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

FORM 10-Q

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

For the quarterly period ended September 30, 2020

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: 001-34789 (Hudson Pacific Properties, Inc.)
Commission File Number: 333-202799-01 (Hudson Pacific Properties, L.P.)

Hudson Pacific Properties, Inc.
Hudson Pacific Properties, L.P.

(Exact name of registrant as specified in its charter)

Hudson Pacific Properties, Inc.

Maryland

(State or other jurisdiction of incorporation or organization)

27-1430478

(I.R.S. Employer Identification Number)

Hudson Pacific Properties, L.P.

Maryland

(State or other jurisdiction of incorporation or organization)

80-0579682

(I.R.S. Employer Identification Number)

11601 Wilshire Blvd., Ninth Floor
Los Angeles, California 90025

(Address of principal executive offices) (Zip Code)

(310) 445-5700

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

Registrant	Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Hudson Pacific Properties, Inc.	Common Stock, \$0.01 par value	HPP	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.

Hudson Pacific Properties, Inc. Yes ☒ No ☐

Hudson Pacific Properties, L.P. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Hudson Pacific Properties, Inc. Yes ☒ No ☐

Hudson Pacific Properties, L.P. 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.

Hudson Pacific Properties, Inc.

Large accelerated filer ☒

Non-accelerated filer ☐

Accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

Hudson Pacific Properties, L.P.

Large accelerated filer ☐

Non-accelerated filer ☒

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.

Hudson Pacific Properties, Inc. ☐

Hudson Pacific Properties, L.P. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Hudson Pacific Properties, Inc. Yes ☐ No ☒

Hudson Pacific Properties, L.P. Yes ☐ No ☒

The number of shares of common stock of Hudson Pacific Properties, Inc. outstanding at November 2, 2020 was 152,144,950.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended September 30, 2020 of Hudson Pacific Properties, Inc., a Maryland corporation, and Hudson Pacific Properties, L.P., a Maryland limited partnership. Unless otherwise indicated or unless the context requires otherwise, all references in this report to “we,” “us,” “our,” or “our Company” refer to Hudson Pacific Properties, Inc. together with its consolidated subsidiaries, including Hudson Pacific Properties, L.P. Unless otherwise indicated or unless the context requires otherwise, all references to “our operating partnership” or “the operating partnership” refer to Hudson Pacific Properties, L.P. together with its consolidated subsidiaries.

Hudson Pacific Properties, Inc. is a real estate investment trust, or REIT, and the sole general partner of our operating partnership. As of September 30, 2020, Hudson Pacific Properties, Inc. owned approximately 99.0% of the ownership interest in our operating partnership (including unvested restricted units). The remaining approximately 1.0% interest was owned by certain of our executive officers, directors and outside investors, including unvested operating partnership performance units. As the sole general partner of our operating partnership, Hudson Pacific Properties, Inc. has the full, exclusive and complete responsibility for our operating partnership’s day-to-day management and control.

We believe combining the quarterly reports on Form 10-Q of Hudson Pacific Properties, Inc. and the operating partnership into this single report results in the following benefits:

- enhancing investors’ understanding of our Company and our operating partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminating duplicative disclosure and providing a more streamlined and readable presentation because a substantial portion of the disclosures apply to both our Company and our operating partnership; and
- creating time and cost efficiencies through the preparation of one combined report instead of two separate reports.

There are a few differences between our Company and our operating partnership, which are reflected in the disclosures in this report. We believe it is important to understand the differences between our Company and our operating partnership in the context of how we operate as an interrelated, consolidated company. Hudson Pacific Properties, Inc. is a REIT, the only material assets of which are the units of partnership interest in our operating partnership. As a result, Hudson Pacific Properties, Inc. does not conduct business itself, other than acting as the sole general partner of our operating partnership, issuing equity from time to time and guaranteeing certain debt of our operating partnership. Hudson Pacific Properties, Inc. itself does not issue any indebtedness but guarantees some of the debt of our operating partnership. Our operating partnership, which is structured as a partnership with no publicly traded equity, holds substantially all of the assets of our Company and conducts substantially all of our business. Except for net proceeds from equity issuances by Hudson Pacific Properties, Inc., which are generally contributed to our operating partnership in exchange for units of partnership interest in our operating partnership, our operating partnership generates the capital required by our Company’s business through its operations, its incurrence of indebtedness or through the issuance of units of partnership interest in our operating partnership.

Non-controlling interest, stockholders’ equity and partners’ capital are the main areas of difference between the consolidated financial statements of our Company and those of our operating partnership. The common units in our operating partnership are accounted for as partners’ capital in our operating partnership’s consolidated financial statements and, to the extent not held by our Company, as a non-controlling interest in our Company’s consolidated financial statements. The differences between stockholders’ equity, partners’ capital and non-controlling interest result from the differences in the equity issued by our Company and our operating partnership.

To help investors understand the significant differences between our Company and our operating partnership, this report presents the consolidated financial statements and Note 15—Earnings Per Share separately for our Company and our operating partnership. All other sections of this report, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” are presented together for our Company and our operating partnership.

In order to establish that the Chief Executive Officer and the Chief Financial Officer of each entity have made the requisite certifications and that our Company and our operating partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934, or the Exchange Act and 18 U.S.C. §1350, this report also includes separate Part I, Item 4 “Controls and Procedures” sections and separate Exhibit 31 and 32 certifications for each of Hudson Pacific Properties, Inc. and our operating partnership.

HUDSON PACIFIC PROPERTIES, INC. AND HUDSON PACIFIC PROPERTIES, L.P.
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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS OF HUDSON PACIFIC PROPERTIES, INC.

CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	September 30, 2020 (unaudited)	December 31, 2019
ASSETS		
Investment in real estate, at cost	\$ 7,534,773	\$ 7,269,128
Accumulated depreciation and amortization	(1,040,907)	(898,279)
Investment in real estate, net	6,493,866	6,370,849
Cash and cash equivalents	365,294	46,224
Restricted cash	38,979	12,034
Accounts receivable, net	14,136	13,007
Straight-line rent receivables, net	226,510	195,328
Deferred leasing costs and lease intangible assets, net	255,907	285,448
U.S. Government securities	136,649	140,749
Operating lease right-of-use asset	266,059	269,029
Prepaid expenses and other assets, net	80,727	68,974
Investment in unconsolidated real estate entity	63,874	64,926
TOTAL ASSETS	\$ 7,942,001	\$ 7,466,568
LIABILITIES AND EQUITY		
Liabilities		
Unsecured and secured debt, net	\$ 3,055,197	\$ 2,817,910
In-substance defeased debt	132,560	135,030
Joint venture partner debt	66,136	66,136
Accounts payable, accrued liabilities and other	282,766	212,673
Operating lease liability	270,827	272,701
Lease intangible liabilities, net	23,525	31,493
Security deposits and prepaid rent	75,987	86,188
Total liabilities	3,906,998	3,622,131
Redeemable preferred units of the operating partnership	9,815	9,815
Redeemable non-controlling interest in consolidated real estate entities	126,896	125,260
Equity		
Hudson Pacific Properties, Inc. stockholders' equity		
Common stock, \$0.01 par value, 490,000,000 authorized, 152,143,492 shares and 154,691,052 shares outstanding at September 30, 2020 and December 31, 2019, respectively	1,522	1,546
Additional paid-in capital	3,233,105	3,415,808
Accumulated other comprehensive loss	(12,795)	(561)
Total Hudson Pacific Properties, Inc. stockholders' equity	3,221,832	3,416,793
Non-controlling interest—members in consolidated entities	644,924	269,487
Non-controlling interest—units in the operating partnership	31,536	23,082
Total equity	3,898,292	3,709,362
TOTAL LIABILITIES AND EQUITY	\$ 7,942,001	\$ 7,466,568

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

HUDSON PACIFIC PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, in thousands, except share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
REVENUES				
Office				
Rental	\$ 178,256	\$ 179,197	\$ 540,023	\$ 521,650
Service and other revenues	2,460	6,162	11,428	18,339
Total office revenues	180,716	185,359	551,451	539,989
Studio				
Rental	11,724	11,086	36,767	38,001
Service and other revenues	3,845	11,117	12,904	23,342
Total studio revenues	15,569	22,203	49,671	61,343
Total revenues	196,285	207,562	601,122	601,332
OPERATING EXPENSES				
Office operating expenses	66,075	66,969	194,546	188,680
Studio operating expenses	9,034	11,440	27,635	32,088
General and administrative	17,428	17,661	53,943	54,099
Depreciation and amortization	75,052	69,781	222,331	207,892
Total operating expenses	167,589	165,851	498,455	482,759
OTHER (EXPENSE) INCOME				
(Loss) income from unconsolidated real estate entity	(105)	(260)	69	(345)
Fee income	575	656	1,741	931
Interest expense	(32,492)	(26,590)	(86,839)	(77,492)
Interest income	1,056	1,002	3,129	3,034
Transaction-related expenses	(181)	(331)	(440)	(459)
Unrealized gain (loss) on non-real estate investment	513	—	(2,335)	—
Gain on sale of real estate	—	47,100	—	47,100
Impairment loss	—	—	—	(52,201)
Other income (loss)	576	(333)	1,606	(258)
Total other (expense) income	(30,058)	21,244	(83,069)	(79,690)
Net (loss) income	(1,362)	62,955	19,598	38,883
Net income attributable to preferred units	(153)	(153)	(459)	(459)
Net income attributable to participating securities	(109)	(274)	(321)	(138)
Net income attributable to non-controlling interest in consolidated real estate entities	(5,170)	(3,660)	(12,577)	(9,798)
Net loss attributable to redeemable non-controlling interest in consolidated real estate entities	1,304	347	2,707	1,505
Net loss (income) attributable to non-controlling interest in the operating partnership	54	(460)	(89)	(225)
NET (LOSS) INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (5,436)	\$ 58,755	\$ 8,859	\$ 29,768
BASIC AND DILUTED PER SHARE AMOUNTS				
Net (loss) income attributable to common stockholders—basic	\$ (0.04)	\$ 0.38	\$ 0.06	\$ 0.19
Net (loss) income attributable to common stockholders—diluted	\$ (0.04)	\$ 0.38	\$ 0.06	\$ 0.19
Weighted average shares of common stock outstanding—basic	153,196,007	154,414,452	153,643,278	154,398,466
Weighted average shares of common stock outstanding—diluted	153,196,007	156,498,919	156,030,815	156,400,075

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

HUDSON PACIFIC PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net (loss) income	\$ (1,362)	\$ 62,955	\$ 19,598	\$ 38,883
Currency translation adjustments	1,210	(720)	(1,651)	595
Net unrealized gains (losses) on derivative instruments:				
Unrealized losses	(177)	(1,957)	(14,306)	(15,847)
Reclassification adjustment for realized gains (losses)	2,087	(1,360)	3,598	(5,109)
Total net unrealized gains (losses) on derivative instruments	1,910	(3,317)	(10,708)	(20,956)
Total other comprehensive income (loss)	3,120	(4,037)	(12,359)	(20,361)
Comprehensive income	1,758	58,918	7,239	18,522
Comprehensive income attributable to preferred units	(153)	(153)	(459)	(459)
Comprehensive income attributable to participating securities	(109)	(274)	(321)	(138)
Comprehensive income attributable to non-controlling interest in consolidated real estate entities	(5,170)	(3,660)	(12,577)	(9,798)
Comprehensive loss attributable to redeemable non-controlling interest in consolidated real estate entities	1,304	347	2,707	1,505
Comprehensive loss (income) attributable to non-controlling interest in the operating partnership	27	(429)	36	(92)
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (2,343)	\$ 54,749	\$ (3,375)	\$ 9,540

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

HUDSON PACIFIC PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF EQUITY
For the three and nine months ended September 30, 2020
(unaudited, in thousands, except share data)

	Hudson Pacific Properties, Inc. Stockholders' Equity						Non-controlling interest		
	Shares of Common Stock	Stock Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive (Loss) Income		Units in the Operating Partnership	Members in Consolidated Entities	Total Equity
Balance at June 30, 2020	153,319,333	\$ 1,534	\$ 3,317,192	\$ —	\$ (15,888)		\$ 28,767	\$ 270,026	\$ 3,601,631
Contributions	—	—	—	—	—		—	372,451	372,451
Distributions	—	—	—	—	—		—	(2,723)	(2,723)
Transaction costs	—	—	(16,073)	—	—		—	—	(16,073)
Issuance of unrestricted stock	1,286	—	—	—	—		—	—	—
Shares repurchased	(1,177,127)	(12)	(26,580)	—	—		—	—	(26,592)
Declared dividend	—	—	(43,730)	5,327	—		(450)	—	(38,853)
Amortization of stock-based compensation	—	—	2,296	—	—		3,246	—	5,542
Net (loss) income	—	—	—	(5,327)	—		(54)	5,170	(211)
Other comprehensive income	—	—	—	—	3,093		27	—	3,120
Balance at September 30, 2020	152,143,492	\$ 1,522	\$ 3,233,105	\$ —	\$ (12,795)		\$ 31,536	\$ 644,924	\$ 3,898,292
Balance at December 31, 2019	154,691,052	\$ 1,546	\$ 3,415,808	\$ —	\$ (561)		\$ 23,082	\$ 269,487	\$ 3,709,362
Contributions	—	—	—	—	—		—	372,451	372,451
Distributions	—	—	—	—	—		—	(9,591)	(9,591)
Transaction costs	—	—	(16,073)	—	—		—	—	(16,073)
Issuance of unrestricted stock	180,291	3	(3)	—	—		—	—	—
Shares withheld to satisfy tax withholding obligations	(136,717)	(1)	(5,500)	—	—		—	—	(5,501)
Shares repurchased	(2,591,134)	(26)	(61,917)	—	—		—	—	(61,943)
Declared dividend	—	—	(106,096)	(9,180)	—		(1,350)	—	(116,626)
Amortization of stock-based compensation	—	—	6,886	—	—		9,840	—	16,726
Net income	—	—	—	9,180	—		89	12,577	21,846
Other comprehensive loss	—	—	—	—	(12,234)		(125)	—	(12,359)
Balance at September 30, 2020	152,143,492	\$ 1,522	\$ 3,233,105	\$ —	\$ (12,795)		\$ 31,536	\$ 644,924	\$ 3,898,292

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

HUDSON PACIFIC PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF EQUITY
For the three and nine months ended September 30, 2019
(unaudited, in thousands, except share data)

	Hudson Pacific Properties, Inc. Stockholders' Equity					Non-controlling interest		
	Shares of Common Stock	Stock Amount	Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Units in the Operating Partnership	Members in Consolidated Entities	Total Equity
Balance at June 30, 2019	154,396,755	\$ 1,543	\$ 3,450,155	\$ (31,355)	\$ 1,279	\$ 18,999	\$ 268,158	\$ 3,708,779
Distributions	—	—	—	—	—	—	(2,156)	(2,156)
Issuance of unrestricted stock	17,697	—	—	—	—	—	—	—
Declared dividend	—	—	(11,110)	(27,674)	—	(348)	—	(39,132)
Amortization of stock-based compensation	—	—	3,091	—	—	2,113	—	5,204
Net income	—	—	—	59,029	—	460	3,660	63,149
Other comprehensive loss	—	—	—	—	(4,006)	(31)	—	(4,037)
Balance at September 30, 2019	154,414,452	\$ 1,543	\$ 3,442,136	\$ —	\$ (2,727)	\$ 21,193	\$ 269,662	\$ 3,731,807
Balance at December 31, 2018	154,371,538	\$ 1,543	\$ 3,524,502	\$ —	\$ 17,501	\$ 18,338	\$ 268,246	\$ 3,830,130
Cumulative adjustment related to adoption of ASC 842	—	—	—	(2,105)	—	—	—	(2,105)
Distributions	—	—	—	—	—	—	(8,382)	(8,382)
Issuance of unrestricted stock	169,794	1	(1)	—	—	—	—	—
Shares withheld to satisfy tax withholding obligations	(126,880)	(1)	(3,667)	—	—	—	—	(3,668)
Declared dividend	—	—	(89,140)	(27,674)	—	(1,882)	—	(118,696)
Amortization of stock-based compensation	—	—	10,442	—	—	5,043	—	15,485
Net income	—	—	—	29,779	—	352	9,798	39,929
Other comprehensive loss	—	—	—	—	(20,228)	(133)	—	(20,361)
Redemption of operating partnership units	—	—	—	—	—	(525)	—	(525)
Balance at September 30, 2019	154,414,452	\$ 1,543	\$ 3,442,136	\$ —	\$ (2,727)	\$ 21,193	\$ 269,662	\$ 3,731,807

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

HUDSON PACIFIC PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	Nine Months Ended September 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 19,598	\$ 38,883
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	222,331	207,892
Non-cash portion of interest expense	7,257	4,422
Amortization of stock-based compensation	14,409	15,393
(Income) loss from unconsolidated real estate entity	(69)	345
Unrealized loss on non-real estate investment	2,335	—
Straight-line rents	(31,182)	(39,602)
Straight-line rent expenses	1,096	1,097
Amortization of above- and below-market leases, net	(7,457)	(9,919)
Amortization of above- and below-market ground leases, net	1,763	1,845
Amortization of lease incentive costs	1,437	1,267
Impairment loss	—	52,201
Gains on sale of real estate	—	(47,100)
Change in operating assets and liabilities:		
Accounts receivable	(1,129)	(1,726)
Deferred leasing costs and lease intangibles	(9,767)	(36,069)
Prepaid expenses and other assets	(17,586)	(10,217)
Accounts payable, accrued liabilities and other	55,055	59,101
Security deposits and prepaid rent	(10,201)	(4,213)
Net cash provided by operating activities	247,890	233,600
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to investment in real estate	(308,909)	(275,051)
Maturities of U.S. Government securities	4,121	4,695
Proceeds from sale of real estate	—	147,823
Distributions from unconsolidated entities	573	290
Contributions to unconsolidated entities	(989)	(64,503)
Deposits for property acquisitions	—	(20,500)
Net cash used in investing activities	(305,204)	(207,246)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from unsecured and secured debt	1,391,651	735,001
Payments of unsecured and secured debt	(1,149,943)	(630,424)
Payments of in-substance defeased debt	(2,470)	(2,377)
Transaction costs	(16,073)	—
Repurchase of common stock	(53,475)	—
Redemption of operating partnership units	—	(525)
Dividends paid to common stock and unitholders	(116,626)	(118,696)
Dividends paid to preferred unitholders	(459)	(459)
Contribution of redeemable non-controlling member in consolidated real estate entities	4,351	10,587
Distribution of redeemable non-controlling member in consolidated real estate entities	(8)	(7)
Contribution of non-controlling member in consolidated real estate entities	372,451	—
Distribution to non-controlling member in consolidated real estate entities	(9,591)	(8,382)
Payments to satisfy tax withholding	(5,501)	(3,668)
Payment of loan costs, net loan premium paid	(10,978)	(6,256)
Net cash provided by (used in) financing activities	403,329	(25,206)
Net increase in cash and cash equivalents and restricted cash	346,015	1,148
Cash and cash equivalents and restricted cash—beginning of period	58,258	68,191
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—END OF PERIOD	\$ 404,273	\$ 69,339

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

ITEM 1. FINANCIAL STATEMENTS OF HUDSON PACIFIC PROPERTIES, L.P.

HUDSON PACIFIC PROPERTIES, L.P.
CONSOLIDATED BALANCE SHEETS
(in thousands, except unit data)

	September 30, 2020 (unaudited)	December 31, 2019
ASSETS		
Investment in real estate, at cost	\$ 7,534,773	\$ 7,269,128
Accumulated depreciation and amortization	(1,040,907)	(898,279)
Investment in real estate, net	6,493,866	6,370,849
Cash and cash equivalents	365,294	46,224
Restricted cash	38,979	12,034
Accounts receivable, net	14,136	13,007
Straight-line rent receivables, net	226,510	195,328
Deferred leasing costs and lease intangible assets, net	255,907	285,448
U.S. Government securities	136,649	140,749
Operating lease right-of-use asset	266,059	269,029
Prepaid expenses and other assets, net	80,727	68,974
Investment in unconsolidated real estate entity	63,874	64,926
TOTAL ASSETS	\$ 7,942,001	\$ 7,466,568
LIABILITIES AND CAPITAL		
Liabilities		
Unsecured and secured debt, net	\$ 3,055,197	\$ 2,817,910
In-substance defeased debt	132,560	135,030
Joint venture partner debt	66,136	66,136
Accounts payable, accrued liabilities and other	282,766	212,673
Operating lease liability	270,827	272,701
Lease intangible liabilities, net	23,525	31,493
Security deposits and prepaid rent	75,987	86,188
Total liabilities	3,906,998	3,622,131
Redeemable preferred units of the operating partnership	9,815	9,815
Redeemable non-controlling interest in consolidated real estate entities	126,896	125,260
Capital		
Hudson Pacific Properties, L.P. partners' capital		
Common units, 153,055,350 and 155,602,910 outstanding at September 30, 2020 and December 31, 2019, respectively	3,266,340	3,440,488
Accumulated other comprehensive loss	(12,972)	(613)
Total Hudson Pacific Properties, L.P. partners' capital	3,253,368	3,439,875
Non-controlling interest—members in consolidated entities	644,924	269,487
Total capital	3,898,292	3,709,362
TOTAL LIABILITIES AND CAPITAL	\$ 7,942,001	\$ 7,466,568

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

HUDSON PACIFIC PROPERTIES, L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, in thousands, except unit data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
REVENUES				
Office				
Rental	\$ 178,256	\$ 179,197	\$ 540,023	\$ 521,650
Service and other revenues	2,460	6,162	11,428	18,339
Total office revenues	180,716	185,359	551,451	539,989
Studio				
Rental	11,724	11,086	36,767	38,001
Service and other revenues	3,845	11,117	12,904	23,342
Total studio revenues	15,569	22,203	49,671	61,343
Total revenues	196,285	207,562	601,122	601,332
OPERATING EXPENSES				
Office operating expenses	66,075	66,969	194,546	188,680
Studio operating expenses	9,034	11,440	27,635	32,088
General and administrative	17,428	17,661	53,943	54,099
Depreciation and amortization	75,052	69,781	222,331	207,892
Total operating expenses	167,589	165,851	498,455	482,759
OTHER (EXPENSE) INCOME				
(Loss) income from unconsolidated real estate entity	(105)	(260)	69	(345)
Fee income	575	656	1,741	931
Interest expense	(32,492)	(26,590)	(86,839)	(77,492)
Interest income	1,056	1,002	3,129	3,034
Transaction-related expenses	(181)	(331)	(440)	(459)
Unrealized gain (loss) on non-real estate investment	513	—	(2,335)	—
Gain on sale of real estate	—	47,100	—	47,100
Impairment loss	—	—	—	(52,201)
Other income (loss)	576	(333)	1,606	(258)
Total other (expense) income	(30,058)	21,244	(83,069)	(79,690)
Net (loss) income	(1,362)	62,955	19,598	38,883
Net income attributable to non-controlling interest in consolidated real estate entities	(5,170)	(3,660)	(12,577)	(9,798)
Net loss attributable to redeemable non-controlling interest in consolidated real estate entities	1,304	347	2,707	1,505
Net (loss) income attributable to Hudson Pacific Properties, L.P.	(5,228)	59,642	9,728	30,590
Net income attributable to preferred units	(153)	(153)	(459)	(459)
Net income attributable to participating securities	(261)	(460)	(780)	(232)
NET (LOSS) INCOME AVAILABLE TO COMMON UNITHOLDERS	\$ (5,642)	\$ 59,029	\$ 8,489	\$ 29,899
BASIC AND DILUTED PER UNIT AMOUNTS				
Net (loss) income attributable to common unitholders—basic	\$ (0.04)	\$ 0.38	\$ 0.05	\$ 0.19
Net (loss) income attributable to common unitholders—diluted	\$ (0.04)	\$ 0.38	\$ 0.05	\$ 0.19
Weighted average shares of common units outstanding—basic	154,107,865	155,135,225	154,555,136	155,077,381
Weighted average shares of common units outstanding—diluted	154,107,865	156,010,568	155,422,136	155,911,724

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

HUDSON PACIFIC PROPERTIES, L.P.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net (loss) income	\$ (1,362)	\$ 62,955	\$ 19,598	\$ 38,883
Currency translation adjustments	1,210	(720)	(1,651)	595
Net unrealized gains (losses) on derivative instruments:				
Unrealized losses	(177)	(1,957)	(14,306)	(15,847)
Reclassification adjustment for realized gains (losses)	2,087	(1,360)	3,598	(5,109)
Total net unrealized gains (losses) on derivative instruments	1,910	(3,317)	(10,708)	(20,956)
Total other comprehensive income (loss)	3,120	(4,037)	(12,359)	(20,361)
Comprehensive income	1,758	58,918	7,239	18,522
Comprehensive income attributable to preferred units	(153)	(153)	(459)	(459)
Comprehensive income attributable to participating securities	(261)	(460)	(780)	(232)
Comprehensive income attributable to non-controlling interest in consolidated real estate entities	(5,170)	(3,660)	(12,577)	(9,798)
Comprehensive loss attributable to redeemable non-controlling interest in consolidated real estate entities	1,304	347	2,707	1,505
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO PARTNERS' CAPITAL	\$ (2,522)	\$ 54,992	\$ (3,870)	\$ 9,538

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

HUDSON PACIFIC PROPERTIES, L.P.
CONSOLIDATED STATEMENTS OF CAPITAL
For the three and nine months ended September 30, 2020
(unaudited, in thousands, except share data)

	Hudson Pacific Properties, L.P. Partners' Capital					
	Number of Common Units	Common Units	Accumulated Other Comprehensive (Loss) Income	Total Partners' Capital	Non-controlling Interest—Members in Consolidated Entities	Total Capital
Balance at June 30, 2020	154,231,191	\$ 3,347,697	\$ (16,092)	\$ 3,331,605	\$ 270,026	\$ 3,601,631
Contributions	—	—	—	—	372,451	372,451
Distributions	—	—	—	—	(2,723)	(2,723)
Transaction costs	—	(16,073)	—	(16,073)	—	(16,073)
Issuance of unrestricted units	1,286	—	—	—	—	—
Units withheld to satisfy tax withholding obligations	(1,177,127)	(26,592)	—	(26,592)	—	(26,592)
Declared distributions	—	(38,853)	—	(38,853)	—	(38,853)
Amortization of unit-based compensation	—	5,542	—	5,542	—	5,542
Net (loss) income	—	(5,381)	—	(5,381)	5,170	(211)
Other comprehensive income	—	—	3,120	3,120	—	3,120
Balance at September 30, 2020	153,055,350	\$ 3,266,340	\$ (12,972)	\$ 3,253,368	\$ 644,924	\$ 3,898,292
Balance at December 31, 2019	155,602,910	\$ 3,440,488	\$ (613)	\$ 3,439,875	\$ 269,487	\$ 3,709,362
Contributions	—	—	—	—	372,451	372,451
Distributions	—	—	—	—	(9,591)	(9,591)
Transaction costs	—	(16,073)	—	(16,073)	—	(16,073)
Issuance of unrestricted units	180,291	—	—	—	—	—
Units withheld to satisfy tax withholding obligations	(136,717)	(5,501)	—	(5,501)	—	(5,501)
Repurchase of common units	(2,591,134)	(61,943)	—	(61,943)	—	(61,943)
Declared distributions	—	(116,626)	—	(116,626)	—	(116,626)
Amortization of unit-based compensation	—	16,726	—	16,726	—	16,726
Net income	—	9,269	—	9,269	12,577	21,846
Other comprehensive loss	—	—	(12,359)	(12,359)	—	(12,359)
Balance at September 30, 2020	153,055,350	\$ 3,266,340	\$ (12,972)	\$ 3,253,368	\$ 644,924	\$ 3,898,292

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

HUDSON PACIFIC PROPERTIES, L.P.
CONSOLIDATED STATEMENTS OF CAPITAL
For the three and nine months ended September 30, 2019
(unaudited, in thousands, except share data)

	Hudson Pacific Properties, L.P. Partners' Capital				Non-controlling Interest—Members in Consolidated Entities		Total Capital
	Number of Common Units	Common Units	Accumulated Other Comprehensive Income (Loss)	Total Partners' Capital			
Balance at June 30, 2019	155,117,528	\$ 3,439,380	\$ 1,241	\$ 3,440,621	\$ 268,158	\$	3,708,779
Distributions	—	—	—	—	(2,156)		(2,156)
Issuance of unrestricted units	17,697	—	—	—	—		—
Declared distributions	—	(39,132)	—	(39,132)	—		(39,132)
Amortization of unit-based compensation	—	5,204	—	5,204	—		5,204
Net income	—	59,489	—	59,489	3,660		63,149
Other comprehensive loss	—	—	(4,037)	(4,037)	—		(4,037)
Balance at September 30, 2019	155,135,225	\$ 3,464,941	\$ (2,796)	\$ 3,462,145	\$ 269,662	\$	3,731,807
Balance at December 31, 2018	154,940,583	\$ 3,544,319	\$ 17,565	\$ 3,561,884	\$ 268,246	\$	3,830,130
Cumulative adjustment related to adoption of ASC 842	—	(2,105)	—	(2,105)	—		(2,105)
Distributions	—	—	—	—	(8,382)		(8,382)
Issuance of unrestricted units	339,598	—	—	—	—		—
Units withheld to satisfy tax withholding obligations	(126,880)	(3,668)	—	(3,668)	—		(3,668)
Declared distributions	—	(118,696)	—	(118,696)	—		(118,696)
Amortization of unit-based compensation	—	15,485	—	15,485	—		15,485
Net income	—	30,131	—	30,131	9,798		39,929
Other comprehensive loss	—	—	(20,361)	(20,361)	—		(20,361)
Redemption of common units in the operating partnership	(18,076)	(525)	—	(525)	—		(525)
Balance at September 30, 2019	155,135,225	\$ 3,464,941	\$ (2,796)	\$ 3,462,145	\$ 269,662	\$	3,731,807

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

HUDSON PACIFIC PROPERTIES, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	Nine Months Ended September 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 19,598	\$ 38,883
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	222,331	207,892
Non-cash portion of interest expense	7,257	4,422
Amortization of unit-based compensation	14,409	15,393
(Income) loss from unconsolidated real estate entity	(69)	345
Unrealized loss on non-real estate investment	2,335	—
Straight-line rents	(31,182)	(39,602)
Straight-line rent expenses	1,096	1,097
Amortization of above- and below-market leases, net	(7,457)	(9,919)
Amortization of above- and below-market ground leases, net	1,763	1,845
Amortization of lease incentive costs	1,437	1,267
Impairment loss	—	52,201
Gains on sale of real estate	—	(47,100)
Change in operating assets and liabilities:		
Accounts receivable	(1,129)	(1,726)
Deferred leasing costs and lease intangibles	(9,767)	(36,069)
Prepaid expenses and other assets	(17,586)	(10,217)
Accounts payable and accrued liabilities and other	55,055	59,101
Security deposits and prepaid rent	(10,201)	(4,213)
Net cash provided by operating activities	247,890	233,600
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to investment in real estate	(308,909)	(275,051)
Maturities of U.S. Government securities	4,121	4,695
Proceeds from sale of real estate	—	147,823
Distributions from unconsolidated entities	573	290
Contributions to unconsolidated entities	(989)	(64,503)
Deposits for property acquisitions	—	(20,500)
Net cash used in investing activities	(305,204)	(207,246)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from unsecured and secured debt	1,391,651	735,001
Payments of unsecured and secured debt	(1,149,943)	(630,424)
Payments of in-substance defeased debt	(2,470)	(2,377)
Transaction costs	(16,073)	—
Repurchase of common units	(53,475)	—
Redemption of common units in the operating partnership	—	(525)
Distributions paid to common stock and unitholders	(116,626)	(118,696)
Distributions paid to preferred unitholders	(459)	(459)
Contribution of redeemable non-controlling member in consolidated real estate entities	4,351	10,587
Distribution of redeemable non-controlling member in consolidated real estate entities	(8)	(7)
Contribution of non-controlling member in consolidated real estate entities	372,451	—
Distribution to non-controlling member in consolidated real estate entities	(9,591)	(8,382)
Payments to satisfy tax withholding	(5,501)	(3,668)
Payment of loan costs, net loan premium paid	(10,978)	(6,256)
Net cash provided by (used in) financing activities	403,329	(25,206)
Net increase in cash and cash equivalents and restricted cash	346,015	1,148
Cash and cash equivalents and restricted cash—beginning of period	58,258	68,191
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—END OF PERIOD	\$ 404,273	\$ 69,339

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

Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P.
Notes to Unaudited Consolidated Financial Statements
(Unaudited, tabular amounts in thousands, except square footage, share and unit data)

1. Organization

Hudson Pacific Properties, Inc. is a Maryland corporation formed on November 9, 2009 as a fully integrated, self-administered and self-managed real estate investment trust (“REIT”). Through its controlling interest in the operating partnership and its subsidiaries, Hudson Pacific Properties, Inc. owns, manages, leases, acquires and develops real estate, consisting primarily of office and studio properties. Unless otherwise indicated or unless the context requires otherwise, all references in these financial statements to “the Company” refer to Hudson Pacific Properties, Inc. together with its consolidated subsidiaries, including Hudson Pacific Properties, L.P. Unless otherwise indicated or unless the context requires otherwise, all references to “our operating partnership” or “the operating partnership” refer to Hudson Pacific Properties, L.P. together with its consolidated subsidiaries.

The Company’s portfolio consists of properties located throughout Northern and Southern California, the Pacific Northwest and Western Canada. The following table summarizes the Company’s portfolio as of September 30, 2020:

Segments	Number of Properties	Square Feet (unaudited)
Consolidated portfolio		
Office	51	13,383,650
Studios	3	1,224,403
Land	6	2,231,376
Total consolidated portfolio	60	16,839,429
Unconsolidated portfolio⁽¹⁾		
Office	1	1,486,957
Land	1	450,000
Total unconsolidated portfolio	2	1,936,957
TOTAL⁽²⁾	62	18,776,386

1. The Company purchased, pursuant to a co-ownership agreement with an affiliate of Blackstone Property Partners Lower Fund 1 LP (“Blackstone 1 LP”), the Bentall Centre property located in Vancouver, Canada. The Company owns 20% of this joint venture. The square footage shown above represents 100% of the property. See Note 4 for details.

2. Includes redevelopment and development properties.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements of the Company and the operating partnership are prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) applicable to interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Certain information and footnote disclosures required for annual financial statements have been condensed or excluded pursuant to the Securities and Exchange Commission (“SEC”) rules and regulations. Accordingly, the interim financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the accompanying interim financial statements reflect all adjustments of a normal and recurring nature that are considered necessary for a fair presentation of the results for the interim periods presented. References to number of properties and square feet are not covered by the auditor’s review procedures.

The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the year ending December 31, 2020. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements in the 2019 Annual Report on Form 10-K of Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. and the notes thereto.

Certain amounts in the consolidated financial statements for the prior periods have been reclassified to conform to the current year presentation.

Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P.
Notes to Unaudited Consolidated Financial Statements
(Unaudited, tabular amounts in thousands, except square footage, share and unit data)

Principles of Consolidation

The unaudited interim consolidated financial statements of the Company include the accounts of the Company, the operating partnership and all wholly-owned and controlled subsidiaries. The consolidated financial statements of the operating partnership include the accounts of the operating partnership and all wholly-owned and controlled subsidiaries. All intercompany balances and transactions have been eliminated in the consolidated financial statements.

Under the consolidation guidance, the Company first evaluates an entity using the variable interest model, then the voting model. The Company ultimately consolidates all entities that the Company controls through either majority ownership or voting rights, including all variable interest entities (“VIEs”) of which the Company is considered the primary beneficiary. The Company accounts for all other unconsolidated joint ventures using the equity method of accounting. In addition, the Company continually evaluates each legal entity that is not wholly-owned for reconsideration based on changing circumstances.

VIEs are defined as entities in which equity investors do not have:

- the characteristics of a controlling financial interest;
- sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties; and/or
- the entity is structured with non-substantive voting rights.

The entity that consolidates a VIE is known as its primary beneficiary and is generally the entity with both the power to direct the activities that most significantly affect the VIE’s economic performance and the right to receive benefits from the VIE or the obligation to absorb losses of the VIE that could be significant to the VIE. As of September 30, 2020, the Company has determined its operating partnership and twelve joint ventures met the definition of a VIE. Eleven of the joint ventures are consolidated and one of the joint ventures is unconsolidated.

Consolidated Joint Ventures

On July 30, 2020, funds affiliated with Blackstone Property Partners (“Blackstone”) acquired a 49% interest in the Company’s three Hollywood studios (Sunset Gower, Sunset Bronson and Sunset Las Palmas Studios) and five on-lot or adjacent Class A office properties (6040 Sunset, ICON, CUE, EPIC and Harlow) (collectively, the “Hollywood Media Portfolio”). The Company retained a 51% ownership stake and remains responsible for day-to-day operations, leasing and development. As of September 30, 2020, the Company has determined that the entities included in the Hollywood Media Portfolio and the related entities met the definition of a VIE and are consolidated.

Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P.
Notes to Unaudited Consolidated Financial Statements
(Unaudited, tabular amounts in thousands, except square footage, share and unit data)

As of September 30, 2020, the operating partnership has determined that twelve of its joint ventures met the definition of a VIE and eleven of them are consolidated:

Entity	Property	Ownership Interest
Hudson 1455 Market, L.P.	1455 Market	55.0 %
Hudson 1099 Stewart, L.P.	Hill7	55.0 %
HPP-MAC WSP, LLC	One Westside and 10850 Pico	75.0 %
Hudson One Ferry REIT, L.P.	Ferry Building	55.0 %
Sunset Bronson Entertainment Properties, LLC	Sunset Bronson Studios, ICON, CUE	51.0 %
Sunset Gower Entertainment Properties, LLC	Sunset Gower Studios	51.0 %
Sunset Las Palmas Entertainment Properties, LLC	Sunset Las Palmas Studios, Harlow	51.0 %
Sunset Services Holdings, LLC	None ⁽¹⁾	51.0 %
Sunset Studios Holdings, LLC	EPIC	51.0 %
Hudson Media and Entertainment Management, LLC	None ⁽²⁾	51.0 %
Hudson 6040 Sunset, LLC	6040 Sunset	51.0 %

1. Sunset Services Holdings, LLC wholly owns Services Holdings, LLC, which owns 100% interests in Sunset Bronson Services, LLC, Sunset Gower Services, LLC and Sunset Las Palmas Services, LLC, which provide services to the respective entertainment properties above.
2. Hudson Media and Entertainment Management, LLC manages the properties comprising the Hollywood Media Portfolio.

As of September 30, 2020 and December 31, 2019, the Company has determined that its operating partnership met the definition of a VIE and is consolidated.

Substantially all of the assets and liabilities of the Company are related to the operating partnership VIE.

Unconsolidated Joint Ventures

As of September 30, 2020, the Company has determined it is not the primary beneficiary of one joint venture. Due to its significant influence over the unconsolidated entity, the Company accounts for the entity using the equity method of accounting. Under the equity method, the Company initially records the investment at cost and subsequently adjusts for equity in earnings or losses and cash contributions and distributions.

On June 5, 2019, the Company purchased, pursuant to a co-ownership agreement with Blackstone 1 LP, the Bentall Centre property located in Vancouver, Canada. The joint venture property-owning entity is structured as a tenancy in common under applicable tax laws. The Company owns 20% of this joint venture and serves as the operating partner. The Company's net equity investment in this unconsolidated entity is reflected within investment in unconsolidated real estate entity on the Consolidated Balance Sheets. The Company's share of net income or loss from the entity is included within income from unconsolidated real estate entity on the Consolidated Statements of Operations. See Note 4 for details.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of commitments and contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates, including those related to acquiring, developing and assessing the carrying values of its real estate properties, determining the incremental borrowing rate used in the present value calculations of its new or modified operating lessee agreements, its accrued liabilities and its performance-based equity compensation awards. The Company bases its estimates on historical experience, current market conditions and various other assumptions that are believed to be reasonable under the circumstances. Actual results could materially differ from these estimates.

Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P.
Notes to Unaudited Consolidated Financial Statements
(Unaudited, tabular amounts in thousands, except square footage, share and unit data)

Lease Accounting

In February 2016, the FASB issued guidance codified in ASC 842, Leases (“ASC 842”), which amended the guidance in former ASC 840, Leases (“ASC 840”). The standard set out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a lease agreement (i.e., lessees and lessors). The new standard increased transparency and comparability most significantly by requiring the recognition by lessees of right-of-use (“ROU”) assets and lease liabilities on the balance sheet for those leases classified as operating leases. The Company adopted ASC 842 on January 1, 2019 using the modified retrospective transition approach that must be applied for leases that exist or are entered into after January 1, 2019.

ASC 842 requires companies to identify lease and non-lease components of a lease agreement. Lease components relate to the right to use the leased asset whereas non-lease components relate to payments for goods or services that are transferred separately from the right to use the underlying asset.

Lessee Accounting

The Company determines if an arrangement is a lease at inception. The Company’s operating lease agreements relate to ground lease assets and are reflected in operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets.

ROU assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Variable lease payments are excluded from the ROU assets and lease liabilities and are recognized in the period in which the obligation for those payments is incurred. As the Company’s leases do not provide an implicit rate, the Company determines its incremental borrowing rate based on the information available at commencement date, or the date of the ASC 842 adoption, in determining the present value of lease payments. The weighted average incremental borrowing rate used to calculate the ROU assets and liabilities was 5.7%. ROU assets also include any lease payments made and exclude lease incentives. Many of the Company’s lessee agreements include options to extend the lease, which we do not include in its minimum lease terms unless the option is reasonably certain to be exercised. Rental expense for lease payments related to operating leases is recognized on a straight-line basis over the lease term. The weighted average remaining lease term, as of September 30, 2020, was 31 years.

Lessor Accounting

The presentation of revenues on the Consolidated Statement of Operations reflects a single lease component that combines rental, tenant recoveries, and other tenant-related revenues for the office portfolio, with the election of the lessor practical expedient. For the Company’s rentals at the studio properties, total lease consideration is allocated to lease and non-lease components on a relative standalone basis. The recognition of revenues related to lease components is governed by ASC 842, while revenue related to non-lease components is subject to ASC 606, Revenue from Contracts with Customers (“ASC 606”).

Revenue Recognition

The Company has compiled an inventory of its sources of revenues and has identified the following material revenue streams: (i) rental revenues (ii) tenant recoveries and other tenant-related revenues (iii) ancillary revenues (iv) other revenues and (v) sale of real estate.

Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P.
Notes to Unaudited Consolidated Financial Statements
(Unaudited, tabular amounts in thousands, except square footage, share and unit data)

Revenue Stream	Components	Financial Statement Location
Rental revenues	Office rentals, stage rentals and storage rentals	Office and studio segments: rental
Tenant recoveries and other tenant-related revenues	Reimbursement of real estate taxes, insurance, repairs and maintenance, other operating expenses and must-take parking revenues	Office segment: rental Studio segment: rental and service revenues and other
Ancillary revenues	Revenues derived from tenants' use of lighting, equipment rental, power, HVAC and telecommunications (i.e., telephone and internet)	Studio segment: service revenues and other
Other revenues	Parking revenue that is not associated with lease agreements and other	Office and studio segments: service revenues and other
Sale of real estate	Gains on sales derived from cash consideration less cost basis	Gains on sale of real estate

The Company recognizes rental revenue from tenants on a straight-line basis over the lease term when collectability is probable and the tenant has taken possession of or controls the physical use of the leased asset.

The Company recognizes tenant recoveries related to reimbursement of real estate taxes, insurance, repairs and maintenance, and other operating expenses are recognized as revenue in the period during which the applicable expenses are incurred. The reimbursements are recognized and presented gross, as the Company is generally the primary obligor with respect to purchasing goods and services from third-party suppliers, has discretion in selecting the supplier and bears the associated credit risk.

Other tenant-related revenues include parking stipulated in lease agreements as must-take parking rentals. These revenues are recognized over the term of the lease.

Ancillary revenues and other revenues have been accounted for under ASC 606. These revenues have single performance obligations and are recognized at the point in time when services are rendered.

The following table summarizes the Company's revenue streams that are accounted for under ASC 606 for the three and nine months ended September 30, 2020 and 2019:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Ancillary revenues	\$ 3,130	\$ 7,505	\$ 10,542	\$ 19,473
Other revenues	\$ 2,832	\$ 9,686	\$ 12,624	\$ 21,400
Studio-related tenant recoveries	\$ 343	\$ 744	\$ 1,166	\$ 1,739

The following table summarizes the Company's receivables that are accounted for under ASC 606 as of:

	September 30, 2020	December 31, 2019
Ancillary revenues	\$ 327	\$ 1,652
Other revenues	\$ 929	\$ 2,417
Studio-related tenant recoveries	\$ —	\$ 26

In regards to sale of real estate, the Company applies certain recognition and measurement principles in accordance with ASC 606. The Company is required to evaluate the sales of real estate based on transfer of control. If a real estate sale contract includes ongoing involvement with the sold property by the seller, the seller must evaluate each promised good or service under the contract to determine whether it represents a performance obligation, constitutes a guarantee or prevents the transfer of control. The timing and pattern of revenue recognition might change as it relates to gains on sale of real estate if the sale includes continued involvement that represents a separate performance obligation.

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Recently Issued Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-13, Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments (Topic 326), which changed the impairment model for most financial instruments by requiring companies to recognize an allowance for expected losses, rather than incurred losses. ASC 326 applies to the Company’s receivables related to service revenues and parking revenue that is not associated with lease agreements. The accounting standard was adopted on January 1, 2020 using modified retrospective transition approach. The adoption did not have a material impact on the Consolidated Financial Statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848). ASU 2020-04 contains practical expedients for reference rate reform-related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. During the quarter ended March 31, 2020, the Company elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. The Company continues to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

On April 10, 2020, the FASB issued a Staff Q&A related to the application of the lease guidance in ASC 842 for the accounting impact of lease concessions related to the COVID-19 pandemic. The FASB staff believes that it would be acceptable for entities to make an election to account for lease concessions related to the effects of the COVID-19 pandemic consistent with how those concessions would be accounted for under ASC 842 as though enforceable rights and obligations for those concessions existed. As a result of this election, for concessions related to the effects of the COVID-19 pandemic, an entity will not have to analyze each contract to determine whether enforceable rights and obligations for concessions exist in the contract and can elect to apply or not apply the lease modification guidance in ASC 842, as long as the concessions do not result in a substantial increase in the rights of the lessor or the obligations of the lessee. To date, the impact of lease concessions granted has not had a material effect on the Company’s consolidated financial statements. The Company has adopted a policy to not account for concessions as lease modifications and account for the concession in the form of a deferral of payments as if the lease is unchanged.

In August 2020, the FASB issued ASU No. 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40), which simplifies the accounting for convertible instruments and the application of the derivatives scope exception for contracts in an entity’s own equity. This ASU is effective for fiscal periods beginning after December 15, 2021. The Company is currently evaluating this guidance and the impact it may have on the Company’s consolidated financial statements.

3. Investment in Real Estate

The following table summarizes the Company’s investment in real estate, at cost as of:

	September 30, 2020	December 31, 2019
Land	\$ 1,313,412	\$ 1,313,412
Building and improvements	5,286,780	5,189,342
Tenant improvements	677,305	631,459
Furniture and fixtures	11,697	10,693
Property under development	245,579	124,222
INVESTMENT IN REAL ESTATE, AT COST	\$ 7,534,773	\$ 7,269,128

Acquisitions

The Company had no acquisitions during the nine months ended September 30, 2020.

Dispositions

The Company had no dispositions during the nine months ended September 30, 2020.

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Held for Sale

As of September 30, 2020 and December 31, 2019, the Company had no properties that met the criteria to be classified as held for sale.

Studio Joint Venture

On July 30, 2020, funds affiliated with Blackstone acquired a 49% interest in the Hollywood Media Portfolio, a 2.2 million-square-foot collection of studio and office properties with a gross portfolio valuation of \$1.65 billion before closing credits, prorations and costs, resulting in cash proceeds to the Company of \$808.5 million. The transaction included Sunset Gower, Sunset Bronson and Sunset Las Palmas Studios, as well as 6040 Sunset, ICON, CUE, EPIC and Harlow, along with 1.1 million square feet of development rights associated with Sunset Gower and Sunset Las Palmas Studios. The Company retained a 51% ownership stake in the Hollywood Media Portfolio.

Impairment of Long-Lived Assets

The Company assesses the carrying value of real estate assets and related intangibles whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable in accordance with GAAP. Impairment losses are recorded on real estate assets held for investment when indicators of impairment are present and the future undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. The Company recognizes impairment losses to the extent the carrying amount exceeds the fair value, based on Level 1 or Level 2 inputs, less estimated costs to sell.

The Company did not recognize impairment charges during the nine months ended September 30, 2020. During the nine months ended September 30, 2019, the Company recorded \$52.2 million of impairment charges related to the Campus Center office property that was held for sale at June 30, 2019 and was subsequently sold. The Company's estimated fair value was based on the sale price (Level 2 input).

4. Investment in Unconsolidated Real Estate Entity

On June 5, 2019, the Company purchased, through a joint venture with Blackstone 1 LP, the Bentall Centre office properties and retail complex in Vancouver, Canada. The Company owns 20% of this joint venture and serves as the operating partner.

The unconsolidated real estate entity's functional currency is the local currency, or Canadian dollars. The Company has exposure to risks related to foreign currency fluctuations. The assets and liabilities are translated into U.S. dollars at the exchange rate in effect as of the financial statement date. Income statement accounts of our foreign subsidiaries are translated using the monthly-average exchange rate for the periods presented. Gains or losses resulting from the translation are classified in accumulated other comprehensive income as a separate component of total equity and are excluded from net (loss) income.

The maximum exposure related to this unconsolidated joint venture is limited to our investment and \$95.2 million of debt which the Company has guaranteed.

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The summarized balance sheet of the Company's unconsolidated real estate entity represent the combined entities for our Bentall Centre properties as of September 30, 2020 and December 31, 2019:

	September 30, 2020	December 31, 2019
ASSETS		
Investment in real estate, net	\$ 782,338	\$ 794,321
Other assets	51,075	51,597
TOTAL ASSETS	\$ 833,413	\$ 845,918
LIABILITIES		
Secured debt, net	\$ 471,949	\$ 480,127
Other liabilities	46,535	42,672
TOTAL LIABILITIES	518,484	522,799
Company's capital ⁽¹⁾	62,986	64,624
Partner's capital	251,943	258,495
TOTAL CAPITAL	314,929	323,119
TOTAL LIABILITIES AND CAPITAL	\$ 833,413	\$ 845,918

1. To the extent the Company's cost basis is different from the basis reflected at the joint venture level, the basis is amortized over the life of the related asset and is included in income (loss) from unconsolidated real estate entity on the Consolidated Statements of Operations.

The summarized statement of operations of the Company's unconsolidated real estate entity represent the combined entities for our Bentall Centre properties for the three and nine months ended September 30, 2020 and the June 5, 2019 acquisition date through September 30, 2019:

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	June 5, 2019 through September 30, 2019
TOTAL REVENUES	\$ 25,551	\$ 28,042	\$ 77,229	\$ 35,820
TOTAL EXPENSES	26,081	29,831	76,892	38,149
NET (LOSS) INCOME	\$ (530)	\$ (1,789)	\$ 337	\$ (2,329)

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5. Deferred Leasing Costs and Lease Intangibles, net

The following summarizes the Company's deferred leasing costs and lease intangibles as of:

	September 30, 2020	December 31, 2019
Deferred leasing costs and in-place lease intangibles	\$ 317,509	\$ 359,215
Accumulated amortization	(122,381)	(136,816)
Deferred leasing costs and in-place lease intangibles, net	195,128	222,399
Below-market ground leases	72,916	72,916
Accumulated amortization	(13,232)	(11,436)
Below-market ground leases, net	59,684	61,480
Above-market leases	2,905	8,015
Accumulated amortization	(1,810)	(6,446)
Above-market leases, net	1,095	1,569
DEFERRED LEASING COSTS AND LEASE INTANGIBLE ASSETS, NET	\$ 255,907	\$ 285,448
Below-market leases	\$ 75,035	\$ 87,064
Accumulated amortization	(52,353)	(56,447)
Below-market leases, net	22,682	30,617
Above-market ground leases	1,095	1,095
Accumulated amortization	(252)	(219)
Above-market ground leases, net	843	876
LEASE INTANGIBLE LIABILITIES, NET	\$ 23,525	\$ 31,493

The Company recognized the following amortization related to deferred leasing costs and lease intangibles:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Deferred leasing costs and in-place lease intangibles ⁽¹⁾	\$ (9,936)	\$ (10,813)	\$ (30,800)	\$ (34,006)
Below-market ground leases ⁽²⁾	\$ (598)	\$ (626)	\$ (1,796)	\$ (1,878)
Above-market leases ⁽³⁾	\$ (120)	\$ (296)	\$ (472)	\$ (944)
Below-market leases ⁽³⁾	\$ 2,575	\$ 3,106	\$ 7,935	\$ 10,863
Above-market ground leases ⁽²⁾	\$ 11	\$ 11	\$ 33	\$ 33

1. Amortization is recorded in depreciation and amortization expenses and office rental revenues in the Consolidated Statements of Operations.
2. Amortization is recorded in office operating expenses in the Consolidated Statements of Operations.
3. Amortization is recorded in rental revenues in the Consolidated Statements of Operations.

6. Receivables

The Company's accounting policy and methodology used to estimate the allowance for doubtful accounts related to service revenues are discussed in the Company's 2019 Annual Report on Form 10-K.

Accounts Receivable

As of September 30, 2020, accounts receivable was \$14.1 million and there was no allowance for doubtful accounts. As of December 31, 2019, accounts receivable was \$13.0 million and there was no allowance for doubtful accounts.

Straight-Line Rent Receivable

As of September 30, 2020, straight-line rent receivable was \$231.5 million and there was a \$5.0 million allowance for doubtful accounts. As of December 31, 2019, straight-line rent receivable was \$195.3 million and there was no allowance for doubtful accounts.

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7. Prepaid Expenses and Other Assets, net

The following table summarizes the Company's prepaid expenses and other assets, net as of:

	September 30, 2020	December 31, 2019
Deposits and pre-development costs for future acquisitions	\$ 27,135	\$ 21,585
Prepaid insurance	9,091	3,463
Goodwill	8,754	8,754
Non-real estate investments	4,216	5,545
Deferred financing costs	1,477	3,246
Prepaid property tax	3,145	2,070
Derivative assets	13	479
Other	26,896	23,832
PREPAID EXPENSES AND OTHER ASSETS, NET	\$ 80,727	\$ 68,974

Goodwill

No goodwill impairment indicators have been identified during the three and nine months ended September 30, 2020.

Non-Real Estate Investments

The Company held an investment in an entity that does not report NAV. The Company marked this investment to fair value based on Level 2 inputs, whenever fair value was readily available or observable. Changes in fair value are included in the unrealized gain (loss) on non-real estate investment line item on the Consolidated Statements of Operations. During the three months ended September 30, 2020, the Company disposed of the investment resulting in the Company receiving a cash payment of \$1.16 million. No gain or loss was recognized due to the observable changes in fair value for the three months ended September 30, 2020. The Company recognized an unrealized loss of \$1.6 million due to the observable changes in fair value for the nine months ended September 30, 2020. No gain or loss was recognized due to observable changes in fair value for the three and nine months ended September 30, 2019. Over the life of this investment, the Company has recognized a net unrealized loss of \$0.6 million due to observable changes in fair value.

The Company also invests in an entity that reports NAV. The investment, which is in a real estate technology venture capital fund, involves a commitment of funding from the Company of up to \$20.0 million. The Company uses NAV reported without adjustment unless it is aware of information indicating the NAV reported does not accurately reflect the fair value for the investment. As of September 30, 2020, the Company has contributed \$6.0 million to this fund with \$14.0 million remaining to be contributed. Changes in fair value are included in the unrealized gain (loss) on non-real estate investment line item on the Consolidated Statements of Operations. The Company recognized an unrealized gain of \$0.5 million due to the observable changes in fair value for the three months ended September 30, 2020 and a net unrealized loss of \$0.7 million due to the observable changes in fair value for the nine months ended September 30, 2020. No gain or loss was recognized due to observable changes in fair value for the three and nine months ended September 30, 2019.

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8. Debt

The following table sets forth information with respect to the Company's outstanding indebtedness:

	September 30, 2020	December 31, 2019	Interest Rate ⁽¹⁾	Contractual Maturity Date
UNSECURED AND SECURED DEBT				
Unsecured debt				
Unsecured revolving credit facility ⁽²⁾⁽³⁾	\$ —	\$ 75,000	LIBOR + 1.05% to 1.50%	3/13/2022 ⁽⁴⁾
Term loan B ⁽²⁾⁽⁵⁾	—	350,000	LIBOR + 1.20% to 1.70%	4/1/2022
Term loan D ⁽²⁾⁽⁶⁾	—	125,000	LIBOR + 1.20% to 1.70%	11/17/2022
Series A notes	110,000	110,000	4.34%	1/2/2023
Series B notes	259,000	259,000	4.69%	12/16/2025
Series C notes	56,000	56,000	4.79%	12/16/2027
Series D notes	150,000	150,000	3.98%	7/6/2026
Series E notes	50,000	50,000	3.66%	9/15/2023
3.95% Registered senior notes	400,000	400,000	3.95%	11/1/2027
4.65% Registered senior notes ⁽⁷⁾	500,000	500,000	4.65%	4/1/2029
3.25% Registered senior notes ⁽⁸⁾	400,000	400,000	3.25%	1/15/2030
Total unsecured debt	1,925,000	2,475,000		
Secured debt				
Hollywood Media Portfolio	\$ 900,000	\$ —	LIBOR + 2.15%	8/9/2022
Acquired Hollywood Media Portfolio debt	(107,814)	—	LIBOR + 3.31%	8/9/2022
Hollywood Media Portfolio, net⁽⁹⁾	792,186	—		
Met Park North ⁽¹⁰⁾	—	64,500	LIBOR + 1.55%	8/1/2020
10950 Washington ⁽¹¹⁾	25,871	26,312	5.32%	3/11/2022
One Westside and 10850 Pico ⁽¹²⁾	75,111	5,646	LIBOR + 1.70%	12/18/2023 ⁽⁴⁾
Revolving Sunset Bronson Studios/ICON/CUE facility ⁽¹³⁾	—	5,001	LIBOR + 1.35%	3/1/2024
Element LA	168,000	168,000	4.59%	11/6/2025
Hill7 ⁽¹⁴⁾	101,000	101,000	3.38%	11/6/2028
Total secured debt	1,162,168	370,459		
Total unsecured and secured debt	3,087,168	2,845,459		
Unamortized deferred financing costs and loan discounts/premiums ⁽¹⁵⁾	(31,971)	(27,549)		
TOTAL UNSECURED AND SECURED DEBT, NET	\$ 3,055,197	\$ 2,817,910		
IN-SUBSTANCE DEFEASED DEBT⁽¹⁶⁾	\$ 132,560	\$ 135,030	4.47%	10/1/2022
JOINT VENTURE PARTNER DEBT⁽¹⁷⁾	\$ 66,136	\$ 66,136	4.50%	10/9/2028

- Interest rate with respect to indebtedness is calculated on the basis of a 360-day year for the actual days elapsed. Interest rates are as of September 30, 2020, which may be different than the interest rates as of December 31, 2019 for corresponding indebtedness.
- The rate is based on the operating partnership's leverage ratio. The Company has an option to make an irrevocable election to change the interest rate depending on the Company's credit rating or a specified base rate plus an applicable margin. As of September 30, 2020, no such election had been made.
- The Company has a total capacity of \$600.0 million under its unsecured revolving credit facility.
- The maturity date may be extended once for an additional one-year term.
- The interest rate on the outstanding balance of the term loan was effectively fixed at 2.96% to 3.46% per annum through the use of two interest rate swaps. Term loan B was repaid in the third quarter 2020. Instead of terminating the interest rate swaps on the loan, the swaps were designated under a first payments approach within hedge accounting, where the Company elected to designate a cash flow (LIBOR based interest payments) instead of a specific piece of debt. See Note 9 for details.
- The interest rate on the outstanding balance of the term loan was effectively fixed at 2.63% to 3.13% per annum through the use of an interest rate swap. Term loan D was repaid in the third quarter 2020. Instead of terminating the interest rate swap on the loan, the swap was designated under a first payments approach within hedge accounting, where the Company elected to designate a cash flow (LIBOR based interest payments) instead of a specific piece of debt. See Note 9 for details.

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7. On February 27, 2019, the operating partnership completed an underwritten public offering of \$350.0 million of senior notes, which were issued at a discount at 98.663% of par. On June 14, 2019, the operating partnership completed an additional underwritten public offering of \$150.0 million of senior notes, which were issued at a premium at 104.544% of par. These notes are treated as a single series of securities with an aggregate principal amount of \$500.0 million.
8. On October 3, 2019, the operating partnership completed an underwritten public offering of \$400.0 million in senior notes due January 15, 2030. The notes were issued at a discount at 99.268% of par value, with a coupon of 3.25%.
9. The Company owns 51% of the ownership interest in the consolidated joint venture that owns the Hollywood Media Portfolio. On July 30, 2020, the joint venture closed a \$900.0 million mortgage loan secured by the Hollywood Media Portfolio. This loan has an initial term of two years from the first payment date, with three one-year extension options, subject to certain requirements. The Company and Blackstone purchased bonds comprising the loan in the amounts of \$107.8 million and \$12.5 million, respectively. The Company repaid Term loans B (\$350.0 million) and D (\$125.0 million) and instead of terminating the interest rate swaps on these loans, the swaps were designated under a first payments approach within hedge accounting, rather than a specific piece of debt. Therefore, the interest rate on the outstanding balance has been effectively fixed through the use of interest rate swaps. As of September 30, 2020, fixed LIBOR was 1.76% with respect to \$350.0 million and 1.43% with respect to \$125.0 million of the Hollywood Media Portfolio loan, respectively.
10. Interest on the full loan amount has been effectively fixed at 3.71% per annum through use of an interest rate swap. See Note 9 for details. On July 31, 2020, the Company paid off the principal outstanding of \$64.5 million on the Met Park North mortgage loan.
11. Monthly debt service includes annual debt amortization payments based on a 30-year amortization schedule with a balloon payment at maturity.
12. The Company has the ability to draw up to \$414.6 million under the construction loan secured by the One Westside and 10850 Pico properties.
13. The Company has a total capacity of \$235.0 million under the Sunset Bronson Studios/ICON/CUE revolving credit facility. This loan is secured by the Company's Sunset Bronson Studios, ICON and CUE properties. The outstanding borrowings were paid off in the third quarter 2020.
14. The Company owns 55% of the ownership interest in the consolidated joint venture that owns the Hill7 property. The full amount of the loan is shown. This loan bears interest only at 3.38% until November 6, 2026, at which time the interest rate will increase and monthly debt service will include principal payments with a balloon payment at maturity.
15. Excludes deferred financing costs related to establishing the Company's unsecured revolving credit facility and Sunset Bronson Studios/ICON/CUE revolving credit facility, which are reflected in prepaid and other assets, net line item in the Consolidated Balance Sheets. See Note 7 for details.
16. The Company owns 75% of the ownership interest in the joint venture that owns the One Westside and 10850 Pico properties. The full amount of the loan is separately presented on the balance sheet. Monthly debt service includes annual debt amortization payments based on a 10-year amortization schedule with a balloon payment at maturity.
17. This amount relates to debt due to Allianz U.S. Private REIT LP ("Allianz"), the Company's partner in the joint venture that owns the Ferry Building property. The maturity date may be extended twice for an additional two-year term each.

Current Year Activity

During the nine months ended September 30, 2020, the outstanding borrowings on the unsecured revolving credit facility decreased by \$75.0 million, net of borrowings. The Company generally uses the unsecured revolving credit facility to finance the acquisition of other properties, to provide funds for tenant improvements and capital expenditures and to provide for working capital and other corporate purposes.

On July 30, 2020, funds affiliated with Blackstone acquired a 49% interest in the Hollywood Media Portfolio. The Company retained a 51% ownership stake and remains responsible for day-to-day operations, leasing and development. In conjunction with closing this transaction, the joint venture closed a \$900.0 million mortgage loan secured by the Hollywood Media Portfolio. The Company and Blackstone purchased bonds comprising the loan in the amounts of \$107.8 million and \$12.5 million, respectively. This loan has an initial term of two years from the first payment date, with three one-year extension options, subject to certain requirements. With an initial interest rate of LIBOR plus 2.15% per annum, it bears interest only payable every month during the term of the loan with principal payable at maturity. The loan is non-recourse, except as to customary non-recourse carveout guaranties from the Company and Blackstone. The combined proceeds from sale of the 49% interest in the Hollywood Media Portfolio and the Company's share of asset-level financing was approximately \$1.27 billion before closing credits, proration and costs. The proceeds from the sale were used to pay down the outstanding borrowings on the unsecured revolving credit facility and to pay off Term loan B, Term loan D, Met Park North and the Revolving Sunset Bronson Studios/ICON/CUE facility.

Indebtedness

The Company presents its financial statements on a consolidated basis. Notwithstanding such presentation, except to the extent expressly indicated, the Company's separate property-owning subsidiaries are not obligors of or under the debt of their respective affiliates and each property-owning subsidiary's separate liabilities do not constitute obligations of its respective affiliates.

Loan agreements include events of default that the Company believes are usual for loans and transactions of this type. As of the date of this filing, there have been no events of default associated with the Company's loans.

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The following table provides information regarding the Company's minimum future principal payments due on the Company's debt (before the impact of extension options, if applicable) as of September 30, 2020:

Year	Unsecured and Secured Debt	In-substance Defeased Debt	Joint Venture Partner Debt
Remaining 2020	\$ 154	\$ 853	\$ —
2021	632	3,494	—
2022	817,271	128,213	—
2023	235,111	—	—
2024	—	—	—
Thereafter	2,034,000	—	66,136
TOTAL	\$ 3,087,168	\$ 132,560	\$ 66,136

Unsecured Debt

Term Loan and Credit Facility

On March 13, 2018, the operating partnership entered into a third amended and restated credit agreement (the "Amended and Restated Credit Agreement") with various financial institutions. The Amended and Restated Credit Agreement provides for (i) the increase of the operating partnership's unsecured revolving credit facility to \$600.0 million and the extension of the term to March 13, 2022 and (ii) term loans in amount and tenor equal to the term loans outstanding under the previous agreements (\$300.0 million term loan A maturing April 1, 2020, \$350.0 million term loan B maturing April 1, 2022, \$75.0 million term loan C maturing November 17, 2020 and \$125.0 million term loan D maturing November 17, 2022). The \$75.0 million term loan was repaid with proceeds from the Company's 4.65% registered senior notes on February 27, 2019. The \$300.0 million term loan was repaid with proceeds from the Company's 3.25% registered senior notes on October 3, 2019. During the three months ended September 30, 2020, the principal outstanding on Term loan B and D were repaid from the proceeds from the Hollywood Media Portfolio transaction.

The following table summarizes the balance and key terms of the unsecured revolving credit facility as of:

	September 30, 2020	December 31, 2019
Outstanding borrowings	\$ —	\$ 75,000
Remaining borrowing capacity	600,000	525,000
TOTAL BORROWING CAPACITY	\$ 600,000	\$ 600,000
Interest rate ⁽¹⁾	LIBOR + 1.05% to 1.50%	
Annual facility fee rate ⁽¹⁾	0.15% or 0.30%	
Contractual maturity date ⁽²⁾	3/13/2022	

- The rate is based on the operating partnership's leverage ratio. The Company has the option to make an irrevocable election to change the interest rate depending on the Company's credit rating. As of September 30, 2020, no such election had been made.
- The maturity date may be extended once for an additional one-year term.

Debt Covenants

The operating partnership's ability to borrow under its unsecured loan arrangements remains subject to ongoing compliance with financial and other covenants as defined in the respective agreements. Certain financial covenant ratios are subject to change in the occurrence of material acquisitions as defined in the respective agreements. Other covenants include certain limitations on dividend payouts and distributions, limits on certain types of investments outside of the operating partnership's primary business and other customary affirmative and negative covenants.

The following table summarizes existing covenants and their covenant levels related to the unsecured revolving credit facility, term loans, and note purchase agreements, when considering the most restrictive terms:

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Covenant Ratio	Covenant Level	Actual Performance
Total liabilities to total asset value	≤ 60%	35.6%
Unsecured indebtedness to unencumbered asset value	≤ 60%	37.5%
Adjusted EBITDA to fixed charges	≥ 1.5x	3.4x
Secured indebtedness to total asset value	≤ 45%	15.1%
Unencumbered NOI to unsecured interest expense	≥ 2.0x	3.0x

The following table summarizes existing covenants and their covenant levels related to the registered senior notes:

Covenant Ratio⁽¹⁾	Covenant Level	Actual Performance
Debt to total assets	≤ 60%	40.1%
Total unencumbered assets to unsecured debt	≥ 150%	286.9%
Consolidated income available for debt service to annual debt service charge	≥ 1.5x	3.8x
Secured debt to total assets	≤ 45%	15.8%

1. The covenant and actual performance metrics above represent terms and definitions reflected in the indentures governing the 3.25% Senior Notes, 3.95% Senior Notes and 4.65% Senior Notes based on the financial results as of September 30, 2020.

The operating partnership was in compliance with its financial covenants as of September 30, 2020.

Repayment Guarantees

Although the rest of the operating partnership's loans are secured and non-recourse, the operating partnership provides limited customary secured debt guarantees for items such as voluntary bankruptcy, fraud, misapplication of payments and environmental liabilities.

The Company guaranteed the operating partnership's unsecured debt.

Interest Expense

The following table represents a reconciliation from gross interest expense to the interest expense line item in the Consolidated Statements of Operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Gross interest expense ⁽¹⁾	\$ 32,243	\$ 29,536	\$ 93,846	\$ 85,981
Capitalized interest	(4,519)	(4,334)	(14,264)	(12,911)
Amortization of deferred financing costs and loan discounts/premiums	4,768	1,388	7,257	4,422
INTEREST EXPENSE	\$ 32,492	\$ 26,590	\$ 86,839	\$ 77,492

1. Includes interest on the Company's debt and hedging activities and extinguishment costs related to paydowns in the term loans.

9. Derivatives

The Company enters into derivatives in order to hedge interest rate risk. The Company had three interest rate swaps with aggregate notional amounts of \$475.0 million as of September 30, 2020 and had four interest rate swaps with aggregate notional amounts of \$539.5 million as of December 31, 2019. These derivatives were designated as effective cash flow hedges for accounting purposes.

On July 29, 2020, the Company entered into an interest rate cap contract, required by the lender, with respect to the Hollywood Media Portfolio loan due August 2022. The aggregate notional amount is \$900.0 million as of September 30, 2020.

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The interest rate cap is not designated under hedge accounting and is accounted for under mark-to-market accounting. Changes in fair value are included in the Interest expense line item on the Consolidated Statements of Operations.

The Company has agreements with its derivative counterparties that contain a provision where the Company could be declared in default on its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to the Company's default on the indebtedness.

The Company's derivatives are classified as Level 2 and their fair values are derived from estimated values obtained from observable market data for similar instruments.

The fair market value of derivatives is presented on a gross basis on the Consolidated Balance Sheets. The following table summarizes the Company's derivative instruments as of September 30, 2020 and December 31, 2019:

Underlying Debt Instrument	Number of Hedges	Notional Amount	Effective Date	Maturity Date	Interest Rate Range ⁽¹⁾		Fair Value (Liabilities) Assets	
					Low	High	September 30, 2020	December 31, 2019
Interest rate swaps								
Met Park North	1	\$ 64,500	August 2013	August 2020	3.71%	3.71%	\$ —	\$ (195)
Hollywood Media Portfolio (formerly Term loan B)	2	350,000	April 2015	April 2022	2.96%	3.46%	(8,440)	(1,596)
Hollywood Media Portfolio (formerly Term loan D)	1	125,000	June 2016	November 2022	2.63%	3.13%	(3,353)	479
Interest rate cap					Strike rate			
Hollywood Media Portfolio	1	\$ 900,000	July 2020	August 2022	3.5%		\$ 13	\$ —
TOTAL							\$ (11,780)	\$ (1,312)

1. The rate is based on the fixed rate from the interest rate swap and the spread based on the operating partnership's leverage ratio.

On July 31, 2020, the Company paid off the principal outstanding of \$64.5 million on the Met Park North mortgage loan. The derivative on the Met Park North mortgage loan matured on August 1, 2020.

The proceeds from the Company's sale of its 49% interest in the Hollywood Media Portfolio were used to pay off the principal outstanding of \$350.0 million on Term loan B and \$125.0 million on Term loan D. Instead of terminating the interest rate swaps on Term loans B and D, the swaps were designated under a first payments approach within hedge accounting, where the Company elected to designate a cash flow (LIBOR based interest payments) instead of a specific piece of debt.

The Company reclassifies into earnings in the same period during which the hedged forecasted transaction affects earnings. As of September 30, 2020, the Company expects \$7.3 million of unrealized loss included in accumulated other comprehensive income will be reclassified as an increase to interest expense in the next 12 months.

10. U.S. Government Securities

The Company has U.S. Government securities of \$136.6 million and \$140.7 million as of September 30, 2020 and December 31, 2019, respectively. The One Westside and 10850 Pico properties acquisition in 2018 included the assumption of debt that was, in substance, defeased through the purchase of U.S. Government-backed securities. The securities are investments held to maturity and are carried at amortized cost on the Consolidated Balance Sheets. As of September 30, 2020, the Company had \$7.6 million of gross unrealized gains and no gross unrealized losses.

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The following table summarizes the carrying value and fair value of the Company's securities by the contractual maturity date September 30, 2020:

	Carrying Value	Fair Value
Due in 1 year	\$ 6,522	\$ 7,385
Due in 1 to 5 years	130,127	136,885
TOTAL	\$ 136,649	\$ 144,270

11. Income Taxes

Hudson Pacific Properties, Inc. has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its taxable year ended December 31, 2010. Provided it continues to qualify for taxation as a REIT, Hudson Pacific Properties, Inc. is generally not subject to corporate-level income tax on the earnings distributed currently to its stockholders. The Company has elected, together with certain of its subsidiaries, to treat each such subsidiary as a taxable REIT subsidiary ("TRS") for federal income tax purposes.

In general, the Company's property-owning subsidiaries are limited liability companies and are treated as pass-through entities or disregarded entities (or, in the case of the entities that own the 1455 Market, Hill7 and Ferry Building properties, REITs) for federal income tax purposes. In the case of the Bentall Centre property, the Company owns its interest in the property through a non-U.S. entity treated as a TRS for federal income tax purposes. Accordingly, no provision has been made for federal income taxes in the accompanying consolidated financial statements for the activities of these entities.

The Company periodically evaluates its tax positions to determine whether it is more likely than not that such positions would be sustained upon examination by a tax authority for all open tax years, as defined by the statute of limitations, based on their technical merits. As of September 30, 2020, the Company has not established a liability for uncertain tax positions.

The Company and certain of its TRSs file income tax returns with the U.S. federal government and various state and local jurisdictions. The Company and its TRSs are no longer subject to tax examinations by tax authorities for years prior to 2015. The Company has assessed its tax positions for all open years, which as of September 30, 2020 included 2015 to 2019, and concluded that there are no material uncertainties to be recognized.

12. Future Minimum Rents and Lease Payments

The following table summarizes the future minimum base rents (excluding tenant reimbursements for operating expenses and termination fees related to tenants exercising early termination options) for properties as of September 30, 2020:

Year Ended	Non-Cancellable	Subject to Early Termination Options	Total ⁽¹⁾
Remaining 2020	\$ 154,712	\$ 1,065	\$ 155,777
2021	582,495	10,799	593,294
2022	523,207	23,674	546,881
2023	479,796	29,084	508,880
2024	419,047	19,040	438,087
Thereafter	1,657,622	151,782	1,809,404
TOTAL	\$ 3,816,879	\$ 235,444	\$ 4,052,323

1. Excludes rents under leases at the Company's studio properties with terms of one year or less.

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The following table summarizes the Company's ground lease terms related to properties that are held subject to long-term non-cancellable ground lease obligations as of September 30, 2020:

Property	Expiration Date	Notes
3400 Hillview	10/31/2040	The ground rent is the greater of the minimum annual rent or percentage annual rent. The minimum annual rent until October 31, 2017 is the lesser of 10% of Fair Market Value ("FMV") of the land or \$1.0 million grown at 75% of the cumulative increases in consumer price index ("CPI") from October 1989. Thereafter, minimum annual rent, which resets annually, is the lesser of 10% of FMV of the land or the minimum annual rent as calculated as of November 1, 2017 plus 75% of subsequent cumulative CPI changes. In no event can rent be less than the specific amount prescribed in the ground lease agreement. Percentage annual rent is gross income multiplied by 24.125%.
Clocktower Square	9/26/2056	The ground rent is minimum annual rent (adjusted every 10 years) plus 25% of adjusted gross income ("AGI"). Minimum rent adjustments add 60% of the average annual participation rent payable over five years. Annual participation is the excess of 25% of AGI over the minimum annual rent for a given lease year.
Del Amo	6/30/2049	Rent under the ground sublease is \$1.00 per year, with the sublessee being responsible for all impositions, insurance premiums, operating charges, maintenance charges, construction costs and other charges, costs and expenses that arise or may be contemplated under any provisions of the ground sublease.
Ferry Building	Various	The land on which the building is situated is subject to a ground lease agreement that expires on April 1, 2067. The minimum annual rent (adjusted every 5 years) is the prior year's minimum annual rent plus cumulative increase in CPI with a floor of 10% and a cap of 20%. Additionally, the parking lot is subject to a separate ground lease agreement that expires on April 1, 2023. The minimum annual rent adjusts each year for changes in CPI with a floor of 2% and a cap of 4%. The parking lot is subject to automatic renewals for 10-year periods at market.
Foothill Research Center	6/30/2039	The ground rent is the greater of the minimum annual rent or percentage annual rent. The minimum annual rent, which resets annually, is the lesser of 10% of FMV of the land or the previous year's minimum annual rent plus 75% of CPI increase. In no event can rent be less than the specific amount prescribed in the ground lease agreement. Percentage annual rent is gross income multiplied by 24.125%.
Lockheed	7/31/2040	The ground rent is the greater of the minimum annual rent or percentage annual rent. The minimum annual rent, which resets annually, is the lesser of 10% of FMV of the land or the previous year's minimum annual rent plus 75% of CPI increase. Percentage annual rent is Lockheed's base rent multiplied by 24.125%. In no event can rent be less than the specific amount prescribed in the ground lease agreement.
Metro Center	4/29/2054	Every 10 years rent adjusts to 7.233% of FMV of the land (since 2008) and adjusts to reflect the change in CPI from the preceding FMV adjustment date (since 2013). The CPI adjustment has a floor of the previous minimum rent. The Company has an option to extend the ground lease for four additional periods of 11 years each.
Page Mill Center	11/30/2041	The ground rent is minimum annual rent (adjusted on January 1, 2019 and January 1, 2029) plus 25% of AGI, less minimum annual rent. Minimum rent adjustments add 60% of the average annual participation rent payable over five years. Annual participation is the excess of 25% of AGI over the minimum annual rent for a given lease year.
Page Mill Hill	11/17/2049	The ground rent is minimum annual rent (adjusted every 10 years) plus 60% of the average of the percentage annual rent for the previous 7 lease years. Minimum rent adjustments add 60% of the average annual percentage rent for the previous 7 years.
Palo Alto Square	11/30/2045	The ground rent is minimum annual rent (adjusted every 10 years starting January 1, 2022) plus 25% of AGI less minimum annual rent. The minimum annual rent adjustments add 50% of the average annual percentage rent from the previous 5 years.
Sunset Gower Studios	3/31/2060	Every 7 years rent adjusts to 7.5% of FMV of the land.
Techmart	5/31/2053	Rent subject to a 10% increase every 5 years. The Company has an option to extend the ground lease for two additional periods of 10 years each.

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Contingent rental expense is recorded in the period in which the contingent event becomes probable. The following table summarizes rental expense for ground leases as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2020		2019		2020		2019	
Contingent rental expense	\$	2,427	\$	1,523	\$	6,683	\$	7,014
Minimum rental expense	\$	4,991	\$	5,713	\$	14,973	\$	14,922

The following table provides information regarding the Company's future minimum lease payments for its ground leases (before the impact of extension options, if applicable) as of September 30, 2020:

Year	Lease Payments ⁽¹⁾
Remaining 2020	\$ 4,625
2021	18,622
2022	18,663
2023	18,438
2024	18,392
Thereafter	534,354
Total ground lease payments	613,094
Less: interest portion	(342,267)
PRESENT VALUE OF LEASE LIABILITY	\$ 270,827

1. In situations where ground lease obligation adjustments are based on third-party appraisals of fair market land value, CPI adjustments and/or percentage of gross income that exceeds the minimum annual rent, the future minimum lease amounts above include the lease rental obligations in effect as of September 30, 2020.

13. Fair Value of Financial Instruments

The GAAP fair value framework uses a three-tiered approach. Fair value measurements are classified and disclosed in one of the following three categories:

- Level 1: unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2: quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and
- Level 3: prices or valuation techniques where little or no market data is available that require inputs that are both significant to the fair value measurement and unobservable.

The Company's financial assets and liabilities measured and reported at fair value on a recurring basis include the following as of:

	September 30, 2020				December 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivative assets ⁽¹⁾	\$ —	\$ 13	\$ —	\$ 13	\$ —	\$ 479	\$ —	\$ 479
Derivative liabilities ⁽²⁾	\$ —	\$ (11,793)	\$ —	\$ (11,793)	\$ —	\$ (1,791)	\$ —	\$ (1,791)
Non-real estate investments ⁽¹⁾	\$ —	\$ 4,216	\$ —	\$ 4,216	\$ —	\$ 5,545	\$ —	\$ 5,545

1. Included in the prepaid expenses and other assets, net line item on the Consolidated Balance Sheets.

2. Included in the accounts payable, accrued liabilities and other line item on the Consolidated Balance Sheets.

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Other Financial Instruments

The carrying values of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities are reasonable estimates of fair value, using Level 1 inputs, because of the short-term nature of these instruments. Fair value for investment in U.S. Government securities are estimated based on Level 1 inputs. Fair values for debt are estimated based on rates currently prevailing for similar instruments of similar maturities using Level 2 inputs.

The table below represents the carrying value and fair value of the Company's investment in securities and debt as of:

	September 30, 2020		December 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
ASSETS				
U.S. Government securities	\$ 136,649	\$ 144,270	\$ 140,749	\$ 144,589
LIABILITIES				
Unsecured debt ⁽¹⁾	\$ 1,925,000	\$ 2,037,138	\$ 2,475,000	\$ 2,540,606
Secured debt ⁽¹⁾	\$ 1,162,168	\$ 1,156,377	\$ 370,459	\$ 366,476
In-substance defeased debt	\$ 132,560	\$ 131,898	\$ 135,030	\$ 134,936
Joint venture partner debt	\$ 66,136	\$ 67,789	\$ 66,136	\$ 68,557

1. Amounts represent debt excluding net deferred financing costs.

14. Stock-Based Compensation

The Company has various stock compensation arrangements, which are more fully described in the 2019 Annual Report on Form 10-K. Under the 2010 Incentive Plan, as amended ("2010 Plan"), the Company's board of directors ("Board") has the ability to grant, among other things, restricted stock, restricted stock units, operating partnership performance units and performance-based awards.

The Board awards restricted shares to non-employee Board members on an annual basis as part of such Board members' annual compensation and to newly elected non-employee Board members in accordance with the Non-Employee Director Compensation Program. The time-based awards are generally issued in the second quarter, in conjunction with the director's election to the Board, and the individual share awards vest in equal annual installments over the applicable service vesting period, which is three years.

The Board awards time-based restricted shares or time-based operating partnership performance units to certain employees on an annual basis as part of the employees' annual compensation. These time-based awards are generally issued in the fourth quarter and vest in equal annual installments over the applicable service vesting period, which is generally three years. Additionally, certain awards are subject to a mandatory holding period upon vesting if the grantee is a named executive officer.

The Compensation Committee adopted an annual Hudson Pacific Properties, Inc. Outperformance Program ("OPP Plan") under the 2010 Plan through 2019. With respect to OPP Plan awards granted through 2016, to the extent an award is earned following the completion of a three-year performance period, 50% of the earned award will vest in full at the end of the three-year performance period and 50% of the earned award will vest in equal annual installments over the two years thereafter, subject to the participant's continued employment. OPP Plan awards are settled in common stock and, in the case of certain executives, in operating partnership performance units. Commencing with the 2017 OPP Plan, the two-year post-performance vesting period was replaced with a two-year mandatory holding period upon vesting.

Beginning in 2020, the Compensation Committee adopted an annual Hudson Pacific Properties, Inc. Performance Stock Unit Plan ("PSU Plan"). Effective January 1, 2020, the Compensation Committee awarded to certain employees performance units in the operating partnership ("2020 PSU Plan"). The 2020 PSU Plan grant consists of two portions. A portion of each performance unit award, the Relative TSR Performance Unit, is eligible to vest based on the achievement of the Company's total shareholder return compared to the total shareholder return of the SNL U.S. REIT Office Index over a three-year performance period beginning January 1, 2020 and ending December 31, 2022, with the vesting percentage subject to certain percentage targets. The remaining portion of each Performance Unit award, the Operational Performance Unit, generally is eligible to vest based on the achievement of operational performance metrics over a one-year performance period beginning January 1, 2020 and ending December 31, 2020.

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and will vest over three years. The number of Operational Performance Units that become eligible to vest based on the achievement of operational performance metrics may be adjusted based on the Company's achievement of absolute total shareholder return goals over the three-year performance period commencing January 1, 2020 and ending December 31, 2022, by applying the applicable vesting percentages.

The following table presents the classification and amount recognized for stock-based compensation related to the Company's awards:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Expensed stock compensation ⁽¹⁾	\$ 4,791	\$ 5,176	\$ 14,409	\$ 15,393
Capitalized stock compensation ⁽²⁾	751	28	2,317	92
TOTAL STOCK COMPENSATION⁽³⁾	\$ 5,542	\$ 5,204	\$ 16,726	\$ 15,485

1. Amounts are recorded in general and administrative expenses and studio operating expenses in the Consolidated Statements of Operations.
2. Amounts are recorded in deferred leasing costs and lease intangible assets, net and investment in real estate, at cost in the Consolidated Balance Sheets.
3. Amounts are recorded in additional paid-in capital and non-controlling interest—units in the operating partnership in the Consolidated Balance Sheets.

15. Earnings Per Share

Hudson Pacific Properties, Inc.

The Company calculates basic earnings per share by dividing the net income available to common stockholders for the period by the weighted average number of common shares outstanding during the period. The Company calculates diluted earnings per share by dividing the diluted net income available to common stockholders for the period by the weighted average number of common shares and dilutive instruments outstanding during the period using the treasury stock method or the if-converted method, whichever is more dilutive. Unvested time-based restricted stock awards, unvested time-based performance unit awards and unvested restricted stock units ("RSUs") that contain non-forfeitable rights to dividends are participating securities and are included in the computation of earnings per share pursuant to the two-class method.

The following table reconciles the numerator and denominator in computing the Company's basic and diluted earnings per share for net (loss) income available to common stockholders:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Numerator:				
Basic net (loss) income available to common stockholders	\$ (5,436)	\$ 58,755	\$ 8,859	\$ 29,768
Effect of dilutive instruments	—	460	92	225
Diluted net (loss) income available to common stockholders	\$ (5,436)	\$ 59,215	\$ 8,951	\$ 29,993
Denominator:				
Basic weighted average common shares outstanding	153,196,007	154,414,452	153,643,278	154,398,466
Effect of dilutive instruments ⁽¹⁾	—	2,084,467	2,387,537	2,001,609
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	153,196,007	156,498,919	156,030,815	156,400,075
Basic (loss) earnings per common share	\$ (0.04)	\$ 0.38	\$ 0.06	\$ 0.19
Diluted (loss) earnings per common share	\$ (0.04)	\$ 0.38	\$ 0.06	\$ 0.19

1. The Company includes unvested awards and convertible common and participating units as contingently issuable shares in the computation of diluted earnings per share once the market criteria are met, assuming that the end of the reporting period is the end of the contingency period. Any anti-dilutive securities are excluded from the diluted earnings per share calculation.

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Hudson Pacific Properties, L.P.

The operating partnership calculates basic earnings per unit by dividing the net income available to common unitholders for the period by the weighted average number of common units outstanding during the period. The operating partnership calculates diluted earnings per unit by dividing the diluted net income available to common unitholders for the period by the weighted average number of common units and dilutive instruments outstanding during the period using the treasury stock method or the if-converted method, whichever is more dilutive. Unvested time-based restricted stock awards, unvested time-based performance unit awards and unvested RSUs that contain non-forfeitable rights to dividends are participating securities and are included in the computation of earnings per unit pursuant to the two-class method.

The following table reconciles the numerator and denominator in computing the operating partnership's basic and diluted earnings per unit for net (loss) income available to common unitholders:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Numerator:				
Basic and diluted net (loss) income available to common unitholders	\$ (5,642)	\$ 59,029	\$ 8,489	\$ 29,899
Denominator:				
Basic weighted average common units outstanding	154,107,865	155,135,225	154,555,136	155,077,381
Effect of dilutive instruments ⁽¹⁾	—	875,343	867,000	834,343
DILUTED WEIGHTED AVERAGE COMMON UNITS OUTSTANDING	154,107,865	156,010,568	155,422,136	155,911,724
Basic (loss) earnings per common unit	\$ (0.04)	\$ 0.38	\$ 0.05	\$ 0.19
Diluted (loss) earnings per common unit	\$ (0.04)	\$ 0.38	\$ 0.05	\$ 0.19

1. The operating partnership includes unvested awards as contingently issuable units in the computation of diluted earnings per unit once the market criteria are met, assuming that the end of the reporting period is the end of the contingency period. Any anti-dilutive securities are excluded from the diluted earnings per unit calculation.

16. Redeemable Non-Controlling Interest

Redeemable Preferred Units of the Operating Partnership

As of September 30, 2020 and December 31, 2019, there were 392,598 series A preferred units of partnership interest in the operating partnership, or series A preferred units, which are not owned by the Company.

These series A preferred units are entitled to preferential distributions at a rate of 6.25% per annum on the liquidation preference of \$25.00 per unit and became convertible at the option of the holder into common units or redeemable into cash or, at the Company's election, exchangeable for registered shares of common stock.

Redeemable Non-Controlling Interest in Consolidated Real Estate Entities

On March 1, 2018, the Company entered into a joint venture agreement with Macerich WSP, LLC ("Macerich") to form HPP-MAC WSP, LLC ("HPP-MAC JV"). On August 31, 2018, Macerich contributed Westside Pavilion to the HPP-MAC JV. The Company has a 75% interest in the joint venture that owns the One Westside and 10850 Pico properties. The Company has a put right, after a specified time, to sell its interest at fair market value. Macerich has a put right, after a specified time, to sell its interest at fair market value, which is a redemption right that is not solely within the control of the Company. The put right is not currently redeemable. Therefore, the non-controlling interest related to this joint venture is included as temporary equity. Once the redemption is probable, the carrying amount will be marked to market with the change in value reflected in additional paid-in capital.

On October 9, 2018, the Company entered into a joint venture with Allianz to purchase the Ferry Building property. The Company has a 55% interest in the joint venture that owns the Ferry Building property. The Company has a put right, if certain events occur, to sell its interest at fair market value. Allianz has a put right, if certain events occur, to sell its interest at fair market

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value, which is a redemption right that is not solely within the control of the Company. The put right is not currently redeemable. Therefore, the non-controlling interest related to this joint venture is included as temporary equity. Once the redemption is probable, the carrying amount will be marked to market with the change in value reflected in additional paid-in capital.

The following table reconciles the beginning and ending balances of redeemable non-controlling interests:

	Three Months Ended September 30, 2020		Nine Months Ended September 30, 2020	
	Series A Redeemable Preferred Units	Consolidated Entities	Series A Redeemable Preferred Units	Consolidated Entities
BEGINNING OF PERIOD	\$ 9,815	\$ 126,400	\$ 9,815	\$ 125,260
Contributions	—	1,800	—	4,351
Distributions	—	—	—	(8)
Declared dividend	(153)	—	(459)	—
Net income (loss)	153	(1,304)	459	(2,707)
END OF PERIOD	\$ 9,815	\$ 126,896	\$ 9,815	\$ 126,896

17. Equity

The table below presents the activity related to Hudson Pacific Properties, Inc.'s accumulated other comprehensive (loss) income ("OCI"):

	Derivative Instruments	Currency Translation Adjustments	Total Equity
BALANCE AT DECEMBER 31, 2019	\$ (2,391)	\$ 1,830	\$ (561)
Unrealized losses recognized in OCI	(14,155)	(1,639)	(15,794)
Reclassification adjustment for realized gains ⁽¹⁾	3,560	—	3,560
Net change in OCI	(10,595)	(1,639)	(12,234)
BALANCE AT SEPTEMBER 30, 2020	\$ (12,986)	\$ 191	\$ (12,795)

1. The gains and losses on the Company's derivative instruments are reported in the interest expense line item on the Consolidated Statements of Operations. Interest expense was \$86.8 million for the nine months ended September 30, 2020.

The table below presents the activity related to Hudson Pacific Properties, L.P.'s OCI:

	Derivative Instruments	Currency Translation Adjustments	Total Capital
BALANCE AT DECEMBER 31, 2019	\$ (2,458)	\$ 1,845	\$ (613)
Unrealized losses recognized in OCI	(14,306)	(1,651)	(15,957)
Reclassification adjustment for realized gains ⁽¹⁾	3,598	—	3,598
Net change in OCI	(10,708)	(1,651)	(12,359)
BALANCE AT SEPTEMBER 30, 2020	\$ (13,166)	\$ 194	\$ (12,972)

1. The gains and losses on the operating partnership's derivative instruments are reported in the interest expense line item on the Consolidated Statements of Operations. Interest expense was \$86.8 million for the nine months ended September 30, 2020.

Non-Controlling Interests

Common Units in the Operating Partnership

Common units of the operating partnership and shares of common stock of the Company have essentially the same economic characteristics, as they share equally in the total net income or loss distributions of the operating partnership. Investors

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who own common units have the right to cause the operating partnership to repurchase any or all of their common units for cash at a per unit value equal to the then-current market value of one share of common stock. However, in lieu of such payment of cash, Hudson Pacific Properties, Inc. may, at its election, issue shares of its common stock in exchange for such common units on a one-for-one basis.

Performance Units in the Operating Partnership

Performance units are partnership interests in the operating partnership. Each performance unit awarded will be deemed equivalent to an award of one share of common stock under the 2010 Plan, reducing the availability for other equity awards on a one-for-one basis. Under the terms of the performance units, the operating partnership will revalue its assets for tax purposes upon the occurrence of certain specified events and any increase in valuation from the time of grant until such event will be allocated first to the holders of performance units to equalize the capital accounts of such holders (on a per unit basis) with the capital accounts of common unitholders. Once vested and having achieved parity with common unitholders, performance units generally are convertible into common units in the operating partnership on a one-for-one basis.

Current Year Activity

The following table summarizes the ownership interest in the operating partnership, excluding unvested restricted units and unvested restricted performance units as of:

	September 30, 2020	December 31, 2019
Company-owned common units in the operating partnership	152,143,492	154,691,052
Company's ownership interest percentage	99.4 %	99.4 %
Non-controlling units in the operating partnership ⁽¹⁾	911,858	911,858
Non-controlling ownership interest percentage	0.6 %	0.6 %

1. Represents units held by certain of the Company's executive officers, directors and outside investors. As of September 30, 2020, this amount represents both common units and performance units in the amount of 550,969 and 360,889, respectively. As of December 31, 2019, this amount represents both common units and performance units in the amount of 550,969 and 360,889, respectively.

Common Stock Activity

The Company has not completed any common stock offerings in 2020.

The Company's at-the-market ("ATM") program permits sales of up to \$125.0 million of common stock. The Company did not utilize the ATM program during the nine months ended September 30, 2020. A cumulative total of \$20.1 million has been sold as of September 30, 2020.

Share Repurchase Program

The Company is authorized to repurchase up to a total \$250.0 million shares of its common stock under its share repurchase program. During the nine months ended September 30, 2020, the Company repurchased \$61.9 million shares of its common stock. Since commencement of the program, a cumulative total of \$111.9 million has been repurchased. Share repurchases are accounted for on the trade date. The Company may make repurchases under the program at any time in its discretion, subject to market conditions, applicable legal requirements and other factors.

Dividends

The Board declared dividends on a quarterly basis and the Company paid the dividends during the quarters in which the dividends were declared. The following table summarizes dividends declared and paid for the periods presented:

Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P.
Notes to Unaudited Consolidated Financial Statements
(Unaudited, tabular amounts in thousands, except square footage, share and unit data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Common stock	\$ 0.25	\$ 0.25	\$ 0.75	\$ 0.75
Common units	\$ 0.25	\$ 0.25	\$ 0.75	\$ 0.75
Series A preferred units	\$ 0.3906	\$ 0.3906	\$ 1.1718	\$ 1.1718
Performance units	\$ 0.25	\$ 0.25	\$ 0.75	\$ 0.75
Payment date	September 28, 2020	September 30, 2019	N/A	N/A
Record date	September 18, 2020	September 20, 2019	N/A	N/A

Taxability of Dividends

Earnings and profits, which determine the taxability of distributions to stockholders, may differ from income reported for financial reporting purposes due to the differences for federal income tax purposes in the treatment of loss on extinguishment of debt, revenue recognition, compensation expense and the basis of depreciable assets and estimated useful lives used to compute depreciation.

18. Segment Reporting

The Company's reporting segments are based on the Company's method of internal reporting, which classifies its operations into two reporting segments: (i) office properties and (ii) studio properties. The Company evaluates performance based upon net operating income of the combined properties in each segment. General and administrative expenses and interest expense are not included in segment profit as its internal reporting addresses these items on a corporate level. Asset information by segment is not reported because the Company does not use this measure to assess performance or make decisions to allocate resources, therefore, depreciation and amortization expense is not allocated among segments.

The table below presents the operating activity of the Company's reportable segments:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Office segment				
Office revenues	\$ 180,716	\$ 185,359	\$ 551,451	\$ 539,989
Office expenses	(66,075)	(66,969)	(194,546)	(188,680)
Office segment profit	114,641	118,390	356,905	351,309
Studio segment				
Studio revenues	15,569	22,203	49,671	61,343
Studio expenses	(9,034)	(11,440)	(27,635)	(32,088)
Studio segment profit	6,535	10,763	22,036	29,255
TOTAL SEGMENT PROFIT	\$ 121,176	\$ 129,153	\$ 378,941	\$ 380,564
Segment revenues	\$ 196,285	\$ 207,562	\$ 601,122	\$ 601,332
Segment expenses	(75,109)	(78,409)	(222,181)	(220,768)
TOTAL SEGMENT PROFIT	\$ 121,176	\$ 129,153	\$ 378,941	\$ 380,564

Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P.
Notes to Unaudited Consolidated Financial Statements
(Unaudited, tabular amounts in thousands, except square footage, share and unit data)

The table below is a reconciliation of the total profit from all segments to net (loss) income:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
NET (LOSS) INCOME	\$ (1,362)	\$ 62,955	\$ 19,598	\$ 38,883
General and administrative	17,428	17,661	53,943	54,099
Depreciation and amortization	75,052	69,781	222,331	207,892
Loss (income) from unconsolidated real estate entity	105	260	(69)	345
Fee income	(575)	(656)	(1,741)	(931)
Interest expense	32,492	26,590	86,839	77,492
Interest income	(1,056)	(1,002)	(3,129)	(3,034)
Transaction-related expenses	181	331	440	459
Unrealized (gain) loss on non-real estate investment	(513)	—	2,335	—
Gain on sale of real estate	—	(47,100)	—	(47,100)
Impairment loss	—	—	—	52,201
Other (income) loss	(576)	333	(1,606)	258
TOTAL PROFIT FROM ALL SEGMENTS	\$ 121,176	\$ 129,153	\$ 378,941	\$ 380,564

19. Related Party Transactions

Employment Agreements

The Company has entered into employment agreements with certain executive officers, effective January 1, 2020, that provide for various severance and change in control benefits and other terms and conditions of employment.

Hollywood Media Portfolio debt

On July 30, 2020, funds affiliated with Blackstone acquired a 49% interest in the Hollywood Media Portfolio. The Company retained a 51% ownership stake and remains responsible for day-to-day operations, leasing and development. In conjunction with closing this transaction, the joint venture closed a \$900.0 million mortgage loan secured by the Hollywood Media Portfolio. The Company and Blackstone purchased bonds comprising the loan in the amounts of \$107.8 million and \$12.5 million, respectively.

20. Commitments and Contingencies

Legal

From time to time, the Company is party to various lawsuits, claims and other legal proceedings arising out of, or incident to, the ordinary course of business. Management believes, based in part upon consultation with legal counsel, that the ultimate resolution of all such claims will not have a material adverse effect on the Company's results of operations, financial position or cash flows. As of September 30, 2020, the risk of material loss from such legal actions impacting the Company's financial condition or results from operations has been assessed as remote.

Letters of Credit

As of September 30, 2020, the Company has outstanding letters of credit totaling approximately \$3.4 million under the unsecured revolving credit facility. The letters of credit are primarily related to utility company security deposit requirements.

Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P.
Notes to Unaudited Consolidated Financial Statements
(Unaudited, tabular amounts in thousands, except square footage, share and unit data)

21. Supplemental Cash Flow Information

Supplemental cash flow information for Hudson Pacific Properties, Inc. is included as follows:

	Nine Months Ended September 30,	
	2020	2019
Cash paid for interest, net of capitalized interest	\$ 65,908	\$ 51,276
Non-cash investing and financing activities		
Accounts payable and accrued liabilities for real estate investments	\$ (132,836)	\$ 89,147
Accrued liability for common stock repurchases settled after quarter-end	\$ (8,468)	\$ —

Supplemental cash flow information for Hudson Pacific Properties, L.P. is included as follows:

	Nine Months Ended September 30,	
	2020	2019
Cash paid for interest, net of capitalized interest	\$ 65,908	\$ 51,276
Non-cash investing and financing activities		
Accounts payable and accrued liabilities for real estate investments	\$ (132,836)	\$ 89,147
Accrued liability for common unit repurchases settled after quarter-end	\$ (8,468)	\$ —

Restricted cash primarily consists of amounts held by lenders to fund reserves such as capital improvements, taxes, insurance, debt service and operating expenditures. The following table provides a reconciliation of cash and cash equivalents and restricted cash at the beginning and end of the periods presented for Hudson Pacific Properties, Inc.:

	Nine Months Ended September 30,	
	2020	2019
BEGINNING OF PERIOD		
Cash and cash equivalents	\$ 46,224	\$ 53,740
Restricted cash	12,034	14,451
TOTAL	\$ 58,258	\$ 68,191
END OF PERIOD		
Cash and cash equivalents	\$ 365,294	\$ 56,777
Restricted cash	38,979	12,562
TOTAL	\$ 404,273	\$ 69,339

The following table provides a reconciliation of cash and cash equivalents and restricted cash at the beginning and end of the periods presented for Hudson Pacific Properties, L.P.:

	Nine Months Ended September 30,	
	2020	2019
BEGINNING OF PERIOD		
Cash and cash equivalents	\$ 46,224	\$ 53,740
Restricted cash	12,034	14,451
TOTAL	\$ 58,258	\$ 68,191
END OF PERIOD		
Cash and cash equivalents	\$ 365,294	\$ 56,777
Restricted cash	38,979	12,562
TOTAL	\$ 404,273	\$ 69,339

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

The following discussion relates to our consolidated financial statements and should be read in conjunction with the consolidated financial statements and the related notes, see Part I, Item 1 "Financial Statements of Hudson Pacific Properties, Inc.," "Financial Statements of Hudson Pacific Properties, L.P." and "Notes to Unaudited Consolidated Financial Statements." Statements in this Item 2 contain forward-looking statements. For a discussion of forward-looking statements, important risks related to our business, and related to investing in our securities, including risks that could cause actual results and events to differ materially from results and events refer to the forward-looking statements section in this Item 2.

Forward-looking Statements

Certain written and oral statements made or incorporated by reference from time to time by us or our representatives in this Quarterly Report on Form 10-Q, other filings or reports filed with the SEC, press releases, conferences, or otherwise, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended, or the Securities Act, as amended, and Section 21E of the Exchange Act). In particular, statements relating to our liquidity and capital resources, portfolio performance and results of operations contain forward-looking statements. Furthermore, all of the statements regarding future financial performance (including anticipated funds from operations, or FFO, market conditions and demographics) are forward-looking statements. We are including this cautionary statement to make applicable and take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for any such forward-looking statements. We caution investors that any forward-looking statements presented in this Quarterly Report on Form 10-Q, or that management may make orally or in writing from time to time, are based on management's beliefs and assumptions made by, and information currently available to, management. When used, the words "anticipate," "believe," "expect," "intend," "may," "might," "plan," "estimate," "project," "should," "will," "result" and similar expressions that do not relate solely to historical matters are intended to identify forward-looking statements. Such statements are subject to risks, uncertainties and assumptions and may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. We expressly disclaim any responsibility to update forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, investors should use caution in relying on past forward-looking statements, which were based on results and trends at the time they were made, to anticipate future results or trends. Additional information concerning these and other risks and uncertainties is contained in our other periodic filings with the SEC.

Some of the risks and uncertainties that may cause our actual results, performance, liquidity or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the following:

- adverse economic or real estate developments in our target markets;
- general economic conditions;
- defaults on, early terminations of or non-renewal of leases by tenants;
- fluctuations in interest rates and increased operating costs;
- our failure to obtain necessary outside financing or maintain an investment grade rating;
- our failure to generate sufficient cash flows to service our outstanding indebtedness and maintain dividend payments;
- lack or insufficient amounts of insurance;
- decreased rental rates or increased vacancy rates;
- difficulties in identifying properties to acquire and completing acquisitions;
- our failure to successfully operate acquired properties and operations;

- our failure to maintain our status as a REIT;
- environmental uncertainties and risks related to adverse weather conditions and natural disasters;
- financial market and foreign currency fluctuations;
- risks related to acquisitions generally, including the diversion of management's attention from ongoing business operations and the impact on customers, tenants, lenders, operating results and business;
- the inability to successfully integrate acquired properties, realize the anticipated benefits of acquisitions or capitalize on value creation opportunities;
- the impact of changes in the tax laws as a result of recent federal tax reform legislation and uncertainty as to how some of those changes may be applied;
- changes in real estate and zoning laws and increases in real property tax rates; and
- other factors affecting the real estate industry generally, including the impact of the COVID-19 pandemic.

Additionally, we operate in a highly competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

Impact of COVID-19

The following discussion is intended to provide stockholders with certain information regarding the impact of the COVID-19 pandemic on our business and management's efforts to respond to that impact. Unless otherwise specified, the statistical and other information regarding our portfolio and tenants are estimates based on information available to us as of October 29, 2020. As a result of the continued uncertainty surrounding this situation, we expect that such statistical and other information will change, potentially significantly, going forward and may not be indicative of the actual impact of the COVID-19 pandemic on our business, operations, cash flows and financial condition for the fourth quarter of 2020 and future periods.

We continue to closely monitor the impact of the COVID-19 pandemic on all aspects of our business and geographies, including how it will impact our tenants and business partners. While we did not incur significant disruptions during the three months ended September 30, 2020 from the COVID-19 pandemic, we are unable to predict the impact that the COVID-19 pandemic will have on our financial condition, results of operations and cash flows due to numerous uncertainties. These uncertainties include the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact and the direct and indirect economic effects of the pandemic and containment measures, among others. The spread of COVID-19 is having a significant impact on the global economy, the U.S. economy, the economies of the local markets throughout the west coast in which our properties are located, and the broader financial markets. The commercial real estate market has come under pressure due to numerous factors, including preventative measures taken by local, state and federal authorities to alleviate the public health crisis such as mandatory business closures, quarantines, restrictions on travel and "shelter-in-place" or "stay-at-home" orders. These containment measures, which generally do not apply to businesses designated as "essential," are affecting the operations of different categories of our tenancy to varying degrees with, for example, "essential businesses" generally permitted to remain open and operational, storefront retail and restaurants generally limited to take-out and delivery services only, and non-essential businesses generally forced to temporarily close, curtail operations and/or implement work-from-home strategies. There is uncertainty as to the time, date and extent to which these restrictions will be relaxed or lifted, businesses of tenants that have temporarily been disrupted, either voluntarily or by mandate, will resume normal operations or when customers will re-engage with tenants as they have in the past. As a result, the COVID-19 pandemic is negatively impacting almost every industry directly or indirectly, including industries in which we and our tenants operate. Further, the impacts of a potential worsening of global economic conditions and the continued disruptions to, and volatility in, the credit and financial markets, consumer spending as well as other unanticipated consequences remain unknown.

We specialize in the ownership and management of office and studio properties on the west coast of the United States and in Vancouver, B.C., and our portfolio and tenants have been impacted by these and other factors as follows:

- We collected approximately 97% of our third quarter combined contractual rents, comprised of approximately 98% from office tenants, 100% from studio tenants and 52% from storefront retail tenants. As of October 29, 2020, we have collected 94% of our October combined contractual rents, comprised of approximately 96% from office tenants, 98% from studio tenants and 51% from storefront retail tenants. We have implemented a rent relief program for the preponderance of the uncollected rents, and the aforementioned collection percentages exclude rents deferred or abated in accordance with COVID-related lease amendments.

We continue to take several proactive measures to maintain the strength of our business and manage the impact of COVID-19 on our operations and liquidity, including the following:

- Along with our tenants and the communities we serve, the health and safety of our employees and their families is a top priority. We are closely monitoring and conforming our operations in accordance with policies and guidelines set forth by public health agencies and state and local governments. All office and studio properties remain open and operational to enable essential business tenants to continue to operate with enhanced cleaning, communications and safety protocols. In May, we launched our “4Cs” approach to tenant repopulation in conjunction with the easing of stay-at-home orders across our markets. The program, which we developed in consultation with large tenants, local governments, and internal and external subject matter experts, emphasizes proactive communication through multiple channels, seeks to instill confidence in tenants with safety focused cleaning and operating procedures, ensures convenience with an emphasis on efficient access, and encourages cooperation by asking all tenants to do their part. Similarly, in early June, we shifted from a policy encouraging all non-location essential employees to work remotely, and began bringing our employees back to the office with enhanced health and safety protocols, and in staggered shifts to provide for adequate physical distancing at any given time. After Labor Day, we successfully returned 100% of our workforce to our offices in rotating shifts.
- We are in frequent communication with our tenants and are assisting tenants in identifying local, state and federal resources that may be available to support their businesses and employees during the pandemic, including stimulus funds that may be available under various federal and state relief funds, such as the CARES Act and the Paycheck Protection Program.
- As of September 30, 2020, we had approximately \$365.3 million in cash and cash equivalents. We have \$600.0 million of undrawn capacity under our unsecured revolving credit facility and \$339.5 million of undrawn capacity under our stand-alone loan for One Westside, which fully funds the cost of that project.
- We do not have any secured or unsecured debt maturing until 2022.
- We have taken proactive measures to manage costs, including by taking advantage of rent relief in connection with our existing ground lease obligations and reducing services provided by third party vendors.

Given the uncertainty of the COVID-19 pandemic’s near and potential long-term impact on our business, and in order to preserve our liquidity position, our Board of Directors will continue to evaluate our dividend policy. We intend to continue to operate our business in a manner that will allow us to qualify as a REIT for U.S. federal income tax requirements. We derive revenues primarily from rents and reimbursement payments received from tenants under leases at our properties. Our operating results therefore depend materially on the ability of our tenants to make required rental payments. The extent to which the COVID-19 pandemic impacts the businesses of our tenants, and our operations and financial condition, will depend on future developments that remain uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and such containment measures, among others. While the extent of the outbreak and its impact on us, our tenants and the markets in which we operate is uncertain, a prolonged crisis could result in continued disruptions in the credit and financial markets, a continued rise in unemployment rates, decreases in consumer confidence and consumer spending levels and an overall worsening of global and U.S. economic conditions. The factors described above, as well as additional factors that we may not currently be aware of, could materially negatively impact our ability to collect rent and could lead to termination of leases by tenants, tenant bankruptcies, decreases in demand for office space at our properties, difficulties in accessing capital, impairment of

our long-lived assets and other impacts that could materially and adversely affect our business, results of operations, financial condition and ability to pay distributions to stockholders. See “Risk Factors.”

For the foregoing reasons, the comparability of our results of operations for the three and nine months ended September 30, 2020 to future periods may be significantly impacted by the effects of the COVID-19 pandemic. The impact of the COVID-19 pandemic on our rental revenue for the third quarter of 2020 and thereafter cannot, however, be determined at present. The situation surrounding the COVID-19 pandemic remains fluid, and we are actively managing our response in collaboration with tenants, government officials and business partners and assessing potential impacts to our financial position and operating results, as well as potential adverse developments in our business. For further information regarding the impact of COVID-19 on us, see Part II, Item 1A, “Risk Factors.”

Executive Summary

Through our interest in Hudson Pacific Properties, L.P. (our operating partnership) and its subsidiaries, at September 30, 2020, our office portfolio consisted of approximately 14.9 million square feet of in-service, repositioning, redevelopment and development properties. Additionally, as of September 30, 2020, our studio portfolio consisted of 1.2 million square feet of in-service properties and our land portfolio consisted of 2.7 million developable square feet. Our consolidated and unconsolidated portfolio consists of 62 properties (41 wholly-owned properties, 14 properties owned by joint ventures, and seven land properties) located in ten California submarkets, three Seattle submarkets, and one Western Canada submarket, totaling approximately 18.8 million square feet.

As of September 30, 2020, our in-service office portfolio was 93.5% leased (including leases not yet commenced). Our same-store studio properties were 91.3% leased for the average percent leased for the 12 months ended September 30, 2020.

The following table summarizes our portfolio as of September 30, 2020:

In-Service Portfolio	Number of Properties	Rentable Square Feet ⁽¹⁾	Percent Occupied ⁽²⁾	Percent Leased ⁽³⁾	Annualized Base Rent per Square Foot ⁽⁴⁾
Office					
Same-store ⁽⁵⁾	41	11,781,358	93.6 %	94.4 %	\$ 48.95
Non-same store ⁽⁶⁾	5	1,128,004	94.0	95.4	53.89
Total stabilized	46	12,909,362	93.6	94.5	49.38
Lease-up ⁽⁶⁾⁽⁷⁾	3	955,679	79.2	79.2	58.18
Total in-service	49	13,865,041	92.6	93.5	49.90
Repositioning ⁽⁶⁾	—	202,441	—	—	—
Redevelopment ⁽⁶⁾	2	697,000	—	83.8	—
Development ⁽⁶⁾	1	106,125	—	—	—
Total office	52	14,870,607			
Studio					
Same-store ⁽⁸⁾	3	1,224,403		91.3	40.95
Total studio	3	1,224,403			
Total office and studio properties	55	16,095,010			
Land	7	2,736,825 ⁽⁹⁾			
TOTAL	62	18,831,835			

1. Determined by management based upon estimated leasable square feet, which may be less or more than the Building Owners and Managers Association (“BOMA”) rentable area. Square footage may change over time due to re-measurement or re-leasing.
2. Calculated as (i) square footage under commenced leases as of September 30, 2020, divided by (ii) total square feet, expressed as a percentage.
3. Office portfolio is calculated as (i) square footage under commenced and uncommenced leases as of September 30, 2020, divided by (ii) total square feet, expressed as a percentage. Studio portfolio is calculated as (i) average square footage under commenced and uncommenced leases for the 12 months ended September 30, 2020, divided by (ii) total square feet, expressed as a percentage. Uncommenced leases is defined as new leases with respect to vacant space executed on or prior to September 30, 2020, but with commencement dates after September 30, 2020.

4. Calculated as (i) annualized base rent divided by (ii) square footage under commenced leases as of September 30, 2020. Annualized base rent does not reflect tenant reimbursements.
5. Includes office properties owned and included in our stabilized portfolio as of July 1, 2019 and still owned and included in the stabilized portfolio as of September 30, 2020.
6. Included in our non-same-store property group.
7. Includes office properties that have not yet reached 92.0% occupancy since the date they were acquired or placed under redevelopment or development as of September 30, 2020.
8. Includes studio properties owned and included in our portfolio as of January 1, 2019 and still owned and included in our portfolio as of September 30, 2020.
9. Includes 538,164 square feet related to the office development Washington 1000, adjacent to the Washington State Convention Center, to which we purchased rights in the first quarter of 2019.

Overview

Acquisitions

We had no acquisitions during the nine months ended September 30, 2020.

Dispositions

We had no dispositions during the nine months ended September 30, 2020.

Held for Sale

We had no properties classified as held for sale as of September 30, 2020.

Studio Joint Venture

On July 30, 2020, funds affiliated with Blackstone acquired a 49% interest in our Hollywood Media Portfolio, a 2.2 million-square-foot collection of studio and office properties with a gross portfolio valuation of \$1.65 billion, before closing credits, prorrations and costs. The transaction included Sunset Gower, Sunset Bronson and Sunset Las Palmas Studios, as well as 6040 Sunset, ICON, CUE, EPIC and Harlow, along with 1.1 million square feet of development rights associated with Sunset Gower and Sunset Las Palmas Studios. We retained a 51% ownership stake and remain responsible for day-to-day operations, leasing and development, and the joint venture will look to partner on studio acquisitions in Los Angeles and other key markets.

In conjunction with closing the transaction, the joint venture closed a \$900.0 million mortgage loan secured by the portfolio. This loan has an initial term of two years from the first payment date, with three one-year extension options, subject to certain requirements. With an initial interest rate of LIBOR plus 2.15% per annum, it bears interest only payable every month during the term of the loan with principal payable at maturity. The loan is non-recourse, except as to customary non-recourse carveout guaranties from us and the Blackstone affiliate.

The combined proceeds from the sale of the 49% interest in the Hollywood Media Portfolio and our share of asset-level financing was approximately \$1.27 billion before closing credits, prorrations and costs. We used approximately \$849.5 million to repay all outstanding amounts under our revolving credit facilities, Met Park North loan and Term loans B and D, which are due second and fourth quarter 2022, respectively. The remainder will be available for potential future investments and/or share repurchases, and general corporate purposes.

Under Construction and Future Development Projects

The following table summarizes the properties currently under construction and future development projects as of September 30, 2020:

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Location	Submarket	Estimated Square Feet ⁽¹⁾	Estimated Completion Date	Estimated Stabilization Date
Under Construction:				
Harlow ⁽²⁾	Hollywood	106,125	Q3-2020	Q4-2022
One Westside ⁽³⁾	West Los Angeles	584,000	Q1-2022	Q2-2023
Total Under Construction		690,125		
Future Development Pipeline:				
Washington 1000	Denny Triangle	538,164	TBD	TBD
Bentall Centre—Development ⁽⁴⁾	Downtown Vancouver	450,000	TBD	TBD
Element LA—Development	West Los Angeles	500,000	TBD	TBD
Sunset Bronson Studios Lot D—Development ⁽²⁾	Hollywood	19,816	TBD	TBD
Sunset Gower Studios—Development ⁽²⁾⁽⁵⁾	Hollywood	478,845	TBD	TBD
Sunset Las Palmas Studios—Development ⁽²⁾	Hollywood	400,000	TBD	TBD
Cloud10	North San Jose	350,000	TBD	TBD
Total Future Development Pipeline		2,736,825		
TOTAL UNDER CONSTRUCTION AND FUTURE DEVELOPMENT		3,426,950		

1. Determined by management based upon estimated leasable square feet, which may be less or more than the BOMA rentable area. Square footage may change over time due to re-measurement or re-leasing.
2. We have a 51% ownership interest in the consolidated joint venture that owns this property.
3. We have a 75% ownership interest in the consolidated joint venture that owns this property. This property is fully leased to Google, Inc. for approximately 14 years, anticipated to commence upon completion of construction and build-out of tenant improvements in 2022.
4. We have a 20% ownership interest in the unconsolidated joint venture that owns this property.
5. Estimated square footage for Sunset Gower Studios—Development is net of 130,169 square feet of anticipated demolition in connection with the development.

The timing of completion of our projects may be impacted by factors outside of our control, including government restrictions and/or social distancing requirements affecting construction projects due to the COVID-19 pandemic.

Lease Expirations

The following table summarizes the lease expirations for leases in place as of September 30, 2020, plus available space, beginning January 1, 2020 at the properties in our office portfolio. Unless otherwise stated in the footnotes, the information set forth in the table assumes that tenants did not exercise any renewal options.

Year of Lease Expiration	Number of Leases Expiring ⁽¹⁾	Square Footage of Expiring Leases ⁽²⁾	Square Footage of Expiring Leases ⁽³⁾	Percent of Office Portfolio Square Feet	Company's Share					
					Annualized Base Rent ⁽⁴⁾	Percentage of Office Portfolio Annualized Base Rent	Annualized Base Rent Per Leased Square Foot ⁽⁵⁾	Annualized Base Rent at Expiration	Annualized Base Rent Per Lease Square Foot at Expiration ⁽⁶⁾	
Vacant		1,327,035	1,233,990	10.0 %						
2020	58	289,879	251,430	2.0	\$ 12,860,896	2.2 %	\$ 51.15	\$ 13,169,122	\$ 52.38	
2021	185	1,543,291	1,373,059	11.1	65,648,529	11.4	47.81	67,152,755	48.91	
2022	180	1,527,570	1,351,125	11.0	67,359,916	11.6	49.85	71,692,245	53.06	
2023	125	1,845,296	1,427,024	11.7	65,526,466	11.4	45.92	71,450,149	50.07	
2024	124	1,798,720	1,601,638	13.0	81,734,010	14.2	51.03	91,436,765	57.09	
2025	79	1,567,174	1,273,515	10.3	74,296,117	12.8	58.34	84,403,653	66.28	
2026	35	482,637	423,764	3.4	26,161,395	4.5	61.74	30,982,955	73.11	
2027	28	606,737	518,661	4.2	29,516,437	5.1	56.91	35,298,289	68.06	
2028	20	664,804	592,680	4.8	37,704,711	6.5	63.62	46,427,328	78.33	
2029	17	311,382	217,548	1.8	16,115,737	2.8	74.08	19,884,167	91.40	
Thereafter	27	1,997,797	1,348,815	11.0	67,266,443	11.6	49.87	90,881,877	67.38	
Building management use	33	180,594	164,717	1.3	—	—	—	—	—	
Signed leases not commenced ⁽⁷⁾	18	700,700	539,564	4.4	34,071,958	5.9	63.15	49,122,494	91.04	
Portfolio Total/Weighted Average	929	14,843,616	12,317,530	100.0 %	\$ 578,262,615	100.0 %	\$ 52.17 ⁽⁸⁾	\$ 671,901,799	\$ 60.62 ⁽⁹⁾	

1. Does not include 34 month-to-month leases.

2. Total expiring square footage does not include 26,991 square feet of month-to-month leases.

3. Total expiring square footage does not include 16,519 square feet of month-to-month leases.

4. Annualized base rent for office properties is calculated by multiplying (i) base rental payments (defined as cash base rents (before abatements or deferments)) as of September 30, 2020, by (ii) 12. Annualized base rent does not reflect tenant reimbursements. Rent data for our office properties is presented on an annualized basis without regard to cancellation options.

5. Annualized base rent per square foot for all lease expiration years is calculated as (i) base rental payments (defined as cash base rents (before abatements or deferments)) under commenced leases, divided by (ii) square footage under commenced leases as of September 30, 2020.

6. Annualized base rent per square foot at expiration for all lease expiration years is calculated as (i) base rental payments (defined as cash base rents (before abatements or deferments)) under commenced leases, divided by (ii) square footage under commenced leases as of September 30, 2020.

7. Annualized base rent per leased square foot and annualized base rent per square foot at expiration for signed leases not commenced reflects uncommenced leases for spaces not occupied as of September 30, 2020 and is calculated as (i) base rental payments (defined as cash base rents at expiration (before abatements or deferments)) under uncommenced leases for vacant space as of September 30, 2020, divided by (ii) square footage under uncommenced leases as of September 30, 2020.

8. Included as part of the Company's Share of total expiring square footage is 106,077 square feet of existing leases that have been amended or signed during third quarter 2020 to pay percent rent in lieu of base rent. Excluding the impact of these tenants, the weighted average annualized base rent per square foot is \$52.68.

9. Included as part of the Company's Share of total expiring square footage is 99,079 square feet of existing leases that have been amended or signed during third quarter 2020 to pay percent rent in lieu of base rent. Excluding the impact of these tenants, the weighted average annualized base rent per square foot at expiration is \$61.17.

Historical Tenant Improvements and Leasing Commissions

The following table summarizes historical information regarding tenant improvement and leasing commission costs for tenants at our office properties:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Renewals⁽¹⁾				
Number of leases	19	41	64	97
Square feet ⁽²⁾	79,454	339,613	251,025	630,337
Tenant improvement costs per square foot ⁽³⁾⁽⁴⁾	\$ 2.44	\$ 13.27	\$ 4.19	\$ 12.09
Leasing commission costs per square foot ⁽³⁾	3.21	10.53	5.41	9.50
Total tenant improvement and leasing commission costs⁽³⁾	\$ 5.65	\$ 23.80	\$ 9.60	\$ 21.59
New leases⁽⁵⁾				
Number of leases	19	30	59	98
Square feet ⁽²⁾	105,129	212,108	269,919	1,470,133
Tenant improvement costs per square foot ⁽³⁾⁽⁴⁾	\$ 78.93	\$ 49.98	\$ 56.26	\$ 78.57
Leasing commission costs per square foot ⁽³⁾	17.17	7.00	10.63	25.54
Total tenant improvement and leasing commission costs⁽³⁾	\$ 96.10	\$ 56.98	\$ 66.89	\$ 104.11
TOTAL				
Number of leases	38	71	123	195
Square feet ⁽²⁾	184,583	551,721	520,944	2,100,470
Tenant improvement costs per square foot ⁽³⁾⁽⁴⁾	\$ 45.59	\$ 28.46	\$ 29.75	\$ 59.45
Leasing commission costs per square foot ⁽³⁾	11.08	9.07	7.97	20.93
TOTAL TENANT IMPROVEMENT AND LEASING COMMISSION COSTS⁽³⁾	\$ 56.67	\$ 37.53	\$ 37.72	\$ 80.38

1. Excludes retained tenants that have relocated or expanded into new space within our portfolio.
2. Third quarter 2020 leasing activity includes 36,837 square feet of short-term extensions (i.e. 12 months or less) in connection with COVID-19 tenant relief.
3. Assumes all tenant improvement and leasing commissions are paid in the calendar year in which the lease is executed, which may be different than the year in which they were actually paid.
4. Tenant improvement costs are based on negotiated tenant improvement allowances set forth in leases, or, for any lease in which a tenant improvement allowance was not specified, the aggregate cost originally budgeted at the time the lease commenced.
5. Includes retained tenants that have relocated or expanded into new space within our portfolio.

Financings

During the nine months ended September 30, 2020, the outstanding borrowings on the unsecured revolving credit facility decreased by \$75.0 million, net of repayments. We generally use the unsecured revolving credit facility to finance the acquisition of other properties, to provide funds for tenant improvements, lease commissions and capital expenditures and to provide for working capital and other corporate purposes.

On July 30, 2020, funds affiliated with Blackstone acquired a 49% interest in our Hollywood Media Portfolio. We retained a 51% ownership stake and remain responsible for day-to-day operations, leasing and development. In conjunction with closing this transaction, the joint venture closed a \$900.0 million mortgage loan secured by our Hollywood Media Portfolio. The Company and Blackstone purchased bonds comprising the loan in the amounts of \$107.8 million and \$12.5 million, respectively. This loan has an initial term of two years from the first payment date, with three one-year extension options, subject to certain requirements. With an initial interest rate of LIBOR plus 2.15% per annum, it bears interest only payable every month during the term of the loan with principal payable at maturity. The loan is non-recourse, except as to customary non-recourse carveout guaranties from the Company and Blackstone. The combined proceeds from sale of the 49% interest in the Hollywood Media Portfolio and our share of asset-level financing was approximately \$1.27 billion before closing credits, prorations and costs. The proceeds from the sale were used to pay down the outstanding borrowings on our unsecured revolving credit facility and to pay off Term loan B, Term loan D, Met Park North and our Revolving Sunset Bronson Studios/ICON/CUE facility.

Historical Results of Operations

This Quarterly Report on Form 10-Q of Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. represents an update to the more detailed and comprehensive disclosures included in the 2019 Annual Report on Form 10-K of Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. Accordingly, you should read the following discussion in conjunction with the information included in our 2019 Annual Report on Form 10-K, as well as the unaudited financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

In addition, some of the statements and assumptions in this Quarterly Report on Form 10-Q are forward-looking statements within the meaning of Section 27A of the Securities Act or Section 21E of the Exchange Act, including, in particular, statements about our plans, strategies and prospects as well as estimates of industry growth for the quarter and beyond. See “Forward-looking Statements.”

All amounts and percentages used in this discussion of our results of operations are calculated using the numbers presented in the financial statements contained in Part I, Item 1 of this Quarterly Report rather than the rounded numbers appearing in this discussion. The dollar amounts included in the tables in this discussion of our results of operations are presented in thousands.

Comparison of the Three Months Ended September 30, 2020 to the Three Months Ended September 30, 2019

Net Operating Income

We evaluate performance based upon property net operating income (“NOI”). NOI is not a measure of operating results or cash flows from operating activities or cash flows as measured by GAAP and should not be considered an alternative to net income, as an indication of our performance, or as an alternative to cash flows as a measure of liquidity, or our ability to make distributions. All companies may not calculate NOI in the same manner. We consider NOI to be a useful performance measure to investors and management because when compared across periods, NOI reflects the revenues and expenses directly associated with owning and operating our properties and the impact to operations from trends in occupancy rates, rental rates and operating costs, providing a perspective not immediately apparent from net income. We calculate NOI as net income excluding corporate general and administrative expenses, depreciation and amortization, impairments, gains/losses on sales of real estate, interest expense, interest income, transaction-related expenses and other non-operating items. We define NOI as operating revenues (including rental revenues, other property-related revenue, tenant recoveries and other operating revenues), less property-level operating expenses (which includes external management fees, if any, and property-level general and administrative expenses). NOI on a cash basis is NOI adjusted to exclude the effect of straight-line rent and other non-cash adjustments required by GAAP. We believe that NOI on a cash basis is helpful to investors as an additional measure of operating performance because it eliminates straight-line rent and other non-cash adjustments to revenue and expenses.

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Management further analyzes NOI by evaluating the performance from the following property groups:

- Same-store properties, which includes all of the properties owned and included in our stabilized portfolio as of July 1, 2019 and still owned and included in the stabilized portfolio as of September 30, 2020; and
- Non-same-store properties, which includes:
 - Stabilized non-same-store properties
 - Lease-up properties
 - Repositioning properties
 - Development properties
 - Redevelopment properties
 - Held for sale properties

The following table reconciles net income to NOI:

	Three Months Ended September 30,		Dollar Change	Percent Change
	2020	2019		
Net (loss) income	\$ (1,362)	\$ 62,955	\$ (64,317)	(102.2)%
Adjustments:				
Loss from unconsolidated real estate entity	105	260	(155)	(59.6)
Fee income	(575)	(656)	81	(12.3)
Interest expense	32,492	26,590	5,902	22.2
Interest income	(1,056)	(1,002)	(54)	5.4
Transaction-related expenses	181	331	(150)	(45.3)
Unrealized gain on non-real estate investment	(513)	—	(513)	100.0
Gain on sale of real estate	—	(47,100)	47,100	(100.0)
Other (income) loss	(576)	333	909	273.0
General and administrative	17,428	17,661	(233)	(1.3)
Depreciation and amortization	75,052	69,781	5,271	7.6
NOI	\$ 121,176	\$ 129,153	\$ (7,977)	(6.2)%
Same-store NOI	\$ 104,864	\$ 119,004	\$ (14,140)	(11.9)%
Non-same-store NOI	16,312	10,149	6,163	60.7
NOI	\$ 121,176	\$ 129,153	\$ (7,977)	(6.2)%

The following table summarizes certain statistics of our consolidated same-store office and studio properties:

	Three Months Ended September 30,	
	2020	2019
Same-store office⁽¹⁾		
Number of properties	40	40
Rentable square feet	10,294,401	10,294,401
Ending % leased	93.9 %	96.7 %
Ending % occupied	93.1 %	95.3 %
Average % occupied for the period	93.3 %	95.6 %
Average annual rental rate per square foot	\$ 52.35	\$ 50.90
Same-store studio		
Number of properties	3	3
Rentable square feet	1,224,403	1,224,403
Average % occupied for the period ⁽²⁾	91.3 %	N/A

1. Excludes our unconsolidated joint venture, Bentall Centre.
2. Percent occupied for same-store studio is the average percent occupied for the 12 months ended. Trailing 12-month occupancy is not applicable for 11,600 square feet at 6660 Santa Monica Boulevard during the three months ended September 30, 2019 as the property was acquired in fourth quarter 2018.

The following table gives further detail on our NOI:

	Three Months Ended September 30,					
	2020			2019		
	Same-Store	Non-Same-Store	Total	Same-Store	Non-Same-Store	Total
Revenues						
Office						
Rental	\$ 151,732	\$ 26,524	\$ 178,256	\$ 158,155	\$ 21,042	\$ 179,197
Service and other revenues	2,156	304	2,460	5,809	353	6,162
Total office revenues	153,888	26,828	180,716	163,964	21,395	185,359
Studio						
Rental	11,724	—	11,724	11,086	—	11,086
Service and other revenues	3,845	—	3,845	11,117	—	11,117
Total studio revenues	15,569	—	15,569	22,203	—	22,203
Total revenues	169,457	26,828	196,285	186,167	21,395	207,562
Operating expenses						
Office operating expenses	55,559	10,516	66,075	55,723	11,246	66,969
Studio operating expenses	9,034	—	9,034	11,440	—	11,440
Total operating expenses	64,593	10,516	75,109	67,163	11,246	78,409
Office NOI	98,329	16,312	114,641	108,241	10,149	118,390
Studio NOI	6,535	—	6,535	10,763	—	10,763
NOI	\$ 104,864	\$ 16,312	\$ 121,176	\$ 119,004	\$ 10,149	\$ 129,153

The following table gives further detail on our change in NOI:

	Three Months Ended September 30, 2020 as compared to Three Months Ended September 30, 2019					
	Same-Store		Non-Same-Store		Total	
	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
Revenues						
Office						
Rental	\$ (6,423)	(4.1)%	\$ 5,482	26.1 %	\$ (941)	(0.5)%
Service and other revenues	(3,653)	(62.9)	(49)	(13.9)	(3,702)	(60.1)
Total office revenues	(10,076)	(6.1)	5,433	25.4	(4,643)	(2.5)
Studio						
Rental	638	5.8	—	—	638	5.8
Service and other revenues	(7,272)	(65.4)	—	—	(7,272)	(65.4)
Total studio revenues	(6,634)	(29.9)	—	—	(6,634)	(29.9)
Total revenues	(16,710)	(9.0)	5,433	25.4	(11,277)	(5.4)
Operating expenses						
Office operating expenses	(164)	(0.3)	(730)	(6.5)	(894)	(1.3)
Studio operating expenses	(2,406)	(21.0)	—	—	(2,406)	(21.0)
Total operating expenses	(2,570)	(3.8)	(730)	(6.5)	(3,300)	(4.2)
Office NOI	(9,912)	(9.2)	6,163	60.7	(3,749)	(3.2)
Studio NOI	(4,228)	(39.3)	—	—	(4,228)	(39.3)
NOI	\$ (14,140)	(11.9)%	\$ 6,163	60.7 %	\$ (7,977)	(6.2)%

NOI decreased \$8.0 million, or 6.2%, for the three months ended September 30, 2020 as compared to the three months ended September 30, 2019, primarily resulting from:

- \$14.1 million decrease in NOI from our same-store properties driven by:
 - a decrease in office NOI of \$9.9 million primarily due to:
 - \$6.4 million decrease in rental revenues primarily related to:
 - lease expirations and vacancies at our 6922 Hollywood property;
 - vacancies at our Rincon Center property due to the commencement of a repositioning project; and
 - increase in straight-line rent bad debt expense at our 625 Second Street and Maxwell properties due to a modified rental agreement;
 - \$3.7 million decrease in service and other revenues primarily related to a decrease in parking and other revenue at our Rincon Center, 6922 Hollywood, Ferry Building, ICON, 1455 Market and 6040 Sunset properties due to reduced activity during the COVID-19 pandemic.
 - a decrease in studio NOI of \$4.2 million primarily due to:
 - \$7.3 million decrease in service and other revenues primarily resulting from reduced filming activity at our studio properties related to the COVID-19 pandemic; and
 - partially offset by \$2.4 million decrease in operating expenses primarily related to lower parking, utilities, cleaning and lighting rental expense also due to reduced filming activity at our studio properties related to COVID.
- \$6.2 million increase in NOI from our non-same-store properties driven by:
 - overall increase in office NOI of \$6.2 million primarily due to:
 - \$5.5 million increase in rental revenues primarily relating to commencement of leases at our EPIC (Netflix, Inc.), Fourth & Traction (Honey Science Corporation), Metro Center (various tenants) and 333 Twin Dolphin (various tenants) properties, partially offset by vacancies at our Del Amo property due to the commencement of a repositioning project;
 - \$0.7 million decrease in operating expenses primarily relating to reduced owner's expense, repairs and maintenance and cleaning expenses.

Other Expenses (Income)

Interest Expense

The following table presents a reconciliation from the gross interest expense to the amount on the interest expense line item in the Consolidated Statements of Operations:

	Three Months Ended September 30,			
	2020	2019	Dollar Change	Percent Change
Gross interest expense	\$ 32,243	\$ 29,536	\$ 2,707	9.2 %
Capitalized interest	(4,519)	(4,334)	(185)	4.3
Amortization of deferred financing costs and loan discounts/premiums	4,768	1,388	3,380	243.5
TOTAL	\$ 32,492	\$ 26,590	\$ 5,902	22.2 %

Gross interest expense increased by \$2.7 million, or 9.2%, to \$32.2 million for the three months ended September 30, 2020 compared to \$29.5 million for the three months ended September 30, 2019. The increase was primarily driven by the issuance of our \$900.0 million loan secured by the Hollywood Media Portfolio (July 2020), 4.65% registered senior notes (June 2019) and 3.25% registered senior notes (October 2019), partially offset by the paydown of Term loan A (October 2019), Term loan B, Term loan D, Met Park North loan, Revolving Sunset Bronson Studios/ICON/CUE facility and outstanding borrowings on our unsecured revolving credit facility all on July 2020.

Capitalized interest increased by \$0.2 million, or 4.3%, to \$4.5 million for the three months ended September 30, 2020 compared to \$4.3 million for the three months ended September 30, 2019.

Amortization of deferred financing costs and loan discounts/premiums increased by \$3.4 million, or 243.5%, to \$4.8 million for the three months ended September 30, 2020 compared to \$1.4 million for the three months ended September 30, 2019. The increase was primarily driven by the accelerated amortization of deferred financing costs on debt paid off during the three months ended September 30, 2020 and new amortization of issuance costs associated with our \$900.0 million loan secured by the Hollywood Media Portfolio (July 2020).

General and Administrative Expenses

General and administrative expenses include wages and salaries for corporate-level employees, accounting, legal and other professional services, office supplies, entertainment, travel and automobile expenses, telecommunications and computer-related expenses and other miscellaneous items. General and administrative expenses decreased \$0.2 million, or 1.3%, to \$17.4 million for the three months ended September 30, 2020 compared to \$17.7 million for the three months ended September 30, 2019. The change was primarily attributable to a decrease in travel and entertainment expense, offset by an increase in payroll and related expenses.

Depreciation and Amortization Expense

Depreciation and amortization expense increased \$5.3 million, or 7.6%, to \$75.1 million for the three months ended September 30, 2020 compared to \$69.8 million for the three months ended September 30, 2019. The increase was primarily related to recently completed redevelopment and development properties (EPIC, Fourth & Traction and Maxwell) and an increase in leasing costs and tenant improvements for properties placed in service in the third quarter of 2019.

Fee Income

We recognized fee income of \$0.6 million for the three months ended September 30, 2020 compared to \$0.7 million for the three months ended September 30, 2019. Fee income primarily represents management fee, construction management fee and leasing commission income earned from the unconsolidated real estate entity.

Unrealized loss on non-real estate investment

We recognized an unrealized loss on our non-real estate investment of \$0.5 million due to the observable changes in fair value for the three months ended September 30, 2020.

Gain on sale of real estate

We recognized a \$47.1 million gain on sale of real estate from the sale of our Campus Center property (July 2019) during the three months ended September 30, 2019. We did not recognize a gain on sale of real estate during the three months ended September 30, 2020.

Comparison of the Nine Months Ended September 30, 2020 to the Nine Months Ended September 30, 2019

Net Operating Income

Management further analyzes NOI by evaluating the performance from the following property groups:

- Same-store properties, which includes all of the properties owned and included in our stabilized portfolio as of January 1, 2019 and still owned and included in the stabilized portfolio as of September 30, 2020; and
- Non-same-store properties, which includes:
 - Stabilized non-same-store properties
 - Lease-up properties
 - Development properties
 - Redevelopment properties
 - Held for sale properties

The following table reconciles net income to NOI:

	Nine Months Ended September 30,		Dollar Change	Percent Change
	2020	2019		
Net income	\$ 19,598	\$ 38,883	\$ (19,285)	(49.6)%
Adjustments:				
(Income) loss from unconsolidated real estate entity	(69)	345	414	120.0
Fee income	(1,741)	(931)	(810)	87.0
Interest expense	86,839	77,492	9,347	12.1
Interest income	(3,129)	(3,034)	95	3.1
Transaction-related expenses	440	459	(19)	(4.1)
Unrealized loss on non-real estate investment	2,335	—	2,335	100.0
Gain on sale of real estate	—	(47,100)	47,100	(100.0)
Impairment loss	—	52,201	(52,201)	(100.0)
Other (income) loss	(1,606)	258	1,864	722.5
General and administrative	53,943	54,099	(156)	(0.3)
Depreciation and amortization	222,331	207,892	14,439	6.9
NOI	\$ 378,941	\$ 380,564	\$ (1,623)	(0.4)%
Same-store NOI	329,088	348,496	(19,408)	(5.6)
Non-same-store NOI	49,853	32,068	17,785	55.5
NOI	\$ 378,941	\$ 380,564	\$ (1,623)	(0.4)%

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The following table summarizes certain statistics of our same-store office and studio properties:

	Nine Months Ended September 30,	
	2020	2019
Same-store office		
Number of properties	39	39
Rentable square feet	10,191,438	10,191,438
Ending % leased	93.9 %	96.7 %
Ending % occupied	93.1 %	95.3 %
Average % occupied for the period	94.2 %	94.6 %
Average annual rental rate per square foot	\$ 52.89	\$ 50.92
Same-store studio		
Number of properties	3	3
Rentable square feet	1,224,403	1,224,403
Average % occupied for the period ⁽¹⁾	91.3 %	N/A

1. Percent occupied for same-store studio is the average percent occupied for the 12 months ended. Trailing 12-month occupancy is not applicable for 11,600 square feet at 6660 Santa Monica Boulevard during the nine months ended September 30, 2019 as the property was acquired in fourth quarter 2018.

The following table gives further detail on our NOI:

	Nine Months Ended September 30,					
	2020			2019		
	Same-Store	Non-Same-Store	Total	Same-Store	Non-Same-Store	Total
Revenues						
Office						
Rental	\$ 458,565	\$ 81,458	\$ 540,023	\$ 457,367	\$ 64,283	\$ 521,650
Service and other revenues	10,532	896	11,428	17,422	917	18,339
Total office revenues	469,097	82,354	551,451	474,789	65,200	539,989
Studio						
Rental	36,767	—	36,767	38,001	—	38,001
Service and other revenues	12,904	—	12,904	23,342	—	23,342
Total studio revenues	49,671	—	49,671	61,343	—	61,343
Total revenues	518,768	82,354	601,122	536,132	65,200	601,332
Operating expenses						
Office operating expenses	162,045	32,501	194,546	155,548	33,132	188,680
Studio operating expenses	27,635	—	27,635	32,088	—	32,088
Total operating expenses	189,680	32,501	222,181	187,636	33,132	220,768
Office NOI	307,052	49,853	356,905	319,241	32,068	351,309
Studio NOI	22,036	—	22,036	29,255	—	29,255
NOI	\$ 329,088	\$ 49,853	\$ 378,941	\$ 348,496	\$ 32,068	\$ 380,564

The following table gives further detail on our change in NOI:

Nine Months Ended September 30, 2020 as compared to Nine Months Ended September 30, 2019						
	Same-Store		Non-Same-Store		Total	
	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
Revenues						
Office						
Rental	\$ 1,198	0.3 %	\$ 17,175	26.7 %	\$ 18,373	3.5 %
Service and other revenues	(6,890)	(39.5)	(21)	(2.3)	(6,911)	(37.7)
Total office revenues	(5,692)	(1.2)	17,154	26.3	11,462	2.1
Studio						
Rental	(1,234)	(3.2)	—	—	(1,234)	(3.2)
Service and other revenues	(10,438)	(44.7)	—	—	(10,438)	(44.7)
Total studio revenues	(11,672)	(19.0)	—	—	(11,672)	(19.0)
Total revenues	(17,364)	(3.2)	17,154	26.3	(210)	—
Operating expenses						
Office operating expenses	6,497	4.2	(631)	(1.9)	5,866	3.1
Studio operating expenses	(4,453)	(13.9)	—	—	(4,453)	(13.9)
Total operating expenses	2,044	1.1	(631)	(1.9)	1,413	0.6
Office NOI	(12,189)	(3.8)	17,785	55.5	5,596	1.6
Studio NOI	(7,219)	(24.7)	—	—	(7,219)	(24.7)
NOI	\$ (19,408)	(5.6)%	\$ 17,785	55.5 %	\$ (1,623)	(0.4)%

NOI decreased \$1.6 million, or 0.4%, for the nine months ended September 30, 2020 as compared to the nine months ended September 30, 2019, primarily resulting from:

- \$19.4 million decrease in NOI from our same-store properties driven by:
 - a decrease in office NOI of \$12.2 million primarily due to:
 - \$6.9 million decrease in service and other revenues primarily related to a decrease in parking and other revenue at our 1455 Market, 6040 Sunset, 6922 Hollywood, Met Park North, ICON and Ferry Building properties due to reduced activity during the COVID-19 pandemic; and
 - \$6.5 million increase in operating expenses primarily related to an increase in repairs and maintenance, real estate tax, insurance, cleaning, engineering and security expense and due to a \$2.5 million property tax savings at our Rincon Center property in the second quarter of 2019;
 - partially offset by a \$1.2 million increase in rental revenues primarily related to leases commenced at our Towers at Shore Center (Poshmark, Inc.), Foothill Research Center (Google, Inc.), Skyway Landing (Auris Health, Inc. and Iovance Biotherapeutics, Inc.) and 1455 Market (WeWork Companies, Inc.) properties.
 - a decrease in studio NOI of \$7.2 million primarily due to:
 - \$10.4 million decrease in service and other revenues primarily resulting from reduced filming activity at our studio properties related to the COVID-19 pandemic;
 - \$1.2 million decrease in rental revenues also primarily related to reduced filming activity related to COVID; and
 - partially offset by \$4.5 million decrease in operating expenses relating to lower parking, utilities, cleaning and lighting rental expense also due to reduced filming activity related to COVID-19.
- \$17.8 million increase in NOI from our non-same-store properties driven by:
 - overall increase in office NOI of \$17.8 million primarily due to:
 - \$17.2 million increase in rental revenues primarily relating to:
 - leases commenced at our EPIC (Netflix, Inc.), Fourth and Traction (Honey Science Corporation), Metro Center (various tenants) and 333 Twin Dolphin (various tenants)

- properties and reduced operating expenses primarily from the sale of our Campus Center property (July 2019); and
- offset by a reduction in rental income at our Maxwell (WeWork Companies, Inc.) property.

Other Expenses (Income)

Interest Expense

The following table presents a reconciliation from the gross interest expense to the amount on the interest expense line item in the Consolidated Statements of Operations:

	Nine Months Ended September 30,			
	2020	2019	Dollar Change	Percent Change
Gross interest expense	\$ 93,846	\$ 85,981	\$ 7,865	9.1 %
Capitalized interest	(14,264)	(12,911)	(1,353)	10.5
Amortization of deferred financing costs and loan discounts/premiums	7,257	4,422	2,835	64.1
TOTAL	\$ 86,839	\$ 77,492	\$ 9,347	12.1 %

Gross interest expense increased by \$7.9 million, or 9.1%, to \$93.8 million for the nine months ended September 30, 2020 compared to \$86.0 million for the nine months ended September 30, 2019. The increase was primarily driven by the issuance of our \$900.0 million loan secured by the Hollywood Media Portfolio (July 2020), 4.65% registered senior notes (June 2019) and 3.25% registered senior notes (October 2019), partially offset by the paydown of Term loan A (October 2019), Term loan B, Term loan D, Met Park North loan, Revolving Sunset Bronson Studios/ICON/CUE facility and outstanding borrowings on our unsecured revolving credit facility all on July 2020.

Capitalized interest increased \$1.4 million, or 10.5%, to \$14.3 million for the nine months ended September 30, 2020 compared to \$12.9 million for the nine months ended September 30, 2019. The increase was primarily driven by our One Westside redevelopment property and our EPIC and Harlow development properties, partially offset by recently completed redevelopment and development properties.

Amortization of deferred financing costs and loan discounts/premiums increased by \$2.8 million, or 64.1%, to \$7.3 million for the nine months ended September 30, 2020 compared to \$4.4 million for the nine months ended September 30, 2019. The increase was primarily driven by the accelerated amortization of deferred financing costs on debt paid off during the nine months ended September 30, 2019 and new amortization of issuance costs associated with our \$400.0 million 3.25% Registered senior notes (October 2019) and our \$900.0 million loan secured by the Hollywood Media Portfolio (July 2020).

General and Administrative Expenses

General and administrative expenses include wages and salaries for corporate-level employees, accounting, legal and other professional services, office supplies, entertainment, travel and automobile expenses, telecommunications and computer-related expenses and other miscellaneous items. General and administrative expenses decreased \$0.2 million, or 0.3%, to \$53.9 million for the nine months ended September 30, 2020 compared to \$54.1 million for the nine months ended September 30, 2019. The change was primarily attributable to a decrease in travel and entertainment expense, offset by an increase in payroll and related expenses.

Depreciation and Amortization Expense

Depreciation and amortization expense increased \$14.4 million, or 6.9%, to \$222.3 million for the nine months ended September 30, 2020 compared to \$207.9 million for the nine months ended September 30, 2019. The increase was primarily related to recently completed redevelopment and development properties (EPIC, Fourth & Traction and Maxwell) and an increase in leasing costs and tenant improvements for properties placed in service during the nine months ended September 30, 2020.

Fee Income

We recognized fee income of \$1.7 million for the nine months ended September 30, 2020 compared to \$0.9 million for the nine months ended September 30, 2019. Fee income primarily represents management fee, construction management fee and leasing commission income earned from the unconsolidated real estate entity.

Unrealized loss on non-real estate investment

We recognized an unrealized loss on our non-real estate investment of \$2.3 million due to the observable changes in fair value for the nine months ended September 30, 2020.

Impairment Loss

We recorded \$52.2 million of impairment charges during the six months ended June 30, 2019 related to our Campus Center office property. We did not recognize impairment charges during the nine months ended September 30, 2020.

Gain on sale of real estate

We recognized a \$47.1 million gain on sale of real estate from the sale of our Campus Center property (July 2019) during the nine months ended September 30, 2019. We did not recognize a gain on sale of real estate during the nine months ended September 30, 2020.

Liquidity and Capital Resources

Since our initial public offering, we have remained capitalized through public offerings, private placements, joint ventures and continuous offerings under our ATM program. We currently expect that our principal sources of funds to meet our short-term and long-term liquidity requirements for working capital, strategic acquisitions, capital expenditures, tenant improvements, leasing costs, dividends and distributions, share repurchases and repayments of outstanding debt financing will include:

- cash on hand, cash reserves and net cash provided by operations;
- proceeds from additional equity securities;
- our ATM program;
- borrowings under the operating partnership's unsecured revolving credit facility and One Westside construction loan;
- proceeds from joint ventures partners; and
- proceeds from additional secured, unsecured debt financings or offerings.

Liquidity Sources

We had \$365.3 million of cash and cash equivalents at September 30, 2020. Our principal source of operating cash flow is related to leasing and operating the properties in our portfolio. Our properties provide a relatively consistent stream of cash flow that provides us with resources to pay operating expenses, service our debt and fund quarterly dividend and distribution requirements.

Our ability to access the equity capital markets will depend on a number of factors as well, including general market conditions for REITs and market perceptions about us.

We have an ATM program that allows us to sell up to \$125.0 million of common stock, \$20.1 million of which has been sold through September 30, 2020. Any future sales will depend on several factors, including, but not limited to, market conditions, the trading price of our common stock and our capital needs. We have no obligation to sell the remaining shares available for sale under this program. We did not utilize the ATM program during the nine months ended September 30, 2020.

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As of September 30, 2020, we had total borrowing capacity of \$600.0 million under our unsecured revolving credit facility, nothing of which had been drawn. As of September 30, 2020, we had total borrowing capacity of \$414.6 million under our construction loan, secured by our One Westside and 10850 Pico properties, \$75.1 million of which had been drawn.

Our ability to incur additional debt will depend on a number of factors, including our degree of leverage, the value of our unencumbered assets and borrowing restrictions that may be imposed by lenders. If we incur additional debt, the risks associated with our leverage, including our ability to service our debt, would increase.

The following table sets forth our ratio of debt to total consolidated market capitalization (counting series A preferred units as debt) as of September 30, 2020:

	September 30, 2020
Unsecured and secured debt ⁽¹⁾	\$ 3,087,168
Series A preferred units	9,815
Total consolidated debt	3,096,983
Less: Cash and cash equivalents	365,294
Total consolidated debt, net	2,731,689
Common equity capitalization ⁽²⁾	3,394,031
TOTAL CONSOLIDATED MARKET CAPITALIZATION	\$ 6,491,014
Total consolidated debt, net/total consolidated market capitalization	42.1 %

1. Excludes in-substance defeased debt, joint venture partner debt and unamortized deferred financing costs and loan discounts/premiums.

2. Common equity capitalization represents the shares of common stock (including unvested restricted shares), OP units outstanding, restricted performance units and dilutive shares multiplied by the closing price of our stock of \$21.93, as reported by the NYSE, as of September 30, 2020.

Outstanding Indebtedness

The following table sets forth information as of September 30, 2020 and December 31, 2019 with respect to our outstanding indebtedness (excluding unamortized deferred financing costs and loan discounts/premiums):

	September 30, 2020	December 31, 2019
Unsecured debt	\$ 1,925,000	\$ 2,475,000
Secured debt	\$ 1,162,168	\$ 370,459
In-substance defeased debt	\$ 132,560	\$ 135,030
Joint venture partner debt	\$ 66,136	\$ 66,136

The operating partnership was in compliance with its financial covenants as of September 30, 2020.

Liquidity Uses

Contractual Obligations

During the nine months ended September 30, 2020, there were no material changes outside the ordinary course of business in the information regarding specified contractual obligations contained in our 2019 Annual Report on Form 10-K. See Part I, Item 1 “Note 7 to our Consolidated Financial Statements—Debt” for information regarding our minimum future principal payments due on our outstanding debt. See Part I, Item 1 “Note 11 to our Consolidated Financial Statements—Future Minimum Rents and Lease Payments” for information regarding our future minimum ground lease payments. See Part I, Item 1 “Note 7 to our Consolidated Financial Statements—Prepaid Expenses and Other Assets, net” for additional contingencies.

Cash Flows

A comparison of our cash flow activity is as follows:

	Nine Months Ended September 30,		Dollar Change	Percent Change
	2020	2019		
Net cash provided by operating activities	\$ 247,890	\$ 233,600	\$ 14,290	6.1 %
Net cash used in investing activities	\$ (305,204)	\$ (207,246)	\$ (97,958)	47.3 %
Net cash provided by (used in) financing activities	\$ 403,329	\$ (25,206)	\$ 428,535	1,700.1 %

Cash and cash equivalents and restricted cash were \$404.3 million and \$58.3 million at September 30, 2020 and December 31, 2019, respectively.

Operating Activities

Net cash provided by operating activities increased by \$14.3 million, or 6.1%, to \$247.9 million for the nine months ended September 30, 2020 compared to \$233.6 million for the nine months ended September 30, 2019. The change resulted primarily from higher cash NOI in 2020, partially offset by an increase in interest expense.

Investing Activities

Net cash used in investing activities increased by \$98.0 million, or 47.3%, to \$305.2 million for the nine months ended September 30, 2020 compared to \$207.2 million for the nine months ended September 30, 2019. The change resulted primarily from \$147.8 million of proceeds from sale of real estate in 2019 that largely offset the amounts spent on additions to investment in real estate, contributions to unconsolidated entities, and deposits for property acquisitions that occurred in 2019.

Financing Activities

Net cash provided by financing activities increased by \$428.5 million, or 1,700.1%, to \$403.3 million for the nine months ended September 30, 2020 compared to net cash used in financing activities of \$25.2 million for the nine months ended September 30, 2019. The change resulted primarily from a \$372.5 million contribution to consolidated entities from our joint venture partners and \$137.1 million higher net proceeds from borrowings and repayments of debt in 2020, partially offset by \$53.5 million spent on share repurchases in 2020.

Off-Balance Sheet Arrangements

Unconsolidated Joint Venture Indebtedness

Pursuant to a co-ownership agreement with an affiliate of Blackstone 1 LP, we have one investment in an unconsolidated real estate entity: the Bentall Centre property located in Vancouver, Canada. We own 20% of this joint venture and we serve as the operating partner. The unconsolidated real estate entity has mortgage indebtedness. Due to our significant influence over the unconsolidated entity, we account for the entity using the equity method of accounting. As of September 30, 2020, the aggregate carrying amount of debt, including both our and our partners' share, incurred by the unconsolidated entity was approximately \$476.1 million and our proportionate share is approximately \$95.2 million.

Critical Accounting Policies

Our discussion and analysis of our historical financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of our financial statements in conformity with GAAP requires us to make estimates of certain items and judgments as to certain future events, for example with respect to the assignment of the purchase price of an acquired property among land, buildings, improvements, equipment and any related intangible assets and liabilities, or the effect of a property tax reassessment of our properties. These determinations, even though inherently subjective and prone to change, affect the reported amounts of our assets, liabilities, revenues and expenses. While we believe that our estimates are based on reasonable assumptions and judgments at the time they are made, some of our assumptions, estimates and judgments will inevitably prove to be incorrect. As a result, actual outcomes will likely differ from our

accruals and those differences—positive or negative—could be material. Some of our accruals are subject to adjustment, as we believe appropriate, based on revised estimates and reconciliation to the actual results when available.

Effective January 1, 2019, we adopted ASC 842 which resulted in changes to our critical accounting policy relating to lease accounting. Refer to Part I, Item 1 “Note 2 to our Consolidated Financial Statements—Summary of Significant Accounting Policies,” for information regarding our updated policies as a result of the adoption of ASC 842.

Non-GAAP Supplemental Financial Measure: Funds From Operations

We calculate FFO in accordance with the White Paper issued in December 2018 on FFO approved by the Board of Governors of the National Association of Real Estate Investment Trusts (“NAREIT”). The White Paper defines FFO as net income or loss calculated in accordance with GAAP, excluding gains and losses from sales of depreciable real estate and impairment write-downs associated with depreciable real estate, plus real estate-related depreciation and amortization (excluding amortization of deferred financing costs and depreciation of non-real estate assets), adjusting for consolidated and unconsolidated joint ventures. The calculation of FFO includes amortization of deferred revenue related to tenant-funded tenant improvements and excludes the depreciation of the related tenant improvement assets. In the December 2018 White Paper, NAREIT, provided an option to include value changes in mark to market equity securities in the calculation of FFO. We elected this option, retroactively during the fourth quarter of 2018.

We believe that FFO is a useful supplemental measure of our operating performance. The exclusion from FFO of gains and losses from the sale of operating real estate assets allows investors and analysts to readily identify the operating results of the assets that form the core of our activity and assists in comparing those operating results between periods. Also, because FFO is generally recognized as the industry standard for reporting the operations of REITs, it facilitates comparisons of operating performance to other REITs. However, other REITs may use different methodologies to calculate FFO, and accordingly, our FFO may not be comparable to all other REITs.

Implicit in historical cost accounting for real estate assets in accordance with GAAP is the assumption that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered presentations of operating results for real estate companies using historical cost accounting alone to be insufficient. Because FFO excludes depreciation and amortization of real estate assets, we believe that FFO along with the required GAAP presentations provides a more complete measurement of our performance relative to our competitors and a more appropriate basis on which to make decisions involving operating, financing and investing activities than the required GAAP presentations alone would provide. We use FFO per share to calculate annual cash bonuses for certain employees.

However, FFO should not be viewed as an alternative measure of our operating performance because it does not reflect either depreciation and amortization costs or the level of capital expenditures and leasing costs necessary to maintain the operating performance of our properties, which are significant economic costs and could materially impact our results from operations.

The following table presents a reconciliation of net income to FFO:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net (loss) income	\$ (1,362)	\$ 62,955	\$ 19,598	\$ 38,883
Adjustments:				
Depreciation and amortization—Consolidated	75,052	69,781	222,331	207,892
Depreciation and amortization—Corporate-related	(581)	(543)	(1,720)	(1,596)
Depreciation and amortization—Company’s share from unconsolidated real estate entity	1,445	1,751	4,181	2,314
Gains on sale of real estate	—	(47,100)	—	(47,100)
Impairment loss	—	—	—	52,201
Unrealized (loss) gain on non-real estate investment	(513)	—	2,335	—
FFO attributable to non-controlling interests	(10,725)	(7,463)	(24,619)	(21,032)
FFO attributable to preferred units	(153)	(153)	(459)	(459)
FFO TO COMMON STOCKHOLDERS AND UNITHOLDERS	\$ 63,163	\$ 79,228	\$ 221,647	\$ 231,103

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information about our market risk is disclosed in Part II, Item 7A, of our 2019 Annual Report on Form 10-K and is incorporated herein by reference. There have been no material changes for the nine months ended September 30, 2020 to the information provided in Part II, Item 7A, of our 2019 Annual Report on Form 10-K.

Foreign currency exchange rate risk

We have exposure to foreign currency exchange rate risk related to our unconsolidated real estate entity operating in Canada. The unconsolidated real estate entity's functional currency is the local currency, or Canadian dollars. Any gains or losses resulting from the translation of Canadian dollars to U.S. dollars are classified on our Balance Sheet as a separate component of other comprehensive income and are excluded from net income.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures (Hudson Pacific Properties, Inc.)

Hudson Pacific Properties, Inc. maintains disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in Hudson Pacific Properties, Inc.'s reports 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 the 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, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by Rule 13a-15(b) under the Exchange Act, Hudson Pacific Properties, Inc. carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the disclosure controls and procedures as of the end of the period covered by this report.

Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded, as of that time, that Hudson Pacific Properties, Inc.'s disclosure controls and procedures were effective in providing a reasonable level of assurance that information Hudson Pacific Properties, Inc. is required to disclose in reports that Hudson Pacific Properties, Inc. files 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 the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

Disclosure Controls and Procedures (Hudson Pacific Properties, L.P.)

Hudson Pacific Properties, L.P. maintains disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in Hudson Pacific Properties, L.P.'s reports 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 the Chief Executive Officer and Chief Financial Officer of Hudson Pacific Properties, Inc. (the sole general partner of Hudson Pacific Properties, L.P.), 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, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by Rule 13a-15(b) under the Exchange Act, Hudson Pacific Properties, L.P. carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer of Hudson Pacific Properties, Inc. (the sole general partner of Hudson Pacific Properties, L.P.), of the effectiveness of the design and operation of the disclosure controls and procedures as of the end of the period covered by this report.

Based on the foregoing, the Chief Executive Officer and Chief Financial Officer of Hudson Pacific Properties, Inc. (the sole general partner of Hudson Pacific Properties, L.P.) concluded, as of that time, that Hudson Pacific Properties, L.P.'s disclosure controls and procedures were effective in providing a reasonable level of assurance that information Hudson Pacific Properties, L.P. is required to disclose in reports that Hudson Pacific Properties, L.P. files 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 the Chief Executive Officer and Chief Financial Officer of Hudson Pacific Properties, Inc. (the sole general partner of Hudson Pacific Properties, L.P.), as appropriate, to allow for timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting (Hudson Pacific Properties, Inc.)

There have been no changes that occurred during the third quarter of the year covered by this report in Hudson Pacific Properties, Inc.'s internal control over financial reporting identified in connection with the evaluation referenced above that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Changes in Internal Control Over Financial Reporting (Hudson Pacific Properties, L.P.)

There have been no changes that occurred during the third quarter of the year covered by this report in Hudson Pacific Properties, L.P.'s internal control over financial reporting identified in connection with the evaluation referenced above 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 lawsuits, claims and other legal proceedings arising out of, or incident to, our ordinary course of business. We are not currently a party, as plaintiff or defendant, to any legal proceedings that we believe to be material or that, individually or in the aggregate, would be expected to have a material adverse effect on our business, financial condition, results of operations or cash flows if determined adversely to us.

ITEM 1A. RISK FACTORS

Our business and results of operations and financial condition have been and may be further materially or adversely impacted by the outbreak of a pandemic including COVID-19

The global spread of COVID-19 has created, and is likely to continue to create, significant volatility, uncertainty and economic disruption. In response to the pandemic, state and local governments, including those in Northern and Southern California, the Pacific Northwest and British Columbia have reacted by instituting quarantines, restrictions on travel, “shelter in place” rules, restrictions on types of business that may continue to operate and/or restrictions on the types of construction projects that may continue. As a result, the COVID-19 pandemic is negatively impacting almost every industry, including industries our tenants operate in. The COVID-19 pandemic, or a future pandemic, could have material and adverse effects on our ability to successfully operate our business and on our financial condition, results of operations and cash flows due to, among other factors: our tenants’ ability to pay rent on their leases; our inability to re-let space in our properties on favorable terms; ability to access capital markets on favorable terms and potential delays with development and re-development activities resulting in failure to achieve expected occupancy and/or rent levels within the projected time frames. We collected approximately 97.0% of our third quarter combined contractual rents, comprised of approximately 98.0% from office tenants, 100.0% from studio tenants and 52.0% from storefront retail tenants. As of October 29, 2020, we have collected 94.0% of our October combined contractual rents, comprised of approximately 96.0% from office tenants, 98.0% from studio tenants and 51.0% from storefront retail tenants.

The rapid development and fluidity of this situation precludes any prediction as to the full adverse impact of the COVID-19 pandemic. Nevertheless, the COVID-19 pandemic presents material uncertainty and risk on our ability to successfully operate our business and on our financial condition, results of operations, and cash flows. Moreover, many risk factors set forth in our 2019 Annual Report on Form 10-K should be interpreted as heightened risks as a result of the impact of the COVID-19 pandemic.

Social, political, and economic instability, unrest, and other circumstances beyond our control could adversely affect our business operations

Our business may be adversely affected by social, political, and economic instability, unrest, or disruption in a geographic region in which we operate, regardless of cause, including protests, demonstrations, strikes, riots, civil disturbance, disobedience, insurrection, or social and political unrest. Such events may result in restrictions, curfews, or other actions and give rise to significant changes in regional and global economic conditions and cycles, which may adversely affect our financial condition and operations.

There have been recent demonstrations and protests in cities throughout the U.S. as well as globally in connection with civil rights, liberties, and social and governmental reform. While protests have been peaceful in many locations, looting, vandalism, and fires have taken place in cities, including Seattle, Los Angeles, and Vancouver, Canada, which led to the imposition of mandatory curfews and, in some locations, deployment of the U.S. National Guard. Government actions in an effort to protect people and property, including curfews and restrictions on business operations, may disrupt operations, harm perceptions of personal well-being, and increase the need for additional expenditures on security resources. In addition, action resulting from such social or political unrest may pose significant risks to our personnel, facilities, and operations. The effect and duration of the demonstrations, protests, or other factors is uncertain, and we cannot assure there will not be further political or social unrest in the future or that there will not be other events that could lead to the disruption of social, political, and economic conditions. If such events or disruptions persist for a prolonged period of time, our overall business and results of operations may be adversely affected.

Any or all of the foregoing could have a material adverse effect on our financial condition, results of operations, and cash flows, or the market price of our common stock. Additional risks and uncertainties not currently known to us, or that we presently deem to be immaterial, may also have potential to materially adversely affect our business, financial condition, and results of operations.

Please review the Risk Factors set forth in our 2019 Annual Report on Form 10-K for additional risk factors.

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

(a) Recent Sales of Unregistered Securities:

During the third quarter of 2020, our operating partnership issued partnership units in private placements in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act, in the amounts and for the consideration set forth below:

During the third quarter of 2020, we issued an aggregate of 1,286 shares of our common stock in connection with restricted stock awards for no cash consideration, out of which no shares of common stock were forfeited to us in connection with restricted stock awards for a net issuance of 1,286 shares of common stock. For each share of common stock issued by us in connection with such an award, our operating partnership issued a restricted common unit to us as provided in our operating partnership's partnership agreement. During the third quarter of 2020, our operating partnership issued an aggregate of 1,286 common units to us.

All other issuances of unregistered equity securities of our operating partnership during the nine months ended September 30, 2020 have previously been disclosed in filings with the SEC. For all issuances of units to us, our operating partnership relied on our status as a publicly traded NYSE-listed company with \$7.94 billion in total consolidated assets and as our operating partnership's majority owner and sole general partner as the basis for the exemption under Section 4(a)(2) of the Securities Act.

(b) Use of Proceeds from Registered Securities: None

(c) Purchases of Equity Securities by the Issuer and Affiliated Purchasers:

The following table summarizes the repurchases of the Company equity securities during the third quarter of 2020:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum That May Yet Be Purchased Under The Plans or Programs ⁽²⁾
September 1- September 30, 2020 ⁽¹⁾	1,177,127	\$ 22.50	1,177,127	\$ 190,228,918
TOTAL	1,177,127	\$ 22.50	1,177,127	\$ 190,228,918

- On January 20, 2016, our board of directors authorized a share repurchase program to buy up to \$100.0 million of the outstanding common stock of Hudson Pacific Properties, Inc., which our board of directors increased to a total of \$250.0 million on March 8, 2018. The program does not have a termination date, and repurchases may be discontinued at any time.
- The Maximum That May Yet Be Purchased Under the Plans or Programs is shown net of repurchases. During the first quarter 2020, the Company repurchased 1,414,007 shares at the average price paid per share of \$23.54.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS

Exhibit No.	Description	Incorporated by Reference			
		Form	File No.	Exhibit No.	Filing Date
3.1	Articles of Amendment and Restatement of Hudson Pacific Properties, Inc.	S-11/A	333-164916	3.1	May 12, 2010
3.2	Second Amended and Restated Bylaws of Hudson Pacific Properties, Inc.	8-K	001-34789	3.1	January 12, 2015
3.3	Fourth Amended and Restated Agreement of Limited Partnership of Hudson Pacific Properties, L.P.	10-K	001-34789	10.1	February 26, 2016
3.4	Certificate of Limited Partnership of Hudson Pacific Properties, L.P.	10-Q	001-34789	3.4	November 4, 2016
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Hudson Pacific Properties, Inc.				
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Hudson Pacific Properties, Inc.				
31.3	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Hudson Pacific Properties, L.P. for Hudson Pacific Properties, L.P.				
31.4	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 Hudson Pacific Properties, L.P.				
32.1	Certifications by Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Hudson Pacific Properties, Inc.				
32.2	Certifications by Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Hudson Pacific Properties, L.P.				
101	The following financial information from Hudson Pacific Properties, Inc.'s and Hudson Pacific Properties, L.P.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets (unaudited), (ii) Consolidated Statements of Operations (unaudited), (iii) Consolidated Statements of Comprehensive (Loss) Income (unaudited), (iv) Consolidated Statements of Equity (unaudited), (v) Consolidated Statements of Capital (unaudited), (vi) Consolidated Statements of Cash Flows (unaudited) and (vii) Notes to Unaudited Consolidated Financial Statements*				
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)				

* Pursuant to Rule 406T of Regulation S-T, the interactive data files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

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.

Date: November 4, 2020

HUDSON PACIFIC PROPERTIES, INC.

/S/ VICTOR J. COLEMAN
Victor J. Coleman
Chief Executive Officer (Principal Executive Officer)

Date: November 4, 2020

HUDSON PACIFIC PROPERTIES, INC.

/S/ HAROUT K. DIRAMERIAN
Harout K. Diramerian
Chief Financial Officer (Principal Financial Officer)

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.

Date: November 4, 2020

HUDSON PACIFIC PROPERTIES, L.P.

/S/ VICTOR J. COLEMAN
Victor J. Coleman
Chief Executive Officer (Principal Executive Officer)

Date: November 4, 2020

HUDSON PACIFIC PROPERTIES, L.P.

/S/ HAROUT K. DIRAMERIAN
Harout K. Diramerian
Chief Financial Officer (Principal Financial Officer)

CERTIFICATION

I, Victor J. Coleman, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Hudson Pacific Properties, 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 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 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.

Date: November 4, 2020

/s/ VICTOR J. COLEMAN

Victor J. Coleman
Chief Executive Officer

CERTIFICATION

I, Harout K. Diramerian, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Hudson Pacific Properties, 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 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 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.

Date: November 4, 2020

/s/ HAROUT K. DIRAMERIAN

Harout K. Diramerian
Chief Financial Officer

CERTIFICATION

I, Victor J. Coleman, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Hudson Pacific Properties, L.P.;
- 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 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 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.

Date: November 4, 2020

/s/ VICTOR J. COLEMAN

Victor J. Coleman
Chief Executive Officer

CERTIFICATION

I, Harout K. Diramerian, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Hudson Pacific Properties, L.P.;
- 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 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 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.

Date: November 4, 2020

/s/ HAROUT K. DIRAMERIAN

Harout K. Diramerian
Chief Financial Officer

WRITTEN STATEMENT
PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Victor J. Coleman, Chief Executive Officer, and Harout K. Diramerian, Chief Financial Officer of Hudson Pacific Properties, Inc. (the “Company”), hereby certify as of the date hereof, solely for the purposes of 18 U.S.C. §1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (i) the Quarterly Report on Form 10-Q for the period ended September 30, 2020 of the Company (the “Report”) fully complies with the requirements of Section 13(a) and 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: November 4, 2020

/s/ VICTOR J. COLEMAN

Victor J. Coleman
Chief Executive Officer

Date: November 4, 2020

/s/ HAROUT K. DIRAMERIAN

Harout K. Diramerian
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Report or as a separate disclosure document.

WRITTEN STATEMENT
PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Victor J. Coleman, Chief Executive Officer, and Harout K. Diramerian, Chief Financial Officer of Hudson Pacific Properties, Inc. in its capacity as sole general partner of Hudson Pacific Properties, L.P. (the "Company"), hereby certify as of the date hereof, solely for the purposes of 18 U.S.C. §1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (i) the Quarterly Report on Form 10-Q for the period ended September 30, 2020 of the Company (the "Report") fully complies with the requirements of Section 13(a) and 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: November 4, 2020

/s/ VICTOR J. COLEMAN

Victor J. Coleman
Chief Executive Officer
Hudson Pacific Properties, Inc., sole general partner of Hudson Pacific Properties, L.P.

Date: November 4, 2020

/s/ HAROUT K. DIRAMERIAN

Harout K. Diramerian
Chief Financial Officer
Hudson Pacific Properties, Inc., sole general partner of Hudson Pacific Properties, L.P.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Report or as a separate disclosure document.