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

FORM 10-Q

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

For the quarterly period ended September 30, 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 October 22, 2021 was 152,478,496.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended September 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 September 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)

	September 30, 2021 (unaudited)	December 31, 2020
ASSETS		
Investment in real estate, at cost	\$ 8,446,491	\$ 8,215,017
Accumulated depreciation and amortization	(1,285,137)	(1,102,748)
Investment in real estate, net	7,161,354	7,112,269
Non-real estate property, plant and equipment, net	60,318	8,444
Cash and cash equivalents	110,500	113,686
Restricted cash	109,737	35,854
Accounts receivable, net	24,730	22,105
Straight-line rent receivables, net	241,281	225,685
Deferred leasing costs and intangible assets, net	335,619	285,836
U.S. Government securities	130,103	135,115
Operating lease right-of-use assets	273,997	264,880
Prepaid expenses and other assets, net	98,693	55,469
Investment in unconsolidated real estate entities	152,516	82,105
Goodwill	105,149	8,754
TOTAL ASSETS	\$ 8,803,997	\$ 8,350,202
LIABILITIES AND EQUITY		
Liabilities		
Unsecured and secured debt, net	\$ 3,910,405	\$ 3,399,492
In-substance defeased debt	129,105	131,707
Joint venture partner debt	66,136	66,136
Accounts payable, accrued liabilities and other	307,091	235,860
Operating lease liabilities	280,210	270,014
Intangible liabilities, net	40,257	49,144
Security deposits and prepaid rent	79,250	92,180
Total liabilities	4,812,454	4,244,533
Commitments and contingencies (note 23)		
Redeemable preferred units of the operating partnership	9,815	9,815
Redeemable non-controlling interest in consolidated real estate entities	129,348	127,874
Equity		
Hudson Pacific Properties, Inc. stockholders' equity		
Common stock, \$0.01 par value, 490,000,000 authorized, 152,320,252 shares and 151,401,365 shares outstanding at September 30, 2021 and December 31, 2020, respectively	1,523	1,514
Additional paid-in capital	3,389,693	3,469,758
Accumulated other comprehensive loss	(4,448)	(8,133)
Total Hudson Pacific Properties, Inc. stockholders' equity	3,386,768	3,463,139
Non-controlling interest—members in consolidated real estate entities	417,255	467,009
Non-controlling interest—units in the operating partnership	48,357	37,832
Total equity	3,852,380	3,967,980
TOTAL LIABILITIES AND EQUITY	\$ 8,803,997	\$ 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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
REVENUES				
Office				
Rental	\$ 197,941	\$ 178,256	\$ 580,354	\$ 540,023
Service and other revenues	3,925	2,460	9,358	11,428
Total office revenues	201,866	180,716	589,712	551,451
Studio				
Rental	12,768	11,724	36,472	36,767
Service and other revenues	12,998	3,845	30,169	12,904
Total studio revenues	25,766	15,569	66,641	49,671
Total revenues	227,632	196,285	656,353	601,122
OPERATING EXPENSES				
Office operating expenses	71,865	66,075	207,538	194,546
Studio operating expenses	12,044	9,034	35,963	27,635
General and administrative	18,288	17,428	53,846	53,943
Depreciation and amortization	88,568	75,052	255,507	222,331
Total operating expenses	190,765	167,589	552,854	498,455
OTHER INCOME (EXPENSE)				
Income (loss) from unconsolidated real estate entities	566	(105)	1,671	69
Fee income	678	575	2,323	1,741
Interest expense	(30,825)	(29,838)	(91,800)	(84,185)
Interest income	934	1,056	2,868	3,129
Management services reimbursement income—unconsolidated real estate entities	253	—	879	—
Management services expense—unconsolidated real estate entities	(253)	—	(879)	—
Transaction-related expenses	(6,300)	(181)	(7,364)	(440)
Unrealized gain (loss) on non-real estate investments	827	513	11,620	(2,335)
Impairment loss	(2,762)	—	(2,762)	—
Loss on extinguishment of debt	(6,249)	(2,654)	(6,249)	(2,654)
Other income (expense)	82	576	(1,547)	1,606
Total other expense	(43,049)	(30,058)	(91,240)	(83,069)
Net (loss) income	(6,182)	(1,362)	12,259	19,598
Net income attributable to preferred units	(153)	(153)	(459)	(459)
Net income attributable to participating securities	(276)	(109)	(830)	(321)
Net income attributable to non-controlling interest in consolidated real estate entities	(3,585)	(5,170)	(15,764)	(12,577)
Net loss attributable to redeemable non-controlling interest in consolidated real estate entities	816	1,304	2,780	2,707
Net loss (income) attributable to non-controlling interest in the operating partnership	85	54	16	(89)
NET (LOSS) INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (9,295)	\$ (5,436)	\$ (1,998)	\$ 8,859
BASIC AND DILUTED PER SHARE AMOUNTS				
Net (loss) income attributable to common stockholders—basic	\$ (0.06)	\$ (0.04)	\$ (0.01)	\$ 0.06
Net (loss) income attributable to common stockholders—diluted	\$ (0.06)	\$ (0.04)	\$ (0.01)	\$ 0.06
Weighted average shares of common stock outstanding—basic	152,320,252	153,196,007	151,443,305	153,643,278
Weighted average shares of common stock outstanding—diluted	152,320,252	153,196,007	151,443,305	156,030,815

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net (loss) income	\$ (6,182)	\$ (1,362)	\$ 12,259	\$ 19,598
Currency translation adjustments	(3,511)	1,210	(1,588)	(1,651)
Net unrealized gains (losses) on derivative instruments:				
Unrealized losses	(243)	(177)	(379)	(14,306)
Reclassification adjustment for realized gains	2,019	2,087	5,702	3,598
Total net unrealized gains (losses) on derivative instruments	1,776	1,910	5,323	(10,708)
Total other comprehensive (loss) income	(1,735)	3,120	3,735	(12,359)
Comprehensive (loss) income	(7,917)	1,758	15,994	7,239
Comprehensive income attributable to preferred units	(153)	(153)	(459)	(459)
Comprehensive income attributable to participating securities	(276)	(109)	(830)	(321)
Comprehensive income attributable to non-controlling interest in consolidated real estate entities	(3,585)	(5,170)	(15,764)	(12,577)
Comprehensive loss attributable to redeemable non-controlling interest in consolidated real estate entities	816	1,304	2,780	2,707
Comprehensive loss (income) attributable to non-controlling interest in the operating partnership	108	27	(34)	36
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (11,007)	\$ (2,343)	\$ 1,687	\$ (3,375)

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

HUDSON PACIFIC PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF EQUITY
For the three and nine months ended September 30, 2021
(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, June 30, 2021	152,319,084	\$ 1,523	\$ 3,435,156	\$ —	\$ (2,736)	\$ 44,387	\$ 467,476	\$ 3,945,806
Contributions	—	—	—	—	—	—	9,702	9,702
Distributions	—	—	—	—	—	—	(63,508)	(63,508)
Transaction costs	—	—	(232)	—	—	—	—	(232)
Issuance of unrestricted stock	1,168	—	—	—	—	—	—	—
Declared dividend	—	—	(47,204)	9,019	—	(560)	—	(38,745)
Amortization of stock-based compensation	—	—	1,973	—	—	4,638	—	6,611
Net (loss) income	—	—	—	(9,019)	—	(85)	3,585	(5,519)
Other comprehensive loss	—	—	—	—	(1,712)	(23)	—	(1,735)
Balance, September 30, 2021	152,320,252	\$ 1,523	\$ 3,389,693	\$ —	\$ (4,448)	\$ 48,357	\$ 417,255	\$ 3,852,380
Balance, December 31, 2020	151,401,365	\$ 1,514	\$ 3,469,758	\$ —	\$ (8,133)	\$ 37,832	\$ 467,009	\$ 3,967,980
Contributions	—	—	—	—	—	—	24,718	24,718
Distributions	—	—	—	—	—	—	(90,236)	(90,236)
Proceeds from sale of common stock, net of transaction costs	1,526,163	15	44,573	—	—	—	—	44,588
Issuance of unrestricted stock	54,414	—	—	—	—	—	—	—
Shares repurchased	(632,109)	(6)	(14,750)	—	—	—	—	(14,756)
Shares withheld to satisfy tax withholding obligations	(29,581)	—	(693)	—	—	—	—	(693)
Declared dividend	—	—	(115,393)	1,168	—	(1,688)	—	(115,913)
Amortization of stock-based compensation	—	—	6,198	—	—	12,179	—	18,377
Net income	—	—	—	(1,168)	—	(16)	15,764	14,580
Other comprehensive income	—	—	—	—	3,685	50	—	3,735
Balance, September 30, 2021	152,320,252	\$ 1,523	\$ 3,389,693	\$ —	\$ (4,448)	\$ 48,357	\$ 417,255	\$ 3,852,380

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

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

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

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

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

	Nine Months Ended September 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 12,259	\$ 19,598
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	255,507	222,331
Non-cash portion of interest expense	7,508	4,603
Amortization of stock-based compensation	15,718	14,409
Income from unconsolidated real estate entities	(1,671)	(69)
Unrealized (gain) loss on non-real estate investments	(11,620)	2,335
Straight-line rents	(15,596)	(31,182)
Straight-line rent expenses	1,079	1,096
Amortization of above- and below-market leases, net	(8,281)	(7,457)
Amortization of above- and below-market ground leases, net	1,764	1,763
Amortization of lease incentive costs	1,427	1,437
Distribution of income from unconsolidated entities	1,437	—
Impairment loss	2,762	—
Loss on extinguishment of debt	6,249	2,654
Change in operating assets and liabilities:		
Accounts receivable	4,526	(1,129)
Deferred leasing costs and lease intangibles	(11,696)	(9,767)
Prepaid expenses and other assets	(18,665)	(17,586)
Accounts payable, accrued liabilities and other	55,735	55,055
Security deposits and prepaid rent	(12,930)	(10,201)
Net cash provided by operating activities	285,512	247,890
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to investment in real estate	(271,102)	(308,909)
Acquisitions of businesses	(209,854)	—
Maturities of U.S. Government securities	5,002	4,121
Contributions to non-real estate investments	(10,530)	—
Distributions from non-real estate investments	13	—
Distributions from unconsolidated real estate entities	1,246	573
Contributions to unconsolidated real estate entities	(73,098)	(989)
Additions to non-real estate property, plant and equipment	(2,279)	—
Net cash used in investing activities	(560,602)	(305,204)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from unsecured and secured debt	1,304,352	1,391,651
Payments of unsecured and secured debt	(792,656)	(1,149,943)
Payments of in-substance defeased debt	(2,602)	(2,470)
Proceeds from sale of common stock	44,974	—
Transaction costs	(386)	(16,073)
Repurchases of common stock	(14,756)	(53,475)
Dividends paid to common stock and unitholders	(115,913)	(116,626)
Dividends paid to preferred unitholders	(459)	(459)
Contributions from redeemable non-controlling members in consolidated real estate entities	4,262	4,351
Distributions to redeemable non-controlling members in consolidated real estate entities	(8)	(8)
Contributions from non-controlling members in consolidated real estate entities	24,718	372,451
Distributions to non-controlling members in consolidated real estate entities	(90,236)	(9,591)
Payments to satisfy tax withholding obligations	(693)	(5,501)
Payments of loan costs	(14,810)	(10,978)
Net cash provided by financing activities	345,787	403,329
Net increase in cash and cash equivalents and restricted cash	70,697	346,015
Cash and cash equivalents and restricted cash—beginning of period	149,540	58,258
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—END OF PERIOD	\$ 220,237	\$ 404,273

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

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

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

	September 30, 2021 (unaudited)	December 31, 2020
ASSETS		
Investment in real estate, at cost	\$ 8,446,491	\$ 8,215,017
Accumulated depreciation and amortization	(1,285,137)	(1,102,748)
Investment in real estate, net	7,161,354	7,112,269
Non-real estate property, plant and equipment, net	60,318	8,444
Cash and cash equivalents	110,500	113,686
Restricted cash	109,737	35,854
Accounts receivable, net	24,730	22,105
Straight-line rent receivables, net	241,281	225,685
Deferred leasing costs and intangible assets, net	335,619	285,836
U.S. Government securities	130,103	135,115
Operating lease right-of-use assets	273,997	264,880
Prepaid expenses and other assets, net	98,693	55,469
Investment in unconsolidated real estate entities	152,516	82,105
Goodwill	105,149	8,754
TOTAL ASSETS	\$ 8,803,997	\$ 8,350,202
LIABILITIES AND CAPITAL		
Liabilities		
Unsecured and secured debt, net	\$ 3,910,405	\$ 3,399,492
In-substance defeased debt	129,105	131,707
Joint venture partner debt	66,136	66,136
Accounts payable, accrued liabilities and other	307,091	235,860
Operating lease liabilities	280,210	270,014
Intangible liabilities, net	40,257	49,144
Security deposits and prepaid rent	79,250	92,180
Total liabilities	4,812,454	4,244,533
Commitments and contingencies (note 23)		
Redeemable preferred units of the operating partnership	9,815	9,815
Redeemable non-controlling interest in consolidated real estate entities	129,348	127,874
Capital		
Hudson Pacific Properties, L.P. partners' capital		
Common units, 153,701,876 and 152,722,448 outstanding at September 30, 2021 and December 31, 2020, respectively	3,439,636	3,509,217
Accumulated other comprehensive loss	(4,511)	(8,246)
Total Hudson Pacific Properties, L.P. partners' capital	3,435,125	3,500,971
Non-controlling interest—members in consolidated real estate entities	417,255	467,009
Total capital	3,852,380	3,967,980
TOTAL LIABILITIES AND CAPITAL	\$ 8,803,997	\$ 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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
REVENUES				
Office				
Rental	\$ 197,941	\$ 178,256	\$ 580,354	\$ 540,023
Service and other revenues	3,925	2,460	9,358	11,428
Total office revenues	201,866	180,716	589,712	551,451
Studio				
Rental	12,768	11,724	36,472	36,767
Service and other revenues	12,998	3,845	30,169	12,904
Total studio revenues	25,766	15,569	66,641	49,671
Total revenues	227,632	196,285	656,353	601,122
OPERATING EXPENSES				
Office operating expenses	71,865	66,075	207,538	194,546
Studio operating expenses	12,044	9,034	35,963	27,635
General and administrative	18,288	17,428	53,846	53,943
Depreciation and amortization	88,568	75,052	255,507	222,331
Total operating expenses	190,765	167,589	552,854	498,455
OTHER INCOME (EXPENSE)				
Income (loss) from unconsolidated real estate entities	566	(105)	1,671	69
Fee income	678	575	2,323	1,741
Interest expense	(30,825)	(29,838)	(91,800)	(84,185)
Interest income	934	1,056	2,868	3,129
Management services reimbursement income—unconsolidated real estate entities	253	—	879	—
Management services expense—unconsolidated real estate entities	(253)	—	(879)	—
Transaction-related expenses	(6,300)	(181)	(7,364)	(440)
Unrealized gain (loss) on non-real estate investments	827	513	11,620	(2,335)
Impairment loss	(2,762)	—	(2,762)	—
Loss on extinguishment of debt	(6,249)	(2,654)	(6,249)	(2,654)
Other income (expense)	82	576	(1,547)	1,606
Total other expense	(43,049)	(30,058)	(91,240)	(83,069)
Net (loss) income	(6,182)	(1,362)	12,259	19,598
Net income attributable to non-controlling interest in consolidated real estate entities	(3,585)	(5,170)	(15,764)	(12,577)
Net loss attributable to redeemable non-controlling interest in consolidated real estate entities	816	1,304	2,780	2,707
Net (loss) income attributable to Hudson Pacific Properties, L.P.	(8,951)	(5,228)	(725)	9,728
Net income attributable to preferred units	(153)	(153)	(459)	(459)
Net income attributable to participating securities	(276)	(261)	(830)	(780)
NET (LOSS) INCOME AVAILABLE TO COMMON UNITHOLDERS	\$ (9,380)	\$ (5,642)	\$ (2,014)	\$ 8,489
BASIC AND DILUTED PER UNIT AMOUNTS				
Net (loss) income attributable to common unitholders—basic	\$ (0.06)	\$ (0.04)	\$ (0.01)	\$ 0.05
Net (loss) income attributable to common unitholders—diluted	\$ (0.06)	\$ (0.04)	\$ (0.01)	\$ 0.05
Weighted average shares of common units outstanding—basic	153,701,876	154,107,865	152,818,720	154,555,136
Weighted average shares of common units outstanding—diluted	153,701,876	154,107,865	152,818,720	155,422,136

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net (loss) income	\$ (6,182)	\$ (1,362)	\$ 12,259	\$ 19,598
Currency translation adjustments	(3,511)	1,210	(1,588)	(1,651)
Net unrealized gains (losses) on derivative instruments:				
Unrealized losses	(243)	(177)	(379)	(14,306)
Reclassification adjustment for realized gains	2,019	2,087	5,702	3,598
Total net unrealized gains (losses) on derivative instruments	1,776	1,910	5,323	(10,708)
Total other comprehensive (loss) income	(1,735)	3,120	3,735	(12,359)
Comprehensive (loss) income	(7,917)	1,758	15,994	7,239
Comprehensive income attributable to preferred units	(153)	(153)	(459)	(459)
Comprehensive income attributable to participating securities	(276)	(261)	(830)	(780)
Comprehensive income attributable to non-controlling interest in consolidated real estate entities	(3,585)	(5,170)	(15,764)	(12,577)
Comprehensive loss attributable to redeemable non-controlling interest in consolidated real estate entities	816	1,304	2,780	2,707
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO PARTNERS' CAPITAL	\$ (11,115)	\$ (2,522)	\$ 1,721	\$ (3,870)

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

HUDSON PACIFIC PROPERTIES, L.P.
CONSOLIDATED STATEMENTS OF CAPITAL
For the three and nine months ended September 30, 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, June 30, 2021	153,700,708	\$ 3,481,106	\$ (2,776)	\$ 3,478,330	\$ 467,476	\$ 3,945,806
Contributions	—	—	—	—	9,702	9,702
Distributions	—	—	—	—	(63,508)	(63,508)
Transaction costs	—	(232)	—	(232)	—	(232)
Issuance of unrestricted units	1,168	—	—	—	—	—
Declared distributions	—	(38,745)	—	(38,745)	—	(38,745)
Amortization of unit-based compensation	—	6,611	—	6,611	—	6,611
Net (loss) income	—	(9,104)	—	(9,104)	3,585	(5,519)
Other comprehensive loss	—	—	(1,735)	(1,735)	—	(1,735)
Balance, September 30, 2021	153,701,876	\$ 3,439,636	\$ (4,511)	\$ 3,435,125	\$ 417,255	\$ 3,852,380
Balance, December 31, 2020	152,722,448	\$ 3,509,217	\$ (8,246)	\$ 3,500,971	\$ 467,009	\$ 3,967,980
Contributions	—	—	—	—	24,718	24,718
Distributions	—	—	—	—	(90,236)	(90,236)
Proceeds from sale of common units, net of transaction costs	1,526,163	44,588	—	44,588	—	44,588
Issuance of unrestricted units	114,955	—	—	—	—	—
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	—	(115,913)	—	(115,913)	—	(115,913)
Amortization of unit-based compensation	—	18,377	—	18,377	—	18,377
Net income	—	(1,184)	—	(1,184)	15,764	14,580
Other comprehensive income	—	—	3,735	3,735	—	3,735
Balance, September 30, 2021	153,701,876	\$ 3,439,636	\$ (4,511)	\$ 3,435,125	\$ 417,255	\$ 3,852,380

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

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

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

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

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

	Nine Months Ended September 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 12,259	\$ 19,598
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	255,507	222,331
Non-cash portion of interest expense	7,508	4,603
Amortization of unit-based compensation	15,718	14,409
Income from unconsolidated real estate entities	(1,671)	(69)
Unrealized (gain) loss on non-real estate investments	(11,620)	2,335
Straight-line rents	(15,596)	(31,182)
Straight-line rent expenses	1,079	1,096
Amortization of above- and below-market leases, net	(8,281)	(7,457)
Amortization of above- and below-market ground leases, net	1,764	1,763
Amortization of lease incentive costs	1,427	1,437
Distribution of income from unconsolidated entities	1,437	—
Impairment loss	2,762	—
Loss on extinguishment of debt	6,249	2,654
Change in operating assets and liabilities:		
Accounts receivable	4,526	(1,129)
Deferred leasing costs and lease intangibles	(11,696)	(9,767)
Prepaid expenses and other assets	(18,665)	(17,586)
Accounts payable, accrued liabilities and other	55,735	55,055
Security deposits and prepaid rent	(12,930)	(10,201)
Net cash provided by operating activities	285,512	247,890
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to investment in real estate	(271,102)	(308,909)
Acquisitions of businesses	(209,854)	—
Maturities of U.S. Government securities	5,002	4,121
Contributions to non-real estate investments	(10,530)	—
Distributions from non-real estate investments	13	—
Distributions from unconsolidated real estate entities	1,246	573
Contributions to unconsolidated real estate entities	(73,098)	(989)
Additions to of non-real estate property, plant and equipment	(2,279)	—
Net cash used in investing activities	(560,602)	(305,204)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from unsecured and secured debt	1,304,352	1,391,651
Payments of unsecured and secured debt	(792,656)	(1,149,943)
Payments of in-substance defeased debt	(2,602)	(2,470)
Proceeds from sale of common units	44,974	—
Transaction costs	(386)	(16,073)
Repurchases of common units	(14,756)	(53,475)
Distributions paid to common stock and unitholders	(115,913)	(116,626)
Distributions paid to preferred unitholders	(459)	(459)
Contributions from redeemable non-controlling members in consolidated real estate entities	4,262	4,351
Distributions to redeemable non-controlling members in consolidated real estate entities	(8)	(8)
Contributions from non-controlling members in consolidated real estate entities	24,718	372,451
Distributions to non-controlling members in consolidated real estate entities	(90,236)	(9,591)
Payments to satisfy tax withholding obligations	(693)	(5,501)
Payments of loan costs	(14,810)	(10,978)
Net cash provided by financing activities	345,787	403,329
Net increase in cash and cash equivalents and restricted cash	70,697	346,015
Cash and cash equivalents and restricted cash—beginning of period	149,540	58,258
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—END OF PERIOD	\$ 220,237	\$ 404,273

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, Western Canada and Greater London, United Kingdom. The following table summarizes the Company's portfolio as of September 30, 2021:

Segments	Number of Properties	Square Feet (unaudited)
Consolidated portfolio		
Office	52	14,076,114
Studios	3	1,224,403
Land	6	2,504,406
Total consolidated portfolio	61	17,804,923
Unconsolidated portfolio⁽¹⁾		
Office	1	1,495,738
Land ⁽²⁾	3	691,000
Total unconsolidated portfolio	4	2,186,738
TOTAL⁽³⁾	65	19,991,661

1. The Company owns 20% of the unconsolidated joint venture that owns the Bentall Centre property, 50% of the unconsolidated joint venture entity that owns the Sunset Glenoaks Studios development and 35% of the unconsolidated joint venture entity that owns the Sunset Waltham Cross Studios development. The square footage shown above represents 100% of the properties. See Notes 2 and 6 for details.
2. Includes land for the Burrard Exchange at Bentall Centre, Sunset Glenoaks Studios and Sunset Waltham Cross Studios developments. Square footage for Sunset Waltham Cross Studios is yet to be determined.
3. 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.

For comparison purposes, the Company has reclassified goodwill of \$8.8 million and non-real estate property, plant and equipment of \$8.4 million from prepaid expenses and other assets to goodwill and non-real estate property, plant and equipment, net, respectively, on the Consolidated Balance Sheet as of December 31, 2020 to conform to the presentation as of September 30,

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)

2021. The Company has reclassified a loss on extinguishment of debt of \$2.7 million from interest expense to loss on extinguishment of debt on the Consolidated Statements of Operations for the three and nine months ended September 30, 2020 to conform to the presentation for the three and nine months ended September 30, 2021. The Company has also reclassified this same amount from non-cash portion of interest expense to loss on extinguishment of debt on the Statement of Cash Flows for the nine months ended September 30, 2020.

Principles of Consolidation

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

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

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

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

The entity that consolidates a VIE is known as its primary beneficiary and is generally the entity with both the power to direct the activities that most significantly affect the VIE's economic performance and the right to receive benefits from the VIE or the obligation to absorb losses of the VIE that could be significant to the VIE. As of September 30, 2021, the Company has determined that its operating partnership and 17 joint ventures met the definition of a VIE. 12 of these joint ventures are consolidated and five are unconsolidated.

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)

Consolidated Joint Ventures

As of September 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").

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 September 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 September 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 September 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 September 30, 2021, the Company has determined it is not the primary beneficiary of five 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.

On July 29, 2021, the Company purchased, through a joint venture entity with Kane Holdco S.A.R.L., an affiliate of Blackstone, the land site for the Sunset Waltham Cross Studios development. The Company owns 35% of the ownership interest in the joint venture entity. The Company also owns 35% of the ownership interest in the joint venture entities formed to serve as the general partner and management services company for the property-owning joint venture entity.

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

As of December 24, 2020, the Company owns, through a joint venture entity with BPP Twilight Sun Valley REIT LLC, an affiliate of Blackstone, the land site for the Sunset Glenoaks Studios development. The Company owns 50% of the ownership interest in the joint venture entity and 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 Bentall Centre property. The joint venture property-owning entity is structured as a tenancy in common under applicable tax laws. The Company owns 20% of the ownership interest in the 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 (loss) 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 6 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, the fair value measurement of contingent consideration, assets acquired and liabilities assumed in business combination transactions, 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.

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 29 years as of September 30, 2021.

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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.

Revenue Stream	Components	Financial Statement Location
Rental revenues	Office, stage 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 power, HVAC and telecommunications (i.e., telephone and internet) and lighting, equipment and vehicle rentals	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.

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The following table summarizes the Company's revenue streams that are accounted for under ASC 606 for the three and nine months ended September 30, 2021 and 2020:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Ancillary revenues	\$ 12,224	\$ 3,130	\$ 26,857	\$ 10,542
Other revenues	\$ 4,281	\$ 2,832	\$ 11,246	\$ 12,624
Studio-related tenant recoveries	\$ 418	\$ 343	\$ 1,424	\$ 1,166
Management fee income	\$ 678	\$ 575	\$ 2,323	\$ 1,741
Management services reimbursement income	\$ 253	\$ —	\$ 879	\$ —

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

	September 30, 2021	December 31, 2020
Ancillary revenues	\$ 8,438	\$ 1,700
Other revenues	\$ 1,187	\$ 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 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.

Acquisitions

The Company applies the acquisition method for acquisitions that meet the definition of a business combination. Under the acquisition method, the Company estimates the fair value of the identifiable assets and liabilities of the acquired entity on the acquisition date. The difference between the fair value of the consideration transferred for the acquisition and the fair value of the net assets acquired is recorded as goodwill and acquisition-related expenses arising from the transaction are expensed as incurred. The Company includes the results of operations of the businesses that it acquires beginning on the acquisition date.

The Company applies a cost accumulation and allocation model to acquisitions that meet the definition of an asset acquisition. Under this model, the purchase price is allocated based on the relative fair value of the assets acquired and liabilities assumed. Additionally, acquisition-related expenses associated with an asset acquisition are capitalized as part of the purchase price.

Goodwill and Acquired Intangible Assets

The Company tests its goodwill and indefinite-lived intangible assets for impairment at least annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. The Company first performs a qualitative assessment and will proceed to a quantitative impairment test only if qualitative factors indicate that it is more likely than not that the fair value of the reporting unit or intangible asset is less than its carrying amount.

Intangible assets with finite lives are amortized over their estimated useful lives using the straight-line method, which reflects the pattern in which the assets are consumed. The estimated useful lives for acquired intangible assets range from 5 to 7 years. The Company assesses its intangible assets with finite lives for impairment when indicators of impairment are identified.

3. Business Combinations

On August 16, 2021 and August 31, 2021 (each an "Acquisition Date" individually, and collectively, the "Acquisition Dates"), the Company acquired 100% of the equity interests in Zio Entertainment Network, LLC ("Zio") and Star Waggon, LLC ("Star Waggon"), respectively. The acquired businesses provide transportation and logistics services to studio productions and their acquisition will expand the Company's service offerings for its studio platform.

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The following table summarizes the Acquisition Date fair value of the consideration transferred in connection with the acquisitions:

	Zio	Star Waggon
Cash	\$ 117,198	\$ 92,656
Contingent consideration	22,800	—
Total consideration	\$ 139,998	\$ 92,656

The terms of the Zio securities purchase agreement require the Company to pay up to \$35.0 million of additional consideration to the business's former shareholders, subject to certain performance thresholds being met. The Company is in the process of estimating the future cash flows related to the arrangement for the purpose of determining the final Acquisition Date fair value of the contingent consideration. Therefore, the preliminary measurement of \$22.8 million is subject to change.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the respective Acquisition Dates. The Company is in the process of obtaining third-party valuations of certain intangible assets; thus, the provisional measurements of intangible assets and goodwill are subject to change:

	Zio	Star Waggon
Cash and cash equivalents	\$ 1,084	\$ 300
Accounts receivable	3,056	4,185
Prepaid expenses and other assets	1,509	1,605
Non-real estate property, plant and equipment	23,399	28,679
Intangible assets	41,670	33,480
Total assets acquired	70,718	68,249
Accounts payable, accrued liabilities and other	\$ 1,203	\$ 1,394
Intangible liabilities	—	110
Total liabilities assumed	1,203	1,504
Net identifiable assets acquired	\$ 69,515	\$ 66,745
Goodwill	70,483	25,911
NET ASSETS ACQUIRED	\$ 139,998	\$ 92,656

Of the \$41.7 million of intangible assets acquired as part of the Zio acquisition, \$8.5 million was provisionally assigned to the registered trade name, which is not subject to amortization. The remaining \$33.2 million of acquired intangible assets includes customer relationships of \$30.0 million (7-year useful life) and non-compete agreements of \$3.0 million (5-year weighted-average useful life). The definite-lived intangible assets are subject to a weighted-average useful life of approximately 7 years.

Of the \$33.5 million of intangible assets acquired as part of the Star Waggon acquisition, \$8.6 million was provisionally assigned to the registered trade name, which is not subject to amortization. The remaining \$24.9 million of acquired intangible assets includes customer relationships of \$22.5 million (7-year useful life) and non-compete agreements of \$2.3 million (5-year weighted-average useful life). The definite-lived intangible assets are subject to a weighted-average useful life of approximately 7 years.

Goodwill of \$70.5 million and \$25.9 million for the Zio and Star Waggon acquisitions, respectively, was recognized on the respective Acquisition Dates. The goodwill recognized is attributable to expected synergies and the assembled workforce of Zio and Star Waggon. As of September 30, 2021, there were no changes in the recognized amounts of goodwill resulting from the acquisitions.

The Company recognized acquisition-related costs of \$3.4 million and \$2.4 million as current period expense for the Zio and Star Waggon acquisitions, respectively. These costs are included in transaction-related expenses on the Consolidated Statement of Operations.

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The amounts of revenue and net income of Zio and Star Waggon included in the Company's Consolidated Statements of Operations from each respective Acquisition Date to September 30, 2021 are as follows:

	Three Months Ended September 30, 2021		Nine Months Ended September 30, 2021	
	Zio	Star Waggon	Zio	Star Waggon
Revenue	\$ 4,187	\$ 2,828	\$ 4,187	\$ 2,828
Net income	1,286	1,013	1,286	1,013

4. Investment in Real Estate

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

	September 30, 2021	December 31, 2020
Land	\$ 1,351,888	\$ 1,351,888
Building and improvements	6,008,111	5,840,819
Tenant improvements	751,657	728,111
Furniture and fixtures	14,029	12,250
Property under development	320,806	281,949
INVESTMENT IN REAL ESTATE, AT COST	\$ 8,446,491	\$ 8,215,017

Acquisitions of Real Estate

The Company had no acquisitions of real estate related to consolidated entities during the nine months ended September 30, 2021.

Dispositions of Real Estate

The Company had no dispositions of real estate during the nine months ended September 30, 2021.

Held for Sale

As of September 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.

During the nine months ended September 30, 2021, the Company recorded \$2.8 million of impairment charges related to its Del Amo office property due to a reduction in management's intended hold period from a long-term hold period to a short-term hold period, which resulted in an estimated fair value of the property that was less than its carrying value. The estimated fair value of \$17.4 million was based on the estimated sales price of the property, which is classified within Level 2 of the fair value hierarchy. The Company did not recognize impairment charges during the nine months ended September 30, 2020.

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5. Non-Real Estate Property, Plant and Equipment, net

The following table summarizes the Company's non-real estate property, plant and equipment, net as of:

	September 30, 2021	December 31, 2020
Trailers	\$ 37,250	\$ —
Leasehold improvements	14,713	14,046
Trucks and other vehicles	11,380	—
Furniture, fixtures and equipment	4,196	3,331
Other equipment	4,053	—
Non-real estate property, plant and equipment, at cost	71,592	17,377
Accumulated depreciation	(11,274)	(8,933)
NON-REAL ESTATE PROPERTY, PLANT AND EQUIPMENT, NET	\$ 60,318	\$ 8,444

Non-real estate property, plant and equipment, net is carried at cost less accumulated depreciation. The Company computes depreciation using the straight-line method over the estimated useful lives of the assets, which range from 5 to 20 years. The Company evaluates its non-real estate property, plant and equipment, net for impairment using the same accounting model that it applies to its real estate assets and related intangibles. See Note 4 for details. The Company did not recognize any impairment charges during the nine months ended September 30, 2021 and 2020.

6. Investment in Unconsolidated Real Estate Entities

As of July 29, 2021, the Company owns 35% of the ownership interest in the joint venture that owns the Sunset Waltham Cross Studios development. The Company also owns 35% of the ownership interest in the joint venture entities formed to serve as the general partner and management services company for the property-owning joint venture entity. The joint venture entities' functional currency is the local currency, or the pound sterling. The maximum exposure related to this unconsolidated joint venture is limited to the Company's investment.

As of December 24, 2020, the Company owns 50% of the ownership interest in the joint venture that owns the Sunset Glenoaks Studios development in Los Angeles, California. The Company serves as the operating member. The maximum exposure related to this unconsolidated joint venture is limited to the Company's investment.

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. The joint venture's functional currency is the local currency, or the Canadian dollar. The maximum exposure related to this unconsolidated joint venture is limited to the Company's investment and \$102.7 million of debt which the Company has guaranteed.

The Company has exposure to risks related to foreign currency fluctuations. Our investments in foreign unconsolidated real estate entities are translated into U.S. dollars at the exchange rate in effect as of the financial statement date. Our share of the income (loss) from our foreign unconsolidated real estate entities is 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.

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

	September 30, 2021	December 31, 2020
ASSETS		
Investment in real estate, net	\$ 1,035,033	\$ 855,639
Other assets	66,085	51,118
TOTAL ASSETS	\$ 1,101,118	\$ 906,757
LIABILITIES		
Secured debt, net	\$ 510,355	\$ 495,771
Other liabilities	41,397	52,828
TOTAL LIABILITIES	551,752	548,599
Company's capital ⁽¹⁾	148,742	80,778
Partners' capital	400,624	277,380
TOTAL CAPITAL	549,366	358,158
TOTAL LIABILITIES AND CAPITAL	\$ 1,101,118	\$ 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 (loss) 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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
TOTAL REVENUES	\$ 20,694	\$ 25,551	\$ 60,121	\$ 77,229
TOTAL EXPENSES	17,893	26,081	51,865	76,892
NET INCOME (LOSS)	\$ 2,801	\$ (530)	\$ 8,256	\$ 337

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7. Deferred Leasing Costs and Intangible Assets, net and Intangible Liabilities, net

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

	September 30, 2021	December 31, 2020
Deferred leasing costs and in-place lease intangibles	\$ 347,164	\$ 352,903
Accumulated amortization	(142,957)	(127,180)
Deferred leasing costs and in-place lease intangibles, net	204,207	225,723
Below-market ground leases ⁽¹⁾	72,469	72,916
Accumulated amortization	(15,628)	(13,831)
Below-market ground leases, net	56,841	59,085
Above-market leases	2,124	2,802
Accumulated amortization	(1,530)	(1,774)
Above-market leases, net	594	1,028
Customer relationships	52,500	—
Accumulated amortization	(809)	—
Customer relationships, net	51,691	—
Non-competition agreements	5,300	—
Accumulated amortization	(114)	—
Non-competition agreements, net	5,186	—
Trade name	17,100	—
DEFERRED LEASING COSTS AND INTANGIBLE ASSETS, NET	\$ 335,619	\$ 285,836
Below-market leases	\$ 84,947	\$ 98,365
Accumulated amortization	(45,490)	(50,054)
Below-market leases, net	39,457	48,311
Above-market ground leases	1,095	1,095
Accumulated amortization	(295)	(262)
Above-market ground leases, net	800	833
INTANGIBLE LIABILITIES, NET	\$ 40,257	\$ 49,144

1. During the three and nine months ended September 30, 2021, the Company recognized an impairment loss of \$0.4 million related to below-market ground leases at its Del Amo office property. See Note 4 for details. The loss is recorded in impairment loss on the Consolidated Statements of Operations.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Deferred leasing costs and in-place lease intangibles ⁽¹⁾	\$ (11,540)	\$ (9,936)	\$ (34,761)	\$ (30,800)
Below-market ground leases ⁽²⁾	\$ (600)	\$ (598)	\$ (1,797)	\$ (1,796)
Above-market leases ⁽³⁾	\$ (73)	\$ (120)	\$ (573)	\$ (472)
Customer relationships ⁽⁴⁾	\$ (809)	\$ —	\$ (809)	\$ —
Non-competition agreements ⁽⁴⁾	\$ (114)	\$ —	\$ (114)	\$ —
Below-market leases ⁽³⁾	\$ 3,096	\$ 2,575	\$ 8,854	\$ 7,935
Above-market ground leases ⁽²⁾	\$ 11	\$ 11	\$ 33	\$ 33

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 and studio operating expenses on the Consolidated Statements of Operations.
3. Amortization is recorded in office rental revenues on the Consolidated Statements of Operations.
4. Amortization is recorded in depreciation and amortization expenses on the Consolidated Statements of Operations.

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8. 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 September 30, 2021, accounts receivable was \$24.9 million and there was a \$0.2 million 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 September 30, 2021, straight-line rent receivables was \$241.3 million and there was a \$31.0 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.

9. Prepaid Expenses and Other Assets, net

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

	September 30, 2021	December 31, 2020
Deposits and pre-development costs for future acquisitions	\$ 37,902	\$ 28,488
Prepaid insurance	9,459	5,100
Non-real estate investments	24,682	4,088
Stock purchase warrant	1,684	—
Deferred financing costs	434	1,216
Prepaid property tax	3,288	2,138
Interest rate cap derivative asset	112	5
Inventory	1,483	—
Other	19,649	14,434
PREPAID EXPENSES AND OTHER ASSETS, NET	\$ 98,693	\$ 55,469

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 \$1.0 million and \$9.9 million on its non-real estate investments due to the observable changes in fair value during the three and nine months ended September 30, 2021, respectively. The Company recognized an unrealized gain of \$0.5 million and an unrealized loss of \$2.3 million on its non-real estate investments due to the observable changes in fair value during the three and nine months ended September 30, 2020, respectively.

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 \$0.2 million and an unrealized gain of \$1.7 million due to the change in the fair value of the stock purchase warrant during the three and nine months ended September 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 nine months ended September 30, 2020.

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10. Goodwill

The following table summarizes changes in the carrying amount of goodwill during the nine months ended September 30, 2021:

Balance as of December 31, 2020	\$	8,754
Acquisitions ⁽¹⁾		96,395
Balance as of September 30, 2021	\$	105,149

1. The measurement of acquired goodwill is provisional and subject to change upon completion of the final purchase accounting. See Note 3 for details.

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

11. Debt

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

	September 30, 2021	December 31, 2020	Interest Rate ⁽¹⁾	Contractual Maturity Date
UNSECURED AND SECURED DEBT				
Unsecured debt				
Unsecured revolving credit facility ⁽²⁾⁽³⁾	\$ 300,000	\$ —	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	2,225,000	1,925,000		
Secured debt				
10950 Washington ⁽⁵⁾	25,247	25,717	5.32%	3/11/2022
Hollywood Media Portfolio, net ⁽⁶⁾⁽⁷⁾	890,186	792,186	LIBOR + 1.17%	8/9/2023
One Westside and 10850 Pico ⁽⁸⁾	220,240	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	1,718,973	1,507,276		
Total unsecured and secured debt	3,943,973	3,432,276		
Unamortized deferred financing costs and loan discounts/premiums ⁽¹¹⁾	(33,568)	(32,784)		
TOTAL UNSECURED AND SECURED DEBT, NET	\$ 3,910,405	\$ 3,399,492		
IN-SUBSTANCE DEFEASED DEBT⁽¹²⁾				
	\$ 129,105	\$ 131,707	4.47%	10/1/2022
JOINT VENTURE PARTNER DEBT⁽¹³⁾				
	\$ 66,136	\$ 66,136	4.50%	10/9/2028

1. Interest rate with respect to indebtedness is calculated on the basis of a 360-day year for the actual days elapsed. Interest rates are as of September 30, 2021, which may be different than the interest rates as of December 31, 2020 for corresponding indebtedness.

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2. The annual facility fee rate is 0.15% or 0.30% based on the operating partnership's leverage ratio. The Company has an option to make an irrevocable election to change the interest rate depending on the Company's credit rating or a specified base rate plus an applicable margin. As of September 30, 2021, no such election had been made and the unsecured revolving credit facility bore interest at LIBOR + 1.10%.
3. The Company has a total capacity of \$600.0 million available under its unsecured revolving credit facility.
4. The maturity date may be extended once for an additional one-year term.
5. Monthly debt service includes debt amortization payments based on a 30-year amortization schedule with a balloon payment at maturity.
6. The Company owns 51% of the ownership interest in the consolidated joint venture that owns the Hollywood Media Portfolio. The joint venture holds a \$1.1 billion mortgage loan secured by the Hollywood Media Portfolio, which has an initial term of two years from the first payment date with three one-year extension options, subject to certain requirements. The effective interest rate on the loan is LIBOR + 1.17% until August 9, 2022, at which time the effective interest rate will decrease to LIBOR + 0.99%. The Company purchased bonds comprising the loan in the amount of \$209.8 million.
7. 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 September 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.
8. 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.
9. 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 is interest-only through its term.
10. 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.
11. 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 9 for details.
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 nine months ended September 30, 2021, there were \$300.0 million in borrowings on the unsecured revolving credit facility. The Company generally uses the unsecured revolving credit facility to finance the acquisition of properties and businesses, to provide funds for tenant improvements and capital expenditures and to provide for working capital and other corporate purposes.

In August 2021, the consolidated joint venture that owns the Hollywood Media Portfolio refinanced its previous \$900.0 million loan secured by the Hollywood Media Portfolio, which bore interest at a rate of LIBOR + 2.15%, with a \$1.1 billion mortgage loan secured by the Hollywood Media Portfolio with an interest rate of LIBOR + 1.17%. In August 2021, the Company also purchased bonds comprising the loan in the amount of \$209.8 million and concurrently redeemed bonds comprising the previous loan in the amount of \$107.8 million. The refinancing resulted in a \$6.2 million loss on extinguishment of debt recognized on the Consolidated Statements of Operations.

Indebtedness

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

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

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

Year	Unsecured and Secured Debt	In-substance Defeased Debt	Joint Venture Partner Debt
Remaining 2021	\$ 162	\$ 892	\$ —
2022	325,085	128,213	—
2023	1,270,426	—	—
2024	—	—	—
2025	741,300	—	—
Thereafter	1,607,000	—	66,136
TOTAL	\$ 3,943,973	\$ 129,105	\$ 66,136

Debt Covenants

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

The following table summarizes existing covenants and their covenant levels as of September 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%	42.7%
Unsecured indebtedness to unencumbered asset value	≤ 60%	41.7%
Adjusted EBITDA to fixed charges	≥ 1.5x	3.6x
Secured indebtedness to total asset value	≤ 45%	19.4%
Unencumbered NOI to unsecured interest expense	≥ 2.0x	3.5x

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

Covenant Ratio ⁽¹⁾	Covenant Level	Actual Performance
Debt to total assets	≤ 60%	44.0%
Total unencumbered assets to unsecured debt	≥ 150%	268.3%
Consolidated income available for debt service to annual debt service charge	≥ 1.5x	4.3x
Secured debt to total assets	≤ 45%	19.8%

1. The covenant and actual performance metrics above represent terms and definitions reflected in the indentures governing the 3.25% senior notes, 3.95% senior notes and 4.65% senior notes.

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

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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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Gross interest expense ⁽¹⁾	\$ 33,912	\$ 32,243	\$ 101,341	\$ 93,846
Capitalized interest	(5,760)	(4,519)	(17,049)	(14,264)
Amortization of deferred financing costs and loan discounts/premiums	2,673	2,114	7,508	4,603
INTEREST EXPENSE	\$ 30,825	\$ 29,838	\$ 91,800	\$ 84,185

1. Includes interest on the Company's debt and hedging activities and term loans.

12. Derivatives

The Company enters into derivatives in order to hedge interest rate risk.

The Company had three interest rate swaps with aggregate notional amounts of \$475.0 million as of September 30, 2021 and December 31, 2020. These derivatives were designated as effective cash flow hedges for accounting purposes.

The Company had one interest rate cap contract with an aggregate notional amount \$1.1 billion of September 30, 2021 and one interest rate cap contract with an aggregate notional amount of \$900.0 million as of and December 31, 2020. The interest rate caps are not designated under hedge accounting and are 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 September 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	September 30, 2021	December 31, 2020
Interest rate swaps								
Hollywood Media Portfolio ⁽²⁾	2	\$ 350,000	April 2015	April 2022	2.96%	3.46%	\$ (2,922)	\$ (7,112)
Hollywood Media Portfolio ⁽²⁾	1	125,000	June 2016	November 2022	2.63%	3.13%	(1,827)	(2,994)
Interest rate cap					Strike rate			
Hollywood Media Portfolio ⁽³⁾	1	\$ 900,000	July 2020	Terminated August 2021	3.50%		\$ —	\$ 5
Hollywood Media Portfolio ⁽³⁾	1	1,100,000	August 2021	August 2023	3.50%		\$ 112	—
TOTAL							\$ (4,637)	\$ (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.

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3. The Hollywood Media Portfolio debt was refinanced during the nine months ended September 30, 2021 with the loan amount being increased to \$1.1 billion. Concurrently with the refinance, the interest rate cap associated with the original \$900.0 million loan was early-terminated and replaced with an interest rate cap with a notional amount of \$1.1 billion and a maturity in August 2023.

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 September 30, 2021, the Company expects \$4.6 million of unrealized loss included in accumulated other comprehensive loss will be reclassified as an increase to interest expense in the next 12 months.

13. U.S. Government Securities

The Company had U.S. Government securities of \$130.1 million and \$135.1 million as of September 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 September 30, 2021, the Company has incurred \$5.1 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 September 30, 2021:

	Carrying Value		Fair Value	
Due in 1 year	\$	130,103	\$	135,205
TOTAL	\$	130,103	\$	135,205

14. 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 and the Sunset Waltham Cross Studios development, the Company owns its interest in the properties 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 September 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 September 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.

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15. Future Minimum Rents and Lease Payments

The following table summarizes the future minimum base rents (excluding tenant reimbursements for operating expenses and termination fees related to tenants exercising early termination options) for properties as of September 30, 2021:

Year Ended	Non-cancellable	Subject to Early Termination Options	Total ⁽¹⁾
Remaining 2021	\$ 158,243	\$ 881	\$ 159,124
2022	615,780	11,754	627,534
2023	568,759	11,326	580,085
2024	507,086	15,811	522,897
2025	367,238	51,373	418,611
Thereafter	1,570,644	209,267	1,779,911
TOTAL	\$ 3,787,750	\$ 300,412	\$ 4,088,162

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 13 ground leases, three facility leases and two office leases as of September 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 September 30, 2021, the present value of the remaining contractual payments of \$608.4 million under the Company's operating lease agreements was \$280.2 million. The corresponding operating lease right-of-use assets amounted to \$274.0 million.

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 September 30, 2021:

Year	Lease Payments ⁽¹⁾
Remaining 2021	\$ 5,162
2022	20,656
2023	20,448
2024	20,420
2025	20,437
Thereafter	521,237
Total operating lease payments	608,360
Less: interest portion	(328,150)
PRESENT VALUE OF OPERATING LEASE LIABILITIES	\$ 280,210

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.

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The following table summarizes rental expense for operating leases:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Variable rental expense	\$ 2,765	\$ 2,427	\$ 7,873	\$ 6,683
Minimum rental expense	\$ 5,421	\$ 4,991	\$ 15,963	\$ 14,973

16. Fair Value of Financial Instruments

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

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

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

	September 30, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate cap derivative asset ⁽¹⁾	\$ —	\$ 112	\$ —	\$ 112	\$ —	\$ 5	\$ —	\$ 5
Interest rate swap derivative liabilities ⁽²⁾	\$ —	\$ (4,749)	\$ —	\$ (4,749)	\$ —	\$ (10,106)	\$ —	\$ (10,106)
Non-real estate investments measured at fair value ⁽¹⁾	\$ 1,920	\$ 1,555	\$ —	\$ 3,475	\$ —	\$ 750	\$ —	\$ 750
Stock purchase warrant ⁽¹⁾	\$ —	\$ 1,684	\$ —	\$ 1,684	\$ —	\$ —	\$ —	\$ —
Earnout liability ⁽²⁾⁽³⁾	\$ —	\$ —	\$ 22,800	\$ 22,800	\$ —	\$ —	\$ —	\$ —
Non-real estate investments measured at NAV ⁽¹⁾	\$ —	\$ —	\$ —	\$ 21,207	\$ —	\$ —	\$ —	\$ 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. Related to the acquisition of Zio. Refer to Note 3 for additional details.

4. 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.

Level 1 item includes an investment in common stock of a publicly traded company which is valued on a quarterly basis using the closing stock price. Level 2 items include interest rate cap and swap which are valued on a quarterly basis using a linear regression model, as well as investments in preferred stock and warrants of a publicly traded company value which are valued on a quarterly basis using the closing stock price and the Black-Scholes model, respectively. Level 3 item includes the earnout liability which is valued on a quarterly basis using a probability-weighted discounted cash flow model. Inputs to the model include the discount rate and probability-weighted earnout payments based on a Monte Carlo simulation with one million trials. Fair value measurement using unobservable inputs is inherently uncertain, and a change in significant inputs could result in different fair values.

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Other Financial Instruments

The carrying values of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities are reasonable estimates of fair value, using Level 1 inputs, because of the short-term nature of these instruments. 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:

	September 30, 2021		December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
ASSETS				
U.S. Government securities	\$ 130,103	\$ 135,205	\$ 135,115	\$ 140,270
LIABILITIES				
Unsecured debt ⁽¹⁾	\$ 2,225,000	\$ 2,352,998	\$ 1,925,000	\$ 2,072,833
Secured debt ⁽¹⁾	\$ 1,718,973	\$ 1,592,605	\$ 1,507,276	\$ 1,503,960
In-substance defeased debt	\$ 129,105	\$ 129,319	\$ 131,707	\$ 131,633
Joint venture partner debt	\$ 66,136	\$ 69,771	\$ 66,136	\$ 68,346

1. Amounts represent debt excluding net deferred financing costs.

17. 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 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

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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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Expensed stock compensation ⁽¹⁾	\$ 5,840	\$ 4,791	\$ 15,718	\$ 14,409
Capitalized stock compensation ⁽²⁾	771	751	2,659	2,317
TOTAL STOCK COMPENSATION⁽³⁾	\$ 6,611	\$ 5,542	\$ 18,377	\$ 16,726

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.

18. 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 nine months ended September 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.

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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Numerator:				
Basic net (loss) income available to common stockholders	\$ (9,295)	\$ (5,436)	\$ (1,998)	\$ 8,859
Effect of dilutive instruments	—	—	—	92
Diluted net (loss) income available to common stockholders	\$ (9,295)	\$ (5,436)	\$ (1,998)	\$ 8,951
Denominator:				
Basic weighted average common shares outstanding	152,320,252	153,196,007	151,443,305	153,643,278
Effect of dilutive instruments ⁽¹⁾	—	—	—	2,387,537
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	152,320,252	153,196,007	151,443,305	156,030,815
Basic earnings per common share	\$ (0.06)	\$ (0.04)	\$ (0.01)	\$ 0.06
Diluted earnings per common share	\$ (0.06)	\$ (0.04)	\$ (0.01)	\$ 0.06

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.

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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 nine months ended September 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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Numerator:				
Basic and diluted net (loss) income available to common unitholders	\$ (9,380)	\$ (5,642)	\$ (2,014)	\$ 8,489
Denominator:				
Basic weighted average common units outstanding	153,701,876	154,107,865	152,818,720	154,555,136
Effect of dilutive instruments ⁽¹⁾	—	—	—	867,000
DILUTED WEIGHTED AVERAGE COMMON UNITS OUTSTANDING	153,701,876	154,107,865	152,818,720	155,422,136
Basic earnings per common unit	\$ (0.06)	\$ (0.04)	\$ (0.01)	\$ 0.05
Diluted earnings per common unit	\$ (0.06)	\$ (0.04)	\$ (0.01)	\$ 0.05

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.

19. Redeemable Non-controlling Interest

Redeemable Preferred Units of the Operating Partnership

As of September 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

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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 September 30, 2021		Nine Months Ended September 30, 2021	
	Series A Redeemable Preferred Units	Consolidated Real Estate Entities	Series A Redeemable Preferred Units	Consolidated Entities
BEGINNING OF PERIOD	\$ 9,815	\$ 127,445	\$ 9,815	\$ 127,874
Contributions	—	2,719	—	4,262
Distributions	—	—	—	(8)
Declared dividend	(153)	—	(459)	—
Net income (loss)	153	(816)	459	(2,780)
END OF PERIOD	\$ 9,815	\$ 129,348	\$ 9,815	\$ 129,348

20. 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 recognized in OCI	(374)	(1,567)	(1,941)
Reclassification adjustment for realized gains ⁽¹⁾	5,626	—	5,626
Net change in OCI	5,252	(1,567)	3,685
BALANCE AT SEPTEMBER 30, 2021	\$ (6,126)	\$ 1,678	\$ (4,448)

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 recognized in OCI	(379)	(1,588)	(1,967)
Reclassification adjustment for realized gains ⁽¹⁾	5,702	—	5,702
Net change in OCI	5,323	(1,588)	3,735
BALANCE AT SEPTEMBER 30, 2021	\$ (6,162)	\$ 1,651	\$ (4,511)

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

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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.

Current Year Activity

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

	September 30, 2021	December 31, 2020
Company-owned common units in the operating partnership	152,320,252	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 September 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 nine months ended September 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 nine months ended September 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 September 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 nine months ended September 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.

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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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Common stock	\$ 0.25	\$ 0.25	\$ 0.75	\$ 0.75
Common units	\$ 0.25	\$ 0.25	\$ 0.75	\$ 0.75
Series A preferred units	\$ 0.3906	\$ 0.3906	\$ 1.1718	\$ 1.1718
Performance units	\$ 0.25	\$ 0.25	\$ 0.75	\$ 0.75
Payment date	September 30, 2021	September 28, 2020	N/A	N/A
Record date	September 20, 2021	September 18, 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.

21. 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 related operations and (ii) studio properties and related operations. The Company evaluates performance based upon net operating income of the segment operations. 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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Office segment				
Office revenues	\$ 201,866	\$ 180,716	\$ 589,712	\$ 551,451
Office expenses	(71,865)	(66,075)	(207,538)	(194,546)
Office segment profit	130,001	114,641	382,174	356,905
Studio segment				
Studio revenues	25,766	15,569	66,641	49,671
Studio expenses	(12,044)	(9,034)	(35,963)	(27,635)
Studio segment profit	13,722	6,535	30,678	22,036
TOTAL SEGMENT PROFIT	\$ 143,723	\$ 121,176	\$ 412,852	\$ 378,941
Segment revenues	\$ 227,632	\$ 196,285	\$ 656,353	\$ 601,122
Segment expenses	(83,909)	(75,109)	(243,501)	(222,181)
TOTAL SEGMENT PROFIT	\$ 143,723	\$ 121,176	\$ 412,852	\$ 378,941

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
NET (LOSS) INCOME	\$ (6,182)	\$ (1,362)	\$ 12,259	\$ 19,598
General and administrative	18,288	17,428	53,846	53,943
Depreciation and amortization	88,568	75,052	255,507	222,331
(Income) loss from unconsolidated real estate entities	(566)	105	(1,671)	(69)
Fee income	(678)	(575)	(2,323)	(1,741)
Interest expense	30,825	29,838	91,800	84,185
Interest income	(934)	(1,056)	(2,868)	(3,129)
Management services reimbursement income—unconsolidated real estate entities	(253)	—	(879)	—
Management services expense—unconsolidated real estate entities	253	—	879	—
Transaction-related expenses	6,300	181	7,364	440
Unrealized (gain) loss on non-real estate investments	(827)	(513)	(11,620)	2,335
Impairment loss	2,762	—	2,762	—
Loss on extinguishment of debt	6,249	2,654	6,249	2,654
Other (income) expense	(82)	(576)	1,547	(1,606)
TOTAL PROFIT FROM ALL SEGMENTS	\$ 143,723	\$ 121,176	\$ 412,852	\$ 378,941

22. 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 fitness and conference facilities. As of September 30, 2021, the Company's right-of-use assets and lease liabilities related to these lease obligations were \$7.4 million and \$7.5 million, respectively. During the nine months ended September 30, 2021, the Company recognized \$0.8 million of related rental expense in management services expense—unconsolidated joint ventures on the Consolidated Statement of Operations related to these leases.

23. 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 September 30, 2021, the Company has contributed \$14.7 million to these funds, net of distributions, with \$13.3 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

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cash flows. As of September 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 September 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 September 30, 2021, the Company had \$179.9 million in outstanding obligations under the agreements.

24. Supplemental Cash Flow Information

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

	Nine Months Ended September 30,	
	2021	2020
Cash paid for interest, net of capitalized interest	\$ 74,381	\$ 65,908
Non-cash investing and financing activities		
Accounts payable and accrued liabilities for real estate investments	\$ 136,661	\$ 132,836
Lease liabilities recorded in connection with right-of-use assets	\$ 13,881	\$ —
Earnout liability recognized as contingent consideration for business combination	\$ 22,800	\$ —
Accrued liability for common stock repurchases settled after quarter-end	\$ —	\$ 8,468

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

	Nine Months Ended September 30,	
	2021	2020
Cash paid for interest, net of capitalized interest	\$ 74,381	\$ 65,908
Non-cash investing and financing activities		
Accounts payable and accrued liabilities for real estate investments	\$ 136,661	\$ 132,836
Lease liabilities recorded in connection with right-of-use assets	\$ 13,881	\$ —
Earnout liability recognized as contingent consideration for business combination	\$ 22,800	\$ —
Accrued liability for common unit repurchases settled after quarter-end	\$ —	\$ 8,468

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

	Nine Months Ended September 30,	
	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	\$ 110,500	\$ 365,294
Restricted cash	109,737	38,979
TOTAL	\$ 220,237	\$ 404,273

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

	Nine Months Ended September 30,	
	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	\$ 110,500	\$ 365,294
Restricted cash	109,737	38,979
TOTAL	\$ 220,237	\$ 404,273

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 September 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 September 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 remainder 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 September 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 September 30, 2021, our office portfolio consisted of approximately 15.6 million square feet of in-service, repositioning, redevelopment and development properties. Additionally, as of September 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 65 properties (41 wholly-owned properties, 15 properties owned by joint ventures and nine land properties) located in 11 California submarkets, three Seattle submarkets, one Western Canada submarket and one Greater London submarket, totaling approximately 20.0 million square feet.

As of September 30, 2021, our in-service office portfolio was 91.2% leased (including leases not yet commenced). Our same-store studio properties were 87.6% leased for the average percent leased for the 12 months ended September 30, 2021.

The following table summarizes our portfolio as of September 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⁾	46	12,890,572	91.1 %	91.7 %	\$ 51.61
Non-same store ⁽⁵⁾	1	668,209	99.6	99.6	31.29
Total stabilized	47	13,558,781	91.5	92.1	50.52
Lease-up ⁽⁵⁾⁽⁶⁾	3	1,038,982	78.7	78.7	60.31
Total in-service	50	14,597,763	90.6	91.2	51.13
Repositioning ⁽⁵⁾⁽⁷⁾	1	277,089	—	—	—
Redevelopment ⁽⁵⁾	2	697,000	—	83.8	—
Total office	53	15,571,852			
Studio					
Same-store ⁽⁸⁾	3	1,205,809		87.6	41.99
Non-same store ⁽⁹⁾		18,594		—	—
Total studio	3	1,224,403			
Total office and studio properties	56	16,796,255			
Land ⁽¹⁰⁾	9	3,195,406			
TOTAL	65	19,991,661			

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 September 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 September 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 September 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 September 30, 2021.
4. Includes office properties owned and included in our stabilized portfolio as of July 1, 2020 and still owned and included in the stabilized portfolio as of September 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 September 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 35,905 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 July 1, 2020 and still owned and included in our portfolio as of September 30, 2021.
9. Non-same store studio includes 18,594 square feet located at Sunset Las Palmas Studios that was taken off-line during third quarter 2021.
10. 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

Business Acquisitions

On August 16, 2021, the Company acquired 100% of the equity interests in Zio Entertainment Network, LLC (“Zio”). On August 31, 2021, the Company acquired 100% of the equity interests in Star Waggon, LLC (“Star Waggon”). The acquired businesses provide transportation and logistics services to studio productions and their acquisition will expand the Company’s service offerings for its studio platform. See Part I, Item 1 “Note 3 to the Consolidated Financial Statements—Business Combinations” for details.

Property Acquisitions

On July 29, 2021, the Company purchased, through a joint venture entity with Kane Holdco S.A.R.L., an affiliate of Blackstone Property Partners, the land site for the Sunset Waltham Cross Studios development. The Company owns 35% of the ownership interest in the joint venture entity. The Company also owns 35% of the ownership interest in the joint venture entities formed to serve as the general partner and management services company for the property-owning joint venture entity. The joint ventures are not consolidated. See Part I, Item 1 “Note 6 to the Consolidated Financial Statements—Investment in Unconsolidated Real Estate Entities” for details.

We had no property acquisitions related to consolidated entities during the nine months ended September 30, 2021.

Property Dispositions

We had no property dispositions during the nine months ended September 30, 2021.

Held for Sale

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

Under Construction and Future Development Projects

The following table summarizes the properties currently under construction and future development projects as of September 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
Burrard Exchange at Bentall Centre ⁽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
Sunset Waltham Cross Studios—Development ⁽⁷⁾	Broxbourne	TBD	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 Burrard Exchange.
4. We own 50% of the ownership interest in the unconsolidated joint venture that owns Sunset Glenoaks Studios—Development.
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.
7. We own 35% of the ownership interest in the unconsolidated joint venture that owns Sunset Waltham Cross Studios—Development.

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

Lease Expirations

The following table summarizes the lease expirations for leases in place as of September 30, 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 Per Leased Square Foot ⁽⁶⁾	Annualized Base Rent at Expiration	Annualized Base Rent Per Lease Square Foot at Expiration ⁽⁷⁾
					Annualized Base Rent ⁽⁵⁾	Percentage of Office Portfolio Annualized Base Rent			
Vacant		1,677,224	1,578,093	12.4 %					
2021	57	317,909	300,074	2.4	\$ 11,530,771	1.9 %	\$ 38.43	\$ 11,593,213	\$ 38.63
2022	210	1,969,803	1,769,126	14.0	87,022,935	14.7	49.19	87,861,146	49.66
2023	137	1,656,849	1,256,924	9.9	63,631,039	10.7	50.62	66,827,970	53.17
2024	151	1,985,871	1,752,692	13.8	92,313,923	15.5	52.67	100,115,442	57.12
2025	90	1,642,571	1,327,198	10.4	78,749,513	13.2	59.34	87,114,647	65.64
2026	54	713,964	614,792	4.8	37,542,210	6.3	61.06	42,815,378	69.64
2027	44	667,651	557,632	4.4	30,737,806	5.2	55.12	36,728,818	65.87
2028	32	967,007	867,175	6.8	58,567,263	9.8	67.54	70,473,542	81.27
2029	18	325,666	230,563	1.8	17,432,194	2.9	75.61	21,016,891	91.15
2030	14	1,300,155	934,005	7.4	42,861,551	7.2	45.89	57,588,879	61.66
Thereafter	29	1,451,967	817,931	6.4	44,910,618	7.5	54.91	61,673,394	75.40
Building management use ⁽⁸⁾	44	203,288	181,792	1.4	—	—	—	—	—
Signed leases not commenced ⁽⁹⁾	21	670,422	514,507	4.1	30,104,098	5.1	58.51	44,321,407	86.14
Portfolio Total/Weighted Average	901	15,550,347	12,702,504	100.0 %	\$ 595,403,921	100.0 %	\$ 53.52	\$ 688,130,727	\$ 61.86

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 31 month-to-month leases.
3. Total expiring square footage does not include 21,505 square feet of month-to-month leases.
4. Total expiring square footage does not include 13,375 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 deferrals)) as of September 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 deferrals)) under commenced leases, divided by (ii) square footage under commenced leases as of September 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 deferrals)) under commenced leases, divided by (ii) square footage under commenced leases as of September 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 September 30, 2021 and is calculated as (i) base rental payments (defined as cash base rents at expiration (before abatements or deferrals)) under uncommenced leases for vacant space as of September 30, 2021, divided by (ii) square footage under uncommenced leases as of September 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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Renewals⁽¹⁾				
Number of leases	27	19	92	64
Square feet	187,913	79,454	909,757	251,025
Tenant improvement costs per square foot ⁽²⁾⁽³⁾	\$ 16.25	\$ 2.44	\$ 8.23	\$ 4.19
Leasing commission costs per square foot ⁽²⁾	5.24	3.21	7.56	5.41
Total tenant improvement and leasing commission costs⁽²⁾	\$ 21.49	\$ 5.65	\$ 15.79	\$ 9.60
New leases⁽⁴⁾				
Number of leases	26	19	76	59
Square feet	130,515	105,129	443,221	269,919
Tenant improvement costs per square foot ⁽²⁾⁽³⁾	\$ 77.82	\$ 78.93	\$ 67.50	\$ 56.26
Leasing commission costs per square foot ⁽²⁾	14.06	17.17	15.85	10.63
Total tenant improvement and leasing commission costs⁽²⁾	\$ 91.88	\$ 96.10	\$ 83.35	\$ 66.89
TOTAL				
Number of leases	53	38	168	123
Square feet	318,428	184,583	1,352,978	520,944
Tenant improvement costs per square foot ⁽²⁾⁽³⁾	\$ 40.61	\$ 45.59	\$ 26.45	\$ 29.75
Leasing commission costs per square foot ⁽²⁾	8.73	11.08	10.11	7.97
TOTAL TENANT IMPROVEMENT AND LEASING COMMISSION COSTS⁽²⁾	\$ 49.34	\$ 56.67	\$ 36.56	\$ 37.72

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 nine months ended September 30, 2021, there were \$300.0 million in borrowings on the unsecured revolving credit facility. We generally use the unsecured revolving credit facility to finance the acquisition of businesses or other properties, to provide funds for tenant improvements, lease commissions and capital expenditures and to provide for working capital and other corporate purposes.

During the nine months ended September 30, 2021, the joint venture that owns our Hollywood Media Portfolio refinanced its previous \$900.0 million loan secured by the Hollywood Media Portfolio, which bore interest at a rate of LIBOR + 2.15%, with a \$1.1 billion mortgage loan secured by the Hollywood Media Portfolio with an initial interest rate of LIBOR + 1.17%. The refinanced 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 used the proceeds to purchase bonds comprising the loan in the amount of \$209.8 million.

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 September 30, 2021 to the Three Months Ended September 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 groups:

- Same-store, which includes all of the properties owned and included in our stabilized portfolio as of July 1, 2020 and still owned and included in the stabilized portfolio as of September 30, 2021; and
- Non-same-store, which includes:
 - Stabilized non-same-store properties
 - Lease-up properties
 - Repositioning properties
 - Development properties
 - Redevelopment properties
 - Held for sale properties
 - Operating results from studio service-related businesses

The following table reconciles net income to NOI:

	Three Months Ended September 30,		Dollar Change	Percent Change
	2021	2020		
Net loss	\$ (6,182)	\$ (1,362)	\$ (4,820)	353.9 %
Adjustments:				
(Income) loss from unconsolidated real estate entities	(566)	105	(671)	(639.0)
Fee income	(678)	(575)	(103)	17.9
Interest expense	30,825	29,838	987	3.3
Interest income	(934)	(1,056)	122	(11.6)
Management services reimbursement income—unconsolidated real estate entities	253	—	253	—
Management services expense—unconsolidated real estate entities	(253)	—	(253)	—
Transaction-related expenses	6,300	181	6,119	3,380.7
Unrealized gain on non-real estate investments	(827)	(513)	(314)	61.2
Impairment loss	2,762	—	2,762	—
Loss on extinguishment of debt	6,249	2,654	3,595	135.5
Other income	(82)	(576)	494	(85.8)
General and administrative	18,288	17,428	860	4.9
Depreciation and amortization	88,568	75,052	13,516	18.0
NOI	\$ 143,723	\$ 121,176	\$ 22,547	18.6 %
Same-store NOI	\$ 123,811	\$ 114,998	\$ 8,813	7.7 %
Non-same-store NOI	19,912	6,178	13,734	222.3
NOI	\$ 143,723	\$ 121,176	\$ 22,547	18.6 %

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

	Three Months Ended September 30,	
	2021	2020
Same-store office		
Number of properties	45	45
Rentable square feet	11,394,834	11,394,834
Ending % leased	91.0 %	94.2 %
Ending % occupied	90.4 %	93.3 %
Average % occupied for the period	90.3 %	93.4 %
Average annual rental rate per square foot	\$ 54.77	\$ 52.53
Same-store studio		
Number of properties	3	3
Rentable square feet	1,205,809	1,205,809
Average % occupied for the period ⁽¹⁾	87.6 %	91.1 %

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 September 30,					
	2021			2020		
	Same-Store	Non-Same-Store	Total	Same-Store	Non-Same-Store	Total
Revenues						
Office						
Rental	\$ 173,286	\$ 24,655	\$ 197,941	\$ 167,006	\$ 11,250	\$ 178,256
Service and other revenues	3,599	326	3,925	2,240	220	2,460
Total office revenues	176,885	24,981	201,866	169,246	11,470	180,716
Studio						
Rental	12,620	148	12,768	11,724	—	11,724
Service and other revenues	6,131	6,867	12,998	3,845	—	3,845
Total studio revenues	18,751	7,015	25,766	15,569	—	15,569
Total revenues	195,636	31,996	227,632	184,815	11,470	196,285
Operating expenses						
Office operating expenses	62,866	8,999	71,865	60,783	5,292	66,075
Studio operating expenses	8,959	3,085	12,044	9,034	—	9,034
Total operating expenses	71,825	12,084	83,909	69,817	5,292	75,109
Office NOI	114,019	15,982	130,001	108,463	6,178	114,641
Studio NOI	9,792	3,930	13,722	6,535	—	6,535
NOI	\$ 123,811	\$ 19,912	\$ 143,723	\$ 114,998	\$ 6,178	\$ 121,176

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

	Three Months Ended September 30, 2021 as compared to Three Months Ended September 30, 2020					
	Same-Store		Non-Same-Store		Total	
	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
Revenues						
Office						
Rental	\$ 6,280	3.8 %	\$ 13,405	119.2 %	\$ 19,685	11.0 %
Service and other revenues	1,359	60.7	106	48.2	1,465	59.6
Total office revenues	7,639	4.5	13,511	117.8	21,150	11.7
Studio						
Rental	896	7.6	148	—	1,044	8.9
Service and other revenues	2,286	59.5	6,867	—	9,153	238.0
Total studio revenues	3,182	20.4	7,015	—	10,197	65.5
Total revenues	10,821	5.9	20,526	179.0	31,347	16.0
Operating expenses						
Office operating expenses	2,083	3.4	3,707	70.0	5,790	8.8
Studio operating expenses	(75)	(0.8)	3,085	—	3,010	33.3
Total operating expenses	2,008	2.9	6,792	128.3	8,800	11.7
Office NOI	5,556	5.1	9,804	158.7	15,360	13.4
Studio NOI	3,257	49.8	3,930	—	7,187	110.0
NOI	\$ 8,813	7.7 %	\$ 13,734	222.3 %	\$ 22,547	18.6 %

NOI increased \$22.5 million, or 18.6%, for the three months ended September 30, 2021 as compared to the three months ended September 30, 2020, primarily resulting from:

- a \$13.7 million increase in non-same-store NOI driven by:
 - an increase in office NOI of \$9.8 million primarily due to:
 - a \$13.4 million increase in rental revenues primarily resulting from the acquisition of our 1918 Eighth property in December 2020 and a lease commenced at our Harlow property in April 2021 (Company 3).
 - partially offset by a \$3.7 million increase in operating expenses primarily resulting from the acquisition of our 1918 Eighth property.
 - an increase in studio NOI of \$3.9 million primarily due to the acquisition of Zio and Star Waggon in August 2021.
- an \$8.8 million increase in same-store NOI driven by:
 - an increase in office NOI of \$5.6 million primarily due to:
 - a \$6.3 million increase in rental revenues primarily resulting from leases commenced at our Clocktower Square (Rivian Automotive), Rincon Center (Google) and Maxwell (Califia Farms and Twitch) properties and one-time reserves for uncollectible rents recognized during the three months ended September 30, 2020 at various properties; and
 - a \$1.4 million increase in service and other revenues primarily resulting from lease cancellation fees at our 10850 Pico and 11601 Wilshire properties;
 - partially offset by a \$2.1 million increase in office operating expenses primarily resulting from increases in taxes and insurance expense at various properties.
 - an increase in studio NOI of \$3.3 million primarily due to:
 - a \$2.3 million increase in service and other revenues primarily resulting from an increase in lighting and grip services at our studio properties.

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 September 30,			
	2021	2020	Dollar Change	Percent Change
Gross interest expense	\$ 33,912	\$ 32,243	\$ 1,669	5.2 %
Capitalized interest	(5,760)	(4,519)	(1,241)	27.5
Amortization of deferred financing costs and loan discounts/premiums	2,673	2,114	559	26.4
TOTAL	\$ 30,825	\$ 29,838	\$ 987	3.3 %

Gross interest expense increased by \$1.7 million, or 5.2%, to \$33.9 million for the three months ended September 30, 2021 compared to \$32.2 million for the three months ended September 30, 2020. The increase was primarily driven by the issuance of a \$900.0 million loan secured by the Hollywood Media Portfolio in July 2020, the closing of a \$314.3 million loan secured by our 1918 Eighth property in December 2020 and \$114.2 million in draws on the construction loan secured by our One Westside and 10850 Pico properties during the year, partially offset by the paydown of Term Loan B, Term Loan D and the Met Park North loan in July 2020 and the refinancing of the Hollywood Media Portfolio loan in August 2021 at a lower interest rate.

Capitalized interest increased by \$1.2 million, or 27.5%, to \$5.8 million for the three months ended September 30, 2021 compared to \$4.5 million for the three months ended September 30, 2020. The increase was primarily driven by our One Westside and Sunset Las Palmas redevelopment projects and our Metro Plaza repositioning project, partially offset by the completion of our Harlow development property.

Amortization of deferred financing costs and loan discounts/premiums increased by \$0.6 million, or 26.4%, to \$2.7 million for the three months ended September 30, 2021 compared to \$2.1 million for the three months ended September 30, 2020. The increase was primarily driven by the amortization of new issuance costs associated with the original \$900.0 million loan and refinanced \$1.1 billion loan secured by the Hollywood Media Portfolio and the \$314.3 million loan secured by our 1918 Eighth property.

General and administrative expenses

General and administrative expenses remained relatively flat, increasing \$0.9 million, or 4.9%, to \$18.3 million for the three months ended September 30, 2021 compared to \$17.4 million for the three months ended September 30, 2020. 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.

Depreciation and amortization expense

Depreciation and amortization expense increased \$13.5 million, or 18.0%, to \$88.6 million for the three months ended September 30, 2021 compared to \$75.1 million for the three months ended September 30, 2020. The increase was primarily related to our acquisition of 1918 Eighth, the accelerated depreciation of tenant improvements resulting from a termination at our Maxwell property and the depreciation and amortization of non-real estate property, plant and equipment and finite-lived intangible assets acquired as part of the Zio and Star Waggon transactions in August 2021.

Fee income

We recognized fee income of \$0.7 million for the three months ended September 30, 2021 compared to \$0.6 million for the three months ended September 30, 2020. Fee income primarily represents management fee, construction management fee and leasing commission income earned from the unconsolidated real estate entities.

Transaction-related expenses

Transaction-related expenses increased \$6.1 million, or 3,380.7%, to \$6.3 million for the three months ended September 30, 2021 compared to \$0.2 million for the three months ended September 30, 2020. The increase is attributable to the acquisition of Zio and Star Waggon in August 2021.

Unrealized gain on non-real estate investments

We recognized an unrealized gain on non-real estate investments of \$0.8 million for the three months ended September 30, 2021 compared to an unrealized gain on non-real estate investments of \$0.5 million for the three months ended September 30, 2020. The activity in both periods is due to the observable changes in the fair value of the investments.

Loss on extinguishment of debt

During the three months ended September 30, 2021 we completed a refinancing of the loan secured by the Hollywood Media Portfolio and recognized a loss on extinguishment of debt of \$6.2 million primarily representing the write-off of unamortized deferred financing costs associated with the extinguished portion of the loan. During the three months ended September 30, 2020 we recognized a loss on extinguishment of debt of \$2.7 million representing the write-off of unamortized deferred financing costs related to the early repayment of Term Loan B, Term Loan D and the Revolving Sunset Bronson Studios/ICON/CUE facility.

Impairment loss

We recognized an impairment loss of \$2.8 million during the three months ended September 30, 2021 related to a reduction in the estimated hold period of our Del Amo property. We did not recognize any impairment charges during the three months ended September 30, 2020.

Comparison of the Nine Months Ended September 30, 2021 to the Nine Months Ended September 30, 2020

Net Operating Income

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

- Same-store, 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 September 30, 2021; and
- Non-same-store, which includes:
 - Stabilized non-same-store properties
 - Lease-up properties
 - Repositioning properties
 - Development properties
 - Redevelopment properties
 - Held for sale properties
 - Operating results from studio service-related businesses

The following table reconciles net income to NOI:

	Nine Months Ended September 30,		Dollar Change	Percent Change	
	2021	2020			
Net income	\$ 12,259	\$ 19,598	\$ (7,339)	(37.4)	%
Adjustments:					
Income from unconsolidated real estate entities	(1,671)	(69)	(1,602)	2,321.7	
Fee income	(2,323)	(1,741)	(582)	33.4	
Interest expense	91,800	84,185	7,615	9.0	
Interest income	(2,868)	(3,129)	261	(8.3)	
Management services reimbursement income—unconsolidated real estate entities	879	—	879	—	
Management services expense—unconsolidated real estate entities	(879)	—	(879)	—	
Transaction-related expenses	7,364	440	6,924	1,573.6	
Unrealized (gain) loss on non-real estate investments	(11,620)	2,335	(13,955)	(597.6)	
Impairment loss	2,762	—	2,762	—	
Loss on extinguishment of debt	6,249	2,654	3,595	135.5	
Other expense (income)	1,547	(1,606)	3,153	(196.3)	
General and administrative	53,846	53,943	(97)	(0.2)	
Depreciation and amortization	255,507	222,331	33,176	14.9	
NOI	\$ 412,852	\$ 378,941	\$ 33,911	8.9	%
Same-store NOI	354,976	352,938	2,038	0.6	%
Non-same-store NOI	57,876	26,003	31,873	122.6	
NOI	\$ 412,852	\$ 378,941	\$ 33,911	8.9	%

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

	Nine Months Ended September 30,			
	2021		2020	
Same-store office				
Number of properties	43		43	
Rentable square feet	11,118,990		11,118,990	
Ending % leased	91.1	%	94.1	%
Ending % occupied	90.5	%	93.2	%
Average % occupied for the period	90.9	%	94.3	%
Average annual rental rate per square foot	\$	54.59	\$	52.39
Same-store studio				
Number of properties	3		3	
Rentable square feet	1,205,809		1,205,809	
Average % occupied for the period ⁽¹⁾	87.6	%	91.1	%

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:

	Nine Months Ended September 30,					
	2021			2020		
	Same-Store	Non-Same-Store	Total	Same-Store	Non-Same-Store	Total
Revenues						
Office						
Rental	\$ 497,854	\$ 82,500	\$ 580,354	\$ 493,604	\$ 46,419	\$ 540,023
Service and other revenues	7,694	1,664	9,358	10,732	696	11,428
Total office revenues	505,548	84,164	589,712	504,336	47,115	551,451
Studio						
Rental	36,324	148	36,472	36,767	—	36,767
Service and other revenues	23,302	6,867	30,169	12,904	—	12,904
Total studio revenues	59,626	7,015	66,641	49,671	—	49,671
Total revenues	565,174	91,179	656,353	554,007	47,115	601,122
Operating expenses						
Office operating expenses	177,321	30,217	207,538	173,434	21,112	194,546
Studio operating expenses	32,877	3,086	35,963	27,635	—	27,635
Total operating expenses	210,198	33,303	243,501	201,069	21,112	222,181
Office NOI	328,227	53,947	382,174	330,902	26,003	356,905
Studio NOI	26,749	3,929	30,678	22,036	—	22,036
NOI	\$ 354,976	\$ 57,876	\$ 412,852	\$ 352,938	\$ 26,003	\$ 378,941

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

Nine Months Ended September 30, 2021 as compared to Nine Months Ended September 30, 2020									
	Same-Store			Non-Same-Store			Total		
	Dollar Change	Percent Change		Dollar Change	Percent Change		Dollar Change	Percent Change	
Revenues									
Office									
Rental	\$ 4,250	0.9	%	\$ 36,081	77.7	%	\$ 40,331	7.5	%
Service and other revenues	(3,038)	(28.3)		968	139.1		(2,070)	(18.1)	
Total office revenues	1,212	0.2		37,049	78.6		38,261	6.9	
Studio									
Rental	(443)	(1.2)		148	—		(295)	(0.8)	
Service and other revenues	10,398	80.6		6,867	—		17,265	133.8	
Total studio revenues	9,955	20.0		7,015	—		16,970	34.2	
Total revenues	11,167	2.0		44,064	93.5		55,231	9.2	
Operating expenses									
Office operating expenses	3,887	2.2		9,105	43.1		12,992	6.7	
Studio operating expenses	5,242	19.0		3,086	—		8,328	30.1	
Total operating expenses	9,129	4.5		12,191	57.7		21,320	9.6	
NOI	(2,675)	(0.8)		27,944	107.5		25,269	7.1	
NOI	4,713	21.4		3,929	—		8,642	39.2	
NOI	\$ 2,038	0.6	%	\$ 31,873	122.6	%	\$ 33,911	8.9	%

NOI increased \$33.9 million, or 8.9%, for the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020, primarily resulting from:

- a \$31.9 million increase in non-same-store NOI from driven by:
 - an increase in office NOI of \$27.9 million primarily due to:
 - a \$36.1 million increase in rental revenues primarily resulting from the acquisition of our 1918 Eighth property in December 2020 and a lease commenced at our Harlow property (Company 3); and
 - a \$1.0 million increase in service and other revenues primarily resulting from a lease cancellation fee at our 10850 Pico property;
 - partially offset by a \$9.1 million increase in operating expenses primarily resulting from the acquisition of our 1918 Eighth property.
 - an increase in studio NOI of \$3.9 million primarily due to the acquisition of Zio and Star Waggon in August 2021.
- a \$2.0 million increase in same-store NOI driven by:
 - an increase in studio NOI of \$4.7 million primarily due to:
 - a \$10.4 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 \$5.2 million increase in operating expenses primarily resulting from higher lighting rental, utilities, cleaning and security expenses driven by the increase in studio services activity, partially offset by a favorable prior period property tax assessment for our Sunset Las Palmas studio property.
 - a decrease in office NOI of \$2.7 million primarily due to:

- a \$3.9 million increase in operating expenses primarily resulting from an increase in earthquake insurance premium due to an increase in coverage and a prior period property tax assessment for our ICON and CUE properties; and
- a \$3.0 million decrease in service and other revenues primarily resulting from a decrease in parking revenue at our ICON, 505 First, 6040 Sunset and Met Park North properties due to continued reduced activity resulting from the COVID-19 pandemic;
- partially offset by a \$4.3 million increase in rental revenues primarily resulting from the reversal of reserves for uncollectible rents at our 901 Market property, a one-time reserve for uncollectible rents recognized for a significant tenant at our Maxwell property during the nine months ended September 30, 2020 and leases commenced at our Clocktower Square (Rivian Automotive), Maxwell (Calafia Farms and Twitch) and Rincon Center (Google) properties, partially offset by vacancies at our 11601 Wilshire, Techmart, Skyway Landing and 505 First properties.

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:

	Nine Months Ended September 30,			
	2021	2020	Dollar Change	Percent Change
Gross interest expense	\$ 101,341	\$ 93,846	\$ 7,495	8.0 %
Capitalized interest	(17,049)	(14,264)	(2,785)	19.5
Amortization of deferred financing costs and loan discounts/premiums	7,508	4,603	2,905	63.1
TOTAL	\$ 91,800	\$ 84,185	\$ 7,615	9.0 %

Gross interest expense increased by \$7.5 million, or 8.0%, to \$101.3 million for the nine months ended September 30, 2021 compared to \$93.8 million for the nine months ended September 30, 2020. The increase was primarily driven by the issuance of a \$900.0 million loan secured by the Hollywood Media Portfolio in July 2020, the closing of a \$314.3 million loan secured by our 1918 Eighth property in December 2020 and \$114.2 million in draws on the construction loan secured by our One Westside and 10850 Pico properties during the year, 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 \$2.8 million, or 19.5%, to \$17.0 million for the nine months ended September 30, 2021 compared to \$14.3 million for the nine months ended September 30, 2020. The increase was primarily driven by interest capitalized on our One Westside redevelopment project 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 \$2.9 million, or 63.1%, to \$7.5 million for the nine months ended September 30, 2021 compared to \$4.6 million for the nine months ended September 30, 2020. The increase was primarily driven by the amortization of new issuance costs associated with the original \$900.0 million loan and refinanced \$1.1 billion loan secured by the Hollywood Media Portfolio and the \$314.3 million loan secured by our 1918 Eighth property.

General and administrative expenses

General and administrative expenses remained relatively flat, decreasing \$0.1 million, or 0.2%, to \$53.8 million for the nine months ended September 30, 2021 compared to \$53.9 million for the nine months ended September 30, 2020. 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.

Depreciation and amortization expense

Depreciation and amortization expense increased \$33.2 million, or 14.9%, to \$255.5 million for the nine months ended September 30, 2021 compared to \$222.3 million for the nine months ended September 30, 2020. The increase was primarily related to our acquisition of 1918 Eighth, the accelerated depreciation of tenant improvements resulting from a termination at our Maxwell property, the accelerated amortization of lease intangibles resulting from a termination at our 625 Second property and the depreciation and amortization of non-real estate property, plant and equipment and finite-lived intangible assets acquired as part of the Zio and Star Waggons transactions in August 2021.

Transaction-related expenses

Transaction-related expenses increased \$6.9 million, or 1,573.6%, to \$7.4 million for the nine months ended September 30, 2021 compared to \$0.4 million for the nine months ended September 30, 2020. The increase is attributable to the acquisition of Zio and Star Waggons in August 2021.

Fee income

We recognized fee income of \$2.3 million for the nine months ended September 30, 2021 compared to \$1.7 million for the nine months ended September 30, 2020. Fee income primarily represents management fee, construction management fee and leasing commission income earned from our unconsolidated real estate entities.

Unrealized gain (loss) on non-real estate investments

We recognized an unrealized gain on our non-real estate investments of \$11.6 million for the nine months ended September 30, 2021 compared to an unrealized loss on non-real estate investments of \$2.3 million for the nine months ended September 30, 2020. The activity in both periods is due to the observable changes in the fair value of the investments.

Loss on extinguishment of debt

During the nine months ended September 30, 2021 we completed a refinancing of the loan secured by the Hollywood Media Portfolio and recognized a loss on extinguishment of debt of \$6.2 million primarily representing the write-off of unamortized deferred financing costs associated with the extinguished portion of the loan. During the nine months ended September 30, 2020 we recognized a loss on extinguishment of debt of \$2.7 million representing the write-off of unamortized deferred financing costs related to the early repayment of Term Loan B, Term Loan D and the Revolving Sunset Bronson Studios/ICON/CUE facility.

Impairment loss

We recognized an impairment loss of \$2.8 million during the nine months ended September 30, 2021 related to a reduction in the estimated hold period of our Del Amo property. We did not recognize any impairment charges during the nine months ended September 30, 2020.

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 \$110.5 million of cash and cash equivalents at September 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 September 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 September 30, 2021, we had total borrowing capacity of \$600.0 million under our unsecured revolving credit facility, \$300.0 million of which had been drawn. As of September 30, 2021, we had total borrowing capacity of \$414.6 million under our construction loan, secured by our One Westside and 10850 Pico properties, \$220.2 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 September 30, 2021 (in thousands, except percentage):

	September 30, 2021	
Unsecured and secured debt ⁽¹⁾	\$	3,943,973
Series A preferred units		9,815
Total consolidated debt		3,953,788
Common equity capitalization ⁽²⁾		4,091,366
TOTAL CONSOLIDATED MARKET CAPITALIZATION	\$	8,045,154
Total consolidated debt/total consolidated market capitalization		49.1 %

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

2. Common equity capitalization represents the shares of common stock outstanding (including unvested restricted shares), OP units outstanding, restricted performance units and dilutive shares multiplied by the closing price of \$26.27, as reported by the NYSE, on September 30, 2021.

Outstanding Indebtedness

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

	September 30, 2021	December 31, 2020
Unsecured debt	\$ 2,225,000	\$ 1,925,000
Secured debt	\$ 1,718,973	\$ 1,507,276
In-substance defeased debt	\$ 129,105	\$ 131,707
Joint venture partner debt	\$ 66,136	\$ 66,136

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

Liquidity Uses

Contractual Obligations

The terms of the securities purchase agreement for the acquisition of Zio require the Company to pay up to \$15.0 million of additional consideration to the business's former shareholders in 2022 and up to \$20.0 million of additional consideration to the business's former shareholders in 2024, subject to certain performance thresholds being met.

During the nine months ended September 30, 2021, there were no other 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 11 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 15 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 23 to the Consolidated Financial Statements—Commitments and Contingencies" for more detail.

Cash Flows

A comparison of our cash flow activity is as follows:

	Nine Months Ended September 30,			
	2021	2020	Dollar Change	Percent Change
Net cash provided by operating activities	\$ 285,512	\$ 247,890	\$ 37,622	15.2 %
Net cash used in investing activities	\$ (560,602)	\$ (305,204)	\$ (255,398)	83.7 %
Net cash provided by financing activities	\$ 345,787	\$ 403,329	\$ (57,542)	(14.3)%

Cash and cash equivalents and restricted cash were \$220.2 million and \$149.5 million at September 30, 2021 and December 31, 2020, respectively.

Operating Activities

Net cash provided by operating activities increased by \$37.6 million, or 15.2%, to \$285.5 million for the nine months ended September 30, 2021 compared to \$247.9 million for the nine months ended September 30, 2020. The change primarily resulted from the acquisition of our 1918 Eighth property in December 2020 and the acquisitions of Zio and Star Waggon in August 2021, partially offset by an increase in interest expense.

Investing Activities

Net cash used in investing activities increased by \$255.4 million, or 83.7%, to \$560.6 million for the nine months ended September 30, 2021 compared to \$305.2 million for the nine months ended September 30, 2020. The change primarily resulted from the acquisitions of Zio and Star Waggon in August 2021 for combined cash consideration of \$209.9 million, a \$72.1 million increase in contributions to unconsolidated real estate entities primarily related to our investment in the Sunset Waltham Cross

development in July 2021 and \$10.5 million of contributions to non-real estate investments during the nine months ended September 30, 2021. This activity was partially offset by a \$37.8 million decrease in additions to investment in real estate during the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020.

Financing Activities

Net cash provided by financing activities decreased \$57.5 million, or 14.3%, to \$345.8 million for the nine months ended September 30, 2021 compared to \$403.3 million for the nine months ended September 30, 2020. The change primarily resulted from a \$347.7 million decrease in contributions from non-controlling members in consolidated real estate entities due to the sale of a 49% interest in our Hollywood Media Portfolio in July 2020, an \$87.3 million decrease in proceeds from unsecured and secured debt and an \$80.6 million increase in distributions to non-controlling members in consolidated real estate entities. This activity was offset by a \$357.3 million decrease in payments of unsecured and secured debt, \$45.0 million of proceeds from the sale of common stock and a \$38.7 million decrease in repurchases of common stock during the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020.

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 September 30, 2021, the aggregate carrying amount of debt, including both our and our partner’s share, incurred by the unconsolidated entity was approximately \$513.6 million and our proportionate share is approximately \$102.7 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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net (loss) income	\$ (6,182)	\$ (1,362)	\$ 12,259	\$ 19,598
Adjustments:				
Depreciation and amortization—Consolidated	88,568	75,052	255,507	222,331
Depreciation and amortization—Non-real estate assets	(2,221)	(581)	(3,388)	(1,720)
Depreciation and amortization—Company's share from unconsolidated real estate entities	1,462	1,445	4,523	4,181
Impairment loss	2,762	—	2,762	—
Unrealized (gain) loss on non-real estate investments	(827)	(513)	(11,620)	2,335
Tax impact of unrealized gain on non-real estate investment	—	—	1,876	—
FFO attributable to non-controlling interests	(14,288)	(10,725)	(46,731)	(24,619)
FFO attributable to preferred units	(153)	(153)	(459)	(459)
FFO TO COMMON STOCKHOLDERS AND UNITHOLDERS	\$ 69,121	\$ 63,163	\$ 214,729	\$ 221,647

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 nine months ended September 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 entities operating in Canada and the United Kingdom. The unconsolidated real estate entities' functional currencies are the local currencies, or the Canadian dollar and the pound sterling, as applicable. Any gains or losses resulting from the translation of foreign currencies 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 third quarter of the year covered by this report in Hudson Pacific Properties, Inc.'s internal control over financial reporting identified in connection with the evaluation referenced above that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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

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

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are a party to various lawsuits, claims and other legal proceedings arising out of, or incident to, our ordinary course of business. We are not currently a party, as plaintiff or defendant, to any legal proceedings that we believe to be material or that, individually or in the aggregate, would be expected to have a material adverse effect on our business, financial condition, results of operations or cash flows if determined adversely to us.

ITEM 1A. RISK FACTORS

Our 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 third 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 third quarter of 2021, we issued an aggregate of 1,168 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 third quarter of 2021, our operating partnership issued an aggregate of 1,168 units to us in connection with this transaction.

All other issuances of unregistered equity securities of our operating partnership during the nine months ended September 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 \$8.8 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:* None

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
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 September 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 (Loss) Income (unaudited), (iv) Consolidated Statements of Equity (unaudited), (v) Consolidated Statements of Capital (unaudited), (vi) Consolidated Statements of Cash Flows (unaudited) and (vii) Notes to Unaudited Consolidated Financial Statements*				
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)				

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

** 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: October 29, 2021

HUDSON PACIFIC PROPERTIES, INC.

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

Date: October 29, 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: October 29, 2021

HUDSON PACIFIC PROPERTIES, L.P.

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

Date: October 29, 2021

HUDSON PACIFIC PROPERTIES, L.P.

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

CERTIFICATION

I, Victor J. Coleman, certify that:

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

Date: October 29, 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: October 29, 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: October 29, 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: October 29, 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 September 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: October 29, 2021

/s/ VICTOR J. COLEMAN

Victor J. Coleman
Chief Executive Officer

Date: October 29, 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 September 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: October 29, 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: October 29, 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.