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

FORM 10-Q

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

For the quarterly period ended June 30, 2021

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 July 30, 2021 was 152,477,830.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended June 30, 2021 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. In statements regarding qualification as a REIT, such terms refer solely to Hudson Pacific Properties, Inc. 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 June 30, 2021, Hudson Pacific Properties, Inc. owned approximately 98.7% of the ownership interest in our operating partnership (including unvested restricted units). The remaining approximately 1.3% interest was owned by certain of our executive officers and directors, certain of their affiliates and other 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 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)

	June 30, 2021 (unaudited)	December 31, 2020
ASSETS		
Investment in real estate, at cost	\$ 8,381,071	\$ 8,215,017
Accumulated depreciation and amortization	(1,224,337)	(1,102,748)
Investment in real estate, net	7,156,734	7,112,269
Cash and cash equivalents	110,978	113,686
Restricted cash	33,967	35,854
Accounts receivable, net	16,391	22,105
Straight-line rent receivables, net	238,799	225,685
Deferred leasing costs and lease intangible assets, net	271,201	285,836
U.S. Government securities	132,222	135,115
Operating lease right-of-use assets	268,537	264,880
Prepaid expenses and other assets, net	111,087	72,667
Investment in unconsolidated real estate entities	85,736	82,105
TOTAL ASSETS	\$ 8,425,652	\$ 8,350,202
LIABILITIES AND EQUITY		
Liabilities		
Unsecured and secured debt, net	\$ 3,491,043	\$ 3,399,492
In-substance defeased debt	129,971	131,707
Joint venture partner debt	66,136	66,136
Accounts payable, accrued liabilities and other	253,271	235,860
Operating lease liabilities	274,408	270,014
Lease intangible liabilities, net	43,364	49,144
Security deposits and prepaid rent	84,393	92,180
Total liabilities	4,342,586	4,244,533
Commitments and contingencies (note 20)		
Redeemable preferred units of the operating partnership	9,815	9,815
Redeemable non-controlling interest in consolidated real estate entities	127,445	127,874
Equity		
Hudson Pacific Properties, Inc. stockholders' equity		
Common stock, \$0.01 par value, 490,000,000 authorized, 152,319,084 shares and 151,401,365 shares outstanding at June 30, 2021 and December 31, 2020, respectively	1,523	1,514
Additional paid-in capital	3,435,156	3,469,758
Accumulated other comprehensive loss	(2,736)	(8,133)
Total Hudson Pacific Properties, Inc. stockholders' equity	3,433,943	3,463,139
Non-controlling interest—members in consolidated real estate entities	467,476	467,009
Non-controlling interest—units in the operating partnership	44,387	37,832
Total equity	3,945,806	3,967,980
TOTAL LIABILITIES AND EQUITY	\$ 8,425,652	\$ 8,350,202

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 June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
REVENUES				
Office				
Rental	\$ 192,552	\$ 180,654	\$ 382,413	\$ 361,767
Service and other revenues	3,151	3,654	5,433	8,968
Total office revenues	195,703	184,308	387,846	370,735
Studio				
Rental	11,551	12,128	23,704	25,043
Service and other revenues	8,348	2,174	17,171	9,059
Total studio revenues	19,899	14,302	40,875	34,102
Total revenues	215,602	198,610	428,721	404,837
OPERATING EXPENSES				
Office operating expenses	69,111	64,611	135,673	128,471
Studio operating expenses	12,466	7,951	23,919	18,601
General and administrative	17,109	17,897	35,558	36,515
Depreciation and amortization	84,178	73,516	166,939	147,279
Total operating expenses	182,864	163,975	362,089	330,866
OTHER INCOME (EXPENSE)				
Income from unconsolidated real estate entities	470	410	1,105	174
Fee income	797	556	1,645	1,166
Interest expense	(30,689)	(27,930)	(60,975)	(54,347)
Interest income	937	1,048	1,934	2,073
Management services reimbursement income—unconsolidated real estate entities	626	—	626	—
Management services expense—unconsolidated real estate entities	(626)	—	(626)	—
Transaction-related expenses	(1,064)	(157)	(1,064)	(259)
Unrealized gain (loss) on non-real estate investments	5,018	(2,267)	10,793	(2,848)
Other (expense) income	(1,177)	716	(1,629)	1,030
Total other expense	(25,708)	(27,624)	(48,191)	(53,011)
Net income	7,030	7,011	18,441	20,960
Net income attributable to preferred units	(153)	(153)	(306)	(306)
Net income attributable to participating securities	(276)	(10)	(554)	(39)
Net income attributable to non-controlling interest in consolidated real estate entities	(5,549)	(3,890)	(12,179)	(7,407)
Net loss attributable to redeemable non-controlling interest in consolidated real estate entities	1,282	770	1,964	1,403
Net income attributable to non-controlling interest in the operating partnership	(19)	(37)	(69)	(143)
NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 2,315	\$ 3,691	\$ 7,297	\$ 14,468
BASIC AND DILUTED PER SHARE AMOUNTS				
Net income attributable to common stockholders—basic	\$ 0.02	\$ 0.02	\$ 0.05	\$ 0.09
Net income attributable to common stockholders—diluted	\$ 0.02	\$ 0.02	\$ 0.05	\$ 0.09
Weighted average shares of common stock outstanding—basic	151,169,612	153,306,976	150,997,564	153,869,789
Weighted average shares of common stock outstanding—diluted	152,683,463	155,621,513	151,302,845	156,515,326

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income	\$ 7,030	\$ 7,011	\$ 18,441	\$ 20,960
Currency translation adjustments	914	2,138	1,923	(2,861)
Net unrealized gains (losses) on derivative instruments:				
Unrealized losses	(160)	(1,851)	(136)	(14,129)
Reclassification adjustment for realized gains	1,872	1,648	3,683	1,511
Total net unrealized gains (losses) on derivative instruments	1,712	(203)	3,547	(12,618)
Total other comprehensive income (loss)	2,626	1,935	5,470	(15,479)
Comprehensive income	9,656	8,946	23,911	5,481
Comprehensive income attributable to preferred units	(153)	(153)	(306)	(306)
Comprehensive income attributable to participating securities	(276)	(10)	(554)	(39)
Comprehensive income attributable to non-controlling interest in consolidated real estate entities	(5,549)	(3,890)	(12,179)	(7,407)
Comprehensive loss attributable to redeemable non-controlling interest in consolidated real estate entities	1,282	770	1,964	1,403
Comprehensive (income) loss attributable to non-controlling interest in the operating partnership	(54)	(56)	(142)	9
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 4,906	\$ 5,607	\$ 12,694	\$ (859)

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

HUDSON PACIFIC PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF EQUITY
For the three and six months ended June 30, 2021
(unaudited, in thousands, except share data)

	Hudson Pacific Properties, Inc. Stockholders' Equity					Non-controlling Interest		Total Equity
	Shares of Common Stock	Stock Amount	Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Loss	Units in the Operating Partnership	Members in Consolidated Real Estate Entities	
Balance, March 31, 2021	150,760,631	\$ 1,508	\$ 3,423,699	\$ —	\$ (5,327)	\$ 39,787	\$ 476,573	\$ 3,936,240
Distributions	—	—	—	—	—	—	(14,646)	(14,646)
Proceeds from sale of common stock, net of transaction costs	1,526,163	15	44,805	—	—	—	—	44,820
Issuance of unrestricted stock	33,246	—	—	—	—	—	—	—
Shares withheld to satisfy tax withholding obligations	(956)	—	—	—	—	—	—	—
Declared dividend	—	—	(35,591)	(2,591)	—	(560)	—	(38,742)
Amortization of stock-based compensation	—	—	2,243	—	—	5,106	—	7,349
Net income	—	—	—	2,591	—	19	5,549	8,159
Other comprehensive income	—	—	—	—	2,591	35	—	2,626
Balance, June 30, 2021	152,319,084	\$ 1,523	\$ 3,435,156	\$ —	\$ (2,736)	\$ 44,387	\$ 467,476	\$ 3,945,806
Balance at December 31, 2020	151,401,365	\$ 1,514	\$ 3,469,758	\$ —	\$ (8,133)	\$ 37,832	\$ 467,009	\$ 3,967,980
Contributions	—	—	—	—	—	—	15,016	15,016
Distributions	—	—	—	—	—	—	(26,728)	(26,728)
Proceeds from sale of common stock, net of transaction costs	1,526,163	15	44,805	—	—	—	—	44,820
Issuance of unrestricted stock	53,246	—	—	—	—	—	—	—
Shares repurchased	(632,109)	(6)	(14,750)	—	—	—	—	(14,756)
Shares withheld to satisfy tax withholding obligations	(29,581)	—	(693)	—	—	—	—	(693)
Declared dividend	—	—	(68,189)	(7,851)	—	(1,128)	—	(77,168)
Amortization of stock-based compensation	—	—	4,225	—	—	7,541	—	11,766
Net income	—	—	—	7,851	—	69	12,179	20,099
Other comprehensive income	—	—	—	—	5,397	73	—	5,470
Balance at June 30, 2021	152,319,084	\$ 1,523	\$ 3,435,156	\$ —	\$ (2,736)	\$ 44,387	\$ 467,476	\$ 3,945,806

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

HUDSON PACIFIC PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF EQUITY
For the three and six months ended June 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	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Loss	Units in the Operating Partnership	Members in Consolidated Real Estate Entities	Total Equity
Balance at March 31, 2020	153,295,905	\$ 1,533	\$ 3,349,706	\$ —	\$ (17,804)	\$ 26,083	\$ 270,236	\$ 3,629,754
Distributions	—	—	—	—	—	—	(4,100)	(4,100)
Issuance of unrestricted stock	23,428	1	(1)	—	—	—	—	—
Declared dividend	—	—	(34,739)	(3,701)	—	(450)	—	(38,890)
Amortization of stock-based compensation	—	—	2,226	—	—	3,078	—	5,304
Net income	—	—	—	3,701	—	37	3,890	7,628
Other comprehensive income	—	—	—	—	1,916	19	—	1,935
Balance at June 30, 2020	153,319,333	\$ 1,534	\$ 3,317,192	\$ —	\$ (15,888)	\$ 28,767	\$ 270,026	\$ 3,601,631
Balance, December 31, 2019	154,691,052	\$ 1,546	\$ 3,415,808	\$ —	\$ (561)	\$ 23,082	\$ 269,487	\$ 3,709,362
Distributions	—	—	—	—	—	—	(6,868)	(6,868)
Issuance of unrestricted stock	179,005	3	(3)	—	—	—	—	—
Shares repurchased	(1,414,007)	(14)	(35,337)	—	—	—	—	(35,351)
Shares withheld to satisfy tax withholding obligations	(136,717)	(1)	(5,500)	—	—	—	—	(5,501)
Declared dividend	—	—	(62,366)	(14,507)	—	(900)	—	(77,773)
Amortization of stock-based compensation	—	—	4,590	—	—	6,594	—	11,184
Net income	—	—	—	14,507	—	143	7,407	22,057
Other comprehensive loss	—	—	—	—	(15,327)	(152)	—	(15,479)
Balance, June 30, 2020	153,319,333	\$ 1,534	\$ 3,317,192	\$ —	\$ (15,888)	\$ 28,767	\$ 270,026	\$ 3,601,631

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

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

	Six Months Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 18,441	\$ 20,960
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	166,939	147,279
Non-cash portion of interest expense	4,835	2,489
Amortization of stock-based compensation	9,878	9,618
Income from unconsolidated real estate entities	(1,105)	(174)
Unrealized (gain) loss on non-real estate investments	(10,793)	2,848
Straight-line rents	(13,114)	(26,136)
Straight-line rent expenses	737	731
Amortization of above- and below-market leases, net	(5,258)	(5,007)
Amortization of above- and below-market ground leases, net	1,175	1,176
Amortization of lease incentive costs	952	971
Distribution of income from unconsolidated entities	872	—
Change in operating assets and liabilities:		
Accounts receivable	5,624	(1,244)
Deferred leasing costs and lease intangibles	(8,867)	(8,093)
Prepaid expenses and other assets	(14,899)	(14,090)
Accounts payable, accrued liabilities and other	25,301	16,911
Security deposits and prepaid rent	(7,787)	(10,755)
Net cash provided by operating activities	172,931	137,484
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to investment in real estate	(191,005)	(169,295)
Maturities of U.S. Government securities	2,889	2,825
Contributions to non-real estate investments	(8,514)	—
Distributions from unconsolidated real estate entities	908	73
Contributions to unconsolidated real estate entities	(8,325)	(461)
Net cash used in investing activities	(204,047)	(166,858)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from unsecured and secured debt	86,850	453,184
Payments of unsecured and secured debt	(313)	(300,294)
Payments of in-substance defeased debt	(1,736)	(1,643)
Proceeds from sale of common stock, net of transaction costs	44,820	—
Repurchase of common stock	(14,756)	(35,351)
Dividends paid to common stock and unitholders	(77,168)	(77,773)
Dividends paid to preferred unitholders	(306)	(306)
Contributions from redeemable non-controlling members in consolidated real estate entities	1,543	2,551
Distribution of redeemable non-controlling members in consolidated real estate entities	(8)	(8)
Contributions from non-controlling members in consolidated real estate entities	15,016	—
Distributions to non-controlling members in consolidated real estate entities	(26,728)	(6,868)
Payments to satisfy tax withholding obligations	(693)	(5,501)
Payment of loan costs	—	(4)
Net cash provided by financing activities	26,521	27,987
Net decrease in cash and cash equivalents and restricted cash	(4,595)	(1,387)
Cash and cash equivalents and restricted cash—beginning of period	149,540	58,258
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—END OF PERIOD	\$ 144,945	\$ 56,871

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)

	June 30, 2021 (unaudited)	December 31, 2020
ASSETS		
Investment in real estate, at cost	\$ 8,381,071	\$ 8,215,017
Accumulated depreciation and amortization	(1,224,337)	(1,102,748)
Investment in real estate, net	7,156,734	7,112,269
Cash and cash equivalents	110,978	113,686
Restricted cash	33,967	35,854
Accounts receivable, net	16,391	22,105
Straight-line rent receivables, net	238,799	225,685
Deferred leasing costs and lease intangible assets, net	271,201	285,836
U.S. Government securities	132,222	135,115
Operating lease right-of-use assets	268,537	264,880
Prepaid expenses and other assets, net	111,087	72,667
Investment in unconsolidated real estate entities	85,736	82,105
TOTAL ASSETS	\$ 8,425,652	\$ 8,350,202
LIABILITIES AND CAPITAL		
Liabilities		
Unsecured and secured debt, net	\$ 3,491,043	\$ 3,399,492
In-substance defeased debt	129,971	131,707
Joint venture partner debt	66,136	66,136
Accounts payable, accrued liabilities and other	253,271	235,860
Operating lease liabilities	274,408	270,014
Lease intangible liabilities, net	43,364	49,144
Security deposits and prepaid rent	84,393	92,180
Total liabilities	4,342,586	4,244,533
Commitments and contingencies (note 20)		
Redeemable preferred units of the operating partnership	9,815	9,815
Redeemable non-controlling interest in consolidated real estate entities	127,445	127,874
Capital		
Hudson Pacific Properties, L.P. partners' capital		
Common units, 153,700,708 and 152,722,448 outstanding at June 30, 2021 and December 31, 2020, respectively	3,481,106	3,509,217
Accumulated other comprehensive loss	(2,776)	(8,246)
Total Hudson Pacific Properties, L.P. partners' capital	3,478,330	3,500,971
Non-controlling interest—members in consolidated real estate entities	467,476	467,009
Total capital	3,945,806	3,967,980
TOTAL LIABILITIES AND CAPITAL	\$ 8,425,652	\$ 8,350,202

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 June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
REVENUES				
Office				
Rental	\$ 192,552	\$ 180,654	\$ 382,413	\$ 361,767
Service and other revenues	3,151	3,654	5,433	8,968
Total office revenues	195,703	184,308	387,846	370,735
Studio				
Rental	11,551	12,128	23,704	25,043
Service and other revenues	8,348	2,174	17,171	9,059
Total studio revenues	19,899	14,302	40,875	34,102
Total revenues	215,602	198,610	428,721	404,837
OPERATING EXPENSES				
Office operating expenses	69,111	64,611	135,673	128,471
Studio operating expenses	12,466	7,951	23,919	18,601
General and administrative	17,109	17,897	35,558	36,515
Depreciation and amortization	84,178	73,516	166,939	147,279
Total operating expenses	182,864	163,975	362,089	330,866
OTHER INCOME (EXPENSE)				
Income from unconsolidated real estate entities	470	410	1,105	174
Fee income	797	556	1,645	1,166
Interest expense	(30,689)	(27,930)	(60,975)	(54,347)
Interest income	937	1,048	1,934	2,073
Management services reimbursement income—unconsolidated real estate entities	626	—	626	—
Management services expense—unconsolidated real estate entities	(626)	—	(626)	—
Transaction-related expenses	(1,064)	(157)	(1,064)	(259)
Unrealized gain (loss) on non-real estate investments	5,018	(2,267)	10,793	(2,848)
Other (expense) income	(1,177)	716	(1,629)	1,030
Total other expense	(25,708)	(27,624)	(48,191)	(53,011)
Net income	7,030	7,011	18,441	20,960
Net income attributable to non-controlling interest in consolidated real estate entities	(5,549)	(3,890)	(12,179)	(7,407)
Net loss attributable to redeemable non-controlling interest in consolidated real estate entities	1,282	770	1,964	1,403
Net income attributable to Hudson Pacific Properties, L.P.	2,763	3,891	8,226	14,956
Net income attributable to preferred units	(153)	(153)	(306)	(306)
Net income attributable to participating securities	(276)	(25)	(554)	(97)
NET INCOME AVAILABLE TO COMMON UNITHOLDERS	\$ 2,334	\$ 3,713	\$ 7,366	\$ 14,553
BASIC AND DILUTED PER UNIT AMOUNTS				
Net income attributable to common unitholders—basic	\$ 0.02	\$ 0.02	\$ 0.05	\$ 0.09
Net income attributable to common unitholders—diluted	\$ 0.02	\$ 0.02	\$ 0.05	\$ 0.09
Weighted average shares of common units outstanding—basic	152,551,236	154,218,834	152,369,823	154,781,647
Weighted average shares of common units outstanding—diluted	152,683,463	155,012,834	152,675,104	155,906,647

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income	\$ 7,030	\$ 7,011	\$ 18,441	\$ 20,960
Currency translation adjustments	914	2,138	1,923	(2,861)
Net unrealized gains (losses) on derivative instruments:				
Unrealized losses	(160)	(1,851)	(136)	(14,129)
Reclassification adjustment for realized gains	1,872	1,648	3,683	1,511
Total net unrealized gains (losses) on derivative instruments	1,712	(203)	3,547	(12,618)
Total other comprehensive income (loss)	2,626	1,935	5,470	(15,479)
Comprehensive income	9,656	8,946	23,911	5,481
Comprehensive income attributable to preferred units	(153)	(153)	(306)	(306)
Comprehensive income attributable to participating securities	(276)	(25)	(554)	(97)
Comprehensive income attributable to non-controlling interest in consolidated real estate entities	(5,549)	(3,890)	(12,179)	(7,407)
Comprehensive loss attributable to redeemable non-controlling interest in consolidated real estate entities	1,282	770	1,964	1,403
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO PARTNERS' CAPITAL	\$ 4,960	\$ 5,648	\$ 12,836	\$ (926)

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 six months ended June 30, 2021
(unaudited, in thousands, except share data)

	Hudson Pacific Properties, L.P. Partners' Capital				Non-controlling Interest— Members in Consolidated Real Estate Entities	Total Capital
	Number of Common Units	Common Units	Accumulated Other Comprehensive Loss	Total Partners' Capital		
Balance, March 31, 2021	152,142,255	\$ 3,465,069	\$ (5,402)	\$ 3,459,667	\$ 476,573	\$ 3,936,240
Distributions	—	—	—	—	(14,646)	(14,646)
Proceeds from sale of common units, net of transaction costs	1,526,163	44,820	—	44,820	—	44,820
Issuance of unrestricted units	33,246	—	—	—	—	—
Units withheld to satisfy tax withholding obligations	(956)	—	—	—	—	—
Declared distributions	—	(38,742)	—	(38,742)	—	(38,742)
Amortization of unit-based compensation	—	7,349	—	7,349	—	7,349
Net income	—	2,610	—	2,610	5,549	8,159
Other comprehensive income	—	—	2,626	2,626	—	2,626
Balance, June 30, 2021	153,700,708	\$ 3,481,106	\$ (2,776)	\$ 3,478,330	\$ 467,476	\$ 3,945,806
Balance at December 31, 2020	152,722,448	\$ 3,509,217	\$ (8,246)	\$ 3,500,971	\$ 467,009	\$ 3,967,980
Contributions	—	—	—	—	15,016	15,016
Distributions	—	—	—	—	(26,728)	(26,728)
Proceeds from sale of common units, net of transaction costs	1,526,163	44,820	—	44,820	—	44,820
Issuance of unrestricted units	113,787	—	—	—	—	—
Repurchase of common units	(632,109)	(14,756)	—	(14,756)	—	(14,756)
Units withheld to satisfy tax withholding obligations	(29,581)	(693)	—	(693)	—	(693)
Declared distributions	—	(77,168)	—	(77,168)	—	(77,168)
Amortization of unit-based compensation	—	11,766	—	11,766	—	11,766
Net income	—	7,920	—	7,920	12,179	20,099
Other comprehensive income	—	—	5,470	5,470	—	5,470
Balance at June 30, 2021	153,700,708	\$ 3,481,106	\$ (2,776)	\$ 3,478,330	\$ 467,476	\$ 3,945,806

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 six months ended June 30, 2020
(unaudited, in thousands, except share data)

	Hudson Pacific Properties, L.P. Partners' Capital				Non-controlling Interest— Members in Consolidated Real Estate Entities		Total Capital
	Number of Common Units	Common Units	Accumulated Other Comprehensive Loss	Total Partners' Capital			
Balance, March 31, 2020	154,207,763	\$ 3,377,545	\$ (18,027)	\$ 3,359,518	\$ 270,236	\$	3,629,754
Distributions	—	—	—	—	(4,100)		(4,100)
Issuance of unrestricted units	23,428	—	—	—	—		—
Declared distributions	—	(38,890)	—	(38,890)	—		(38,890)
Amortization of unit-based compensation	—	5,304	—	5,304	—		5,304
Net income	—	3,738	—	3,738	3,890		7,628
Other comprehensive income	—	—	1,935	1,935	—		1,935
Balance, June 30, 2020	154,231,191	\$ 3,347,697	\$ (16,092)	\$ 3,331,605	\$ 270,026	\$	3,601,631
Balance at December 31, 2019	155,602,910	\$ 3,440,488	\$ (613)	\$ 3,439,875	\$ 269,487	\$	3,709,362
Distributions	—	—	—	—	(6,868)		(6,868)
Issuance of unrestricted units	179,005	—	—	—	—		—
Units withheld to satisfy tax withholding obligations	(136,717)	(5,501)	—	(5,501)	—		(5,501)
Repurchase of common units	(1,414,007)	(35,351)	—	(35,351)	—		(35,351)
Declared distributions	—	(77,773)	—	(77,773)	—		(77,773)
Amortization of unit-based compensation	—	11,184	—	11,184	—		11,184
Net income	—	14,650	—	14,650	7,407		22,057
Other comprehensive loss	—	—	(15,479)	(15,479)	—		(15,479)
Balance at June 30, 2020	154,231,191	\$ 3,347,697	\$ (16,092)	\$ 3,331,605	\$ 270,026	\$	3,601,631

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)

	Six Months Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 18,441	\$ 20,960
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	166,939	147,279
Non-cash portion of interest expense	4,835	2,489
Amortization of unit-based compensation	9,878	9,618
Loss from unconsolidated real estate entities	(1,105)	(174)
Unrealized (gain) loss on non-real estate investments	(10,793)	2,848
Straight-line rents	(13,114)	(26,136)
Straight-line rent expenses	737	731
Amortization of above- and below-market leases, net	(5,258)	(5,007)
Amortization of above- and below-market ground leases, net	1,175	1,176
Amortization of lease incentive costs	952	971
Distribution of income from unconsolidated entities	872	—
Change in operating assets and liabilities:		
Accounts receivable	5,624	(1,244)
Deferred leasing costs and lease intangibles	(8,867)	(8,093)
Prepaid expenses and other assets	(14,899)	(14,090)
Accounts payable, accrued liabilities and other	25,301	16,911
Security deposits and prepaid rent	(7,787)	(10,755)
Net cash provided by operating activities	172,931	137,484
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to investment in real estate	(191,005)	(169,295)
Maturities of U.S. Government securities	2,889	2,825
Contributions to non-real estate investments	(8,514)	—
Distributions from unconsolidated real estate entities	908	73
Contributions to unconsolidated real estate entities	(8,325)	(461)
Net cash used in investing activities	(204,047)	(166,858)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from unsecured and secured debt	86,850	453,184
Payments of unsecured and secured debt	(313)	(300,294)
Payments of in-substance defeased debt	(1,736)	(1,643)
Proceeds from sale of common units, net of transaction costs	44,820	—
Repurchase of common units	(14,756)	(35,351)
Distributions paid to common stock and unitholders	(77,168)	(77,773)
Distributions paid to preferred unitholders	(306)	(306)
Contributions from redeemable non-controlling members in consolidated real estate entities	1,543	2,551
Distributions to redeemable non-controlling members in consolidated real estate entities	(8)	(8)
Contributions from non-controlling members in consolidated real estate entities	15,016	—
Distributions to non-controlling members in consolidated real estate entities	(26,728)	(6,868)
Payments to satisfy tax withholding obligations	(693)	(5,501)
Payment of loan costs	—	(4)
Net cash provided by financing activities	26,521	27,987
Net decrease in cash and cash equivalents and restricted cash	(4,595)	(1,387)
Cash and cash equivalents and restricted cash—beginning of period	149,540	58,258
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—END OF PERIOD	\$ 144,945	\$ 56,871

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 June 30, 2021:

Segments	Number of Properties	Square Feet (unaudited)
Consolidated portfolio		
Office	52	14,092,789
Studios	3	1,224,403
Land	6	2,504,406
Total consolidated portfolio	61	17,821,598
Unconsolidated portfolio⁽¹⁾		
Office	1	1,491,858
Land	2	691,000
Total unconsolidated portfolio	3	2,182,858
TOTAL⁽²⁾	64	20,004,456

- Pursuant to a co-ownership agreement with an affiliate of Blackstone Property Partners Lower Fund 1 LP ("Blackstone 1 LP"), the Company owns 20% of the unconsolidated joint venture which owns the Bentall Centre property located in Vancouver, Canada. The Company also owns 50% of the unconsolidated joint venture entity which owns the Sunset Glenoaks Studios development. The square footage shown above represents 100% of the properties. See Note 4 for details.
- Includes repositioning, 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.

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, 2021. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements in the 2020 Annual Report on Form 10-K of Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. and the notes thereto.

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 June 30, 2021, the Company has determined that its operating partnership and 14 joint ventures met the definition of a VIE. 12 of these joint ventures are consolidated and two are unconsolidated.

Consolidated Joint Ventures

As of June 30, 2021, the operating partnership has determined that 12 of its joint ventures met the definition of a VIE and 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 %
Hudson 1918 Eighth, L.P.	1918 Eighth	55.0 %

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 following properties: Sunset Gower Studios, Sunset Bronson Studios, Sunset Las Palmas Studios, 6040 Sunset, ICON, CUE, EPIC and Harlow (collectively "Hollywood Media Portfolio").

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)

On November 22, 2020, the Company entered into a joint venture agreement with CPPIB US RE-3, Inc., a subsidiary of Canada Pension Plan Investment Board ("CPPIB"), to form Hudson 1918 Eighth, L.P. On December 18, 2020, the joint venture purchased the 1918 Eighth property through a wholly-owned subsidiary. The Company owns 55% of the joint venture. As of June 30, 2021, the Company has determined that this joint venture met the definition of a VIE and is consolidated.

On July 30, 2020, funds affiliated with Blackstone Property Partners ("Blackstone") acquired a 49% interest in the Company's Hollywood Media Portfolio. The Company retained a 51% ownership stake and remains responsible for day-to-day operations, leasing and development. As of June 30, 2021, 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.

As of June 30, 2021 and December 31, 2020, 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. The assets and credit of certain VIEs can only be used to satisfy those VIEs' own contractual obligations, and the VIEs' creditors have no recourse to the general credit of the Company.

Unconsolidated Joint Ventures

As of June 30, 2021, the Company has determined it is not the primary beneficiary of two of its joint ventures. Due to its significant influence over the unconsolidated entities, the Company accounts for them 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.

As of December 24, 2020, the Company owns 50% of the ownership interest in the joint venture which owns the Sunset Glenoaks Studios development. The Company serves as the operating member.

On June 5, 2019, the Company purchased, pursuant to a co-ownership agreement with Blackstone 1 LP, an affiliate of Blackstone, 20% of the ownership interest in the Bental Centre property. 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 its unconsolidated joint ventures is reflected within investment in unconsolidated real estate entities on the Consolidated Balance Sheets. The Company's share of net income or loss from the joint ventures is included within income from unconsolidated real estate entities on the Consolidated Statements of Operations. The Company uses the cumulative earnings approach for determining cash flow presentation of distributions from unconsolidated joint ventures. Under this approach, distributions up to the amount of cumulative equity in earnings recognized are classified as cash inflows from operating activities, and those in excess of that amount are classified as cash inflows from investing activities. Refer to Note 4 for further details regarding our investments in unconsolidated joint ventures.

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

The Company accounts for its leases under ASC 842, *Leases* (“ASC 842”), which 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 leases and facility leases and are reflected in operating lease right-of-use (“ROU”) assets and operating lease liabilities on the Consolidated Balance Sheets. For leases with a term of 12 months or less the Company made an accounting policy election, by class of underlying asset, not to recognize ROU assets and lease liabilities. The Company recognizes lease expense for such leases generally on a straight-line basis over the lease term.

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 lease 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 5.6%. 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 the Company does 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 was 30 years as of June 30, 2021.

Lessor Accounting

The presentation of revenues on the Consolidated Statements 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 (v) sale of real estate (vi) management fee income and (vii) management services reimbursement income.

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
Management fee income	Income derived from management services provided to unconsolidated joint venture entities	Fee income
Management services reimbursement income	Reimbursement of costs incurred by the Company in the management of unconsolidated joint venture entities	Management services reimbursement income—unconsolidated real estate entities

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 does not account for lease concessions related to the effects of the COVID-19 pandemic as lease modifications to the extent that the concessions are granted as payment deferrals and total payments remain substantially the same during the lease term.

The Company recognizes tenant recoveries related to reimbursement of real estate taxes, insurance, repairs and maintenance and other operating expenses 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, other revenues, management fee income and management services reimbursement income are 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 six months ended June 30, 2021 and 2020:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Ancillary revenues	\$ 7,093	\$ 1,613	\$ 14,633	\$ 7,412
Other revenues	\$ 3,923	\$ 3,837	\$ 6,965	\$ 9,792
Studio-related tenant recoveries	\$ 483	\$ 378	\$ 1,006	\$ 823
Management fee income	\$ 797	\$ 556	\$ 1,645	\$ 1,166
Management services reimbursement income	\$ 626	\$ —	\$ 626	\$ —

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

	June 30, 2021	December 31, 2020
Ancillary revenues	\$ 1,465	\$ 1,700
Other revenues	\$ 1,215	\$ 1,058

In regards to sales 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

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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.

3. Investment in Real Estate

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

	June 30, 2021	December 31, 2020
Land	\$ 1,351,888	\$ 1,351,888
Building and improvements	5,948,317	5,840,819
Tenant improvements	742,968	728,111
Furniture and fixtures	12,881	12,250
Property under development	325,017	281,949
INVESTMENT IN REAL ESTATE, AT COST	\$ 8,381,071	\$ 8,215,017

Acquisitions

The Company had no acquisitions during the six months ended June 30, 2021.

Dispositions

The Company had no dispositions during the six months ended June 30, 2021.

Held for Sale

As of June 30, 2021, the Company had no properties that met the criteria to be classified as held for sale.

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 six months ended June 30, 2021 and 2020.

4. Investment in Unconsolidated Real Estate Entities

As of December 24, 2020, the Company owns 50% of the ownership interest in the joint venture which owns the Sunset Glenoaks Studios development in Los Angeles, California. The Company serves as the operating member.

The Company owns 20% of the ownership interest in the joint venture that owns Bentall Centre office property and retail complex in Vancouver, Canada ("Bentall Centre"). The Company serves as the operating partner. Bentall Centre'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 loss as a separate component of total equity and are excluded from net income. The maximum exposure related to this unconsolidated joint venture is limited to the Company's investment and \$104.2 million of debt which the Company has guaranteed.

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The table below presents the combined and condensed balance sheets for the Company's unconsolidated joint ventures as of:

	June 30, 2021	December 31, 2020
ASSETS		
Investment in real estate, net	\$ 880,266	\$ 855,639
Other assets	42,943	51,118
TOTAL ASSETS	\$ 923,209	\$ 906,757
LIABILITIES		
Secured debt, net	\$ 517,377	\$ 495,771
Other liabilities	39,060	52,828
TOTAL LIABILITIES	556,437	548,599
Company's capital ⁽¹⁾	83,460	80,778
Partners' capital	283,312	277,380
TOTAL CAPITAL	366,772	358,158
TOTAL LIABILITIES AND CAPITAL	\$ 923,209	\$ 906,757

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 from unconsolidated real estate entities on the Consolidated Statements of Operations.

The table below presents the combined and condensed statements of operations for the Company's unconsolidated joint ventures:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
TOTAL REVENUES	\$ 20,041	\$ 25,943	\$ 39,427	\$ 51,738
TOTAL EXPENSES	17,728	23,922	33,972	50,871
NET INCOME	\$ 2,313	\$ 2,021	\$ 5,455	\$ 867

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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:

	June 30, 2021	December 31, 2020
Deferred leasing costs and in-place lease intangibles	\$ 351,637	\$ 352,903
Accumulated amortization	(138,852)	(127,180)
Deferred leasing costs and in-place lease intangibles, net	212,785	225,723
Below-market ground leases	72,916	72,916
Accumulated amortization	(15,028)	(13,831)
Below-market ground leases, net	57,888	59,085
Above-market leases	1,984	2,802
Accumulated amortization	(1,456)	(1,774)
Above-market leases, net	528	1,028
DEFERRED LEASING COSTS AND LEASE INTANGIBLE ASSETS, NET	\$ 271,201	\$ 285,836
Below-market leases	\$ 92,181	\$ 98,365
Accumulated amortization	(49,628)	(50,054)
Below-market leases, net	42,553	48,311
Above-market ground leases	1,095	1,095
Accumulated amortization	(284)	(262)
Above-market ground leases, net	811	833
LEASE INTANGIBLE LIABILITIES, NET	\$ 43,364	\$ 49,144

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Deferred leasing costs and in-place lease intangibles ⁽¹⁾	\$ (11,654)	\$ (10,129)	\$ (23,221)	\$ (20,864)
Below-market ground leases ⁽²⁾	\$ (598)	\$ (599)	\$ (1,197)	\$ (1,198)
Above-market leases ⁽³⁾	\$ (76)	\$ (159)	\$ (500)	\$ (353)
Below-market leases ⁽³⁾	\$ 2,815	\$ 2,622	\$ 5,758	\$ 5,360
Above-market ground leases ⁽²⁾	\$ 11	\$ 11	\$ 22	\$ 22

1. Amortization is recorded in depreciation and amortization expenses and office rental revenues on the Consolidated Statements of Operations.
2. Amortization is recorded in office operating expenses on the Consolidated Statements of Operations.
3. Amortization is recorded in office rental revenues on 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 2020 Annual Report on Form 10-K.

Accounts Receivable

As of June 30, 2021, accounts receivable was \$16.4 million and there was no allowance for doubtful accounts. As of December 31, 2020, accounts receivable was \$22.1 million and there was no allowance for doubtful accounts.

Straight-Line Rent Receivables

As of June 30, 2021, straight-line rent receivables was \$238.8 million and there was a \$19.0 thousand allowance for doubtful accounts. As of December 31, 2020, straight-line rent receivables was \$226.0 million and there was a \$0.3 million 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:

	June 30, 2021	December 31, 2020
Deposits and pre-development costs for future acquisitions	\$ 40,470	\$ 28,488
Prepaid insurance	12,550	5,100
Goodwill	8,754	8,754
Non-real estate investments	21,646	4,088
Stock purchase warrant	1,839	—
Deferred financing costs	695	1,216
Prepaid property tax	—	2,138
Interest rate cap derivative asset	5	5
Other	25,128	22,878
PREPAID EXPENSES AND OTHER ASSETS, NET	\$ 111,087	\$ 72,667

Goodwill

No goodwill impairment indicators have been identified during the three and six months ended June 30, 2021.

Non-Real Estate Investments

The Company measures its investments in common stock and convertible preferred stock at fair value based on Level 1 and Level 2 inputs, respectively. The Company measures its investments in funds that do not have a readily determinable fair value using the Net Asset Value ("NAV") practical expedient and uses NAV reported without adjustment unless it is aware of information indicating the NAV reported does not accurately reflect the fair value of the investment. Changes in the fair value of these non-real estate investments are included in unrealized gain (loss) on non-real estate investments on the Consolidated Statements of Operations. The Company recognized an unrealized gain of \$5.1 million and \$9.0 million on its non-real estate investments during the three and six months ended June 30, 2021, respectively, due to the observable changes in fair value. The Company recognized an unrealized loss of \$0.7 million and \$1.2 million on its non-real estate investments during the three and six months ended June 30, 2020, respectively, due to the observable changes in fair value.

Stock Purchase Warrant

The Company holds an investment in a stock purchase warrant that gives the Company the right to purchase a fixed number of shares of common stock of a non-real estate investee. The warrant meets the definition of a derivative and is measured at fair value based on Level 2 inputs. Changes in the fair value of the derivative asset are included in unrealized gain (loss) on non-real estate investments on the Consolidated Statements of Operations. The Company recognized an unrealized loss of \$0.1 million and an unrealized gain of \$1.8 million related to the change in the fair value of the stock purchase warrant during the three and six months ended June 30, 2021, respectively. No gain or loss was recognized related to the change in the fair value of the stock purchase warrant during the three and six months ended June 30, 2020.

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8. Debt

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

	June 30, 2021	December 31, 2020	Interest Rate ⁽¹⁾	Contractual Maturity Date
UNSECURED AND SECURED DEBT				
Unsecured debt				
Unsecured revolving credit facility ⁽²⁾⁽³⁾	\$ —	\$ —	LIBOR + 1.05% to 1.50%	3/13/2022 ⁽⁴⁾
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	500,000	500,000	4.65%	4/1/2029
3.25% Registered senior notes	400,000	400,000	3.25%	1/15/2030
Total unsecured debt	1,925,000	1,925,000		
Secured debt				
Hollywood Media Portfolio, net ⁽⁵⁾⁽⁶⁾	792,186	792,186	LIBOR + 2.15%	8/9/2022
10950 Washington ⁽⁷⁾	25,404	25,717	5.32%	3/11/2022
One Westside and 10850 Pico ⁽⁸⁾	192,923	106,073	LIBOR + 1.70%	12/18/2023 ⁽⁴⁾
Element LA	168,000	168,000	4.59%	11/6/2025
1918 Eighth ⁽⁹⁾	314,300	314,300	LIBOR + 1.70%	12/18/2025
Hill7 ⁽¹⁰⁾	101,000	101,000	3.38%	11/6/2028
Total secured debt	1,593,813	1,507,276		
Total unsecured and secured debt	3,518,813	3,432,276		
Unamortized deferred financing costs and loan discounts/premiums ⁽¹¹⁾	(27,770)	(32,784)		
TOTAL UNSECURED AND SECURED DEBT, NET	\$ 3,491,043	\$ 3,399,492		
IN-SUBSTANCE DEFEASED DEBT⁽¹²⁾				
	\$ 129,971	\$ 131,707	4.47%	10/1/2022
JOINT VENTURE PARTNER DEBT⁽¹³⁾				
	\$ 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 June 30, 2021, which may be different than the interest rates as of December 31, 2020 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 June 30, 2021, no such election had been made.
- The Company has a total capacity of \$600.0 million available under its unsecured revolving credit facility.
- The maturity date may be extended once for an additional one-year term.
- The Company owns 51% of the ownership interest in the consolidated joint venture that owns the Hollywood Media Portfolio. The joint venture holds 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 each purchased bonds comprising the loan in the amounts of \$107.8 million and \$12.5 million, respectively.
- The interest rate on a portion of the outstanding loan balance has been effectively fixed through the use of interest rate swaps under the first payments approach. As of June 30, 2021, the LIBOR component of the interest rate was fixed at 1.76% with respect to \$350.0 million and 1.43% with respect to \$125.0 million of the loan secured by the Hollywood Media Portfolio, respectively.
- Monthly debt service includes debt amortization payments based on a 30-year amortization schedule with a balloon payment at maturity.
- 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.
- The Company owns 55% of the ownership interest in the consolidated joint venture that owns the 1918 Eighth property. The full amount of the loan is shown. This loan has an initial interest rate of LIBOR plus 1.70% per annum and is interest-only through the five-year term.
- 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.
- Excludes deferred financing costs related to establishing the Company's unsecured revolving credit facility, which are reflected in prepaid expenses and other assets, net on the Consolidated Balance Sheets. See Note 7 for details.

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12. 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 shown. Monthly debt service includes debt amortization payments based on a 10-year amortization schedule with a balloon payment at maturity.
13. This amount relates to debt attributable 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 six months ended June 30, 2021, there were no borrowings on the unsecured revolving credit facility. The Company generally uses the unsecured revolving credit facility to finance the acquisition of properties, to provide funds for tenant improvements and capital expenditures and to provide for working capital and other corporate purposes.

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.

The following table provides information regarding the Company's future minimum principal payments due on the Company's debt (before the impact of extension options, if applicable) as of June 30, 2021:

Year	Unsecured and Secured Debt	In-substance Defeased Debt	Joint Venture Partner Debt
Remaining 2021	\$ 319	\$ 1,758	\$ —
2022	817,271	128,213	—
2023	352,923	—	—
2024	—	—	—
2025	741,300	—	—
Thereafter	1,607,000	—	66,136
TOTAL	\$ 3,518,813	\$ 129,971	\$ 66,136

Unsecured Revolving Credit Facility

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

	June 30, 2021	December 31, 2020
Outstanding borrowings	\$ —	\$ —
Remaining borrowing capacity	600,000	600,000
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	

1. 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 June 30, 2021, no such election had been made.
2. 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.

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The following table summarizes existing covenants and their covenant levels as of June 30, 2021 related to the unsecured revolving credit facility, term loans and note purchase agreements, when considering the most restrictive terms:

Covenant Ratio	Covenant Level	Actual Performance
Total liabilities to total asset value	≤ 60%	39.4%
Unsecured indebtedness to unencumbered asset value	≤ 60%	37.7%
Adjusted EBITDA to fixed charges	≥ 1.5x	3.6x
Secured indebtedness to total asset value	≤ 45%	18.7%
Unencumbered NOI to unsecured interest expense	≥ 2.0x	3.4x

The following table summarizes existing covenants and their covenant levels related to the registered senior notes as of June 30, 2021:

Covenant Ratio⁽¹⁾	Covenant Level	Actual Performance
Debt to total assets	≤ 60%	41.0%
Total unencumbered assets to unsecured debt	≥ 150%	291.7%
Consolidated income available for debt service to annual debt service charge	≥ 1.5x	3.8x
Secured debt to total assets	≤ 45%	19.2%

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.

The operating partnership was in compliance with its financial covenants as of June 30, 2021.

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 guarantees the operating partnership's unsecured debt.

Interest Expense

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Gross interest expense ⁽¹⁾	\$ 33,889	\$ 31,165	\$ 67,429	\$ 61,451
Capitalized interest	(5,618)	(4,479)	(11,289)	(9,593)
Amortization of deferred financing costs and loan discounts/premiums	2,418	1,244	4,835	2,489
INTEREST EXPENSE	\$ 30,689	\$ 27,930	\$ 60,975	\$ 54,347

1. Includes interest on the Company's debt and hedging activities and 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 June 30, 2021 and December 31, 2020. These derivatives were designated as effective cash flow hedges for accounting purposes.

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The Company had one interest rate cap contract with an aggregate notional amount of \$900.0 million as of June 30, 2021 and December 31, 2020. The interest rate cap is not designated under hedge accounting and is accounted for under mark-to-market accounting.

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 June 30, 2021 and December 31, 2020:

Underlying Debt Instrument	Number of Derivatives	Notional Amount	Effective Date	Maturity Date	Interest Rate Range ⁽¹⁾		Fair Value (Liabilities) Assets	
					Low	High	June 30, 2021	December 31, 2020
Interest rate swaps								
Hollywood Media Portfolio ⁽²⁾	2	\$ 350,000	April 2015	April 2022	2.96%	3.46%	(4,341)	(7,112)
Hollywood Media Portfolio ⁽²⁾	1	125,000	June 2016	November 2022	2.63%	3.13%	(2,191)	(2,994)
Interest rate cap					Strike rate			
Hollywood Media Portfolio	1	\$ 900,000	July 2020	August 2022	3.50%		\$ 5	\$ 5
TOTAL							\$ (6,527)	\$ (10,101)

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

2. The swaps were designated under the 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 unrealized gains and losses related to cash flow hedges into earnings in the same period during which the hedged forecasted transaction affects earnings. As of June 30, 2021, the Company expects \$6.0 million of unrealized loss included in accumulated other comprehensive loss will be reclassified as an increase to interest expense in the next 12 months.

10. U.S. Government Securities

The Company had U.S. Government securities of \$132.2 million and \$135.1 million as of June 30, 2021 and December 31, 2020, respectively. The acquisition of the One Westside and 10850 Pico properties 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. The Company has both the intent and ability to hold to maturity. As of June 30, 2021, the Company has incurred \$4.2 million of gross unrealized gains and no gross unrealized losses related to the U.S. Government securities.

The following table summarizes the carrying value and fair value of the Company's securities by the contractual maturity date as of June 30, 2021:

	Carrying Value		Fair Value	
Due in 1 year	\$	132,222	\$	136,436
TOTAL	\$	132,222	\$	136,436

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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, Ferry Building and 1918 Eighth properties, REITs) for federal income tax purposes. In the case of the Bentall Centre property, the Company owns its interest in the property through non-U.S entities treated as TRSs 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 June 30, 2021, 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 2016. The Company has assessed its tax positions for all open years, which as of June 30, 2021 included 2017 to 2019 for Federal purposes and 2016 to 2019 for state purposes, 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 June 30, 2021:

Year Ended	Non-cancellable	Subject to Early Termination Options	Total ⁽¹⁾
Remaining 2021	\$ 311,520	\$ 3,714	\$ 315,234
2022	594,199	16,171	610,370
2023	548,483	23,475	571,958
2024	486,552	18,290	504,842
2025	347,429	54,345	401,774
Thereafter	1,514,190	206,961	1,721,151
TOTAL	\$ 3,802,373	\$ 322,956	\$ 4,125,329

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

Operating Lease Agreements

The Company is party to long-term non-cancellable operating lease agreements in which it is a lessee, consisting of thirteen ground leases, one office lease and one fitness facility lease as of June 30, 2021. The Company’s operating lease obligations have expiration dates ranging from 2023 through 2067, including extension options which the Company is reasonably certain to exercise. Certain leases provide for variable rental payments based on third-party appraisals of fair market land value, CPI adjustments or a percentage of annual gross income. There are no notable restrictions or covenants imposed by the leases, nor guarantees of residual value.

As of June 30, 2021, the present value of the remaining contractual payments of \$605.9 million under the Company’s operating lease agreements was \$274.4 million. The corresponding operating lease right-of-use assets amounted to \$268.5 million.

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The following table provides information regarding the Company's future minimum lease payments for its operating leases (including the impact of the extension options which the Company is reasonably certain to exercise) as of June 30, 2021:

Year	Lease Payments ¹
Remaining 2021	\$ 9,666
2022	19,341
2023	19,129
2024	19,096
2025	19,109
Thereafter	519,518
Total operating lease payments	605,859
Less: interest portion	(331,451)
PRESENT VALUE OF OPERATING LEASE LIABILITIES	\$ 274,408

1. Future minimum lease payments for operating leases denominated in Canadian dollars are translated to U.S. dollars using the exchange rate in effect as of the financial statement date.

The following table summarizes rental expense for operating leases:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Variable rental expense	\$ 2,494	\$ 2,100	\$ 5,108	\$ 4,256
Minimum rental expense	\$ 5,551	\$ 4,991	\$ 10,542	\$ 9,982

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.

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

	June 30, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate cap derivative asset ⁽¹⁾	\$ —	\$ 5	\$ —	\$ 5	\$ —	\$ 5	\$ —	\$ 5
Interest rate swap derivative liabilities ⁽²⁾	\$ —	\$ (6,532)	\$ —	\$ (6,532)	\$ —	\$ (10,106)	\$ —	\$ (10,106)
Non-real estate investments measured at fair value ⁽¹⁾	\$ 2,030	\$ 1,672	\$ —	\$ 3,702	\$ —	\$ 750	\$ —	\$ 750
Stock purchase warrant ⁽¹⁾	\$ —	\$ 1,839	\$ —	\$ 1,839	\$ —	\$ —	\$ —	\$ —
Non-real estate investments measured at NAV ⁽¹⁾	\$ —	\$ —	\$ —	\$ 17,944	\$ —	\$ —	\$ —	\$ 3,338

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

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

3. According to the relevant accounting standards, certain investments that are measured at fair value using the NAV practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Balance Sheets.

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. The fair value of the investment in U.S. Government securities is an estimate based on Level 1 inputs. The fair values of debt are estimates 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:

	June 30, 2021		December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
ASSETS				
U.S. Government securities	\$ 132,222	\$ 136,436	\$ 135,115	\$ 140,270
LIABILITIES				
Unsecured debt ⁽¹⁾	\$ 1,925,000	\$ 2,058,872	\$ 1,925,000	\$ 2,072,833
Secured debt ⁽¹⁾	\$ 1,593,813	\$ 1,592,751	\$ 1,507,276	\$ 1,503,960
In-substance defeased debt	\$ 129,971	\$ 130,267	\$ 131,707	\$ 131,633
Joint venture partner debt	\$ 66,136	\$ 69,288	\$ 66,136	\$ 68,346

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 2020 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. Additionally, certain non-employee Board members elect to receive operating partnership performance units.

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in lieu of their annual cash retainer fees. These awards are generally issued in the fourth quarter and are fully-vested upon their issuance.

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. Additionally, certain employees elect to receive operating partnership performance units in lieu of their annual cash bonus. These awards are generally issued in the fourth quarter and are fully-vested upon their issuance.

The Compensation Committee of the Board ("Compensation Committee") adopted a Hudson Pacific Properties, Inc. Outperformance Program ("OPP Plan") under the 2010 Plan through 2019. Commencing with the 2017 OPP Plan, 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 be subject to a mandatory two-year holding period upon vesting. OPP Plan awards are settled in common stock and, in the case of certain executives, in operating partnership performance units.

Beginning in 2020, the Compensation Committee adopted an annual Hudson Pacific Properties, Inc. Performance Stock Unit Plan ("PSU Plan"). Under the PSU Plan, the Compensation Committee awards restricted stock units or performance units in the operating partnership to certain employees. PSU Plan grants consist of two portions. A portion of each award, the Relative Total Shareholder Return ("TSR") Performance Unit, is eligible to vest based on the achievement of the Company's TSR compared to the TSR of the SNL U.S. REIT Office Index over a three-year performance period, with the vesting percentage subject to certain percentage targets. The remaining portion of each award, the Operational Performance Unit, becomes eligible to vest based on the achievement of operational performance metrics over a one-year performance period and vests over three years. The number of Operational Performance Units that becomes eligible to vest based on the achievement of operational performance metrics may be adjusted based on the Company's achievement of absolute TSR goals over a three-year performance period by applying the applicable vesting percentages. Certain of the awards granted under the PSU Plan are subject to a two-year post-vesting restriction period, during which any awards earned may not be sold or transferred.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Expensed stock compensation ⁽¹⁾	\$ 6,340	\$ 4,723	\$ 9,878	\$ 9,618
Capitalized stock compensation ⁽²⁾	1,009	581	1,888	1,566
TOTAL STOCK COMPENSATION⁽³⁾	\$ 7,349	\$ 5,304	\$ 11,766	\$ 11,184

1. Amounts are recorded in general and administrative expenses on the Consolidated Statements of Operations.

2. Amounts are recorded in investment in real estate, at cost on the Consolidated Balance Sheets.

3. Amounts are recorded in additional paid-in capital and non-controlling interest—units in the operating partnership on the Consolidated Balance Sheets.

15. Earnings Per Share

Hudson Pacific Properties, Inc.

The Company calculates basic earnings per share using the two-class method by dividing the net income available to common stockholders for the period by the weighted average number of common shares outstanding during the period. 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 Company calculates diluted earnings per share using the two-class method or the treasury stock and if-converted method, whichever results in more dilution. For the three and six months ended months ended June 30, 2021 and 2020, both methods of calculation yielded the same diluted earnings per share amount. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, where such exercise or conversion would result in a lower earnings per share amount.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Numerator:				
Basic net income available to common stockholders	\$ 2,315	\$ 3,691	\$ 7,297	\$ 14,468
Effect of dilutive instruments	18	39	—	146
Diluted net income available to common stockholders	\$ 2,333	\$ 3,730	\$ 7,297	\$ 14,614
Denominator:				
Basic weighted average common shares outstanding	151,169,612	153,306,976	150,997,564	153,869,789
Effect of dilutive instruments ⁽¹⁾	1,513,851	2,314,537	305,281	2,645,537
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	152,683,463	155,621,513	151,302,845	156,515,326
Basic earnings per common share	\$ 0.02	\$ 0.02	\$ 0.05	\$ 0.09
Diluted earnings per common share	\$ 0.02	\$ 0.02	\$ 0.05	\$ 0.09

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 or performance 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.

Hudson Pacific Properties, L.P.

The operating partnership calculates basic earnings per unit using the two-class method by dividing the net income available to common unitholders for the period by the weighted average number of common units outstanding during the period. 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 operating partnership calculates diluted earnings per unit using the two-class method or the treasury stock and if-converted method, whichever results in more dilution. For the three and six months ended June 30, 2021 and 2020, both methods of calculation yielded the same diluted earnings per unit amount. Diluted earnings per unit reflects the potential dilution that could occur if securities or other contracts to issue common units were exercised or converted into common units, where such exercise or conversion would result in a lower earnings per unit amount.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Numerator:				
Basic and diluted net income available to common unitholders	\$ 2,334	\$ 3,713	\$ 7,366	\$ 14,553
Denominator:				
Basic weighted average common units outstanding	152,551,236	154,218,834	152,369,823	154,781,647
Effect of dilutive instruments ⁽¹⁾	132,227	794,000	305,281	1,125,000
DILUTED WEIGHTED AVERAGE COMMON UNITS OUTSTANDING	152,683,463	155,012,834	152,675,104	155,906,647
Basic earnings per common unit	\$ 0.02	\$ 0.02	\$ 0.05	\$ 0.09
Diluted earnings per common unit	\$ 0.02	\$ 0.02	\$ 0.05	\$ 0.09

1. The operating partnership includes unvested awards as contingently issuable units in the computation of diluted earnings per unit once the market or performance 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.

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16. Redeemable Non-controlling Interest

Redeemable Preferred Units of the Operating Partnership

As of June 30, 2021 and December 31, 2020, there were 392,598 series A preferred units of partnership interest in the operating partnership ("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. The units are 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. On August 31, 2018, Macerich contributed Westside Pavilion to the HPP-MAC WSP, LLC. 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. Therefore, the non-controlling interest related to this joint venture is included as temporary equity. The put right is not currently redeemable.

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 value, which is a redemption right that is not solely within the control of the Company. Therefore, the non-controlling interest related to this joint venture is included as temporary equity. The put right is not currently redeemable.

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

	Three Months Ended June 30, 2021		Six Months Ended June 30, 2021	
	Series A Redeemable Preferred Units	Consolidated Real Estate Entities	Series A Redeemable Preferred Units	Consolidated Entities
BEGINNING OF PERIOD	\$ 9,815	\$ 128,661	\$ 9,815	\$ 127,874
Contributions	—	74	—	1,543
Distributions	—	(8)	—	(8)
Declared dividend	(153)	—	(306)	—
Net income (loss)	153	(1,282)	306	(1,964)
END OF PERIOD	\$ 9,815	\$ 127,445	\$ 9,815	\$ 127,445

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17. Equity

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

	Derivative Instruments	Currency Translation Adjustments	Total Accumulated Other Comprehensive Loss
BALANCE AT DECEMBER 31, 2020	\$ (11,378)	\$ 3,245	\$ (8,133)
Unrealized (losses) gains recognized in OCI	(134)	1,897	1,763
Reclassification adjustment for realized gains ⁽¹⁾	3,634	—	3,634
Net change in OCI	3,500	1,897	5,397
BALANCE AT JUNE 30, 2021	\$ (7,878)	\$ 5,142	\$ (2,736)

1. The gains and losses on the Company's derivative instruments classified as hedges are reported in interest expense on the Consolidated Statements of Operations.

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

	Derivative Instruments	Currency Translation Adjustments	Total Accumulated Other Comprehensive Loss
BALANCE AT DECEMBER 31, 2020	\$ (11,485)	\$ 3,239	\$ (8,246)
Unrealized (losses) gains recognized in OCI	(136)	1,923	1,787
Reclassification adjustment for realized gains ⁽¹⁾	3,683	—	3,683
Net change in OCI	3,547	1,923	5,470
BALANCE AT JUNE 30, 2021	\$ (7,938)	\$ 5,162	\$ (2,776)

1. The gains and losses on the operating partnership's derivative instruments classified as hedges are reported in interest expense on the Consolidated Statements of Operations.

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 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 value equal to the then-current market value of one share of common stock. However, in lieu of such payment of cash, the Company 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 with the capital accounts of common unitholders. Subject to any agreed upon exceptions, once vested and having achieved parity with common unitholders, performance units are convertible into common units in the operating partnership on a one-for-one basis.

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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:

	June 30, 2021	December 31, 2020
Company-owned common units in the operating partnership	152,319,084	151,401,365
Company's ownership interest percentage	99.1 %	99.1 %
Non-controlling units in the operating partnership ⁽¹⁾	1,381,624	1,321,083
Non-controlling ownership interest percentage	0.9 %	0.9 %

1. Represents common units held by certain of the Company's executive officers, directors and outside investors. As of June 30, 2021, this amount represents both common units and performance units in the amount of 550,969 and 830,655, respectively. As of December 31, 2020, this amount represents both common units and performance units in the amount of 550,969 and 770,114, respectively.

Common Stock Activity

The Company has not completed any common stock offerings during the six months ended June 30, 2021.

The Company's at-the-market ("ATM") program permits sales of up to \$125.0 million of common stock. The Company utilized the ATM program during the six months ended June 30, 2021 and sold 1,526,163 shares of common stock at sale prices ranging from \$29.53 to \$30.17 per share for total proceeds of \$45.7 million, before transaction costs. A cumulative total of \$65.8 million has been sold as of June 30, 2021.

Share Repurchase Program

The Company is authorized to repurchase shares of its common stock up to a total of \$250.0 million under its share repurchase program. During the six months ended June 30, 2021, the Company repurchased \$14.7 million of its common stock, before transaction costs. Since commencement of the program, a cumulative total of \$144.9 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 declares dividends on a quarterly basis and the Company pays the dividends during the quarters in which the dividends are declared. The following table summarizes dividends declared and paid for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Common stock	\$ 0.25	\$ 0.25	\$ 0.50	\$ 0.50
Common units	\$ 0.25	\$ 0.25	\$ 0.50	\$ 0.50
Series A preferred units	\$ 0.3906	\$ 0.3906	\$ 0.7812	\$ 0.7812
Performance units	\$ 0.25	\$ 0.25	\$ 0.50	\$ 0.50
Payment date	June 28, 2021	June 29, 2020	N/A	N/A
Record date	June 18, 2021	June 19, 2020	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.

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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 the Company's 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 June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Office segment				
Office revenues	\$ 195,703	\$ 184,308	\$ 387,846	\$ 370,735
Office expenses	(69,111)	(64,611)	(135,673)	(128,471)
Office segment profit	126,592	119,697	252,173	242,264
Studio segment				
Studio revenues	19,899	14,302	40,875	34,102
Studio expenses	(12,466)	(7,951)	(23,919)	(18,601)
Studio segment profit	7,433	6,351	16,956	15,501
TOTAL SEGMENT PROFIT	\$ 134,025	\$ 126,048	\$ 269,129	\$ 257,765
Segment revenues	\$ 215,602	\$ 198,610	\$ 428,721	\$ 404,837
Segment expenses	(81,577)	(72,562)	(159,592)	(147,072)
TOTAL SEGMENT PROFIT	\$ 134,025	\$ 126,048	\$ 269,129	\$ 257,765

The table below is a reconciliation of the total profit from all segments to net income attributable to common stockholders:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
NET INCOME	\$ 7,030	\$ 7,011	\$ 18,441	\$ 20,960
General and administrative	17,109	17,897	35,558	36,515
Depreciation and amortization	84,178	73,516	166,939	147,279
Income from unconsolidated real estate entities	(470)	(410)	(1,105)	(174)
Fee income	(797)	(556)	(1,645)	(1,166)
Interest expense	30,689	27,930	60,975	54,347
Interest income	(937)	(1,048)	(1,934)	(2,073)
Management services reimbursement income—unconsolidated real estate entities	(626)	—	(626)	—
Management services expense—unconsolidated real estate entities	626	—	626	—
Transaction-related expenses	1,064	157	1,064	259
Unrealized (gain) loss on non-real estate investments	(5,018)	2,267	(10,793)	2,848
Other expense (income)	1,177	(716)	1,629	(1,030)
TOTAL PROFIT FROM ALL SEGMENTS	\$ 134,025	\$ 126,048	\$ 269,129	\$ 257,765

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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.

Related Party Leases

The Company's wholly-owned subsidiary is party to long-term operating lease agreements with an unconsolidated joint venture for office space and a fitness facility. As of June 30, 2021, the Company's right-of-use assets and lease liabilities related to these lease obligations were \$6.0 million and \$6.1 million, respectively. During the six months ended June 30, 2021, the Company recognized \$0.6 million of related rental expense in management services expense—unconsolidated joint ventures on the Consolidated Statement of Operations related to these leases.

20. Commitments and Contingencies

Non-Real Estate Investments

The Company invests in several non-real estate funds with an aggregate commitment to contribute up to \$28.0 million. As of June 30, 2021, the Company has contributed \$12.6 million to these funds, net of distributions, with \$15.4 million remaining to be contributed.

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 June 30, 2021, 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 June 30, 2021, the Company had outstanding letters of credit totaling approximately \$2.8 million under the unsecured revolving credit facility. The letters of credit are primarily related to utility company security deposit requirements.

Contractual Obligations

The Company has entered into a number of construction agreements related to its development activities at various properties. As of June 30, 2021, the Company had \$163.2 million in outstanding obligations under the agreements.

21. Supplemental Cash Flow Information

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

	Six Months Ended June 30,	
	2021	2020
Cash paid for interest, net of capitalized interest	\$ 56,034	\$ 48,794
Non-cash investing and financing activities		
Accounts payable and accrued liabilities for real estate investments	\$ 134,516	\$ 162,454
Lease liabilities recorded in connection with right-of-use assets	\$ 6,688	\$ —
Nonrefundable deposit for sale of non-controlling interest	\$ —	\$ 50,000

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

	Six Months Ended June 30,	
	2021	2020
Cash paid for interest, net of capitalized interest	\$ 56,034	\$ 48,794
Non-cash investing and financing activities		
Accounts payable and accrued liabilities for real estate investments	\$ 134,516	\$ 162,454
Lease liabilities recorded in connection with right-of-use assets	\$ 6,688	\$ —
Nonrefundable deposit for sale of non-controlling interest	\$ —	\$ 50,000

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:

	Six Months Ended June 30,	
	2021	2020
BEGINNING OF PERIOD		
Cash and cash equivalents	\$ 113,686	\$ 46,224
Restricted cash	35,854	12,034
TOTAL	\$ 149,540	\$ 58,258
END OF PERIOD		
Cash and cash equivalents	\$ 110,978	\$ 45,052
Restricted cash	33,967	11,819
TOTAL	\$ 144,945	\$ 56,871

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.:

	Six Months Ended June 30,	
	2021	2020
BEGINNING OF PERIOD		
Cash and cash equivalents	\$ 113,686	\$ 46,224
Restricted cash	35,854	12,034
TOTAL	\$ 149,540	\$ 58,258
END OF PERIOD		
Cash and cash equivalents	\$ 110,978	\$ 45,052
Restricted cash	33,967	11,819
TOTAL	\$ 144,945	\$ 56,871

22. Subsequent Events

On July 29, 2021, the Company purchased, through a joint venture with an affiliate of Blackstone, a 91-acre site located north of central London, England for future studio development for a total purchase price of \$167.5 million, before certain credits, prorrations and closing costs. The Company owns 35% of this joint venture. In anticipation of this transaction, on July 22, 2021 the Company borrowed \$50.0 million under its unsecured revolving credit facility.

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 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 referred to in the forward-looking statements, see Part II, Item 1A "Risk Factors." In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this report might not occur.

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;
- the loss of key personnel;
- 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;
- changes in the tax laws and uncertainty as to how 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.

Set forth below are some (but not all) of the factors that could adversely affect our business and financial performance. Moreover, 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

During 2020, the spread of COVID-19 had 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. As of June 30, 2021, the COVID-19 pandemic is ongoing. We continue to closely monitor its impact on all aspects of our business and geographies, including how it will impact our tenants and business partners. We did not incur significant disruptions during the three months ended June 30, 2021 from the COVID-19 pandemic. In 2021, the economy has, with certain setbacks, begun reopening and wider distribution of vaccines will likely encourage greater economic activity. With the increased availability of vaccines, we have begun to see increases in physical occupancy at our properties. We cannot predict, however, how the COVID-19 pandemic may impact our operations in the future, including the continued return to office by our tenants, occupancy rates and the demand for office space in the future. Recovery could remain uneven, particularly given uncertainty with respect to the distribution and acceptance of the vaccines and their effectiveness with respect to new variants of the virus. This uncertainty precludes any predictions as to the actual impact of the COVID-19 pandemic on our business, operations, cash flows and financial condition for the second half of 2021 and future periods.

During the pandemic, the commercial real estate market came 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. As a result, the COVID-19 pandemic has negatively impacted almost every industry directly or indirectly, including industries in which we and our tenants operate. Although these restrictions have now largely been lifted in the west coast markets in which we operate, recovery continues to be gradual, uneven and characterized by meaningful dispersion across sectors and regions, and could be hindered by persistent or resurgent infection rates. Overall, among other unanticipated consequences, there remains significant uncertainty regarding the timing and duration of the economic recovery, the disruptions to, and volatility in, the credit and financial markets and in consumer spending.

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 purposes. 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 continues to impact 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. 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 Part II, Item 1A “Risk Factors.”

For the foregoing reasons, the comparability of our results of operations for the three months ended June 30, 2021 to future periods may be significantly impacted by the effects of the COVID-19 pandemic. 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 June 30, 2021, our office portfolio consisted of approximately 15.6 million square feet of in-service, repositioning, redevelopment and development properties. Additionally, as of June 30, 2021, our studio portfolio consisted of 1.2 million square feet of in-service properties and our land portfolio consisted of 3.2 million developable square feet. Our consolidated and unconsolidated portfolio consists of 64 properties (41 wholly-owned properties, 15 properties owned by joint ventures and eight land properties) located in 11 California submarkets, three Seattle submarkets and one Western Canada submarket, totaling approximately 20.0 million square feet.

As of June 30, 2021, our in-service office portfolio was 91.4% leased (including leases not yet commenced). Our same-store studio properties were 88.0% leased for the average percent leased for the 12 months ended June 30, 2021.

The following table summarizes our portfolio as of June 30, 2021:

In-Service Portfolio	Number of Properties	Rentable Square Feet ⁽¹⁾	Percent Occupied ⁽²⁾	Percent Leased ⁽²⁾	Annualized Base Rent per Square Foot ⁽³⁾
Office					
Same-store ⁽⁴⁾	45	12,661,812	91.2 %	92.4 %	\$ 50.62
Non-same store ⁽⁵⁾	2	899,041	97.1	97.4	38.48
Total stabilized	47	13,560,853	91.6	92.7	49.77
Lease-up ⁽⁵⁾⁽⁶⁾	3	1,049,706	75.0	75.3	59.73
Total in-service	50	14,610,559	90.4	91.4	50.36
Repositioning ⁽⁵⁾⁽⁷⁾	1	277,088	—	—	—
Redevelopment ⁽⁵⁾	2	697,000	—	83.8	—
Total office	53	15,584,647			
Studio					
Same-store ⁽⁸⁾	3	1,224,403		88.0	41.02
Total studio	3	1,224,403			
Total office and studio properties	56	16,809,050			
Land ⁽⁹⁾	8	3,195,406			
TOTAL	64	20,004,456			

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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. Percent occupied for office properties is calculated as (i) square footage under commenced leases as of June 30, 2021, divided by (ii) total square feet, expressed as a percentage. Percent leased for office properties includes uncommenced leases. Percent leased for studio properties is calculated as (i) average square footage under commenced leases for the 12 months ended June 30, 2021, divided by (ii) total square feet, expressed as a percentage.
3. Annualized base rent per square foot for office properties is calculated as (i) annualized base rent divided by (ii) square footage under commenced leases as of June 30, 2021. Annualized base rent does not reflect tenant reimbursements. Annualized base rent per square foot for studio properties is calculated as (i) annual base rent divided by (ii) square footage under leased as of June 30, 2021.
4. Includes office properties owned and included in our stabilized portfolio as of April 1, 2020 and still owned and included in the stabilized portfolio as of June 30, 2021.
5. Included in our non-same-store property group.
6. Includes office properties that have not yet reached 92.0% occupancy since the date they were acquired as of June 30, 2021.
7. Includes 79,056 square feet at Page Mill Center, 61,066 square feet at Metro Plaza, 51,417 square feet at 10850 Pico, 36,905 square feet at Rincon Center and 12,740 square feet at Palo Alto Square. Additionally, the entire building totaling 35,904 square feet at 95 Jackson was moved to repositioning as of first quarter 2021.
8. Includes studio properties owned and included in our portfolio as of April 1, 2020 and still owned and included in our portfolio as of June 30, 2021.
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 six months ended June 30, 2021.

Dispositions

We had no dispositions during the six months ended June 30, 2021.

Held for Sale

We had no properties classified as held for sale as of June 30, 2021.

Under Construction and Future Development Projects

The following table summarizes the properties currently under construction and future development projects as of June 30, 2021:

Location	Submarket	Estimated Square Feet ⁽¹⁾	Estimated Completion Date	Estimated Stabilization Date
Under Construction:				
One Westside ⁽²⁾	West Los Angeles	584,000	Q1-2022	Q2-2023
Total Under Construction		584,000		
Future Development Pipeline:				
Washington 1000	Denny Triangle	538,164	TBD	TBD
Bentall Centre—Development ⁽³⁾	Downtown Vancouver	450,000	TBD	TBD
Element LA—Development	West Los Angeles	500,000	TBD	TBD
Sunset Glenoaks Studios—Development ⁽⁴⁾	Los Angeles	241,000	Q3-2023	Q2-2024
Sunset Bronson Studios Lot D—Development ⁽⁵⁾	Hollywood	19,816	TBD	TBD
Sunset Gower Studios—Development ⁽⁵⁾⁽⁶⁾	Hollywood	478,845	TBD	TBD
Sunset Las Palmas Studios—Development ⁽⁵⁾	Hollywood	617,581	TBD	TBD
Cloud10	North San Jose	350,000	TBD	TBD
Total Future Development Pipeline		3,195,406		
TOTAL UNDER CONSTRUCTION AND FUTURE DEVELOPMENT		3,779,406		

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 own 75% of the ownership interest in the consolidated joint venture that owns One Westside. 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.
3. We own 20% of the ownership interest in the unconsolidated joint venture that owns Bentall Centre.
4. We own 50% of the ownership interest in the unconsolidated joint venture that owns Sunset Glenoaks Studios.
5. We own 51% of the ownership interest in the consolidated joint venture that owns Sunset Bronson Studios, Sunset Gower Studios and Sunset Las Palmas Studios.
6. 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 June 30, 2021, plus available space, beginning January 1, 2021 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 ⁽²⁾	Square Footage of Expiring Leases ⁽³⁾	Square Footage of Expiring Leases ⁽⁴⁾	Percent of Office Portfolio Square Feet	Company's Share ⁽¹⁾				
					Annualized Base Rent ⁽⁵⁾	Percentage of Office Portfolio Annualized Base Rent	Annualized Base Rent Per Leased Square Foot ⁽⁶⁾	Annualized Base Rent at Expiration	Annualized Base Rent Per Lease Square Foot at Expiration ⁽⁷⁾
Vacant		1,639,745	1,545,927	12.2 %					
2021	104	653,302	600,851	4.7	\$ 25,846,529	4.4 %	\$ 43.02	\$ 26,304,814	\$ 43.78
2022	201	1,708,680	1,502,451	11.8	76,367,384	13.0	50.83	79,689,623	53.04
2023	132	1,869,030	1,452,382	11.4	68,253,288	11.6	46.99	73,196,185	50.40
2024	144	1,939,847	1,704,771	13.4	89,218,528	15.1	52.33	97,516,659	57.20
2025	83	1,604,636	1,305,986	10.3	76,996,070	13.1	58.96	86,085,604	65.92
2026	49	694,380	604,716	4.8	36,679,207	6.2	60.66	42,290,014	69.93
2027	34	625,004	523,941	4.1	28,675,892	4.9	54.73	34,584,575	66.01
2028	26	933,095	850,661	6.7	56,802,624	9.7	66.77	69,218,649	81.37
2029	17	316,024	220,921	1.7	16,687,175	2.8	75.53	20,236,336	91.60
2030	13	1,259,659	913,472	7.2	41,519,395	7.1	45.45	56,400,853	61.74
Thereafter	23	1,391,225	760,900	6.0	38,679,459	6.6	50.83	53,134,158	69.83
Building management use ⁽⁸⁾	37	188,952	167,456	1.3	—	—	—	—	—
Signed leases not commenced ⁽⁹⁾	30	734,357	561,186	4.4	32,107,744	5.5	57.21	46,207,376	82.34
Portfolio Total/Weighted Average	893	15,557,936	12,715,621	100.0 %	\$ 587,833,295	100.0 %	\$ 52.63	\$ 684,864,846	\$ 61.31

1. Calculated based on the Company's consolidated portfolio, plus the Company's share of the amount from the Company's unconsolidated joint ventures (calculated based on the Company's percentage ownership interests), minus the Company's partners' share of the amount from the Company's consolidated joint ventures (calculated based on the partners' percentage ownership interests).
2. Does not include 35 month-to-month leases.
3. Total expiring square footage does not include 26,711 square feet of month-to-month leases.
4. Total expiring square footage does not include 16,148 square feet of month-to-month leases.
5. 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 June 30, 2021, 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.
6. 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 June 30, 2021.

7. 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 June 30, 2021.
8. Reflects management offices occupied by the Company with various expiration dates.
9. 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 June 30, 2021 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 June 30, 2021, divided by (ii) square footage under uncommenced leases as of June 30, 2021.

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 June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Renewals⁽¹⁾				
Number of leases	35	29	65	45
Square feet	336,398	82,419	721,844	171,571
Tenant improvement costs per square foot ⁽²⁾⁽³⁾	\$ 9.17	\$ 0.80	\$ 6.14	\$ 4.93
Leasing commission costs per square foot ⁽²⁾	4.65	3.27	8.17	6.34
Total tenant improvement and leasing commission costs⁽²⁾	\$ 13.82	\$ 4.07	\$ 14.31	\$ 11.27
New leases⁽⁴⁾				
Number of leases	38	8	50	40
Square feet	173,799	25,010	312,706	164,790
Tenant improvement costs per square foot ⁽²⁾⁽³⁾	\$ 53.06	\$ 57.71	\$ 62.99	\$ 41.03
Leasing commission costs per square foot ⁽²⁾	13.09	10.34	16.63	6.24
Total tenant improvement and leasing commission costs⁽²⁾	\$ 66.15	\$ 68.05	\$ 79.62	\$ 47.27
TOTAL				
Number of leases	73	37	115	85
Square feet	510,197	107,429	1,034,550	336,361
Tenant improvement costs per square foot ⁽²⁾⁽³⁾	\$ 22.00	\$ 14.05	\$ 22.07	\$ 21.23
Leasing commission costs per square foot ⁽²⁾	7.11	4.92	10.54	6.30
TOTAL TENANT IMPROVEMENT AND LEASING COMMISSION COSTS⁽²⁾	\$ 29.11	\$ 18.97	\$ 32.61	\$ 27.53

1. Excludes retained tenants that have relocated or expanded into new space within our portfolio.
2. 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.
3. 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.
4. Includes retained tenants that have relocated or expanded into new space within our portfolio.

Financings

During the six months ended June 30, 2021, there were no borrowings on the unsecured revolving credit facility. 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.

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 2020 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 2020 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 June 30, 2021 to the Three Months Ended June 30, 2020

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 generally accepted accounting principles in the United States (“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.

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 April 1, 2020 and still owned and included in the stabilized portfolio as of June 30, 2021; 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 June 30,		Dollar Change	Percent Change
	2021	2020		
Net income	\$ 7,030	\$ 7,011	\$ 19	0.3 %
Adjustments:				
Income from unconsolidated real estate entities	(470)	(410)	(60)	14.6
Fee income	(797)	(556)	(241)	43.3
Interest expense	30,689	27,930	2,759	9.9
Interest income	(937)	(1,048)	111	(10.6)
Management services reimbursement income—unconsolidated real estate entities	626	—	626	—
Management services expense—unconsolidated real estate entities	(626)	—	(626)	—
Transaction-related expenses	1,064	157	907	577.7
Unrealized (gain) loss on non-real estate investments	(5,018)	2,267	(7,285)	(321.3)
Other expense (income)	1,177	(716)	1,893	(264.4)
General and administrative	17,109	17,897	(788)	(4.4)
Depreciation and amortization	84,178	73,516	10,662	14.5
NOI	\$ 134,025	\$ 126,048	\$ 7,977	6.3 %
Same-store NOI	\$ 115,609	\$ 116,834	\$ (1,225)	(1.0)%
Non-same-store NOI	18,416	9,214	9,202	99.9
NOI	\$ 134,025	\$ 126,048	\$ 7,977	6.3 %

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

	Three Months Ended June 30,	
	2021	2020
Same-store office		
Number of properties	44	44
Rentable square feet	11,169,954	11,169,954
Ending % leased	91.7 %	94.7 %
Ending % occupied	90.6 %	94.2 %
Average % occupied for the period	90.5 %	94.3 %
Average annual rental rate per square foot	\$ 53.63	\$ 52.57
Same-store studio		
Number of properties	3	3
Rentable square feet	1,224,403	1,224,403
Average % occupied for the period ⁽¹⁾	88.0 %	92.6 %

1. Percent occupied for same-store studio is the average percent occupied for the 12 months ended.

The following table gives further detail on our NOI:

	Three Months Ended June 30,					
	2021			2020		
	Same-Store	Non-Same-Store	Total	Same-Store	Non-Same-Store	Total
Revenues						
Office						
Rental	\$ 164,533	\$ 28,019	\$ 192,552	\$ 165,397	\$ 15,257	\$ 180,654
Service and other revenues	2,880	271	3,151	3,303	351	3,654
Total office revenues	167,413	28,290	195,703	168,700	15,608	184,308
Studio						
Rental	11,551	—	11,551	12,128	—	12,128
Service and other revenues	8,348	—	8,348	2,174	—	2,174
Total studio revenues	19,899	—	19,899	14,302	—	14,302
Total revenues	187,312	28,290	215,602	183,002	15,608	198,610
Operating expenses						
Office operating expenses	59,237	9,874	69,111	58,217	6,394	64,611
Studio operating expenses	12,466	—	12,466	7,951	—	7,951
Total operating expenses	71,703	9,874	81,577	66,168	6,394	72,562
Office NOI	108,176	18,416	126,592	110,483	9,214	119,697
Studio NOI	7,433	—	7,433	6,351	—	6,351
NOI	\$ 115,609	\$ 18,416	\$ 134,025	\$ 116,834	\$ 9,214	\$ 126,048

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

	Three Months Ended June 30, 2021 as compared to Three Months Ended June 30, 2020					
	Same-Store		Non-Same-Store		Total	
	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
Revenues						
Office						
Rental	\$ (864)	(0.5) %	\$ 12,762	83.6 %	\$ 11,898	6.6 %
Service and other revenues	(423)	(12.8)	(80)	(22.8)	(503)	(13.8)
Total office revenues	(1,287)	(0.8)	12,682	81.3	11,395	6.2
Studio						
Rental	(577)	(4.8)	—	—	(577)	(4.8)
Service and other revenues	6,174	284.0	—	—	6,174	284.0
Total studio revenues	5,597	39.1	—	—	5,597	39.1
Total revenues	4,310	2.4	12,682	81.3	16,992	8.6
Operating expenses						
Office operating expenses	1,020	1.8	3,480	54.4	4,500	7.0
Studio operating expenses	4,515	56.8	—	—	4,515	56.8
Total operating expenses	5,535	8.4	3,480	54.4	9,015	12.4
Office NOI	(2,307)	(2.1)	9,202	99.9	6,895	5.8
Studio NOI	1,082	17.0	—	—	1,082	17.0
NOI	\$ (1,225)	(1.0) %	\$ 9,202	99.9 %	\$ 7,977	6.3 %

NOI increased \$8.0 million, or 6.3%, for the three months ended June 30, 2021 as compared to the three months ended June 30, 2020, primarily resulting from:

- a \$9.2 million increase in NOI from our non-same-store properties primarily resulting from the acquisition of our 1918 Eighth property in December 2020 and a lease commenced at our Harlow property (Company 3).
- a \$1.2 million decrease in NOI from our same-store properties driven by:
 - a decrease in office NOI of \$2.3 million primarily due to:
 - a \$1.0 million increase in office operating expenses primarily resulting from an increase in security, parking, insurance and engineering expense; and
 - a \$0.9 million decrease in rental revenues primarily resulting from certain retail tenants paying percentage rent in lieu of base rent at our Ferry Building property and lease terminations at our 625 Second and 11601 Wilshire properties, partially offset by increases in rental revenues resulting from the reversal of reserves for uncollectible rents at our 901 Market property and a lease commenced at our Clocktower Square property (Rivian Automotive).
 - partially offset by an increase in studio NOI of \$1.1 million primarily due to:
 - a \$6.2 million increase in service and other revenues primarily resulting from an increase in lighting and grip services at our studio properties;
 - partially offset by a \$4.5 million increase in operating expenses primarily resulting from higher lighting rental expense driven by the increase in lighting services, an increase in earthquake insurance premium due to greater coverage and a prior period property tax assessment for our Sunset Gower Studios property.

*Other (Income) Expenses*Interest expense

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

	Three Months Ended June 30,			
	2021	2020	Dollar Change	Percent Change
Gross interest expense	\$ 33,889	\$ 31,165	\$ 2,724	8.7 %
Capitalized interest	(5,618)	(4,479)	(1,139)	25.4
Amortization of deferred financing costs and loan discounts/premiums	2,418	1,244	1,174	94.4
TOTAL	\$ 30,689	\$ 27,930	\$ 2,759	9.9 %

Gross interest expense increased by \$2.7 million, or 8.7%, to \$33.9 million for the three months ended June 30, 2021 compared to \$31.2 million for the three months ended June 30, 2020. The increase was primarily driven by the issuance of a \$900.0 million loan secured by the Hollywood Media Portfolio (July 2020) and the closing of a \$314.3 million loan secured by our 1918 Eighth property (December 2020), partially offset by the paydown of Term Loan B, Term Loan D, the Met Park North loan, the Revolving Sunset Bronson Studios/ICON/CUE facility and outstanding borrowings on our unsecured revolving credit facility all in July 2020.

Capitalized interest increased by \$1.1 million, or 25.4%, to \$5.6 million for the three months ended June 30, 2021 compared to \$4.5 million for the three months ended June 30, 2020. The increase was primarily driven by our One Westside redevelopment property and our Page Mill Center, Metro Plaza and 95 Jackson repositioning projects, partially offset by the completion of our Harlow development property.

Amortization of deferred financing costs and loan discounts/premiums increased by \$1.2 million, or 94.4%, to \$2.4 million for the three months ended June 30, 2021 compared to \$1.2 million for the three months ended June 30, 2020. The increase was primarily driven by the amortization of new issuance costs associated with the \$900.0 million loan secured by the Hollywood Media Portfolio (July 2020) and the \$314.3 million loan secured by our 1918 Eighth property (December 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 \$0.8 million, or 4.4%, to \$17.1 million for the three months ended June 30, 2021 compared to \$17.9 million for the three months ended June 30, 2020. The change was primarily attributable to decreases in bonus and payroll expense, partially offset by increases in non-cash compensation and travel and entertainment expenses.

Depreciation and amortization expense

Depreciation and amortization expense increased \$10.7 million, or 14.5%, to \$84.2 million for the three months ended June 30, 2021 compared to \$73.5 million for the three months ended June 30, 2020. The increase was primarily related to our acquisition of 1918 Eighth and the completion of certain development and redevelopment properties in late 2020.

Fee income

We recognized fee income of \$0.8 million for the three months ended June 30, 2021 compared to \$0.6 million for the three months ended June 30, 2020. Fee income primarily represents management fee, construction management fee and leasing commission income earned from the unconsolidated real estate entities.

Unrealized gain on non-real estate investments

We recognized an unrealized gain on our non-real estate investments of \$5.0 million due to the observable changes in the fair value of the investments for the three months ended June 30, 2021.

Comparison of the Six Months Ended June 30, 2021 to the Six Months Ended June 30, 2020

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, 2020 and still owned and included in the stabilized portfolio as of June 30, 2021; 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:

	Six Months Ended June 30,		Dollar Change	Percent Change	
	2021	2020			
Net income	\$ 18,441	\$ 20,960	\$ (2,519)	(12.0)	%
Adjustments:					
Income from unconsolidated real estate entities	(1,105)	(174)	(931)	535.1	
Fee income	(1,645)	(1,166)	(479)	41.1	
Interest expense	60,975	54,347	6,628	12.2	
Interest income	(1,934)	(2,073)	139	6.7	
Management services reimbursement income—unconsolidated real estate entities	626	—	626	—	
Management services expense—unconsolidated real estate entities	(626)	—	(626)	—	
Transaction-related expenses	1,064	259	805	310.8	
Unrealized (gain) loss on non-real estate investments	(10,793)	2,848	(13,641)	(479.0)	
Other expense (income)	1,629	(1,030)	2,659	(258.2)	
General and administrative	35,558	36,515	(957)	(2.6)	
Depreciation and amortization	166,939	147,279	19,660	13.3	
NOI	\$ 269,129	\$ 257,765	\$ 11,364	4.4	%
Same-store NOI	233,699	239,469	(5,770)	(2.4)	
Non-same-store NOI	35,430	18,296	17,134	93.6	
NOI	\$ 269,129	\$ 257,765	\$ 11,364	4.4	%

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

	Six Months Ended June 30,			
	2021		2020	
Same-store office				
Number of properties	43		43	
Rentable square feet	11,125,041		11,125,041	
Ending % leased	91.6	%	94.6	%
Ending % occupied	90.6	%	94.0	%
Average % occupied for the period	91.2	%	94.6	%
Average annual rental rate per square foot	\$	53.68	\$	52.64
Same-store studio				
Number of properties	3		3	
Rentable square feet	1,224,403		1,224,403	
Average % occupied for the period ⁽¹⁾	88.0	%	92.6	%

1. Percent occupied for same-store studio is the average percent occupied for the 12 months ended.

The following table gives further detail on our NOI:

	Six Months Ended June 30,					
	2021			2020		
	Same-Store	Non-Same-Store	Total	Same-Store	Non-Same-Store	Total
Revenues						
Office						
Rental	\$ 328,122	\$ 54,291	\$ 382,413	\$ 329,907	\$ 31,860	\$ 361,767
Service and other revenues	4,532	901	5,433	8,512	456	8,968
Total office revenues	332,654	55,192	387,846	338,419	32,316	370,735
Studio						
Rental	23,704	—	23,704	25,043	—	25,043
Service and other revenues	17,171	—	17,171	9,059	—	9,059
Total studio revenues	40,875	—	40,875	34,102	—	34,102
Total revenues	373,529	55,192	428,721	372,521	32,316	404,837
Operating expenses						
Office operating expenses	115,911	19,762	135,673	114,451	14,020	128,471
Studio operating expenses	23,919	—	23,919	18,601	—	18,601
Total operating expenses	139,830	19,762	159,592	133,052	14,020	147,072
Office NOI	216,743	35,430	252,173	223,968	18,296	242,264
Studio NOI	16,956	—	16,956	15,501	—	15,501
NOI	\$ 233,699	\$ 35,430	\$ 269,129	\$ 239,469	\$ 18,296	\$ 257,765

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

Six Months Ended June 30, 2021 as compared to Six Months Ended June 30, 2020													
		Same-Store				Non-Same-Store				Total			
		Dollar Change		Percent Change		Dollar Change		Percent Change		Dollar Change		Percent Change	
Revenues													
	Office												
	Rental	\$	(1,785)	(0.5)	%	\$	22,431	70.4	%	\$	20,646	5.7	%
	Service												
	and other revenues		(3,980)	(46.8)			445	97.6			(3,535)	(39.4)	
	Total office revenues		(5,765)	(1.7)			22,876	70.8			17,111	4.6	
	Studio												
	Rental		(1,339)	(5.3)			—	—			(1,339)	(5.3)	
	Service												
	and other revenues		8,112	89.5			—	—			8,112	89.5	
	Total studio revenues		6,773	19.9			—	—			6,773	19.9	
	Total revenues		1,008	0.3			22,876	70.8			23,884	5.9	
Operating expenses													
	Office operating expenses		1,460	1.3			5,742	41.0			7,202	5.6	
	Studio operating expenses		5,318	28.6			—	—			5,318	28.6	
	Total operating expenses		6,778	5.1			5,742	41.0			12,520	8.5	
NOI	Office		(7,225)	(3.2)			17,134	93.6			9,909	4.1	
NOI	Studio		1,455	9.4			—	—			1,455	9.4	
	NOI	\$	(5,770)	(2.4)	%	\$	17,134	93.6	%	\$	11,364	4.4	%

NOI increased \$11.4 million, or 4.4%, for the six months ended June 30, 2021 as compared to the six months ended June 30, 2020, primarily resulting from:

- a \$17.1 million increase in NOI from our non-same-store properties primarily resulting from the acquisition of our 1918 Eighth property in December 2020 and a lease commenced at our Harlow property (Company 3).
- a \$5.8 million decrease in NOI from our same-store properties driven by:
 - a decrease in office NOI of \$7.2 million primarily due to:
 - a \$4.0 million decrease in service and other revenues primarily resulting from a decrease in parking revenue at our ICON, 11601 Wilshire, 6040 Sunset, 505 First and Met Park North properties due to reduced activity during the COVID-19 pandemic;
 - a \$1.8 million decrease in rental revenues primarily resulting from tenant vacancies at our 11601 Wilshire and 625 Second properties and certain retail tenants paying percentage rent in lieu of base rent at our Ferry Building property, partially offset by increases in rental revenues resulting from the reversal of reserves for uncollectible rents at our 901 Market property and a lease commenced at our Clocktower Square property (Rivian Automotive); and
 - a \$1.5 million increase in operating expenses primarily resulting from an increase in real estate tax, security and insurance expense, as well as a prior period property tax assessment for our ICON property.
 - an increase in studio NOI of \$1.5 million primarily due to:
 - an \$8.1 million increase in service and other revenues primarily resulting from an increase in lighting and grip services at our studio properties;
 - partially offset by a \$5.3 million increase in operating expenses primarily resulting from higher lighting rental expense driven by the increase in lighting services, an increase in earthquake insurance premium due to greater coverage and a prior period property tax assessment for our Sunset Gower Studios property; and
 - a \$1.3 million decrease in rental revenues primarily resulting from higher vacancies at our studio properties due to the COVID-19 pandemic.

Other Expenses (Income)

Interest expense

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

	Six Months Ended June 30,			
	2021	2020	Dollar Change	Percent Change
Gross interest expense	\$ 67,429	\$ 61,451	\$ 5,978	9.7 %
Capitalized interest	(11,289)	(9,593)	(1,696)	17.7
Amortization of deferred financing costs and loan discounts/premiums	4,835	2,489	2,346	94.3
TOTAL	\$ 60,975	\$ 54,347	\$ 6,628	12.2 %

Gross interest expense increased by \$6.0 million, or 9.7%, to \$67.4 million for the six months ended June 30, 2021 compared to \$61.5 million for the six months ended June 30, 2020. The increase was primarily driven by the issuance of a \$900.0 million loan secured by the Hollywood Media Portfolio (July 2020) and the closing of a \$314.3 million loan secured by our 1918 Eighth property (December 2020), partially offset by the paydown of 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 in July 2020.

Capitalized interest increased by \$1.7 million, or 17.7%, to \$11.3 million for the six months ended June 30, 2021 compared to \$9.6 million for the six months ended June 30, 2020. The increase was primarily driven by our One Westside redevelopment property and our Page Mill Center, Metro Plaza and 95 Jackson repositioning projects, partially offset by the completion of our Harlow development property.

Amortization of deferred financing costs and loan discounts/premiums increased by \$2.3 million, or 94.3%, to \$4.8 million for the six months ended June 30, 2021 compared to \$2.5 million for the six months ended June 30, 2020. The increase was primarily driven by the amortization of new issuance costs associated with the \$900.0 million loan secured by the Hollywood Media Portfolio (July 2020) and the \$314.3 million loan secured by our 1918 Eighth property (December 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 \$1.0 million, or 2.6%, to \$35.6 million for the six months ended June 30, 2021 compared to \$36.5 million for the six months ended June 30, 2020. The change was primarily attributable to decreases in shareholder relations, payroll and travel and entertainment expenses, offset by increases in non-cash compensation and bonus expenses.

Depreciation and amortization expense

Depreciation and amortization expense increased \$19.7 million, or 13.3%, to \$166.9 million for the six months ended June 30, 2021 compared to \$147.3 million for the six months ended June 30, 2020. The increase was primarily related to our acquisition of 1918 Eighth, the accelerated amortization of lease intangibles resulting from an early termination at our 625 Second property and the completion of certain development and redevelopment properties in late 2020.

Fee income

We recognized fee income of \$1.6 million for the six months ended June 30, 2021 compared to \$1.2 million for the six months ended June 30, 2020. Fee income primarily represents management fee, construction management fee and leasing commission income earned from our unconsolidated real estate entities.

Unrealized gain on non-real estate investments

We recognized an unrealized gain on our non-real estate investments of \$10.8 million due to the observable changes in the fair value of the investments for the six months ended June 30, 2021.

Liquidity and Capital Resources

We have remained capitalized since our initial public offering through public offerings, private placements, joint ventures and continuous offerings under our at-the-market (“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 venture partners; and
- proceeds from additional secured, unsecured debt financings or offerings.

Liquidity Sources

We had approximately \$111.0 million of cash and cash equivalents at June 30, 2021. 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, debt service fees and fund quarterly dividend and distribution requirements.

Our ability to access the equity capital markets will be dependent 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, \$65.8 million of which has been sold through June 30, 2021. 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.

As of June 30, 2021, we had total borrowing capacity of \$600.0 million under our unsecured revolving credit facility, none of which had been drawn. As of June 30, 2021, we had total borrowing capacity of \$414.6 million under our construction loan, secured by our One Westside and 10850 Pico properties, \$192.9 million of which had been drawn.

Our ability to incur additional debt will be dependent 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 market capitalization (counting series A preferred units as debt) as of June 30, 2021 (in thousands, except percentage):

	June 30, 2021
Unsecured and secured debt ⁽¹⁾	\$ 3,518,813
Series A preferred units	9,815
Total consolidated debt	3,528,628
Common equity capitalization ⁽²⁾	4,327,204
TOTAL CONSOLIDATED MARKET CAPITALIZATION	\$ 7,855,832
Total consolidated debt/total consolidated market capitalization	44.9 %

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 outstanding (including unvested restricted shares), OP units outstanding, restricted performance units and dilutive shares multiplied by the closing price of \$27.82, as reported by the NYSE, on June 30, 2021.

Outstanding Indebtedness

The following table sets forth information as of June 30, 2021 and December 31, 2020 with respect to our outstanding indebtedness, excluding unamortized deferred financing costs and loan discounts/premiums (in thousands):

	June 30, 2021	December 31, 2020
Unsecured debt	\$ 1,925,000	\$ 1,925,000
Secured debt	\$ 1,593,813	\$ 1,507,276
In-substance defeased debt	\$ 129,971	\$ 131,707
Joint venture partner debt	\$ 66,136	\$ 66,136

The operating partnership was in compliance with its financial covenants as of June 30, 2021.

Liquidity Uses

Contractual Obligations

During the six months ended June 30, 2021, there were no material changes outside the ordinary course of business in the information regarding specified contractual obligations contained in our 2020 Annual Report on Form 10-K. See Part I, Item 1 “Note 8 to the Consolidated Financial Statements—Debt” for information regarding our future minimum principal payments due on our outstanding debt. See Part I, Item 1 “Note 12 to the Consolidated Financial Statements—Future Minimum Rents and Lease Payments” for information regarding our future minimum operating lease payments. See Part I, Item 1 “Note 20 to the Consolidated Financial Statements—Commitments and Contingencies” for more detail.

Cash Flows

A comparison of our cash flow activity is as follows:

	Six Months Ended June 30,			
	2021	2020	Dollar Change	Percent Change
Net cash provided by operating activities	\$ 172,931	\$ 137,484	\$ 35,447	25.8 %
Net cash used in investing activities	\$ (204,047)	\$ (166,858)	\$ (37,189)	22.3 %
Net cash provided by financing activities	\$ 26,521	\$ 27,987	\$ (1,466)	(5.2) %

Cash and cash equivalents and restricted cash were \$144.9 million and \$149.5 million at June 30, 2021 and December 31, 2020, respectively.

Operating Activities

Net cash provided by operating activities increased by \$35.4 million, or 25.8%, to \$172.9 million for the six months ended June 30, 2021 compared to \$137.5 million for the six months ended June 30, 2020. The change primarily resulted from higher cash rents during the six months ended June 30, 2021 compared to the six months ended June 30, 2020, partially offset by increases in interest expense and studio cash operating expenses.

Investing Activities

Net cash used in investing activities increased by \$37.2 million, or 22.3%, to \$204.0 million for the six months ended June 30, 2021 compared to \$166.9 million for the six months ended June 30, 2020. The change primarily resulted from a \$21.7 million increase in additions to investment in real estate, an \$8.5 million increase in contributions to non-real estate investments and a \$7.9 million increase in contributions to unconsolidated real estate entities during the six months ended June 30, 2021 as compared to the six months ended June 30, 2020.

Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2021 remained relatively flat compared to net cash provided by financing activities for the six months ended June 30, 2020. Proceeds from unsecured and secured debt and payments of unsecured and secured debt decreased \$366.3 million and \$300.0 million, respectively, resulting in a net decrease to net cash provided by financing activities of \$66.4 million. In addition, there was a \$19.9 million increase in distributions to non-controlling members in consolidated real estate entities. This activity was offset by an increase in proceeds from the sale of common stock of \$44.8 million, a decrease in repurchases of common stock of \$20.6 million and an increase in contributions from non-controlling members in consolidated real estate entities of \$15.0 million.

Off-Balance Sheet Arrangements

Unconsolidated Joint Venture Indebtedness

We have an investment in an unconsolidated real estate entity 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. 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 June 30, 2021, the aggregate carrying amount of debt, including both our and our partner’s share, incurred by the unconsolidated entity was approximately \$521.0 million and our proportionate share is approximately \$104.2 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.

Refer to Part I, Item 1 “Note 2 to the Consolidated Financial Statements—Summary of Significant Accounting Policies,” for information regarding our critical accounting policies.

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) and after adjustment for unconsolidated partnerships and joint ventures. The calculation of FFO includes the 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 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income	\$ 7,030	\$ 7,011	\$ 18,441	\$ 20,960
Adjustments:				
Depreciation and amortization—Consolidated	84,178	73,516	166,939	147,279
Depreciation and amortization—Corporate-related	(590)	(574)	(1,167)	(1,139)
Depreciation and amortization—Company’s share from unconsolidated real estate entities	1,550	1,355	3,061	2,736
Unrealized (gain) loss on non-real estate investments	(5,018)	2,267	(10,793)	2,848
Tax impact of unrealized gain on non-real estate investment	1,876	—	1,876	—
FFO attributable to non-controlling interests	(15,839)	(6,801)	(32,462)	(13,894)
FFO attributable to preferred units	(153)	(153)	(306)	(306)
FFO TO COMMON STOCKHOLDERS AND UNITHOLDERS	\$ 73,034	\$ 76,621	\$ 145,589	\$ 158,484

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information about our market risk is disclosed in Part II, Item 7A, of our 2020 Annual Report on Form 10-K and is incorporated herein by reference. There have been no material changes for the six months ended June 30, 2021 to the information provided in Part II, Item 7A, of our 2020 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 Consolidated Balance Sheets 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 second 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 second 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 results of operations and financial condition could be impacted by the discontinuing of LIBOR

On March 5, 2021, the Financial Conduct Authority (“FCA”) announced that USD LIBOR will no longer be published after June 30, 2023 and changed the spread that may be used to automatically convert contracts from LIBOR to the Secured Overnight Financing Rate (“SOFR”). The Company anticipates that LIBOR will continue to be available at least until June 30, 2023. Any changes adopted by the FCA or other governing bodies in the method used for determining LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR. If that were to occur, our interest payments could change. In addition, uncertainty about the extent and manner of future changes may result in interest rates and/or payments that are higher or lower than if LIBOR were to remain available in its current form.

The Company has contracts that are indexed to LIBOR and is monitoring and evaluating the related risks, which include interest on loans and amounts received and paid on derivative instruments. These risks arise in connection with transitioning contracts to an alternative rate, including any resulting value transfer that may occur, and are likely to vary by contract. The value of loans, securities, or derivative instruments tied to LIBOR, as well as interest rates on our current or future indebtedness, may also be impacted if LIBOR is limited or discontinued. While we expect LIBOR to be available in substantially its current form until at least the end of June 30, 2023, it is possible that LIBOR will become unavailable prior to that point. This could result, for example, if a sufficient number of banks decline to make submissions to the LIBOR administrator. In that case, the risks associated with the transition to an alternative reference rate will be accelerated and magnified.

Any or all of the foregoing could have an 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 adversely affect our business, financial condition and results of operations.

Please review the Risk Factors set forth in our 2020 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 second quarter of 2021, 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 second quarter of 2021, we issued an aggregate of 33,246 shares of our common stock in connection with the vesting of restricted stock awards for no cash consideration, out of which no shares of common stock were forfeited to us in connection with tax withholding obligations. 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 Agreement of Limited Partnership. During the second quarter of 2021, our operating partnership issued an aggregate of 33,246 units to us in connection with this transaction.

During the second quarter of 2021, we issued an aggregate of 1,526,163 shares of our common stock in connection with our ATM program for net proceeds of \$44.8 million. Pursuant to the Agreement of Limited Partnership, for each share of common stock issued by us our operating partnership issued a common unit to us. During the second quarter of 2021, our operating partnership issued an aggregate of 1,526,163 common units to us in connection with this transaction.

All other issuances of unregistered equity securities of our operating partnership during the six months ended June 30, 2021 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 \$8.4 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 second quarter of 2021:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Maximum That May Yet Be Purchased Under The Plans or Programs ⁽³⁾
April 1 - April 30, 2021 ⁽¹⁾⁽⁴⁾	956	\$ 23.49	—	\$ 105,142,574
TOTAL	956	23.49	—	\$ 105,142,574

- Includes shares of common stock remitted to Hudson Pacific Properties, Inc. to satisfy tax withholding obligations in connection with the vesting of restricted stock. The price paid per share is based on the closing price of our common stock, as reported by the NYSE, as of the date of the vesting of the related restricted stock.
- Our board of directors authorized a share repurchase program to buy up to \$250.0 million of the outstanding common stock of Hudson Pacific Properties, Inc. The program does not have a termination date, and repurchases may commence or be discontinued at any time.
- The maximum that may yet be purchased under the plans or programs is shown net of repurchases.
- Represents an adjustment to the number of shares of common stock remitted to Hudson Pacific Properties, Inc. to satisfy tax withholding obligations in connection with the vesting of certain restricted stock in December 2020.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

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
10.1	Second Amended and Restated Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. 2010 Incentive Award Plan**+				
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.+				
31.4	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for 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 June 30, 2021 formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets (unaudited), (ii) Consolidated Statements of Operations (unaudited), (iii) Consolidated Statements of Comprehensive Income (Loss) (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. ** Denotes a management contract or compensatory plan or arrangement. + Filed herewith.					

SIGNATURES

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

Date:	August 4, 2021	HUDSON PACIFIC PROPERTIES, INC. /s/ VICTOR J. COLEMAN _____ Victor J. Coleman Chief Executive Officer (Principal Executive Officer)
Date:	August 4, 2021	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: August 4, 2021

HUDSON PACIFIC PROPERTIES, L.P.

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

Date: August 4, 2021

HUDSON PACIFIC PROPERTIES, L.P.

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

**SECOND AMENDED AND RESTATED
HUDSON PACIFIC PROPERTIES, INC.
AND HUDSON PACIFIC PROPERTIES, L.P.
2010 INCENTIVE AWARD PLAN**

ARTICLE 1.

PURPOSE

The purpose of the Second Amended and Restated Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. 2010 Incentive Award Plan (the “Plan”) is to promote the success and enhance the value of Hudson Pacific Properties, Inc., a Maryland corporation (the “Company”), Hudson Pacific Services, Inc., a Maryland corporation (the “Services Company”), and Hudson Pacific Properties, L.P. (the “Partnership”) by linking the individual interests of Employees, Consultants, members of the Board, and Services Company Directors to those of the Company’s stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Company’s stockholders. The Plan is further intended to provide flexibility to the Company, the Services Company, the Partnership and their subsidiaries in their ability to motivate, attract, and retain the services of those individuals upon whose judgment, interest, and special effort the successful conduct of the Company’s, the Service Company’s and the Partnership’s operation is largely dependent. The Plan amends and restates in its entirety the Amended and Restated Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. 2010 Incentive Award Plan (the “Prior Plan”).

ARTICLE 2.

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 “Administrator” shall mean the entity that conducts the general administration of the Plan as provided in Article 12 hereof. With reference to the duties of the Committee under the Plan which have been delegated to one or more persons pursuant to Section 12.6 hereof, or which the Board has assumed, the term “Administrator” shall refer to such person(s) unless the Committee or the Board has revoked such delegation or the Board has terminated the assumption of such duties.

2.2 “Affiliate” shall mean the Partnership, the Services Company, any Parent and any Subsidiary.

2.3 “Applicable Accounting Standards” shall mean Generally Accepted Accounting Principles in the United States, International Financial Reporting Standards or such other

accounting principles or standards as may apply to the Company's financial statements under United States federal securities laws from time to time.

2.4 "Award" shall mean an Option, a Restricted Stock Award, a Performance Award, a Dividend Equivalent Award, a Stock Payment Award, a Restricted Stock Unit Award, a Performance Share Award, an Other Incentive Award, a Profits Interest Unit Award or a Stock Appreciation Right, which may be awarded or granted under the Plan.

2.5 "Award Agreement" shall mean any written notice, agreement, contract or other instrument or document evidencing an Award, including through electronic medium, which shall contain such terms and conditions with respect to an Award as the Administrator shall determine, consistent with the Plan.

2.6 "Board" shall mean the Board of Directors of the Company.

2.7 "Change in Control" shall mean the occurrence of any of the following events:

(a) A transaction or series of transactions (other than an offering of Shares to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, the Services Company, the Partnership or any Subsidiary, an employee benefit plan maintained by any of the foregoing entities or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

(b) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 2.7(a) or Section 2.7(c) hereof) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets or (z) the acquisition of assets or stock of another entity, in each case, other than a transaction:

(i) Which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the

transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity") directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) After which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this Section 2.7(c)(ii) as beneficially owning 50% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; or

(d) Approval by the Company's stockholders of a liquidation or dissolution of the Company.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award which provides for the deferral of compensation that is subject to Section 409A of the Code, to the extent required to avoid the imposition of additional taxes under Section 409A of the Code, the transaction or event described in subsection (a), (b), (c) or (d) with respect to such Award shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a "change in control event," as defined in Treasury Regulation § 1.409A-3(i)(5). Consistent with the terms of this Section 2.7, the Administrator shall have full and final authority to determine conclusively whether a Change in Control of the Company has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto.

2.8 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, together with the regulations and official guidance promulgated thereunder, whether issued prior or subsequent to the grant of any Award.

2.9 "Committee" shall mean the Compensation Committee of the Board, or another committee or subcommittee of the Board described in Article 12 hereof.

2.10 "Common Stock" shall mean the common stock of the Company, par value \$.01 per share.

2.11 "Company" shall mean Hudson Pacific Properties, Inc., a Maryland corporation.

2.12 "Consultant" shall mean any consultant or advisor, engaged by the Company, the Services Company, the Partnership or any of its Subsidiaries to render services to such entity, who qualifies as a consultant or advisor under the applicable rules of Form S-8 Registration Statement.

2.13 "Director" shall mean a member of the Board, as constituted from time to time.

2.14 “Director Limit” shall mean the limits applicable to Awards granted to Non-Employee Directors under the Plan, as set forth in Section 3.4 hereof.

2.15 “Dividend Equivalent” shall mean a right to receive the equivalent value (in cash or Shares) of dividends paid on Shares, awarded under Section 9.2 hereof.

2.16 “DRO” shall mean a “domestic relations order” as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended from time to time, or the rules thereunder.

2.17 “Effective Date” shall mean, for purposes of the Plan (as amended and restated), the date on which the Plan is approved by the Company’s stockholders; provided, however, that solely for purposes of the last sentence of Section 13.1 hereof, the Effective Date shall be the date on which the Plan (as amended and restated) is adopted by the Board, subject to approval of the Plan (as amended and restated) by the Company’s stockholders. Notwithstanding the foregoing, the Prior Plan shall remain in effect on its existing terms unless and until the Plan (as amended and restated) is approved by the Company’s stockholders.

2.18 “Eligible Individual” shall mean any person who is an Employee, a Consultant or a Non-Employee Director, as determined by the Administrator.

2.19 “Employee” shall mean any officer or other employee (within the meaning of Section 3401(c) of the Code) of the Company, the Services Company, the Partnership or any Subsidiary.

2.20 “Equity Restructuring” shall mean a nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the number or kind of shares of Common Stock (or other securities of the Company) or the share price of Common Stock (or other securities) and causes a change in the per share value of the Common Stock underlying outstanding Awards.

2.21 “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended from time to time.

2.22 “Fair Market Value” shall mean, as of any given date, the value of a Share determined as follows:

(a) If the Common Stock is (i) listed on any established securities exchange (such as the New York Stock Exchange, the NASDAQ Global Market and the NASDAQ Global Select Market), (ii) listed on any national market system or (iii) listed, quoted or traded on any automated quotation system, its Fair Market Value shall be the closing sales price for a share of Common Stock as quoted on such exchange or system for such date or, if there is no closing sales price for a share of Common Stock on the date in question, the closing sales price for a share of Common Stock on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Common Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Common Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a share of Common Stock on such date, the high bid and low asked prices for a share of Common Stock on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(c) If the Common Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Administrator in good faith.

2.23 “Greater Than 10% Stockholder” shall mean an individual then-owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any “parent corporation” or “subsidiary corporation” (as defined in Sections 424(e) and 424(f) of the Code).

2.24 “Incentive Stock Option” shall mean an Option that is intended to qualify as an incentive stock option and conforms to the applicable provisions of Section 422 of the Code.

2.25 “Individual Award Limit” shall mean the cash and share limits applicable to Awards granted under the Plan, as set forth in Section 3.3 hereof.

2.26 “Non-Employee Director” shall mean a Director of the Company who is not an Employee.

2.27 “Non-Qualified Stock Option” shall mean an Option that is not an Incentive Stock Option or which is designated as an Incentive Stock Option but does not meet the applicable requirements of Section 422 of the Code.

2.28 “Option” shall mean a right to purchase Shares at a specified exercise price, granted under Article 6 hereof. An Option shall be either a Non-Qualified Stock Option or an Incentive Stock Option; provided, however, that Options granted to Non-Employee Directors and Consultants shall only be Non-Qualified Stock Options.

2.29 “Other Incentive Award” shall mean an Award denominated in, linked to or derived from Shares or value metrics related to Shares, granted pursuant to Section 9.6 hereof.

2.30 “Parent” shall mean any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities ending with the Company if each of the entities other than the Company beneficially owns, at the time of the determination, securities or interests representing more than fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.31 “Participant” shall mean a person who, as an Employee, Consultant, member of the Board, or Services Company Director, has been granted an Award pursuant to the Plan.

2.32 “Partnership Agreement” shall mean the Agreement of Limited Partnership of Hudson Pacific Properties, L.P., as the same may be amended, modified or restated from time to time.

2.33 “Performance Award” shall mean an Award that is granted under Section 9.1 hereof.

2.34 “Performance Criteria” shall mean the criteria (and adjustments) that the Committee selects for an Award for purposes of establishing the Performance Goal or Performance Goals for a Performance Period. Such criteria (and adjustments) may include, but are not limited to, the following: (i) net earnings (either before or after one or more of the following: (A) interest, (B) taxes, (C) depreciation and (D) amortization); (ii) gross or net sales or revenue; (iii) net income (either before or after taxes); (iv) adjusted net income; (v) operating earnings or profit; (vi) cash flow (including, but not limited to, operating cash flow and free cash flow); (vii) return on assets; (viii) return on capital; (ix) return on stockholders’ equity; (x) total stockholder return; (xi) return on sales; (xii) gross or net profit or operating margin; (xiii) costs; (xiv) funds from operations; (xv) expenses; (xvi) working capital; (xvii) earnings per share; (xviii) adjusted earnings per share; (xix) price per share of Common Stock; (xx) regulatory body approval for commercialization of a product; (xxi) implementation or completion of critical projects (including with respect to office portfolios); (xxii) market share; (xxiii) economic value; (xxiv) human capital management (including diversity and inclusion); and (xxv) environmental, social or governance, any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices.

The Administrator may, in its sole discretion, provide that one or more objectively determinable adjustments shall be made to one or more of the Performance Goals. Such adjustments may include, but are not limited to, one or more of the following: (i) items related to a change in accounting principle; (ii) items relating to financing activities; (iii) expenses for restructuring or productivity initiatives; (iv) other non-operating items; (v) items related to acquisitions; (vi) items attributable to the business operations of any entity acquired by the Company during the Performance Period; (vii) items related to the disposal of a business or segment of a business; (viii) items related to discontinued operations that do not qualify as a segment of a business under Applicable Accounting Standards; (ix) items attributable to any stock dividend, stock split, combination or exchange of stock occurring during the Performance Period; (x) any other items of significant income or expense which are determined to be appropriate adjustments; (xi) items relating to unusual or extraordinary corporate transactions, events or developments; (xii) items related to amortization of acquired intangible assets; (xiii) items that are outside the scope of the Company’s core, on-going business activities; (xiv) items related to acquired in-process research and development; (xv) items relating to changes in tax laws; (xvi) items relating to major licensing or partnership arrangements; (xvii) items relating to asset impairment charges; (xviii) items relating to gains or

losses for litigation, arbitration and contractual settlements; or (xix) items relating to any other unusual or nonrecurring events or changes in applicable laws, accounting principles or business conditions.

2.35 “Performance Goals” shall mean, for a Performance Period, one or more goals established in writing by the Administrator for the Performance Period based upon one or more Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall performance of the Company, the Services Company, the Partnership, any Subsidiary, any division or business unit thereof or an individual. To the extent applicable, the achievement of each Performance Goal shall be determined in accordance with Applicable Accounting Standards.

2.36 “Performance Period” shall mean one or more periods of time, which may be of varying and overlapping durations, as the Administrator may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant’s right to, and the payment of, a Performance Award.

2.37 “Performance Share” shall mean a contractual right awarded under Section 8.5 hereof to receive a number of Shares or the cash value of such number of Shares based on the attainment of specified Performance Goals or other criteria determined by the Administrator.

2.38 “Permitted Transferee” shall mean, with respect to a Participant, any “family member” of the Participant, as defined under the instructions to use of the Form S-8 Registration Statement under the Securities Act, after taking into account any state, federal, local or foreign tax and securities laws applicable to transferable Awards.

2.39 “Plan” shall mean this Second Amended and Restated Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. 2010 Incentive Award Plan, as it may be amended from time to time.

2.40 “Prior Plan” shall mean the Amended and Restated Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. 2010 Incentive Award Plan.

2.41 “Profits Interest Unit” shall mean, to the extent authorized by the Partnership Agreement, a unit of the Partnership that is granted pursuant to Section 9.7 hereof and is intended to constitute a “profits interest” within the meaning of Revenue Procedure 93-27, 1993-2 C.B. 343 and Revenue Procedure 2001-43, 2001-2 C.B. 191.

2.42 “Program” shall mean any program adopted by the Administrator pursuant to the Plan containing the terms and conditions intended to govern a specified type of Award granted under the Plan and pursuant to which such type of Award may be granted under the Plan.

2.43 “REIT” shall mean a real estate investment trust within the meaning of Sections 856 through 860 of the Code.

2.44 “Restricted Stock” shall mean Common Stock awarded under Article 8 hereof that is subject to certain restrictions and may be subject to risk of forfeiture.

2.45 “Restricted Stock Unit” shall mean a contractual right awarded under Section 8.4 hereof to receive in the future a Share, the cash value of a Share or other consideration determined by the Administrator to be of equal value on the applicable settlement date.

2.46 “Securities Act” shall mean the Securities Act of 1933, as amended.

2.47 “Services Company” shall mean Hudson Pacific Services, Inc., a Maryland corporation.

2.48 “Services Company Director” shall mean a member of the Board of Directors of the Services Company.

2.49 “Share Limit” shall have the meaning provided in Section 3.1(a) hereof.

2.50 “Shares” shall mean shares of Common Stock.

2.51 “Stock Appreciation Right” shall mean a stock appreciation right granted under Article 10 hereof.

2.52 “Stock Payment” shall mean a payment in the form of Shares awarded under Section 9.3 hereof.

2.53 “Subsidiary” shall mean (i) a corporation, association or other business entity of which 50% or more of the total combined voting power of all classes of capital stock is owned, directly or indirectly, by the Company, the Partnership, the Services Company and/or by one or more Subsidiaries, (ii) any partnership or limited liability company of which 50% or more of the equity interests are owned, directly or indirectly, by the Company, the Partnership, the Services Company and/or by one or more Subsidiaries, and (iii) any other entity not described in clauses (i) or (ii) above of which 50% or more of the ownership and the power (whether voting interests or otherwise), pursuant to a written contract or agreement, to direct the policies and management or the financial and the other affairs thereof, are owned or controlled by the Company, the Partnership, the Services Company and/or by one or more Subsidiaries.

2.54 “Substitute Award” shall mean an Award granted under the Plan in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, in any case, upon the assumption of, or in substitution for, an outstanding equity award previously granted by a company or other entity that is a party to such transaction; provided, however, that in no event shall the term “Substitute Award” be construed to refer to an award made in connection with the cancellation and repricing of an Option or Stock Appreciation Right.

2.55 “Termination of Service” shall mean:

(a) As to a Consultant, the time when the engagement of a Participant as a Consultant to the Company and its Affiliates is terminated for any reason, with or without cause, including, without limitation, by resignation, discharge, death or retirement, but excluding terminations where the Consultant simultaneously commences or remains in employment or service with the Company or any Affiliate.

(b) As to a Non-Employee Director, the time when a Participant who is a Non-Employee Director ceases to be a Director for any reason, including, without limitation, a termination by resignation, failure to be elected, death or retirement, but excluding terminations where the Participant simultaneously commences or remains in employment or service with the Company or an Affiliate.

(c) As to an Employee, the time when the employee-employer relationship between a Participant and the Company and its Affiliates is terminated for any reason, including, without limitation, a termination by resignation, discharge, death, disability or retirement; but excluding terminations where the Participant simultaneously commences or remains in employment or service with the Company or an Affiliate.

The Administrator, in its sole discretion, shall determine the effect of all matters and questions relating to Terminations of Service, including, without limitation, the question of whether a Termination of Service has occurred, whether any Termination of Service resulted from a discharge for cause and all questions of whether particular leaves of absence constitute a Termination of Service; provided, however, that, with respect to Incentive Stock Options, unless the Administrator otherwise provides in the terms of any Program, Award Agreement or otherwise, a leave of absence, change in status from an employee to an independent contractor or other change in the employee-employer relationship shall constitute a Termination of Service only if, and to the extent that, such leave of absence, change in status or other change interrupts employment for the purposes of Section 422(a)(2) of the Code. For purposes of the Plan, a Participant's employee-employer relationship or consultancy relationship shall be deemed to be terminated in the event that the Affiliate employing or contracting with such Participant ceases to remain an Affiliate following any merger, sale of stock or other corporate transaction or event (including, without limitation, a spin-off).

ARTICLE 3.

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to Section 3.1(b) and Section 13.2 hereof, the aggregate number of Shares which may be issued pursuant to Awards granted under the Plan on or following the Effective Date shall equal the sum of (i) 5,000,000 and (ii) the number of Shares available under the Prior Plan on the Effective Date (together, the "Share Limit"). The maximum aggregate number of Shares that may be issued under the Plan following the Effective Date pursuant to the

exercise of Incentive Stock Options shall not exceed 20,000,000 Shares (or such lesser number as may be available under the Share Limit).

(b) If, on or following the Effective Date, any Shares subject to an Award are forfeited or expire or such Award is settled for cash (in whole or in part), the Shares subject to such Award shall, to the extent of such forfeiture, expiration or cash settlement, again be available for future grants of Awards under the Plan and shall be added back to the Share Limit in the same number of Shares as were debited from the Share Limit in respect of the grant of such Award (as may be adjusted in accordance with Section 13.2 hereof and without regard to the Fungible Unit measurement as defined and contained in the Prior Plan). Notwithstanding anything to the contrary contained herein, the following Shares shall not be added back to the Share Limit and will not be available for future grants of Awards: (i) Shares tendered by a Participant or withheld by the Company in payment of the exercise price of an Option; (ii) Shares tendered by the Participant or withheld by the Company to satisfy any tax withholding obligation with respect to an Award; (iii) Shares subject to a Stock Appreciation Right that are not issued in connection with the stock settlement of the Stock Appreciation Right on exercise thereof; and (iv) Shares purchased on the open market with the cash proceeds from the exercise of Options. Any Shares repurchased by the Company under Section 8.4 hereof at the same price paid by the Participant so that such shares are returned to the Company will again be available for Awards. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not be counted against the shares available for issuance under the Plan. Notwithstanding the provisions of this Section 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an incentive stock option under Section 422 of the Code.

(c) Substitute Awards shall not reduce the Shares authorized for grant under the Plan, except Shares acquired upon the exercise of substitute Incentive Stock Options will count against the maximum number of Shares that may be issued pursuant to the exercise of Incentive Stock Options under the Plan. Additionally, in the event that a company acquired by the Company or any Affiliate or with which the Company or any Affiliate combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan; provided, that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not employed by or providing services to the Company or its Affiliates immediately prior to such acquisition or combination.

3.2 Stock Distributed. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Common Stock or Common Stock purchased on the open market.

3.3 Limitation on Number of Shares Subject to Awards. Notwithstanding any provision in the Plan to the contrary, and subject to Section 13.2 hereof, (a) the maximum aggregate number of Shares with respect to one or more Awards that may be granted to any one person during any calendar year (measured from the date of any grant) shall be one million, five hundred thousand (1,500,000) and the maximum aggregate amount of cash that may be paid in cash during any calendar year (measured from the date of any payment) with respect to one or more Awards payable in cash shall be \$10,000,000 (together, the “Individual Award Limits”).

3.4 Non-Employee Director Award Limit. Notwithstanding any provision to the contrary in the Plan, the sum of any cash compensation and the grant date fair value (determined as of the date of the grant under Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor thereto) of all Awards granted under the Plan to a Non-Employee Director during any calendar year shall not exceed the amount equal to \$500,000 (the “Director Limit”).

ARTICLE 4.

GRANTING OF AWARDS

4.1 Participation. The Administrator may, from time to time, select from among all Eligible Individuals, those to whom one or more Awards shall be granted and shall determine the nature and amount of each Award, which shall not be inconsistent with the requirements of the Plan. No Eligible Individual shall have any right to be granted an Award pursuant to the Plan.

4.2 Award Agreement. Each Award shall be evidenced by an Award Agreement stating the terms and conditions applicable to such Award, consistent with the requirements of the Plan and any applicable Program.

4.3 Limitations Applicable to Section 16 Persons. Notwithstanding anything contained herein to the contrary, with respect to any Award granted or awarded to any individual who is then subject to Section 16 of the Exchange Act, the Plan, any applicable Program and the applicable Award Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including Rule 16b3 of the Exchange Act and any amendments thereto) that are requirements for the application of such exemptive rule, and such additional limitations shall be deemed to be incorporated by reference into such Award to the extent permitted by applicable law.

4.4 At-Will Service. Nothing in the Plan or in any Program or Award Agreement hereunder shall confer upon any Participant any right to continue as an Employee, Director or Consultant for, the Company or any Affiliate, or shall interfere with or restrict in any way the rights of the Company and any Affiliate, which rights are hereby expressly reserved, to discharge any Participant at any time for any reason whatsoever, with or without cause, and with or without notice, or to terminate or change all other terms and conditions of employment or engagement, except to the extent expressly provided otherwise in a written agreement between the Participant and the Company or any Affiliate.

4.5 Foreign Participants. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Affiliates operate or have Employees, Non-Employee Directors or Consultants, or in order to comply with the requirements of any foreign securities exchange, the Administrator, in its sole discretion, shall have the power and authority to: (a) determine which Affiliates shall be covered by the Plan; (b) determine which Eligible Individuals outside the United States are eligible to participate in the Plan; (c) modify the terms and conditions of any Award granted to Eligible Individuals outside the United States to comply with applicable foreign laws or listing requirements of any such foreign securities exchange; (d) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable (any such subplans and/or modifications shall be attached to the Plan as appendices); provided, however, that no such subplans and/or modifications shall increase the Share Limit the Director Limit contained in Sections 3.1 and 3.4 hereof, respectively; and (e) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals or listing requirements of any such foreign securities exchange. Notwithstanding the foregoing, the Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate the Code, the Exchange Act, the Securities Act, any other securities law or governing statute, the rules of the securities exchange or automated quotation system on which the Shares are listed, quoted or traded or any other applicable law.

4.6 Stand-Alone and Tandem Awards. Awards granted pursuant to the Plan may, in the sole discretion of the Administrator, be granted either alone, in addition to, or in tandem with, any other Award granted pursuant to the Plan. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.

ARTICLE 5.

[RESERVED]

ARTICLE 6.

GRANTING OF OPTIONS

6.1 Granting of Options to Eligible Individuals. The Administrator is authorized to grant Options to Eligible Individuals from time to time, in its sole discretion, on such terms and conditions as it may determine which shall not be inconsistent with the Plan.

6.2 Qualification of Incentive Stock Options. No Incentive Stock Option shall be granted to any person who is not an Employee of the Company or any “parent corporation” or “subsidiary corporation” of the Company (as defined in Sections 424(e) and 424(f) of the Code, respectively). No person who qualifies as a Greater Than 10% Stockholder may be granted an Incentive Stock Option unless such Incentive Stock Option conforms to the applicable provisions of Section 422 of the Code. Any Incentive Stock Option granted under the Plan may be

modified by the Administrator, with the consent of the Participant, to disqualify such Option from treatment as an “incentive stock option” under Section 422 of the Code. To the extent that the aggregate fair market value of stock with respect to which “incentive stock options” (within the meaning of Section 422 of the Code, but without regard to Section 422(d) of the Code) are exercisable for the first time by a Participant during any calendar year under the Plan and all other plans of the Company and any Affiliate corporation thereof exceeds \$100,000, the Options shall be treated as Non-Qualified Stock Options to the extent required by Section 422 of the Code. The rule set forth in the preceding sentence shall be applied by taking Options and other “incentive stock options” into account in the order in which they were granted and the fair market value of stock shall be determined as of the time the respective options were granted. In addition, to the extent that any Options otherwise fail to qualify as Incentive Stock Options, such Options shall be treated as Nonqualified Stock Options.

6.3 Option Exercise Price. The exercise price per Share subject to each Option shall be set by the Administrator, but shall not be less than 100% of the Fair Market Value of a Share on the date the Option is granted (or, as to Incentive Stock Options, on the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code). In addition, in the case of Incentive Stock Options granted to a Greater Than 10% Stockholder, such price shall not be less than 110% of the Fair Market Value of a Share on the date the Option is granted (or the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code).

6.4 Option Term. The term of each Option shall be set by the Administrator in its sole discretion; provided, however, that the term shall not be more than ten (10) years from the date the Option is granted, or five (5) years from the date an Incentive Stock Option is granted to a Greater Than 10% Stockholder. The Administrator shall determine the time period, including the time period following a Termination of Service, during which the Participant has the right to exercise the vested Options, which time period may not extend beyond the term of the Option term. Except as limited by the requirements of Section 409A or Section 422 of the Code, the Administrator may extend the term of any outstanding Option, and may extend the time period during which vested Options may be exercised, in connection with any Termination of Service of the Participant, and may amend any other term or condition of such Option relating to such a Termination of Service.

6.5 Option Vesting.

(a) The terms and conditions pursuant to which an Option vests in the Participant and becomes exercisable shall be determined by the Administrator and set forth in the applicable Award Agreement. Such vesting may be based on service with the Company or any Affiliate, any of the Performance Criteria, or any other criteria selected by the Administrator. At any time after grant of an Option, the Administrator may, in its sole discretion and subject to whatever terms and conditions it selects, accelerate the period during which an Option vests.

(b) No portion of an Option which is unexercisable at a Participant’s Termination of Service shall thereafter become exercisable, except as may be otherwise provided by the Administrator either in a Program, the applicable Award Agreement or by action of the Administrator following the grant of the Option.

6.6 Substitute Awards. Notwithstanding the foregoing provisions of this Article 6 to the contrary, in the case of an Option that is a Substitute Award, the exercise price per share of the shares subject to such Option may be less than the Fair Market Value per share on the date of grant, provided that the exercise price shall be determined in accordance with the applicable requirements of Sections 424 and 409A of the Code.

6.7 Substitution of Stock Appreciation Rights. The Administrator may provide in an applicable Program or the applicable Award Agreement evidencing the grant of an Option that the Administrator, in its sole discretion, shall have the right to substitute a Stock Appreciation Right for such Option at any time prior to or upon exercise of such Option; provided, however, that such Stock Appreciation Right shall be exercisable with respect to the same number of Shares for which such substituted Option would have been exercisable, and shall also have the same exercise price and remaining term as the substituted Option.

ARTICLE 7.

EXERCISE OF OPTIONS

7.1 Partial Exercise. An exercisable Option may be exercised in whole or in part. However, an Option shall not be exercisable with respect to fractional shares and the Administrator may require that, by the terms of the Option, a partial exercise must be with respect to a minimum number of shares.

7.2 Manner of Exercise. All or a portion of an exercisable Option shall be deemed exercised upon delivery of all of the following to the Secretary of the Company, or such other person or entity designated by the Administrator, or his, her or its office, as applicable:

(a) A written or electronic notice complying with the applicable rules established by the Administrator stating that the Option, or a portion thereof, is exercised. The notice shall be signed by the Participant or other person then entitled to exercise the Option or such portion of the Option;

(b) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act and any other federal, state or foreign securities laws or regulations, the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded or any other applicable law. The Administrator may, in its sole discretion, also take whatever additional actions it deems appropriate to effect such compliance including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars;

(c) In the event that the Option shall be exercised pursuant to Section 11.3 hereof by any person or persons other than the Participant, appropriate proof of the right of such person or persons to exercise the Option, as determined in the sole discretion of the Administrator; and

(d) Full payment of the exercise price and applicable withholding taxes to the stock administrator of the Company for the shares with respect to which the Option, or portion thereof, is exercised, in a manner permitted by Sections 11.1 and 11.2 hereof.

7.3 Notification Regarding Disposition. The Participant shall give the Company prompt written or electronic notice of any disposition of Shares acquired by exercise of an Incentive Stock Option which occurs within (a) two years from the date of granting (including the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code) such Option to such Participant, or (b) one year after the transfer of such shares to such Participant.

ARTICLE 8.

RESTRICTED STOCK

8.1 Award of Restricted Stock.

(a) The Administrator is authorized to grant Restricted Stock to Eligible Individuals, and shall determine the terms and conditions, including the restrictions applicable to each award of Restricted Stock, which terms and conditions shall not be inconsistent with the Plan, and may impose such conditions on the issuance of such Restricted Stock as it deems appropriate.

(b) The Administrator shall establish the purchase price, if any, and form of payment for Restricted Stock; provided, however, that if a purchase price is charged, such purchase price shall be no less than the par value of the Shares to be purchased, unless otherwise permitted by applicable law. In all cases, legal consideration shall be required for each issuance of Restricted Stock to the extent required by applicable law.

8.2 Rights as Stockholders. Subject to Section 8.4 hereof, upon issuance of Restricted Stock, the Participant shall have, unless otherwise provided by the Administrator, all the rights of a stockholder with respect to said shares, subject to the restrictions in an applicable Program or in the applicable Award Agreement, including the right to receive all dividends and other distributions paid or made with respect to the shares; provided, however, that, in the sole discretion of the Administrator, any extraordinary distributions with respect to the Shares shall be subject to the restrictions set forth in Section 8.3 hereof.

8.3 Restrictions. All shares of Restricted Stock (including any shares received by Participants thereof with respect to shares of Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall, in the terms of an applicable Program or in the applicable Award Agreement, be subject to such restrictions and vesting requirements as the Administrator shall provide. Such restrictions may include, without limitation, restrictions concerning transferability and such restrictions may lapse separately or in combination at such times and pursuant to such circumstances or based on such criteria as selected by the Administrator, including, without limitation, criteria based on the Participant's duration of employment, directorship or consultancy with the Company, the Performance Criteria, Company

or Affiliate performance, individual performance or other criteria selected by the Administrator. By action taken after the Restricted Stock is issued, the Administrator may, on such terms and conditions as it may determine to be appropriate, accelerate the vesting of such Restricted Stock by removing any or all of the restrictions imposed by the terms of any Program or by the applicable Award Agreement. Restricted Stock may not be sold or encumbered until all restrictions are terminated or expire.

8.4 Repurchase or Forfeiture of Restricted Stock. If no price was paid by the Participant for the Restricted Stock, upon a Termination of Service, the Participant's rights in unvested Restricted Stock then subject to restrictions shall lapse, and such Restricted Stock shall be surrendered to the Company and cancelled without consideration. If a price was paid by the Participant for the Restricted Stock, upon a Termination of Service the Company shall have the right to repurchase from the Participant the unvested Restricted Stock then-subject to restrictions at a cash price per share equal to the price paid by the Participant for such Restricted Stock or such other amount as may be specified in an applicable Program or the applicable Award Agreement. The Administrator in its sole discretion may provide that, upon certain events, including without limitation a Change in Control, the Participant's death, retirement or disability, any other specified Termination of Service or any other event, the Participant's rights in unvested Restricted Stock shall not lapse, such Restricted Stock shall vest and cease to be forfeitable and, if applicable, the Company cease to have a right of repurchase.

8.5 Certificates for Restricted Stock. Restricted Stock granted pursuant to the Plan may be evidenced in such manner as the Administrator shall determine. Certificates or book entries evidencing shares of Restricted Stock must include an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock, and the Company may, in its sole discretion, retain physical possession of any stock certificate until such time as all applicable restrictions lapse.

ARTICLE 9.

PERFORMANCE AWARDS; DIVIDEND EQUIVALENTS; STOCK PAYMENTS; RESTRICTED STOCK UNITS; PERFORMANCE SHARES; OTHER INCENTIVE AWARDS; PROFITS INTEREST UNITS

9.1 Performance Awards.

(a) The Administrator is authorized to grant Performance Awards to any Eligible Individual. The value of Performance Awards may be linked to any one or more of the Performance Criteria or other specific criteria determined by the Administrator, in each case on a specified date or dates or over any period or periods determined by the Administrator.

(b) Without limiting Section 9.1(a) hereof, the Administrator may grant Performance Awards to any Eligible Individual in the form of a cash bonus payable upon the attainment of objective Performance Goals, or such other criteria, whether or not objective,

which are established by the Administrator, in each case on a specified date or dates or over any period or periods determined by the Administrator.

9.2 Dividend Equivalents.

(a) Subject to Section 9.2(b) hereof, Dividend Equivalents may be granted by the Administrator, either alone or in tandem with another Award, based on dividends declared on the Common Stock, to be credited as of dividend payment dates during the period between the date the Dividend Equivalents are granted to a Participant and the date such Dividend Equivalents terminate or expire, as determined by the Administrator. Such Dividend Equivalents shall be converted to cash or additional shares of Common Stock by such formula and at such time and subject to such limitations as may be determined by the Administrator.

(b) Notwithstanding the foregoing, no Dividend Equivalents shall be payable with respect to Options or Stock Appreciation Rights.

9.3 Stock Payments. The Administrator is authorized to make one or more Stock Payments to any Eligible Individual. The number or value of shares of any Stock Payment shall be determined by the Administrator and may be based upon one or more Performance Criteria or any other specific criteria, including service to the Company or any Affiliate, determined by the Administrator. Stock Payments may, but are not required to be made in lieu of base salary, bonus, fees or other cash compensation otherwise payable to such Eligible Individual.

9.4 Restricted Stock Units. The Administrator is authorized to grant Restricted Stock Units to any Eligible Individual. The number and terms and conditions of Restricted Stock Units shall be determined by the Administrator. The Administrator shall specify the date or dates on which the Restricted Stock Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate, including conditions based on one or more Performance Criteria or other specific criteria, including service to the Company or any Affiliate, in each case on a specified date or dates or over any period or periods, as determined by the Administrator. The Administrator shall specify, or permit the Participant to elect, the conditions and dates upon which the Shares underlying the Restricted Stock Units which shall be issued, which dates shall not be earlier than the date as of which the Restricted Stock Units vest and become nonforfeitable and which conditions and dates shall be subject to compliance with Section 409A of the Code or an exemption therefrom. On the distribution dates, the Company shall issue to the Participant one unrestricted, fully transferable Share (or the Fair Market Value of one such Share in cash) for each vested and nonforfeitable Restricted Stock Unit.

9.5 Performance Share Awards. Any Eligible Individual selected by the Administrator may be granted one or more Performance Share awards which shall be denominated in a number of Shares and the vesting of which may be linked to any one or more of the Performance Criteria, other specific performance criteria (in each case on a specified date or dates or over any period or periods determined by the Administrator) and/or time-vesting or other criteria, as determined by the Administrator.

9.6 Other Incentive Awards. The Administrator is authorized to grant Other Incentive Awards to any Eligible Individual, which Awards may cover Shares or the right to purchase Shares or have a value derived from the value of, or an exercise or conversion privilege at a price related to, or that are otherwise payable in or based on, Shares, shareholder value or shareholder return, in each case on a specified date or dates or over any period or periods determined by the Administrator. Other Incentive Awards may be linked to any one or more of the Performance Criteria or other specific performance criteria determined appropriate by the Administrator.

9.7 Profits Interest Units. The Administrator is authorized to grant Profits Interest Units in such amount and subject to such terms and conditions as may be determined by the Administrator; provided, however, that Profits Interest Units may only be issued to a Participant for the performance of services to or for the benefit of the Partnership (a) in the Participant's capacity as a partner of the Partnership, (b) in anticipation of the Participant becoming a partner of the Partnership, or (c) as otherwise determined by the Administrator, provided that the Profits Interest Units would constitute "profits interests" within the meaning of Revenue Procedure 93-27, 1993-2 C.B. 343 and Revenue Procedure 2001-43, 2001-2 C.B. 191. The Administrator shall specify the conditions and dates upon which the Shares for which the Profits Interest Units may be exchanged shall be issued, which dates shall not be earlier than the date as of which the Profits Interest Units vest and become nonforfeitable. Profits Interest Units shall be subject to such restrictions on transferability and other restrictions as the Administrator may impose. These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Administrator determines at the time of the grant of the Award or thereafter.

9.8 Cash Settlement. Without limiting the generality of any other provision of the Plan, the Administrator may provide, in an Award Agreement or subsequent to the grant of an Award, in its discretion, that any Award may be settled in cash, Shares or a combination thereof.

9.9 Other Terms and Conditions. All applicable terms and conditions of each Award described in this Article 9, including without limitation, as applicable, the term, vesting and exercise/purchase price applicable to the Award, shall be set by the Administrator in its sole discretion, provided, however, that value of the consideration shall not be less than the par value of a Share, unless otherwise permitted by applicable law.

9.10 Exercise upon Termination of Service. Awards described in this Article 9 are exercisable or distributable, as applicable, only while the Participant is an Employee, Director or Consultant, as applicable. The Administrator, however, in its sole discretion may provide that such Award may be exercised or distributed subsequent to a Termination of Service as provided under an applicable Program, Award Agreement, payment deferral election and/or in certain events, including a Change in Control, the Participant's death, retirement or disability or any other specified Termination of Service.

ARTICLE 10.

STOCK APPRECIATION RIGHTS

10.1 Grant of Stock Appreciation Rights.

(a) The Administrator is authorized to grant Stock Appreciation Rights to Eligible Individuals from time to time, in its sole discretion, on such terms and conditions as it may determine consistent with the Plan.

(b) A Stock Appreciation Right shall entitle the Participant (or other person entitled to exercise the Stock Appreciation Right pursuant to the Plan) to exercise all or a specified portion of the Stock Appreciation Right (to the extent then-exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying the difference obtained by subtracting the exercise price per share of the Stock Appreciation Right from the Fair Market Value on the date of exercise of the Stock Appreciation Right by the number of Shares with respect to which the Stock Appreciation Right shall have been exercised, subject to any limitations the Administrator may impose. Except as described in Section 10.1(c) hereof, the exercise price per Share subject to each Stock Appreciation Right shall be set by the Administrator, but shall not be less than 100% of the Fair Market Value on the date the Stock Appreciation Right is granted.

(c) Notwithstanding the foregoing provisions of Section 10.1(b) hereof to the contrary, in the case of a Stock Appreciation Right that is a Substitute Award, the exercise price per share of the shares subject to such Stock Appreciation Right may be less than 100% of the Fair Market Value per share on the date of grant; provided, however, that the exercise price shall be determined in accordance with the applicable requirements of Sections 424 and 409A of the Code.

10.2 Stock Appreciation Right Vesting.

(a) The period during which the right to exercise, in whole or in part, a Stock Appreciation Right vests in the Participant shall be set by the Administrator and the Administrator may determine that a Stock Appreciation Right may not be exercised in whole or in part for a specified period after it is granted. Such vesting may be based on service with the Company or any Affiliate, or any other criteria selected by the Administrator. At any time after grant of a Stock Appreciation Right, the Administrator may, in its sole discretion and subject to whatever terms and conditions it selects, accelerate the period during which a Stock Appreciation Right vests.

(b) No portion of a Stock Appreciation Right which is unexercisable at Termination of Service shall thereafter become exercisable, except as may be otherwise provided by the Administrator either in an applicable Program or Award Agreement or by action of the Administrator following the grant of the Stock Appreciation Right.

10.3 Manner of Exercise. All or a portion of an exercisable Stock Appreciation Right shall be deemed exercised upon delivery of all of the following to the stock administrator of the

Company, or such other person or entity designated by the Administrator, or his, her or its office, as applicable:

(a) A written or electronic notice complying with the applicable rules established by the Administrator stating that the Stock Appreciation Right, or a portion thereof, is exercised. The notice shall be signed by the Participant or other person then-entitled to exercise the Stock Appreciation Right or such portion of the Stock Appreciation Right;

(b) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act and any other federal, state or foreign securities laws or regulations. The Administrator may, in its sole discretion, also take whatever additional actions it deems appropriate to effect such compliance; and

(c) In the event that the Stock Appreciation Right shall be exercised pursuant to this Section 10.3 by any person or persons other than the Participant, appropriate proof of the right of such person or persons to exercise the Stock Appreciation Right.

10.4 Stock Appreciation Right Term. The term of each Stock Appreciation Right shall be set by the Administrator in its sole discretion; provided, however, that the term shall not be more than ten (10) years from the date the Stock Appreciation Right is granted. The Administrator shall determine the time period, including the time period following a Termination of Service, during which the Participant has the right to exercise the vested Stock Appreciation Rights, which time period may not extend beyond the expiration date of the Stock Appreciation Right term. Except as limited by the requirements of Section 409A of the Code, the Administrator may extend the term of any outstanding Stock Appreciation Right, and may extend the time period during which vested Stock Appreciation Rights may be exercised, in connection with any Termination of Service of the Participant, and may amend any other term or condition of such Stock Appreciation Right relating to such a Termination of Service.

10.5 Payment. Payment of the amounts payable with respect to Stock Appreciation Rights pursuant to this Article 10 shall be in cash, Shares (based on its Fair Market Value as of the date the Stock Appreciation Right is exercised), or a combination of both, as determined by the Administrator.

ARTICLE 11.

ADDITIONAL TERMS OF AWARDS

11.1 Payment. The Administrator shall determine the methods by which payments by any Participant with respect to any Awards granted under the Plan shall be made, including, without limitation: (a) cash or check, (b) Shares (including, in the case of payment of the exercise price of an Award, Shares issuable pursuant to the exercise of the Award) held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences, in each case, having a Fair Market Value on the date of delivery equal to the aggregate payments required, (c) delivery of a written or electronic notice that the Participant has

placed a market sell order with a broker with respect to Shares then-issuable upon exercise or vesting of an Award, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate payments required; provided, however, that payment of such proceeds is then made to the Company upon settlement of such sale, or (d) other form of legal consideration acceptable to the Administrator. The Administrator shall also determine the methods by which Shares shall be delivered or deemed to be delivered to Participants. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a Director or an “executive officer” of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Awards granted under the Plan, or continue any extension of credit with respect to such payment with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

11.2 Tax Withholding. The Company and its Affiliates shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company or an Affiliate, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Participant’s social security, Medicare and any other employment tax obligation) required by law to be withheld with respect to any taxable event concerning a Participant arising as a result of the Plan. The Administrator may in its sole discretion and in satisfaction of the foregoing requirement, or in satisfaction of such additional withholding obligations as a Participant may have elected or agreed, allow a Participant to satisfy such obligations by any payment means described in Section 11.1 above, including without limitation, by allowing such Participant to elect to have the Company or an Affiliate withhold Shares otherwise issuable under an Award (or allowing the surrender of Shares). The number of Shares which may be so withheld or surrendered shall be limited to the number of Shares which have a fair market value on the date of withholding or repurchase no greater than the aggregate amount of such liabilities based on the maximum statutory withholding rates in the applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income. The Administrator shall determine the fair market value of the Shares, consistent with applicable provisions of the Code, for tax withholding obligations due in connection with a broker-assisted cashless Option or Stock Appreciation Right exercise involving the sale of shares to pay the Option or Stock Appreciation Right exercise price or any tax withholding obligation.

11.3 Transferability of Awards.

(a) Except as otherwise provided in Section 11.3(b) or (c) hereof:

(i) No Award under the Plan may be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a DRO, unless and until such Award has been exercised, or the shares underlying such Award have been issued, and all restrictions applicable to such shares have lapsed;

(ii) No Award or interest or right therein shall be subject to the debts, contracts or engagements of the Participant or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment

or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy) unless and until such Award has been exercised, or the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed, and any attempted disposition of an Award prior to the satisfaction of these conditions shall be null and void and of no effect, except to the extent that such disposition is permitted by clause (i) of this provision; and

(iii) During the lifetime of the Participant, only the Participant may exercise an Award (or any portion thereof) granted to him under the Plan, unless it has been disposed of pursuant to a DRO; after the death of the Participant, any exercisable portion of an Award may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Program or Award Agreement, be exercised by his personal representative or by any person empowered to do so under the deceased Participant's will or under the then-applicable laws of descent and distribution.

(b) Notwithstanding Section 11.3(a) hereof, the Administrator, in its sole discretion, may determine to permit a Participant to transfer an Award other than an Incentive Stock Option to any one or more Permitted Transferees, subject to the following terms and conditions: (i) an Award transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee other than by will or the laws of descent and distribution; (ii) an Award transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Award as applicable to the original Participant (other than the ability to further transfer the Award); (iii) any permitted transfer of an Award hereunder shall be without consideration, except as required by applicable law; and (iv) the Participant and the Permitted Transferee shall execute any and all documents requested by the Administrator, including without limitation, documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under applicable federal, state and foreign securities laws and (C) evidence the transfer. In addition, and further notwithstanding Section 11.3(a) hereof, the Administrator, in its sole discretion, may determine to permit a Holder to transfer Incentive Stock Options to a trust that constitutes a Permitted Transferee if, under Section 671 of the Code and applicable state law, the Holder is considered the sole beneficial owner of the Incentive Stock Option while it is held in the trust.

(c) Notwithstanding Section 11.3(a) hereof, a Participant may, in the manner determined by the Administrator, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Program or Award Agreement applicable to the Participant, except to the extent the Plan, the Program and the Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Administrator. The Administrator may provide or require that, if the Participant is married and resides in a "community property" state, a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than 50% of the Participant's interest in the Award shall not be effective without the prior written or electronic consent of the

Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Administrator prior to the Participant's death.

11.4 Conditions to Issuance of Shares.

(a) Notwithstanding anything herein to the contrary, neither the Company nor its Affiliates shall be required to issue or deliver any certificates or make any book entries evidencing Shares pursuant to the exercise of any Award, unless and until the Administrator has determined, with advice of counsel, that the issuance of such Shares is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the Shares are listed or traded, and the Shares are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Administrator may require that a Participant make such reasonable covenants, agreements, and representations as the Administrator, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements.

(b) All Share certificates delivered pursuant to the Plan and all shares issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with federal, state, or foreign securities or other laws, rules and regulations and the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted, or traded. The Administrator may place legends on any Share certificate or book entry to reference restrictions applicable to the Shares.

(c) The Administrator shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Award, including a window-period limitation, as may be imposed in the sole discretion of the Administrator.

(d) No fractional Shares shall be issued and the Administrator shall determine, in its sole discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding down.

(e) Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by any applicable law, rule or regulation, the Company and/or its Affiliates may, in lieu of delivering to any Participant certificates evidencing Shares issued in connection with any Award, record the issuance of Shares in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

11.5 Forfeiture Provisions. Pursuant to its general authority to determine the terms and conditions applicable to Awards under the Plan, the Administrator shall have the right to provide, in the terms of Awards made under the Plan, or to require a Participant to agree by separate written or electronic instrument, that: (a)(i) any proceeds, gains or other economic benefit

actually or constructively received by the Participant upon any receipt or exercise of the Award, or upon the receipt or resale of any Shares underlying the Award, must be paid to the Company, and (ii) the Award shall terminate and any unexercised portion of the Award (whether or not vested) shall be forfeited, if (b)(i) a Termination of Service occurs prior to a specified date, or within a specified time period following receipt or exercise of the Award, or (ii) the Participant at any time, or during a specified time period, engages in any activity in competition with the Company, or which is inimical, contrary or harmful to the interests of the Company, as further defined by the Administrator or (iii) the Participant incurs a Termination of Service for “cause” (as such term is defined in the sole discretion of the Administrator).

11.6 Prohibition on Repricing. Subject to Section 13.2 hereof, the Administrator shall not, without the approval of the stockholders of the Company, (i) authorize the amendment of any outstanding Option or Stock Appreciation Right to reduce its price per share, or (ii) cancel any Option or Stock Appreciation Right in exchange for cash or another Award when the Option or Stock Appreciation Right price per share exceeds the Fair Market Value of the underlying Shares. Subject to Section 13.2 hereof, the Administrator shall have the authority, without the approval of the stockholders of the Company, to amend any outstanding award to increase the price per share or to cancel and replace an Award with the grant of an Award having a price per share that is greater than or equal to the price per share of the original Award.

ARTICLE 12.

ADMINISTRATION

12.1 Administrator. The Committee (or another committee or a subcommittee of the Board assuming the functions of the Committee under the Plan) shall administer the Plan (except as otherwise permitted herein) and, unless otherwise determined by the Board, shall consist solely of two or more Non-Employee Directors appointed by and holding office at the pleasure of the Board, each of whom is intended to qualify as a “non-employee director” as defined by Rule 16b-3 of the Exchange Act and an “independent director” under the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded, in each case, to the extent required under such provision; provided, however, that any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this Section 12.1 or otherwise provided in any charter of the Committee. Except as may otherwise be provided in any charter of the Committee, appointment of Committee members shall be effective upon acceptance of appointment. Committee members may resign at any time by delivering written or electronic notice to the Board. Vacancies in the Committee may only be filled by the Board. Notwithstanding the foregoing, (a) the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to Awards granted to Non-Employee Directors and (b) the Board or Committee may delegate its authority hereunder to the extent permitted by Section 12.6 hereof.

12.2 Duties and Powers of Administrator. It shall be the duty of the Administrator to conduct the general administration of the Plan in accordance with its provisions. The

Administrator shall have the power to interpret the Plan and all Programs and Award Agreements, and to adopt such rules for the administration, interpretation and application of the Plan and any Program as are not inconsistent with the Plan, to interpret, amend or revoke any such rules and to amend any Program or Award Agreement provided that the rights or obligations of the holder of the Award that is the subject of any such Program or Award Agreement are not affected adversely by such amendment, unless the consent of the Participant is obtained or such amendment is otherwise permitted under Section 13.13 hereof. Any such grant or award under the Plan need not be the same with respect to each Participant. Any such interpretations and rules with respect to Incentive Stock Options shall be consistent with the provisions of Section 422 of the Code. In its sole discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under Rule 16b3 under the Exchange Act or the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded are required to be determined in the sole discretion of the Committee.

12.3 Action by the Committee. Unless otherwise established by the Board or in any charter of the Committee or as required by law, a majority of the Committee shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by all members of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Affiliate, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

12.4 Authority of Administrator. Subject to any specific designation in the Plan, the Administrator has the exclusive power, authority and sole discretion to:

- (a) Designate Eligible Individuals to receive Awards;
- (b) Determine the type or types of Awards to be granted to each Eligible Individual;
- (c) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any performance criteria, any restrictions or limitations on the Award, any schedule for vesting, lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Administrator in its sole discretion determines;

- (e) Determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;
- (f) Prescribe the form of each Award Agreement, which need not be identical for each Participant;
- (g) Decide all other matters that must be determined in connection with an Award;
- (h) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;
- (i) Interpret the terms of, and any matter arising pursuant to, the Plan, any Program or any Award Agreement; and
- (j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan.

12.5 Decisions Binding. The Administrator's interpretation of the Plan, any Awards granted pursuant to the Plan, any Program, any Award Agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding, and conclusive on all parties.

12.6 Delegation of Authority. To the extent permitted by applicable law or the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded, the Board or Committee may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend Awards or to take other administrative actions pursuant to this Article 12; provided, however, that in no event shall an officer of the Company be delegated the authority to grant awards to, or amend awards held by, the following individuals: (a) individuals who are subject to Section 16 of the Exchange Act, or (b) officers of the Company (or Directors) to whom authority to grant or amend Awards has been delegated hereunder; provided, further, that any delegation of administrative authority shall only be permitted to the extent it is permissible under Section applicable securities laws or the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded. Any delegation hereunder shall be subject to the restrictions and limits that the Board or Committee specifies at the time of such delegation, and the Board or the Committee may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 12.6 shall serve in such capacity at the pleasure of the Board and the Committee.

ARTICLE 13.**MISCELLANEOUS PROVISIONS**

13.1 Amendment, Suspension or Termination of the Plan. Except as otherwise provided in this Section 13.1, the Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board. However, without approval of the Company's stockholders given within twelve (12) months before or after the action by the Administrator, no action of the Administrator may, except as provided in Section 13.2 hereof, (i) increase the Share Limit or the Director Limit, (ii) reduce the price per share of any outstanding Option or Stock Appreciation Right granted under the Plan, or (iii) cancel any Option or Stock Appreciation Right in exchange for cash or another Award in violation of Section 11.6 hereof. Except as provided in Section 13.13 hereof, no amendment, suspension or termination of the Plan shall, without the consent of the Participant, impair any rights or obligations under any Award theretofore granted or awarded, unless the Award itself otherwise expressly so provides. No Awards may be granted or awarded during any period of suspension or after termination of the Plan, and in no event may any Award be granted under the Plan after the tenth (10th) anniversary of the Effective Date.

13.2 Changes in Common Stock or Assets of the Company, Acquisition or Liquidation of the Company and Other Corporate Events.

(a) In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of the Company's stock or the share price of the Company's stock other than an Equity Restructuring, the Administrator shall make equitable adjustments, if any, to reflect such change with respect to (i) the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments of the Share Limit, the Director Limit and Individual Award Limits); (ii) the number and kind of Shares (or other securities or property) subject to outstanding Awards; (iii) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and/or (iv) the grant or exercise price per share for any outstanding Awards under the Plan.

(b) In the event of any transaction or event described in Section 13.2(a) hereof or any unusual or nonrecurring transactions or events affecting the Company, any Affiliate of the Company, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations or accounting principles, the Administrator, in its sole discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event and either automatically or upon the Participant's request, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under

the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(i) To provide for either (A) termination of any such Award in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described in this Section 13.2, the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment) or (B) the replacement of such Award with other rights or property selected by the Administrator in its sole discretion having an aggregate value not exceeding the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable or fully vested; provided, that Awards held by members of the Board will be settled in Shares on or immediately prior to the applicable event if the Administrator takes action under this clause (i);

(ii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(iii) To make adjustments in the number and type of securities subject to outstanding Awards and Awards which may be granted in the future and/or in the terms, conditions and criteria included in such Awards (including the grant or exercise price, as applicable);

(iv) To provide that such Award shall be exercisable or payable or fully vested with respect to all securities covered thereby, notwithstanding anything to the contrary in the Plan or an applicable Program or Award Agreement; and

(v) To provide that the Award cannot vest, be exercised or become payable after such event.

(c) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Sections 13.2(a) and 13.2(b) hereof:

(i) The number and type of securities subject to each outstanding Award and the exercise price or grant price thereof, if applicable, shall be equitably adjusted; and/or

(ii) The Administrator shall make such equitable adjustments, if any, as the Administrator in its discretion may deem appropriate to reflect such Equity Restructuring with respect to the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments to the Share Limit, the Director Limit and the

Individual Award Limits). The adjustments provided under this Section 13.2(c) shall be nondiscretionary and shall be final and binding on the affected Participant and the Company.

(d) Notwithstanding any other provision of the Plan, in the event of a Change in Control, each outstanding Award shall be assumed or an equivalent Award substituted by the successor corporation or a parent or subsidiary of the successor corporation. For the purposes of this Section 13.2(d), an Award shall be considered assumed or substituted if, following the Change in Control, the assumed or substituted Award confers the right to purchase or receive, for each share of Common Stock subject to the Award or into which the Award is convertible immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) received in the Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares); provided, however, that if such consideration received in the Change in Control was not solely common stock of the successor corporation or its parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the assumed or substituted Award, for each share of Common Stock subject to such Award or into which the Award is convertible, to be solely common stock of the successor corporation or its parent equal in fair market value to the per share consideration received by holders of Common Stock in the Change in Control.

(e) In the event that the successor corporation in a Change in Control and its parents and subsidiaries refuse to assume or substitute for any Award in accordance with Section 13.2(d) hereof, each such non-assumed/substituted Award shall become fully vested and, as applicable, exercisable and shall be deemed exercised, immediately prior to the consummation of such transaction, and all forfeiture restrictions on any or all such Awards shall lapse at such time, provided that, to the extent the vesting of any such Award is subject to the satisfaction of specified performance goals, such Award shall vest and all performance goals or other vesting criteria will be deemed achieved at the greater of (i) target level of performance and (ii) actual achievement of applicable performance goals, unless specifically provided otherwise under the applicable Award Agreement or other written agreement between the Participant and the Company, the Operating Partnership or any Subsidiary, as applicable. If an Award vests and, as applicable, is exercised in lieu of assumption or substitution in connection with a Change in Control, the Administrator shall notify the Participant of such vesting and any applicable exercise, and the Award shall terminate upon the Change in Control. For the avoidance of doubt, if the value of an Award that is terminated in connection with this Section 13.2(e) is zero or negative at the time of such Change in Control, such Award shall be terminated upon the Change in Control without payment of consideration therefor.

(f) The Administrator may, in its sole discretion, include such further provisions and limitations in any Award, agreement or certificate, as it may deem equitable and in the best interests of the Company that are not inconsistent with the provisions of the Plan.

(g) No adjustment or action described in this Section 13.2 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause

the Plan to violate Section 422(b)(1) of the Code. Furthermore, no such adjustment or action shall be authorized with respect to any Award to the extent such adjustment or action would result in short-swing profits liability under Section 16 or violate the exemptive conditions of Rule 16b-3 unless the Administrator determines that the Award is not to comply with such exemptive conditions.

(h) The existence of the Plan, the Program, the Award Agreement and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company, the stockholders of the Company or any Affiliate to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's or such Affiliate's capital structure or its business, any merger or consolidation of the Company or any Affiliate, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock, the securities of any Affiliate or the rights thereof or which are convertible into or exchangeable for Common Stock or securities of any Affiliate, or the dissolution or liquidation of the Company or any Affiliate, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(i) No action shall be taken under this Section 13.2 which shall cause an Award to fail to comply with Section 409A of the Code to the extent applicable to such Award, unless the Administrator determines any such adjustments to be appropriate.

(j) In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Common Stock or the share price of the Common Stock including any Equity Restructuring, for reasons of administrative convenience, the Company in its sole discretion may refuse to permit the exercise of any Award during a period of thirty (30) days prior to the consummation of any such transaction.

13.3 Approval of Plan by Stockholders. The Plan (as amended and restated) will be submitted for the approval of the Company's stockholders within twelve (12) months after the date of the Board's initial adoption of the Plan (as amended and restated). Awards may be granted or awarded under the Plan (as amended and restated) and subject to the terms and conditions of the Prior Plan following the Board's adoption of the Plan (as amended and restated) unless and until the Plan (as amended and restated) receives stockholder approval. Awards granted from and after stockholder approval of the Plan (as amended and restated) will be subject to the terms and conditions of the Plan (as amended and restated). If the Plan (as amended and restated) is not approved by stockholders within twelve (12) months after its adoption by the Board, then the Prior Plan shall continue on its existing terms and conditions and the Plan (as amended and restated) shall be of no force or effect.

13.4 No Stockholders Rights. Except as otherwise provided herein or in an Award Agreement, a Participant shall have none of the rights of a stockholder with respect to Shares covered by any Award until the Participant becomes the record owner of such Shares.

13.5 Paperless Administration. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Participant may be permitted through the use of such an automated system.

13.6 Section 83(b) Election. No Participant may make an election under Section 83(b) of the Code with respect to any Award under the Plan without the consent of the Administrator, which the Administrator may grant or withhold in its sole discretion. If, with the consent of the Administrator, a Participant makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Participant would otherwise be taxable under Section 83(a) of the Code, the Participant shall be required to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service.

13.7 Grant of Awards to Certain Employees or Consultants. The Company, the Services Company, the Partnership or any Subsidiary may provide through the establishment of a formal written policy or otherwise for the method by which Shares or other securities and/or payment therefor may be exchanged or contributed between the Company and such other party, or may be returned to the Company upon any forfeiture of Shares or other securities by the Participant, for the purpose of ensuring that the relationship between the Company and its Affiliates remain at arm's-length.

13.8 REIT Status. The Plan shall be interpreted and construed in a manner consistent with the Company's status as a REIT. No Award shall be granted or awarded, and with respect to any Award granted under the Plan, such Award shall not vest, be exercisable or be settled:

(a) to the extent that the grant, vesting, exercise or settlement of such Award could cause the Participant or any other person to be in violation of the Common Stock Ownership Limit or the Aggregate Stock Ownership Limit (each as defined in the Company's charter, as amended from time to time); or

(b) if, in the discretion of the Administrator, the grant, vesting, exercise or settlement of such award could impair the Company's status as a REIT.

13.9 Effect of Plan upon Other Compensation Plans. The adoption of the Plan (as amended and restated) shall not affect any other compensation or incentive plans in effect for the Company or any Affiliate. Nothing in the Plan shall be construed to limit the right of the Company or any Affiliate: (a) to establish any other forms of incentives or compensation for Employees, Directors or Consultants of the Company or any Affiliate, or (b) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

13.10 Compliance with Laws. The Plan, the granting and vesting of Awards under the Plan, the issuance and delivery of Shares and Profits Interest Units and the payment of money under the Plan or under Awards granted or awarded hereunder are subject to compliance with all applicable federal, state, local and foreign laws, rules and regulations (including but not limited to state, federal and foreign securities law and margin requirements), the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded, and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all applicable legal requirements. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

13.11 Titles and Headings, References to Sections of the Code or Exchange Act. The titles and headings of the sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control. References to sections of the Code or the Exchange Act shall include any amendment or successor thereto.

13.12 Governing Law. The Plan and any agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Maryland without regard to conflicts of laws thereof.

13.13 Section 409A. To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A of the Code, the Plan, any applicable Program and the Award Agreement covering such Award shall be interpreted in accordance with Section 409A of the Code. Notwithstanding any provision of the Plan to the contrary, in the event that, following the Effective Date, the Administrator determines that any Award may be subject to Section 409A of the Code, the Administrator may adopt such amendments to the Plan, any applicable Program and the Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to avoid the imposition of taxes on the Award under Section 409A of the Code, either through compliance with the requirements of Section 409A of the Code or with an available exemption therefrom.

13.14 No Rights to Awards. No Eligible Individual or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Administrator is obligated to treat Eligible Individuals, Participants or any other persons uniformly.

13.15 Unfunded Status of Awards. The Plan is intended to be an “unfunded” plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Program or Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Affiliate.

13.16 Indemnification. To the extent allowable pursuant to applicable law, each member of the Board and any officer or other employee to whom authority to administer any component of the Plan is delegated shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided, however, that he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

13.17 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Affiliate except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

13.18 Expenses. The expenses of administering the Plan shall be borne by the Company and its Affiliates.

13.19 Clawback. All Awards (including, without limitation, any proceeds, gains or other economic benefit actually or constructively received by a Participant upon any receipt or exercise of any Award or upon the receipt or resale of any Shares underlying the Award) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with applicable laws (including the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder) as and to the extent set forth in such claw-back policy or the Award Agreement.

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: August 4, 2021

/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: August 4, 2021

/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: August 4, 2021

/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: August 4, 2021

/s/ HAROUT K. DIRAMERIAN

Harout K. Diramerian
Chief Financial Officer

WRITTEN STATEMENT
PURSUANT TO
18 U.S.C. SECTION 1350

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, that:

- (i) the Quarterly Report on Form 10-Q for the period ended June 30, 2021 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: August 4, 2021

/s/ VICTOR J. COLEMAN

Victor J. Coleman
Chief Executive Officer

Date: August 4, 2021

/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 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

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, that:

- (i) the Quarterly Report on Form 10-Q for the period ended June 30, 2021 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: August 4, 2021

/s/ VICTOR J. COLEMAN

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

Date: August 4, 2021

/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 and is not being filed as part of the Report or as a separate disclosure document.