

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: June 30, 2024

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, 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	☒	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

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

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

As of July 15, 2024, there were 217,455,051 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)	June 30, 2024	December 31, 2023
Assets		
Real estate, at cost		
Land	\$ 1,966,237	\$ 1,966,237
Buildings and improvements	6,276,347	6,250,379
	8,242,584	8,216,616
Accumulated depreciation and amortization	(1,550,341)	(1,471,819)
Real estate, net	6,692,243	6,744,797
Cash and cash equivalents	307,461	428,208
Restricted cash	164,639	81,391
Accounts and other receivables	13,917	18,053
Real estate related fund investments	-	775
Investments in unconsolidated real estate related funds	4,536	4,549
Investments in unconsolidated joint ventures	130,087	132,239
Deferred rent receivable	353,769	351,209
Deferred charges, net of accumulated amortization of \$85,450 and \$82,265	105,812	108,751
Intangible assets, net of accumulated amortization of \$165,208 and \$194,536	57,612	68,005
Other assets	71,788	68,238
Total assets ⁽¹⁾	\$ 7,901,864	\$ 8,006,215
Liabilities and Equity		
Notes and mortgages payable, net of unamortized deferred financing costs of \$19,947 and \$13,566	\$ 3,672,103	\$ 3,803,484
Revolving credit facility	-	-
Accounts payable and accrued expenses	110,789	114,463
Dividends and distributions payable	8,382	8,360
Intangible liabilities, net of accumulated amortization of \$103,246 and \$108,817	24,125	28,003
Other liabilities	30,802	37,017
Total liabilities ⁽¹⁾	3,846,201	3,991,327
Commitments and contingencies		
Paramount Group, Inc. equity:		
Common stock \$0.01 par value per share; authorized 900,000,000 shares; issued and outstanding 217,455,051 and 217,366,089 shares in 2024 and 2023, respectively	2,173	2,173
Additional paid-in-capital	4,135,472	4,133,801
Earnings less than distributions	(957,285)	(943,935)
Accumulated other comprehensive income	1,553	11,246
Paramount Group, Inc. equity	3,181,913	3,203,285
Noncontrolling interests in:		
Consolidated joint ventures	485,983	413,925
Consolidated real estate related funds	93,340	110,589
Operating Partnership (20,103,251 and 19,468,095 units outstanding)	294,427	287,089
Total equity	4,055,663	4,014,888
Total liabilities and equity	\$ 7,901,864	\$ 8,006,215

⁽¹⁾ 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 91.5% as of June 30, 2024. As of June 30, 2024, the assets and liabilities of the Operating Partnership include \$3,838,250 and \$2,392,177 of assets and liabilities, respectively, of certain VIEs that are consolidated by the Operating Partnership. See Note 12, *Variable Interest Entities (“VIEs”)*.

See notes to consolidated financial statements (unaudited).

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
(Amounts in thousands, except share and per share amounts)				
Revenues:				
Rental revenue	\$ 179,678	\$ 165,506	\$ 359,401	\$ 347,219
Fee and other income	7,730	7,156	16,884	13,917
Total revenues	187,408	172,662	376,285	361,136
Expenses:				
Operating	74,192	71,078	145,932	141,387
Depreciation and amortization	61,735	62,627	122,849	121,515
General and administrative	16,632	16,224	33,266	30,847
Transaction related costs	423	63	601	191
Total expenses	152,982	149,992	302,648	293,940
Other income (expense):				
Loss from real estate related fund investments	(27)	(42,644)	(70)	(39,094)
(Loss) income from unconsolidated real estate related funds	(15)	32	90	(146)
Loss from unconsolidated joint ventures	(771)	(28,402)	(2,117)	(34,164)
Interest and other income, net	3,893	2,967	23,313	5,892
Interest and debt expense	(40,004)	(36,879)	(80,273)	(73,338)
(Loss) income before income taxes	(2,498)	(82,256)	14,580	(73,654)
Income tax expense	(362)	(573)	(709)	(861)
Net (loss) income	(2,860)	(82,829)	13,871	(74,515)
Less net (income) loss attributable to noncontrolling interests in:				
Consolidated joint ventures	(6,269)	(5,351)	(11,475)	(10,992)
Consolidated real estate related funds	589	37,301	(173)	36,478
Operating Partnership	721	3,341	(177)	3,220
Net (loss) income attributable to common stockholders	\$ (7,819)	\$ (47,538)	\$ 2,046	\$ (45,809)
 (Loss) Income per Common Share - Basic:				
(Loss) income per common share	\$ (0.04)	\$ (0.22)	\$ 0.01	\$ (0.21)
Weighted average common shares outstanding	217,204,870	217,003,931	217,155,278	216,784,737
 (Loss) Income per Common Share - Diluted:				
(Loss) income per common share	\$ (0.04)	\$ (0.22)	\$ 0.01	\$ (0.21)
Weighted average common shares outstanding	217,204,870	217,003,931	217,208,977	216,784,737

See notes to consolidated financial statements (unaudited).

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
(Amounts in thousands)				
Net (loss) income	\$ (2,860)	\$ (82,829)	\$ 13,871	\$ (74,515)
Other comprehensive (loss) income:				
Change in value of interest rate swaps and interest rate caps	(5,968)	(3,135)	(10,655)	(11,525)
Pro rata share of other comprehensive (loss) income of unconsolidated joint ventures	(71)	1,394	72	(1,169)
Comprehensive (loss) income	(8,899)	(84,570)	3,288	(87,209)
Less comprehensive (income) loss attributable to noncontrolling interests in:				
Consolidated joint ventures	(6,269)	(5,351)	(11,475)	(10,992)
Consolidated real estate related funds	589	37,301	(173)	36,478
Operating Partnership	1,233	3,455	713	4,049
Comprehensive loss attributable to common stockholders	\$ (13,346)	\$ (49,165)	\$ (7,647)	\$ (57,674)

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	Noncontrolling Interests in			Total Equity
	Shares	Amount				Consolidated Joint Ventures	Consolidated Real Estate Related Funds	Operating Partnership	
Balance as of March 31, 2024	217,329	\$ 2,173	\$ 4,131,652	\$ (941,855)	\$ 7,080	\$ 480,542	\$ 103,886	\$ 295,183	\$ 4,078,661
Net (loss) income	-	-	-	(7,819)	-	6,269	(589)	(721)	(2,860)
Common shares issued upon redemption of common units	76	-	1,117	-	-	-	-	(1,117)	-
Common shares issued under Omnibus share plan, net of shares withheld for taxes	50	-	-	-	-	-	-	-	-
Dividends and distributions (\$0.035 per share and unit)	-	-	-	(7,611)	-	-	-	(771)	(8,382)
Distributions to noncontrolling interests	-	-	-	-	-	(828)	(9,957)	-	(10,785)
Change in value of interest rate swaps and interest rate caps	-	-	-	-	(5,462)	-	-	(506)	(5,968)
Pro rata share of other comprehensive loss of unconsolidated joint ventures	-	-	-	-	(65)	-	-	(6)	(71)
Amortization of equity awards	-	-	240	-	-	-	-	4,828	5,068
Reallocation of noncontrolling interest	-	-	2,463	-	-	-	-	(2,463)	-
Balance as of June 30, 2024	217,455	\$ 2,173	\$ 4,135,472	\$ (957,285)	\$ 1,553	\$ 485,983	\$ 93,340	\$ 294,427	\$ 4,055,663
Balance as of March 31, 2023	217,212	\$ 2,171	\$ 4,181,983	\$ (659,641)	\$ 38,058	\$ 403,902	\$ 220,206	\$ 250,401	\$ 4,437,080
Net (loss) income	-	-	-	(47,538)	-	5,351	(37,301)	(3,341)	(82,829)
Common shares issued upon redemption of common units	39	1	648	-	-	-	-	(649)	-
Common shares issued under Omnibus share plan, net of shares withheld for taxes	55	-	-	-	-	-	-	-	-
Dividends and distributions (\$0.035 per share and unit)	-	-	-	(7,606)	-	-	-	(582)	(8,188)
Contributions from noncontrolling interests	-	-	-	-	-	-	3,606	-	3,606
Distributions to noncontrolling interests	-	-	-	-	-	(1,606)	(2,523)	-	(4,129)
Change in value of interest rate swaps and interest rate caps	-	-	-	-	(2,929)	-	-	(206)	(3,135)
Pro rata share of other comprehensive income of unconsolidated joint ventures	-	-	-	-	1,302	-	-	92	1,394
Amortization of equity awards	-	-	300	-	-	-	-	3,914	4,214
Reallocation of noncontrolling interest	-	-	731	-	-	-	-	(731)	-
Balance as of June 30, 2023	217,306	\$ 2,172	\$ 4,183,662	\$ (714,785)	\$ 36,431	\$ 407,647	\$ 183,988	\$ 248,898	\$ 4,348,013

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	Noncontrolling Interests in			Total Equity
	Shares	Amount				Consolidated Joint Ventures	Consolidated Real Estate Related Funds	Operating Partnership	
Balance as of December 31, 2023	217,366	\$ 2,173	\$ 4,133,801	\$ (943,935)	\$ 11,246	\$ 413,925	\$ 110,589	\$ 287,089	\$ 4,014,888
Net income	-	-	-	2,046	-	11,475	173	177	13,871
Common shares issued upon redemption of common units	76	-	1,117	-	-	-	-	(1,117)	-
Common shares issued under Omnibus share plan, net of shares withheld for taxes	13	-	-	(178)	-	-	-	-	(178)
Dividends and distributions (\$0.07 per share and unit)	-	-	-	(15,218)	-	-	-	(1,540)	(16,758)
Contributions from noncontrolling interests	-	-	-	-	-	62,220	889	-	63,109
Distributions to noncontrolling interests	-	-	-	-	-	(1,637)	(18,311)	-	(19,948)
Change in value of interest rate swaps and interest rate caps	-	-	-	-	(9,759)	-	-	(896)	(10,655)
Pro rata share of other comprehensive income of unconsolidated joint ventures	-	-	-	-	66	-	-	6	72
Amortization of equity awards	-	-	509	-	-	-	-	10,753	11,262
Reallocation of noncontrolling interest	-	-	45	-	-	-	-	(45)	-
Balance as of June 30, 2024	217,455	\$ 2,173	\$ 4,135,472	\$ (957,285)	\$ 1,553	\$ 485,983	\$ 93,340	\$ 294,427	\$ 4,055,663
Balance as of December 31, 2022	216,559	\$ 2,165	\$ 4,186,161	\$ (644,331)	\$ 48,296	\$ 402,118	\$ 173,375	\$ 242,982	\$ 4,410,766
Net (loss) income	-	-	-	(45,809)	-	10,992	(36,478)	(3,220)	(74,515)
Common shares issued upon redemption of common units	653	7	10,870	-	-	-	-	(10,877)	-
Common shares issued under Omnibus share plan, net of shares withheld for taxes	94	-	-	(205)	-	-	-	-	(205)
Dividends and distributions (\$0.1125 per share and unit)	-	-	-	(24,440)	-	-	-	(1,858)	(26,298)
Contributions from noncontrolling interests	-	-	-	-	-	-	53,354	-	53,354
Distributions to noncontrolling interests	-	-	-	-	-	(5,463)	(6,263)	-	(11,726)
Change in value of interest rate swaps and interest rate caps	-	-	-	-	(10,771)	-	-	(754)	(11,525)
Pro rata share of other comprehensive loss of unconsolidated joint ventures	-	-	-	-	(1,094)	-	-	(75)	(1,169)
Amortization of equity awards	-	-	624	-	-	-	-	8,707	9,331
Reallocation of noncontrolling interest	-	-	(13,993)	-	-	-	-	13,993	-
Balance as of June 30, 2023	217,306	\$ 2,172	\$ 4,183,662	\$ (714,785)	\$ 36,431	\$ 407,647	\$ 183,988	\$ 248,898	\$ 4,348,013

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	For the Six Months Ended June 30,	
	2024	2023
Cash Flows from Operating Activities:		
Net income (loss)	\$ 13,871	\$ (74,515)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	122,849	121,515
Straight-lining of rental revenue	(3,318)	(245)
Amortization of stock-based compensation expense	11,262	9,331
Amortization of deferred financing costs	4,995	3,077
Loss from unconsolidated joint ventures	2,117	34,164
Distributions of earnings from unconsolidated joint ventures	217	208
Realized and unrealized losses on real estate related fund investments	775	46,803
(Income) loss from unconsolidated real estate related funds	(90)	146
Distributions of earnings from unconsolidated real estate related funds	103	72
Amortization of above and below-market leases, net	(2,972)	(2,484)
Non-cash gain on extinguishment of IPO related tax liability	(15,437)	-
Other non-cash adjustments	63	460
Changes in operating assets and liabilities:		
Real estate related fund investments	-	(8,040)
Accounts and other receivables	4,136	10,174
Deferred charges	(1,166)	(3,402)
Other assets	(13,106)	9,081
Accounts payable and accrued expenses	3,184	(7,263)
Other liabilities	9,372	(1,026)
Net cash provided by operating activities	136,855	138,056
Cash Flows from Investing Activities:		
Additions to real estate	(64,840)	(44,310)
Investments in and contributions of capital to unconsolidated joint ventures	(1,904)	(40,715)
Distribution of capital from an unconsolidated joint venture	1,792	-
Advances to a partner in One Steuart Lane	-	(35,715)
Repayment of advances by a partner in One Steuart Lane	-	38,935
Contributions of capital to unconsolidated real estate related funds	-	(2,077)
Net cash used in investing activities	(64,952)	(83,882)
Cash Flows from Financing Activities:		
Repayment of notes and mortgages payable	(975,000)	-
Proceeds from notes and mortgages payable	850,000	-
Debt issuance costs	(10,649)	-
Contributions from noncontrolling interests in consolidated joint ventures	62,220	-
Distributions to noncontrolling interests in consolidated joint ventures	(1,637)	(5,463)
Contributions from noncontrolling interests in consolidated real estate related funds	889	53,354
Distributions to noncontrolling interests in consolidated real estate related funds	(18,311)	(6,263)
Dividends paid to common stockholders	(15,216)	(33,660)
Distributions paid to common unitholders	(1,520)	(2,476)
Repurchase of shares related to stock compensation agreements and related tax withholdings	(178)	(205)
Settlement of accounts payable in connection with repurchases of common shares	-	(1,847)
Net cash (used in) provided by financing activities	(109,402)	3,440
Net (decrease) increase in cash and cash equivalents and restricted cash	(37,499)	57,614
Cash and cash equivalents and restricted cash at beginning of period	509,599	449,817
Cash and cash equivalents and restricted cash at end of period	\$ 472,100	\$ 507,431

See notes to consolidated financial statements (unaudited).

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

(Amounts in thousands)	For the Six Months Ended June 30,	
	2024	2023
Reconciliation of Cash and Cash Equivalents and Restricted Cash:		
Cash and cash equivalents at beginning of period	\$ 428,208	\$ 408,905
Restricted cash at beginning of period	81,391	40,912
Cash and cash equivalents and restricted cash at beginning of period	<u>\$ 509,599</u>	<u>\$ 449,817</u>
Cash and cash equivalents at end of period	\$ 307,461	\$ 434,751
Restricted cash at end of period	164,639	72,680
Cash and cash equivalents and restricted cash at end of period	<u>\$ 472,100</u>	<u>\$ 507,431</u>
Supplemental Disclosure of Cash Flow Information:		
Cash payments for interest	\$ 75,923	\$ 68,892
Cash payments for income taxes, net of refunds	733	598
Non-Cash Transactions:		
Dividends and distributions declared but not yet paid	\$ 8,382	\$ 8,188
Change in value of interest rate swaps and interest rate caps	(10,655)	(11,525)
Write-off of fully amortized and/or depreciated assets	28,645	20,229
Additions to real estate included in accounts payable and accrued expenses	7,052	12,715
Common shares issued upon redemption of common units	1,117	10,877

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 91.5% of, the Operating Partnership as of June 30, 2024.

As of June 30, 2024, we owned and/or managed a portfolio of 18 properties aggregating 13.8 million square feet comprised of:

- Eight wholly and partially owned Class A 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 and theater space;
- Six wholly and partially owned Class A 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
- Four managed properties aggregating 0.8 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 several real estate related 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, 2023 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, 2023, as filed with the SEC.

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, 2023.

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

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 six months ended June 30, 2024 are not necessarily indicative of the operating results for the full year. Certain prior year balances have been reclassified to conform to current year presentation.

Recently Issued Accounting Pronouncements

In August 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-05, an update to Accounting Standards Codification (“ASC”) Topic 805, *Business Combinations*. ASU 2023-05 clarifies existing guidance by requiring a joint venture to recognize and initially measure assets contributed and liabilities assumed at fair value, upon its formation in the joint venture’s separate financial statements. These amendments are effective prospectively for all joint venture formations with a formation date on or after January 1, 2025, with early adoption permitted. We will apply the provisions of ASU 2023-05 to new joint ventures, as applicable, but do not believe the adoption of ASU 2023-05 will have a material impact on our consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, an update to ASC Topic 280, *Segment Reporting*. ASU 2023-07 enhances the segment reporting by requiring disclosures of (i) the significant segment expenses that are regularly provided to the Chief Operating Decision Maker (“CODM”) and included within each reported measure of segment profit or loss, (ii) the composition of the other segment items, including the nature and type of the other segment items, and (iii) the title and position of the CODM. ASU 2023-07 is effective for our year ending December 31, 2024 and for our interim periods that begin on January 1, 2025, with early adoption permitted. We are evaluating the impact of ASU 2023-07 on our consolidated financial statements.

In March 2024, the SEC issued final rules on the enhancement and standardization of climate-related disclosures, and in April 2024, as a result of pending legal challenges, the SEC voluntarily stayed the new rules. The rules require disclosures relating to (i) material climate-related risks, (ii) governance and management of such risks and (iii) greenhouse gas emissions. Additionally, the rules require disclosure of the effects of severe weather events and other natural conditions, subject to certain materiality thresholds, in the notes to the financial statements. The requirements in the rule will be phased in starting with our Annual Report on Form 10-K for the year ending December 31, 2025. We are evaluating the impact of the new rules on our consolidated financial statements and the related disclosures.

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3. Consolidated Real Estate Related Funds

Real Estate Related Fund Investments (Fund X)

Real estate related fund investments on our consolidated balance sheets represent the investments of Paramount Group Real Estate Fund X, LP (“Fund X”), which invests in mezzanine loans. We are the general partner and investment manager of Fund X and own a 13.0% interest in the fund. The following table sets forth the details of income or loss from real estate related fund investments for the three and six months ended June 30, 2024 and 2023.

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Net investment (loss) income	\$ (27)	\$ 3,048	\$ 705	\$ 7,709
Net realized losses	-	(1,224)	-	(1,224)
Net unrealized losses	-	(44,468)	(775)	(45,579)
Loss from real estate related fund investments	(27)	(42,644)	(70)	(39,094)
Less: noncontrolling interests in consolidated real estate related funds	24	37,390	74	34,573
(Loss) income from real estate related fund investments attributable to Paramount Group, Inc.	\$ (3)	\$ (5,254)	\$ 4	\$ (4,521)

Residential Development Fund (“RDF”)

We are also the general partner of RDF in which we own a 7.4% interest. RDF owns a 35.0% interest in One Steuart Lane, a for-sale residential condominium project, in San Francisco, California. We consolidate the financial results of RDF into our consolidated financial statements and reflect the 92.6% interest that we do not own as noncontrolling interests in consolidated real estate related funds. RDF accounts for its 35.0% interest in One Steuart Lane under the equity method of accounting. Accordingly, our economic interest in One Steuart Lane (based on our 7.4% ownership interest in RDF) is 2.6%. See Note 5, *Investments in Unconsolidated Joint Ventures*.

4. Investments in Unconsolidated Real Estate Related Funds

We are the general partner and investment manager of Paramount Group Real Estate Fund VIII, LP (“Fund VIII”) which invests in real estate and related investments. As of June 30, 2024, our ownership interest in Fund VIII was approximately 1.3%. We account for our investment in Fund VIII under the equity method of accounting.

As of June 30, 2024 and December 31, 2023, our share of the investments in the unconsolidated real estate related funds was \$4,536,000 and \$4,549,000, respectively, which is reflected as “investments in unconsolidated real estate related funds” on our consolidated balance sheets. We recognized loss of \$15,000 and income of \$32,000 during the three months ended June 30, 2024 and 2023, respectively, and income of \$90,000 and loss of \$146,000 during the six months ended June 30, 2024 and 2023, respectively, for our share of earnings, which is reflected as “(loss) income from unconsolidated real estate related funds” in our consolidated statements of income.

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5. Investments in Unconsolidated Joint Ventures

On March 29, 2024, the joint venture that owns 60 Wall Street, in which we have a 5.0% ownership interest, modified the existing \$575,000,000 mortgage loan and extended the maturity to May 2029. In connection with the modification, the loan was split into (i) a \$316,250,000 A-Note that bears interest at Secured Overnight Financing Rate (“SOFR”) plus 245 basis points, of which 4.0% is current pay and the remaining is accrued, and (ii) a \$258,750,000 B-Note that accrues interest at 12.0%. The joint venture plans to redevelop the property and all amounts funded by the joint venture will be senior to the B-Note and all accrued interest.

On April 30, 2024, the joint venture that owns 111 Sutter Street, in which we have a 49.0% ownership interest, modified the existing \$164,775,000 mortgage loan to extend the maturity date to December 2025. The loan bears interest at a rate of SOFR plus 215 basis points and all interest shortfalls will continue to accrue to the principal balance of the loan.

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)	Paramount	As of	
Our Share of Investments:	Ownership	June 30, 2024	December 31, 2023
712 Fifth Avenue ⁽¹⁾	50.0%	\$ -	\$ -
Market Center ⁽¹⁾	67.0%	-	-
55 Second Street ⁽²⁾	44.1%	29,956	30,322
111 Sutter Street ⁽¹⁾	49.0%	-	-
1600 Broadway ⁽²⁾	9.2%	8,429	8,646
60 Wall Street ⁽³⁾	5.0%	272	-
One Steuart Lane ⁽²⁾	35.0% ⁽⁴⁾	88,050	89,949
Oder-Center, Germany ⁽²⁾	9.5%	3,380	3,322
Investments in unconsolidated joint ventures		\$ 130,087	\$ 132,239

(Amounts in thousands)	For the Three Months Ended		For the Six Months Ended	
Our Share of Net (Loss) Income:	June 30,	June 30,	June 30,	June 30,
	2024	2023	2024	2023
712 Fifth Avenue ⁽¹⁾	\$ -	\$ -	\$ -	\$ -
Market Center ⁽¹⁾	-	(2,579)	-	(5,234)
55 Second Street ⁽²⁾	(63)	(499)	(365)	(1,138)
111 Sutter Street ⁽¹⁾	-	-	-	-
1600 Broadway ⁽²⁾	-	3	1	-
60 Wall Street ⁽³⁾	56	(24,984)	(1,631)	(25,001)
One Steuart Lane ⁽²⁾	(798)	(358)	(107)	(2,774)
Oder-Center, Germany ⁽²⁾	34	15	(15)	(17)
Loss from unconsolidated joint ventures	\$ (771)	\$ (28,402)	\$ (2,117)	\$ (34,164)

⁽¹⁾ At June 30, 2024, our basis in the joint ventures that own 712 Fifth Avenue, Market Center and 111 Sutter Street were negative. Since we have no further obligation to fund additional capital to these joint ventures, we have discontinued the equity method of accounting, and accordingly, we no longer recognize our proportionate share of earnings. Instead, we recognize income only to the extent we receive cash distributions from the joint ventures and recognize losses to the extent we make cash contributions to the joint ventures.

⁽²⁾ As of June 30, 2024, the carrying amount of our investments in 55 Second Street, 1600 Broadway, One Steuart Lane and Oder-Center, Germany was greater than our share of equity in these investments by \$460, \$301, \$567 and \$4,098, respectively, and primarily represents the unamortized portion of our capitalized acquisition costs.

⁽³⁾ In the second quarter of 2023, the joint venture recognized a \$455,893 real estate impairment loss. Accordingly, we recognized a \$24,734 impairment loss on our investment in 60 Wall Street. This impairment, together with our share of operating losses recognized in that quarter, reduced our investment balance below zero as of June 30, 2023. As a result, in the second quarter of 2023, we discontinued the equity method of accounting. In the first quarter of 2024, the mortgage loan was modified and the joint venture committed to fund the development costs related to the project. As a result, in the first quarter of 2024, we resumed the equity method of accounting and recognized all previously deferred losses.

⁽⁴⁾ Represents RDF’s 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%.

PARAMOUNT GROUP, INC.
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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	
Balance Sheets:	June 30, 2024	December 31, 2023
Real estate, net	\$ 1,572,781	\$ 1,528,595
Cash and cash equivalents and restricted cash	170,257	167,355
Intangible assets, net	46,414	52,164
For-sale residential condominium units ⁽¹⁾	236,635	246,824
Other assets	84,642	84,179
Total assets	\$ 2,110,729	\$ 2,079,117
Notes and mortgages payable, net	\$ 1,756,732	\$ 1,744,706
Intangible liabilities, net	2,881	5,026
Other liabilities	115,390	98,462
Total liabilities	1,875,003	1,848,194
Equity	235,726	230,923
Total liabilities and equity	\$ 2,110,729	\$ 2,079,117

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
Income Statements:	2024	2023	2024	2023
Revenues:				
Rental revenue	\$ 35,247	\$ 40,385	\$ 71,183	\$ 80,606
Other income ⁽²⁾	3,246	3,861	18,244	5,618
Total revenues	38,493	44,246	89,427	86,224
Expenses:				
Operating ⁽²⁾	23,921	24,990	56,360	49,691
Depreciation and amortization	12,606	17,713	25,768	35,478
Total expenses	36,527	42,703	82,128	85,169
Other income (expense):				
Interest and other income	1,870	783	2,496	1,492
Interest and debt expense	(12,358)	(17,915)	(29,947)	(33,361)
Impairment loss	-	(455,893)	-	(455,893)
Loss before income taxes	(8,522)	(471,482)	(20,152)	(486,707)
Income tax expense	(9)	(19)	(25)	(30)
Net loss	\$ (8,531)	\$ (471,501)	\$ (20,177)	\$ (486,737)

⁽¹⁾ Represents residential condominium units at One Stuart Lane that are available for sale.

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

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6. 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	
	June 30, 2024	December 31, 2023
Intangible assets:		
Gross amount	\$ 222,820	\$ 262,541
Accumulated amortization	(165,208)	(194,536)
	<u>\$ 57,612</u>	<u>\$ 68,005</u>
Intangible liabilities:		
Gross amount	\$ 127,371	\$ 136,820
Accumulated amortization	(103,246)	(108,817)
	<u>\$ 24,125</u>	<u>\$ 28,003</u>

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Amortization of above and below-market leases, net (component of "rental revenue")	\$ 1,632	\$ 1,448	\$ 2,972	\$ 2,484
Amortization of acquired in-place leases (component of "depreciation and amortization")	4,340	4,262	9,100	9,071

The following table sets forth amortization of acquired above and below-market leases, net and amortization of acquired in-place leases for the six-month period from July 1, 2024 through December 31, 2024, and each of the five succeeding years commencing from January 1, 2025.

(Amounts in thousands)	Above and	
	Below-Market Leases, Net	In-Place Leases
2024	\$ 2,623	\$ 6,847
2025	4,447	10,300
2026	2,926	7,069
2027	2,613	6,424
2028	2,533	6,345
2029	2,095	5,688

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7. Debt

On February 1, 2024, we, together with our joint venture partner, modified and extended the existing mortgage loan at One Market Plaza, a 1.6 million square-foot two-building trophy asset in San Francisco, California. The existing \$975,000,000 loan, which bore interest at a fixed rate of 4.03%, was scheduled to mature on February 6, 2024. In connection with the modification, the loan balance was reduced to \$850,000,000, following a \$125,000,000 paydown by the joint venture, of which our 49.0% share was \$61,250,000. The modified loan bears interest at a fixed rate of 4.08%, matures in February 2027 and has an option to extend for an additional year, subject to certain conditions.

The following table summarizes our consolidated outstanding debt.

(Amounts in thousands)	Paramount Ownership	Maturity Date	Fixed/ Variable Rate	Interest Rate as of June 30, 2024	As of June 30, 2024	As of December 31, 2023
Notes and mortgages payable:						
1633 Broadway	90.0%	Dec-2029	Fixed	2.99%	\$ 1,250,000	\$ 1,250,000
One Market Plaza	49.0%	Feb-2027	Fixed	4.08%	850,000	975,000
1301 Avenue of the Americas						
	100.0%	Aug-2026	Fixed ⁽¹⁾	2.49%	500,000	500,000
	100.0%	Aug-2026	SOFR + 368 bps ⁽²⁾	8.18%	360,000	360,000
				4.87%	860,000	860,000
31 West 52nd Street	100.0%	Jun-2026	Fixed	3.80%	500,000	500,000
300 Mission Street	31.1%	Oct-2026	Fixed	4.50%	232,050	232,050
Total notes and mortgages payable				3.88%	3,692,050	3,817,050
Less: unamortized deferred financing costs					(19,947)	(13,566)
Total notes and mortgages payable, net					\$ 3,672,103	\$ 3,803,484
\$750 Million Revolving Credit Facility						
	100.0%	Mar-2026	SOFR + 135 bps	n/a	\$ -	\$ -

⁽¹⁾ Represents variable rate loans that have been fixed by interest rate swaps through August 2024. See Note 8, *Derivative Instruments and Hedging Activities*.

⁽²⁾ Represents variable rate loans, where SOFR has been capped at 4.50% through August 2024. See Note 8, *Derivative Instruments and Hedging Activities*.

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8. Derivative Instruments and Hedging Activities

We entered into interest rate swap agreements with an aggregate notional amount of \$500,000,000 to fix LIBOR (subsequently replaced with SOFR, effective July 7, 2023) 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% which expired in August 2023. Upon expiration of these agreements, we entered into new interest rate cap agreements for the same notional amount to cap SOFR at 4.50% through August 2024. 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 losses of \$5,968,000 and \$3,135,000 for the three months ended June 30, 2024 and 2023, respectively, and \$10,655,000 and \$11,525,000 for the six months ended June 30, 2024 and 2023, respectively, from the changes in the fair value of these derivative financial instruments, which are recorded as a component of other comprehensive loss in our consolidated financial statements. See Note 10, *Accumulated Other Comprehensive Income*. During the next twelve months, we estimate that \$2,598,000 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	
						June 30, 2024	December 31, 2023
(Amounts in thousands)							
1301 Avenue of the Americas	\$ 500,000	Jul-2021	Aug-2024	SOFR	0.49%	\$ 2,533	\$ 13,726
Total interest rate swap assets designated as cash flow hedges (included in "other assets")						\$ 2,533	\$ 13,726

Property	Notional Amount	Effective Date	Maturity Date	Benchmark Rate	Strike Rate	Fair Value as of	
						June 30, 2024	December 31, 2023
(Amounts in thousands)							
1301 Avenue of the Americas	\$ 360,000	Aug-2023	Aug-2024	SOFR	4.50%	\$ 306	\$ 1,263
Total interest rate cap assets designated as cash flow hedges (included in "other assets")						\$ 306	\$ 1,263

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 June 30, 2024, we did not have any obligations relating to our interest rate swaps or interest rate caps that contained such provisions.

9. Equity

Stock Repurchase Program

We currently have \$15,000,000 of capacity under our \$200,000,000 stock repurchase program which was approved by our board of directors in November 2019. We did not repurchase any shares in the six months ended June 30, 2024. The amount and timing of 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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10. Accumulated Other Comprehensive Income

The following table sets forth changes in accumulated other comprehensive income by component for the three and six months ended June 30, 2024 and 2023, respectively, including amounts attributable to noncontrolling interests in the Operating Partnership.

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Amount of income related to the cash flow hedges recognized in other comprehensive (loss) income ⁽¹⁾	\$ 1,079	\$ 5,489	\$ 3,457	\$ 4,450
Amounts reclassified from accumulated other comprehensive income decreasing interest and debt expense ⁽¹⁾	(7,047)	(8,624)	(14,112)	(15,975)
Amount of (loss) income related to unconsolidated joint ventures recognized in other comprehensive (loss) income	(71)	3,714 ⁽²⁾	72	3,141 ⁽²⁾
Amounts reclassified from accumulated other comprehensive income decreasing loss from unconsolidated joint ventures	-	(2,320) ⁽²⁾	-	(4,310) ⁽²⁾

⁽¹⁾ 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.

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

11. 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 June 30, 2024 and December 31, 2023, noncontrolling interests in our consolidated joint ventures aggregated \$485,983,000 and \$413,925,000, respectively.

Consolidated Real Estate Related Funds

Noncontrolling interests in our consolidated real estate related funds consist of equity interests held by third parties in our Residential Development Fund and Fund X. As of June 30, 2024 and December 31, 2023, the noncontrolling interests in our consolidated real estate related funds aggregated \$93,340,000 and \$110,589,000, 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 June 30, 2024 and December 31, 2023, noncontrolling interests in the Operating Partnership on our consolidated balance sheets had a carrying amount of \$294,427,000 and \$287,089,000, respectively, and a redemption value of \$93,078,000 and \$100,650,000, 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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12. 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 91.5% of, the Operating Partnership as of June 30, 2024. 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 June 30, 2024 and December 31, 2023, the Operating Partnership held interests in consolidated VIEs owning properties and real estate related funds 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	
	June 30, 2024	December 31, 2023
Real estate, net	\$ 3,241,357	\$ 3,284,532
Cash and cash equivalents and restricted cash	211,328	176,354
Accounts and other receivables	8,764	10,005
Real estate related fund investments	-	775
Investments in unconsolidated joint ventures	88,050	89,949
Deferred rent receivable	202,548	207,938
Deferred charges, net	41,580	45,190
Intangible assets, net	32,588	38,209
Other assets	12,035	7,374
Total VIE assets	\$ 3,838,250	\$ 3,860,326
Notes and mortgages payable, net	\$ 2,317,687	\$ 2,450,401
Accounts payable and accrued expenses	53,763	48,952
Intangible liabilities, net	14,803	17,180
Other liabilities	5,924	5,852
Total VIE liabilities	\$ 2,392,177	\$ 2,522,385

Unconsolidated VIEs

As of June 30, 2024, the Operating Partnership held variable interests in entities that own our unconsolidated real estate related funds and an unconsolidated joint venture that were deemed to be VIEs. The following table summarizes our investments in these entities and the maximum risk of loss from these investments.

(Amounts in thousands)	As of	
	June 30, 2024	December 31, 2023
Investments in unconsolidated real estate funds	\$ 4,536	\$ 4,549
Investment in unconsolidated joint venture	272	-
Asset management fees and other receivables	445	18
Maximum risk of loss	\$ 5,253	\$ 4,567

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13. 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)	As of June 30, 2024			
	Total	Level 1	Level 2	Level 3
Interest rate swap and cap assets (included in "other assets")	\$ 2,839	\$ -	\$ 2,839	\$ -
Total assets	\$ 2,839	\$ -	\$ 2,839	\$ -

(Amounts in thousands)	As of December 31, 2023			
	Total	Level 1	Level 2	Level 3
Interest rate swap and cap assets (included in "other assets")	\$ 14,989	\$ -	\$ 14,989	\$ -
Total assets	\$ 14,989	\$ -	\$ 14,989	\$ -

Real Estate Related Fund Investments

Real estate related fund investments are comprised of investments in mezzanine loans made by Fund X. The investments are measured at fair value on our consolidated balance sheets and are classified as Level 3. As of June 30, 2024 and December 31, 2023, the fair value of the investments was \$0. The table below summarizes the changes in the fair value of real estate related fund investments for the three and six months ended June 30, 2023.

(Amounts in thousands)	For the Three Months Ended June 30, 2023		For the Six Months Ended June 30, 2023	
Beginning balance	\$	108,176	\$	105,369
Additional investments		4,122		8,040
Net realized losses		(1,224)		(1,224)
Net unrealized losses		(44,468)		(45,579)
Ending balance	\$	66,606	\$	66,606

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)	As of June 30, 2024		As of December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Notes and mortgages payable	\$ 3,692,050	\$ 3,358,584	\$ 3,817,050	\$ 3,517,549
Revolving credit facility	-	-	-	-
Total liabilities	\$ 3,692,050	\$ 3,358,584	\$ 3,817,050	\$ 3,517,549

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14. 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 represent 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 are 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 June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Rental revenue:				
Fixed	\$ 158,406	\$ 148,961	\$ 319,230	\$ 314,824
Variable	21,272	16,545	40,171	32,395
Total rental revenue	\$ 179,678	\$ 165,506	\$ 359,401	\$ 347,219

The following table is a schedule of future undiscounted cash flows under non-cancellable operating leases in effect as of June 30, 2024, for the six-month period from July 1, 2024 through December 31, 2024, and each of the five succeeding years and thereafter commencing January 1, 2025.

(Amounts in thousands)	
2024	\$ 305,413
2025	581,706
2026	508,678
2027	451,176
2028	448,710
2029	429,755
Thereafter	1,691,283
Total	\$ 4,416,721

15. Fee and Other Income

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

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Fee income:				
Asset management	\$ 2,317	\$ 2,326	\$ 4,622	\$ 4,501
Property management	1,657	1,831	3,401	3,693
Acquisition, disposition, leasing and other	330	819	2,529	1,339
Total fee income	4,304	4,976	10,552	9,533
Other income ⁽¹⁾	3,426	2,180	6,332	4,384
Total fee and other income	\$ 7,730	\$ 7,156	\$ 16,884	\$ 13,917

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

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

16. Interest and Other Income, net

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

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Interest income, net	\$ 3,893	\$ 2,967	\$ 7,876	\$ 5,892
Non-cash gain on extinguishment of IPO related tax liability	-	-	15,437	-
Total interest and other income, net	\$ 3,893	\$ 2,967	\$ 23,313	\$ 5,892

17. Interest and Debt Expense

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

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Interest expense	\$ 37,377	\$ 35,340	\$ 75,278	\$ 70,261
Amortization of deferred financing costs	2,627	1,539	4,995	3,077
Total interest and debt expense	\$ 40,004	\$ 36,879	\$ 80,273	\$ 73,338

18. Incentive Compensation

Stock-Based Compensation

On May 16, 2024, our shareholders approved the 2024 Equity Incentive Plan (the “2024 Plan”), which allows for a maximum of 24,778,731 shares to be issued under the plan. The 2024 Plan, which is scheduled to expire in March 2034, replaced our Amended and Restated 2014 Equity Incentive Plan. The 2024 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 Time-Based LTIP units, Performance-Based LTIP units, Time-Based Appreciation Only LTIP units and Performance-Based Appreciation Only LTIP units.

We account for all stock-based compensation in accordance with ASC 718, *Compensation – Stock Compensation*. We recognized stock-based compensation expense of \$5,068,000 and \$4,214,000 for the three months ended June 30, 2024 and 2023, respectively, and \$11,262,000 and \$9,331,000 for the six months ended June 30, 2024 and 2023, respectively, related to awards granted in prior periods.

Completion of the 2021 Performance-Based Awards Program (“2021 Performance Program”)

On December 31, 2023, the three-year performance measurement period for our 2021 Performance Program ended. On January 30, 2024, the Compensation Committee determined that only 24.2%, or 409,046 of the LTIP units that were granted under the 2021 Performance Program, were earned. Of the LTIP units that were earned, 204,727 units vested immediately on January 30, 2024 and the remaining 204,319 units are scheduled to vest on December 31, 2024. As of June 30, 2024, the 2021 Performance Program had \$392,000 of unrecognized compensation cost, which will be amortized into expense over the remaining weighted-average service period of 0.5 years.

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

19. Earnings Per Share

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
(Amounts in thousands, except per share amounts)				
Numerator:				
Net (loss) income attributable to common stockholders	\$ (7,819)	\$ (47,538)	\$ 2,046	\$ (45,809)
Earnings allocated to unvested participating securities	(7)	(10)	(14)	(30)
Numerator for (loss) income per common share - basic and diluted	<u>\$ (7,826)</u>	<u>\$ (47,548)</u>	<u>\$ 2,032</u>	<u>\$ (45,839)</u>
Denominator:				
Denominator for basic (loss) income per common share - weighted average shares	217,205	217,004	217,155	216,785
Effect of dilutive stock-based compensation plans ⁽¹⁾	-	-	54	-
Denominator for diluted (loss) income per common share - weighted average shares	<u>217,205</u>	<u>217,004</u>	<u>217,209</u>	<u>216,785</u>
(Loss) income per common share - basic and diluted	<u>\$ (0.04)</u>	<u>\$ (0.22)</u>	<u>\$ 0.01</u>	<u>\$ (0.21)</u>

⁽¹⁾ The effect of dilutive securities excludes 22,168 and 17,517 weighted average share equivalents for the three months ended June 30, 2024 and 2023, respectively, and 22,058 and 17,427 weighted average share equivalents for the six months ended June 30, 2024 and 2023, respectively, as their effect was anti-dilutive.

PARAMOUNT GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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20. 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 \$190,000 and \$266,000 for the three months ended June 30, 2024 and 2023, respectively, and \$367,000 and \$529,000 for the six months ended June 30, 2024 and 2023, respectively, in connection with these agreements, which is included as a component of “fee and other income” in our consolidated statements of income. As of June 30, 2024 and December 31, 2023, amounts owed to us under these agreements aggregated \$39,000 and \$40,000, 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 related funds. We recognized fee income of \$3,447,000 and \$4,050,000 for the three months ended June 30, 2024 and 2023, respectively, and \$8,810,000 and \$7,703,000 for the six months ended June 30, 2024 and 2023, respectively, in connection with these agreements, which is included as a component of “fee and other income” in our consolidated statements of income. As of June 30, 2024 and December 31, 2023, amounts owed to us under these agreements aggregated \$1,717,000 and \$2,552,000, respectively, which are included as a component of “accounts and other receivables” on our consolidated balance sheets.

HT Consulting GmbH

We have an agreement with HT Consulting GmbH (“HTC”), a licensed broker in Germany, to supervise selling efforts for our joint ventures and private equity real estate related funds (or investments in feeder vehicles for these funds) to investors in Germany. 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 \$122,000 and \$63,000 for the three months ended June 30, 2024 and 2023, respectively, and \$245,000 and \$191,000 for the six months ended June 30, 2024 and 2023, respectively, in connection with this agreement. As of June 30, 2024 and December 31, 2023, we owed \$110,000 and \$102,000, respectively, to HTC under this agreement, which are included as a component of “accounts payable and accrued expenses” on our consolidated balance sheets.

ParkProperty Capital, LP

ParkProperty Capital, LP (“ParkProperty”), an entity partially owned by Katharina Otto-Bernstein, who is a member of our board of directors, leases 4,233 square feet at 1325 Avenue of the Americas, pursuant to a lease agreement that expires in November 2027. We recognized rental revenue of \$70,000 and \$69,000 for the three months ended June 30, 2024 and 2023, respectively, and \$141,000 and \$138,000 for the six months ended June 30, 2024 and 2023, respectively, pursuant to this lease.

Mannheim Trust

A subsidiary of Mannheim Trust leases 3,127 square feet of office space at 712 Fifth Avenue, our 50.0% owned unconsolidated joint venture, pursuant to a lease agreement which expires in June 2025. The Mannheim Trust is for the benefit of the children of Dr. Martin Bussmann, who is a member of our board of directors. We recognized \$29,000 and \$31,000 for the three months ended June 30, 2024 and 2023, respectively, and \$59,000 and \$124,000 for the six months ended June 30, 2024 and 2023, respectively, for our share of rental income pursuant to this lease.

Other

We have entered into an agreement with Kramer Design Services (“Kramer Design”) to develop branding and signage for the Paramount Club at 1301 Avenue of the Americas. Kramer Design is 100% owned by the spouse of Albert Behler, our Chairman, Chief Executive Officer and President. We incurred and paid Kramer Design \$17,000 and \$84,000 during the three months ended June 30, 2024 and 2023, respectively, and \$42,000 and \$84,000 during the six months ended June 30, 2024 and 2023, respectively, in connection with services rendered pursuant to this agreement.

PARAMOUNT GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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21. 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 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 our 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, as well as cybersecurity incidents. While we do carry commercial general liability insurance, property insurance, terrorism insurance and cybersecurity insurance, 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 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, 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 consolidated 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 June 30, 2024, we believe we are in compliance with all of our covenants.

On March 29, 2024, the joint venture that owns 60 Wall Street, in which we have a 5.0% ownership interest, modified the existing \$575,000,000 mortgage loan and extended the maturity to May 2029. In connection with the modification, the joint venture committed to redevelop the property and fund the necessary costs to complete the project. On behalf of the joint venture, we have provided the lender with certain guarantees, including a completion guarantee. We have agreements with our joint venture partners that indemnify us for their share of guarantees we provided. In accordance with GAAP, we are required to record a liability equal to the fair value of the obligations undertaken in issuing the guarantees and record an asset equal to the fair value of the indemnification we have received. As of June 30, 2024, we have a \$8,680,000 asset and a \$8,849,000 liability, which are included as a component of “other assets” and “other liabilities”, respectively, on our consolidated balance sheets.

Transfer Tax Assessments

During 2017, the New York City Department of Finance (“NYCDOF”) 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 (“IPO”). We disagreed with the assessment and strongly contested the Notices. While we estimated that the range of loss from these Notices could be between \$0 and \$62,500,000, we concluded, after consultation with legal counsel, that it was not possible to predict any estimate within that range and as such we did not accrue any liability in our consolidated financial statements for potential losses that may arise relating to such Notices. In February 2024, the NYCDOF completed its assessment and concluded that no additional taxes were due.

PARAMOUNT GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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22. 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 CODM, makes key operating decisions, evaluates financial results and manages our business.

The following tables provide Paramount's share of Net Operating Income ("NOI") for each reportable segment for the periods set forth below.

	For the Three Months Ended June 30, 2024			
(Amounts in thousands)	Total	New York	San Francisco	Other
Property-related revenues	\$ 183,104	\$ 113,482	\$ 69,624	\$ (2)
Property-related operating expenses	(74,192)	(51,066)	(22,128)	(998)
NOI attributable to noncontrolling interests in consolidated joint ventures	(23,901)	(2,500)	(21,401)	-
NOI from unconsolidated joint ventures ⁽¹⁾	5,625	3,480	2,063	82
Paramount's share of NOI ⁽²⁾	\$ 90,636	\$ 63,396	\$ 28,158	\$ (918)

	For the Three Months Ended June 30, 2023			
(Amounts in thousands)	Total	New York	San Francisco	Other
Property-related revenues	\$ 167,686	\$ 106,837	\$ 61,010	\$ (161)
Property-related operating expenses	(71,078)	(48,685)	(21,814)	(579)
NOI attributable to noncontrolling interests in consolidated joint ventures	(22,564)	(2,743)	(19,821)	-
NOI from unconsolidated joint ventures ⁽¹⁾	5,503	3,404	2,039	60
Paramount's share of NOI ⁽²⁾	\$ 79,547	\$ 58,813	\$ 21,414	\$ (680)

	For the Six Months Ended June 30, 2024			
(Amounts in thousands)	Total	New York	San Francisco	Other
Property-related revenues	\$ 365,733	\$ 231,286	\$ 134,814	\$ (367)
Property-related operating expenses	(145,932)	(101,380)	(42,893)	(1,659)
NOI attributable to noncontrolling interests in consolidated joint ventures	(46,809)	(5,176)	(41,633)	-
NOI from unconsolidated joint ventures ⁽¹⁾	11,227	7,035	4,110	82
Paramount's share of NOI ⁽²⁾	\$ 184,219	\$ 131,765	\$ 54,398	\$ (1,944)

	For the Six Months Ended June 30, 2023			
(Amounts in thousands)	Total	New York	San Francisco	Other
Property-related revenues	\$ 351,603	\$ 224,063	\$ 128,312	\$ (772)
Property-related operating expenses	(141,387)	(98,206)	(42,082)	(1,099)
NOI attributable to noncontrolling interests in consolidated joint ventures	(45,276)	(5,366)	(39,910)	-
NOI from unconsolidated joint ventures ⁽¹⁾	10,808	6,767	3,982	59
Paramount's share of NOI ⁽²⁾	\$ 175,748	\$ 127,258	\$ 50,302	\$ (1,812)

⁽¹⁾ Excludes NOI from One Stuart Lane, a for-sale residential condominium project, and non-core assets (Market Center and 111 Sutter Street).

⁽²⁾ 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
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The following table provides a reconciliation of Paramount's share of NOI to net (loss) income attributable to common stockholders for the periods set forth below.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
(Amounts in thousands)				
Paramount's share of NOI	\$ 90,636	\$ 79,547	\$ 184,219	\$ 175,748
NOI attributable to noncontrolling interests in consolidated joint ventures	23,901	22,564	46,809	45,276
<i>Adjustments to arrive to net income (loss):</i>				
Fee income	4,304	4,976	10,552	9,533
Depreciation and amortization expense	(61,735)	(62,627)	(122,849)	(121,515)
General and administrative expenses	(16,632)	(16,224)	(33,266)	(30,847)
Loss from real estate related fund investments	(27)	(42,644)	(70)	(39,094)
Loss from unconsolidated joint ventures	(771)	(28,402)	(2,117)	(34,164)
NOI from unconsolidated joint ventures ⁽¹⁾	(5,625)	(5,503)	(11,227)	(10,808)
Interest and other income, net	3,893	2,967	23,313	5,892
Interest and debt expense	(40,004)	(36,879)	(80,273)	(73,338)
Other, net	(438)	(31)	(511)	(337)
(Loss) income before income taxes	(2,498)	(82,256)	14,580	(73,654)
Income tax expense	(362)	(573)	(709)	(861)
Net (loss) income	(2,860)	(82,829)	13,871	(74,515)
Less net (income) loss attributable to noncontrolling interests in:				
Consolidated joint ventures	(6,269)	(5,351)	(11,475)	(10,992)
Consolidated real estate related funds	589	37,301	(173)	36,478
Operating Partnership	721	3,341	(177)	3,220
Net (loss) income attributable to common stockholders	\$ (7,819)	\$ (47,538)	\$ 2,046	\$ (45,809)

⁽¹⁾ Excludes NOI from One Steuart Lane, a for-sale residential condominium project, and non-core assets (Market Center and 111 Sutter Street).

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

(Amounts in thousands)				
Total Assets as of:	Total	New York	San Francisco	Other
June 30, 2024	\$ 7,901,864	\$ 5,194,517	\$ 2,343,561	\$ 363,786
December 31, 2023	8,006,215	5,214,504	2,342,395	449,316

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:

- unfavorable market and economic conditions in the United States, including New York City and San Francisco, and globally, including as a result of elevated 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 or that a major tenant may be adversely impacted by market and economic conditions, including elevated inflation and interest rates;
- 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 real estate related funds;
- the negative impact of any future pandemic, endemic or outbreak of infectious disease on the U.S., regional and global economies and our tenants' financial condition and results of operations;
- 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, 2023, including those set forth in Item 1A entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023.

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, 2023.

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, 2023.

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 91.5% of, the Operating Partnership as of June 30, 2024.

As of June 30, 2024, we owned and/or managed a portfolio of 18 properties aggregating 13.8 million square feet comprised of:

- Eight wholly and partially owned Class A 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 and theater space;
- Six wholly and partially owned Class A 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
- Four managed properties aggregating 0.8 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 several real estate related funds for institutional investors and high net-worth individuals.

Financing

On February 1, 2024, we, together with our joint venture partner, modified and extended the existing mortgage loan at One Market Plaza, a 1.6 million square-foot two-building trophy asset in San Francisco, California. The existing \$975,000,000 loan, which bore interest at a fixed rate of 4.03%, was scheduled to mature on February 6, 2024. In connection with the modification, the loan balance was reduced to \$850,000,000, following a \$125,000,000 paydown by the joint venture, of which our 49.0% share was \$61,250,000. The modified loan bears interest at a fixed rate of 4.08%, matures in February 2027 and has an option to extend for an additional year, subject to certain conditions.

On March 29, 2024, the joint venture that owns 60 Wall Street, in which we have a 5.0% ownership interest, modified the existing \$575,000,000 mortgage loan and extended the maturity to May 2029. In connection with the modification, the loan was split into (i) a \$316,250,000 A-Note that bears interest at Secured Overnight Financing Rate (“SOFR”) plus 245 basis points, of which 4.0% is current pay and the remaining is accrued, and (ii) a \$258,750,000 B-Note that accrues interest at 12.0%. The joint venture plans to redevelop the property and all amounts funded by the joint venture will be senior to the B-Note and all accrued interest.

On April 30, 2024, the joint venture that owns 111 Sutter Street, in which we have a 49.0% ownership interest, modified the existing \$164,775,000 mortgage loan to extend the maturity date to December 2025. The loan bears interest at a rate of SOFR plus 215 basis points and all interest shortfalls will continue to accrue to the principal balance of the loan.

Transfer Tax Assessments

During 2017, the New York City Department of Finance (“NYCDOF”) 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 (“IPO”). We disagreed with the assessment and strongly contested the Notices. While we estimated that the range of loss from these Notices could be between \$0 and \$62,500,000, we concluded, after consultation with legal counsel, that it was not possible to predict any estimate within that range and as such we did not accrue any liability in our consolidated financial statements for potential losses that may arise relating to such Notices. In February 2024, the NYCDOF completed its assessment and concluded that no additional taxes were due.

Stock Repurchase Program

We currently have \$15,000,000 of capacity under our \$200,000,000 stock repurchase program which was approved by our board of directors in November 2019. We did not repurchase any shares in the six months ended June 30, 2024. The amount and timing of 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 June 30, 2024

The following table presents the details on the leases signed during the three months ended June 30, 2024. 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.

Three Months Ended June 30, 2024	Total	New York	San Francisco
Total square feet leased	198,505	177,858	20,647 ⁽¹⁾
Pro rata share of total square feet leased:	158,592	158,592	-
Initial rent ⁽²⁾	\$ 74.55	\$ 74.55	\$ -
Weighted average lease term (in years)	8.6	8.6	-
Tenant improvements and leasing commissions:			
Per square foot	\$ 110.56	\$ 110.56	\$ -
Per square foot per annum	\$ 12.85	\$ 12.85	\$ -
Percentage of initial rent	17.2%	17.2%	- %
Rent concessions:			
Average free rent period (in months)	11.0	11.0	-
Average free rent period per annum (in months)	1.3	1.3	-
Second generation space: ⁽³⁾			
Square feet	98,862	98,862	-
Cash basis:			
Initial rent ⁽²⁾	\$ 71.28	\$ 71.28	\$ -
Prior escalated rent ⁽⁴⁾	\$ 70.60	\$ 70.60	\$ -
Percentage increase	1.0%	1.0%	- %
GAAP basis:			
Straight-line rent	\$ 68.45	\$ 68.45	\$ -
Prior straight-line rent	\$ 70.86	\$ 70.86	\$ -
Percentage decrease	(3.4%)	(3.4%)	- %

⁽¹⁾ Represents leases executed at Market Center and 111 Sutter Street, which are treated as non-core assets and accordingly excluded from the statistics below.

⁽²⁾ Represents the weighted average cash basis starting rent per square foot and does not include free rent or periodic step-ups in rent.

⁽³⁾ Represents space leased in the current period (i) prior to its scheduled expiration, or (ii) that has been vacant for less than twelve months.

⁽⁴⁾ 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 ⁽¹⁾	Total	New York	San Francisco
As of June 30, 2024	86.3%	86.9%	84.2%
As of March 31, 2024	89.1%	90.1%	85.5%

⁽¹⁾ Represents percentage of square feet that is leased, including signed leases not yet commenced, for properties in our same store portfolio. Our same store portfolio excludes 60 Wall Street in New York, and Market Center and 111 Sutter Street in San Francisco.

Leasing Results - Three Months Ended June 30, 2024

In the three months ended June 30, 2024, we leased 198,505 square feet, of which 177,858 square feet was leased in our same store portfolio. Of the 177,858 square feet leased, our share was 158,592 square feet that was leased at a weighted average initial rent of 74.55 per square foot. This leasing activity, offset by lease expirations in the three months, decreased same store leased occupancy by 280 basis points to 86.3% at June 30, 2024 from 89.1% at March 31, 2024. The decrease in same store leased occupancy and same store leased occupancy was driven primarily by the scheduled expiration of Clifford Chance's lease in June 2024 at 31 West 52nd Street in our New York portfolio.

Of the 198,505 square feet leased in the three months ended June 30, 2024, 98,862 square feet represented our share of second generation space for which rental rates increased by 1.0% on a cash basis and decreased by 3.4% on a GAAP basis. The weighted average lease term for leases signed during the three months was 8.6 years and weighted average tenant improvements and leasing commissions on these leases were \$12.85 per square foot per annum, or 17.2% of initial rent.

New York

In the three months ended June 30, 2024, we leased 177,858 square feet in our New York portfolio, of which our share was 158,592 square feet that was leased at a weighted average initial rent of \$74.55 per square foot. This leasing activity, offset by lease expirations in the three months, decreased same store leased occupancy by 320 basis points to 86.9% at June 30, 2024 from 90.1% at March 31, 2024. The decrease in same store leased occupancy was driven primarily by the scheduled expiration of Clifford Chance's lease in June 2024 at 31 West 52nd Street.

Of the 177,858 square feet leased in the three months ended June 30, 2024, 98,862 square feet represented second generation space for which rental rates increased by 1.0% on a cash basis and decreased by 3.4% on a GAAP basis. The weighted average lease term for leases signed during the three months was 8.6 years and weighted average tenant improvements and leasing commissions on these leases were \$12.85 per square foot per annum, or 17.2% of initial rent.

San Francisco

In the three months ended June 30, 2024, we leased an aggregate of 20,647 square feet at Market Center and 111 Sutter Street in our San Francisco portfolio, which are treated as non-core assets and accordingly excluded from the statistics. This leasing activity, offset by lease expirations in the three months decreased same leased occupancy by 130 basis points to 84.2% at June 30, 2024 from 85.5% at March 31, 2024.

Leasing Results - Six Months Ended June 30, 2024

The following table presents the details on the leases signed during the six months ended June 30, 2024. 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.

Six Months Ended June 30, 2024	Total	New York	San Francisco
Total square feet leased	475,222	294,862	180,360 ⁽¹⁾
Pro rata share of total square feet leased:	329,114	268,112	61,002
Initial rent ⁽²⁾	\$ 71.58	\$ 72.39	\$ 68.00
Weighted average lease term (in years)	8.3	9.7	1.8
Tenant improvements and leasing commissions:			
Per square foot	\$ 96.53	\$ 117.29	\$ 5.32
Per square foot per annum	\$ 11.69	\$ 12.05	\$ 3.04
Percentage of initial rent	16.3%	16.6%	4.5%
Rent concessions:			
Average free rent period (in months)	5.7	7.0	-
Average free rent period per annum (in months)	0.7	0.7	-
Second generation space: ⁽³⁾			
Square feet	193,837	132,835	61,002
Cash basis:			
Initial rent ⁽²⁾	\$ 69.87	\$ 70.73	\$ 68.00
Prior escalated rent ⁽⁴⁾	\$ 70.95	\$ 70.25	\$ 72.48
Percentage (decrease) increase	(1.5%)	0.7%	(6.2%)
GAAP basis:			
Straight-line rent	\$ 67.54	\$ 67.37	\$ 67.91
Prior straight-line rent	\$ 75.77 ⁽⁵⁾	\$ 69.23	\$ 90.02 ⁽⁵⁾
Percentage decrease	(10.9%) ⁽⁵⁾	(2.7%)	(24.6%) ⁽⁵⁾

⁽¹⁾ Includes an aggregate of 42,034 square feet leased at Market Center and 111 Sutter Street, which are treated as non-core assets and accordingly excluded from the statistics below.

⁽²⁾ Represents the weighted average cash basis starting rent per square foot and does not include free rent or periodic step-ups in rent.

⁽³⁾ Represents space leased in the current period (i) prior to its scheduled expiration, or (ii) that has been vacant for less than twelve months.

⁽⁴⁾ Represents the weighted average cash basis rents (including reimbursements) per square foot at expiration.

⁽⁵⁾ The rental rate decrease was driven primarily by a below-market lease adjustment that was included in the prior GAAP rent. Excluding the below-market lease adjustment from the prior GAAP rent, the rental rate decrease would have been 2.8% for the total portfolio and 3.1% for San Francisco.

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

Same Store Leased Occupancy ⁽¹⁾	Total	New York	San Francisco
As of June 30, 2024	86.3%	86.9%	84.2%
As of December 31, 2023	90.1%	90.2%	89.8%

⁽¹⁾ Represents percentage of square feet that is leased, including signed leases not yet commenced, for properties in our same store portfolio. Our same store portfolio excludes 60 Wall Street in New York, and Market Center and 111 Sutter Street in San Francisco.

Leasing Results - Six Months Ended June 30, 2024

In the six months ended June 30, 2024, we leased 475,222 square feet, of which 433,188 was leased in our same store portfolio. Of the 433,188 square feet leased, our share was 329,114 square feet that was leased at a weighted average initial rent of \$71.58 per square foot. This leasing activity, offset by lease expirations in the six months, decreased same store leased occupancy by 380 basis points to 86.3% at June 30, 2024 from 90.1% at December 31, 2023. The decrease in same store leased occupancy was driven primarily by the scheduled expiration of Clifford Chance's lease in June 2024 at 31 West 52nd Street in our New York portfolio.

Of the 475,222 square feet leased in the six months ended June 30, 2024, 193,837 square feet represented our share of second generation space for which rental rates decreased by 1.5% on a cash basis and 10.9% on a GAAP basis. The rental rate decrease of 10.9% on a GAAP basis was driven primarily by a below-market lease adjustment in our San Francisco portfolio that was included in the prior GAAP rent. Excluding the below-market lease adjustment from the prior GAAP rent, the rental rate decrease on a GAAP basis would have been negative 2.8%. The weighted average lease term for leases signed during the six months was 8.3 years and weighted average tenant improvements and leasing commissions on these leases were \$11.69 per square foot per annum, or 16.3% of initial rent.

New York

In the six months ended June 30, 2024, we leased 294,862 square feet in our New York portfolio, of which our share was 268,112 square feet that was leased at a weighted average initial rent of \$72.39 per square foot. This leasing activity, offset by lease expirations in the six months, decreased same store leased occupancy by 330 basis points to 86.9% at June 30, 2024 from 90.2% at December 31, 2023. The decrease in same store leased occupancy was driven primarily by the scheduled expiration of Clifford Chance's lease in June 2024 at 31 West 52nd Street.

Of the 294,862 square feet leased in the six months ended June 30, 2024, 132,835 square feet represented second generation space for which rental rates increased by 0.7% on a cash basis and decreased by 2.7% on a GAAP basis. The weighted average lease term for leases signed during the six months was 9.7 years and weighted average tenant improvements and leasing commissions on these leases were \$12.05 per square foot per annum, or 16.6% of initial rent.

San Francisco

In the six months ended June 30, 2024, we leased 180,360 square feet in our San Francisco portfolio, of which 138,326 square feet was leased in our same store portfolio. Of the 138,326 square feet leased, our share was 61,002 square feet that was leased at a weighted average initial rent of \$68.00 per square foot. This leasing activity, offset by lease expirations in the six months, decreased same store leased occupancy by 560 basis points to 84.2% at June 30, 2024 from 89.8% at December 31, 2023.

Of the 180,360 square feet leased in the six months, 61,002 square feet represented our share of second generation space for which rental rates decreased by 6.2% on a cash basis and 24.6% on a GAAP basis. The rental rate decrease of 24.6% on a GAAP basis was driven primarily by a below-market lease adjustment that was included in the prior GAAP rent. Excluding the below-market lease adjustment from the prior GAAP rent, the rental rate decrease on a GAAP basis would have been 3.1%. The weighted average lease term for leases signed during the six months was 1.8 years and weighted average tenant improvements and leasing commissions on these leases were \$3.04 per square foot per annum, or 4.5% of initial rent.

Financial Results - Three Months Ended June 30, 2024 and 2023

Net Income, FFO and Core FFO

Net loss attributable to common stockholders was \$7,819,000, or \$0.04 per diluted share, for the three months ended June 30, 2024, compared to \$47,538,000, or \$0.22 per diluted share, for the three months ended June 30, 2023. Net loss attributable to common stockholders for the three months ended June 30, 2023, includes (i) \$23,110,000, or \$0.11 per diluted share, for our share of a non-cash real estate impairment loss related to an unconsolidated joint venture, and (ii) non-cash straight-line rent receivable write-offs aggregating \$12,993,000, or \$0.06 per diluted share, related to the terminated SVB Securities lease at 1301 Avenue of the Americas and the surrendered JPMorgan Chase space at One Front Street.

Funds from Operations (“FFO”) attributable to common stockholders was \$42,655,000, or \$0.20 per diluted share, for the three months ended June 30, 2024, compared to \$34,017,000, or \$0.16 per diluted share, for the three months ended June 30, 2023. FFO attributable to common stockholders for the three months ended June 30, 2023 includes non-cash straight-line rent receivable write-offs aggregating \$12,993,000, or \$0.06 per diluted share, related to the terminated SVB Securities lease at 1301 Avenue of the Americas and the surrendered JPMorgan Chase space at One Front Street. FFO attributable to common stockholders for the three months ended June 30, 2024 and 2023 also includes the impact other of non-core items, which are listed in the table on page 55. While the aggregate of the non-core items, net of amounts attributable to noncontrolling interests, decreased FFO attributable to common stockholders for the quarter ended June 30, 2024 by \$773,000, it had no impact on FFO per diluted share. The aggregate of the non-core items, net of amounts attributable to noncontrolling interests, decreased FFO attributable to common stockholders for the quarter ended June 30, 2023 by \$3,098,000, or \$0.01 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 55, was \$43,428,000, or \$0.20 per diluted share, for the three months ended June 30, 2024, compared to \$37,115,000, or \$0.17 per diluted share, for the three months ended June 30, 2023.

Same Store Results

The table below summarizes the percentage increase or decrease in our share of Same Store NOI and Same Store Cash NOI, by segment, for the three months ended June 30, 2024 versus June 30, 2023.

	Total	New York	San Francisco
Same Store NOI	(1.3%)	(0.9%)	(2.1%)
Same Store Cash NOI	0.1%	(5.9%)	14.3%

See pages 48-55 “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 - Six Months Ended June 30, 2024 and 2023

Net Income, FFO and Core FFO

Net income attributable to common stockholders was \$2,046,000, or \$0.01 per diluted share, for the six months ended June 30, 2024, compared to net loss attributable to common stockholders of \$45,809,000, or \$0.21 per diluted share, for the six months ended June 30, 2023. Net income attributable to common stockholders for the six months ended June 30, 2024 includes \$14,148,000, or \$0.07 per diluted share, of a non-cash gain on extinguishment of a tax liability related to our initial public offering. Net loss attributable to the common stockholders for the six months ended June 30, 2023 includes (i) \$23,110,000, or \$0.11 per diluted share, for our share of a non-cash real estate impairment loss related to an unconsolidated joint venture, and (ii) non-cash straight-line rent receivable write-offs aggregating \$12,993,000, or \$0.06 per diluted share, related to the terminated SVB Securities lease at 1301 Avenue of the Americas and the surrendered JPMorgan Chase space at One Front Street.

FFO attributable to common stockholders was \$102,476,000, or \$0.47 per diluted share, for the six months ended June 30, 2024, compared to \$90,796,000, or \$0.42 per diluted share, for the six months ended June 30, 2023. FFO attributable to common stockholders for the six months ended June 30, 2024 includes \$14,148,000, or \$0.07 per diluted share, of a non-cash gain on extinguishment of a tax liability related to our initial public offering. FFO attributable to common stockholders for the six months ended June 30, 2023 includes non-cash straight-line rent receivable write-offs aggregating \$12,993,000, or \$0.06 per diluted share, related to the terminated SVB Securities lease at 1301 Avenue of the Americas and the surrendered JPMorgan Chase space at One Front Street. FFO attributable to common stockholders for the six months ended June 30, 2024 and 2023 also includes the impact other of non-core items, which are listed in the table on page 55. The aggregate of the non-core items, net of amounts attributable to noncontrolling interests, increased FFO attributable to common stockholders for the six months ended June 30, 2024 by \$11,110,000, or \$0.05 per diluted share. While the aggregate of the non-core items, net of amounts attributable to noncontrolling interests, decreased FFO attributable to common stockholders for the six months ended June 30, 2023 by \$982,000, it had no impact on FFO per diluted share.

Core FFO attributable to common stockholders, which excludes the impact of the non-core items listed on page 55, was \$91,366,000, or \$0.42 per diluted share, for the six months ended June 30, 2024, compared to \$91,778,000, or \$0.42 per diluted share, for the six months ended June 30, 2023.

Same Store Results

The table below summarizes the percentage increase or decrease in our share of Same Store NOI and Same Store Cash NOI, by segment, for the six months ended June 30, 2024 versus June 30, 2023.

	Total	New York	San Francisco
Same Store NOI	(2.4%)	(1.0%)	(5.6%)
Same Store Cash NOI	(0.7%)	(4.3%)	8.1%

See pages 48-55 “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 June 30, 2024 and 2023

The following pages summarize our consolidated results of operations for the three months ended June 30, 2024 and 2023.

(Amounts in thousands)	For the Three Months Ended June 30,		Change
	2024	2023	
Revenues:			
Rental revenue	\$ 179,678	\$ 165,506	\$ 14,172
Fee and other income	7,730	7,156	574
Total revenues	187,408	172,662	14,746
Expenses:			
Operating	74,192	71,078	3,114
Depreciation and amortization	61,735	62,627	(892)
General and administrative	16,632	16,224	408
Transaction related costs	423	63	360
Total expenses	152,982	149,992	2,990
Other income (expense):			
Loss from real estate related fund investments	(27)	(42,644)	42,617
(Loss) income from unconsolidated real estate related funds	(15)	32	(47)
Loss from unconsolidated joint ventures	(771)	(28,402)	27,631
Interest and other income, net	3,893	2,967	926
Interest and debt expense	(40,004)	(36,879)	(3,125)
Loss before income taxes	(2,498)	(82,256)	79,758
Income tax expense	(362)	(573)	211
Net loss	(2,860)	(82,829)	79,969
Less net (income) loss attributable to noncontrolling interests in:			
Consolidated joint ventures	(6,269)	(5,351)	(918)
Consolidated real estate related funds	589	37,301	(36,712)
Operating Partnership	721	3,341	(2,620)
Net loss attributable to common stockholders	\$ (7,819)	\$ (47,538)	\$ 39,719

Revenues

Our revenues, which consist of rental revenue and fee and other income, were \$187,408,000 for the three months ended June 30, 2024, compared to \$172,662,000 for the three months ended June 30, 2023, an increase of \$14,746,000. 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>
Rental revenue				
Same store operations	\$ 1,790	\$ 526	\$ 1,264	\$ -
Non-cash write-offs of straight-line rent receivables	13,906	6,563 ⁽¹⁾	7,343 ⁽¹⁾	-
Lease termination income	(1,255)	(1,255)	-	-
Other, net	(269)	-	(19)	(250)
Increase (decrease) in rental revenue	\$ 14,172	\$ 5,834	\$ 8,588	\$ (250)
Fee and other income				
Fee income				
Asset management	\$ (9)	\$ -	\$ -	\$ (9)
Property management	(174)	-	-	(174)
Acquisition, disposition, leasing and other	(489)	-	-	(489)
Decrease in fee income	(672)	-	-	(672)
Other income				
Same store operations	1,246	811	26	409
Increase in other income	1,246	811	26	409
Increase (decrease) in fee and other income	\$ 574	\$ 811	\$ 26	\$ (263)
Total increase (decrease) in revenues	\$ 14,746	\$ 6,645	\$ 8,614	\$ (513)

⁽¹⁾ Represents write-offs in the prior year related to the terminated SVB Securities lease at 1301 Avenue of the Americas in our New York portfolio and the surrendered JPMorgan Chase space at One Front Street in our San Francisco portfolio.

Expenses

Our expenses, which consist of operating, depreciation and amortization, general and administrative and transaction related costs, were \$152,982,000 for the three months ended June 30, 2024, compared to \$149,992,000 for the three months ended June 30, 2023, an increase of \$2,990,000. 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>
Operating				
Same store operations	\$ 2,695	\$ 2,381 ⁽¹⁾	\$ 314	\$ -
Other, net	419	-	-	419
Increase in operating	\$ 3,114	\$ 2,381	\$ 314	\$ 419
Depreciation and amortization				
Operations	\$ (892)	\$ 3,629 ⁽²⁾	\$ (4,430) ⁽³⁾	\$ (91)
(Decrease) increase in depreciation and amortization	\$ (892)	\$ 3,629	\$ (4,430)	\$ (91)
General and administrative				
Operations	\$ 408	\$ -	\$ -	\$ 408 ⁽⁴⁾
Increase in general and administrative	\$ 408	\$ -	\$ -	\$ 408
Increase in transaction related costs	\$ 360	\$ -	\$ -	\$ 360
Total increase (decrease) in expenses	\$ 2,990	\$ 6,010	\$ (4,116)	\$ 1,096

(1) Primarily due to higher real estate taxes.

(2) Primarily due to a write-off of tenant improvements in the current year at 1633 Broadway.

(3) Primarily due to a write-off of deferred leasing commissions in the prior year in connection with the surrendered JPMorgan Chase space at One Front Street.

(4) Primarily due to higher stock-based compensation resulting from the Incentive and Retention Plan grants that were made in September 2023, partially offset by lower professional fees.

Loss from Real Estate Related Fund Investments

Loss from real estate related fund investments was \$27,000 for the three months ended June 30, 2024, compared to \$42,644,000 for the three months ended June 30, 2023, a decrease in loss of \$42,617,000. This loss in the prior year resulted primarily from a \$45,658,000 unrealized loss on a mezzanine loan investment.

(Loss) Income from Unconsolidated Real Estate Related Funds

Loss from unconsolidated real estate related funds was \$15,000 for the three months ended June 30, 2024, compared to income from unconsolidated real estate related funds of \$32,000 for the three months ended June 30, 2023, a decrease in income of \$47,000. This decrease resulted primarily from unrealized losses on mezzanine loan investments in the current year.

Loss from Unconsolidated Joint Ventures

Loss from unconsolidated joint ventures was \$771,000 for the three months ended June 30, 2024, compared to \$28,402,000 for the three months ended June 30, 2023, a decrease in loss of \$27,631,000. This decrease resulted from:

(Amounts in thousands)	
60 Wall Street (our share of an impairment loss recognized in 2023)	\$ 24,734
Market Center (our share of net loss recognized in 2023)	2,579 ⁽¹⁾
Other, net	318
Total decrease in loss	\$ 27,631

⁽¹⁾ In the fourth quarter of 2023, we discontinued the equity method of accounting, and accordingly, we no longer recognize our proportionate share of earnings. 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.

Interest and Other Income, net

Interest and other income, net was \$3,893,000 for the three months ended June 30, 2024, compared to \$2,967,000 for the three months ended June 30, 2023, an increase in income of \$926,000. This increase resulted primarily from higher yields on short-term investments in the current year.

Interest and Debt Expense

Interest and debt expense was \$40,004,000 for the three months ended June 30, 2024, compared to \$36,879,000 for the three months ended June 30, 2023, an increase of \$3,125,000. This increase resulted primarily from higher interest expense on the variable rate portion of our debt at 1301 Avenue of the Americas.

Income Tax Expense

Income tax expense was \$362,000 for the three months ended June 30, 2024, compared to \$573,000 for the three months ended June 30, 2023, a decrease of \$211,000. This decrease resulted primarily from lower taxable income attributable to our taxable REIT subsidiaries in the current year.

Net Income Attributable to Noncontrolling Interests in Consolidated Joint Ventures

Net income attributable to noncontrolling interests in consolidated joint ventures was \$6,269,000 for the three months ended June 30, 2024, compared to \$5,351,000 for the three months ended June 30, 2023, a \$918,000 increase in net income attributable to noncontrolling interests in consolidated joint ventures. This increase in income resulted primarily from higher net income attributable to noncontrolling interests in 300 Mission Street.

Net Loss Attributable to Noncontrolling Interests in Consolidated Real Estate Related Funds

Net loss attributable to noncontrolling interests in consolidated real estate related funds was \$589,000 for the three months ended June 30, 2024, compared to \$37,301,000 for the three months ended June 30, 2023, a decrease in net loss attributable to noncontrolling interests in consolidated real estate related funds of \$36,712,000. This decrease in loss was primarily due to the noncontrolling interests' share of the \$45,658,000 unrealized loss on an investment in a mezzanine loan in the prior year.

Net Loss Attributable to Noncontrolling Interests in Operating Partnership

Net loss attributable to noncontrolling interests in the Operating Partnership was \$721,000 for the three months ended June 30, 2024, compared to \$3,341,000 for the three months ended June 30, 2023, a decrease in net loss allocated to noncontrolling interests of \$2,620,000. This decrease in loss resulted from lower net loss subject to allocation to the unitholders of the Operating Partnership in the current year.

Results of Operations - Six Months Ended June 30, 2024 and 2023

The following pages summarize our consolidated results of operations for the six months ended June 30, 2024 and 2023.

	For the Six Months Ended June 30,		
(Amounts in thousands)	2024	2023	Change
Revenues:			
Rental revenue	\$ 359,401	\$ 347,219	\$ 12,182
Fee and other income	16,884	13,917	2,967
Total revenues	376,285	361,136	15,149
Expenses:			
Operating	145,932	141,387	4,545
Depreciation and amortization	122,849	121,515	1,334
General and administrative	33,266	30,847	2,419
Transaction related costs	601	191	410
Total expenses	302,648	293,940	8,708
Other income (expense):			
Loss from real estate related fund investments	(70)	(39,094)	39,024
Income (loss) from unconsolidated real estate funds	90	(146)	236
Loss from unconsolidated joint ventures	(2,117)	(34,164)	32,047
Interest and other income, net	23,313	5,892	17,421
Interest and debt expense	(80,273)	(73,338)	(6,935)
Income (loss) before income taxes	14,580	(73,654)	88,234
Income tax expense	(709)	(861)	152
Net income (loss)	13,871	(74,515)	88,386
Less net (income) loss attributable to noncontrolling interests in:			
Consolidated joint ventures	(11,475)	(10,992)	(483)
Consolidated real estate related funds	(173)	36,478	(36,651)
Operating Partnership	(177)	3,220	(3,397)
Net income (loss) attributable to common stockholders	\$ 2,046	\$ (45,809)	\$ 47,855

Revenues

Our revenues, which consist of rental revenue and fee and other income, were \$376,285,000 for the six months ended June 30, 2024, compared to \$361,136,000 for the six months ended June 30, 2023, an increase of \$15,149,000. 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>
Rental revenue				
Same store operations	\$ (1,368)	\$ (69)	\$ (1,299)	\$ -
Non-cash write-offs of straight-line rent receivables	13,906	6,563 ⁽¹⁾	7,343 ⁽¹⁾	-
Lease termination income	(311)	(311)	-	-
Other, net	(45)	-	(19)	(26)
Increase (decrease) in rental revenue	\$ 12,182	\$ 6,183	\$ 6,025	\$ (26)
Fee and other income				
Fee income				
Asset management	\$ 121	\$ -	\$ -	\$ 121
Property management	(292)	-	-	(292)
Acquisition, disposition, leasing and other	1,190	-	-	1,190
Increase in fee income	1,019	-	-	1,019
Other income				
Same store operations	1,948	1,040	477	431
Increase in other income	1,948	1,040	477	431
Increase in fee and other income	\$ 2,967	\$ 1,040	\$ 477	\$ 1,450
Total increase in revenues	\$ 15,149	\$ 7,223	\$ 6,502	\$ 1,424

⁽¹⁾ Represents write-offs in the prior year related to the terminated SVB Securities lease at 1301 Avenue of the Americas in our New York portfolio and the surrendered JPMorgan Chase space at One Front Street in our San Francisco portfolio.

Expenses

Our expenses, which consist of operating, depreciation and amortization, general and administrative and transaction related costs, were \$302,648,000 for the six months ended June 30, 2024, compared to \$293,940,000 for the six months ended June 30, 2023, an increase of \$8,708,000. Below are the details of the increase or decrease by segment.

(Amounts in thousands)	Total	New York	San Francisco	Other
Operating				
Same store operations	\$ 3,985	\$ 3,174 ⁽¹⁾	\$ 811	\$ -
Other, net	560	-	-	560
Increase in operating	\$ 4,545	\$ 3,174	\$ 811	\$ 560
Depreciation and amortization				
Operations	\$ 1,334	\$ 5,756 ⁽²⁾	\$ (4,342) ⁽³⁾	\$ (80)
Increase (decrease) in depreciation and amortization	\$ 1,334	\$ 5,756	\$ (4,342)	\$ (80)
General and administrative				
Operations	\$ 2,419	\$ -	\$ -	\$ 2,419 ⁽⁴⁾
Increase in general and administrative	\$ 2,419	\$ -	\$ -	\$ 2,419
Increase in transaction related costs	\$ 410	\$ -	\$ -	\$ 410
Total increase (decrease) in expenses	\$ 8,708	\$ 8,930	\$ (3,531)	\$ 3,309

(1) Primarily due to higher real estate taxes.

(2) Primarily due to a write-off of tenant improvements in the current year at 1633 Broadway.

(3) Primarily due to a write-off of deferred leasing commissions in the prior year in connection with the surrendered JPMorgan Chase space at One Front Street.

(4) Primarily due to higher stock-based compensation resulting from the Incentive and Retention Plan grants that were made in September 2023.

Loss from Real Estate Related Fund Investments

Loss from real estate related fund investments was \$70,000 for the six months ended June 30, 2024, compared to \$39,094,000 for the six months ended June 30, 2023, a decrease in loss of \$39,024,000. This decrease resulted primarily from a \$45,658,000 unrealized loss on a mezzanine loan investment in the prior year.

Income (Loss) from Unconsolidated Real Estate Related Funds

Income from unconsolidated real estate related funds was \$90,000 for the six months ended June 30, 2024, compared to loss from unconsolidated real estate related funds of \$146,000 for the six months ended June 30, 2023, a decrease in loss of \$236,000. This decrease resulted primarily from unrealized losses on mezzanine loan investments in the prior year.

Loss from Unconsolidated Joint Ventures

Loss from unconsolidated joint ventures was \$2,117,000 for the six months ended June 30, 2024, compared to \$34,164,000 for the six months ended June 30, 2023, a decrease in loss of \$32,047,000. This decrease in loss resulted from:

(Amounts in thousands)	
60 Wall Street (our share of an impairment loss recognized in 2023)	\$ 24,734
Market Center (our share of net loss recognized in 2023)	5,234 ⁽¹⁾
Higher income from One Steuart Lane	2,667 ⁽²⁾
Other, net	(588)
Total decrease in loss	\$ 32,047

(1) In the fourth quarter of 2023, we discontinued the equity method of accounting, and accordingly, we no longer recognize our proportionate share of earnings. 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.

(2) Primarily due to RDF's share of gain on sale of residential condominium units at One Steuart Lane in the current year.

Interest and Other Income, net

Interest and other income, net was \$23,313,000 for the six months ended June 30, 2024, compared to \$5,892,000 for the six months ended June 30, 2023, an increase in income of \$17,421,000. This increase resulted from:

(Amounts in thousands)	
Non-cash gain on extinguishment of IPO related transfer tax liability	\$ 15,437
Other, net (primarily higher yields on short-term investments)	1,984
Total increase in income	\$ 17,421

Interest and Debt Expense

Interest and debt expense was \$80,273,000 for the six months ended June 30, 2024, compared to \$73,338,000 for the six months ended June 30, 2023, an increase of \$6,935,000. This increase resulted primarily from higher interest expense on the variable rate portion of our debt at 1301 Avenue of the Americas.

Income Tax Expense

Income tax expense was \$709,000 for the six months ended June 30, 2024, compared to \$861,000 for the six months ended June 30, 2023, a decrease of \$152,000. This decrease resulted primarily from lower taxable income attributable to our taxable REIT subsidiaries in the current year.

Net Income Attributable to Noncontrolling Interests in Consolidated Joint Ventures

Net income attributable to noncontrolling interests in consolidated joint ventures was \$11,475,000 for the six months ended June 30, 2024, compared to \$10,992,000 for the six months ended June 30, 2023, a \$483,000 increase in net income attributable to noncontrolling interests in consolidated joint ventures. This increase in income resulted primarily from higher net income attributable to noncontrolling interests in 300 Mission Street.

Net (Income) Loss Attributable to Noncontrolling Interests in Consolidated Real Estate Related Funds

Net income attributable to noncontrolling interests in consolidated real estate related funds was \$173,000 for the six months ended June 30, 2024, compared to net loss attributable to noncontrolling interests in consolidated real estate related funds of \$36,478,000 for the six months ended June 30, 2023, a decrease in net loss attributable to noncontrolling interests in consolidated real estate related funds of \$36,651,000. This decrease in loss resulted from the noncontrolling interests' share of the \$45,658,000 unrealized loss on an investment in a mezzanine loan in the prior year, partially offset by Residential Development Fund's ("RDF") share of gain on sale of residential condominium units at One Steuart Lane in the current year.

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

Net income attributable to noncontrolling interests in the Operating Partnership was \$177,000 for the six months ended June 30, 2024, compared to net loss attributable to noncontrolling interests in the Operating Partnership of \$3,220,000 for the six months ended June 30, 2023, an increase in net income allocated to noncontrolling interests of \$3,397,000. This increase in income resulted from higher net income subject to allocation to the unitholders of the Operating Partnership in the current year.

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 June 30, 2024, we had \$1.22 billion of liquidity comprised of \$307,461,000 of cash and cash equivalents, \$164,639,000 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, 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 cash on hand. 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 June 30, 2024, our outstanding consolidated debt aggregated \$3.69 billion. We had no amounts outstanding under our revolving credit facility and none of our debt matures until June 2026. We may refinance any of 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 135 basis points over 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 to 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 June 14, 2024, we declared a quarterly cash dividend of \$0.035 per share of common stock for the second quarter ended June 30, 2024, which was paid on July 15, 2024 to stockholders of record as of the close of business on June 28, 2024. This dividend policy, if continued, would require us to pay out approximately \$8,400,000 each quarter to common stockholders and unitholders.

Off Balance Sheet Arrangements

As of June 30, 2024, our unconsolidated joint ventures had \$1.76 billion of outstanding indebtedness, of which our share was \$632,030,000. We do not guarantee the indebtedness of our unconsolidated joint ventures other than providing customary environmental indemnities and guarantees of specified non-recourse carve outs relating to specified covenants and representations; 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

We currently have \$15,000,000 of capacity under our \$200,000,000 stock repurchase program which was approved by our board of directors in November 2019. We did not repurchase any shares in the six months ended June 30, 2024. The amount and timing of 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 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 our 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, as well as cybersecurity incidents. While we do carry commercial general liability insurance, property insurance, terrorism insurance and cybersecurity insurance, 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 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, 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 consolidated 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 June 30, 2024, we believe we are in compliance with all of our covenants.

On March 29, 2024, the joint venture that owns 60 Wall Street, in which we have a 5.0% ownership interest, modified the existing \$575,000,000 mortgage loan and extended the maturity to May 2029. In connection with the modification, the joint venture committed to redevelop the property and fund the necessary costs to complete the project. On behalf of the joint venture, we have provided the lender with certain guarantees, including a completion guarantee. We have agreements with our joint venture partners that indemnify us for their share of guarantees we provided. In accordance with GAAP, we are required to record a liability equal to the fair value of the obligations undertaken in issuing the guarantees and record an asset equal to the fair value of the indemnification we have received. As of June 30, 2024, we have a \$8,680,000 asset and a \$8,849,000 liability, which are included as a component of “other assets” and “other liabilities”, respectively, on our consolidated balance sheets.

Transfer Tax Assessments

During 2017, the New York City Department of Finance (“NYCDOF”) 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 disagreed with the assessment and strongly contested the Notices. While we estimated that the range of loss from these Notices could be between \$0 and \$62,500,000, we concluded, after consultation with legal counsel, that it was not possible to predict any estimate within that range and as such we did not accrue any liability in our consolidated financial statements for potential losses that may arise relating to such Notices. In February 2024, the NYCDOF completed its assessment and concluded that no additional taxes were due.

Cash Flows

Cash and cash equivalents and restricted cash were \$472,100,000 and \$509,599,000 as of June 30, 2024 and December 31, 2023, respectively, and \$507,431,000 and \$449,817,000 as of June 30, 2023 and December 31, 2022, respectively. Cash and cash equivalents and restricted cash decreased by \$37,499,000 for the six months ended June 30, 2024, and increased by \$57,614,000 for the six months ended June 30, 2023. The following table sets forth the changes in cash flow.

(Amounts in thousands)	For the Six Months Ended June 30,	
	2024	2023
Net cash provided by (used in):		
Operating activities	\$ 136,855	\$ 138,056
Investing activities	(64,952)	(83,882)
Financing activities	(109,402)	3,440

Operating Activities

Six months ended June 30, 2024 – We generated \$136,855,000 of cash from operating activities for the six months ended June 30, 2024, primarily from (i) \$134,115,000 of net income (before \$120,244,000 of non-cash adjustments), (ii) \$320,000 of distributions from unconsolidated joint ventures and real estate related funds, and (iii) \$2,420,000 of net changes in operating assets and liabilities. Non-cash adjustments of \$120,244,000 were primarily comprised of depreciation and amortization, non-cash gain on extinguishment of a tax liability related to our initial public offering, loss from unconsolidated joint ventures, straight-lining of rental revenue, amortization of above and below-market leases, net and amortization of stock-based compensation.

Six months ended June 30, 2023 – We generated \$138,056,000 of cash from operating activities for the six months ended June 30, 2023, primarily from (i) \$138,252,000 of net income (before \$212,767,000 of non-cash adjustments) and (ii) \$280,000 of distributions from unconsolidated joint ventures and real estate related funds, partially offset by (iii) \$476,000 of net changes in operating assets and liabilities. Non-cash adjustments of \$212,767,000 were primarily comprised of depreciation and amortization, realized and unrealized losses on real estate related fund investments, loss from unconsolidated joint ventures, straight-lining of rental revenue, amortization of above and below-market leases, net and amortization of stock-based compensation.

Investing Activities

Six months ended June 30, 2024 – We used \$64,952,000 of cash for investing activities for the six months ended June 30, 2024, for (i) \$64,840,000 for additions to real estate, which were comprised of spending for tenant improvements and other building improvements and (ii) \$1,904,000 for contributions of capital to an unconsolidated joint venture, partially offset by (iii) \$1,792,000 for a distribution of capital from an unconsolidated joint venture.

Six months ended June 30, 2023 – We used \$83,882,000 of cash for investing activities for the six months ended June 30, 2023, primarily (i) \$44,310,000 for additions to real estate, which were comprised of spending for tenant improvements and other building improvements, (ii) \$40,715,000 for contributions to an unconsolidated joint venture, (iii) \$35,715,000 for advances to a partner in One Steuart Lane and (iv) \$2,077,000 for contributions of capital to Fund VIII, partially offset by (v) \$38,935,000 from repayment of advances by a partner in One Steuart Lane.

Financing Activities

Six months ended June 30, 2024 – We used \$109,402,000 of cash for financing activities for the six months ended June 30, 2024, primarily for (i) \$975,000,000 for repayment of notes and mortgages payable in connection with the modification and extension of the One Market Plaza mortgage loan and \$10,649,000 for payment of the related debt issuance costs, (ii) \$16,736,000 for dividends and distributions to common stockholders and unitholders, (iii) \$18,311,000 for distributions to noncontrolling interests in Fund X and RDF, (iv) \$1,637,000 for distributions to noncontrolling interests in 1633 Broadway, and (v) \$178,000 for the repurchase of shares related to stock compensation agreements and related tax withholdings, partially offset by (vi) \$850,000,000 of proceeds from notes and mortgages payable in connection with the modification and extension of the One Market Plaza mortgage loan, (vii) \$62,220,000 of contributions from noncontrolling interests in One Market Plaza and (viii) \$889,000 of contributions from noncontrolling interests in Fund X.

Six months ended June 30, 2023 – We generated \$3,440,000 of cash from financing activities for the six months ended June 30, 2023, primarily from (i) \$53,354,000 of contributions from noncontrolling interests in consolidated real estate related funds, partially offset by (ii) \$36,136,000 for payment of dividends and distributions to common stockholders and unitholders, (iii) \$5,463,000 for distributions to noncontrolling interests in 300 Mission Street and 1633 Broadway, (iv) \$6,263,000 for distributions to noncontrolling interests in Fund X, (v) \$1,847,000 for the settlement of accounts payable in connection with repurchases of common shares in 2022 and (vi) \$205,000 for the repurchase of shares related to stock compensation agreements and related tax withholdings.

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. In the first quarter of 2024, we updated our presentation of NOI, Cash NOI and Core FFO attributable to common stockholders to exclude the impact of Market Center and 111 Sutter Street, which we have designated as non-core assets. Accordingly, we have recast the presentation for all prior periods presented to reflect this change.

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 the property level. The following tables present reconciliations of our net income or loss to Paramount’s share of NOI and Cash NOI for the three and six months ended June 30, 2024 and 2023.

(Amounts in thousands)	For the Three Months Ended June 30, 2024			
	Total	New York	San Francisco	Other
Reconciliation of net (loss) income to NOI and Cash NOI:				
Net (loss) income	\$ (2,860)	\$ (4,941)	\$ 16,268	\$ (14,187)
<i>Adjustments to arrive at NOI:</i>				
Fee income	(4,304)	-	-	(4,304)
Depreciation and amortization	61,735	41,910	18,662	1,163
General and administrative	16,632	-	-	16,632
Loss from real estate related fund investments	27	-	-	27
Loss (income) from unconsolidated joint ventures	771	(56)	63	764
NOI from unconsolidated joint ventures ⁽¹⁾	5,625	3,480	2,063	82
Interest and other income, net	(3,893)	(1,031)	(295)	(2,567)
Interest and debt expense	40,004	26,526	12,719	759
Income tax expense	362	8	79	275
Other, net	438	-	-	438
Amounts attributable to noncontrolling interests in consolidated joint ventures	(23,901)	(2,500)	(21,401)	-
Paramount's share of NOI	\$ 90,636	\$ 63,396	\$ 28,158	\$ (918)
<i>Adjustments to arrive at Cash NOI:</i>				
Straight-line rent adjustments (including our share of unconsolidated joint ventures)	(1,116)	(4,266)	3,327	(177)
Amortization of above and below-market leases, net (including our share of unconsolidated joint ventures)	(1,949)	(893)	(1,056)	-
Amounts attributable to noncontrolling interests in consolidated joint ventures	(1,028)	(153)	(875)	-
Paramount's share of Cash NOI	\$ 86,543	\$ 58,084	\$ 29,554	\$ (1,095)

⁽¹⁾ Excludes NOI from One Stuart Lane, a for-sale residential condominium project, and non-core assets (Market Center and 111 Sutter Street).

(Amounts in thousands)	For the Three Months Ended June 30, 2023			
	Total	New York	San Francisco	Other
Reconciliation of net (loss) income to NOI and Cash NOI:				
Net (loss) income	\$ (82,829)	\$ (28,032)	\$ 653	\$ (55,450)
<i>Adjustments to arrive at NOI and Cash NOI:</i>				
Fee income	(4,976)	-	-	(4,976)
Depreciation and amortization	62,627	38,281	23,092	1,254
General and administrative	16,224	-	-	16,224
Income from real estate related fund investments	42,644	-	-	42,644
Loss from unconsolidated joint ventures	28,402	24,981	3,078	343
NOI from unconsolidated joint ventures ⁽¹⁾	5,503	3,404	2,039	60
Interest and other income, net	(2,967)	(519)	(210)	(2,238)
Interest and debt expense	36,879	23,436	12,684	759
Income tax expense (benefit)	573	5	(101)	669
Other, net	31	-	-	31
Amounts attributable to noncontrolling interests in consolidated joint ventures	(22,564)	(2,743)	(19,821)	-
Paramount's share of NOI	\$ 79,547	\$ 58,813	\$ 21,414	\$ (680)
<i>Adjustments to arrive at Cash NOI:</i>				
Straight-line rent adjustments (including our share of unconsolidated joint ventures)	7,342	5,110	2,494	(262)
Amortization of above and below-market leases, net (including our share of unconsolidated joint ventures)	(1,767)	(730)	(1,037)	-
Amounts attributable to noncontrolling interests in consolidated joint ventures	2,857	(137)	2,994	-
Paramount's share of Cash NOI	\$ 87,979	\$ 63,056	\$ 25,865	\$ (942)

⁽¹⁾ Excludes NOI from One Stuart Lane, a for-sale residential condominium project, and non-core assets (Market Center and 111 Sutter Street).

For the Six Months Ended June 30, 2024

(Amounts in thousands)

	<u>Total</u>	<u>New York</u>	<u>San Francisco</u>	<u>Other</u>
Reconciliation of net income (loss) to NOI and Cash NOI:				
Net income (loss)	\$ 13,871	\$ (6,219)	\$ 29,257	\$ (9,167)
<i>Adjustments to arrive at NOI:</i>				
Fee income	(10,552)	-	-	(10,552)
Depreciation and amortization	122,849	83,204	37,232	2,413
General and administrative	33,266	-	-	33,266
Loss from real estate related fund investments	70	-	-	70
Loss from unconsolidated joint ventures	2,117	1,630	365	122
NOI from unconsolidated joint ventures ⁽¹⁾	11,227	7,035	4,110	82
Interest and other income, net	(23,313)	(1,824)	(681)	(20,808)
Interest and debt expense	80,273	53,099	25,664	1,510
Income tax expense	709	16	84	609
Other, net	511	-	-	511
Amounts attributable to noncontrolling interests in consolidated joint ventures	(46,809)	(5,176)	(41,633)	-
Paramount's share of NOI	\$ 184,219	\$ 131,765	\$ 54,398	\$ (1,944)
<i>Adjustments to arrive at Cash NOI:</i>				
Straight-line rent adjustments (including our share of unconsolidated joint ventures)	(4,503)	(8,175)	3,743	(71)
Amortization of above and below-market leases, net (including our share of unconsolidated joint ventures)	(3,607)	(1,508)	(2,099)	-
Amounts attributable to noncontrolling interests in consolidated joint ventures	(589)	(265)	(324)	-
Paramount's share of Cash NOI	\$ 175,520	\$ 121,817	\$ 55,718	\$ (2,015)

⁽¹⁾ Excludes NOI from One Stuart Lane, a for-sale residential condominium project, and non-core assets (Market Center and 111 Sutter Street).

For the Six Months Ended June 30, 2023

(Amounts in thousands)

Reconciliation of net (loss) income to NOI and Cash NOI:

	Total	New York	San Francisco	Other
Net (loss) income	\$ (74,515)	\$ (22,194)	\$ 13,740	\$ (66,061)
<i>Adjustments to arrive at NOI and Cash NOI:</i>				
Fee income	(9,533)	-	-	(9,533)
Depreciation and amortization	121,515	77,448	41,574	2,493
General and administrative	30,847	-	-	30,847
Income from real estate related fund investments	39,094	-	-	39,094
Loss from unconsolidated joint ventures	34,164	25,001	6,372	2,791
NOI from unconsolidated joint ventures ⁽¹⁾	10,808	6,767	3,982	59
Interest and other income, net	(5,892)	(961)	(644)	(4,287)
Interest and debt expense	73,338	46,558	25,266	1,514
Income tax expense (benefit)	861	5	(78)	934
Other, net	337	-	-	337
Amounts attributable to noncontrolling interests in consolidated joint ventures	(45,276)	(5,366)	(39,910)	-
Paramount's share of NOI	\$ 175,748	\$ 127,258	\$ 50,302	\$ (1,812)
<i>Adjustments to arrive at Cash NOI:</i>				
Straight-line rent adjustments (including our share of unconsolidated joint ventures)	(562)	2,086	(2,708)	60
Amortization of above and below-market leases, net (including our share of unconsolidated joint ventures)	(3,131)	(1,050)	(2,081)	-
Amounts attributable to noncontrolling interests in consolidated joint ventures	5,724	(292)	6,016	-
Paramount's share of Cash NOI	\$ 177,779	\$ 128,002	\$ 51,529	\$ (1,752)

⁽¹⁾ Excludes NOI from One Stuart Lane, a for-sale residential condominium project, and non-core assets (Market Center and 111 Sutter Street).

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 six months ended June 30, 2024 and 2023. 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 represent 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 June 30, 2024			
	Total	New York	San Francisco	Other
Paramount's share of NOI for the three months ended June 30, 2024 ⁽¹⁾	\$ 90,636	\$ 63,396	\$ 28,158	\$ (918)
<i>Non-same store adjustments:</i>				
Lease termination income	(1,029)	(1,029)	-	-
Other, net	1,299	372	9	918
Paramount's share of Same Store NOI for the three months ended June 30, 2024	\$ 90,906	\$ 62,739	\$ 28,167	\$ -
(Amounts in thousands)	For the Three Months Ended June 30, 2023			
	Total	New York	San Francisco	Other
Paramount's share of NOI for the three months ended June 30, 2023 ⁽¹⁾	\$ 79,547	\$ 58,813	\$ 21,414	\$ (680)
<i>Non-same store adjustments:</i>				
Lease termination income	(2,055)	(2,055)	-	-
Non-cash write-offs of straight-line receivables	13,906	6,563 ⁽²⁾	7,343 ⁽²⁾	-
Other, net	686	6	-	680
Paramount's share of Same Store NOI for the three months ended June 30, 2023	\$ 92,084	\$ 63,327	\$ 28,757	\$ -
% Decrease	(1.3%)	(0.9%)	(2.1%)	

⁽¹⁾ See page 48 “Non-GAAP Financial Measures – NOP” for a reconciliation to net income or loss in accordance with GAAP and the reasons why we believe these non-GAAP measures are useful.

⁽²⁾ Represents write-offs related to the terminated SVB Securities lease at 1301 Avenue of the Americas in our New York portfolio and the surrendered JPMorgan Chase space at One Front Street in our San Francisco portfolio.

(Amounts in thousands)	For the Three Months Ended June 30, 2024			
	Total	New York	San Francisco	Other
Paramount's share of Cash NOI for the three months ended June 30, 2024 ⁽¹⁾	\$ 86,543	\$ 58,084	\$ 29,554	\$ (1,095)
<i>Non-same store adjustments:</i>				
Lease termination income	(1,029)	(1,029)	-	-
Other, net	1,476	372	9	1,095
Paramount's share of Same Store Cash NOI for the three months ended June 30, 2024	\$ 86,990	\$ 57,427	\$ 29,563	\$ -

(Amounts in thousands)	For the Three Months Ended June 30, 2023			
	Total	New York	San Francisco	Other
Paramount's share of Cash NOI for the three months ended June 30, 2023 ⁽¹⁾	\$ 87,979	\$ 63,056	\$ 25,865	\$ (942)
<i>Non-same store adjustments:</i>				
Lease termination income	(2,055)	(2,055)	-	-
Other, net	948	6	-	942
Paramount's share of Same Store Cash NOI for the three months ended June 30, 2023	\$ 86,872	\$ 61,007	\$ 25,865	\$ -

% Increase (decrease)	0.1%	(5.9%)	14.3%	
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⁽¹⁾ See page 48 “Non-GAAP Financial Measures – NOP” for a reconciliation to net income or loss in accordance with GAAP and the reasons why we believe these non-GAAP measures are useful.

(Amounts in thousands)	For the Six Months Ended June 30, 2024			
	Total	New York	San Francisco	Other
Paramount's share of NOI for the six months ended June 30, 2024 ⁽¹⁾	\$ 184,219	\$ 131,765	\$ 54,398	\$ (1,944)
<i>Non-same store adjustments:</i>				
Lease termination income	(1,973)	(1,973)	-	-
Other, net	2,603	650	9	1,944
Paramount's share of Same Store NOI for the six months ended June 30, 2024	\$ 184,849	\$ 130,442	\$ 54,407	\$ -

(Amounts in thousands)	For the Six Months Ended June 30, 2023			
	Total	New York	San Francisco	Other
Paramount's share of NOI for the six months ended June 30, 2023 ⁽¹⁾	\$ 175,748	\$ 127,258	\$ 50,302	\$ (1,812)
<i>Non-same store adjustments:</i>				
Lease termination income	(2,055)	(2,055)	-	-
Non-cash write-offs of straight-line rent receivables	13,906	6,563 ⁽²⁾	7,343 ⁽²⁾	-
Other, net	1,823	11	-	1,812
Paramount's share of Same Store NOI for the six months ended June 30, 2023	\$ 189,422	\$ 131,777	\$ 57,645	\$ -

% Decrease	(2.4%)	(1.0%)	(5.6%)	
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⁽¹⁾ See page 48 “Non-GAAP Financial Measures – NOP” for a reconciliation to net income or loss in accordance with GAAP and the reasons why we believe these non-GAAP measures are useful.

⁽²⁾ Represents write-offs related to the terminated SVB Securities lease at 1301 Avenue of the Americas in our New York portfolio and the surrendered JPMorgan Chase space at One Front Street in our San Francisco portfolio.

(Amounts in thousands)	For the Six Months Ended June 30, 2024			
	Total	New York	San Francisco	Other
Paramount's share of Cash NOI for the six months ended June 30, 2024 ⁽¹⁾	\$ 175,520	\$ 121,817	\$ 55,718	\$ (2,015)
<i>Non-same store adjustments:</i>				
Lease termination income	(1,973)	(1,973)	-	-
Other, net	2,674	650	9	2,015
Paramount's share of Same Store Cash NOI for the six months ended June 30, 2024	\$ 176,221	\$ 120,494	\$ 55,727	\$ -

(Amounts in thousands)	For the Six Months Ended June 30, 2023			
	Total	New York	San Francisco	Other
Paramount's share of Cash NOI for the six months ended June 30, 2023 ⁽¹⁾	\$ 177,779	\$ 128,002	\$ 51,529	\$ (1,752)
<i>Non-same store adjustments:</i>				
Lease termination income	(2,055)	(2,055)	-	-
Other, net	1,763	11	-	1,752
Paramount's share of Same Store Cash NOI for the six months ended June 30, 2023	\$ 177,487	\$ 125,958	\$ 51,529	\$ -

% (Decrease) increase	(0.7%)	(4.3%)	8.1%	
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⁽¹⁾ See page 48 “Non-GAAP Financial Measures – NOP” for a reconciliation to net income or loss in accordance with GAAP and the reasons why we believe these non-GAAP measures are useful.

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 related fund investments, unrealized gains or losses on interest rate swaps, severance costs, gains or losses on early extinguishment of debt and other non-core adjustments, 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 or loss to FFO and Core FFO for the periods set forth below.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Reconciliation of net (loss) income to FFO and Core FFO:				
Net (loss) income	\$ (2,860)	\$ (82,829)	\$ 13,871	\$ (74,515)
Real estate depreciation and amortization (including our share of unconsolidated joint ventures)	65,035	72,096	129,459	140,527
Our share of a non-cash real estate impairment loss related to an unconsolidated joint venture	-	24,734	-	24,734
Amounts attributable to noncontrolling interests in consolidated joint ventures and real estate related funds	(15,585)	22,406	(31,470)	6,401
FFO attributable to the Operating Partnership	46,590	36,407	111,860	97,147
Amounts attributable to noncontrolling interests in the Operating Partnership	(3,935)	(2,390)	(9,384)	(6,351)
FFO attributable to common stockholders	\$ 42,655	\$ 34,017	\$ 102,476	\$ 90,796
Per diluted share	\$ 0.20	\$ 0.16	\$ 0.47	\$ 0.42
FFO attributable to the Operating Partnership	\$ 46,590	\$ 36,407	\$ 111,860	\$ 97,147
<i>Adjustments for non-core items:</i>				
Non-cash gain on extinguishment of IPO related tax liability	-	-	(15,437)	-
Non-core assets ⁽¹⁾	-	(1,660)	-	(3,276)
Our share of realized and unrealized gains and losses from consolidated and unconsolidated real estate related funds	(692)	5,618	28	3,756
Other, net (primarily adjustments related to unconsolidated joint ventures)	1,537	(642)	3,288	573
Core FFO attributable to the Operating Partnership	47,435	39,723	99,739	98,200
Amounts attributable to noncontrolling interests in the Operating Partnership	(4,007)	(2,608)	(8,373)	(6,422)
Core FFO attributable to common stockholders	\$ 43,428	\$ 37,115	\$ 91,366	\$ 91,778
Per diluted share	\$ 0.20	\$ 0.17	\$ 0.42	\$ 0.42
Reconciliation of weighted average shares outstanding:				
Weighted average shares outstanding	217,204,870	217,003,931	217,155,278	216,784,737
Effect of dilutive securities	27,125	11,089	53,699	31,669
Denominator for FFO and Core FFO per diluted share	217,231,995	217,015,020	217,208,977	216,816,406

⁽¹⁾ Represents Market Center and 111 Sutter Street.

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 June 30, 2024.

Property	Rate	2024	2025	2026	2027	2028	Thereafter	Total	Fair Value
(Amounts in thousands)									
Fixed Rate Debt:									
31 West 52nd Street	3.80%	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000	\$ 468,592
1301 Avenue of the Americas ⁽¹⁾	2.49%	-	-	500,000	-	-	-	500,000	502,501
300 Mission Street	4.50%	-	-	232,050	-	-	-	232,050	218,467
One Market Plaza	4.08%	-	-	-	850,000	-	-	850,000	807,621
1633 Broadway	2.99%	-	-	-	-	-	1,250,000	1,250,000	999,602
Total Fixed Rate Debt	3.42%	\$ -	\$ -	\$ 1,232,050	\$ 850,000	\$ -	\$ 1,250,000	\$ 3,332,050	\$ 2,996,783
Variable Rate Debt:									
1301 Avenue of the Americas ⁽²⁾	8.18%	\$ -	\$ -	\$ 360,000	\$ -	\$ -	\$ -	\$ 360,000	\$ 361,801
Revolving Credit Facility	n/a	-	-	-	-	-	-	-	-
Total Variable Rate Debt	8.18%	\$ -	\$ -	\$ 360,000	\$ -	\$ -	\$ -	\$ 360,000	\$ 361,801
Total Consolidated Debt	3.88%	\$ -	\$ -	\$ 1,592,050	\$ 850,000	\$ -	\$ 1,250,000	\$ 3,692,050	\$ 3,358,584

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

⁽²⁾ Represents variable rate loans, where SOFR has been capped at 4.50% through August 2024. See table below.

In addition to the above, our unconsolidated joint ventures had \$1.76 billion of outstanding indebtedness as of June 30, 2024, of which our share was \$632,030,000.

The tables below provide additional details on our interest rate swaps and interest rate caps as of June 30, 2024.

Property	Notional Amount	Effective Date	Maturity Date	Benchmark Rate	Strike Rate	Fair Value as of	
						June 30, 2024	December 31, 2023
(Amounts in thousands)							
1301 Avenue of the Americas	\$ 500,000	Jul-2021	Aug-2024	SOFR	0.49%	\$ 2,533	\$ 13,726
Total interest rate swap assets designated as cash flow hedges (included in "other assets")						\$ 2,533	\$ 13,726

Property	Notional Amount	Effective Date	Maturity Date	Benchmark Rate	Strike Rate	Fair Value as of	
						June 30, 2024	December 31, 2023
(Amounts in thousands)							
1301 Avenue of the Americas	\$ 360,000	Aug-2023	Aug-2024	SOFR	4.50%	\$ 306	\$ 1,263
Total interest rate cap assets designated as cash flow hedges (included in "other assets")						\$ 306	\$ 1,263

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 June 30, 2024			As of December 31, 2023	
	Balance	Weighted Average Interest Rate	Effect of 1% Increase in Base Rates	Balance	Weighted Average Interest Rate
Paramount's share of consolidated debt:					
Variable rate	\$ 360,000	8.18%	\$ 3,600	\$ 360,000	8.18%
Fixed rate ⁽¹⁾	2,613,680	3.26%	-	2,674,930	3.27%
	<u>\$2,973,680</u>	<u>3.86%</u>	<u>\$ 3,600</u>	<u>\$3,034,930</u>	<u>3.86%</u>
Paramount's share of debt of non-consolidated entities (non-recourse):					
Variable rate	\$ 107,595	7.46%	\$ 1,076	\$ 117,913	7.51%
Fixed rate	524,435	3.54%	-	511,025	3.32%
	<u>\$ 632,030</u>	<u>4.21%</u>	<u>\$ 1,076</u>	<u>\$ 628,938</u>	<u>4.11%</u>
Noncontrolling interests' share of above			\$ (395)		
Total change in annual net income			<u>\$ 4,281</u>		
Per diluted share			<u>\$ 0.02</u>		

⁽¹⁾ Our fixed rate debt includes floating rate debt that has been swapped to fixed. See page 56.

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 June 30, 2024, 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 June 30, 2024, 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 updated below or 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, 2023.

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

Recent Sales of Unregistered Securities

None.

Recent Purchases of Equity Securities

We currently have \$15,000,000 of capacity under our \$200,000,000 stock repurchase program which was approved by our board of directors in November 2019. We did not repurchase any shares under the stock repurchase program in the three and six months ended June 30, 2024. The amount and timing of 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.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Arrangement

During the three months ended June 30, 2024, none of our directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

ITEM 6. EXHIBITS

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

EXHIBIT INDEX

Exhibit Number	Exhibit Description
10.1	<u>2024 Equity Incentive Plan, incorporated by reference to Exhibit 99.1 to the Registrant's Form S-8 filed with the SEC on May 17, 2024.</u>
31.1*	<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>
31.2*	<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>
32.1**	<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>
32.2**	<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>
101*	The following materials from the Paramount Group, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 formatted in Inline XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Equity, (v) the Consolidated Statements of Cash Flows, and (vi) the related Notes to Consolidated Financial Statements. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
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: July 31, 2024	By: <u>/s/ Wilbur Paes</u>	Chief Operating Officer, Chief Financial Officer and Treasurer
	Wilbur Paes	(duly authorized officer and principal financial officer)

Date: July 31, 2024	By: <u>/s/ Ermelinda Berberi</u>	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.

July 31, 2024

/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.

July 31, 2024

/s/ Wilbur Paes

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 June 30, 2024 (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.

July 31, 2024

/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 June 30, 2024 (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.

July 31, 2024

/s/ Wilbur Paes

Name: Wilbur Paes
Title: Chief Operating Officer, Chief Financial Officer and Treasurer