

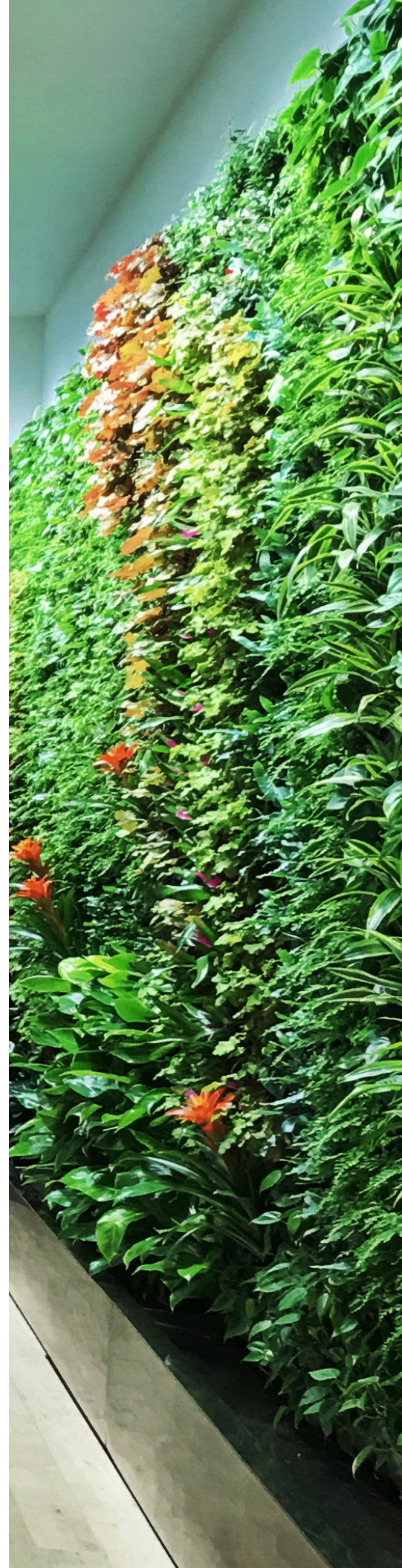


Sustainability Report 2018

Environmentally Conscious - Socially Responsible.

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Albert P. Behler
Chairman, Chief Executive Officer & President

**Paramount sets
the standard
for excellence
in corporate
sustainability**

Letter from the Chairman, CEO & President

In 2018, Paramount released their seventh consecutive GRESB report. GRESB is the global real estate industry's most rigorous standard for building sustainability performance, and in 2018 Paramount scored above the GRESB average.

Paramount is leading the way in sustainability, with our entire 12.7 MM SF of buildings LEED certified, and we have received multiple Energy Star awards.

From 2015 to 2018, Paramount buildings reduced energy consumption by 3.2% through retro-commissioning every building. Since 2017, we have been able to reduce water consumption by 4.6% and encouraged waste diversion at every building.

Paramount has been a long-time partner with Energy Star and has achieved very high results. The average Energy Star across our portfolio is 85.

We are focused on building upgrades, re-certifying buildings, and pursuing wellness at all properties. Since 2012 we have spent \$40.3 MM to increase the efficiency of our buildings, with an additional \$52.3 MM budgeted.

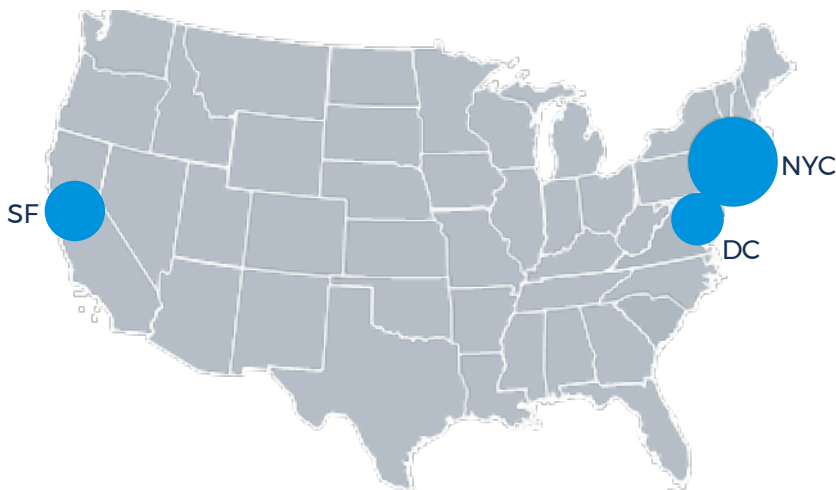
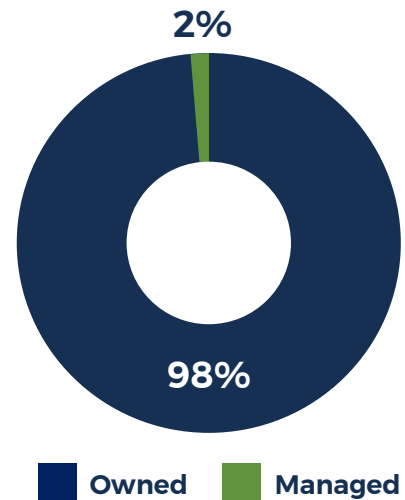
Consistent with our goal of leading the way in sustainability and efficiency, our goal by 2025 is to reduce energy usage and emissions by 35%, water usage by 10%, and increase our waste diversion to 50%.

Albert P. Behler

COMPANY PROFILE & CORPORATE OVERVIEW

Paramount is a best-in-class owner and operator of high-quality, Class A office properties in New York, San Francisco & Washington, DC

- Owns and manages 14 Class A office properties aggregating 12.7 MM SF
- A vertically integrated operating platform with 40 year history, of which 20+ years have been focused on supply constrained submarkets in Gateway Cities
- Total revenue in 2018 of \$759 MM



PARAMOUNT'S MISSION

**Our commitment is to be an industry leader
in social and environmental responsibility**

Paramount is focused on building upgrades, recertifying buildings, and pursuing wellness at all properties.

Paramount's LEED efforts reduced energy consumption by 3.2% (10,750 MWh) from 2015 to 2018. That is equivalent to the energy needed to power 882 homes. Each building underwent retro-commissioning during the LEED process to increase energy efficiency.

From 2015 to 2018,
Paramount reduced
water consumption by
4.6% (16,847 m³) - the
equivalent to 8 Olympic
swimming pools.

Energy Consumption:



- **Target: 35% reduction by 2025**
(from a 2015 baseline)

- **Progress: 3.2% through 2018**

Emission Reduction:



- **Target: 35% reduction by 2025**
(from a 2015 baseline)

- **Progress: 4.3% through 2018**

Water Consumption:



- **Target: 10% reduction by 2025**
(from a 2016 baseline)

- **Progress: 4.6% through 2018**

Waste Diversion:



- **Target: Increase to 50% by 2025**

- **Progress: Current diversion is 40%**

Fitwel:



- **Target: 4 buildings certified in 2019**

- **Progress: Applied for 4 buildings in 2018**

PERFORMANCE HIGHLIGHTS



100%

LEED Certified
Buildings

9.8 MM SF

77% of Portfolio LEED
Gold Certified

11

LEED Gold
Buildings

100%

San Francisco
Buildings LEED
Platinum

2.9 MM SF

23% of Portfolio LEED
Platinum Certified

3

LEED
Platinum
Buildings



85

Average
Energy Star
Rating

100% Of Portfolio LED Retrofitted

3.2% Decline in Energy Use
From 2017



82

Average
Score

4.3% YoY Improvement
from 2017

86% Top Quartile



96

Average Walk Score for 4
Buildings Fitwel Rated

SUSTAINABILITY STRATEGY

Paramount is focused on tenant education and targeted capital investments to maximize efficiencies across the portfolio.

Asset Evaluation

- Review existing building performance and perform ASHRAE Energy Audits
- Participate in industry roundtable events
- Research and review new technologies
- Attend ESG seminars
- Implement ESG best practices

Action Planning

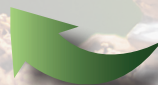
- Set goals and objectives for each asset
- Set budget parameters
- Develop project specification and plans
- Develop final implementation plan

Validation

- Commission new projects
- Monitoring progress through benchmarking
- Set periodic sustainability meetings

Implementation

- Implement ESG project plan for each asset
- Enroll in local incentive programs
- Set periodic project meeting to track progress
- Complete selected projects on time and within budget



POLICIES

We are focused on protecting the health of the environment and its occupants through various policies

Green Cleaning Policy

Conserve resources and limit exposure of occupants to potentially harmful contaminants that may be in cleaning products.

Sustainable Purchasing Policy

Conserve resources and reduce indoor air contaminants (such as mercury from lamps).

Solid Waste Management Policy

Prioritize recycling and diversion of waste from landfill, protecting the environment and public health, conserving natural resources and reducing toxicity.

Integrated Pest Management Policy

Minimize the impacts of pest management on the environment and reduce exposure of occupants to potentially harmful contaminants that may be in pesticides.

Building Exterior and Hardscape Management Plan

Reduce waste, noise pollution, water and land pollution from runoff, reduce air pollution and protect health from a variety of exterior practices.

Landscape, Erosion and Pest Management Plan

Preserve ecological integrity, enhance natural diversity, and protect wildlife.

High Performance Fixtures and Fittings Policy

Conserve water through reduced water use in fixtures and fittings.



Paramount Stakeholders

Employees
Tenants
Community

STAKEHOLDER ENGAGEMENT

Paramount is committed to helping tenants shape their communities

Paramount provides tenant education on energy analysis and reduction. This includes water consumption, engagement meetings, a sustainability guide and training, and also events focused on increasing sustainability awareness.

Most importantly, tenants can learn how they can participate and contribute to a sustainable lifestyle. Tenants are given information on water and electricity conservation, recycling, sustainable purchasing and alternative commuting, all of which make an impact on their building, the community, and the planet.

Each year Paramount and SIG hold Earth Week presentations for Paramount properties, in which tenants learn about the LEED program, and how their building is embracing the LEED standard. The presentations also give an update on how the building is currently performing, and how the property management team is maintaining green building practices on site.

Paramount has sustainability-specific requirements for procurement. Contractors, property, asset managers and suppliers must uphold environmental product standards, occupational safety, and ESG-specific requirements for sub-contractors. Internal property and asset managers monitor these sustainability requirements through sustainability training, self-assessments and regular meetings and checks.

Paramount also has a community engagement program to address community concerns, community health and well-being, and to support charities and community groups. We hold multiple events each quarter that promote engagement within the community and the tenants within the building.

In 2018 our buildings hosted the following events across the portfolio:

- Collected 4,146 pounds of e-waste.
- Donated 366 pairs of shoes to Wearable Collections, which keeps slightly worn shoes out of landfills.
- Collected 59 pounds of batteries to recycle.
- Collected 150 pounds of canned and boxed food for City Harvest.
- Hosted the first NARS cosmetics sale wherein all of the proceeds were donated to the Leukemia & Lymphoma Society.
- Blood drives





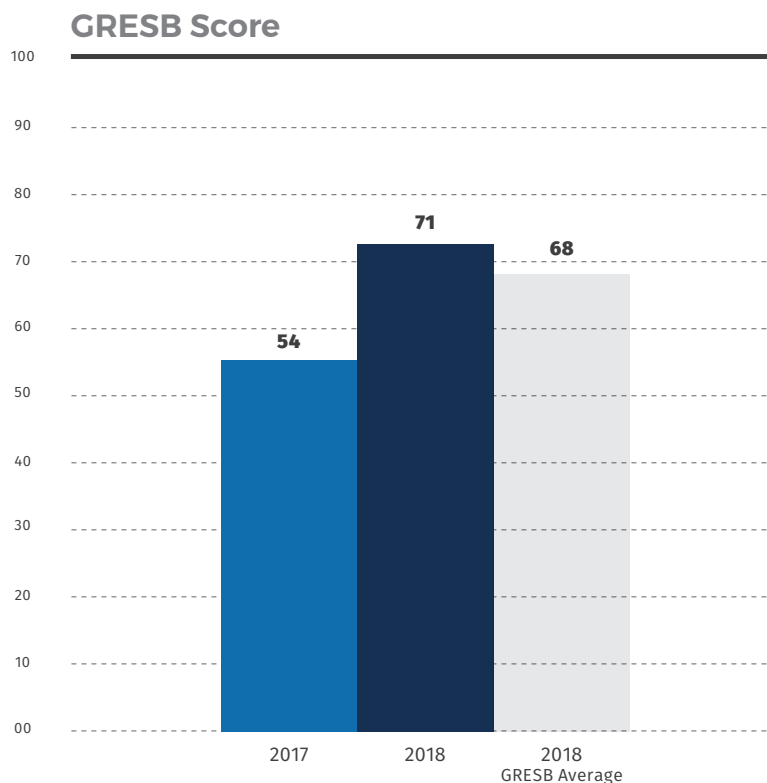
SOCIAL & GOVERNANCE

Every year, Paramount completes a GRESB report

GRESB is an investor-driven organization that assesses the environmental, social and governance performance of real assets around the world.

GRESB provides institutional investors with information and tools needed to monitor and manage the sustainability risks of real estate and infrastructure investments. From 2017 to 2018, Paramount's GRESB score increased 17 points, which earned Paramount another Green Star.

Unlike the GRESB rating, which is a relative rating, the GRESB Green Star is a rating on absolute performance. Entities with scores higher than 50 on both the Implementation and Measurement and the Management and Policy dimensions are rated a "Green Star" and can communicate their position as such. In 2018, Paramount earned three and a half, out of five Green Stars and earned a GRESB score of 71 out of 100, surpassing the GRESB Average of 68.



+17 Points

Paramount's GRESB score rose 17 points in 2018, earning a GRESB score of 71 out of 100.

**GRESB Target
for 2019
13% Increase**



LEED HIGHLIGHTS

Platinum is the industry's highest standard for an environmentally sustainable building

The steps we have taken to upgrade the quality of our portfolio have resulted in **100% of Paramount's properties being LEED Platinum or LEED Gold certified.**

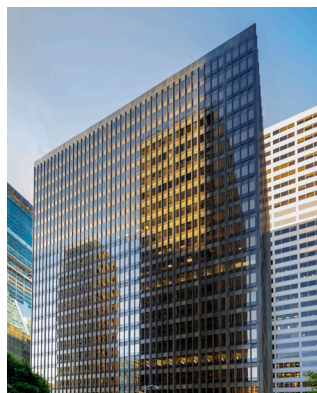
2018 was highlighted by One Front Street and 50 Beale Street receiving the coveted LEED Platinum certification, the highest rating awarded by the U.S. Green Building Council.

With this achievement Paramount's entire San Francisco portfolio aggregating 2.9 MM SF is now LEED Platinum certified, reflecting our commitment to being an industry-leader in social and environmental responsibility.

The criteria for achieving LEED Platinum certification is both intensive and comprehensive. Properties pursuing LEED Platinum qualification must earn 80+ cumulative points across nine categories: Location & Transportation, Sustainable Sites, Water Efficiency, Energy & Atmosphere, Material & Resources, Indoor Environmental Quality, Innovation, Regional Priority and Integrative Process.



One Market Plaza, SF
1,583,336 sq.ft.



50 Beale Street, SF
666,495 sq.ft.



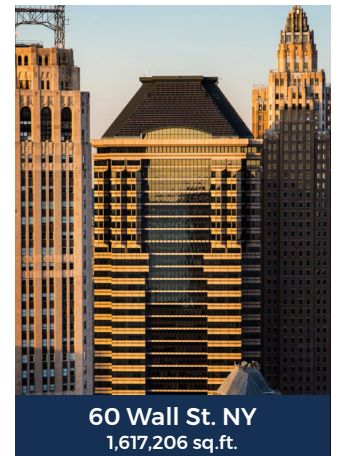
One Front Street, SF
646,538 sq.ft.



Eleven LEED Gold Certified Buildings



NEW YORK



WASHINGTON, DC





EPA and DOE created a program for energy efficiency that was established to reduce greenhouse gas emissions.

ENERGY STAR for buildings is a U.S. Environmental Protection Agency (EPA) voluntary program that certifies the most energy efficient buildings across the country.

In order to earn Energy Star certifications, a building results must be verified by a licensed professional to ensure that the building is fully functional in

accordance with industry standards and in the top 25% for overall energy performance. All of our buildings have been active in the Energy Star program for many years and have a current Energy Star certification.

Property Name*	Region	Energy Star Score
1. 1633 Broadway	New York	80
2. 1301 Avenue of the Americas	New York	77
3. 1325 Avenue of the Americas	New York	89
4. 31 West 52nd Street	New York	88
5. 900 Third Avenue	New York	86
6. 712 Fifth Avenue	New York	87
7. 745 Fifth Avenue	New York	77
8. One Market Plaza	San Francisco	90
9. 50 Beale Street	San Francisco	98
10. One Front Street	San Francisco	97
11. Commercial National Bank Building	Washington D.C.	75
12. 1899 Pennsylvania Avenue	Washington D.C.	75
13. Liberty Place	Washington D.C.	83

* Excludes 60 Wall St. as we did not obtain Energy Star data from triple net occupant.



Paramount is at the leading edge of Arc - an online platform used to track building performance and is specifically used to earn a LEED for Existing Buildings (LEED EB) certification through the LEED Performance Path (LPP).

Compared to traditional LEED EB certification, LPP is a more streamlined path for certification, but requires annual updates. Additionally, in LPP the credits are based directly on how buildings perform in energy, water, waste, transportation and human experience.








One Market Plaza, SF

Scored 30 out of 33 in the energy category
Scored 12 out of 15 in the water category



1325 AoA, NY

Scored 29 out of 33 in the energy category
Scored 12 out of 15 in the water category

Property Name		 Energy	 Water	 Waste	 Transportation	 Human Experience	Overall Score 2018*	Overall Score 2017*
1.	1633 Broadway	22	7	6	13	13	71	69
2.	1301 Avenue of the Americas	21	8	5	12	17	73	71
3.	1325 Avenue of the Americas	29	12	6	13	13	83	82
5.	31 West 52nd Street	28	10	5	12	19	84	81
6.	900 Third Avenue	25	9	5	12	15	76	74
7.	712 Fifth Avenue	26	8	6	12	12	74	71
7.	745 Fifth Avenue	27	8	6	13	15	79	79
8.	Commercial National Bank Building	24	7	2	12	18	73	66
9.	1899 Pennsylvania Avenue	25	5	3	12	17	72	65
10.	Liberty Place	20	2	3	12	17	64	63

* INCLUDES 10 BASIS POINTS FOR ALL PROPERTIES CARRIED OVER FROM THE ORIGINAL FILING



Four Paramount properties are pursuing Fitwel certifications

Fitwel guides businesses on how to operate healthier buildings. It is a building rating system that was launched for public use in 2017 and is designed for commercial interiors, multi-tenant and single-tenant buildings.

All three San Francisco buildings are within one mile of Ferry Plaza Farmer's Market, and 31 West 52nd Street, NY participates in the Citibike program.

**Target for 2019
4 Buildings
Certified**

Walk Score

93



One Market Plaza, SF

Walk Score

95



50 Beale Street, SF

Walk Score

98



One Front Street, SF

Walk Score

99



31 West 52nd Street, NY

Walk Score

Analyzes different walking routes to nearby amenities & measures the walk-ability of any address to all four of Paramount's buildings pursuing Fitwel. Amenities with closer distances are awarded higher scores.



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