,383	(2,677)	204	11,384
Common shares issued upon redemption of common units	6,607	66	108,418	-	-	-	-	(108,484)	-
Common shares issued under Omnibus share plan, net of shares withheld for taxes	99	-	-	(284)	-	-	-	-	(284)
Repurchases of common shares	(3,237)	(32)	(21,281)	-	-	-	-	-	(21,313)
Dividends and distributions (\$0.2325 per share and unit)	-	-	-	(51,733)	-	-	-	(4,395)	(56,128)
Distributions to noncontrolling interests	-	-	-	-	-	(33,814)	-	-	(33,814)
Change in value of interest rate swaps and interest rate caps	-	-	-	-	31,635	-	-	2,815	34,450
Pro rata share of other comprehensive income of unconsolidated joint ventures	-	-	-	-	17,547	-	-	1,562	19,109
Amortization of equity awards	-	-	970	-	-	-	-	14,022	14,992
Reallocation of noncontrolling interest	-	-	(345)	-	-	-	-	345	-
Other	-	-	-	(235)	-	-	-	-	(235)
<b>Balance as of September 30, 2022</b>	<b>222,461</b>	<b>\$ 2,224</b>	<b>\$ 4,210,442</b>	<b>\$ (589,623)</b>	<b>\$ 51,320</b>	<b>\$ 407,402</b>	<b>\$ 79,248</b>	<b>\$ 262,180</b>	<b>\$ 4,423,193</b>
<b>Balance as of December 31, 2020</b>	<b>218,817</b>	<b>\$ 2,188</b>	<b>\$ 4,120,173</b>	<b>\$ (456,393)</b>	<b>\$ (12,791)</b>	<b>\$ 437,161</b>	<b>\$ 79,017</b>	<b>\$ 346,379</b>	<b>\$ 4,515,734</b>
Net (loss) income	-	-	-	(21,576)	-	16,924	3,179	(2,139)	(3,612)
Common shares issued upon redemption of common units	10	-	165	-	-	-	-	(165)	-
Common shares issued under Omnibus share plan, net of shares withheld for taxes	129	1	-	(215)	-	-	-	-	(214)
Dividends and distributions (\$0.21 per share and unit)	-	-	-	(45,981)	-	-	-	(4,702)	(50,683)
Contributions from noncontrolling interests	-	-	-	-	-	121	-	-	121
Distributions to noncontrolling interests	-	-	-	-	-	(19,616)	-	-	(19,616)
Change in value of interest rate swaps and interest rate caps	-	-	-	-	905	-	-	90	995
Pro rata share of other comprehensive income of unconsolidated joint ventures	-	-	-	-	5,156	-	13	508	5,677
Amortization of equity awards	-	-	916	-	-	-	-	13,628	14,544
Reallocation of noncontrolling interest	-	-	(3,586)	-	-	-	-	3,586	-
Other	-	-	271	(552)	-	552	-	-	271
<b>Balance as of September 30, 2021</b>	<b>218,956</b>	<b>\$ 2,189</b>	<b>\$ 4,117,939</b>	<b>\$ (524,717)</b>	<b>\$ (6,730)</b>	<b>\$ 435,142</b>	<b>\$ 82,209</b>	<b>\$ 357,185</b>	<b>\$ 4,463,217</b>

See notes to consolidated financial statements (unaudited).

**PARAMOUNT GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

(Amounts in thousands)	<b>For the Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities:</b>		
Net income (loss)	\$ 11,384	\$ (3,612)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	171,306	175,752
Straight-lining of rental revenue	(7,808)	(7,925)
Amortization of stock-based compensation expense	14,853	14,421
Loss from unconsolidated joint ventures	15,326	20,810
Amortization of deferred financing costs	4,614	7,306
Distributions of earnings from unconsolidated real estate funds	624	535
Distributions of earnings from unconsolidated joint ventures	34	3,950
Amortization of above and below-market leases, net	(589)	(2,335)
Income from unconsolidated real estate funds	(625)	(604)
Realized and unrealized gains on marketable securities	-	(1,271)
Other non-cash adjustments	1,084	2,330
Changes in operating assets and liabilities:		
Accounts and other receivables	(4,283)	6,118
Deferred charges	(12,286)	(12,664)
Other assets	(21,764)	(30,014)
Accounts payable and accrued expenses	4,646	12,830
Other liabilities	(2,099)	2,433
Net cash provided by operating activities	174,417	188,060
<b>Cash Flows from Investing Activities:</b>		
Additions to real estate	(71,284)	(74,134)
Due from affiliates	(59,000)	-
Repayment of amounts due from affiliates	59,000	-
Investments in and contributions of capital to unconsolidated joint ventures	(11,252)	(11,750)
Contributions of capital to unconsolidated real estate funds	(4,642)	(3,198)
Distributions of capital from unconsolidated real estate funds	1,506	3,959
Purchases of marketable securities	-	(21,562)
Sales of marketable securities	-	18,305
Net cash used in investing activities	(85,672)	(88,380)

See notes to consolidated financial statements (unaudited).

**PARAMOUNT GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED**  
**(UNAUDITED)**

(Amounts in thousands)	<b>For the Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Financing Activities:</b>		
Dividends paid to common stockholders	\$ (49,793)	\$ (45,970)
Distributions paid to common unitholders	(4,666)	(4,612)
Distributions to noncontrolling interests	(33,814)	(19,616)
Contributions from noncontrolling interests	-	121
Repurchases of common shares	(20,000)	-
Repurchase of shares related to stock compensation agreements and related tax withholdings	(284)	(214)
Proceeds from notes and mortgages payable	-	888,566
Repayment of notes and mortgages payable	-	(850,000)
Debt issuance costs	-	(10,593)
Purchase of interest rate caps	-	(140)
Net cash used in financing activities	(108,557)	(42,458)
Net (decrease) increase in cash and cash equivalents and restricted cash	(19,812)	57,222
Cash and cash equivalents and restricted cash at beginning of period	529,666	465,324
Cash and cash equivalents and restricted cash at end of period	\$ 509,854	\$ 522,546

**Reconciliation of Cash and Cash Equivalents and Restricted Cash:**

Cash and cash equivalents at beginning of period	\$ 524,900	\$ 434,530
Restricted cash at beginning of period	4,766	30,794
Cash and cash equivalents and restricted cash at beginning of period	\$ 529,666	\$ 465,324
Cash and cash equivalents at end of period	\$ 469,398	\$ 494,569
Restricted cash at end of period	40,456	27,977
Cash and cash equivalents and restricted cash at end of period	\$ 509,854	\$ 522,546

**Supplemental Disclosure of Cash Flow Information:**

Cash payments for interest	\$ 102,534	\$ 98,917
Cash payments for income taxes, net of refunds	2,177	970

**Non-Cash Transactions:**

Common shares issued upon redemption of common units	108,484	165
Change in value of interest rate swaps and interest rate caps	34,450	995
Dividends and distributions declared but not yet paid	18,564	16,897
Write-off of fully amortized and/or depreciated assets	8,736	43,232
Additions to real estate included in accounts payable and accrued expenses	42,052	17,842
Transfer of deposit to investment in unconsolidated joint ventures	6,230	-
Repurchase of common shares included in accounts payable and accrued expenses	1,313	-

See notes to consolidated financial statements (unaudited).

**PARAMOUNT GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**1. Organization and Business**

As used in these consolidated financial statements, unless otherwise indicated, all references to “we,” “us,” “our,” the “Company,” and “Paramount” refer to Paramount Group, Inc., a Maryland corporation, and its consolidated subsidiaries, including Paramount Group Operating Partnership LP, a Delaware limited partnership (the “Operating Partnership”). We are a fully-integrated real estate investment trust (“REIT”) focused on owning, operating, managing, acquiring and redeveloping high-quality, Class A office properties in select central business district submarkets of New York City and San Francisco. We conduct our business through, and substantially all of our interests in properties and investments are held by, the Operating Partnership. We are the sole general partner of, and owned approximately 93.4% of, the Operating Partnership as of September 30, 2022.

As of September 30, 2022, we own and/or manage a portfolio aggregating 14.0 million square feet comprised of:

- Eight wholly and partially owned properties aggregating 8.7 million square feet in New York, comprised of 8.2 million square feet of office space and 0.5 million square feet of retail, theater and amenity space;
- Six wholly and partially owned properties aggregating 4.3 million square feet in San Francisco, comprised of 4.1 million square feet of office space and 0.2 million square feet of retail space; and
- Five managed properties aggregating 1.0 million square feet in New York and Washington, D.C.

Additionally, we have an investment management business, where we serve as the general partner of real estate funds for institutional investors and high net-worth individuals.

**2. Basis of Presentation and Significant Accounting Policies**

***Basis of Presentation***

The accompanying consolidated financial statements are unaudited and have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and in conjunction with the instructions to Form 10-Q of the Securities and Exchange Commission (“SEC”). Accordingly, certain information and footnote disclosures required by GAAP for complete financial statements have been condensed or omitted. These consolidated financial statements include the accounts of Paramount and its consolidated subsidiaries, including the Operating Partnership. In the opinion of management, all significant adjustments (which include only normal recurring adjustments) and eliminations (which include intercompany balances and transactions) necessary to present fairly the financial position, results of operations and changes in cash flows have been made. The consolidated balance sheet as of December 31, 2021 was derived from audited financial statements as of that date but does not include all information and disclosures required by GAAP. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the SEC.

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***Significant Accounting Policies***

There are no material changes to our significant accounting policies as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021.

***Use of Estimates***

We have made estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ materially from those estimates. The results of operations for the three and nine months ended September 30, 2022, are not necessarily indicative of the operating results for the full year.

***Recently Issued Accounting Pronouncements***

In March 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2020-04, which adds Accounting Standards Codification (“ASC”) Topic 848, *Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU 2020-04 provides temporary optional expedients and exceptions to ease financial reporting burdens related to applying current GAAP to modifications of contracts, hedging relationships and other transactions in connection with the transition from the London Interbank Offered Rate (“LIBOR”) and other interbank offered rates to alternative reference rates. In January 2021, the FASB issued ASU 2021-01 to clarify that certain optional expedients and exceptions apply to modifications of derivative contracts and certain hedging relationships affected by changes in the interest rates used for discounting cash flows, computing variation margin settlements, and for calculating price alignment interest. ASU 2020-04 is effective beginning on March 12, 2020 and may be applied prospectively to such transactions through December 31, 2022 and ASU 2021-01 is effective beginning on January 7, 2021 and may be applied retrospectively or prospectively to such transactions through December 31, 2022. We will apply ASU 2020-04 and ASU 2021-01 prospectively as and when we enter into transactions to which these updates apply.

In August 2020, the FASB issued ASU 2020-06, an update to ASC Topic 470, Subtopic - 20, *Debt - Debt with Conversion and Other Options*, and ASC Topic 815, Subtopic - 4, *Derivatives and Hedging - Contracts in Entity's Own Equity*. ASU 2020-06 simplifies the guidance for certain financial instruments with characteristics of liability and equity, including convertible instruments and contracts on an entity's own equity by reducing the number of accounting models for convertible instruments and amends guidance in ASC Topic 260, *Earnings Per Share*, relating to the computation of earnings per share for convertible instruments and contracts on an entity's own equity. ASU 2020-06 is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2021, with early adoption permitted for fiscal years that begin after December 15, 2020. We adopted the provisions of ASU 2020-06 on January 1, 2022. This adoption did not have an impact on our consolidated financial statements.

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**3. Investments in Unconsolidated Joint Ventures**

On February 24, 2022, a joint venture, in which we own a 9.2% interest, acquired a 26,000 square foot retail condominium at 1600 Broadway in Manhattan for \$191,500,000. In connection with the acquisition, the joint venture obtained a 10-year, \$98,000,000 interest-only loan that has a fixed rate of 3.45%. The property, which is located in the heart of Times Square, is 100% leased to Mars, Inc. for a 15-year term and serves as the New York flagship location for M&M's World. We account for our investment in 1600 Broadway under the equity method of accounting from the date of acquisition.

The following tables summarize our investments in unconsolidated joint ventures as of the dates thereof and the income or loss from these investments for the periods set forth below.

(Amounts in thousands)	<b>Paramount</b>	<b>As of</b>	
<b>Our Share of Investments:</b>	<b>Ownership</b>	<b>September 30, 2022</b>	<b>December 31, 2021</b>
712 Fifth Avenue <sup>(1)</sup>	50.0%	\$ -	\$ -
Market Center	67.0%	197,050	185,344
55 Second Street <sup>(2)</sup>	44.1%	85,988	88,284
111 Sutter Street	49.0%	33,012	35,182
1600 Broadway <sup>(2)(3)</sup>	9.2%	9,369	-
60 Wall Street <sup>(2)</sup>	5.0%	20,630	19,230
One Steuart Lane <sup>(2)</sup>	35.0% <sup>(4)</sup>	79,355	76,428
Oder-Center, Germany <sup>(2)</sup>	9.5%	3,381	3,628
<b>Investments in unconsolidated joint ventures</b>		<b>\$ 428,785</b>	<b>\$ 408,096</b>

(Amounts in thousands)	<b>For the Three Months Ended</b>		<b>For the Nine Months Ended</b>	
<b>Our Share of Net Income (Loss):</b>	<b>September 30,</b>		<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
712 Fifth Avenue <sup>(1)</sup>	\$ -	\$ 431	\$ -	\$ (10,697)
Market Center	(2,811)	(2,228)	(7,661)	(9,272)
55 Second Street <sup>(2)</sup>	(825)	(702)	(2,296)	(2,171)
111 Sutter Street	(748)	(685)	(2,207)	(1,874)
1600 Broadway <sup>(2)(3)</sup>	30	-	(38)	-
60 Wall Street <sup>(2)</sup>	(23)	18	42	52
One Steuart Lane <sup>(2)</sup>	(1,516)	3,363	(3,303)	3,138
Oder-Center, Germany <sup>(2)</sup>	96	26	137	14
<b>(Loss) income from unconsolidated joint ventures</b>	<b>\$ (5,797)</b>	<b>\$ 223</b>	<b>\$ (15,326)</b>	<b>\$ (20,810)</b>

<sup>(1)</sup> At December 31, 2021, our basis in the joint venture that owns 712 Fifth Avenue was negative \$14,329. Since we have no further obligation to fund additional capital to the joint venture, we no longer recognize our proportionate share of earnings from the joint venture. Instead, we recognize income only to the extent we receive cash distributions from the joint venture and recognize losses to the extent we make cash contributions to the joint venture. For the nine months ended September 30, 2022, the joint venture had net income of \$588 of which our 50.0% share was \$294. Accordingly, our basis in the joint venture, taking into account our share of income, was negative \$14,035 as of September 30, 2022. Additionally, during the nine months ended September 30, 2021, we received \$1,053 in distributions from the joint venture and made an \$11,750 contribution to the joint venture, which are included in "(loss) income from unconsolidated joint ventures" on our consolidated statements of income for the nine months ended September 30, 2021.

<sup>(2)</sup> As of September 30, 2022, the carrying amount of our investments in 55 Second Street, 1600 Broadway, 60 Wall Street, One Steuart Lane and Oder-Center is greater than our share of equity in these investments by \$471, \$325, \$2,586, \$645 and \$4,138, respectively, and primarily represents the unamortized portion of our capitalized acquisition costs.

<sup>(3)</sup> Acquired on February 24, 2022.

<sup>(4)</sup> Represents our consolidated Residential Development Fund's ("RDF") economic interest in One Steuart Lane, a for-sale residential condominium project. Our economic interest in One Steuart Lane (based on our 7.4% ownership interest in RDF) is 2.6%.

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The following tables provide the combined summarized financial information of our unconsolidated joint ventures as of the dates thereof and for the periods set forth below.

(Amounts in thousands)	As of	
	September 30, 2022	December 31, 2021
<b>Balance Sheets:</b>		
Real estate, net	\$ 2,410,055	\$ 2,246,152
Cash and cash equivalents and restricted cash	214,815	216,910
Intangible assets, net	74,927	58,590
For-sale residential condominium units <sup>(1)</sup>	322,696	359,638
Other assets	85,360	46,646
<b>Total assets</b>	<b>\$ 3,107,853</b>	<b>\$ 2,927,936</b>
Notes and mortgages payable, net	\$ 1,833,023	\$ 1,791,404
Intangible liabilities, net	12,700	18,397
Other liabilities	58,134	61,097
<b>Total liabilities</b>	<b>1,903,857</b>	<b>1,870,898</b>
Equity	1,203,996	1,057,038
<b>Total liabilities and equity</b>	<b>\$ 3,107,853</b>	<b>\$ 2,927,936</b>

(Amounts in thousands)	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
<b>Income Statements:</b>	2022	2021	2022	2021
<b>Revenues:</b>				
Rental revenue	\$ 41,145	\$ 57,998	\$ 153,181	\$ 171,721
Other income <sup>(2)</sup>	15,250	92,360	65,276	93,698
<b>Total revenues</b>	<b>56,395</b>	<b>150,358</b>	<b>218,457</b>	<b>265,419</b>
<b>Expenses:</b>				
Operating <sup>(2)</sup>	34,234	102,949	129,035	153,526
Depreciation and amortization	17,734	26,432	68,140	80,899
<b>Total expenses</b>	<b>51,968</b>	<b>129,381</b>	<b>197,175</b>	<b>234,425</b>
<b>Other income (expense):</b>				
Interest and other income (loss)	471	(27)	487	(83)
Interest and debt expense	(13,967)	(17,503)	(47,900)	(45,135)
(Loss) income before income taxes	(9,069)	3,447	(26,131)	(14,224)
Income tax expense	(11)	(17)	(54)	(32)
<b>Net (loss) income</b>	<b>\$ (9,080)</b>	<b>\$ 3,430</b>	<b>\$ (26,185)</b>	<b>\$ (14,256)</b>

<sup>(1)</sup> Represents the cost of residential condominium units at One Stuart Lane that are available for sale.

<sup>(2)</sup> Includes proceeds and cost of sales from the sale of residential condominium units at One Stuart Lane.

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**4. Investments in Unconsolidated Real Estate Funds**

We are the general partner and investment manager of Paramount Group Real Estate Fund VIII, LP (“Fund VIII”) and Paramount Group Real Estate Fund X, LP and its parallel fund, Paramount Group Real Estate Fund X-ECI, LP, (collectively, “Fund X”), our Alternative Investment Funds, which invest in mortgage and mezzanine loans and preferred equity investments. While Fund VIII’s investment period has ended, Fund X’s investment period ends in December 2025. As of September 30, 2022, Fund X has \$192,000,000 of capital committed, of which \$139,637,000 has been invested and \$43,016,000 has been reserved for future funding. Our ownership interest in Fund VIII and Fund X was approximately 1.3% and 7.8%, respectively, as of September 30, 2022.

As of September 30, 2022 and December 31, 2021, our share of the investments in the unconsolidated real estate funds aggregated \$14,558,000 and \$11,421,000, respectively. We recognized \$300,000 and \$276,000 for our share of income in the three months ended September 30, 2022 and 2021, respectively, and \$625,000 and \$604,000 for our share of income in the nine months ended September 30, 2022 and 2021, respectively.

**5. Intangible Assets and Liabilities**

The following tables summarize our intangible assets (acquired above-market leases and acquired in-place leases) and intangible liabilities (acquired below-market leases) and the related amortization as of the dates thereof and for the periods set forth below.

(Amounts in thousands)	As of	
	September 30, 2022	December 31, 2021
<b>Intangible assets:</b>		
Gross amount	\$ 337,104	\$ 371,555
Accumulated amortization	(239,733)	(252,142)
	<u>\$ 97,371</u>	<u>\$ 119,413</u>
<b>Intangible liabilities:</b>		
Gross amount	\$ 138,726	\$ 151,118
Accumulated amortization	(99,689)	(105,790)
	<u>\$ 39,037</u>	<u>\$ 45,328</u>

(Amounts in thousands)	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Amortization of above and below-market leases, net (component of "rental revenue")	\$ (84)	\$ 722	\$ 589	\$ 2,335
Amortization of acquired in-place leases (component of "depreciation and amortization")	5,401	6,413	16,344	20,183

The following table sets forth amortization of acquired above and below-market leases, net and amortization of acquired in-place leases for each of the five succeeding years commencing from January 1, 2023.

(Amounts in thousands)	Above and	
	Below-Market	In-Place Leases
For the Year Ending December 31,	Leases, Net	Leases
2023	\$ 5,151	\$ 17,705
2024	6,091	14,248
2025	4,745	10,451
2026	2,872	7,896
2027	2,560	7,252

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**6. Debt**

The following table summarizes our consolidated outstanding debt.

(Amounts in thousands)	<u>Maturity</u> <u>Date</u>	<u>Fixed/ Variable Rate</u>	<u>Interest Rate</u> <u>as of</u> <u>September 30, 2022</u>	<u>As of</u>	
				<u>September 30, 2022</u>	<u>December 31, 2021</u>
<b>Notes and mortgages payable:</b>					
1633 Broadway <sup>(1)</sup>	Dec-2029	Fixed	2.99%	\$ 1,250,000	\$ 1,250,000
One Market Plaza <sup>(1)</sup>	Feb-2024	Fixed	4.03%	975,000	975,000
1301 Avenue of the Americas					
	Aug-2026	Fixed <sup>(2)</sup>	2.46%	500,000	500,000
	Aug-2026	L + 356 bps <sup>(3)</sup>	5.56%	360,000	360,000
			3.76%	860,000	860,000
31 West 52nd Street	Jun-2026	Fixed	3.80%	500,000	500,000
300 Mission Street <sup>(1)</sup>	Oct-2023	Fixed	3.65%	273,000	273,000
<b>Total notes and mortgages payable</b>			<b>3.58%</b>	<b>3,858,000</b>	<b>3,858,000</b>
Less: unamortized deferred financing costs				(18,856)	(22,380)
<b>Total notes and mortgages payable, net</b>				<b>\$ 3,839,144</b>	<b>\$ 3,835,620</b>
<b>\$750 Million Revolving Credit Facility</b>	<b>Mar-2026</b>	<b>SOFR + 115 bps</b>	<b>n/a</b>	<b>\$ -</b>	<b>\$ -</b>

<sup>(1)</sup> Our ownership interests in 1633 Broadway, One Market Plaza and 300 Mission Street are 90.0%, 49.0% and 31.1%, respectively.

<sup>(2)</sup> Represents variable rate loans that have been fixed by interest rate swaps through August 2024. See Note 7, *Derivative Instruments and Hedging Activities*.

<sup>(3)</sup> Represents variable rate loans, where LIBOR has been capped at 2.00% through August 2023. See Note 7, *Derivative Instruments and Hedging Activities*.

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**7. Derivative Instruments and Hedging Activities**

We have entered into interest rate swap agreements with an aggregate notional amount of \$500,000,000 to fix LIBOR at 0.46% through August 2024. We also entered into interest rate cap agreements with an aggregate notional amount of \$360,000,000 to cap LIBOR at 2.00% through August 2023. These interest rate swaps and interest rate caps are designated as cash flow hedges and therefore changes in their fair values are recognized in other comprehensive income or loss (outside of earnings). We recognized other comprehensive income of \$9,796,000 and \$34,450,000 for the three and nine months ended September 30, 2022, respectively, and \$995,000 for the three and nine months ended September 30, 2021, from the changes in fair value of these derivative financial instruments. See Note 9, *Accumulated Other Comprehensive Income*. During the next twelve months, we estimate that \$26,010,000 of the amounts to be recognized in accumulated other comprehensive income will be reclassified as a decrease to interest expense.

The tables below provide additional details on our interest rate swaps and interest rate caps that are designated as cash flow hedges.

Property	Notional Amount	Effective Date	Maturity Date	Benchmark Rate	Strike Rate	Fair Value as of	
						September 30, 2022	December 31, 2021
(Amounts in thousands)							
1301 Avenue of the Americas	\$ 500,000	Jul-2021	Aug-2024	LIBOR	0.46%	\$ 34,449	\$ 6,691
<b>Total interest rate swap assets designated as cash flow hedges (included in "other assets")</b>						<b>\$ 34,449</b>	<b>\$ 6,691</b>

Property	Notional Amount	Effective Date	Maturity Date	Benchmark Rate	Strike Rate	Fair Value as of	
						September 30, 2022	December 31, 2021
(Amounts in thousands)							
1301 Avenue of the Americas	\$ 360,000	Jul-2021	Aug-2023	LIBOR	2.00%	\$ 6,987	\$ 306
<b>Total interest rate cap assets designated as cash flow hedges (included in "other assets")</b>						<b>\$ 6,987</b>	<b>\$ 306</b>

We have agreements with various derivative counterparties that contain provisions wherein a default on our indebtedness could be deemed a default on our derivative obligations, which would require us to settle our derivative obligations for cash. As of September 30, 2022, we did not have any obligations relating to our interest rate swaps or interest rate caps that contained such provisions.

**8. Equity**

***Stock Repurchase Program***

On November 5, 2019, we received authorization from our Board of Directors to repurchase up to \$200,000,000 of our common stock, from time to time, in the open market or in privately negotiated transactions. During 2022, we repurchased 6,498,232 common shares at a weighted average price of \$6.41 per share, or \$41,674,000 in the aggregate, of which 3,237,392 shares were repurchased in the three months ended September 30, 2022 at a weighted average price of \$6.58 per share, or \$21,313,000 in the aggregate, and the remaining 3,260,840 shares were repurchased in October 2022 at a weighted average price of \$6.24 per share, or \$20,361,000 in the aggregate. During 2020, we repurchased 13,813,158 common shares at a weighted average price of \$8.69 per share, or \$120,000,000 in the aggregate. Accordingly, we have \$38,326,000 available for future repurchases under the existing program. The amount and timing of future repurchases, if any, will depend on a number of factors, including, the price and availability of our shares, trading volume, general market conditions and available funding. The stock repurchase program may be suspended or discontinued at any time.

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**9. Accumulated Other Comprehensive Income**

The following table sets forth changes in accumulated other comprehensive income by component for the three and nine months ended September 30, 2022 and 2021, respectively, including amounts attributable to noncontrolling interests in the Operating Partnership.

(Amounts in thousands)	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Amount of income related to the cash flow hedges recognized in other comprehensive income <sup>(1)</sup>	\$ 12,134	\$ 671	\$ 36,786	\$ 671
Amounts reclassified from accumulated other comprehensive income (decreasing) increasing interest and debt expense <sup>(1)</sup>	(2,338)	324	(2,336)	324
Amount of income (loss) related to unconsolidated joint ventures recognized in other comprehensive income (loss) <sup>(2)</sup>	6,150	(88)	18,046	2,693
Amounts reclassified from accumulated other comprehensive income (decreasing) increasing loss from unconsolidated joint ventures <sup>(2)</sup>	(443)	1,016	1,063	2,984

<sup>(1)</sup> Represents amounts related to interest rate swaps with an aggregate notional value of \$500,000 and interest rate caps with an aggregate notional value of \$360,000, which were designated as cash flow hedges.

<sup>(2)</sup> Primarily represents amounts related to an interest rate swap with a notional value of \$402,000, which was designated as a cash flow hedge.

**10. Noncontrolling Interests**

***Consolidated Joint Ventures***

Noncontrolling interests in consolidated joint ventures consist of equity interests held by third parties in 1633 Broadway, One Market Plaza and 300 Mission Street. As of September 30, 2022 and December 31, 2021, noncontrolling interests in our consolidated joint ventures aggregated \$407,402,000 and \$428,833,000, respectively.

***Consolidated Real Estate Fund***

Noncontrolling interests in our consolidated real estate fund consists of equity interests held by third parties in our Residential Development Fund. As of September 30, 2022 and December 31, 2021, the noncontrolling interest in our consolidated real estate fund aggregated \$79,248,000 and \$81,925,000, respectively.

***Operating Partnership***

Noncontrolling interests in the Operating Partnership represent common units of the Operating Partnership that are held by third parties, including management, and units issued to management under equity incentive plans. Common units of the Operating Partnership may be tendered for redemption to the Operating Partnership for cash. We, at our option, may assume that obligation and pay the holder either cash or common shares on a one-for-one basis. Since the number of common shares outstanding is equal to the number of common units owned by us, the redemption value of each common unit is equal to the market value of each common share and distributions paid to each common unitholder is equivalent to dividends paid to common stockholders. As of September 30, 2022 and December 31, 2021, noncontrolling interests in the Operating Partnership on our consolidated balance sheets had a carrying amount of \$262,180,000 and \$356,111,000, respectively, and a redemption value of \$98,576,000 and \$181,315,000, respectively, based on the closing share price of our common stock on the New York Stock Exchange at the end of each period.

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**11. Variable Interest Entities (“VIEs”)**

In the normal course of business, we are the general partner of various types of investment vehicles, which may be considered VIEs. We may, from time to time, own equity or debt securities through vehicles, each of which are considered variable interests. Our involvement in financing the operations of the VIEs is generally limited to our investments in the entity. We consolidate these entities when we are deemed to be the primary beneficiary.

***Consolidated VIEs***

We are the sole general partner of, and owned approximately 93.4% of, the Operating Partnership as of September 30, 2022. The Operating Partnership is considered a VIE and is consolidated in our consolidated financial statements. Since we conduct our business through and substantially all of our interests are held by the Operating Partnership, the assets and liabilities on our consolidated financial statements represent the assets and liabilities of the Operating Partnership. As of September 30, 2022 and December 31, 2021, the Operating Partnership held interests in consolidated VIEs owning properties and a real estate fund that were determined to be VIEs. The assets of these consolidated VIEs may only be used to settle the obligations of the entities and such obligations are secured only by the assets of the entities and are non-recourse to the Operating Partnership or us. The following table summarizes the assets and liabilities of consolidated VIEs of the Operating Partnership.

(Amounts in thousands)	As of	
	September 30, 2022	December 31, 2021
Real estate, net	\$ 3,375,154	\$ 3,415,735
Cash and cash equivalents and restricted cash	151,870	198,154
Investments in unconsolidated joint ventures	79,355	76,428
Accounts and other receivables	12,502	6,801
Deferred rent receivable	194,540	197,794
Deferred charges, net	51,063	53,013
Intangible assets, net	53,275	62,380
Other assets	22,494	15,551
<b>Total VIE assets</b>	<b>\$ 3,940,253</b>	<b>\$ 4,025,856</b>
Notes and mortgages payable, net	\$ 2,489,395	\$ 2,487,871
Accounts payable and accrued expenses	66,663	54,738
Intangible liabilities, net	23,942	27,674
Other liabilities	5,416	6,427
<b>Total VIE liabilities</b>	<b>\$ 2,585,416</b>	<b>\$ 2,576,710</b>

***Unconsolidated VIEs***

As of September 30, 2022, the Operating Partnership held variable interests in entities that own our unconsolidated real estate funds that were deemed to be VIEs. The following table summarizes our investments in these unconsolidated real estate funds and the maximum risk of loss from these investments.

(Amounts in thousands)	As of	
	September 30, 2022	December 31, 2021
Investments	\$ 14,558	\$ 11,421
Asset management fees and other receivables	11	9
<b>Maximum risk of loss</b>	<b>\$ 14,569</b>	<b>\$ 11,430</b>

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**12. Fair Value Measurements**

*Financial Assets Measured at Fair Value*

The following table summarizes the fair value of our financial assets that are measured at fair value on our consolidated balance sheets as of the dates set forth below, based on their levels in the fair value hierarchy.

(Amounts in thousands)	<b>As of September 30, 2022</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Interest rate swap assets (included in "other assets")	\$ 34,449	\$ -	\$ 34,449	\$ -
Interest rate cap assets (included in "other assets")	6,987	-	6,987	-
<b>Total assets</b>	<b>\$ 41,436</b>	<b>\$ -</b>	<b>\$ 41,436</b>	<b>\$ -</b>

(Amounts in thousands)	<b>As of December 31, 2021</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Interest rate swap assets (included in "other assets")	\$ 6,691	\$ -	\$ 6,691	\$ -
Interest rate cap assets (included in "other assets")	306	-	306	-
<b>Total assets</b>	<b>\$ 6,997</b>	<b>\$ -</b>	<b>\$ 6,997</b>	<b>\$ -</b>

*Financial Liabilities Not Measured at Fair Value*

Financial liabilities not measured at fair value on our consolidated balance sheets consist of notes and mortgages payable, and the revolving credit facility. The following table summarizes the carrying amounts and fair value of these financial instruments as of the dates set forth below.

(Amounts in thousands)	<b>As of September 30, 2022</b>		<b>As of December 31, 2021</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
Notes and mortgages payable	\$ 3,858,000	\$ 3,544,332	\$ 3,858,000	\$ 3,893,252
Revolving credit facility	-	-	-	-
<b>Total liabilities</b>	<b>\$ 3,858,000</b>	<b>\$ 3,544,332</b>	<b>\$ 3,858,000</b>	<b>\$ 3,893,252</b>

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**13. Leases**

We lease office, retail and storage space to tenants, primarily under non-cancellable operating leases which generally have terms ranging from five to fifteen years. Most of our leases provide tenants with extension options at either fixed or market rates and few of our leases provide tenants with options to early terminate, but such options generally impose an economic penalty on the tenant upon exercising. Rental revenue is recognized in accordance with ASC Topic 842, *Leases*, and includes (i) fixed payments of cash rents, which represents revenue each tenant pays in accordance with the terms of its respective lease and that is recognized on a straight-line basis over the non-cancellable term of the lease, and includes the effects of rent steps and rent abatements under the leases, (ii) variable payments of tenant reimbursements, which are recoveries of all or a portion of the operating expenses and real estate taxes of the property and is recognized in the same period as the expenses are incurred, (iii) amortization of acquired above and below-market leases, net and (iv) lease termination income.

The following table sets forth the details of our rental revenue.

(Amounts in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Rental revenue:</b>				
Fixed	\$ 162,444	\$ 158,400	\$ 480,766	\$ 478,670
Variable	16,806	12,451	45,649	39,955 <sup>(1)</sup>
<b>Total rental revenue</b>	<b>\$ 179,250</b>	<b>\$ 170,851</b>	<b>\$ 526,415</b>	<b>\$ 518,625</b>

<sup>(1)</sup> Includes \$5,051 of income in connection with a tenant's lease termination at 300 Mission Street.

The following table is a schedule of future undiscounted cash flows under non-cancellable operating leases in effect as of September 30, 2022, for the three-month period from October 1, 2022 through December 31, 2022, and each of the five succeeding years and thereafter commencing January 1, 2023.

(Amounts in thousands)	
2022	\$ 160,622
2023	631,729
2024	644,393
2025	599,023
2026	503,600
2027	438,968
Thereafter	2,242,109
<b>Total</b>	<b>\$ 5,220,444</b>

**PARAMOUNT GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**14. Fee and Other Income**

The following table sets forth the details of our fee and other income.

(Amounts in thousands)	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Fee income:				
Asset management	\$ 3,166	\$ 3,280	\$ 9,138	\$ 10,175
Property management	1,849	2,176	6,171	6,457
Acquisition, disposition, leasing and other	117	1,105	7,785	2,800
Total fee income	5,132	6,561	23,094	19,432
Other income <sup>(1)</sup>	2,765	1,719	6,840	4,509
<b>Total fee and other income</b>	<b>\$ 7,897</b>	<b>\$ 8,280</b>	<b>\$ 29,934</b>	<b>\$ 23,941</b>

<sup>(1)</sup> Primarily comprised of (i) tenant requested services, including cleaning, overtime heating and cooling and (ii) parking income.

**15. Interest and Other Income, net**

The following table sets forth the details of interest and other income, net.

(Amounts in thousands)	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Interest income, net	\$ 1,580	\$ 221	\$ 2,607	\$ 1,008
Mark-to-market of investments in our deferred compensation plans <sup>(1)</sup>	-	(83)	-	1,502
<b>Total interest and other income, net</b>	<b>\$ 1,580</b>	<b>\$ 138</b>	<b>\$ 2,607</b>	<b>\$ 2,510</b>

<sup>(1)</sup> The change resulting from the mark-to-market of the deferred compensation plan assets is entirely offset by the change in deferred compensation plan liabilities, which is included as a component of “general and administrative” expenses on our consolidated statements of income. In December 2021, the deferred compensation plan was terminated and the net proceeds were distributed to the plan participants.

**16. Interest and Debt Expense**

The following table sets forth the details of interest and debt expense.

(Amounts in thousands)	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Interest expense	\$ 35,412	\$ 33,600	\$ 102,190	\$ 98,613
Amortization of deferred financing costs	1,537	2,666 <sup>(1)</sup>	4,614	7,306 <sup>(1)</sup>
<b>Total interest and debt expense</b>	<b>\$ 36,949</b>	<b>\$ 36,266</b>	<b>\$ 106,804</b>	<b>\$ 105,919</b>

<sup>(1)</sup> Includes \$761 of expense from the non-cash write-off of deferred financing costs in connection with the \$860,000 refinancing of 1301 Avenue of the Americas in July 2021.

**PARAMOUNT GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

## **17. Incentive Compensation**

### ***Stock-Based Compensation***

Our Amended and Restated 2014 Equity Incentive Plan provides for grants of equity awards to our executive officers, non-employee directors and employees in order to attract and motivate talent for which we compete. In addition, equity awards are an effective management retention tool as they vest over multiple years based on continued employment. Equity awards are granted in the form of (i) restricted stock and (ii) long-term incentive plan (“LTIP”) units, which represent a class of partnership interests in our Operating Partnership and are typically comprised of performance-based LTIP units, time-based LTIP units and time-based appreciation only LTIP (“AOLTIP”) units. We account for all stock-based compensation in accordance with ASC 718, *Compensation – Stock Compensation*. We recognized stock-based compensation expense of \$4,149,000 and \$4,192,000 for the three months ended September 30, 2022 and 2021, respectively, and \$14,853,000 and \$14,421,000 for the nine months ended September 30, 2022 and 2021, respectively, related to awards granted in prior periods, including the equity awards granted on January 13, 2022 (“2022 Equity Grants”) described below.

### ***2022 Equity Grants***

#### *2022 Performance-Based Awards Program (“2022 Performance Program”)*

On January 13, 2022, the Compensation Committee of our Board of Directors (the “Compensation Committee”) approved the 2022 Performance Program, a multi-year performance-based long-term incentive compensation program. Under the 2022 Performance Program, participants may earn awards in the form of LTIP units based on our achievement of rigorous Net Operating Income (“NOI”) goals over a three-year performance measurement period beginning on January 1, 2022 and continuing through December 31, 2024. The amount of LTIP units otherwise earned based on the achievement of the NOI goals would then be increased or decreased based on our Total Shareholder Return (“TSR”) versus that of our New York City office REIT peers (comprised of Vornado Realty Trust, SL Green Realty Corp. and Empire State Realty Trust) but the modifier will not result in a total payout exceeding 100% of the units granted. Additionally, if our TSR is negative over the three-year performance measurement period, then the number of LTIP units that are earned under the 2022 Performance Program will be reduced by 30.0% of the number of such awards that otherwise would have been earned. Furthermore, awards earned under the 2022 Performance Program are subject to vesting based on continued employment with us through December 31, 2025, with 50.0% of each award vesting upon the conclusion of the performance measurement period, and the remaining 50.0% vesting on December 31, 2025. Lastly, our Named Executive Officers are required to hold earned awards for an additional year following vesting. Awards granted under the 2022 Performance Program had a fair value of \$7,188,000 on the date of the grant, which is being amortized into expense over the four-year vesting period using a graded vesting attribution method.

#### *Time-Based Unit Awards Program (LTIP Units, AOLTIP Units and Restricted Stock)*

On January 13, 2022, we also granted an aggregate of 626,942 LTIP units, 2,703,499 AOLTIP units and 120,243 shares of Restricted Stock to our executive officers and employees that will vest over a period of three to four years. The fair value of LTIP units, AOLTIP units and restricted stock on the date of grant were \$5,313,000, \$5,831,000, and \$1,119,000, respectively, and these awards are being amortized into expense on a straight-line basis over the vesting period.

### ***Completion of the 2019 Performance-Based Awards Program (“2019 Performance Program”)***

On December 31, 2021, the performance measurement period for the 2019 Performance Program ended. On January 13, 2022, the Compensation Committee determined that the performance goals set forth in the 2019 Performance Program were not met. Accordingly, all of the LTIP units that were granted on January 14, 2019, were forfeited, with no awards being earned. These awards had a grant date fair value of \$8,106,000 and a remaining unrecognized compensation cost of \$238,000 as of September 30, 2022, which will be amortized over a weighted-average period of 0.25 years.

**PARAMOUNT GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**18. Earnings Per Share**

The following table summarizes our net (loss) income and the number of common shares used in the computation of basic and diluted (loss) income per common share, which includes the weighted average number of common shares outstanding and the effect of dilutive potential common shares, if any.

(Amounts in thousands, except per share amounts)	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Numerator:</b>				
Net (loss) income attributable to common stockholders	\$ (1,537)	\$ (2,055)	\$ 1,474	\$ (21,576)
Earnings allocated to unvested participating securities	(21)	(17)	(64)	(54)
Numerator for (loss) income per common share - basic and diluted	\$ (1,558)	\$ (2,072)	\$ 1,410	\$ (21,630)
<b>Denominator:</b>				
Denominator for basic loss per common share - weighted average shares	224,865	218,706	222,229	218,690
Effect of dilutive stock-based compensation plans <sup>(1)</sup>	-	-	34	-
Denominator for diluted loss per common share - weighted average shares	224,865	218,706	222,263	218,690
<b>(Loss) income per common share - basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ 0.01</b>	<b>\$ (0.10)</b>

<sup>(1)</sup> The effect of dilutive securities excludes 18,041 and 23,862 weighted average share equivalents for the three months ended September 30, 2022 and 2021, respectively, and 20,889 and 23,785 weighted average share equivalents for the nine months ended September 30, 2022 and 2021, respectively, as their effect was anti-dilutive.

**PARAMOUNT GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**19. Related Parties**

***Management Agreements***

We provide property management, leasing and other related services to certain properties owned by members of the Otto Family. We recognized fee income of \$272,000 and \$270,000 for the three months ended September 30, 2022 and 2021, respectively, and \$1,021,000 and \$1,497,000 for the nine months ended September 30, 2022 and 2021, respectively, in connection with these agreements, which is included as a component of “fee and other income” on our consolidated statements of income. As of September 30, 2022 and December 31, 2021, amounts owed to us under these agreements aggregated \$53,000 and \$484,000, respectively, which are included as a component of “accounts and other receivables” on our consolidated balance sheets.

We also provide asset management, property management, leasing and other related services to our unconsolidated joint ventures and real estate funds. We recognized fee income of \$4,277,000 and \$5,737,000 for the three months ended September 30, 2022 and 2021, respectively, and \$20,075,000 and \$16,239,000 for the nine months ended September 30, 2022 and 2021, respectively, in connection with these agreements, which is included as a component of “fee and other income” on our consolidated statements of income. As of September 30, 2022 and December 31, 2021, amounts owed to us under these agreements aggregated \$2,966,000 and \$2,883,000, respectively, which are included as a component of “accounts and other receivables” on our consolidated balance sheets.

***Hamburg Trust Consulting HTC GmbH (“HTC”)***

We have an agreement with HTC, a licensed broker in Germany, to supervise selling efforts for our joint ventures and private equity real estate funds (or investments in feeder vehicles for these funds) to investors in Germany, including distribution of securitized notes of feeder vehicles for Fund X. Pursuant to this agreement, we have agreed to pay HTC for the costs incurred plus a mark-up of 10%. HTC is 100% owned by Albert Behler, our Chairman, Chief Executive Officer and President. We incurred costs aggregating \$105,000 and \$127,000 for the three months ended September 30, 2022 and 2021, respectively, and \$621,000 and \$372,000 for the nine months ended September 30, 2022 and 2021, respectively, in connection with this agreement. As of September 30, 2022 and December 31, 2021, we owed \$123,000 and \$523,000, respectively, to HTC under this agreement, which are included as a component of “accounts payable and accrued expenses” on our consolidated balance sheets.

***Mannheim Trust***

A subsidiary of Mannheim Trust leases office space at 712 Fifth Avenue, our 50.0% owned unconsolidated joint venture, pursuant to a lease agreement which expires in April 2023. Dr. Martin Bussmann (a member of our Board of Directors) is also a trustee and a director of Mannheim Trust. We recognized \$91,000 in each of the three months ended September 30, 2022 and 2021, respectively, and \$273,000 and \$272,000 for the nine months ended September 30, 2022 and 2021, respectively, for our share of rental income pursuant to this lease.

***Due from Affiliates***

During the nine months ended September 30, 2022, Fund X borrowed \$59,000,000 from us at an interest rate of Secured Overnight Financing Rate (“SOFR”) plus 220 basis points, which was repaid, together with \$418,000 of accrued interest.

**PARAMOUNT GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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## **20. Commitments and Contingencies**

### ***Insurance***

We carry commercial general liability coverage on our properties, with limits of liability customary within the industry. Similarly, we are insured against the risk of direct and indirect physical damage to our properties including coverage for the perils such as floods, earthquakes and windstorms. Our policies also cover the loss of rental income during an estimated reconstruction period. Our policies reflect limits and deductibles customary in the industry and specific to the buildings and portfolio. We also obtain title insurance policies when acquiring new properties. We currently have coverage for losses incurred in connection with both domestic and foreign terrorist-related activities. While we do carry commercial general liability insurance, property insurance and terrorism insurance with respect to our properties, these policies include limits and terms we consider commercially reasonable. In addition, there are certain losses (including, but not limited to, losses arising from known environmental conditions or acts of war) that are not insured, in full or in part, because they are either uninsurable or the cost of insurance makes it, in our belief, economically impractical to maintain such coverage. Should an uninsured loss arise against us, we would be required to use our own funds to resolve the issue, including litigation costs. We believe the policy specifications and insured limits are adequate given the relative risk of loss, the cost of the coverage and industry practice and, in consultation with our insurance advisors, we believe the properties in our portfolio are adequately insured.

### ***Other Commitments and Contingencies***

We are a party to various claims and routine litigation arising in the ordinary course of business. Some of these claims or others to which we may be subject from time to time, including claims arising specifically from the formation transactions, in connection with our initial public offering, may result in defense costs, settlements, fines or judgments against us, some of which are not, or cannot be, covered by insurance. Payment of any such costs, settlements, fines or judgments that are not insured could have an adverse impact on our financial position and results of operations. Should any litigation arise in connection with the formation transactions, we would contest it vigorously. In addition, certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage, which could adversely impact our results of operations and cash flow, expose us to increased risks that would be uninsured, and/or adversely impact our ability to attract officers and directors.

The terms of our mortgage debt agreements in place include certain restrictions and covenants which may limit, among other things, certain investments, the incurrence of additional indebtedness and liens and the disposition or other transfer of assets and interests in the borrower and other credit parties, and require compliance with certain debt yield, debt service coverage and loan to value ratios. In addition, our revolving credit facility contains representations, warranties, covenants, other agreements and events of default customary for agreements of this type with comparable companies. As of September 30, 2022, we believe we are in compliance with all of our covenants.

### ***Transfer Tax Assessments***

During 2017, the New York City Department of Finance issued Notices of Determination (“Notices”) assessing additional transfer taxes (including interest and penalties) in connection with the transfer of interests in certain properties during our 2014 initial public offering. We believe, after consultation with legal counsel, that the likelihood of a loss is reasonably possible, and while it is not possible to predict the outcome of these Notices, we estimate the range of loss could be between \$0 and \$55,800,000. Since no amount in this range is a better estimate than any other amount within the range, we have not accrued any liability arising from potential losses relating to these Notices in our consolidated financial statements.

**PARAMOUNT GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**21. Segments**

Our reportable segments are separated by region, based on the two regions in which we conduct our business: New York and San Francisco. Our determination of segments is aligned with our method of internal reporting and the way our Chief Executive Officer, who is also our Chief Operating Decision Maker, makes key operating decisions, evaluates financial results and manages our business.

The following tables provide Net Operating Income (“NOI”) for each reportable segment for the periods set forth below.

(Amounts in thousands)	<b>For the Three Months Ended September 30, 2022</b>			
	<b>Total</b>	<b>New York</b>	<b>San Francisco</b>	<b>Other</b>
Property-related revenues	\$ 182,015	\$ 117,431	\$ 64,667	\$ (83)
Property-related operating expenses	(72,845)	(52,421)	(19,496)	(928)
NOI from unconsolidated joint ventures (excluding One Stuart Lane)	11,540	3,556	7,837	147
<b>NOI <sup>(1)</sup></b>	<b>\$ 120,710</b>	<b>\$ 68,566</b>	<b>\$ 53,008</b>	<b>\$ (864)</b>

(Amounts in thousands)	<b>For the Three Months Ended September 30, 2021</b>			
	<b>Total</b>	<b>New York</b>	<b>San Francisco</b>	<b>Other</b>
Property-related revenues	\$ 172,570	\$ 109,842	\$ 63,527	\$ (799)
Property-related operating expenses	(67,131)	(47,545)	(18,646)	(940)
NOI from unconsolidated joint ventures (excluding One Stuart Lane)	11,627	2,875	8,665	87
<b>NOI <sup>(1)</sup></b>	<b>\$ 117,066</b>	<b>\$ 65,172</b>	<b>\$ 53,546</b>	<b>\$ (1,652)</b>

(Amounts in thousands)	<b>For the Nine Months Ended September 30, 2022</b>			
	<b>Total</b>	<b>New York</b>	<b>San Francisco</b>	<b>Other</b>
Property-related revenues	\$ 533,255	\$ 349,136	\$ 185,798	\$ (1,679)
Property-related operating expenses	(207,320)	(148,779)	(55,369)	(3,172)
NOI from unconsolidated joint ventures (excluding One Stuart Lane)	34,359	9,902	24,162	295
<b>NOI <sup>(1)</sup></b>	<b>\$ 360,294</b>	<b>\$ 210,259</b>	<b>\$ 154,591</b>	<b>\$ (4,556)</b>

(Amounts in thousands)	<b>For the Nine Months Ended September 30, 2021</b>			
	<b>Total</b>	<b>New York</b>	<b>San Francisco</b>	<b>Other</b>
Property-related revenues	\$ 523,134	\$ 329,870	\$ 195,673	\$ (2,409)
Property-related operating expenses	(197,821)	(142,370)	(52,651)	(2,800)
NOI from unconsolidated joint ventures (excluding One Stuart Lane)	32,510	8,445	24,054	11
<b>NOI <sup>(1)</sup></b>	<b>\$ 357,823</b>	<b>\$ 195,945</b>	<b>\$ 167,076</b>	<b>\$ (5,198)</b>

<sup>(1)</sup> NOI is used to measure the operating performance of our properties. NOI consists of rental revenue (which includes property rentals, tenant reimbursements and lease termination income) and certain other property-related revenue less operating expenses (which includes property-related expenses such as cleaning, security, repairs and maintenance, utilities, property administration and real estate taxes). We use NOI internally as a performance measure and believe it provides useful information to investors regarding our financial condition and results of operations because it reflects only those income and expense items that are incurred at the property level. Other real estate companies may use different methodologies for calculating NOI and, accordingly, our presentation of NOI may not be comparable to other real estate companies.

**PARAMOUNT GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

The following table provides a reconciliation of NOI to net (loss) income attributable to common stockholders for the periods set forth below.

(Amounts in thousands)	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
NOI	\$ 120,710	\$ 117,066	\$ 360,294	\$ 357,823
Add (subtract) adjustments to arrive to net income:				
Fee income	5,132	6,561	23,094	19,432
Depreciation and amortization expense	(58,284)	(57,522)	(171,306)	(175,752)
General and administrative expenses	(13,150)	(13,257)	(45,501)	(46,039)
NOI from unconsolidated joint ventures (excluding One Stuart Lane)	(11,540)	(11,627)	(34,359)	(32,510)
(Loss) income from unconsolidated joint ventures	(5,797)	223	(15,326)	(20,810)
Interest and other income, net	1,580	138	2,607	2,510
Interest and debt expense	(36,949)	(36,266)	(106,804)	(105,919)
Other, net	195	189	244	101
Income (loss) before income taxes	1,897	5,505	12,943	(1,164)
Income tax expense	(673)	(873)	(1,559)	(2,448)
Net income (loss)	1,224	4,632	11,384	(3,612)
Less net (income) loss attributable to noncontrolling interests in:				
Consolidated joint ventures	(4,179)	(3,768)	(12,383)	(16,924)
Consolidated real estate fund	1,309	(3,123)	2,677	(3,179)
Operating Partnership	109	204	(204)	2,139
<b>Net (loss) income attributable to common stockholders</b>	<b>\$ (1,537)</b>	<b>\$ (2,055)</b>	<b>\$ 1,474</b>	<b>\$ (21,576)</b>

The following table provides the total assets for each of our reportable segments as of the dates set forth below.

(Amounts in thousands)	<b>Total</b>	<b>New York</b>	<b>San Francisco</b>	<b>Other</b>
<b>Total Assets as of:</b>				
September 30, 2022	\$ 8,496,480	\$ 5,346,628	\$ 2,684,864	\$ 464,988
December 31, 2021	8,494,562	5,336,210	2,696,131	462,221

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements, including the related notes included therein.

### Forward-Looking Statements

We make statements in this Quarterly Report on Form 10-Q that are considered "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, which are usually identified by the use of words such as "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "seeks," "should," "will," and variations of such words or similar expressions. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and are including this statement for purposes of complying with those safe harbor provisions. These forward-looking statements reflect our current views about our plans, intentions, expectations, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions, expectations, strategies and prospects as reflected in or suggested by those forward-looking statements are reasonable, we can give no assurance that the plans, intentions, expectations or strategies will be attained or achieved. Furthermore, actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond our control including, without limitation:

- the negative impact of the coronavirus 2019 ("COVID-19") global pandemic on the U.S., regional and global economies and our tenants' financial condition and results of operations;
- unfavorable market and economic conditions in the United States, including New York City and San Francisco, and globally, including as a result of rising inflation and interest rates;
- risks associated with high concentrations of our properties in New York City and San Francisco;
- risks associated with ownership of real estate;
- decreased rental rates or increased vacancy rates;
- the risk we may lose a major tenant;
- trends in the office real estate industry including telecommuting, flexible work schedules, open workplaces and teleconferencing;
- limited ability to dispose of assets because of the relative illiquidity of real estate investments;
- intense competition in the real estate market that may limit our ability to acquire attractive investment opportunities and increase the costs of those opportunities;
- insufficient amounts of insurance;
- uncertainties and risks related to adverse weather conditions, natural disasters and climate change;
- risks associated with actual or threatened terrorist attacks;
- exposure to liability relating to environmental and health and safety matters;
- high costs associated with compliance with the Americans with Disabilities Act;
- failure of acquisitions to yield anticipated results;
- risks associated with real estate activity through our joint ventures and private equity real estate funds;
- general volatility of the capital and credit markets and the market price of our common stock;
- exposure to litigation or other claims;
- loss of key personnel;
- risks associated with security breaches through cyber attacks or cyber intrusions and other significant disruptions of our information technology ("IT") networks and related systems;
- risks associated with our substantial indebtedness;
- failure to refinance current or future indebtedness on favorable terms, or at all;

- failure to meet the restrictive covenants and requirements in our existing debt agreements;
- fluctuations in interest rates and increased costs to refinance or issue new debt;
- risks associated with variable rate debt, derivatives or hedging activity;
- risks associated with the market for our common stock;
- regulatory changes, including changes to tax laws and regulations;
- failure to qualify as a real estate investment trust (“REIT”);
- compliance with REIT requirements, which may cause us to forgo otherwise attractive opportunities or liquidate certain of our investments; or
- any of the other risks included in this Quarterly Report on Form 10-Q or in our Annual Report on Form 10-K for the year ended December 31, 2021, including those set forth in Item 1A entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021.

Accordingly, there is no assurance that our expectations will be realized. Except as otherwise required by the U.S. federal securities laws, we disclaim any obligations or undertaking to publicly release any updates or revisions to any forward-looking statement contained herein (or elsewhere) to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. A reader should review carefully our consolidated financial statements and the notes thereto, as well as Item 1A entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021.

### **Critical Accounting Estimates**

There are no material changes to our critical accounting estimates disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021.

### **Recently Issued Accounting Literature**

A summary of our recently issued accounting literature and their potential impact on our consolidated financial statements, if any, are included in Note 2, *Basis of Presentation and Significant Accounting Policies*, to our consolidated financial statements in this Quarterly Report on Form 10-Q.

## **Business Overview**

We are a fully-integrated REIT focused on owning, operating, managing, acquiring and redeveloping high-quality, Class A office properties in select central business district submarkets of New York City and San Francisco. We conduct our business through, and substantially all of our interests in properties and investments are held by, Paramount Group Operating Partnership LP, a Delaware limited partnership (the “Operating Partnership”). We are the sole general partner of, and owned approximately 93.4% of, the Operating Partnership as of September 30, 2022.

As of September 30, 2022, we own and/or manage a portfolio aggregating 14.0 million square feet comprised of:

- Eight wholly and partially owned properties aggregating 8.7 million square feet in New York, comprised of 8.2 million square feet of office space and 0.5 million square feet of retail, theater and amenity space;
- Six wholly and partially owned properties aggregating 4.3 million square feet in San Francisco, comprised of 4.1 million square feet of office space and 0.2 million square feet of retail space; and
- Five managed properties aggregating 1.0 million square feet in New York and Washington, D.C.

Additionally, we have an investment management business, where we serve as the general partner of real estate funds for institutional investors and high net-worth individuals.

## ***Acquisitions***

On February 24, 2022, a joint venture, in which we own a 9.2% interest, acquired a 26,000 square foot retail condominium at 1600 Broadway in Manhattan for \$191,500,000. In connection with the acquisition, the joint venture obtained a 10-year, \$98,000,000 interest-only loan that has a fixed rate of 3.45%. The property, which is located in the heart of Times Square, is 100% leased to Mars, Inc. for a 15-year term and serves as the New York flagship location for M&M’s World.

## ***Stock Repurchase Program***

On November 5, 2019, we received authorization from our Board of Directors to repurchase up to \$200,000,000 of our common stock, from time to time, in the open market or in privately negotiated transactions. During 2022, we repurchased 6,498,232 common shares at a weighted average price of \$6.41 per share, or \$41,674,000 in the aggregate, of which 3,237,392 shares were repurchased in the three months ended September 30, 2022 at a weighted average price of \$6.58 per share, or \$21,313,000 in the aggregate, and the remaining 3,260,840 shares were repurchased in October 2022 at a weighted average price of \$6.24 per share, or \$20,361,000 in the aggregate. During 2020, we repurchased 13,813,158 common shares at a weighted average price of \$8.69 per share, or \$120,000,000 in the aggregate. Accordingly, we have \$38,326,000 available for future repurchases under the existing program. The amount and timing of future repurchases, if any, will depend on a number of factors, including, the price and availability of our shares, trading volume, general market conditions and available funding. The stock repurchase program may be suspended or discontinued at any time.

## **Leasing Results - Three Months Ended September 30, 2022**

In the three months ended September 30, 2022, we leased 288,554 square feet, of which our share was 215,922 that was leased at a weighted average initial rent of \$82.76 per square foot. This leasing activity, offset by the lease expirations in the three months, caused our leased occupancy and same store leased occupancy (properties owned by us in a similar manner during both reporting periods) to remain at 91.4% at September 30, 2022, in-line with the lease occupancy reported at June 30, 2022. Of the 215,922 square feet leased, 204,178 square feet represented our share of second generation space (space that had been vacant for less than twelve months) for which rental rates decreased by 10.5% on a cash basis and increased by 2.7% on a GAAP basis. The weighted average lease term for leases signed during the three months was 12.5 years and weighted average tenant improvements and leasing commissions on these leases were \$11.92 per square foot per annum, or 14.4% of initial rent.

### ***New York***

In the three months ended September 30, 2022, we leased 253,774 square feet in our New York portfolio, of which our share was 197,828 square feet that was leased at a weighted average initial rent of \$79.95 per square foot. This leasing activity, partially offset by lease expirations in the three months, increased leased occupancy and same store leased occupancy by 10 basis points to 92.1% at September 30, 2022 from 92.0% at June 30, 2022. Of the 197,828 square feet leased, 190,828 square feet represented our share of second generation space for which rental rates decreased by 11.6% on a cash basis and increased 1.5% on a GAAP basis. The weighted average lease term for leases signed during the three months was 12.9 years and weighted average tenant improvements and leasing commissions on these leases were \$11.97 per square foot per annum, or 15.0% of initial rent.

### ***San Francisco***

In the three months ended September 30, 2022, we leased 34,780 square feet in our San Francisco portfolio, of which our share was 18,094 square feet that was leased at a weighted average initial rent of \$113.53 per square foot. This leasing activity, offset by lease expirations in the three months, decreased leased occupancy and same store leased occupancy by 50 basis points to 89.3% at September 30, 2022 from 89.8% at June 30, 2022. Of the 18,094 square feet leased in the three months, 13,350 square feet represented our share of second generation space for which we achieved rental rate increases of 1.6% on a cash basis and 14.7% on a GAAP basis. The weighted average lease term for leases signed during the three months was 7.3 years and weighted average tenant improvements and leasing commissions on these leases were \$10.86 per square foot per annum, or 9.6% of initial rent.

The following table presents additional details on the leases signed during the three months ended September 30, 2022. It is not intended to coincide with the commencement of rental revenue in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The leasing statistics, except for square feet leased, represent office space only.

<b>Three Months Ended September 30, 2022</b>	<b>Total</b>	<b>New York</b>	<b>San Francisco</b>
<b>Total square feet leased</b>	<b>288,554</b>	<b>253,774</b>	<b>34,780</b>
<b>Pro rata share of total square feet leased:</b>	<b>215,922</b>	<b>197,828</b>	<b>18,094</b>
Initial rent <sup>(1)</sup>	\$ 82.76	\$ 79.95	\$ 113.53
Weighted average lease term (in years)	12.5	12.9	7.3
Tenant improvements and leasing commissions:			
Per square foot	\$ 148.56	\$ 154.86	\$ 79.72
Per square foot per annum	\$ 11.92	\$ 11.97	\$ 10.86
Percentage of initial rent	14.4%	15.0%	9.6%
Rent concessions:			
Average free rent period (in months)	14.3	15.1	5.8
Average free rent period per annum (in months)	1.1	1.2	0.8
<b>Second generation space: <sup>(2)</sup></b>			
Square feet	204,178	190,828	13,350
Cash basis:			
Initial rent <sup>(1)</sup>	\$ 80.78	\$ 78.41	\$ 114.63
Prior escalated rent <sup>(3)</sup>	\$ 90.28	\$ 88.71	\$ 112.78
Percentage (decrease) increase	(10.5%)	(11.6%)	1.6%
GAAP basis:			
Straight-line rent	\$ 79.32	\$ 76.54	\$ 119.02
Prior straight-line rent	\$ 77.23	\$ 75.38	\$ 103.72
Percentage increase	2.7%	1.5%	14.7%

<sup>(1)</sup> Represents the weighted average cash basis starting rent per square foot and does not include free rent or periodic step-ups in rent.

<sup>(2)</sup> Represents space leased that has been vacant for less than twelve months.

<sup>(3)</sup> Represents the weighted average cash basis rents (including reimbursements) per square foot at expiration.

The following table presents same store leased occupancy as of the dates set forth below.

<b>Same Store Leased Occupancy <sup>(1)</sup></b>	<b>Total</b>	<b>New York</b>	<b>San Francisco</b>
As of September 30, 2022	91.4%	92.1%	89.3%
As of June 30, 2022	91.4%	92.0%	89.8%

<sup>(1)</sup> Represents percentage of square feet that is leased, including signed leases not yet commenced, for properties that were owned by us in a similar manner during both the current and prior reporting periods.

## **Leasing Results - Nine Months Ended September 30, 2022**

In the nine months ended September 30, 2022, we leased 741,605 square feet, of which our share was 556,299 that was leased at a weighted average initial rent of \$77.12 per square foot. This leasing activity, partially offset by lease expirations in the nine months, increased leased occupancy by 70 basis points to 91.4% at September 30, 2022 from 90.7% at December 31, 2021. Same store leased occupancy (properties owned by us in a similar manner during both reporting periods), increased by 80 basis points to 91.4% at September 30, 2022 from 90.6% at December 31, 2021. Of the 556,299 square feet leased, 441,499 square feet represented our share of second generation space (space that had been vacant for less than twelve months) for which rental rates decreased by 6.6% on a cash basis and increased 1.3% on a GAAP basis. The weighted average lease term for leases signed during the nine months was 10.0 years and weighted average tenant improvements and leasing commissions on these leases were \$10.72 per square foot per annum, or 13.9% of initial rent.

### ***New York***

In the nine months ended September 30, 2022, we leased 582,268 square feet in our New York portfolio, of which our share was 473,507 square feet that was leased at a weighted average initial rent of \$72.12 per square foot. This leasing activity, partially offset by lease expirations in the nine months, increased leased occupancy by 170 basis points to 92.1% at September 30, 2022 from 90.4% at December 31, 2021. Same store leased occupancy increased by 180 basis points to 92.1% at September 30, 2022 from 90.3% at December 31, 2021. Of the 473,507 square feet leased, 380,233 square feet represented our share of second generation space for which rental rates decreased by 8.5% on a cash basis and 2.0% on a GAAP basis. The weighted average lease term for leases signed during the nine months was 10.5 years and weighted average tenant improvements and leasing commissions on these leases were \$10.85 per square foot per annum, or 15.0% of initial rent.

### ***San Francisco***

In the nine months ended September 30, 2022, we leased 159,337 square feet in our San Francisco portfolio, of which our share was 82,792 square feet that was leased at a weighted average initial rent of \$105.71 per square foot. This leasing activity, offset by lease expirations in the nine months, decreased leased occupancy and same store leased occupancy by 230 basis points to 89.3% at September 30, 2022 from 91.6% at December 31, 2021. Of the 82,792 square feet leased in the nine months, 61,266 square feet represented our share of second generation space for which we achieved rental rate increases of 1.9% on a cash basis and 15.9% on a GAAP basis. The weighted average lease term for leases signed during the nine months was 7.1 years and weighted average tenant improvements and leasing commissions on these leases were \$9.61 per square foot per annum, or 9.1% of initial rent.

The following table presents additional details on the leases signed during the nine months ended September 30, 2022. It is not intended to coincide with the commencement of rental revenue in accordance with GAAP. The leasing statistics, except for square feet leased, represent office space only.

Nine Months Ended September 30, 2022	Total	New York	San Francisco
<b>Total square feet leased</b>	<b>741,605</b>	<b>582,268</b>	<b>159,337</b>
<b>Pro rata share of total square feet leased:</b>	<b>556,299</b>	<b>473,507</b>	<b>82,792</b>
Initial rent <sup>(1)</sup>	\$ 77.12	\$ 72.12	\$ 105.71
Weighted average lease term (in years)	10.0	10.5	7.1
Tenant improvements and leasing commissions:			
Per square foot	\$ 107.35	\$ 114.21	\$ 68.09
Per square foot per annum	\$ 10.72	\$ 10.85	\$ 9.61
Percentage of initial rent	13.9%	15.0%	9.1%
Rent concessions:			
Average free rent period (in months)	11.1	12.2	5.0
Average free rent period per annum (in months)	1.1	1.2	0.7
<b>Second generation space:</b> <sup>(2)</sup>			
Square feet	441,499	380,233	61,266
Cash basis:			
Initial rent <sup>(1)</sup>	\$ 76.29	\$ 70.92	\$ 109.64
Prior escalated rent <sup>(3)</sup>	\$ 81.67	\$ 77.50	\$ 107.60
Percentage (decrease) increase	(6.6%)	(8.5%)	1.9%
GAAP basis:			
Straight-line rent	\$ 75.00	\$ 68.83	\$ 113.25
Prior straight-line rent	\$ 74.05	\$ 70.24	\$ 97.70
Percentage increase (decrease)	1.3%	(2.0%)	15.9%

<sup>(1)</sup> Represents the weighted average cash basis starting rent per square foot and does not include free rent or periodic step-ups in rent.

<sup>(2)</sup> Represents space leased that has been vacant for less than twelve months.

<sup>(3)</sup> Represents the weighted average cash basis rents (including reimbursements) per square foot at expiration.

The following table presents same store leased occupancy as of the dates set forth below.

Same Store Leased Occupancy <sup>(1)</sup>	Total	New York	San Francisco
As of September 30, 2022	91.4%	92.1%	89.3%
As of December 31, 2021	90.6%	90.3%	91.6%

<sup>(1)</sup> Represents percentage of square feet that is leased, including signed leases not yet commenced, for properties that were owned by us in a similar manner during both the current and prior reporting periods.

## Financial Results - Three Months Ended September 30, 2022 and 2021

### Net Income, FFO and Core FFO

Net loss attributable to common stockholders was \$1,537,000, or \$0.01 per diluted share, for the three months ended September 30, 2022, compared to \$2,055,000, or \$0.01 per diluted share, for the three months ended September 30, 2021.

Funds from Operations (“FFO”) attributable to common stockholders was \$53,366,000, or \$0.24 per diluted share, for the three months ended September 30, 2022, compared to \$50,318,000, or \$0.23 per diluted share, for the three months ended September 30, 2021. FFO attributable to common stockholders for the three months ended September 30, 2022 and 2021 includes the impact of other non-core items, which are listed in the table on page 57. The aggregate of the non-core items, net of amounts attributable to noncontrolling interests, decreased FFO attributable to common stockholders for the three months ended September 30, 2022 by \$883,000, or \$0.00 per diluted share, and increased FFO attributable to common stockholders for the three months ended September 30, 2021 by \$249,000, respectively, or \$0.00 per diluted share.

Core Funds from Operations (“Core FFO”) attributable to common stockholders, which excludes the impact of the non-core items listed on page 57, was \$54,249,000, or \$0.24 per diluted share, for the three months ended September 30, 2022, compared to \$50,069,000, or \$0.23 per diluted share, for the three months ended September 30, 2021.

### Same Store Results

The table below summarizes the percentage increase (decrease) in our share of Same Store NOI and Same Store Cash NOI, by segment, for the three months ended September 30, 2022 versus September 30, 2021.

	<u>Total</u>	<u>New York</u>	<u>San Francisco</u>
Same Store NOI	6.3%	10.0%	(0.4%)
Same Store Cash NOI	0.4%	6.2%	(11.0%)

See pages 49-57 “Non-GAAP Financial Measures” for a reconciliation of these measures to the most directly comparable GAAP measure and the reasons why we believe these non-GAAP measures are useful.

## Financial Results - Nine Months Ended September 30, 2022 and 2021

### Net Income, FFO and Core FFO

Net income attributable to common stockholders was \$1,474,000, or \$0.01 per diluted share, for the nine months ended September 30, 2022, compared to net loss attributable to common stockholders of \$21,576,000, or \$0.10 per diluted share, for the nine months ended September 30, 2021. Net loss attributable to common stockholders for the nine months ended September 30, 2021 includes a \$10,688,000 contribution to an unconsolidated joint venture that was expensed in accordance with GAAP.

FFO attributable to common stockholders was \$161,561,000, or \$0.73 per diluted share, for the nine months ended September 30, 2022, compared to \$139,135,000, or \$0.64 per diluted share, for the nine months ended September 30, 2021. FFO attributable to common stockholders for the nine months ended September 30, 2021 includes a \$10,688,000 contribution to an unconsolidated joint venture that was expensed in accordance with GAAP. FFO attributable to common stockholders for the nine months ended September 30, 2022 and 2021 also includes the impact of other non-core items, which are listed in the table on page 57. The aggregate of the non-core items, net of amounts attributable to noncontrolling interests, decreased FFO attributable to common stockholders for the nine months ended September 30, 2022 and 2021 by \$899,000 and \$9,114,000, respectively, or \$0.00 and \$0.04 per diluted share, respectively.

Core FFO attributable to common stockholders, which excludes the impact of the non-core items listed on page 57, was \$162,460,000, or \$0.73 per diluted share, for the nine months ended September 30, 2022, compared to \$148,249,000, or \$0.68 per diluted share, for the nine months ended September 30, 2021.

### Same Store Results

The table below summarizes the percentage increase (decrease) in our share of Same Store NOI and Same Store Cash NOI, by segment, for the nine months ended September 30, 2022 versus September 30, 2021.

	Total	New York	San Francisco
Same Store NOI	4.1%	8.2%	(3.3%)
Same Store Cash NOI	3.2%	7.3%	(5.1%)

See pages 49-57 “Non-GAAP Financial Measures” for a reconciliation of these measures to the most directly comparable GAAP measure and the reasons why we believe these non-GAAP measures are useful.

## Results of Operations - Three Months Ended September 30, 2022 and 2021

The following pages summarize our consolidated results of operations for the three months ended September 30, 2022 and 2021.

(Amounts in thousands)	For the Three Months Ended September 30,		Change
	2022	2021	
<b>Revenues:</b>			
Rental revenue	\$ 179,250	\$ 170,851	\$ 8,399
Fee and other income	7,897	8,280	(383)
Total revenues	187,147	179,131	8,016
<b>Expenses:</b>			
Operating	72,845	67,131	5,714
Depreciation and amortization	58,284	57,522	762
General and administrative	13,150	13,257	(107)
Transaction related costs	105	87	18
Total expenses	144,384	137,997	6,387
<b>Other income (expense):</b>			
(Loss) income from unconsolidated joint ventures	(5,797)	223	(6,020)
Income from unconsolidated real estate funds	300	276	24
Interest and other income, net	1,580	138	1,442
Interest and debt expense	(36,949)	(36,266)	(683)
Income before income taxes	1,897	5,505	(3,608)
Income tax expense	(673)	(873)	200
Net income	1,224	4,632	(3,408)
Less net (income) loss attributable to noncontrolling interests in:			
Consolidated joint ventures	(4,179)	(3,768)	(411)
Consolidated real estate fund	1,309	(3,123)	4,432
Operating Partnership	109	204	(95)
<b>Net loss attributable to common stockholders</b>	<b>\$ (1,537)</b>	<b>\$ (2,055)</b>	<b>\$ 518</b>

## Revenues

Our revenues, which consist of rental revenue and fee and other income, were \$187,147,000 for the three months ended September 30, 2022, compared to \$179,131,000 for the three months ended September 30, 2021, an increase of \$8,016,000. Below are the details of the increase or decrease by segment.

(Amounts in thousands)	<u>Total</u>	<u>New York</u>	<u>San Francisco</u>	<u>Other</u>
<b>Rental revenue</b>				
Same store operations	\$ 9,750	\$ 9,272 <sup>(1)</sup>	\$ 478	\$ -
Other, net	(1,351)	(2,287)	474	462
<b>Increase in rental revenue</b>	<b>\$ 8,399</b>	<b>\$ 6,985</b>	<b>\$ 952</b>	<b>\$ 462</b>
<b>Fee and other income</b>				
Fee income				
Asset management	\$ (114)	\$ -	\$ -	\$ (114)
Property management	(327)	-	-	(327)
Acquisition, disposition, leasing and other	(988)	-	-	(988)
Decrease in fee income	(1,429)	-	-	(1,429)
Other income				
Same store operations	1,046	604	188	254
Increase in other income	1,046	604	188	254
<b>(Decrease) increase in fee and other income</b>	<b>\$ (383)</b>	<b>\$ 604</b>	<b>\$ 188</b>	<b>\$ (1,175)</b>
<b>Total increase (decrease) in revenues</b>	<b>\$ 8,016</b>	<b>\$ 7,589</b>	<b>\$ 1,140</b>	<b>\$ (713)</b>

<sup>(1)</sup> Primarily due to (i) higher occupancy at 1301 Avenue of the Americas and 31 West 52nd Street and (ii) higher expense reimbursements due to an increase in operating expenses (see note 1 on page 39).

## Expenses

Our expenses, which consist of operating, depreciation and amortization, general and administrative and transaction related costs, were \$144,384,000 for the three months ended September 30, 2022, compared to \$137,997,000 for the three months ended September 30, 2021, an increase of \$6,387,000. Below are the details of the increase or decrease by segment.

(Amounts in thousands)	Total	New York	San Francisco	Other
<b>Operating</b>				
Same store operations	\$ 5,727	\$ 4,876	<sup>(1)</sup> \$ 851	\$ -
Other, net	(13)	-	-	(13)
<b>Increase (decrease) in operating</b>	<b>\$ 5,714</b>	<b>\$ 4,876</b>	<b>\$ 851</b>	<b>\$ (13)</b>
<b>Depreciation and amortization</b>				
Operations	\$ 762	\$ 1,940	\$ (1,416)	<sup>(2)</sup> \$ 238
<b>Increase (decrease) in depreciation and amortization</b>	<b>\$ 762</b>	<b>\$ 1,940</b>	<b>\$ (1,416)</b>	<b>\$ 238</b>
<b>General and administrative</b>				
Mark-to-market of investments in our deferred compensation plan	\$ 83	\$ -	\$ -	\$ 83
Operations	(190)	-	-	(190)
<b>Decrease in general and administrative</b>	<b>\$ (107)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (107)</b>
<b>Increase in transaction related costs</b>	<b>\$ 18</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18</b>
<b>Total increase (decrease) in expenses</b>	<b>\$ 6,387</b>	<b>\$ 6,816</b>	<b>\$ (565)</b>	<b>\$ 136</b>

<sup>(1)</sup> Primarily due to higher utilities and repairs and maintenance, which are partially offset by higher expense reimbursements (see note 1 on page 38).

<sup>(2)</sup> Primarily due to accelerated depreciation of tenant improvements in the prior year's three months resulting from a tenant's lease termination at 300 Mission Street.

<sup>(3)</sup> Represents the mark-to-market of investments in our deferred compensation plan liabilities in the prior year's three months, which is entirely offset by the change in deferred compensation plan assets that is included in "interest and other income, net" for the same period. In December 2021, the deferred compensation plan was terminated and the net proceeds were distributed to the plan participants.

## (Loss) Income from Unconsolidated Joint Ventures

Loss from unconsolidated joint ventures was \$5,797,000 for the three months ended September 30, 2022, compared to income of \$223,000 in the three months ended September 30, 2021, a decrease in income of \$6,020,000. This decrease resulted from:

(Amounts in thousands)	
One Stuart Lane	\$ (4,879) <sup>(1)</sup>
Other, net	(1,141)
<b>Total decrease in income</b>	<b>\$ (6,020)</b>

<sup>(1)</sup> Primarily due to lower gain on sale of residential condominium units at One Stuart Lane resulting from fewer units sold in the current year's three months.

## Income from Unconsolidated Real Estate Funds

Income from unconsolidated real estate funds was \$300,000 for the three months ended September 30, 2022, compared to \$276,000 for the three months ended September 30, 2021, an increase in income of \$24,000.

### ***Interest and Other Income, net***

Interest and other income was \$1,580,000 for the three months ended September 30, 2022, compared to \$138,000 for the three months ended September 30, 2021, an increase in income of \$1,442,000. This increase resulted from:

(Amounts in thousands)

Higher yields on short-term investments	\$	1,195
Mark-to-market of investments in our deferred compensation plan in 2021 <sup>(1)</sup>		83
Other, net		164
<b>Total increase in income</b>	<b>\$</b>	<b>1,442</b>

<sup>(1)</sup> Represents the mark-to-market of investments in our deferred compensation plan assets in the prior year's three months, which is entirely offset by the change in deferred compensation plan liabilities that is included in "general and administrative" expenses for the same period. In December 2021, the deferred compensation plan was terminated and the net proceeds were distributed to the plan participants.

### ***Interest and Debt Expense***

Interest and debt expense was \$36,949,000 for the three months ended September 30, 2022, compared to \$36,266,000 for the three months ended September 30, 2021, an increase of \$683,000. This increase resulted primarily from higher interest on variable rate debt due to an increase in average LIBOR rates in the current year's three months compared to prior year's three months, partially offset by lower amortization of deferred financing costs in connection with the refinancing of 1301 Avenue of the Americas in July 2021.

### ***Income Tax Expense***

Income tax expense was \$673,000 for the three months ended September 30, 2022, compared to \$873,000 for the three months ended September 30, 2021, a decrease of \$200,000. This decrease resulted primarily from lower taxable income attributable to our taxable REIT subsidiaries in the current year's three months.

### ***Net Income Attributable to Noncontrolling Interests in Consolidated Joint Ventures***

Net income attributable to noncontrolling interests in consolidated joint ventures was \$4,179,000 for the three months ended September 30, 2022, compared to \$3,768,000 for the three months ended September 30, 2021, an increase in income allocated to noncontrolling interests of \$411,000. This increase in income resulted primarily from higher income attributable to One Market Plaza.

### ***Net Loss (Income) Attributable to Noncontrolling Interests in Consolidated Real Estate Fund***

Net loss attributable to noncontrolling interests in consolidated real estate fund was \$1,309,000 for the three months ended September 30, 2022, compared to net income attributable to noncontrolling interests of \$3,123,000 for the three months ended September 30, 2021, a decrease in income allocated to noncontrolling interest of \$4,432,000. This decrease in income resulted primarily from lower gain on sale of residential condominium units at One Steuart Lane resulting from fewer units sold in the current year's three months.

### ***Net Loss Attributable to Noncontrolling Interests in Operating Partnership***

Net loss attributable to noncontrolling interests in the Operating Partnership was \$109,000 for the three months ended September 30, 2022, compared to \$204,000 for the three months ended September 30, 2021, a decrease in loss allocated to noncontrolling interests of \$95,000. This decrease in loss resulted from lower net loss subject to allocation to the unitholders of the Operating Partnership for the three months ended September 30, 2022.

## Results of Operations - Nine Months Ended September 30, 2022 and 2021

The following pages summarize our consolidated results of operations for the nine months ended September 30, 2022 and 2021.

(Amounts in thousands)	For the Nine Months Ended September 30,		Change
	2022	2021	
<b>Revenues:</b>			
Rental revenue	\$ 526,415	\$ 518,625	\$ 7,790
Fee and other income	29,934	23,941	5,993
Total revenues	556,349	542,566	13,783
<b>Expenses:</b>			
Operating	207,320	197,821	9,499
Depreciation and amortization	171,306	175,752	(4,446)
General and administrative	45,501	46,039	(538)
Transaction related costs	381	503	(122)
Total expenses	424,508	420,115	4,393
<b>Other income (expense):</b>			
Loss from unconsolidated joint ventures	(15,326)	(20,810)	5,484
Income from unconsolidated real estate funds	625	604	21
Interest and other income, net	2,607	2,510	97
Interest and debt expense	(106,804)	(105,919)	(885)
Income (loss) before income taxes	12,943	(1,164)	14,107
Income tax expense	(1,559)	(2,448)	889
Net income (loss)	11,384	(3,612)	14,996
Less net (income) loss attributable to noncontrolling interests in:			
Consolidated joint ventures	(12,383)	(16,924)	4,541
Consolidated real estate fund	2,677	(3,179)	5,856
Operating Partnership	(204)	2,139	(2,343)
<b>Net income (loss) attributable to common stockholders</b>	<b>\$ 1,474</b>	<b>\$ (21,576)</b>	<b>\$ 23,050</b>

## Revenues

Our revenues, which consist of rental revenue and fee and other income, were \$556,349,000 for the nine months ended September 30, 2022, compared to \$542,566,000 for the nine months ended September 30, 2021, an increase of \$13,783,000. Below are the details of the increase or decrease by segment.

(Amounts in thousands)	<u>Total</u>	<u>New York</u>	<u>San Francisco</u>	<u>Other</u>
<b>Rental revenue</b>				
Same store operations	\$ 12,023	\$ 18,454 <sup>(1)</sup>	\$ (6,431) <sup>(2)</sup>	\$ -
Other, net	(4,233)	(415)	(4,285) <sup>(3)</sup>	467
<b>Increase (decrease) in rental revenue</b>	<b>\$ 7,790</b>	<b>\$ 18,039</b>	<b>\$ (10,716)</b>	<b>\$ 467</b>
<b>Fee and other income</b>				
Fee income				
Asset management	\$ (1,037)	\$ -	\$ -	\$ (1,037)
Property management	(286)	-	-	(286)
Acquisition, disposition, leasing and other	4,985	-	-	4,985 <sup>(4)</sup>
Increase in fee income	3,662	-	-	3,662
Other income				
Same store operations	2,331	1,227	841	263
Increase in other income	2,331	1,227	841	263
<b>Increase in fee and other income</b>	<b>\$ 5,993</b>	<b>\$ 1,227</b>	<b>\$ 841</b>	<b>\$ 3,925</b>
<b>Total increase (decrease) in revenues</b>	<b>\$ 13,783</b>	<b>\$ 19,266</b>	<b>\$ (9,875)</b>	<b>\$ 4,392</b>

<sup>(1)</sup> Primarily due to (i) higher occupancy at 1301 Avenue of the Americas and 31 West 52nd Street and (ii) higher expense reimbursements due to an increase in operating expenses (see note 1 on page 43).

<sup>(2)</sup> Primarily due to lower occupancy in the current year.

<sup>(3)</sup> Primarily due to income of \$5,051 in the prior year's nine months, in connection with a tenant's lease termination at 300 Mission Street.

<sup>(4)</sup> Primarily due to fee income earned in connection with the acquisition of 1600 Broadway in February 2022.

## Expenses

Our expenses, which consist of operating, depreciation and amortization, general and administrative and transaction related costs, were \$424,508,000 for the nine months ended September 30, 2022, compared to \$420,115,000 for the nine months ended September 30, 2021, an increase of \$4,393,000. Below are the details of the increase or decrease by segment.

(Amounts in thousands)	<u>Total</u>	<u>New York</u>	<u>San Francisco</u>	<u>Other</u>
<b>Operating</b>				
Same store operations	\$ 9,127	\$ 6,409 <sup>(1)</sup>	\$ 2,718	\$ -
Other, net	372	-	-	372
<b>Increase in operating</b>	<b>\$ 9,499</b>	<b>\$ 6,409</b>	<b>\$ 2,718</b>	<b>\$ 372</b>
<b>Depreciation and amortization</b>				
Operations	\$ (4,446)	\$ 651	\$ (5,264) <sup>(2)</sup>	\$ 167
<b>(Decrease) increase in depreciation and amortization</b>	<b>\$ (4,446)</b>	<b>\$ 651</b>	<b>\$ (5,264)</b>	<b>\$ 167</b>
<b>General and administrative</b>				
Mark-to-market of investments in our deferred compensation plan	\$ (1,502)	\$ -	\$ -	\$ (1,502) <sup>(3)</sup>
Operations	964	-	-	964
<b>Decrease in general and administrative</b>	<b>\$ (538)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (538)</b>
<b>Decrease in transaction related costs</b>	<b>\$ (122)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (122)</b>
<b>Total increase (decrease) in expenses</b>	<b>\$ 4,393</b>	<b>\$ 7,060</b>	<b>\$ (2,546)</b>	<b>\$ (121)</b>

<sup>(1)</sup> Primarily due to higher utilities and repairs and maintenance, which are partially offset by higher expense reimbursements (see note 1 on page 42).

<sup>(2)</sup> Primarily due to accelerated depreciation of tenant improvements in the prior year's nine months resulting from a tenant's lease termination at 300 Mission Street.

<sup>(3)</sup> Represents the mark-to-market of investments in our deferred compensation plan liabilities in the prior year's nine months, which is entirely offset by the change in deferred compensation plan assets that is included in "interest and other income, net" for the same period. In December 2021, the deferred compensation plan was terminated and the net proceeds were distributed to the plan participants.

### ***Loss from Unconsolidated Joint Ventures***

Loss from unconsolidated joint ventures was \$15,326,000 for the nine months ended September 30, 2022, compared to \$20,810,000 in the nine months ended September 30, 2021, a decrease in loss of \$5,484,000. This decrease resulted from:

712 Fifth Avenue	\$	10,697 <sup>(1)</sup>
One Stuart Lane		(6,441) <sup>(2)</sup>
Other, net		1,228
<b>Total decrease in loss</b>	<b>\$</b>	<b>5,484</b>

<sup>(1)</sup> Primarily due to an \$11,750 contribution in the prior year's nine months to the joint venture that owns 712 Fifth Avenue that was expensed in accordance with GAAP. See Note 3, *Investments in Unconsolidated Joint Ventures*.

<sup>(2)</sup> Primarily due to lower gain on sale of residential condominium units at One Stuart Lane resulting from fewer units sold in the current year's nine months and lower loss in the prior year's nine months due to the capitalization of expenses at One Stuart Lane (which was under development during the first half of last year).

### ***Income from Unconsolidated Real Estate Funds***

Income from unconsolidated real estate funds was \$625,000 for the nine months ended September 30, 2022, compared to \$604,000 for the nine months ended September 30, 2021, an increase in income of \$21,000.

### ***Interest and Other Income, net***

Interest and other income was \$2,607,000 for the nine months ended September 30, 2022, compared to \$2,510,000 for the nine months ended September 30, 2021, an increase in income of \$97,000. This increase resulted from:

(Amounts in thousands)

Higher yields on short-term investments	\$	1,692
Mark-to-market of investments in our deferred compensation plan in 2021 <sup>(1)</sup>		(1,502)
Other, net		(93)
<b>Total increase in income</b>	<b>\$</b>	<b>97</b>

<sup>(1)</sup> Represents the mark-to-market of investments in our deferred compensation plan assets in the prior year's nine months, which is entirely offset by the change in deferred compensation plan liabilities that is included in "general and administrative" expenses for the same period. In December 2021, the deferred compensation plan was terminated and the net proceeds were distributed to the plan participants.

### ***Interest and Debt Expense***

Interest and debt expense was \$106,804,000 for the nine months ended September 30, 2022, compared to \$105,919,000 for the nine months ended September 30, 2021, an increase of \$885,000. This increase resulted primarily from higher interest on variable rate debt due to an increase in average LIBOR rates in the current year's nine months compared to prior year's nine months, partially offset by lower amortization of deferred financing costs in connection with the refinancing of 1301 Avenue of the Americas in July 2021.

### ***Income Tax Expense***

Income tax expense was \$1,559,000 for the nine months ended September 30, 2022, compared to \$2,448,000 for the nine months ended September 30, 2021, a decrease of \$889,000. This decrease resulted primarily from lower taxable income attributable to our taxable REIT subsidiaries in the current year's nine months.

### ***Net Income Attributable to Noncontrolling Interests in Consolidated Joint Ventures***

Net income attributable to noncontrolling interests in consolidated joint ventures was \$12,383,000 for the nine months ended September 30, 2022, compared to \$16,924,000 for the nine months ended September 30, 2021, a decrease in income allocated to noncontrolling interests of \$4,541,000. This decrease resulted from:

(Amounts in thousands)	
Lower income attributable to 300 Mission Street (\$2,141 of income in 2022, compared to \$7,411 in 2021)	\$ (5,270) <sup>(1)</sup>
Other, net	729
<b>Total decrease in income attributable to noncontrolling interests</b>	<b>\$ (4,541)</b>

<sup>(1)</sup> Primarily due to a decrease in occupancy in the current year's nine months and \$3,480 of lease termination income in the prior year's nine months.

### ***Net Loss (Income) Attributable to Noncontrolling Interests in Consolidated Real Estate Fund***

Net loss attributable to noncontrolling interests in consolidated real estate fund was \$2,677,000 for the nine months ended September 30, 2022, compared to net income attributable to noncontrolling interests in consolidated real estate fund of \$3,179,000 for the nine months ended September 30, 2021, a decrease in income allocated to noncontrolling interest of \$5,856,000. This decrease resulted primarily from lower gain on sale of residential condominium units at One Steuart Lane resulting from fewer units sold in the current year's nine months and a lower loss in the prior year's nine months due to the capitalization of expenses at One Steuart Lane (which was under development during the first half of last year).

### ***Net (Income) Loss Attributable to Noncontrolling Interests in Operating Partnership***

Net income attributable to noncontrolling interests in the Operating Partnership was \$204,000 for the nine months ended September 30, 2022, compared to net loss attributable to noncontrolling interests of \$2,139,000 for the nine months ended September 30, 2021, an increase in income allocated to noncontrolling interests of \$2,343,000. This increase in income resulted from higher net income subject to allocation to the unitholders of the Operating Partnership for the nine months ended September 30, 2022.

## **Liquidity and Capital Resources**

### ***Liquidity***

Our primary sources of liquidity include existing cash balances, cash flow from operations and borrowings available under our revolving credit facility. As of September 30, 2022, we had \$1.26 billion of liquidity comprised of \$469,398,000 of cash and cash equivalents, \$40,456,000 of restricted cash and \$750,000,000 of borrowing capacity under our revolving credit facility.

We expect that these sources will provide adequate liquidity over the next 12 months for all anticipated needs, including scheduled principal and interest payments on our outstanding indebtedness, existing and anticipated capital improvements, the cost of securing new and renewal leases, dividends to stockholders and distributions to unitholders, share repurchases and all other capital needs related to the operations of our business.

We anticipate that our long-term needs including debt maturities and potential acquisitions will be funded by operating cash flow, third-party joint venture capital, mortgage financings and/or re-financings, and the issuance of long-term debt or equity and existing cash balances. Although we may be able to anticipate and plan for certain of our liquidity needs, unexpected increases in uses of cash that are beyond our control and which affect our financial condition and results of operations may arise, or our sources of liquidity may be fewer than, and the funds available from such sources may be less than, anticipated or required.

### ***Consolidated Debt***

As of September 30, 2022, our outstanding consolidated debt aggregated \$3.86 billion. We had no amounts outstanding under our revolving credit facility and we have no debt maturing until October 2023. We may refinance our maturing debt when it comes due or repay it early depending on prevailing market conditions, liquidity requirements and other factors. The amounts involved in connection with these transactions could be material to our consolidated financial statements.

### ***Revolving Credit Facility***

Our \$750,000,000 revolving credit facility matures in March 2026 and has two six-month extension options. The interest rate on the facility is 115 basis points over the Secured Overnight Financing Rate (“SOFR”) with adjustments based on the terms of advances, plus a facility fee of 20 basis points. The facility also features a sustainability-linked pricing component such that if we meet certain sustainability performance targets, the applicable per annum interest rate will be reduced by one basis point. The facility contains certain restrictions and covenants that require us to maintain, on an ongoing basis, (i) a leverage ratio not to exceed 60%, which may be increased to 65% for any fiscal quarter in which an acquisition of real estate is completed, and for up to the next three subsequent consecutive fiscal quarters, (ii) a secured leverage ratio not to exceed 50%, (iii) a fixed coverage ratio of at least 1.50, (iv) an unsecured leverage ratio not to exceed 60%, which may be increased to 65% for any fiscal quarter in which an acquisition of real estate is completed, and for up to the next three subsequent consecutive fiscal quarters and (v) an unencumbered interest coverage ratio of at least 1.75. The facility also contains customary representations and warranties, limitations on permitted investments and other covenants.

### ***Dividend Policy***

On September 15, 2022, we declared a quarterly cash dividend of \$0.0775 per share of common stock for the third quarter ended September 30, 2022, which was paid on October 14, 2022 to stockholders of record as of the close of business on September 30, 2022. This dividend policy, if continued, would require us to pay out approximately \$18,300,000 each quarter to common stockholders and unitholders.

### ***Off Balance Sheet Arrangements***

As of September 30, 2022, our unconsolidated joint ventures had \$1.74 billion of outstanding indebtedness, of which our share was \$623,785,000. In 2023, \$105,508,000, representing our share of unconsolidated debt, is scheduled to mature. We do not guarantee the indebtedness of our unconsolidated joint ventures other than providing customary environmental indemnities and guarantees of non-recourse carve-outs; however, we may elect to fund additional capital to a joint venture through equity contributions (generally on a basis proportionate to our ownership interests), advances or partner loans in order to enable the joint venture to repay this indebtedness upon maturity.

### ***Stock Repurchase Program***

On November 5, 2019, we received authorization from our Board of Directors to repurchase up to \$200,000,000 of our common stock, from time to time, in the open market or in privately negotiated transactions. During 2022, we repurchased 6,498,232 common shares at a weighted average price of \$6.41 per share, or \$41,674,000 in the aggregate, of which 3,237,392 shares were repurchased in the three months ended September 30, 2022 at a weighted average price of \$6.58 per share, or \$21,313,000 in the aggregate, and the remaining 3,260,840 shares were repurchased in October 2022 at a weighted average price of \$6.24 per share, or \$20,361,000 in the aggregate. During 2020, we repurchased 13,813,158 common shares at a weighted average price of \$8.69 per share, or \$120,000,000 in the aggregate. Accordingly, we have \$38,326,000 available for future repurchases under the existing program. The amount and timing of future repurchases, if any, will depend on a number of factors, including, the price and availability of our shares, trading volume, general market conditions and available funding. The stock repurchase program may be suspended or discontinued at any time.

### ***Insurance***

We carry commercial general liability coverage on our properties, with limits of liability customary within the industry. Similarly, we are insured against the risk of direct and indirect physical damage to our properties including coverage for the perils such as floods, earthquakes and windstorms. Our policies also cover the loss of rental income during an estimated reconstruction period. Our policies reflect limits and deductibles customary in the industry and specific to the buildings and portfolio. We also obtain title insurance policies when acquiring new properties. We currently have coverage for losses incurred in connection with both domestic and foreign terrorist-related activities. While we do carry commercial general liability insurance, property insurance and terrorism insurance with respect to our properties, these policies include limits and terms we consider commercially reasonable. In addition, there are certain losses (including, but not limited to, losses arising from known environmental conditions or acts of war) that are not insured, in full or in part, because they are either uninsurable or the cost of insurance makes it, in our belief, economically impractical to maintain such coverage. Should an uninsured loss arise against us, we would be required to use our own funds to resolve the issue, including litigation costs. We believe the policy specifications and insured limits are adequate given the relative risk of loss, the cost of the coverage and industry practice and, in consultation with our insurance advisors, we believe the properties in our portfolio are adequately insured.

### ***Other Commitments and Contingencies***

We are a party to various claims and routine litigation arising in the ordinary course of business. Some of these claims or others to which we may be subject from time to time, including claims arising specifically from the formation transactions, in connection with our initial public offering, may result in defense costs, settlements, fines or judgments against us, some of which are not, or cannot be, covered by insurance. Payment of any such costs, settlements, fines or judgments that are not insured could have an adverse impact on our financial position and results of operations. Should any litigation arise in connection with the formation transactions, we would contest it vigorously. In addition, certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage, which could adversely impact our results of operations and cash flow, expose us to increased risks that would be uninsured, and/or adversely impact our ability to attract officers and directors.

The terms of our mortgage debt agreements in place include certain restrictions and covenants which may limit, among other things, certain investments, the incurrence of additional indebtedness and liens and the disposition or other transfer of assets and interests in the borrower and other credit parties, and require compliance with certain debt yield, debt service coverage and loan to value ratios. In addition, our revolving credit facility contains representations, warranties, covenants, other agreements and events of default customary for agreements of this type with comparable companies. As of September 30, 2022, we believe we are in compliance with all of our covenants.

### ***Transfer Tax Assessments***

During 2017, the New York City Department of Finance issued Notices of Determination (“Notices”) assessing additional transfer taxes (including interest and penalties) in connection with the transfer of interests in certain properties during our 2014 initial public offering. We believe, after consultation with legal counsel that the likelihood of a loss is reasonably possible, and while it is not possible to predict the outcome of these Notices, we estimate the range of loss could be between \$0 and \$55,800,000. Since no amount in this range is a better estimate than any other amount within the range, we have not accrued any liability arising from potential losses relating to these Notices in our consolidated financial statements.

### ***Inflation***

Substantially all of our leases provide for separate real estate tax and operating expense escalations. In addition, many of the leases provide for fixed base rent increases. We believe inflationary increases in expenses may be at least partially offset by the contractual rent increases and expense escalations described above. We do not believe inflation has had a material impact on our historical financial position or results of operations.

## Cash Flows

Cash and cash equivalents and restricted cash were \$509,854,000 and \$529,666,000 as of September 30, 2022 and December 31, 2021, respectively, and \$522,546,000 and \$465,324,000 as of September 30, 2021 and December 31, 2020, respectively. Cash and cash equivalents and restricted cash decreased by \$19,812,000 for the nine months ended September 30, 2022 and increased by \$57,222,000 for the nine months ended September 30, 2021. The following table sets forth the changes in cash flow.

(Amounts in thousands)	For the Nine Months Ended September 30,	
	2022	2021
Net cash provided by (used in):		
Operating activities	\$ 174,417	\$ 188,060
Investing activities	(85,672)	(88,380)
Financing activities	(108,557)	(42,458)

### Operating Activities

*Nine months ended September 30, 2022* – We generated \$174,417,000 of cash from operating activities for the nine months ended September 30, 2022, primarily from (i) \$209,545,000 of net income (before \$198,161,000 of non-cash adjustments) and (ii) \$658,000 of distributions from unconsolidated joint ventures and real estate funds, partially offset by (iii) \$35,786,000 of net changes in operating assets and liabilities. Non-cash adjustments of \$198,161,000 were primarily comprised of depreciation and amortization, straight-lining of rental revenue, amortization of above and below-market leases, net and amortization of stock-based compensation.

*Nine months ended September 30, 2021* – We generated \$188,060,000 of cash from operating activities for the nine months ended September 30, 2021, primarily from (i) \$204,872,000 of net income (before \$208,484,000 of non-cash adjustments) and (ii) \$4,485,000 of distributions from unconsolidated joint ventures and real estate funds, partially offset by (iii) \$21,297,000 of net changes in operating assets and liabilities. Non-cash adjustments of \$208,484,000 were primarily comprised of depreciation and amortization, straight-lining of rental revenue, amortization of above and below-market leases and amortization of stock-based compensation.

### Investing Activities

*Nine months ended September 30, 2022* – We used \$85,672,000 of cash for investing activities for the nine months ended September 30, 2022, primarily for (i) \$71,284,000 for additions to real estate, which were comprised of spending for tenant improvements and other building improvements, (ii) \$11,252,000 for investments in an unconsolidated joint venture, and (iii) \$3,136,000 of contributions of capital to unconsolidated real estate funds, net of distributions received.

*Nine months ended September 30, 2021* – We used \$88,380,000 of cash for investing activities for the nine months ended September 30, 2021, primarily for (i) \$74,134,000 for additions to real estate, which were comprised of spending for tenant improvements and other building improvements, (ii) \$11,750,000 of contributions to an unconsolidated joint venture and (iii) \$3,257,000 of net purchases of marketable securities (which are held in our deferred compensation plan), partially offset by (iv) \$761,000 of distributions of capital from unconsolidated real estate funds, net of contributions made.

### Financing Activities

*Nine months ended September 30, 2022* – We used \$108,557,000 of cash for financing activities for the nine months ended September 30, 2022, primarily for (i) \$54,459,000 for dividends and distributions to common stockholders and unitholders, (ii) \$33,814,000 for distributions to noncontrolling interests, (iii) \$20,000,000 for the repurchases of common shares and (iv) \$284,000 for the repurchase of shares related to stock compensation agreements and related tax withholdings.

*Nine months ended September 30, 2021* – We used \$42,458,000 of cash for financing activities for the nine months ended September 30, 2021, primarily for (i) \$850,000,000 for the repayment of notes and mortgages payable in connection with the refinancing of 1301 Avenue of the Americas, (ii) \$50,582,000 for dividends and distributions to common stockholders and unitholders, (iii) \$19,616,000 for distributions to noncontrolling interests, (iv) \$10,593,000 for the payment of debt issuance costs in connection with the refinancing of 1301 Avenue of the Americas, (v) \$214,000 for the repurchase of shares related to stock compensation agreements and related tax withholdings, and (vi) \$140,000 for the purchase of interest rate caps, partially offset by (vii) \$888,566,000 of proceeds from notes and mortgages payable (including \$860,000,000 from the refinancing of 1301 Avenue of the Americas) and (viii) \$121,000 of contributions from noncontrolling interests.

## Non-GAAP Financial Measures

We use and present NOI, Same Store NOI, FFO and Core FFO, as supplemental measures of our performance. The summary below describes our use of these measures, provides information regarding why we believe these measures are meaningful supplemental measures of our performance and reconciles these measures from net income or loss, the most directly comparable GAAP measure. Other real estate companies may use different methodologies for calculating these measures, and accordingly, our presentation of these measures may not be comparable to other real estate companies. These non-GAAP measures should not be considered a substitute for, and should only be considered together with and as a supplement to, financial information presented in accordance with GAAP.

### Net Operating Income (“NOI”)

We use NOI to measure the operating performance of our properties. NOI consists of rental revenue (which includes property rentals, tenant reimbursements and lease termination income) and certain other property-related revenue less operating expenses (which includes property-related expenses such as cleaning, security, repairs and maintenance, utilities, property administration and real estate taxes). We also present Cash NOI, which deducts from NOI, straight-line rent adjustments and the amortization of above and below-market leases, including our share of such adjustments of unconsolidated joint ventures. In addition, we present Paramount’s share of NOI and Cash NOI which represents our share of NOI and Cash NOI of consolidated and unconsolidated joint ventures, based on our percentage ownership in the underlying assets. We use NOI and Cash NOI internally as performance measures and believe they provide useful information to investors regarding our financial condition and results of operations because they reflect only those income and expense items that are incurred at property level. The following tables present reconciliations of net income or loss to NOI and Cash NOI for the three and nine months ended September 30, 2022 and 2021.

(Amounts in thousands)	For the Three Months Ended September 30, 2022			
	Total	New York	San Francisco	Other
<b>Reconciliation of net income (loss) to NOI and Cash NOI:</b>				
<b>Net income (loss)</b>	\$ 1,224	\$ 2,701	\$ 10,276	\$ (11,753)
Add (subtract) adjustments to arrive at NOI and Cash NOI:				
Depreciation and amortization	58,284	39,155	17,918	1,211
General and administrative	13,150	-	-	13,150
Interest and debt expense	36,949	23,392	12,794	763
Income tax expense	673	5	-	668
NOI from unconsolidated joint ventures (excluding One Stuart Lane)	11,540	3,556	7,837	147
Loss (income) from unconsolidated joint ventures	5,797	(7)	4,384	1,420
Fee income	(5,132)	-	-	(5,132)
Interest and other income, net	(1,580)	(236)	(201)	(1,143)
Other, net	(195)	-	-	(195)
NOI	120,710	68,566	53,008	(864)
Less NOI attributable to noncontrolling interests in:				
Consolidated joint ventures	(21,222)	(2,383)	(18,839)	-
<b>Paramount's share of NOI</b>	<b>\$ 99,488</b>	<b>\$ 66,183</b>	<b>\$ 34,169</b>	<b>\$ (864)</b>
NOI	\$ 120,710	\$ 68,566	\$ 53,008	\$ (864)
Less:				
Straight-line rent adjustments (including our share of unconsolidated joint ventures)	(3,969)	1,514	(5,453)	(30)
Amortization of above and below-market leases, net (including our share of unconsolidated joint ventures)	(790)	708	(1,498)	-
Cash NOI	115,951	70,788	46,057	(894)
Less Cash NOI attributable to noncontrolling interests in:				
Consolidated joint ventures	(19,988)	(2,775)	(17,213)	-
<b>Paramount's share of Cash NOI</b>	<b>\$ 95,963</b>	<b>\$ 68,013</b>	<b>\$ 28,844</b>	<b>\$ (894)</b>

**For the Three Months Ended September 30, 2021**

(Amounts in thousands)

	<u>Total</u>	<u>New York</u>	<u>San Francisco</u>	<u>Other</u>
<b>Reconciliation of net income (loss) to NOI and Cash NOI:</b>				
<b>Net income (loss)</b>	<b>\$ 4,632</b>	<b>\$ 3,063</b>	<b>\$ 9,204</b>	<b>\$ (7,635)</b>
Add (subtract) adjustments to arrive at NOI and Cash NOI:				
Depreciation and amortization	57,522	37,215	19,334	973
General and administrative	13,257	-	-	13,257
Interest and debt expense	36,266	22,458	12,760	1,048
Income tax expense	873	7	1	865
NOI from unconsolidated joint ventures (excluding One Stuart Lane)	11,627	2,875	8,665	87
(Income) loss from unconsolidated joint ventures	(223)	(449)	3,615	(3,389)
Fee income	(6,561)	-	-	(6,561)
Interest and other (income) loss, net	(138)	3	(33)	(108)
Other, net	(189)	-	-	(189)
NOI	117,066	65,172	53,546	(1,652)
Less NOI attributable to noncontrolling interests in:				
Consolidated joint ventures	(21,809)	(2,573)	(19,236)	-
<b>Paramount's share of NOI</b>	<b>\$ 95,257</b>	<b>\$ 62,599</b>	<b>\$ 34,310</b>	<b>\$ (1,652)</b>
NOI	\$ 117,066	\$ 65,172	\$ 53,546	\$ (1,652)
Less:				
Straight-line rent adjustments (including our share of unconsolidated joint ventures)	1,260	1,848	(558)	(30)
Amortization of above and below-market leases, net (including our share of unconsolidated joint ventures)	(1,622)	406	(2,028)	-
Cash NOI	116,704	67,426	50,960	(1,682)
Less Cash NOI attributable to noncontrolling interests in:				
Consolidated joint ventures	(21,174)	(2,635)	(18,539)	-
<b>Paramount's share of Cash NOI</b>	<b>\$ 95,530</b>	<b>\$ 64,791</b>	<b>\$ 32,421</b>	<b>\$ (1,682)</b>

(Amounts in thousands)	<b>For the Nine Months Ended September 30, 2022</b>			
	<b>Total</b>	<b>New York</b>	<b>San Francisco</b>	<b>Other</b>
<b>Reconciliation of net income (loss) to NOI and Cash NOI:</b>				
<b>Net income (loss)</b>	<b>\$ 11,384</b>	<b>\$ 18,732</b>	<b>\$ 27,705</b>	<b>\$ (35,053)</b>
Add (subtract) adjustments to arrive at NOI and Cash NOI:				
Depreciation and amortization	171,306	115,439	52,782	3,085
General and administrative	45,501	-	-	45,501
Interest and debt expense	106,804	66,465	38,054	2,285
Income tax expense	1,559	7	4	1,548
NOI from unconsolidated joint ventures (excluding One Stuart Lane)	34,359	9,902	24,162	295
Loss (income) from unconsolidated joint ventures	15,326	(4)	12,164	3,166
Fee income	(23,094)	-	-	(23,094)
Interest and other income, net	(2,607)	(282)	(280)	(2,045)
Other, net	(244)	-	-	(244)
NOI	360,294	210,259	154,591	(4,556)
Less NOI attributable to noncontrolling interests in:				
Consolidated joint ventures	(63,340)	(7,808)	(55,532)	-
<b>Paramount's share of NOI</b>	<b>\$ 296,954</b>	<b>\$ 202,451</b>	<b>\$ 99,059</b>	<b>\$ (4,556)</b>
NOI	\$ 360,294	\$ 210,259	\$ 154,591	\$ (4,556)
Less:				
Straight-line rent adjustments (including our share of unconsolidated joint ventures)	(8,288)	883	(9,201)	30
Amortization of above and below-market leases, net (including our share of unconsolidated joint ventures)	(3,115)	1,597	(4,712)	-
Cash NOI	348,891	212,739	140,678	(4,526)
Less Cash NOI attributable to noncontrolling interests in:				
Consolidated joint ventures	(61,194)	(8,459)	(52,735)	-
<b>Paramount's share of Cash NOI</b>	<b>\$ 287,697</b>	<b>\$ 204,280</b>	<b>\$ 87,943</b>	<b>\$ (4,526)</b>

**For the Nine Months Ended September 30, 2021**

(Amounts in thousands)

	<u>Total</u>	<u>New York</u>	<u>San Francisco</u>	<u>Other</u>
<b>Reconciliation of net (loss) income to NOI and Cash NOI:</b>				
<b>Net (loss) income</b>	<b>\$ (3,612)</b>	<b>\$ (3,021)</b>	<b>\$ 34,089</b>	<b>\$ (34,680)</b>
Add (subtract) adjustments to arrive at NOI and Cash NOI:				
Depreciation and amortization	175,752	114,788	58,046	2,918
General and administrative	46,039	-	-	46,039
Interest and debt expense	105,919	65,056	37,653	3,210
Income tax expense	2,448	12	5	2,431
NOI from unconsolidated joint ventures (excluding One Stuart Lane)	32,510	8,445	24,054	11
Loss (income) from unconsolidated joint ventures	20,810	10,645	13,317	(3,152)
Fee income	(19,432)	-	-	(19,432)
Interest and other (income) loss, net	(2,510)	20	(88)	(2,442)
Other, net	(101)	-	-	(101)
NOI	<u>357,823</u>	<u>195,945</u>	<u>167,076</u>	<u>(5,198)</u>
Less NOI attributable to noncontrolling interests in:				
Consolidated joint ventures	(70,767)	(7,685)	(63,082)	-
Consolidated real estate fund	206	-	-	206
<b>Paramount's share of NOI</b>	<b><u>\$ 287,262</u></b>	<b><u>\$ 188,260</u></b>	<b><u>\$ 103,994</u></b>	<b><u>\$ (4,992)</u></b>
NOI	\$ 357,823	\$ 195,945	\$ 167,076	\$ (5,198)
Less:				
Straight-line rent adjustments (including our share of unconsolidated joint ventures)	(9,800)	211	(10,041)	30
Amortization of above and below-market leases, net (including our share of unconsolidated joint ventures)	(5,087)	1,044	(6,131)	-
Cash NOI	<u>342,936</u>	<u>197,200</u>	<u>150,904</u>	<u>(5,168)</u>
Less Cash NOI attributable to noncontrolling interests in:				
Consolidated joint ventures	(64,313)	(7,599)	(56,714)	-
Consolidated real estate fund	206	-	-	206
<b>Paramount's share of Cash NOI</b>	<b><u>\$ 278,829</u></b>	<b><u>\$ 189,601</u></b>	<b><u>\$ 94,190</u></b>	<b><u>\$ (4,962)</u></b>

## Same Store NOI

The tables below set forth the reconciliations of our share of NOI to our share of Same Store NOI and Same Store Cash NOI for the three and nine months ended September 30, 2022 and 2021. These metrics are used to measure the operating performance of our properties that were owned by us in a similar manner during both the current and prior reporting periods, and represents our share of Same Store NOI and Same Store Cash NOI from consolidated and unconsolidated joint ventures based on our percentage ownership in the underlying assets. Same Store NOI also excludes lease termination income, impairment of receivables arising from operating leases and certain other items that vary from period to period. Same Store Cash NOI excludes the effect of non-cash items such as the straight-line rent adjustments and the amortization of above and below-market leases.

(Amounts in thousands)	For the Three Months Ended September 30, 2022			
	Total	New York	San Francisco	Other
Paramount's share of NOI for the three months ended September 30, 2022 <sup>(1)</sup>	\$ 99,488	\$ 66,183	\$ 34,169	\$ (864)
Acquisitions / Redevelopment <sup>(2)(3)</sup>	(155)	(155)	-	-
Other, net	2,893	2,029	-	864
<b>Paramount's share of Same Store NOI for the three months ended September 30, 2022</b>	<b>\$ 102,226</b>	<b>\$ 68,057</b>	<b>\$ 34,169</b>	<b>\$ -</b>
(Amounts in thousands)	For the Three Months Ended September 30, 2021			
	Total	New York	San Francisco	Other
Paramount's share of NOI for the three months ended September 30, 2021 <sup>(1)</sup>	\$ 95,257	\$ 62,599	\$ 34,310	\$ (1,652)
Acquisitions / Redevelopment <sup>(3)</sup>	(693)	(693)	-	-
Lease termination income	(33)	(33)	-	-
Other, net	1,642	-	(10)	1,652
<b>Paramount's share of Same Store NOI for the three months ended September 30, 2021</b>	<b>\$ 96,173</b>	<b>\$ 61,873</b>	<b>\$ 34,300</b>	<b>\$ -</b>
<b>Increase (decrease) in Same Store NOI</b>	<b>\$ 6,053</b>	<b>\$ 6,184</b>	<b>\$ (131)</b>	<b>\$ -</b>
<b>% Increase (decrease)</b>	<b>6.3%</b>	<b>10.0%</b>	<b>(0.4%)</b>	

<sup>(1)</sup> See page 49 "Non-GAAP Financial Measures – NOI" for a reconciliation to net income or loss in accordance with GAAP and the reasons why we believe these non-GAAP measures are useful.

<sup>(2)</sup> Represents our share of NOI attributable to 1600 Broadway for the months in which it was not owned by us in both reporting periods.

<sup>(3)</sup> Represents our share of NOI attributable to 60 Wall Street which was taken "out-of-service" for redevelopment.

**For the Three Months Ended September 30, 2022**

(Amounts in thousands)	Total	New York	San Francisco	Other
Paramount's share of Cash NOI for the three months ended September 30, 2022 <sup>(1)</sup>	\$ 95,963	\$ 68,013	\$ 28,844	\$ (894)
Acquisitions / Redevelopment <sup>(2)(3)</sup>	(154)	(154)	-	-
Other, net	894	-	-	894

**Paramount's share of Same Store Cash NOI for the three months ended September 30, 2022**

<b>\$ 96,703</b>	<b>\$ 67,859</b>	<b>\$ 28,844</b>	<b>\$ -</b>
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**For the Three Months Ended September 30, 2021**

(Amounts in thousands)	Total	New York	San Francisco	Other
Paramount's share of Cash NOI for the three months ended September 30, 2021 <sup>(1)</sup>	\$ 95,530	\$ 64,791	\$ 32,421	\$ (1,682)
Acquisitions / Redevelopment <sup>(3)</sup>	(861)	(861)	-	-
Lease termination income	(33)	(33)	-	-
Other, net	1,672	-	(10)	1,682

**Paramount's share of Same Store Cash NOI for the three months ended September 30, 2021**

<b>\$ 96,308</b>	<b>\$ 63,897</b>	<b>\$ 32,411</b>	<b>\$ -</b>
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<b>Increase (decrease) in Same Store Cash NOI</b>	<b>\$ 395</b>	<b>\$ 3,962</b>	<b>\$ (3,567)</b>	<b>\$ -</b>
<b>% Increase (decrease)</b>	<b>0.4%</b>	<b>6.2%</b>	<b>(11.0%)</b>	

<sup>(1)</sup> See page 49 "Non-GAAP Financial Measures – NOI" for a reconciliation to net income or loss in accordance with GAAP and the reasons why we believe these non-GAAP measures are useful.

<sup>(2)</sup> Represents our share of Cash NOI attributable to 1600 Broadway for the months in which it was not owned by us in both reporting periods.

<sup>(3)</sup> Represents our share of Cash NOI attributable to 60 Wall Street which was taken "out-of-service" for redevelopment.

**For the Nine Months Ended September 30, 2022**

(Amounts in thousands)	<b>Total</b>	<b>New York</b>	<b>San Francisco</b>	<b>Other</b>
Paramount's share of NOI for the nine months ended September 30, 2022 <sup>(1)</sup>	\$ 296,954	\$ 202,451	\$ 99,059	\$ (4,556)
Acquisitions / Redevelopment <sup>(2)(3)</sup>	(366)	(366)	-	-
Lease termination income	(1,875)	(1,875)	-	-
Other, net	6,470	2,135	(221)	4,556
<b>Paramount's share of Same Store NOI for the nine months ended September 30, 2022</b>	<b>\$ 301,183</b>	<b>\$ 202,345</b>	<b>\$ 98,838</b>	<b>\$ -</b>

**For the Nine Months Ended September 30, 2021**

(Amounts in thousands)	<b>Total</b>	<b>New York</b>	<b>San Francisco</b>	<b>Other</b>
Paramount's share of NOI for the nine months ended September 30, 2021 <sup>(1)</sup>	\$ 287,262	\$ 188,260	\$ 103,994	\$ (4,992)
Acquisitions / Redevelopment <sup>(3)</sup>	(924)	(924)	-	-
Lease termination income	(1,745)	(161)	(1,584)	-
Other, net	4,686	(103)	(203)	4,992
<b>Paramount's share of Same Store NOI for the nine months ended September 30, 2021</b>	<b>\$ 289,279</b>	<b>\$ 187,072</b>	<b>\$ 102,207</b>	<b>\$ -</b>

<b>Increase (decrease) in Same Store NOI</b>	<b>\$ 11,904</b>	<b>\$ 15,273</b>	<b>\$ (3,369)</b>	<b>\$ -</b>
<b>% Increase (decrease)</b>	<b>4.1%</b>	<b>8.2%</b>	<b>(3.3%)</b>	

<sup>(1)</sup> See page 49 "Non-GAAP Financial Measures – NOI" for a reconciliation to net income or loss in accordance with GAAP and the reasons why we believe these non-GAAP measures are useful.

<sup>(2)</sup> Represents our share of NOI attributable to 1600 Broadway for the months in which it was not owned by us in both reporting periods.

<sup>(3)</sup> Represents our share of NOI attributable to 60 Wall Street which was taken "out-of-service" for redevelopment.

**For the Nine Months Ended September 30, 2022**

(Amounts in thousands)	<b>Total</b>	<b>New York</b>	<b>San Francisco</b>	<b>Other</b>
Paramount's share of Cash NOI for the nine months ended September 30, 2022 <sup>(1)</sup>	\$ 287,697	\$ 204,280	\$ 87,943	\$ (4,526)
Acquisitions / Redevelopment <sup>(2) (3)</sup>	(396)	(396)	-	-
Lease termination income	(1,875)	(1,875)	-	-
Other, net	4,105	(200)	(221)	4,526
<b>Paramount's share of Same Store Cash NOI for the nine months ended September 30, 2022</b>	<b>\$ 289,531</b>	<b>\$ 201,809</b>	<b>\$ 87,722</b>	<b>\$ -</b>

**For the Nine Months Ended September 30, 2021**

(Amounts in thousands)	<b>Total</b>	<b>New York</b>	<b>San Francisco</b>	<b>Other</b>
Paramount's share of Cash NOI for the nine months ended September 30, 2021 <sup>(1)</sup>	\$ 278,829	\$ 189,601	\$ 94,190	\$ (4,962)
Acquisitions / Redevelopment <sup>(3)</sup>	(1,148)	(1,148)	-	-
Lease termination income	(1,745)	(161)	(1,584)	-
Other, net	4,507	(245)	(210)	4,962
<b>Paramount's share of Same Store Cash NOI for the nine months ended September 30, 2021</b>	<b>\$ 280,443</b>	<b>\$ 188,047</b>	<b>\$ 92,396</b>	<b>\$ -</b>

<b>Increase (decrease) in Same Store Cash NOI</b>	<b>\$ 9,088</b>	<b>\$ 13,762</b>	<b>\$ (4,674)</b>	<b>\$ -</b>
<b>% Increase (decrease)</b>	<b>3.2%</b>	<b>7.3%</b>	<b>(5.1%)</b>	

<sup>(1)</sup> See page 49 "Non-GAAP Financial Measures – NOI" for a reconciliation to net income or loss in accordance with GAAP and the reasons why we believe these non-GAAP measures are useful.

<sup>(2)</sup> Represents our share of Cash NOI attributable to 1600 Broadway for the months in which it was not owned by us in both reporting periods.

<sup>(3)</sup> Represents our share of Cash NOI attributable to 60 Wall Street which was taken "out-of-service" for redevelopment.

## Funds from Operations (“FFO”) and Core Funds from Operations (“Core FFO”)

FFO is a supplemental measure of our performance. We present FFO in accordance with the definition adopted by the National Association of Real Estate Investment Trusts (“Nareit”). Nareit defines FFO as net income or loss, calculated in accordance with GAAP, adjusted to exclude depreciation and amortization from real estate assets, impairment losses on certain real estate assets and gains or losses from the sale of certain real estate assets or from change in control of certain real estate assets, including our share of such adjustments of unconsolidated joint ventures. FFO is commonly used in the real estate industry to assist investors and analysts in comparing results of real estate companies because it excludes the effect of real estate depreciation and amortization and net gains on sales, which are based on historical costs and implicitly assume that the value of real estate diminishes predictably over time, rather than fluctuating based on existing market conditions. In addition, we present Core FFO as an alternative measure of our operating performance, which adjusts FFO for certain other items that we believe enhance the comparability of our FFO across periods. Core FFO, when applicable, excludes the impact of certain items, including, transaction related costs, realized and unrealized gains or losses on real estate fund investments, unrealized gains or losses on interest rate swaps, severance costs and gains or losses on early extinguishment of debt, in order to reflect the Core FFO of our real estate portfolio and operations. In future periods, we may also exclude other items from Core FFO that we believe may help investors compare our results.

FFO and Core FFO are presented as supplemental financial measures and do not fully represent our operating performance. Neither FFO nor Core FFO is intended to be a measure of cash flow or liquidity. Please refer to our consolidated financial statements, prepared in accordance with GAAP, for purposes of evaluating our financial condition, results of operations and cash flows.

The following table presents a reconciliation of net income (loss) to FFO and Core FFO for the periods set forth below.

(Amounts in thousands, except share and per share amounts)	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
<b>Reconciliation of net income (loss) to FFO and Core FFO:</b>				
<b>Net income (loss)</b>	\$ 1,224	\$ 4,632	\$ 11,384	\$ (3,612)
Real estate depreciation and amortization (including our share of unconsolidated joint ventures)	68,009	67,717	201,069	207,122
<b>FFO</b>	<b>69,233</b>	<b>72,349</b>	<b>212,453</b>	<b>203,510</b>
Less FFO attributable to noncontrolling interests in:				
Consolidated joint ventures	(13,408)	(13,895)	(39,868)	(47,422)
Consolidated real estate fund	1,304	(3,127)	2,659	(3,183)
Operating Partnership	(3,763)	(5,009)	(13,683)	(13,770)
<b>FFO attributable to common stockholders</b>	<b>\$ 53,366</b>	<b>\$ 50,318</b>	<b>\$ 161,561</b>	<b>\$ 139,135</b>
<b>Per diluted share</b>	<b>\$ 0.24</b>	<b>\$ 0.23</b>	<b>\$ 0.73</b>	<b>\$ 0.64</b>
<b>FFO</b>	<b>\$ 69,233</b>	<b>\$ 72,349</b>	<b>\$ 212,453</b>	<b>\$ 203,510</b>
Non-core items:				
Adjustments to equity in earnings for contributions to (distributions from) an unconsolidated joint venture	709	(938)	294	8,977
FFO attributable to One Steuart Lane, including after-tax net gain on sale of residential condominium units	1,509	(3,267)	3,283	(3,267)
Non-cash write-off of deferred financing costs	-	761	-	761
Other, net	126	53	420	432
<b>Core FFO</b>	<b>71,577</b>	<b>68,958</b>	<b>216,450</b>	<b>210,413</b>
Less Core FFO attributable to noncontrolling interests in:				
Consolidated joint ventures	(13,408)	(13,895)	(39,868)	(47,422)
Consolidated real estate fund	(94)	(9)	(381)	(65)
Operating Partnership	(3,826)	(4,985)	(13,741)	(14,677)
<b>Core FFO attributable to common stockholders</b>	<b>\$ 54,249</b>	<b>\$ 50,069</b>	<b>\$ 162,460</b>	<b>\$ 148,249</b>
<b>Per diluted share</b>	<b>\$ 0.24</b>	<b>\$ 0.23</b>	<b>\$ 0.73</b>	<b>\$ 0.68</b>
<b>Reconciliation of weighted average shares outstanding:</b>				
Weighted average shares outstanding	224,864,791	218,706,356	222,228,605	218,689,696
Effect of dilutive securities	28,555	44,880	34,143	41,461
<b>Denominator for FFO and Core FFO per diluted share</b>	<b>224,893,346</b>	<b>218,751,236</b>	<b>222,262,748</b>	<b>218,731,157</b>

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss from adverse changes in market prices and interest rates. Our future earnings, cash flows and fair values relevant to financial instruments are dependent upon prevalent market interest rates. Our primary market risk results from our indebtedness, which bears interest at both fixed and variable rates. We manage our market risk on variable rate debt by entering into interest rate swap agreements to fix the rate or interest rate cap agreements to limit exposure to increases in rates, on all or a portion of the debt for varying periods through maturity. This in turn, reduces the risks of variability of cash flows created by variable rate debt and mitigates the risk of increases in interest rates. Our objective when undertaking such arrangements is to reduce our floating rate exposure and we do not enter into hedging arrangements for speculative purposes. Subject to maintaining our status as a REIT for Federal income tax purposes, we may utilize swap arrangements in the future.

The following table summarizes our consolidated debt, the weighted average interest rates and the fair value as of September 30, 2022.

Property	Rate	2022	2023	2024	2025	2026	Thereafter	Total	Fair Value
(Amounts in thousands)									
<b>Fixed Rate Debt:</b>									
300 Mission Street	3.65%	\$ -	\$ 273,000	\$ -	\$ -	\$ -	\$ -	\$ 273,000	\$ 265,128
One Market Plaza	4.03%	-	-	975,000	-	-	-	975,000	942,331
31 West 52nd Street	3.80%	-	-	-	-	500,000	-	500,000	456,034
1301 Avenue of the Americas <sup>(1)</sup>	2.46%	-	-	-	-	500,000	-	500,000	497,990
1633 Broadway	2.99%	-	-	-	-	-	1,250,000	1,250,000	1,024,296
<b>Total Fixed Rate Debt</b>	<b>3.37%</b>	<b>\$ -</b>	<b>\$ 273,000</b>	<b>\$ 975,000</b>	<b>\$ -</b>	<b>\$ 1,000,000</b>	<b>\$ 1,250,000</b>	<b>\$ 3,498,000</b>	<b>\$ 3,185,779</b>
<b>Variable Rate Debt:</b>									
1301 Avenue of the Americas <sup>(2)</sup>	5.56%	\$ -	\$ -	\$ -	\$ -	\$ 360,000	\$ -	\$ 360,000	\$ 358,553
Revolving Credit Facility	n/a	-	-	-	-	-	-	-	-
<b>Total Variable Rate Debt</b>	<b>5.56%</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 360,000</b>	<b>\$ -</b>	<b>\$ 360,000</b>	<b>\$ 358,553</b>
<b>Total Consolidated Debt</b>	<b>3.58%</b>	<b>\$ -</b>	<b>\$ 273,000</b>	<b>\$ 975,000</b>	<b>\$ -</b>	<b>\$ 1,360,000</b>	<b>\$ 1,250,000</b>	<b>\$ 3,858,000</b>	<b>\$ 3,544,332</b>

<sup>(1)</sup> Represents variable rate loans that have been fixed by interest rate swaps through August 2024. See table below.

<sup>(2)</sup> Represents variable rate loans, where LIBOR has been capped at 2.00% through August 2023. See table below.

In addition to the above, our unconsolidated joint ventures had \$1.74 billion of outstanding indebtedness as of September 30, 2022, of which our share was \$623,785,000.

The tables below provide additional details on our interest rate swaps and interest rate caps as of September 30, 2022.

Property	Notional Amount	Effective Date	Maturity Date	Benchmark Rate	Strike Rate	Fair Value as of	
						September 30, 2022	December 31, 2021
(Amounts in thousands)							
1301 Avenue of the Americas	\$ 500,000	Jul-2021	Aug-2024	LIBOR	0.46%	\$ 34,449	\$ 6,691
<b>Total interest rate swap assets designated as cash flow hedges (included in "other assets")</b>						<b>\$ 34,449</b>	<b>\$ 6,691</b>

Property	Notional Amount	Effective Date	Maturity Date	Benchmark Rate	Strike Rate	Fair Value as of	
						September 30, 2022	December 31, 2021
(Amounts in thousands)							
1301 Avenue of the Americas	\$ 360,000	Jul-2021	Aug-2023	LIBOR	2.00%	\$ 6,987	\$ 306
<b>Total interest rate cap assets designated as cash flow hedges (included in "other assets")</b>						<b>\$ 6,987</b>	<b>\$ 306</b>

The following table summarizes our share of total indebtedness and the effect to interest expense of a 100 basis point increase in variable rates.

(Amounts in thousands, except per share amount)	As of September 30, 2022			As of December 31, 2021	
	Balance	Weighted Average Interest Rate	Effect of 1% Increase in Base Rates	Balance	Weighted Average Interest Rate
<b>Paramount's share of consolidated debt:</b>					
Variable rate	\$ 360,000	5.56%	\$ 3,600	\$ 360,000	3.67%
Fixed rate	2,687,665	3.25%	-	2,687,665	3.25%
	<u>\$ 3,047,665</u>	<u>3.52%</u>	<u>\$ 3,600</u>	<u>\$3,047,665</u>	<u>3.30%</u>
<b>Paramount's share of debt of non-consolidated entities (non-recourse):</b>					
Variable rate	\$ 111,427	4.83%	\$ 1,114	\$ 108,963	3.27%
Fixed rate	512,358	3.30%	-	503,598	3.30%
	<u>\$ 623,785</u>	<u>3.58%</u>	<u>\$ 1,114</u>	<u>\$ 612,561</u>	<u>3.30%</u>
Noncontrolling interests' share of above			\$ (311)		
Total change in annual net income			\$ 4,403		
Per diluted share			<u>\$ 0.02</u>		

On December 31, 2021, the Financial Conduct Authority (“FCA”) ceased the publication of the one-week and two-month LIBOR rates. The remaining LIBOR rates will continue to be published through June 30, 2023, after which the interest rate for our variable rate debt and derivative instruments, including interest rates for our variable rate debt and derivative instruments of our unconsolidated joint ventures, will be based on an alternative variable rate as specified in the applicable documentation governing such debt or derivative instruments or as otherwise agreed upon. While we expect LIBOR to be available in substantially its current form until at least the end of June 2023, if sufficient banks decline to make submission to the LIBOR administrator, it is possible that LIBOR may become unavailable prior to that point, which could increase our risk associated with the transition to an alternative variable rate. As of December 31, 2021, banks are no longer issuing any new LIBOR debt. The discontinuation of LIBOR and the related transition to an alternative rate would not affect our ability to borrow or maintain already outstanding borrowings or swaps, however, future changes may result in interest rates and/or payments that are higher or lower than if LIBOR were to remain available in its current form. As of September 30, 2022, all of our outstanding variable rate notes and mortgages payable and derivative instruments are indexed to LIBOR and we will continue to monitor and evaluate the related risks.

## **ITEM 4. CONTROLS AND PROCEDURES**

### **Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the SEC's rules and regulations, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

As of September 30, 2022, the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, regarding the effectiveness of our disclosure controls and procedures. Based on the foregoing evaluation, as of the end of the period covered by this Quarterly Report, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports filed or submitted under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

### **Changes in Internal Control over Financial Reporting**

There were no changes to our internal control over financial reporting in connection with the evaluation referenced above that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

From time to time, we are a party to various claims and routine litigation arising in the ordinary course of business. As of September 30, 2022, we do not believe that the results of any such claims or litigation, individually or in the aggregate, will have a material adverse effect on our business, financial position, results of operations or cash flows.

### ITEM 1A. RISK FACTORS

Except to the extent additional factual information disclosed elsewhere in this Quarterly Report on Form 10-Q relates to such risk factors (including, without limitation, the matters discussed in Part I, “*Item 2—Management’s Discussion and Analysis of Financial Condition and Results of Operations*”), there were no material changes to the risk factors disclosed in Part I, “*Item 1A. Risk Factors*” of our Annual Report on Form 10-K for the year ended December 31, 2021.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

#### *Recent Sales of Unregistered Securities*

None.

#### *Recent Purchases of Equity Securities*

On November 5, 2019, we received authorization from our Board of Directors to repurchase up to \$200,000,000 of our common stock, from time to time, in the open market or in privately negotiated transactions. During 2022, we repurchased 6,498,232 common shares at a weighted average price of \$6.41 per share, or \$41,674,000 in the aggregate, of which 3,237,392 shares were repurchased in the three months ended September 30, 2022 at a weighted average price of \$6.58 per share, or \$21,313,000 in the aggregate, and the remaining 3,260,840 shares were repurchased in October 2022 at a weighted average price of \$6.24 per share, or \$20,361,000 in the aggregate. During 2020, we repurchased 13,813,158 common shares at a weighted average price of \$8.69 per share, or \$120,000,000 in the aggregate. Accordingly, we have \$38,326,000 available for future repurchases under the existing program. The amount and timing of future repurchases, if any, will depend on a number of factors, including, the price and availability of our shares, trading volume, general market conditions and available funding. The stock repurchase program may be suspended or discontinued at any time.

The following table summarizes our purchase of equity securities in the three months ended September 30, 2022.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Approximate Dollar Value Available for Future Purchase
July 2022	268,910 <sup>(1)</sup>	\$ 6.96	268,231	\$ 78,133,000
August 2022	-	-	-	78,133,000
September 2022	2,969,161	6.55	2,969,161	58,687,000

<sup>(1)</sup> Of the 268,910 shares repurchased in July 2022, 679 common shares represent shares of common stock surrendered by employees for the satisfaction of tax withholding obligations in connection with the vesting of restricted common stock.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

None.

### ITEM 5. OTHER INFORMATION

None.

## ITEM 6. EXHIBITS

Exhibits required by Item 601 of Regulation S-K are filed herewith or incorporated herein by reference and are listed in the following Exhibit Index:

### EXHIBIT INDEX

<b>Exhibit Number</b>	<b>Exhibit Description</b>
3.1	<a href="#"><u>Sixth Amended and Restated Bylaws of Paramount Group, Inc., effective July 26, 2022, incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K filed with the SEC on July 26, 2022.</u></a>
31.1*	<a href="#"><u>Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
31.2*	<a href="#"><u>Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
32.1**	<a href="#"><u>Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
32.2**	<a href="#"><u>Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
101.SCH*	Inline XBRL Taxonomy Extension Schema.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase.
104*	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101.)
*	Filed herewith
**	Furnished herewith

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### Paramount Group, Inc.

Date: October 26, 2022      By: /s/ Wilbur Paes      Chief Operating Officer, Chief Financial Officer and Treasurer  
Wilbur Paes      (duly authorized officer and principal financial officer)

Date: October 26, 2022      By: /s/ Ermelinda Berberi      Senior Vice President, Chief Accounting Officer  
Ermelinda Berberi      (duly authorized officer and principal accounting officer)

## CERTIFICATION

I, Albert Behler, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Paramount Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 26, 2022

/s/ Albert Behler

Albert Behler  
Chairman, Chief Executive Officer and President

## CERTIFICATION

I, Wilbur Paes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Paramount Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 26, 2022

/s/ Wilbur Paes

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Wilbur Paes

Chief Operating Officer, Chief Financial Officer and Treasurer

**CERTIFICATION**

**Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Paramount Group, Inc. (the “Company”), hereby certifies, to such officer’s knowledge, that:

- the Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 (the “Report”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 26, 2022

/s/ Albert Behler  
\_\_\_\_\_  
Name: Albert Behler  
Title: Chairman, Chief Executive Officer and President

**CERTIFICATION**

**Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Paramount Group, Inc. (the “Company”), hereby certifies, to such officer’s knowledge, that:

- the Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 (the “Report”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 26, 2022

/s/ Wilbur Paes  
\_\_\_\_\_  
Name: Wilbur Paes  
Title: Chief Operating Officer, Chief Financial Officer and Treasurer