
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, 2022

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
Hudson Pacific Properties, Inc.	4.750% Series C Cumulative Redeemable Preferred Stock	HPP Pr C	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 28, 2022 was 140,923,320.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended September 30, 2022 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, 2022, Hudson Pacific Properties, Inc. owned approximately 98.2% of the ownership interest in our operating partnership (including unvested restricted units). The remaining approximately 1.8% 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” and “Quantitative and Qualitative Disclosures About Market Risk,” 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, 2022 (unaudited)	December 31, 2021
ASSETS		
Investment in real estate, at cost	\$ 8,656,934	\$ 8,361,477
Accumulated depreciation and amortization	(1,478,250)	(1,283,774)
Investment in real estate, net	7,178,684	7,077,703
Non-real estate property, plant and equipment, net	128,504	58,469
Cash and cash equivalents	161,667	96,555
Restricted cash	42,401	100,321
Accounts receivable, net	19,692	25,339
Straight-line rent receivables, net	275,518	240,306
Deferred leasing costs and intangible assets, net	405,434	341,444
U.S. Government securities	—	129,321
Operating lease right-of-use assets	399,570	287,041
Prepaid expenses and other assets, net	106,640	119,000
Investment in unconsolidated real estate entities	154,144	154,731
Goodwill	261,139	109,439
Assets associated with real estate held for sale	187,026	250,520
TOTAL ASSETS	\$ 9,320,419	\$ 8,990,189
LIABILITIES AND EQUITY		
Liabilities		
Unsecured and secured debt, net	\$ 4,449,316	\$ 3,733,903
In-substance defeased debt	—	128,212
Joint venture partner debt	66,136	66,136
Accounts payable, accrued liabilities and other	355,545	300,959
Operating lease liabilities	396,412	293,596
Intangible liabilities, net	35,758	42,290
Security deposits, prepaid rent and other	87,049	84,939
Liabilities associated with real estate held for sale	2,475	3,898
Total liabilities	5,392,691	4,653,933
Commitments and contingencies (note 22)		
Redeemable preferred units of the operating partnership	9,815	9,815
Redeemable non-controlling interest in consolidated real estate entities	125,583	129,449
Equity		
Hudson Pacific Properties, Inc. stockholders' equity		
Preferred stock, \$0.01 par value, 18,400,000 authorized at September 30, 2022 and December 31, 2021; 4.750% Series C cumulative redeemable preferred stock, \$25.00 per share liquidation preference, 17,000,000 outstanding at September 30, 2022 and December 31, 2021	425,000	425,000
Common stock, \$0.01 par value, 481,600,000 authorized, 140,923,320 shares and 151,124,543 shares outstanding at September 30, 2022 and December 31, 2021, respectively	1,408	1,511
Additional paid-in capital	2,935,448	3,317,072
Accumulated other comprehensive loss	(17,066)	(1,761)
Total Hudson Pacific Properties, Inc. stockholders' equity	3,344,790	3,741,822
Non-controlling interest—members in consolidated real estate entities	384,724	402,971
Non-controlling interest—units in the operating partnership	62,816	52,199
Total equity	3,792,330	4,196,992
TOTAL LIABILITIES AND EQUITY	\$ 9,320,419	\$ 8,990,189

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,	
	2022	2021	2022	2021
REVENUES				
Office				
Rental	\$ 208,779	\$ 197,941	\$ 626,807	\$ 580,354
Service and other revenues	4,712	3,925	14,328	9,358
Total office revenues	213,491	201,866	641,135	589,712
Studio				
Rental	15,305	12,768	42,137	36,472
Service and other revenues	31,558	12,998	73,025	30,169
Total studio revenues	46,863	25,766	115,162	66,641
Total revenues	260,354	227,632	756,297	656,353
OPERATING EXPENSES				
Office operating expenses	78,340	71,865	230,529	207,538
Studio operating expenses	26,688	12,044	66,357	35,963
General and administrative	19,795	18,288	62,178	53,846
Depreciation and amortization	93,070	88,568	276,701	255,507
Total operating expenses	217,893	190,765	635,765	552,854
OTHER INCOME (EXPENSE)				
(Loss) income from unconsolidated real estate entities	(352)	566	1,731	1,671
Fee income	911	678	3,122	2,323
Interest expense	(37,261)	(30,825)	(101,816)	(91,800)
Interest income	196	934	2,026	2,868
Management services reimbursement income—unconsolidated real estate entities	983	253	3,159	879
Management services expense—unconsolidated real estate entities	(983)	(253)	(3,159)	(879)
Transaction-related expenses	(9,331)	(6,300)	(10,713)	(7,364)
Unrealized (loss) gain on non-real estate investments	(894)	827	(1,062)	11,620
Loss on sale of real estate	(180)	—	(180)	—
Impairment loss	(4,795)	(2,762)	(28,548)	(2,762)
Loss on extinguishment of debt	—	(6,249)	—	(6,249)
Other income (expense)	2,453	82	4,047	(1,547)
Total other expenses	(49,253)	(43,049)	(131,393)	(91,240)
Net (loss) income	(6,792)	(6,182)	(10,861)	12,259
Net income attributable to Series A preferred units	(153)	(153)	(459)	(459)
Net income attributable to Series C preferred shares	(5,047)	—	(15,384)	—
Net income attributable to participating securities	(300)	(276)	(894)	(830)
Net income attributable to non-controlling interest in consolidated real estate entities	(6,256)	(3,585)	(21,898)	(15,764)
Net loss attributable to redeemable non-controlling interest in consolidated real estate entities	1,037	816	4,433	2,780
Net loss attributable to common units in the operating partnership	225	85	548	16
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (17,286)	\$ (9,295)	\$ (44,515)	\$ (1,998)
BASIC AND DILUTED PER SHARE AMOUNTS				
Net loss attributable to common stockholders—basic	\$ (0.12)	\$ (0.06)	\$ (0.31)	\$ (0.01)
Net loss attributable to common stockholders—diluted	\$ (0.12)	\$ (0.06)	\$ (0.31)	\$ (0.01)
Weighted average shares of common stock outstanding—basic	141,117,194	152,320,252	144,677,652	151,443,305
Weighted average shares of common stock outstanding—diluted	141,117,194	152,320,252	144,677,652	151,443,305

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,	
	2022	2021	2022	2021
Net (loss) income	\$ (6,792)	\$ (6,182)	\$ (10,861)	\$ 12,259
Currency translation adjustments	(10,052)	(3,511)	(18,501)	(1,588)
Net unrealized gains on derivative instruments:				
Unrealized gains (losses)	4,640	(243)	9,200	(379)
Reclassification adjustment for realized (gains) losses	(4,782)	2,019	(6,277)	5,702
Total net unrealized gains (losses) on derivative instruments	(142)	1,776	2,923	5,323
Total other comprehensive (loss) income	(10,194)	(1,735)	(15,578)	3,735
Comprehensive (loss) income	(16,986)	(7,917)	(26,439)	15,994
Comprehensive income attributable to Series A preferred units	(153)	(153)	(459)	(459)
Comprehensive income attributable to Series C preferred stock	(5,047)	—	(15,384)	—
Comprehensive income attributable to participating securities	(300)	(276)	(894)	(830)
Comprehensive income attributable to non-controlling interest in consolidated real estate entities	(6,256)	(3,585)	(21,898)	(15,764)
Comprehensive loss attributable to redeemable non-controlling interest in consolidated real estate entities	1,037	816	4,433	2,780
Comprehensive loss (income) attributable to non-controlling interest in the operating partnership	404	108	821	(34)
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (27,301)	\$ (11,007)	\$ (59,820)	\$ 1,687

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, 2022
(unaudited, in thousands, except share data)

	Hudson Pacific Properties, Inc. Stockholders' Equity						Non-controlling Interest		
	Series C Cumulative Redeemable Preferred Stock	Shares of Common Stock	Stock Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Units in the Operating Partnership	Members in Consolidated Real Estate Entities	Total Equity
Balance, June 30, 2022	\$ 425,000	141,609,336	\$ 1,415	\$ 2,985,666	\$ —	\$ (7,051)	\$ 58,992	\$ 384,707	\$ 3,848,729
Contributions	—	—	—	—	—	—	—	784	784
Distributions	—	—	—	—	—	—	—	(7,023)	(7,023)
Transaction costs	—	—	—	(359)	—	—	—	—	(359)
Accelerated share repurchase	—	(686,016)	(7)	7	—	—	—	—	—
Declared dividend	(5,047)	—	—	(52,347)	16,986	—	(679)	—	(41,087)
Amortization of stock-based compensation	—	—	—	2,481	—	—	4,907	—	7,388
Net income (loss)	5,047	—	—	—	(16,986)	—	(225)	6,256	(5,908)
Other comprehensive loss	—	—	—	—	—	(10,015)	(179)	—	(10,194)
Balance, September 30, 2022	\$ 425,000	140,923,320	\$ 1,408	\$ 2,935,448	\$ —	\$ (17,066)	\$ 62,816	\$ 384,724	\$ 3,792,330
Balance, December 31, 2021	\$ 425,000	151,124,543	\$ 1,511	\$ 3,317,072	\$ —	\$ (1,761)	\$ 52,199	\$ 402,971	\$ 4,196,992
Contributions	—	—	—	—	—	—	—	16,241	16,241
Distributions	—	—	—	—	—	—	—	(56,386)	(56,386)
Transaction costs	—	—	—	(573)	—	—	—	—	(573)
Issuance of unrestricted stock	—	32,861	—	—	—	—	—	—	—
Shares repurchased	—	(2,105,359)	(21)	(37,185)	—	—	—	—	(37,206)
Accelerated share repurchase	—	(8,128,725)	(82)	(199,918)	—	—	—	—	(200,000)
Declared dividend	(15,384)	—	—	(150,972)	43,621	—	(2,037)	—	(124,772)
Amortization of stock-based compensation	—	—	—	7,024	—	—	13,475	—	20,499
Net income (loss)	15,384	—	—	—	(43,621)	—	(548)	21,898	(6,887)
Other comprehensive loss	—	—	—	—	—	(15,305)	(273)	—	(15,578)
Balance, September 30, 2022	\$ 425,000	140,923,320	\$ 1,408	\$ 2,935,448	\$ —	\$ (17,066)	\$ 62,816	\$ 384,724	\$ 3,792,330

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		
	Series C Cumulative Redeemable Preferred Stock	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 (loss) 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 CASH FLOWS
(unaudited, in thousands)

	Nine Months Ended September 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (10,861)	\$ 12,259
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	276,701	255,507
Non-cash portion of interest expense	10,248	7,508
Amortization of stock-based compensation	17,816	15,718
Income from unconsolidated real estate entities	(1,731)	(1,671)
Unrealized loss (gain) on non-real estate investments	1,062	(11,620)
Straight-line rents	(33,951)	(15,596)
Straight-line rent expenses	1,796	1,079
Amortization of above- and below-market leases, net	(6,393)	(8,281)
Amortization of above- and below-market ground leases, net	2,042	1,764
Amortization of lease incentive costs	1,222	1,427
Distribution of income from unconsolidated real estate entities	1,961	1,437
Gain on derivatives	(8,044)	—
Impairment loss	28,548	2,762
Loss on extinguishment of debt	—	6,249
Earnout liability fair value adjustment	1,757	—
Loss on sale of real estate	180	—
Gain from insurance proceeds	(1,167)	—
Change in operating assets and liabilities:		
Accounts receivable	13,003	4,526
Deferred leasing costs and lease intangibles	(19,553)	(11,696)
Prepaid expenses and other assets	(10,928)	(18,665)
Accounts payable, accrued liabilities and other	63,334	55,735
Security deposits, prepaid rent and other	1,507	(12,930)
Net cash provided by operating activities	328,549	285,512
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of real estate	44,537	—
Additions to investment in real estate	(171,011)	(271,102)
Property acquisitions	(96,443)	—
Acquisitions of businesses	(197,862)	(209,854)
Maturities of U.S. Government securities	129,300	5,002
Contributions to non-real estate investments	(14,791)	(10,530)
Distributions from non-real estate investments	329	13
Distributions from unconsolidated real estate entities	1,067	1,246
Contributions to unconsolidated real estate entities	(18,766)	(73,098)
Additions to non-real estate property, plant and equipment	(13,071)	(2,279)
Insurance proceeds for damaged property, plant and equipment	1,284	—
Net cash used in investing activities	(335,427)	(560,602)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from unsecured and secured debt	978,251	1,304,352
Payments of unsecured and secured debt	(430,000)	(792,656)
Payments of in-substance defeased debt	(128,212)	(2,602)
Proceeds from sale of common stock	—	44,974
Transaction costs	(573)	(386)
Repurchases of common stock	(37,206)	(14,756)
Accelerated share repurchase	(200,000)	—
Dividends paid to common stock and unitholders	(109,388)	(115,913)
Dividends paid to preferred stock and unitholders	(18,124)	(459)
Contributions from redeemable non-controlling members in consolidated real estate entities	575	4,262
Distributions to redeemable non-controlling members in consolidated real estate entities	(8)	(8)

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

Contributions from non-controlling members in consolidated real estate entities	16,241	24,718
Distributions to non-controlling members in consolidated real estate entities	(56,386)	(90,236)
Payments to satisfy tax withholding obligations	—	(693)
Payments of loan costs	(1,100)	(14,810)
Net cash provided by financing activities	14,070	345,787
Net increase in cash and cash equivalents and restricted cash	7,192	70,697
Cash and cash equivalents and restricted cash—beginning of period	196,876	149,540
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—END OF PERIOD	\$ 204,068	\$ 220,237

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

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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, 2022 (unaudited)	December 31, 2021
ASSETS		
Investment in real estate, at cost	\$ 8,656,934	\$ 8,361,477
Accumulated depreciation and amortization	(1,478,250)	(1,283,774)
Investment in real estate, net	7,178,684	7,077,703
Non-real estate property, plant and equipment, net	128,504	58,469
Cash and cash equivalents	161,667	96,555
Restricted cash	42,401	100,321
Accounts receivable, net	19,692	25,339
Straight-line rent receivables, net	275,518	240,306
Deferred leasing costs and intangible assets, net	405,434	341,444
U.S. Government securities	—	129,321
Operating lease right-of-use assets	399,570	287,041
Prepaid expenses and other assets, net	106,640	119,000
Investment in unconsolidated real estate entities	154,144	154,731
Goodwill	261,139	109,439
Assets associated with real estate held for sale	187,026	250,520
TOTAL ASSETS	\$ 9,320,419	\$ 8,990,189
LIABILITIES AND CAPITAL		
Liabilities		
Unsecured and secured debt, net	\$ 4,449,316	\$ 3,733,903
In-substance defeased debt	—	128,212
Joint venture partner debt	66,136	66,136
Accounts payable, accrued liabilities and other	355,545	300,959
Operating lease liabilities	396,412	293,596
Intangible liabilities, net	35,758	42,290
Security deposits, prepaid rent and other	87,049	84,939
Liabilities associated with real estate held for sale	2,475	3,898
Total liabilities	5,392,691	4,653,933
Commitments and contingencies (note 22)		
Redeemable preferred units of the operating partnership	9,815	9,815
Redeemable non-controlling interest in consolidated real estate entities	125,583	129,449
Capital		
Hudson Pacific Properties, L.P. partners' capital		
4.750% Series C cumulative redeemable preferred units, \$25.00 per unit liquidation preference, 17,000,000 outstanding at September 30, 2022 and December 31, 2021	425,000	425,000
Common units, 142,769,584 and 152,967,441 outstanding at September 30, 2022 and December 31, 2021, respectively	2,999,963	3,370,800
Accumulated other comprehensive loss	(17,357)	(1,779)
Total Hudson Pacific Properties, L.P. partners' capital	3,407,606	3,794,021
Non-controlling interest—members in consolidated real estate entities	384,724	402,971
Total capital	3,792,330	4,196,992
TOTAL LIABILITIES AND CAPITAL	\$ 9,320,419	\$ 8,990,189

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,	
	2022	2021	2022	2021
REVENUES				
Office				
Rental	\$ 208,779	\$ 197,941	\$ 626,807	\$ 580,354
Service and other revenues	4,712	3,925	14,328	9,358
Total office revenues	213,491	201,866	641,135	589,712
Studio				
Rental	15,305	12,768	42,137	36,472
Service and other revenues	31,558	12,998	73,025	30,169
Total studio revenues	46,863	25,766	115,162	66,641
Total revenues	260,354	227,632	756,297	656,353
OPERATING EXPENSES				
Office operating expenses	78,340	71,865	230,529	207,538
Studio operating expenses	26,688	12,044	66,357	35,963
General and administrative	19,795	18,288	62,178	53,846
Depreciation and amortization	93,070	88,568	276,701	255,507
Total operating expenses	217,893	190,765	635,765	552,854
OTHER INCOME (EXPENSE)				
(Loss) income from unconsolidated real estate entities	(352)	566	1,731	1,671
Fee income	911	678	3,122	2,323
Interest expense	(37,261)	(30,825)	(101,816)	(91,800)
Interest income	196	934	2,026	2,868
Management services reimbursement income—unconsolidated real estate entities	983	253	3,159	879
Management services expense—unconsolidated real estate entities	(983)	(253)	(3,159)	(879)
Transaction-related expenses	(9,331)	(6,300)	(10,713)	(7,364)
Unrealized (loss) gain on non-real estate investments	(894)	827	(1,062)	11,620
Loss on sale of real estate	(180)	—	(180)	—
Impairment loss	(4,795)	(2,762)	(28,548)	(2,762)
Loss on extinguishment of debt	—	(6,249)	—	(6,249)
Other income (expense)	2,453	82	4,047	(1,547)
Total other expenses	(49,253)	(43,049)	(131,393)	(91,240)
Net (loss) income	(6,792)	(6,182)	(10,861)	12,259
Net income attributable to non-controlling interest in consolidated real estate entities	(6,256)	(3,585)	(21,898)	(15,764)
Net loss attributable to redeemable non-controlling interest in consolidated real estate entities	1,037	816	4,433	2,780
Net loss attributable to Hudson Pacific Properties, L.P.	(12,011)	(8,951)	(28,326)	(725)
Net income attributable to Series A preferred units	(153)	(153)	(459)	(459)
Net income attributable to Series C preferred units	(5,047)	—	(15,384)	—
Net income attributable to participating securities	(300)	(276)	(894)	(830)
NET LOSS AVAILABLE TO COMMON UNITHOLDERS	\$ (17,511)	\$ (9,380)	\$ (45,063)	\$ (2,014)
BASIC AND DILUTED PER UNIT AMOUNTS				
Net loss attributable to common unitholders—basic	\$ (0.12)	\$ (0.06)	\$ (0.31)	\$ (0.01)
Net loss attributable to common unitholders—diluted	\$ (0.12)	\$ (0.06)	\$ (0.31)	\$ (0.01)
Weighted average shares of common units outstanding—basic	142,963,458	153,701,876	146,523,102	152,818,720
Weighted average shares of common units outstanding—diluted	142,963,458	153,701,876	146,523,102	152,818,720

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,	
	2022	2021	2022	2021
Net (loss) income	\$ (6,792)	\$ (6,182)	\$ (10,861)	\$ 12,259
Currency translation adjustments	(10,052)	(3,511)	(18,501)	(1,588)
Net unrealized gains on derivative instruments:				
Unrealized gains (losses)	4,640	(243)	9,200	(379)
Reclassification adjustment for realized (gains) losses	(4,782)	2,019	(6,277)	5,702
Total net unrealized gains (losses) on derivative instruments	(142)	1,776	2,923	5,323
Total other comprehensive (loss) income	(10,194)	(1,735)	(15,578)	3,735
Comprehensive (loss) income	(16,986)	(7,917)	(26,439)	15,994
Comprehensive income attributable to Series A preferred units	(153)	(153)	(459)	(459)
Comprehensive income attributable to Series C preferred units	(5,047)	—	(15,384)	—
Comprehensive income attributable to participating securities	(300)	(276)	(894)	(830)
Comprehensive income attributable to non-controlling interest in consolidated real estate entities	(6,256)	(3,585)	(21,898)	(15,764)
Comprehensive loss attributable to redeemable non-controlling interest in consolidated real estate entities	1,037	816	4,433	2,780
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO PARTNERS' CAPITAL	\$ (27,705)	\$ (11,115)	\$ (60,641)	\$ 1,721

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, 2022
(unaudited, in thousands, except share data)

Hudson Pacific Properties, L.P. Partners' Capital							
	Preferred Units	Number of Common Units	Common Units	Accumulated Other Comprehensive Loss	Total Partners' Capital	Non-controlling Interest—Members in Consolidated Real Estate Entities	Total Capital
Balance, June 30, 2022	\$ 425,000	143,455,600	\$ 3,046,185	\$ (7,163)	\$ 3,464,022	\$ 384,707	\$ 3,848,729
Contributions	—	—	—	—	—	784	784
Distributions	—	—	—	—	—	(7,023)	(7,023)
Transaction costs	—	—	(359)	—	(359)	—	(359)
Repurchase of common units	—	(686,016)	—	—	—	—	—
Declared distributions	(5,047)	—	(36,040)	—	(41,087)	—	(41,087)
Amortization of unit-based compensation	—	—	7,388	—	7,388	—	7,388
Net income (loss)	5,047	—	(17,211)	—	(12,164)	6,256	(5,908)
Other comprehensive loss	—	—	—	(10,194)	(10,194)	—	(10,194)
Balance, September 30, 2022	\$ 425,000	142,769,584	\$ 2,999,963	\$ (17,357)	\$ 3,407,606	\$ 384,724	\$ 3,792,330
Balance, December 31, 2021	\$ 425,000	152,967,441	\$ 3,370,800	\$ (1,779)	\$ 3,794,021	\$ 402,971	\$ 4,196,992
Contributions	—	—	—	—	—	16,241	16,241
Distributions	—	—	—	—	—	(56,386)	(56,386)
Transaction costs	—	—	(573)	—	(573)	—	(573)
Issuance of unrestricted units	—	36,227	—	—	—	—	—
Repurchase of common units	—	(10,234,084)	(237,206)	—	(237,206)	—	(237,206)
Declared distributions	(15,384)	—	(109,388)	—	(124,772)	—	(124,772)
Amortization of unit-based compensation	—	—	20,499	—	20,499	—	20,499
Net income (loss)	15,384	—	(44,169)	—	(28,785)	21,898	(6,887)
Other comprehensive loss	—	—	—	(15,578)	(15,578)	—	(15,578)
Balance, September 30, 2022	\$ 425,000	142,769,584	\$ 2,999,963	\$ (17,357)	\$ 3,407,606	\$ 384,724	\$ 3,792,330

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							
	Preferred Units	Number of Common Units	Common Units	Accumulated Other Comprehensive Loss	Total Partners' Capital	Non-controlling Interest—Members in Consolidated Real Estate Entities	Total 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	—	—	—	—	—
Units withheld to satisfy tax withholding obligations	—	(29,581)	(693)	—	(693)	—	(693)
Repurchase of common units	—	(632,109)	(14,756)	—	(14,756)	—	(14,756)
Declared distributions	—	—	(115,913)	—	(115,913)	—	(115,913)
Amortization of unit-based compensation	—	—	18,377	—	18,377	—	18,377
Net (loss) 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 CASH FLOWS
(unaudited, in thousands)

	Nine Months Ended September 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (10,861)	\$ 12,259
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	276,701	255,507
Non-cash portion of interest expense	10,248	7,508
Amortization of unit-based compensation	17,816	15,718
Income from unconsolidated real estate entities	(1,731)	(1,671)
Unrealized loss (gain) on non-real estate investments	1,062	(11,620)
Straight-line rents	(33,951)	(15,596)
Straight-line rent expenses	1,796	1,079
Amortization of above- and below-market leases, net	(6,393)	(8,281)
Amortization of above- and below-market ground leases, net	2,042	1,764
Amortization of lease incentive costs	1,222	1,427
Distribution of income from unconsolidated real estate entities	1,961	1,437
Gain on derivatives	(8,044)	—
Impairment loss	28,548	2,762
Loss on extinguishment of debt	—	6,249
Earnout liability fair value adjustment	1,757	—
Loss on sale of real estate	180	—
Gain from insurance proceeds	(1,167)	—
Change in operating assets and liabilities:		
Accounts receivable	13,003	4,526
Deferred leasing costs and lease intangibles	(19,553)	(11,696)
Prepaid expenses and other assets	(10,928)	(18,665)
Accounts payable, accrued liabilities and other	63,334	55,735
Security deposits, prepaid rent and other	1,507	(12,930)
Net cash provided by operating activities	328,549	285,512
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of real estate	44,537	—
Additions to investment in real estate	(171,011)	(271,102)
Property acquisitions	(96,443)	—
Acquisitions of businesses	(197,862)	(209,854)
Maturities of U.S. Government securities	129,300	5,002
Contributions to non-real estate investments	(14,791)	(10,530)
Distributions from non-real estate investments	329	13
Distributions from unconsolidated real estate entities	1,067	1,246
Contributions to unconsolidated real estate entities	(18,766)	(73,098)
Additions to non-real estate property, plant and equipment	(13,071)	(2,279)
Insurance proceeds for damaged property, plant and equipment	1,284	—
Net cash used in investing activities	(335,427)	(560,602)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from unsecured and secured debt	978,251	1,304,352
Payments of unsecured and secured debt	(430,000)	(792,656)
Payments of in-substance defeased debt	(128,212)	(2,602)
Proceeds from sale of common units	—	44,974
Transaction costs	(573)	(386)
Repurchases of common units	(237,206)	(14,756)
Distributions paid to common unitholders	(109,388)	(115,913)
Distributions paid to preferred unitholders	(18,124)	(459)
Contributions from redeemable non-controlling members in consolidated real estate entities	575	4,262
Distributions to redeemable non-controlling members in consolidated real estate entities	(8)	(8)
Contributions from non-controlling members in consolidated real estate entities	16,241	24,718
Distributions to non-controlling members in consolidated real estate entities	(56,386)	(90,236)

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

Payments to satisfy tax withholding obligations	—	(693)
Payments of loan costs	(1,100)	(14,810)
Net cash provided by financing activities	14,070	345,787
Net increase in cash and cash equivalents and restricted cash	7,192	70,697
Cash and cash equivalents and restricted cash—beginning of period	196,876	149,540
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—END OF PERIOD	\$ 204,068	\$ 220,237

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 primarily located throughout the United States, Western Canada and Greater London, United Kingdom. The following table summarizes the Company’s portfolio as of September 30, 2022:

Segments	Number of Properties	Square Feet (unaudited)
Consolidated portfolio		
Office	52	14,543,539
Studio	4	1,291,260
Land	5	1,966,242
Total consolidated portfolio	61	17,801,041
Unconsolidated portfolio⁽¹⁾		
Office ⁽²⁾	1	1,509,943
Studio ⁽³⁾	1	241,000
Land ⁽⁴⁾	2	1,617,347
Total unconsolidated portfolio	4	3,368,290
TOTAL⁽⁵⁾	65	21,169,331

1. The Company owns 20% of the unconsolidated joint venture entity which owns the Bentall Centre property, 50% of the unconsolidated joint venture entity that owns the Sunset Glenoaks Studios 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 Bentall Centre.
3. Includes Sunset Glenoaks Studios.
4. Includes land for the Burrard Exchange at Bentall Centre and Sunset Waltham Cross Studios.
5. Includes repositioning, redevelopment, development and held for sale 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, 2022. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements in the 2021 Annual Report on Form 10-K of Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. and the notes thereto.

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

Principles of Consolidation

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

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

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

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

The entity that consolidates a VIE is known as its primary beneficiary and is generally the entity with both the power to direct the activities that most significantly affect the VIE’s economic performance and the right to receive benefits from the VIE or the obligation to absorb losses of the VIE that could be significant to the VIE. As of September 30, 2022, the Company has determined that its operating partnership and 19 joint ventures met the definition of a VIE. 13 of these joint ventures are consolidated and six are unconsolidated.

Consolidated Joint Ventures

As of September 30, 2022, the operating partnership has determined that 13 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 1440 North Gower Street, 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”).

As of September 30, 2022 and December 31, 2021, the Company has determined that its operating partnership met the definition of a VIE and is consolidated.

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

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, 2022, the Company has determined it is not the primary beneficiary of six of its joint ventures that are VIEs. 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.

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 (loss) income from unconsolidated real estate entities on the Consolidated Statements of Operations. The Company uses the cumulative earnings approach for determining cash flow presentation of distributions from unconsolidated joint ventures. Under this approach, distributions up to the amount of cumulative equity in earnings recognized are classified as cash inflows from operating activities, and those in excess of that amount are classified as cash inflows from investing activities. Refer to Note 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 the valuation of 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, 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, sound stage leases, office leases and other 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 makes 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 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

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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 23 years as of September 30, 2022.

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 and other revenues
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 and other revenues
Other revenues	Parking revenue that is not associated with lease agreements and other	Office and Studio segments: service and other revenues
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, 2022 and 2021:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Ancillary revenues	\$ 29,854	\$ 12,224	\$ 68,817	\$ 26,857
Other revenues	\$ 5,925	\$ 4,281	\$ 17,129	\$ 11,246
Studio-related tenant recoveries	\$ 491	\$ 418	\$ 1,407	\$ 1,424
Management fee income	\$ 911	\$ 678	\$ 3,122	\$ 2,323
Management services reimbursement income	\$ 983	\$ 253	\$ 3,159	\$ 879

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

	September 30, 2022	December 31, 2021
Ancillary revenues	\$ 16,890	\$ 7,381
Other revenues	\$ 1,241	\$ 1,078

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

Goodwill is an unidentifiable intangible asset and is recognized as a residual, generally measured as the excess of consideration transferred in a business combination over the identifiable assets acquired and liabilities assumed. Goodwill is assigned to reporting units that are expected to benefit from the synergies of the business combination.

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. Goodwill is tested for impairment at the reporting unit to which it is assigned, which can be an operating segment or one level below an operating segment. The Company has three operating segments: the management entity, Office and Studio. The management entity and the Office operating segments are each a reporting unit. Within the Studio operating segment, there are two reporting units: Studio Properties and Studio Services, the latter of which consists of the Zio Entertainment Network, LLC ("Zio") and Star Waggon, LLC ("Star Waggon") businesses acquired in the year ended December 31, 2021 and the Quixote Studios ("Quixote") business acquired in August 2022.

The assessment of goodwill for impairment may initially be performed based on qualitative factors to determine if it is more likely than not that the fair value of the reporting unit is less than its carrying value, including goodwill. If so, a quantitative assessment is performed, and to the extent the carrying value of the reporting unit exceeds its fair value, impairment is recognized.

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for the excess up to the amount of goodwill assigned to the reporting unit. Alternatively, the Company may bypass a qualitative assessment and proceed directly to a quantitative assessment. As of September 30, 2022 and December 31, 2021, the carrying value of goodwill was \$261.1 million and \$109.4 million, respectively. The \$151.7 million increase in the carrying value of goodwill was due to the acquisition of Quixote in August 2022. No impairment indicators have been identified during the three and nine months ended September 30, 2022 and 2021.

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

Quixote Acquisition

On August 31, 2022 (“Quixote Acquisition Date”), the Company acquired 100% of the equity interests in Quixote, which rents sound stages, cast trailers and trucks and other equipment essential for media content production and will expand the Company’s service offerings for its studio platform.

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

Cash	\$	197,862
Seller note payable		160,000
Total consideration	\$	357,862

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

Cash and cash equivalents	\$	5,780
Accounts receivable		7,238
Prepaid expenses and other assets		3,788
Investment in real estate		47,741
Non-real estate property, plant and equipment		65,939
Intangible assets		76,900
Right-of-use assets		103,579
Total assets acquired		310,965
Accounts payable, accrued liabilities and other	\$	12,700
Lease liabilities		92,070
Total liabilities assumed		104,770
Net identifiable assets acquired	\$	206,195
Goodwill		151,667
NET ASSETS ACQUIRED	\$	357,862

Of the \$76.9 million of intangible assets acquired as part of the Quixote acquisition, \$28.6 million was provisionally assigned to the registered trade name, which is not subject to amortization. The remaining \$48.3 million of acquired intangible assets includes provisional measurements for customer relationships of \$45.4 million (seven-year useful life) and non-compete agreements of \$2.9 million (five-year weighted-average useful life). The definite-lived intangible assets are subject to a weighted-average useful life of approximately seven years.

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Goodwill of \$151.7 million for the Quixote acquisition was recognized on the Quixote Acquisition Date. The goodwill recognized is attributable to expected synergies and the assembled workforce of Quixote. The goodwill has been allocated to the studio services reporting unit. Goodwill is deductible for tax purposes and, as a result, deferred taxes have been recorded. As of September 30, 2022, there was no change in the recognized amount of goodwill resulting from this acquisition.

During the three and nine months ended September 30, 2022, the Company recognized acquisition-related costs of \$7.1 million for the Quixote acquisition. These costs are included in transaction-related expenses on the Consolidated Statement of Operations.

The amounts of revenue and net income of Quixote included in the Company's Consolidated Statements of Operations from the Quixote Acquisition Date to September 30, 2022 are as follows:

	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
Revenue	\$ 8,852	\$ 8,852
Net income	1,257	1,257

Zio and Star Waggons Acquisitions

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 and Star Waggons, 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.

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

	Zio	Star Waggons
Cash	\$ 117,198	\$ 92,656
Contingent consideration	22,543	—
Total consideration	\$ 139,741	\$ 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, of which \$15.0 million has been paid through September 30, 2022.

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The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the respective Acquisition Dates:

	Zio	Star Waggon
Cash and cash equivalents	\$ 1,084	\$ 300
Accounts receivable	3,001	4,185
Prepaid expenses and other assets	1,509	1,605
Non-real estate property, plant and equipment	23,399	25,000
Intangible assets	41,670	33,480
Total assets acquired	70,663	64,570
Accounts payable, accrued liabilities and other	\$ 1,498	\$ 1,913
Intangible liabilities	—	110
Total liabilities assumed	1,498	2,023
Net identifiable assets acquired	\$ 69,165	\$ 62,547
Goodwill	70,576	30,109
NET ASSETS ACQUIRED	\$ 139,741	\$ 92,656

Of the \$41.7 million of intangible assets acquired as part of the Zio acquisition, \$8.5 million was 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 (seven-year useful life) and non-compete agreements of \$3.0 million (five-year weighted-average useful life). The definite-lived intangible assets are subject to a weighted-average useful life of approximately seven years.

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

Goodwill of \$70.6 million and \$30.1 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. The goodwill has been allocated to the studio services reporting unit. Goodwill is deductible for tax purposes and as a result, deferred taxes have been recorded. As of September 30, 2022, there were no changes in the recognized amounts of goodwill resulting from these acquisitions.

During the three and nine months ended September 30, 2021, the Company recognized acquisition-related costs of \$3.4 million and \$2.4 million for the Zio and Star Waggon acquisitions, respectively. These costs are included in transaction-related expenses on the Consolidated Statement of Operations.

4. Investment in Real Estate

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

	September 30, 2022	December 31, 2021
Land	\$ 1,397,714	\$ 1,313,385
Building and improvements	6,305,120	6,241,254
Tenant improvements	868,750	786,991
Furniture and fixtures	9,600	14,020
Property under development	75,750	5,827
INVESTMENT IN REAL ESTATE, AT COST	\$ 8,656,934	\$ 8,361,477

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Acquisitions of Real Estate

On April 27, 2022, the Company completed its previously announced acquisition of Washington 1000, a fully entitled office development site in Seattle, Washington for a total purchase price of \$85.6 million, before certain credits, prorations and closing costs.

On May 19, 2022, the Company purchased a parcel of land at Sunset Gower Studios that was previously encumbered by a ground lease for a total purchase price of \$22.0 million, before certain credits, prorations and closing costs.

On July 15, 2022, the Company purchased 5801 Bobby Foster Road, approximately 29 acres of land with an office/warehouse located in Albuquerque, New Mexico, for the storage of trailers and other rental assets used to serve the surrounding studio production industry. The property was acquired for a total purchase price of \$8.0 million, before certain credits, prorations and closing costs.

The following table represents the Company's final purchase price accounting for the asset acquisitions completed during the nine months ended September 30, 2022:

	Washington 1000	Sunset Gower Studios Land	5801 Bobby Foster Road
TOTAL ACQUISITION COST⁽¹⁾	\$ 86,313	\$ 22,156	\$ 8,457
Allocation of acquisition cost			
Land	\$ 59,987	\$ 22,156	\$ 2,189
Building and improvements	11,053	—	6,268
Parking easement ⁽²⁾	15,273	—	—
TOTAL	\$ 86,313	\$ 22,156	\$ 8,457

1. Includes capitalized transaction-related expenses.

2. Parking easement has an indefinite useful life and is recorded in deferred leasing costs and intangible assets, net on the Consolidated Balance Sheet.

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 three and nine months ended September 30, 2022, the Company recorded \$0.2 million and \$13.0 million, respectively, of impairment charges related to the tangible assets of its Del Amo office property due to a reduction in the estimated fair value of the property. The property was sold in August 2022. The estimated fair value of \$2.8 million was based on the sales price of the property, which is classified within Level 2 of the fair value hierarchy.

During three and nine months ended September 30, 2022, the Company recorded \$1.5 million of impairment charges related to the tangible assets of its Northview Center office property due to a reduction in the estimated fair value of the property. The property was sold in August 2022. The estimated fair value of \$46.0 million was based on the sales price of the property, which is classified within Level 2 of the fair value hierarchy.

During three and nine months ended September 30, 2022, the Company recorded \$3.1 million of impairment charges related to the tangible assets of its 6922 Hollywood office property due to a reduction in the estimated fair value of the property. The property was classified as held for sale as of September 30, 2022 and December 31, 2021. The estimated fair value of \$96.0 million was based on the sales price of the property, which is classified within Level 2 of the fair value hierarchy.

The Company recognized impairment charges of \$2.8 million during the three and nine months ended September 30, 2021.

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Dispositions of Real Estate

The following table summarizes information on dispositions completed during the nine months ended September 30, 2022. These properties were considered non-strategic to the Company's portfolio:

Property	Segment	Date of Disposition	Square Feet	Sales Price ⁽¹⁾ (in millions)
Del Amo	Office	8/5/2022	113,000	\$ 2.8
Northview Center	Office	8/30/2022	179,985	46.0
TOTAL DISPOSITIONS			292,985	\$ 48.8

1. Represents gross sales price before certain credits, prorations and closing costs.

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

Held for Sale

The Company had two and four properties classified as held for sale as of September 30, 2022 and December 31, 2021, respectively. The properties were identified as non-strategic assets to the Company's portfolio and are included in the Company's Office segment.

The following table summarizes the components of assets and liabilities associated with real estate held for sale as of September 30, 2022:

	Skyway Landing	6922 Hollywood
ASSETS		
Investment in real estate, net	\$ 90,899	\$ 88,253
Accounts receivable, net	172	48
Straight-line rent receivables, net	531	4,440
Deferred leasing costs and intangible assets, net	501	2,043
Prepaid expenses and other assets, net	26	113
ASSETS ASSOCIATED WITH REAL ESTATE HELD FOR SALE	\$ 92,129	\$ 94,897
LIABILITIES		
Accounts payable, accrued liabilities and other	\$ 575	\$ 965
Intangible liabilities, net	—	96
Security deposits and prepaid rent	369	470
LIABILITIES ASSOCIATED WITH REAL ESTATE HELD FOR SALE	\$ 944	\$ 1,531

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The following table summarizes the components of assets and liabilities associated with real estate held for sale as of December 31, 2021:

	Northview Center	Skyway Landing	Del Amo	6922 Hollywood
ASSETS				
Investment in real estate, net	\$ 40,338	\$ 89,873	\$ 15,213	\$ 91,353
Accounts receivable, net	95	142	—	103
Straight-line rent receivables, net	901	1,659	—	4,714
Deferred leasing costs and intangible assets, net	751	450	2,742	1,999
Prepaid expenses and other assets, net	—	—	—	187
ASSETS ASSOCIATED WITH REAL ESTATE HELD FOR SALE	\$ 42,085	\$ 92,124	\$ 17,955	\$ 98,356
LIABILITIES				
Accounts payable, accrued liabilities and other	\$ 184	\$ 273	\$ 12	\$ 1,372
Intangible liabilities, net	—	—	—	96
Security deposits and prepaid rent	395	1,205	—	361
LIABILITIES ASSOCIATED WITH REAL ESTATE HELD FOR SALE	\$ 579	\$ 1,478	\$ 12	\$ 1,829

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, 2022	December 31, 2021
Trailers	\$ 64,178	\$ 35,181
Production equipment	34,296	—
Trucks and other vehicles	19,811	12,204
Leasehold improvements	18,490	15,267
Other equipment	6,838	4,605
Furniture, fixtures and equipment	6,967	4,592
Non-real estate property, plant and equipment, at cost	150,580	71,849
Accumulated depreciation	(22,076)	(13,380)
NON-REAL ESTATE PROPERTY, PLANT AND EQUIPMENT, NET	\$ 128,504	\$ 58,469

Non-real estate property, plant and equipment 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 for non-real estate property, plant and equipment during the nine months ended September 30, 2022 and 2021.

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6. Investment in Unconsolidated Real Estate Entities

The following table summarizes the Company's investments in unconsolidated joint ventures:

Property	Property Type	Submarket	Ownership Interest	Functional Currency	
Sunset Waltham Cross Studios	Development	Broxbourne, United Kingdom	35%	Pound sterling	(1)
Sunset Glenoaks Studios	Development	Los Angeles	50%	U.S. dollar	(2)(3)
Bentall Centre	Operating Property	Downtown Vancouver	20%	Canadian dollar	(2)(4)

- On July 29, 2021, the Company purchased 35% of the ownership interests in the joint venture that owns the Sunset Waltham Cross Studios development. The Company also owns 35% of the ownership interests in the joint venture entities formed to serve as the general partner and management services company for the property-owning joint venture entity.
- The Company serves as the operating member of this joint venture.
- The Company has provided various guarantees for this joint venture's construction loan, including a completion guarantee, equity guarantee and recourse carve-out guarantee.
- The Company has guaranteed \$96.5 million of this joint venture's debt.

The Company's maximum exposure related to its unconsolidated joint ventures is limited to its investment. The Company's investments in foreign real estate entities are subject to foreign currency fluctuation risk. Such investments are translated into U.S. dollars at the exchange rate in effect as of the financial statement date. The Company's share of the income (loss) from 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.

The Company held ownership interests in other immaterial unconsolidated joint ventures in the total of \$0.2 million and \$0.1 million as of September 30, 2022 and December 31, 2021, respectively.

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

	September 30, 2022	December 31, 2021
ASSETS		
Investment in real estate, net	\$ 1,011,495	\$ 1,048,593
Other assets	58,539	57,232
TOTAL ASSETS	\$ 1,070,034	\$ 1,105,825
LIABILITIES		
Secured debt, net	\$ 509,212	\$ 516,153
Other liabilities	45,410	40,307
TOTAL LIABILITIES	554,622	556,460
Company's capital ⁽¹⁾	144,667	148,914
Partner's capital	370,745	400,451
TOTAL CAPITAL	515,412	549,365
TOTAL LIABILITIES AND CAPITAL	\$ 1,070,034	\$ 1,105,825

- 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 the (loss) income from unconsolidated real estate entities line item on the Consolidated Statements of Operations.

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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,	
	2022	2021	2022	2021
TOTAL REVENUES	\$ 18,515	\$ 20,694	\$ 64,962	\$ 60,121
TOTAL EXPENSES	20,151	17,893	55,802	51,865
NET (LOSS) INCOME	<u>\$ (1,636)</u>	<u>\$ 2,801</u>	<u>\$ 9,160</u>	<u>\$ 8,256</u>

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, 2022	December 31, 2021
Deferred leasing costs and in-place lease intangibles	\$ 329,067	\$ 331,149
Accumulated amortization	(134,833)	(126,423)
Deferred leasing costs and in-place lease intangibles, net	194,234	204,726
Below-market ground leases	79,562	79,562
Accumulated amortization	(17,291)	(15,233)
Below-market ground leases, net	62,271	64,329
Above-market leases	725	1,334
Accumulated amortization	(297)	(782)
Above-market leases, net	428	552
Customer relationships	97,900	52,500
Accumulated amortization	(8,850)	(2,684)
Customer relationships, net	89,050	49,816
Non-competition agreements	8,200	5,300
Accumulated amortization	(1,222)	(379)
Non-competition agreements, net	6,978	4,921
Trade name	37,200	17,100
Parking easement	15,273	—
DEFERRED LEASING COSTS AND INTANGIBLE ASSETS, NET	\$ 405,434	\$ 341,444
Below-market leases	\$ 59,670	\$ 75,827
Accumulated amortization	(24,668)	(34,326)
Below-market leases, net	35,002	41,501
Above-market ground leases	1,095	1,095
Accumulated amortization	(339)	(306)
Above-market ground leases, net	756	789
INTANGIBLE LIABILITIES, NET	\$ 35,758	\$ 42,290

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Deferred leasing costs and in-place lease intangibles ⁽¹⁾	\$ (9,450)	\$ (11,540)	\$ (29,657)	\$ (34,761)
Below-market ground leases ⁽²⁾	\$ (698)	\$ (600)	\$ (2,075)	\$ (1,797)
Above-market leases ⁽³⁾	\$ (16)	\$ (73)	\$ (107)	\$ (573)
Customer relationships ⁽¹⁾	\$ (2,415)	\$ (809)	\$ (6,165)	\$ (809)
Non-competition agreements ⁽¹⁾	\$ (313)	\$ (114)	\$ (843)	\$ (114)
Below-market leases ⁽³⁾	\$ 1,717	\$ 3,096	\$ 6,500	\$ 8,854
Above-market ground leases ⁽²⁾	\$ 11	\$ 11	\$ 33	\$ 33

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

During the nine months ended September 30, 2022, the Company recognized an \$8.5 million impairment of the Zio trade name within impairment loss on the Consolidated Statement of Operations. The impairment is related to the announced rebranding and integration of Zio into the Company's existing Sunset Studios platform, after which the Company will no longer use the Zio trade name.

During the nine months ended September 30, 2022, the Company recognized an impairment loss of \$2.4 million related to the below-market ground lease at its Del Amo office property. During the three and nine months ended September 30, 2021, the Company recognized an impairment loss of \$0.4 million related to the below-market ground lease at its Del Amo office property. See Note 4 for details. The losses are recorded within impairment loss on the Consolidated Statements of Operations.

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 2021 Annual Report on Form 10-K.

Accounts Receivable

As of September 30, 2022, accounts receivable was \$19.9 million and there was a \$0.2 million allowance for doubtful accounts. As of December 31, 2021, accounts receivable was \$25.5 million and there was \$0.2 million allowance for doubtful accounts.

Straight-Line Rent Receivables

As of September 30, 2022, straight-line rent receivables was \$275.5 million and there was no allowance for doubtful accounts. As of December 31, 2021, straight-line rent receivables was \$240.3 million and there was no allowance for doubtful accounts.

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9. Prepaid Expenses and Other Assets, net

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

	September 30, 2022	December 31, 2021
Deposits and pre-development costs for future acquisitions	\$ —	\$ 47,605
Prepaid insurance	11,325	5,442
Non-real estate investments	46,533	31,447
Stock purchase warrant	113	1,664
Deferred financing costs	6,315	7,750
Prepaid property tax	3,058	2,192
Interest rate derivative assets	8,801	368
Inventory	4,795	1,578
Other	25,700	20,954
PREPAID EXPENSES AND OTHER ASSETS, NET	\$ 106,640	\$ 119,000

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 (loss) gain on non-real estate investments on the Consolidated Statements of Operations. The Company recognized an unrealized loss of \$0.7 million and an unrealized gain of \$0.5 million on its non-real estate investments due to the observable changes in fair value during the three and nine months ended September 30, 2022, respectively. 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.

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 (loss) gain on non-real estate investments on the Consolidated Statements of Operations. The Company recognized an unrealized loss of \$0.2 million and \$1.6 million due to the change in the fair value of the stock purchase warrant during the three and nine months ended September 30, 2022, respectively. 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.

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10. Debt

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

	September 30, 2022	December 31, 2021	Interest Rate ⁽¹⁾	Contractual Maturity Date ⁽²⁾
UNSECURED AND SECURED DEBT				
Unsecured debt				
Unsecured revolving credit facility ⁽³⁾⁽⁴⁾⁽⁵⁾	\$ 295,000	\$ 125,000	SOFR + 1.15% to 1.60%	12/21/2026 ⁽⁶⁾
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
5.95% Registered senior notes ⁽⁷⁾	350,000	—	5.95%	2/15/2028
Total unsecured debt	2,570,000	2,050,000		
Secured debt				
Hollywood Media Portfolio	\$ 1,100,000	\$ 1,100,000	LIBOR + 0.99%	8/9/2026 ⁽⁸⁾
Acquired Hollywood Media Portfolio debt	(209,814)	(209,814)	LIBOR + 1.55%	8/9/2026 ⁽⁸⁾
Hollywood Media Portfolio, net ⁽⁹⁾⁽¹⁰⁾	890,186	890,186		
One Westside and 10850 Pico ⁽¹¹⁾	273,089	241,388	LIBOR + 1.70%	12/18/2024 ⁽¹²⁾
Element LA	168,000	168,000	4.59%	11/6/2025
1918 Eighth ⁽¹³⁾	314,300	314,300	SOFR + 1.40%	12/18/2025
Hill7 ⁽¹⁴⁾	101,000	101,000	3.38%	11/6/2028
Quixote	160,000	—	5.00%	12/31/2023
Total secured debt	1,906,575	1,714,874		
Total unsecured and secured debt	4,476,575	3,764,874		
Unamortized deferred financing costs/loan discounts ⁽¹⁵⁾	(27,259)	(30,971)		
TOTAL UNSECURED AND SECURED DEBT, NET	\$ 4,449,316	\$ 3,733,903		
IN-SUBSTANCE DEFEASED DEBT⁽¹⁶⁾	\$ —	\$ 128,212	4.47%	10/1/2022
JOINT VENTURE PARTNER DEBT⁽¹⁷⁾	\$ 66,136	\$ 66,136	4.50%	10/9/2032 ⁽¹⁸⁾

- 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, 2022, which may be different than the interest rates as of December 31, 2021 for corresponding indebtedness.
- Maturity dates include the effect of extension options.
- The annual facility fee rate ranges from 0.15% to 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, 2022, no such election had been made and the unsecured revolving credit facility bore interest at SOFR + 1.30%.
- The Company has a total capacity of \$1.0 billion available under its unsecured revolving credit facility, up to \$250.0 million of which can be used for borrowings in pounds sterling or Canadian dollars.
- On October 20, 2022, the Company made an \$85.0 million repayment on this facility.
- Includes the option to extend the initial maturity date of December 21, 2025 twice for an additional six-month term each.
- An amount equal to the net proceeds from the 5.95% Registered senior notes has been allocated to new or existing eligible green projects.
- Includes the option to extend the initial maturity date of August 9, 2023 three times for an additional one-year term each.
- The Company owns 51% of the ownership interests 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. The Company purchased bonds comprising the loan in the amount of \$209.8 million.
- The interest rate on a portion of the outstanding loan balance has been effectively fixed through the use of an interest rate swap under the first payments approach. As of September 30, 2022, the LIBOR component of the interest rate was fixed at 1.43% with respect to \$125.0 million of the loan secured by the

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Hollywood Media Portfolio. Additionally, the interest on the full principal amount has been effectively capped at 4.49% (3.50% strike rate + 0.99% spread) per annum through the use of an interest rate cap.

11. 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.
12. Includes the option to extend the initial maturity date of December 18, 2023 twice for an additional six-month term each.
13. The Company owns 55% of the ownership interests 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.
14. The Company owns 55% of the ownership interests in the consolidated joint venture that owns the Hill7 property. The full amount of the loan is shown. This loan bears interest only at 3.38% until November 6, 2026, at which time the interest rate will increase and monthly debt service will include principal payments with a balloon payment at maturity.
15. Excludes deferred financing costs related to establishing the Company's unsecured revolving credit facility, which are reflected in prepaid expenses and other assets, net on the Consolidated Balance Sheets. See Note 9 for details.
16. The Company owns 75% of the ownership interests 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.
17. 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.
18. Includes the option to extend the initial maturity date of October 9, 2028 twice for an additional two-year term each.

Current Year Activity

During the nine months ended September 30, 2022, there were \$170.0 million in borrowings on the unsecured revolving credit facility, net of repayments. 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 July 2022, the Company repaid its in-substance defeased debt in the amount of \$126.4 million in full using the proceeds from the maturity of its U.S. Government securities in June 2022.

In August 2022, the Company modified the existing loan agreement secured by its 1918 Eighth property, whereby the LIBOR-based floating interest rate was replaced with a term SOFR-based floating interest rate. The Company applied the relief provisions of ASC 848 and accounted for this modification as a continuation of the existing loan agreement.

In August 2022, the Company acquired Quixote. In conjunction with the acquisition, the Company obtained a \$160.0 million note payable from the sellers secured by the assets of Quixote. The loan has an interest rate of 5.00% per annum and is interest-only through the maturity date of December 31, 2023.

In September 2022, the operating partnership completed an underwritten public offering of \$350.0 million of 5.95% Senior Notes due in 2028, which were issued at a discount of 99.614% of par and are fully and unconditionally guaranteed by the Company. The net proceeds from the offering, after deducting the underwriting discount and commissions, were approximately \$346.5 million and were used to repay the outstanding borrowings under its unsecured revolving credit facility. An amount equal to the net proceeds has been allocated to new or existing eligible green projects.

In September 2022, the operating partnership entered into the First Modification Agreement to the Fourth Amended and Restated Credit Agreement, which replaced the LIBOR-based floating interest rate option with a term SOFR-based floating interest rate option as a benchmark rate for borrowings denominated in U.S. dollars for all purposes under the existing credit agreement. The Company applied the relief provisions of ASC 848 and accounted for this modification as a continuation of the existing credit agreement.

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 (after the impact of extension options, if applicable) as of September 30, 2022:

Year	Unsecured and Secured Debt	Joint Venture Partner Debt
Remaining 2022	\$ —	\$ —
2023	320,000	—
2024	273,089	—
2025	741,300	—
2026	1,335,186	—
Thereafter	1,807,000	66,136
TOTAL	\$ 4,476,575	\$ 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, 2022 related to our 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%	44.1%
Unsecured indebtedness to unencumbered asset value	≤ 60%	44.3%
Adjusted EBITDA to fixed charges	≥ 1.5x	3.3x
Secured indebtedness to total asset value	≤ 45%	19.6%
Unencumbered NOI to unsecured interest expense	≥ 2.0x	3.0x

The following table summarizes existing covenants and their covenant levels related to the registered senior notes as of September 30, 2022:

Covenant Ratio ⁽¹⁾	Covenant Level	Actual Performance
Debt to total assets	≤ 60%	46.2%
Total unencumbered assets to unsecured debt	≥ 150%	229.8%
Consolidated income available for debt service to annual debt service charge	≥ 1.5x	3.3x
Secured debt to total assets	≤ 45%	20.2%

1. The covenant and actual performance metrics above represent terms and definitions reflected in the indentures governing the 3.25% Senior Notes, 3.95% Senior Notes, 4.65% Senior Notes and 5.95% Senior Notes.

The operating partnership was in compliance with its financial covenants as of September 30, 2022.

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,	
	2022	2021	2022	2021
Gross interest expense ⁽¹⁾	\$ 38,595	\$ 33,912	\$ 103,242	\$ 101,341
Capitalized interest	(4,797)	(5,760)	(11,674)	(17,049)
Amortization of deferred financing costs and loan discounts/premiums	3,463	2,673	10,248	7,508
INTEREST EXPENSE	\$ 37,261	\$ 30,825	\$ 101,816	\$ 91,800

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

11. Derivatives

The Company enters into derivatives in order to hedge interest rate risk. Derivative assets are recorded in prepaid expenses and other assets and derivative liabilities are recorded in accounts payable, accrued liabilities and other on the Consolidated Balance Sheets.

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, 2022 and December 31, 2021:

Underlying Debt Instrument	Number of Derivatives	Notional Amount	Effective Date	Maturity Date	Interest Rate Range ⁽¹⁾		Fair Value Assets (Liabilities)	
					Low	High	September 30, 2022	December 31, 2021
Interest rate swaps								
Hollywood Media Portfolio ⁽²⁾⁽³⁾	2	\$ 350,000	April 2015	April 2022	2.96%	3.46%	\$ —	\$ (1,413)
Hollywood Media Portfolio ⁽²⁾⁽³⁾	1	125,000	June 2016	November 2022	2.63%	3.13%	304	(1,122)
Interest rate cap					Strike rate			
Hollywood Media Portfolio ⁽⁴⁾	1	1,100,000	August 2021	August 2023	3.50%		8,497	368
TOTAL							\$ 8,801	\$ (2,167)

- The rate is based on the fixed rate from the swap and the spread based on the operating partnership's leverage ratio.
- 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.
- These derivatives were designated as effective cash flow hedges for accounting purposes.
- The interest rate cap is not designated under hedge accounting and is accounted for under mark-to-market accounting.

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, 2022, the Company expects \$0.1 million of unrealized gain included in accumulated other comprehensive loss will be reclassified as a decrease to interest expense in the next 12 months.

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12. U.S. Government Securities

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 were held to maturity and were carried at amortized cost on the Consolidated Balance Sheet. The remaining securities matured during the nine months ended September 30, 2022, resulting in a balance of \$0 as of September 30, 2022, as compared to a balance of \$129.3 million as of December 31, 2021.

13. Income Taxes

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

In general, the Company’s property-owning subsidiaries are limited liability companies and are treated as pass-through entities or disregarded entities (or, in the case of the entities that own the 1455 Market, Hill7, Ferry Building and 1918 Eighth properties, REITs) for federal income tax purposes. In the case of the Bentall Centre property, the Company owns its interest in the property through a non-U.S entity treated as a TRS for federal income tax purposes. Accordingly, no provision has been made for federal income taxes in the accompanying consolidated financial statements for the activities of these entities.

The Company periodically evaluates its tax positions to determine whether it is more likely than not that such positions would be sustained upon examination by a tax authority for all open tax years, as defined by the statute of limitations, based on their technical merits. As of September 30, 2022, 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 2017. The Company has assessed its tax positions for all open years, which as of September 30, 2022 included 2018 to 2020 for federal purposes and 2017 to 2020 for state purposes, and concluded that there are no material uncertainties to be recognized.

14. Future Minimum Rents and Lease Payments

The Company’s properties are leased to tenants under operating leases with initial term expiration dates ranging from 2022 to 2034.

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, 2022:

Year Ended	Non-cancellable	Subject to Early Termination Options	Total ⁽¹⁾
Remaining 2022	\$ 161,060	\$ 35	\$ 161,095
2023	633,820	1,905	635,725
2024	583,517	4,560	588,077
2025	443,584	40,697	484,281
2026	378,315	54,272	432,587
Thereafter	1,412,518	188,362	1,600,880
TOTAL	\$ 3,612,814	\$ 289,831	\$ 3,902,645

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 12 ground leases, 10 sound stage leases, five office leases and 16 other leases as of September 30, 2022. The Company’s operating

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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, 2022, the present value of the remaining contractual payments of \$746.7 million under the Company's operating lease agreements was \$396.4 million. The corresponding operating lease right-of-use assets amounted to \$399.6 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, 2022:

Year	Lease Payments ⁽¹⁾
Remaining 2022	\$ 9,541
2023	38,525
2024	38,297
2025	38,193
2026	36,745
Thereafter	585,373
Total operating lease payments	746,674
Less: interest portion	(350,262)
PRESENT VALUE OF OPERATING LEASE LIABILITIES	\$ 396,412

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

The following table summarizes rental expense for operating leases:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Variable rental expense	\$ 1,219	\$ 2,765	\$ 7,316	\$ 7,873
Minimum rental expense	\$ 7,841	\$ 5,421	\$ 20,122	\$ 15,963

15. Fair Value of Financial Instruments

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

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

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

	September 30, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate derivative assets ⁽¹⁾	\$ —	\$ 8,801	\$ —	\$ 8,801	\$ —	\$ 368	\$ —	\$ 368
Interest rate derivative liabilities ⁽²⁾	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (2,535)	\$ —	\$ (2,535)
Non-real estate investments measured at fair value ⁽¹⁾	\$ 533	\$ —	\$ —	\$ 533	\$ 1,915	\$ 1,568	\$ —	\$ 3,483
Stock purchase warrant ⁽¹⁾	\$ —	\$ 113	\$ —	\$ 113	\$ —	\$ 1,664	\$ —	\$ 1,664
Earnout liability ⁽²⁾⁽³⁾	\$ —	\$ —	\$ (9,300)	\$ (9,300)	\$ —	\$ —	\$ (11,383)	\$ (11,383)
Non-real estate investments measured at NAV ⁽¹⁾⁽⁴⁾	\$ —	\$ —	\$ —	\$ 46,000	\$ —	\$ —	\$ —	\$ 27,964

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 items include 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 an interest rate cap and swaps 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 a Black-Scholes model, respectively. Level 3 items include 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.

The following table summarizes changes in the carrying amount of the earnout liability during the nine months ended September 30, 2022:

Balance, December 31, 2021	\$	(11,383)
Partial settlement		3,840
Remeasurement to fair value		(1,757)
Balance, September 30, 2022	\$	(9,300)

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.

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

	September 30, 2022		December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
ASSETS				
U.S. Government securities	\$ —	\$ —	\$ 129,321	\$ 130,910
LIABILITIES				
Unsecured debt ⁽¹⁾	\$ 2,570,000	\$ 2,332,902	\$ 2,050,000	\$ 2,154,908
Secured debt ⁽¹⁾	\$ 1,906,575	\$ 1,883,357	\$ 1,714,874	\$ 1,713,726
In-substance defeased debt	\$ —	\$ —	\$ 128,212	\$ 128,361
Joint venture partner debt	\$ 66,136	\$ 60,997	\$ 66,136	\$ 69,116

1. Amounts represent debt excluding unamortized deferred financing costs and loan discounts/premiums.

16. Stock-Based Compensation

The Company's 2010 Incentive Plan permits the Company's board of directors (the "Board") to grant, among other things, restricted stock, restricted stock units, operating partnership performance units and performance-based awards. As of September 30, 2022, 7.2 million common shares were available for grant under the 2010 Plan. The calculation of shares available for grant is determined after taking into account unvested restricted stock, unvested operating partnership performance units and unvested RSUs, assuming the maximum bonus pool eligible ultimately is earned and based on a stock price of \$10.95.

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 an executive officer. Lastly, 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.

Beginning in 2020, the compensation committee of the Board (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 FTSE NAREIT All Equity REITs index over a three-year performance period, with the vesting percentage subject to certain percentage targets. The remaining portion of each award, the Operational Performance Unit, becomes eligible to vest based on the achievement of operational performance metrics over a one-year performance period and vests over three years. The number of Operational Performance Units that becomes eligible to vest based on the achievement of operational performance metrics may be adjusted based on the Company's achievement of absolute TSR goals over a three-year performance period by applying the applicable vesting percentages. Certain of the awards granted under the PSU Plan are subject to a two-year post-vesting restriction period, during which any awards earned may not be sold or transferred.

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

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Expensed stock compensation ⁽¹⁾	\$ 6,494	\$ 5,840	\$ 17,816	\$ 15,718
Capitalized stock compensation ⁽²⁾	894	771	2,683	2,659
TOTAL STOCK COMPENSATION⁽³⁾	\$ 7,388	\$ 6,611	\$ 20,499	\$ 18,377

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.

17. 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, 2022 and 2021, 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 to net loss available to common stockholders:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Numerator:				
Basic and diluted net loss available to common stockholders	\$ (17,286)	\$ (9,295)	\$ (44,515)	\$ (1,998)
Denominator:				
Basic weighted average common shares outstanding	141,117,194	152,320,252	144,677,652	151,443,305
Effect of dilutive instruments ⁽¹⁾⁽²⁾	—	—	—	—
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	141,117,194	152,320,252	144,677,652	151,443,305
Basic earnings per common share	\$ (0.12)	\$ (0.06)	\$ (0.31)	\$ (0.01)
Diluted earnings per common share	\$ (0.12)	\$ (0.06)	\$ (0.31)	\$ (0.01)

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.
2. The Company includes the dilutive effect of the forward sale component of its accelerated share repurchase agreements in the computation of diluted earnings per share.

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, 2022 and 2021, both methods of calculation yielded the same diluted earnings per unit amount. Diluted earnings per unit reflects the potential

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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 to net loss available to common unitholders:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Numerator:				
Basic and diluted net loss available to common unitholders	\$ (17,511)	\$ (9,380)	\$ (45,063)	\$ (2,014)
Denominator:				
Basic weighted average common units outstanding	142,963,458	153,701,876	146,523,102	152,818,720
Effect of dilutive instruments ⁽¹⁾⁽²⁾	—	—	—	—
DILUTED WEIGHTED AVERAGE COMMON UNITS OUTSTANDING	142,963,458	153,701,876	146,523,102	152,818,720
Basic earnings per common unit	\$ (0.12)	\$ (0.06)	\$ (0.31)	\$ (0.01)
Diluted earnings per common unit	\$ (0.12)	\$ (0.06)	\$ (0.31)	\$ (0.01)

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.
2. The Company includes the dilutive effect of the forward sale component of its accelerated share repurchase agreements in the computation of diluted earnings per unit.

18. Redeemable Non-controlling Interest

Redeemable Preferred Units of the Operating Partnership

As of September 30, 2022 and December 31, 2021, there were 392,598 Series A preferred units of partnership interest in the operating partnership, or Series A preferred units, which are not owned by the Company.

These Series A preferred units are entitled to preferential distributions at a rate of 6.25% per annum on the liquidation preference of \$25.00 per unit. 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 to form the HPP-MAC JV. On August 31, 2018, Macerich contributed Westside Pavilion to the HPP-MAC JV. The Company has a 75% interest in the joint venture that owns the One Westside and 10850 Pico properties. The Company has a put right, after a specified time, to sell its interest at fair market value. Macerich has a put right, after a specified time, to sell its interest at fair market value, which is a redemption right that is not solely within the control of the Company. Therefore, the non-controlling interest related to this joint venture is included as temporary equity. The put right is not currently redeemable.

On October 9, 2018, the Company entered into a joint venture with Allianz to purchase the Ferry Building property. The Company has a 55% interest in the joint venture that owns the Ferry Building property. The Company has a put right, if certain events occur, to sell its interest at fair market value. Allianz has a put right, if certain events occur, to sell its interest at fair market value, which is a redemption right that is not solely within the control of the Company. Therefore, the non-controlling interest related to this joint venture is included as temporary equity. The put right is not currently redeemable.

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

	Three Months Ended September 30, 2022		Nine Months Ended September 30, 2022	
	Series A Redeemable Preferred Units	Consolidated Real Estate Entities	Series A Redeemable Preferred Units	Consolidated Real Estate Entities
BEGINNING OF PERIOD	\$ 9,815	\$ 126,420	\$ 9,815	\$ 129,449
Contributions	—	200	—	575
Distributions	—	—	—	(8)
Declared dividend	(153)	—	(459)	—
Net income (loss)	153	(1,037)	459	(4,433)
END OF PERIOD	\$ 9,815	\$ 125,583	\$ 9,815	\$ 125,583

19. 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, 2021	\$ (3,957)	\$ 2,196	\$ (1,761)
Unrealized gains (losses) recognized in OCI	9,039	(18,177)	(9,138)
Reclassification from OCI into income ⁽¹⁾	(6,167)	—	(6,167)
Net change in OCI	2,872	(18,177)	(15,305)
BALANCE AT SEPTEMBER 30, 2022	\$ (1,085)	\$ (15,981)	\$ (17,066)

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, 2021	\$ (3,954)	\$ 2,175	\$ (1,779)
Unrealized gains (losses) recognized in OCI	9,200	(18,501)	(9,301)
Reclassification from OCI into income ⁽¹⁾	(6,277)	—	(6,277)
Net change in OCI	2,923	(18,501)	(15,578)
BALANCE AT SEPTEMBER 30, 2022	\$ (1,031)	\$ (16,326)	\$ (17,357)

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

Non-controlling Interests

Common Units in the Operating Partnership

Common units of the operating partnership and shares of common stock of the Company have essentially the same economic characteristics, as they share equally in the total net income or loss distributions of the operating partnership. Investors who own common units have the right to cause the operating partnership to repurchase any or all of their common units for cash at a value equal to the then-current market value of one share of common stock. However, in lieu of such payment of cash, the Company may, at its election, issue shares of its common stock in exchange for such common units on a one-for-one basis.

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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.

Ownership Interest in the Operating Partnership

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

	September 30, 2022	December 31, 2021
Company-owned common units in the operating partnership	140,923,320	151,124,543
Company's ownership interest percentage	98.7 %	98.8 %
Non-controlling common units in the operating partnership ⁽¹⁾	1,846,264	1,842,898
Non-controlling ownership interest percentage	1.3 %	1.2 %

1. Represents common units held by certain of the Company's executive officers, directors and other outside investors. As of September 30, 2022, this amount represents both common units and performance units of 550,969 and 1,295,295, respectively. As of December 31, 2021, this amount represents both common units and performance units in the amount of 550,969 and 1,291,929, respectively.

Common Stock Activity

The Company has not completed any common stock offerings during the nine months ended September 30, 2022.

The Company's ATM program permits sales of up to \$125.0 million of common stock. The Company did not utilize the ATM program during the nine months ended September 30, 2022. A cumulative total of \$65.8 million has been sold as of September 30, 2022.

Share Repurchase Program

The Company is authorized to repurchase shares of its common stock up to a total of \$250.0 million of its common stock under the share repurchase program. During the nine months ended September 30, 2022, the Company repurchased \$37.2 million of its common stock, before transaction costs. Since commencement of the program, a cumulative total of \$213.4 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.

Accelerated Share Repurchase Agreements

On February 25, 2022, the Company entered into an uncollared accelerated share repurchase ("ASR") agreement to purchase \$100 million of its outstanding common stock. During the first quarter 2022, the Company made an initial payment of \$100 million and received an initial delivery of approximately 3.3 million shares of common stock representing 85% of the total \$100 million agreement based on the closing price of our common stock on the transaction date. Final settlement of the agreement occurred during the second quarter 2022, resulting in the receipt of an additional 0.9 million shares of common stock based on an adjusted daily volume-weighted average price of \$23.90 during the measurement period.

On February 25, 2022, the Company entered into a collared ASR agreement to purchase \$100 million of its outstanding common stock. During the nine months ended September 30, 2022, the Company made an initial payment of \$100 million and received an initial delivery of approximately 3.3 million shares of common stock based on an estimated cap price calculated using the daily volume-weighted average price during an initial hedge period. Final settlement of the agreement occurred during the third quarter 2022, resulting in the receipt of an additional 0.7 million shares of common stock based on a floor price of \$25.35.

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At the conclusion of the ASR program in July 2022, a total of 8.1 million shares had been repurchased at an average price of \$24.60.

Series C Cumulative Redeemable Preferred Stock

Series C cumulative redeemable preferred stock relates to the 17,000,000 shares of our Series C preferred stock, \$0.01 par value per share. Holders of Series C preferred stock, when and as authorized by the board of directors of the Company, are entitled to cumulative cash dividends at the rate of 4.750% per annum of the \$25.00 per share, equivalent to \$1.1875 per annum per share. Dividends are payable quarterly in arrears on or about the last day of December, March, June and September of each year. In addition to other preferential rights, the holders of Series C preferred stock are entitled to receive the liquidation preference, which is \$25.00 per share, before the holders of common stock in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company's affairs. Generally, shares of Series C preferred stock are not redeemable by the Company prior to November 16, 2026. However, upon the occurrence of a change of control, holders of the Series C preferred stock will have the right, (unless the Company has elected to redeem the Series C preferred stock) to convert into a specified number of shares of common stock.

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 per share declared and paid for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
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
Series C preferred stock ⁽¹⁾	\$ 0.2968750	\$ —	\$ 1.0390625	\$ —
Performance units	\$ 0.25	\$ 0.25	\$ 0.75	\$ 0.75
Payment date	September 29, 2022	September 30, 2021	N/A	N/A
Record date	September 19, 2022	September 20, 2021	N/A	N/A

1. Dividends paid during the nine months ended September 30, 2022 include a \$0.2968750 per share dividend declared and paid in each of the first, second and third quarters of 2022 and a \$0.1484375 per share dividend declared during the fourth quarter of 2021.

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.

20. Segment Reporting

The Company's reporting segments are based on the Company's method of internal reporting, which classifies its operations into two reportable 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.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Office segment				
Office revenues	\$ 213,491	\$ 201,866	\$ 641,135	\$ 589,712
Office expenses	(78,340)	(71,865)	(230,529)	(207,538)
Office segment profit	135,151	130,001	410,606	382,174
Studio segment				
Studio revenues	46,863	25,766	115,162	66,641
Studio expenses	(26,688)	(12,044)	(66,357)	(35,963)
Studio segment profit	20,175	13,722	48,805	30,678
TOTAL SEGMENT PROFIT	\$ 155,326	\$ 143,723	\$ 459,411	\$ 412,852
Segment revenues	\$ 260,354	\$ 227,632	\$ 756,297	\$ 656,353
Segment expenses	(105,028)	(83,909)	(296,886)	(243,501)
TOTAL SEGMENT PROFIT	\$ 155,326	\$ 143,723	\$ 459,411	\$ 412,852

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
NET (LOSS) INCOME	\$ (6,792)	\$ (6,182)	\$ (10,861)	\$ 12,259
General and administrative	19,795	18,288	62,178	53,846
Depreciation and amortization	93,070	88,568	276,701	255,507
Loss (income) from unconsolidated real estate entities	352	(566)	(1,731)	(1,671)
Fee income	(911)	(678)	(3,122)	(2,323)
Interest expense	37,261	30,825	101,816	91,800
Interest income	(196)	(934)	(2,026)	(2,868)
Management services reimbursement income—unconsolidated real estate entities	(983)	(253)	(3,159)	(879)
Management services expense—unconsolidated real estate entities	983	253	3,159	879
Transaction-related expenses	9,331	6,300	10,713	7,364
Unrealized loss (gain) on non-real estate investments	894	(827)	1,062	(11,620)
Loss on sale of real estate	180	—	180	—
Impairment loss	4,795	2,762	28,548	2,762
Loss on extinguishment of debt	—	6,249	—	6,249
Other (income) expense	(2,453)	(82)	(4,047)	1,547
TOTAL PROFIT FROM ALL SEGMENTS	\$ 155,326	\$ 143,723	\$ 459,411	\$ 412,852

21. Related Party Transactions

Employment Agreements

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

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Cost Reimbursements from Unconsolidated Real Estate Entities

The Company is reimbursed for certain costs incurred in managing certain of its unconsolidated real estate entities. During the three and nine months ended September 30, 2022, the Company recognized \$1.0 million and \$3.2 million, respectively, of such reimbursement income in management services reimbursement income—unconsolidated real estate entities on the Consolidated Statement of Operations. During the three and nine months ended September 30, 2021, the Company recognized \$0.3 million and \$0.9 million of such reimbursement income, respectively.

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, 2022, the Company's right-of-use assets and lease liabilities related to these lease obligations were \$6.2 million and \$6.3 million, respectively, as compared to right-of-use assets and lease liabilities of \$7.4 million and \$7.5 million, respectively, as of September 30, 2021. During the three and nine months ended September 30, 2022, the Company recognized \$0.2 million and \$0.7 million, respectively, of related rental expense in management services expense—unconsolidated real estate entities on the Consolidated Statement of Operations related to these leases. During the three and nine months ended September 30, 2021, the Company recognized \$0.2 million and \$0.8 million of related rental expense, respectively.

22. Commitments and Contingencies

Fund Investments

On April 14, 2022, the Company launched EquiBlue, an investing platform that seeks to leverage commercial real estate to holistically provide economic opportunity and upward mobility for women and people of color. As sponsor, the Company and its strategic partner have collectively committed to contributing at least 20% of the total capital commitment for EquiBlue's initial fund, which is targeted at \$300.0 million.

The Company invests in several non-real estate funds with an aggregate commitment to contribute up to \$48.0 million. As of September 30, 2022, the Company has contributed \$30.2 million to these funds, net of distributions, with \$17.8 million remaining to be contributed.

Legal

From time to time, the Company is party to various lawsuits, claims and other legal proceedings arising out of, or incident to, the ordinary course of business. Management believes, based in part upon consultation with legal counsel, that the ultimate resolution of all such claims will not have a material adverse effect on the Company's results of operations, financial position or cash flows. As of September 30, 2022, 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, 2022, the Company had \$3.1 million in outstanding letters of credit 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 and its obligations under executed leases. As of September 30, 2022, the Company had \$312.7 million in related commitments.

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23. Supplemental Cash Flow Information

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

	Nine Months Ended September 30,	
	2022	2021
Cash paid for interest, net of capitalized interest	\$ 68,821	\$ 74,381
Non-cash investing and financing activities		
Accounts payable and accrued liabilities for real estate investments	\$ 181,689	\$ 136,661
Ground lease remeasurement	\$ 23,177	\$ —
Note payable issued as consideration in a business combination	\$ 160,000	\$ —
Earnout liability recognized as contingent consideration for business combination	\$ —	\$ 22,800
Lease liabilities recorded in connection with right-of-use assets	\$ 94,447	\$ 13,881

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

	Nine Months Ended September 30,	
	2022	2021
Cash paid for interest, net of capitalized interest	\$ 68,821	\$ 74,381
Non-cash investing and financing activities		
Accounts payable and accrued liabilities for real estate investments	\$ 181,689	\$ 136,661
Ground lease remeasurement	\$ 23,177	\$ —
Note payable issued as consideration in a business combination	\$ 160,000	\$ —
Earnout liability recognized as contingent consideration for business combination	\$ —	\$ 22,800
Lease liabilities recorded in connection with right-of-use assets	\$ 94,447	\$ 13,881

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,	
	2022	2021
BEGINNING OF PERIOD		
Cash and cash equivalents	\$ 96,555	\$ 113,686
Restricted cash	100,321	35,854
TOTAL	\$ 196,876	\$ 149,540
END OF PERIOD		
Cash and cash equivalents	\$ 161,667	\$ 110,500
Restricted cash	42,401	109,737
TOTAL	\$ 204,068	\$ 220,237

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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,	
	2022	2021
BEGINNING OF PERIOD		
Cash and cash equivalents	\$ 96,555	\$ 113,686
Restricted cash	100,321	35,854
TOTAL	\$ 196,876	\$ 149,540
END OF PERIOD		
Cash and cash equivalents	\$ 161,667	\$ 110,500
Restricted cash	42,401	109,737
TOTAL	\$ 204,068	\$ 220,237

24. Subsequent Events

On October 20, 2022, the Company sold its 6922 Hollywood office property for \$96.0 million before certain credits, prorations and closing costs. A portion of the proceeds was used to make an \$85.0 million repayment on the Company's unsecured revolving credit facility.

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

The following discussion relates to our consolidated financial statements and should be read in conjunction with the consolidated financial statements and the related notes, see Part I, Item 1 "Financial Statements of Hudson Pacific Properties, Inc.," "Financial Statements of Hudson Pacific Properties, L.P." and "Notes to Unaudited Consolidated Financial Statements." Statements in this Item 2 contain forward-looking statements. For a discussion of important risks related to our business and related to investing in our securities, including risks that could cause actual results and events to differ materially from results and events referred to in the forward-looking statements, see Part II, Item 1A "Risk Factors." In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this report might not occur.

Forward-looking Statements

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

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

The COVID-19 pandemic has not had a material impact on our operations, however, we continue to face significant uncertainties as a result of it, including new variants, although their impact on the economy appears to have diminished and the general commercial real estate market appears to be recovering. Both the investing and leasing environments are highly competitive. Even before the COVID-19 pandemic, uncertainty regarding the economic and political environment had made businesses reluctant to make long-term commitments or changes in their business plans. The COVID-19 pandemic has resulted in significant disruptions in utilization of office properties and uncertainty over how tenants will respond when their leases are scheduled to expire.

Possible future declines in rental rates and expectations of future rental concessions, including free rent to renew tenants early, to retain tenants who are up for renewal or to attract new tenants, or rent abatements for tenants severely impacted by the COVID-19 pandemic, may result in decreases in cash flows from our properties. Our tenants could re-evaluate their use of such properties in light of the impacts of the COVID-19 pandemic, including their ability to have workers succeed in working at home, and determine not to renew these leases or to seek rent or other concessions as a condition of renewing their leases.

Potential future declines in economic conditions could negatively impact commercial real estate fundamentals and result in lower occupancy, lower rental rates and declining values in our real estate portfolio, which could have the following negative effects on us: the values of our investments in commercial properties could decrease below the amounts paid for such investments; and/or revenues from our properties could decrease due to fewer tenants and/or lower rental rates, making it more difficult for us to make distributions or meet our debt service obligations.

The debt market remains sensitive to the macro environment, such as impacts of the COVID-19 pandemic, Federal Reserve policy, market sentiment or regulatory factors affecting the banking industry. Any future uncertainties in the capital markets may cause difficulty in refinancing debt obligations prior to maturity at terms as favorable as the terms of existing indebtedness. Market conditions can change quickly, potentially negatively impacting the value of real estate investments. We continuously review our investment and debt financing strategies to optimize our portfolio and the cost of our debt exposure.

Executive Summary

Through our interest in Hudson Pacific Properties, L.P. (our operating partnership) and its subsidiaries, at September 30, 2022, our office portfolio consisted of approximately 16.1 million square feet of in-service, repositioning, redevelopment, development and held for sale properties. Additionally, as of September 30, 2022, our studio portfolio consisted of 2.1 million square feet of in-service, repositioning and development properties and our land portfolio consisted of 3.6 million developable square feet. Our consolidated and unconsolidated portfolio consists of 65 properties (42 wholly-owned properties, 16 properties owned by joint ventures and seven land properties) located throughout the United States, Western Canada and Greater London, United Kingdom, totaling approximately 21.2 million square feet.

As of September 30, 2022, our in-service office portfolio was 89.3% leased (including leases not yet commenced). Our same-store studio properties were 84.4% leased for the average percent leased for the 12 months ended September 30, 2022.

The following table summarizes our portfolio as of September 30, 2022:

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⁾	43	12,821,754	87.4 %	88.9 %	\$ 53.42
Stabilized non-same store ⁽⁵⁾	4	1,100,588	98.6	99.2	57.21
Total stabilized	47	13,922,342	88.2	89.7	53.76
Lease-up ⁽⁵⁾⁽⁶⁾	1	724,939	78.3	80.6	60.77
Total in-service office	48	14,647,281	87.8	89.3	54.07
STUDIO					
Same-store ⁽⁷⁾	3	1,230,454	84.4	84.4	44.72
Non-same store ⁽⁵⁾	1	35,562	—	—	—
Total	4	1,266,016			
Repositioning ⁽⁵⁾⁽⁸⁾	2	433,259	—	2.4	—
Development ⁽⁵⁾⁽⁹⁾	2	787,000	—	—	—
Held-for-sale ⁽⁵⁾⁽¹⁰⁾	2	452,186	54.6	54.6	53.99
Total repositioning, redevelopment, development and held-for-sale	6	1,672,445			
Total office and studio properties	58	17,585,742			
Land	7	3,583,589			
TOTAL	65	21,169,331			

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, 2022, 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, 2022, 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, 2022. 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, 2022.
4. Includes office properties owned and included in our stabilized portfolio as of July 1, 2022 and still owned and included in the stabilized portfolio as of September 30, 2022.
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, 2022.
7. Includes studio properties owned and included in our portfolio as of July 1, 2022 and still owned and included in our portfolio as of September 30, 2022.
8. Includes 96,322 square feet at 10850 Pico, 96,240 square feet at 875 Howard, 79,056 square feet at Page Mill Center, 50,847 square feet at Metro Plaza, 36,905 square feet at Rincon Center, 35,905 square feet at 95 Jackson, 18,594 square feet at Sunset Las Palmas, 12,740 square feet at Palo Alto Square, and 6,650 square feet at Sunset Gower as of third quarter 2022.
9. Includes 546,000 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, and 241,000 square feet related to Sunset Glenoaks.
10. Includes Skyway Landing and 6922 Hollywood.

Overview

Business Acquisitions

On August 31, 2022, the Company acquired 100% of the equity interests in Quixote Studios (“Quixote”), which provides sound stages, cast trailers and trucks, and other equipment essential for media content production and it 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 April 27, 2022, the Company completed its previously announced acquisition of Washington 1000, a fully entitled office development site in Seattle, Washington for a total purchase price of \$85.6 million, before certain credits, prorations and closing costs.

On May 19, 2022, the Company purchased a parcel of land at Sunset Gower Studios that was previously encumbered by a ground lease for a total purchase price of \$22.0 million, before certain credits, prorations and closing costs.

On July 15, 2022, the Company purchased 5801 Bobby Foster Road, approximately 29 acres of land with an office/warehouse located in Albuquerque, New Mexico, for the storage of trailers and other rental assets used to serve the surrounding studio production industry. The property was acquired for a total purchase price of \$8.0 million, before certain credits, prorations and closing costs.

See Part I, Item 4 “Note 4 to the Consolidated Financial Statements—Investment in Real Estate” for details.

Property Dispositions

During the nine months ended September 30, 2022, the Company sold its Del Amo and Northview Center properties for \$2.8 million and \$46.0 million, respectively. See Part I, Item 1 “Note 4 to the Consolidated Financial Statements—Investment in Real Estate” for details.

Held for Sale

As of September 30, 2022, the Company had two properties classified as held for sale—6922 Hollywood and Skyway Landing—as these properties were considered non-strategic to the Company’s portfolio. During the nine months ended September 30, 2022, the Company recognized an impairment loss of \$3.1 million related to its 6922 Hollywood office property due to a reduction in the estimated fair value of the property. 6922 Hollywood was subsequently sold on October 20, 2022.

Under Construction and Future Development Projects

The following table summarizes the properties currently under construction and future development projects as of September 30, 2022:

Location	Submarket	Estimated Square Feet ⁽¹⁾	Estimated Completion Date	Estimated Stabilization Date
Under Construction:				
Sunset Glenoaks Studios ⁽²⁾	Los Angeles	241,000	Q3-2023	Q2-2024
Washington 1000	Denny Triangle	546,000	Q1-2024	Q1-2026
Total Under Construction		787,000		
Future Development Pipeline:				
Burrard Exchange at Bentall Centre ⁽³⁾	Downtown Vancouver	450,000	TBD	TBD
Sunset Waltham Cross Studios ⁽⁴⁾	Broxbourne	1,167,347	TBD	TBD
Sunset Gower Studios—Development ⁽⁵⁾	Hollywood	478,845	TBD	TBD
Sunset Las Palmas Studios—Development ⁽⁵⁾	Hollywood	617,581	TBD	TBD
Cloud10	North San Jose	350,000	TBD	TBD
Element LA—Development	West Los Angeles	500,000	TBD	TBD
Sunset Bronson Studios Lot D—Development ⁽⁵⁾	Hollywood	19,816	TBD	TBD
Total Future Development Pipeline		3,583,589		
TOTAL UNDER CONSTRUCTION AND FUTURE DEVELOPMENT		4,370,589		

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 50% of the ownership interests in the unconsolidated joint venture that owns Sunset Glenoaks Studios.
3. We own 20% of the ownership interests in the unconsolidated joint venture that owns Burrard Exchange.
4. We own 35% of the ownership interests in the unconsolidated joint venture that owns Sunset Waltham Cross Studios.
5. We own 51% of the ownership interests in the consolidated joint venture that owns Sunset Bronson Studios, Sunset Gower Studios and Sunset Las Palmas Studios.

Lease Expirations

The following table summarizes the lease expirations for leases in place as of September 30, 2022, plus available space, beginning January 1, 2022 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		2,722,442	2,614,565	19.9 %					
2022	67	567,011	519,708	3.9	\$ 26,001,505	4.4 %	\$ 50.03	\$ 26,267,292	\$ 50.54
2023	172	1,717,729	1,369,011	10.4	73,949,187	12.4	54.02	74,930,084	54.73
2024	169	1,791,887	1,514,926	11.5	85,582,785	14.4	56.49	90,593,643	59.80
2025	138	1,854,803	1,522,868	11.6	93,087,659	15.8	61.13	99,879,752	65.59
2026	63	711,825	621,106	4.7	38,306,154	6.4	61.67	42,593,801	68.58
2027	84	939,702	795,547	6.0	46,920,342	7.9	58.98	53,241,773	66.92
2028	42	1,037,801	896,956	6.8	60,923,983	10.2	67.92	71,862,566	80.12
2029	20	361,097	254,942	1.9	19,073,279	3.2	74.81	22,606,021	88.67
2030	16	1,532,267	1,170,613	8.9	56,599,859	9.5	48.35	72,303,833	61.77
2031	14	1,086,447	670,931	5.1	37,964,531	6.4	56.58	50,272,084	74.93
Thereafter	25	1,264,299	814,359	6.2	45,456,342	7.6	55.82	65,679,797	80.65
Building management use ⁽⁸⁾	46	209,140	183,138	1.4	—	—	—	—	—
Signed leases not commenced ⁽⁹⁾	44	230,553	219,863	1.7	10,901,410	1.8	49.58	12,981,094	59.04
Portfolio Total/Weighted Average	900	16,027,003	13,168,533	100.0 %	\$ 594,767,036	100.0 %	\$ 56.35	\$ 683,211,740	\$ 64.74

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 39 month-to-month leases.
3. Total expiring square footage does not include 26,479 square feet of month-to-month leases.
4. Total expiring square footage does not include 16,397 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, 2022, 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, 2022.
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, 2022.
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, 2022 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, 2022, divided by (ii) square footage under uncommenced leases as of September 30, 2022.

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,	
	2022	2021	2022	2021
Renewals⁽¹⁾				
Number of leases	34	27	120	92
Square feet	216,505	187,913	948,663	909,757
Tenant improvement costs per square foot ⁽²⁾⁽³⁾	\$ 5.32	\$ 16.25	\$ 13.75	\$ 8.23
Leasing commission costs per square foot ⁽²⁾	5.71	5.24	10.80	7.56
Total tenant improvement and leasing commission costs⁽²⁾	\$ 11.03	\$ 21.49	\$ 24.55	\$ 15.79
New leases⁽⁴⁾				
Number of leases	31	26	106	76
Square feet	164,859	130,515	649,982	443,221
Tenant improvement costs per square foot ⁽²⁾⁽³⁾	\$ 95.70	\$ 77.82	\$ 70.22	\$ 67.50
Leasing commission costs per square foot ⁽²⁾	16.48	14.06	16.51	15.85
Total tenant improvement and leasing commission costs⁽²⁾	\$ 112.18	\$ 91.88	\$ 86.73	\$ 83.35
TOTAL				
Number of leases	65	53	226	168
Square feet	381,364	318,428	1,598,645	1,352,978
Tenant improvement costs per square foot ⁽²⁾⁽³⁾	\$ 43.20	\$ 40.61	\$ 36.73	\$ 26.45
Leasing commission costs per square foot ⁽²⁾	10.23	8.73	13.12	10.11
TOTAL TENANT IMPROVEMENT AND LEASING COMMISSION COSTS⁽²⁾	\$ 53.43	\$ 49.34	\$ 49.85	\$ 36.56

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, 2022, there were \$170.0 million in borrowings on the unsecured revolving credit facility, net of repayments. 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 July 2022, the Company repaid its in-substance defeased debt in the amount of \$126.4 million in full using the proceeds from the maturity of its U.S. Government securities in June 2022.

In August 2022, the Company modified the existing loan agreement secured by its 1918 Eighth property, whereby the LIBOR-based floating interest rate was replaced with a term SOFR-based floating interest rate.

In August 2022, the Company acquired Quixote. In conjunction with the acquisition, the Company obtained a \$160.0 million note payable from the sellers secured by the assets of Quixote. The loan has an interest rate of 5.00% per annum and is interest-only through the maturity date of December 31, 2023.

In September 2022, the operating partnership completed an underwritten public offering of \$350.0 million of 5.95% Senior Notes due in 2028, which were issued at a discount of 99.614% of par and are fully and unconditionally guaranteed by the Company. The net proceeds from the offering, after deducting the underwriting discount and commissions, were approximately \$346.5 million and were used to repay the outstanding borrowings under its unsecured revolving credit facility. An amount equal to the net proceeds has been allocated to new or existing eligible green projects.

In September 2022, the operating partnership entered into the First Modification Agreement to the Fourth Amended and Restated Credit Agreement, which replaced the LIBOR-based floating interest rate option with a term SOFR-based floating interest rate option as a benchmark rate for borrowings denominated in U.S. dollars for all purposes under the existing credit agreement.

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 2021 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 2021 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, 2022 to the Three Months Ended September 30, 2021

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, 2022 and still owned and included in the stabilized portfolio as of September 30, 2022; 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 loss to NOI:

	Three Months Ended September 30,		Dollar Change	Percent Change
	2022	2021		
Net loss	\$ (6,792)	\$ (6,182)	\$ (610)	9.9 %
Adjustments:				
Loss (income) from unconsolidated real estate entities	352	(566)	918	(162.2)
Fee income	(911)	(678)	(233)	34.4
Interest expense	37,261	30,825	6,436	20.9
Interest income	(196)	(934)	738	(79.0)
Management services reimbursement income—unconsolidated real estate entities	983	253	730	288.5
Management services expense—unconsolidated real estate entities	(983)	(253)	(730)	288.5
Transaction-related expenses	9,331	6,300	3,031	48.1
Unrealized loss (gain) on non-real estate investments	894	(827)	1,721	(208.1)
Loss on sale of real estate	180	—	180	—
Impairment loss	4,795	2,762	2,033	73.6
Loss on extinguishment of debt	—	6,249	(6,249)	(100.0)
Other income	(2,453)	(82)	(2,371)	2,891.5
General and administrative	19,795	18,288	1,507	8.2
Depreciation and amortization	93,070	88,568	4,502	5.1
NOI	\$ 155,326	\$ 143,723	\$ 11,603	8.1 %
Same-store NOI	\$ 120,153	\$ 129,221	\$ (9,068)	(7.0)%
Non-same-store NOI	35,173	14,502	20,671	142.5
NOI	\$ 155,326	\$ 143,723	\$ 11,603	8.1 %

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

	Three Months Ended September 30,	
	2022	2021
Same-store office		
Number of properties	42	42
Rentable square feet	11,311,811	11,311,811
Ending % leased	88.2 %	92.3 %
Ending % occupied	86.5 %	91.7 %
Average % occupied for the period	90.1 %	92.1 %
Average annual rental rate per square foot	\$ 57.10	\$ 54.10
Same-store studio		
Number of properties	3	3
Rentable square feet	1,230,454	1,230,454
Average % occupied for the period ⁽¹⁾	84.4 %	87.3 %

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,					
	2022			2021		
	Same-Store	Non-Same-Store	Total	Same-Store	Non-Same-Store	Total
Revenues						
Office						
Rental	\$ 173,813	\$ 34,966	\$ 208,779	\$ 179,000	\$ 18,941	\$ 197,941
Service and other revenues	4,063	649	4,712	3,115	810	3,925
Total office revenues	177,876	35,615	213,491	182,115	19,751	201,866
Studio						
Rental	12,998	2,307	15,305	12,620	148	12,768
Service and other revenues	9,267	22,291	31,558	6,131	6,867	12,998
Total studio revenues	22,265	24,598	46,863	18,751	7,015	25,766
Total revenues	200,141	60,213	260,354	200,866	26,766	227,632
Operating expenses						
Office operating expenses	66,838	11,502	78,340	62,687	9,178	71,865
Studio operating expenses	13,150	13,538	26,688	8,958	3,086	12,044
Total operating expenses	79,988	25,040	105,028	71,645	12,264	83,909
Office NOI	111,038	24,113	135,151	119,428	10,573	130,001
Studio NOI	9,115	11,060	20,175	9,793	3,929	13,722
NOI	\$ 120,153	\$ 35,173	\$ 155,326	\$ 129,221	\$ 14,502	\$ 143,723

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

Three Months Ended September 30, 2022 as compared to Three Months Ended September 30, 2021						
	Same-Store		Non-Same-Store		Total	
	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
Revenues						
Office						
Rental	\$ (5,187)	(2.9) %	\$ 16,025	84.6 %	\$ 10,838	5.5 %
Service and other revenues	948	30.4	(161)	(19.9)	787	20.1
Total office revenues	(4,239)	(2.3)	15,864	80.3	11,625	5.8
Studio						
Rental	378	3.0	2,159	1,458.8	2,537	19.9
Service and other revenues	3,136	51.1	15,424	224.6	18,560	142.8
Total studio revenues	3,514	18.7	17,583	250.6	21,097	81.9
Total revenues	(725)	(0.4)	33,447	125.0	32,722	14.4
Operating expenses						
Office operating expenses	4,151	6.6	2,324	25.3	6,475	9.0
Studio operating expenses	4,192	46.8	10,452	338.7	14,644	121.6
Total operating expenses	8,343	11.6	12,776	104.2	21,119	25.2
Office NOI	(8,390)	(7.0)	13,540	128.1	5,150	4.0
Studio NOI	(678)	(6.9)	7,131	181.5	6,453	47.0
NOI	\$ (9,068)	(7.0) %	\$ 20,671	142.5 %	\$ 11,603	8.1 %

NOI increased \$11.6 million, or 8.1%, for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021, primarily resulting from:

- a \$20.7 million increase in non-same-store NOI driven by:
 - an increase in office NOI of \$13.5 million primarily due to:
 - a \$16.0 million increase in rental revenues primarily resulting from the delivery of the entire premises of our One Westside development property to Google in November 2021 and the acquisition of our 5th & Bell property in December 2021;
 - partially offset by a \$2.3 million increase in operating expenses corresponding to the increase in rental revenues.
 - an increase in studio NOI of \$7.1 million primarily due to the acquisition of Zio and Star Waggon in August 2021 and Quixote in August 2022.
- a \$9.1 million decrease in same-store NOI driven by:
 - a decrease in office NOI of \$8.4 million primarily due to:
 - a \$5.2 million decrease in rental revenues resulting from a decrease in occupancy across our same-store portfolio; and
 - a \$4.2 million increase in operating expenses, predominantly utilities and cleaning, resulting from higher utilization of office space due to an increase in the number of tenant employees returning to in-person work;
 - partially offset by a \$0.9 million increase in service and other revenues primarily resulting from a lease cancellation fee at our Concourse property and increases in visitor parking at several properties across our same-store portfolio.

- a decrease in studio NOI of \$0.7 million primarily due to:
 - a \$4.2 million increase in studio operating expenses due to a favorable supplemental property tax assessment for our Sunset Las Palmas studio property recorded in the prior period and an increase in lighting and grip, utilities and cleaning expenses at our Sunset Gower studio property;
 - partially offset by a \$3.1 million increase in service and other revenues predominantly due to increased activity at our Sunset Gower studio property.

Other Income (Expense)

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,			
	2022	2021	Dollar Change	Percent Change
Gross interest expense	\$ 38,595	\$ 33,912	\$ 4,683	13.8 %
Capitalized interest	(4,797)	(5,760)	963	(16.7)
Amortization of deferred financing costs and loan discounts/premiums	3,463	2,673	790	29.6
TOTAL	\$ 37,261	\$ 30,825	\$ 6,436	20.9 %

Gross interest expense increased \$4.7 million, or 13.8%, to \$38.6 million for the three months ended September 30, 2022 compared to \$33.9 million for the three months ended September 30, 2021. The increase was primarily driven by an increase in the average reference rates for the Company's variable rate debt, increases in the outstanding borrowings on the Company's unsecured revolving credit facility and One Westside construction loan and interest incurred on the Quixote secured note and the 5.95% Registered senior notes, which were issued in August 2022 and September 2022, respectively. The overall increase was partially offset by decreases in interest expense due to the repayment of the mortgage loan secured by the 10950 Washington property and the in-substance defeased debt in December 2021 and July 2022, respectively.

Capitalized interest decreased \$1.0 million, or 16.7%, to \$4.8 million for the three months ended September 30, 2022 compared to \$5.8 million for the three months ended September 30, 2021. The decrease was primarily driven by the completion of the One Westside development property, partially offset by interest capitalized on the newly-acquired Washington 1000 development.

Amortization of deferred financing costs and loan discounts/premiums increased \$0.8 million, or 29.6%, to \$3.5 million for the three months ended September 30, 2022 compared to \$2.7 million for the three months ended September 30, 2021. The increase was primarily driven by the amortization of new issuance costs associated with the refinancing of the \$1.1 billion loan secured by the Hollywood Media Portfolio and the amendment of the unsecured revolving credit facility in August 2021 and December 2021, respectively.

General and administrative expenses

General and administrative expenses increased \$1.5 million, or 8.2%, to \$19.8 million for the three months ended September 30, 2022 compared to \$18.3 million for the three months ended September 30, 2021. The increase was primarily driven by an increase in professional fees, travel and entertainment and office expenses during the three months ended September 30, 2022.

Depreciation and amortization expense

Depreciation and amortization expense increased \$4.5 million, or 5.1%, to \$93.1 million for the three months ended September 30, 2022 compared to \$88.6 million for the three months ended September 30, 2021. The increase was primarily related to the completion of the One Westside development in November 2021, 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 and the Quixote transaction in August 2022 and the acquisition of the 5th & Bell property in December 2021. These

increases were partially offset by the cessation of depreciation related to four properties classified as held for sale during the three months ended September 30, 2022, two of which were also sold during the period.

Transaction-related expenses

We incurred transaction-related expenses of \$9.3 million for the three months ended September 30, 2022 primarily related to the Quixote acquisition, compared to \$6.3 million for the three months ended September 30, 2021 primarily related to the Zio and Star Waggon acquisitions.

Interest income

Interest income decreased \$0.7 million, or 79.0%, to \$0.2 million for the three months ended September 30, 2022 compared to \$0.9 million for the three months ended September 30, 2021. The decrease was primarily driven by the maturity of the U.S. Government securities in June 2022.

Fee income

We recognized fee income of \$0.9 million for the three months ended September 30, 2022 compared to \$0.7 million for the three months ended September 30, 2021. Fee income primarily represents management fee, construction management fee and leasing commission income earned from our unconsolidated real estate entities.

Unrealized (loss) gain on non-real estate investments

We recognized an unrealized loss on non-real estate investments of \$0.9 million for the three months ended September 30, 2022 compared to an unrealized gain on non-real estate investments of \$0.8 million for the three months ended September 30, 2021. 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, 2022, no such loss was recognized.

Impairment loss

We recognized an impairment loss of \$4.8 million during the three months ended September 30, 2022 due to reductions in the estimated fair values of our Del Amo, 6922 Hollywood and Northview Center properties, as compared to an impairment loss of \$2.8 million recognized during the three months ended September 30, 2021 due to a reduction in the estimated hold period of our Del Amo property.

Comparison of the Nine Months Ended September 30, 2022 to the Nine Months Ended September 30, 2021

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, 2022 and still owned and included in the stabilized portfolio as of September 30, 2022; and
- Non-same-store, which includes:
 - Stabilized non-same-store properties
 - Lease-up properties
 - Repositioning properties
 - Development properties

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- Redevelopment properties
- Held for sale properties
- Operating results from studio service-related businesses

The following table reconciles net (loss) income to NOI:

	Nine Months Ended September 30,		Dollar Change	Percent Change
	2022	2021		
Net (loss) income	\$ (10,861)	\$ 12,259	\$ (23,120)	(188.6)%
Adjustments:				
Income from unconsolidated real estate entities	(1,731)	(1,671)	(60)	3.6
Fee income	(3,122)	(2,323)	(799)	34.4
Interest expense	101,816	91,800	10,016	10.9
Interest income	(2,026)	(2,868)	842	(29.4)
Management services reimbursement income—unconsolidated real estate entities	3,159	879	2,280	259.4
Management services expense—unconsolidated real estate entities	(3,159)	(879)	(2,280)	259.4
Transaction-related expenses	10,713	7,364	3,349	45.5
Unrealized loss (gain) on non-real estate investments	1,062	(11,620)	12,682	(109.1)
Loss on sale of real estate	180	—	180	—
Impairment loss	28,548	2,762	25,786	933.6
Loss on extinguishment of debt	—	6,249	(6,249)	(100.0)
Other (income) expense	(4,047)	1,547	(5,594)	(361.6)
General and administrative	62,178	53,846	8,332	15.5
Depreciation and amortization	276,701	255,507	21,194	8.3
NOI	\$ 459,411	\$ 412,852	\$ 46,559	11.3 %
Same-store NOI	371,475	377,426	(5,951)	(1.6)%
Non-same-store NOI	87,936	35,426	52,510	148.2
NOI	\$ 459,411	\$ 412,852	\$ 46,559	11.3 %

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

	Nine Months Ended September 30,	
	2022	2021
Same-store office		
Number of properties	42	42
Rentable square feet	11,311,811	11,311,811
Ending % leased	88.2 %	92.3 %
Ending % occupied	86.5 %	91.7 %
Average % occupied for the period	89.6 %	92.3 %
Average annual rental rate per square foot	\$ 57.10	\$ 54.10
Same-store studio		
Number of properties	3	3
Rentable square feet	1,230,454	1,230,454
Average % occupied for the period ⁽¹⁾	84.4 %	87.3 %

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,					
	2022			2021		
	Same-Store	Non-Same-Store	Total	Same-Store	Non-Same-Store	Total
Revenues						
Office						
Rental	\$ 526,957	\$ 99,850	\$ 626,807	\$ 524,865	\$ 55,489	\$ 580,354
Service and other revenues	10,396	3,932	14,328	7,272	2,086	9,358
Total office revenues	537,353	103,782	641,135	532,137	57,575	589,712
Studio						
Rental	38,981	3,156	42,137	36,324	148	36,472
Service and other revenues	24,334	48,691	73,025	23,302	6,867	30,169
Total studio revenues	63,315	51,847	115,162	59,626	7,015	66,641
Total revenues	600,668	155,629	756,297	591,763	64,590	656,353
Operating expenses						
Office operating expenses	192,222	38,307	230,529	181,459	26,079	207,538
Studio operating expenses	36,971	29,386	66,357	32,878	3,085	35,963
Total operating expenses	229,193	67,693	296,886	214,337	29,164	243,501
Office NOI	345,131	65,475	410,606	350,678	31,496	382,174
Studio NOI	26,344	22,461	48,805	26,748	3,930	30,678
NOI	\$ 371,475	\$ 87,936	\$ 459,411	\$ 377,426	\$ 35,426	\$ 412,852

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

Nine Months Ended September 30, 2022 as compared to Nine Months Ended September 30, 2021						
	Same-Store		Non-Same-Store		Total	
	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
Revenues						
Office						
Rental	\$ 2,092	0.4 %	\$ 44,361	79.9 %	\$ 46,453	8.0 %
Service and other revenues	3,124	43.0	1,846	88.5	4,970	53.1
Total office revenues	5,216	1.0	46,207	80.3	51,423	8.7
Studio						
Rental	2,657	7.3	3,008	2,032.4	5,665	15.5
Service and other revenues	1,032	4.4	41,824	609.1	42,856	142.1
Total studio revenues	3,689	6.2	44,832	639.1	48,521	72.8
Total revenues	8,905	1.5	91,039	140.9	99,944	15.2
Operating expenses						
Office operating expenses	10,763	5.9	12,228	46.9	22,991	11.1
Studio operating expenses	4,093	12.4	26,301	852.5	30,394	84.5
Total operating expenses	14,856	6.9	38,529	132.1	53,385	21.9
Office NOI	(5,547)	(1.6)	33,979	107.9	28,432	7.4
Studio NOI	(404)	(1.5)	18,531	471.5	18,127	59.1
NOI	\$ (5,951)	(1.6)%	\$ 52,510	148.2 %	\$ 46,559	11.3 %

NOI increased \$46.6 million, or 11.3%, for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021, primarily resulting from:

- a \$52.5 million increase in non-same-store NOI from driven by:
 - an increase in office NOI of \$34.0 million primarily due to:
 - a \$44.4 million increase in rental revenues primarily resulting from the delivery of the entire premises of our One Westside development property to Google in November 2021 and the acquisition of our 5th & Bell property in December 2021; and
 - a \$1.8 million increase in service and other revenues primarily due to lease cancellation fees received at our Skyway Landing property and an increase in visitor parking revenue at our 6922 Hollywood property, partially offset by a decrease arising from lease cancellation fees received at our 10850 Pico property in the prior period that did not recur in the current period;
 - partially offset by a \$12.2 million increase in operating expenses corresponding to the increase in rental revenues.
 - an increase in studio NOI of \$18.5 million primarily due to the acquisition of Zio and Star Waggon in August 2021 and Quixote in August 2022.
- a \$6.0 million decrease in same-store NOI driven by:
 - an decrease in office NOI of \$5.5 million primarily due to:
 - a \$10.8 million increase in operating expenses, predominantly utilities and cleaning, resulting from higher utilization of office space due to an increase in the number of tenant employees returning to in-person work;
 - partially offset by a \$2.1 million increase in rental revenues primarily resulting from lease commencements at our Maxwell property (Califia Farms and Twitch Interactive), the conversion of a lease from percentage rent to base rent at our Maxwell property, the reversal of reserves for

uncollectible rents recognized at our 11601 Wilshire and 1455 Market properties, a restoration fee received at our Concourse property and higher recoveries at certain properties as compared to the prior year comparative period. The increase was partially offset by the impact of a decrease in occupancy across our same-store portfolio; and

- a \$3.1 million increase in service and other revenues primarily resulting from lease cancellation fees received at our 11601 Wilshire, Concourse and Shorebreeze properties and increases in visitor parking at several properties across our same-store portfolio.
- an decrease in studio NOI of \$0.4 million primarily due to:
 - a \$4.1 million increase in studio operating expenses primarily due to a supplemental property tax assessment for our Sunset Gower studio property recorded in the current period, a favorable supplemental property tax assessment for our Sunset Las Palmas studio property recorded in the prior period and an increase in payroll and payroll-related costs at our Sunset Gower studio property;
 - partially offset by a \$2.7 million increase in rental revenues primarily from increased activity at our Sunset Gower and Sunset Las Palmas studio properties; and
 - a \$1.0 million increase in service and other revenues primarily resulting from increased services activity at our Sunset Bronson and Sunset Las Palmas studio properties.

Other Income (Expense)

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,			
	2022	2021	Dollar Change	Percent Change
Gross interest expense	\$ 103,242	\$ 101,341	\$ 1,901	1.9 %
Capitalized interest	(11,674)	(17,049)	5,375	(31.5)
Amortization of deferred financing costs and loan discounts/premiums	10,248	7,508	2,740	36.5
TOTAL	\$ 101,816	\$ 91,800	\$ 10,016	10.9 %

Gross interest expense increased \$1.9 million, or 1.9%, to \$103.2 million for the nine months ended September 30, 2022 compared to \$101.3 million for the nine months ended September 30, 2021. The increase was primarily driven by an increase in the average reference rates for the Company's variable rate debt, increases in the outstanding borrowings on the Company's unsecured revolving credit facility and One Westside construction loan and interest incurred on the Quixote secured note and the 5.95% Registered senior notes, which were issued in August 2022 and September 2022, respectively. The overall increase was partially offset by decreases in interest expense due to the repayment of the mortgage loan secured by the 10950 Washington property and the in-substance defeased debt in December 2021 and July 2022, respectively.

Capitalized interest decreased \$5.4 million, or 31.5%, to \$11.7 million for the nine months ended September 30, 2022 compared to \$17.0 million for the nine months ended September 30, 2021. The increase was primarily driven by the completion of the One Westside and Harlow development properties, partially offset by interest capitalized on the newly-acquired Washington 1000 development.

Amortization of deferred financing costs and loan discounts/premiums increased \$2.7 million, or 36.5%, to \$10.2 million for the nine months ended September 30, 2022 compared to \$7.5 million for the nine months ended September 30, 2021. The increase was primarily driven by the amortization of new issuance costs associated with the refinancing of the \$1.1 billion loan secured by the Hollywood Media Portfolio and the amendment of the unsecured revolving credit facility in August 2021 and December 2021, respectively.

General and administrative expenses

General and administrative expenses increased \$8.3 million, or 15.5%, to \$62.2 million for the nine months ended September 30, 2022 compared to \$53.8 million for the nine months ended September 30, 2021. The increase is primarily driven by

lower non-cash compensation expense during the nine months ended September 30, 2021 due to the forfeiture of non-cash compensation awards granted to certain departing members of management, which did not recur during the current period, as well as an increase in professional fees, travel and entertainment and office expenses during the nine months ended September 30, 2022.

Depreciation and amortization expense

Depreciation and amortization expense increased \$21.2 million, or 8.3%, to \$276.7 million for the nine months ended September 30, 2022 compared to \$255.5 million for the nine months ended September 30, 2021. The increase was primarily related to the completion of the One Westside development in November 2021, 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 and the Quixote transaction in August 2022 and the acquisition of the 5th & Bell property in December 2021. These increases were partially offset by the cessation of depreciation related to the cessation of depreciation related to four properties classified as held for sale during the nine months ended September 30, 2022, two of which were also sold during the period.

Transaction-related expenses

We incurred transaction-related expenses of \$10.7 million for the nine months ended September 30, 2022 primarily related to the Quixote acquisition, compared to \$7.4 million for the three months ended September 30, 2021 primarily related to the Zio and Star Waggon acquisitions.

Interest income

Interest income decreased \$0.8 million, or 29.4%, to \$2.0 million for the nine months ended September 30, 2022 compared to \$2.9 million for the nine months ended September 30, 2021. The decrease was primarily driven by the maturity of the U.S. Government securities in June 2022.

Fee income

We recognized fee income of \$3.1 million for the nine months ended September 30, 2022 compared to \$2.3 million for the nine months ended September 30, 2021. Fee income primarily represents management fee, construction management fee and leasing commission income earned from our unconsolidated real estate entities.

Unrealized (loss) gain on non-real estate investments

We recognized an unrealized loss on our non-real estate investments of \$1.1 million for the nine months ended September 30, 2022 compared to an unrealized gain on non-real estate investments of \$11.6 million for the nine months ended September 30, 2021. 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, 2022, no such loss was recognized.

Impairment loss

We recognized an impairment loss of \$28.5 million during the nine months ended September 30, 2022, of which \$20.0 million was due to reductions in the estimated fair values of our Del Amo, 6922 Hollywood and Northview Center properties and \$8.5 million was due to the full impairment of the Zio trade name in connection with a rebranding of the business under the Company's Sunset Studios platform. We recognized an impairment loss of \$2.8 million during the nine months ended September 30, 2021 due to a reduction in the estimated hold period of our Del Amo property.

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;
- proceeds from the Sunset Glenoaks construction loan (unconsolidated joint venture); and
- proceeds from additional secured, unsecured debt financings or offerings.

Liquidity Sources

We had approximately \$161.7 million of cash and cash equivalents at September 30, 2022. 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, 2022. 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, 2022, we had total borrowing capacity of \$1.0 billion under our unsecured revolving credit facility, \$295.0 million of which had been drawn. As of September 30, 2022, we had total borrowing capacity of \$414.6 million under our construction loan, secured by our One Westside and 10850 Pico properties, \$273.1 million of which had been drawn. As of September 30, 2022, we had total borrowing capacity of \$100.6 million under the Sunset Glenoaks construction loan (unconsolidated joint venture), of which \$30.8 million 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, 2022 (in thousands, except percentage):

	September 30, 2022
Unsecured and secured debt ⁽¹⁾	\$ 4,476,575
Series A redeemable preferred units	9,815
Total consolidated debt	4,486,390
Equity capitalization ⁽²⁾	2,015,135
TOTAL CONSOLIDATED MARKET CAPITALIZATION	\$ 6,501,525
Total consolidated debt/total consolidated market capitalization	69.0 %

1. Excludes joint venture partner debt and unamortized deferred financing costs and loan discounts/premiums.

2. 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 \$10.95, as reported by the NYSE, on September 30, 2022 as well as the aggregate value of the Series C preferred stock liquidation preference as of September 30, 2022.

Outstanding Indebtedness

The following table sets forth information as of September 30, 2022 and December 31, 2021 with respect to our outstanding indebtedness, excluding unamortized deferred financing costs and loan discounts/premiums (in thousands):

	September 30, 2022	December 31, 2021
Unsecured debt	\$ 2,570,000	\$ 2,050,000
Secured debt	\$ 1,906,575	\$ 1,714,874
In-substance defeased debt	\$ —	\$ 128,212
Joint venture partner debt	\$ 66,136	\$ 66,136

The operating partnership was in compliance with its financial covenants as of September 30, 2022.

Liquidity Uses

Contractual Obligations

The terms of the securities purchase agreement for the acquisition of Zio require the Company to pay 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, 2022, there were no material changes outside the ordinary course of business in the information regarding specified contractual obligations contained in our 2021 Annual Report on Form 10-K. See Part I, Item 1 "Note 10 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 14 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 22 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,			
	2022	2021	Dollar Change	Percent Change
Net cash provided by operating activities	\$ 328,549	\$ 285,512	\$ 43,037	15.1 %
Net cash used in investing activities	\$ (335,427)	\$ (560,602)	\$ 225,175	(40.2)%
Net cash provided by financing activities	\$ 14,070	\$ 345,787	\$ (331,717)	(95.9)%

Cash and cash equivalents and restricted cash were \$204.1 million and \$196.9 million at September 30, 2022 and December 31, 2021, respectively.

Operating Activities

Net cash provided by operating activities increased by \$43.0 million, or 15.1%, to \$328.5 million for the nine months ended September 30, 2022 compared to \$285.5 million for the nine months ended September 30, 2021. The change primarily resulted from operating cash flow contributions from the acquisitions of Quixote in 2022 and Star Waggon, Zio and 5th & Bell in 2021, partially offset by increases in corporate expenditures.

Investing Activities

Net cash used in investing activities decreased by \$225.2 million, or 40.2%, to \$335.4 million for the nine months ended September 30, 2022 compared to \$560.6 million for the nine months ended September 30, 2021. The change primarily resulted

from a \$124.3 million increase in proceeds from maturities of U.S. Government securities, a \$100.1 million decrease in additions to investment in real estate, a \$54.3 million decrease in contributions to unconsolidated real estate entities and \$44.5 million in proceeds from property sales during the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. This change was partially offset by \$96.4 million of cash outflows related to property acquisitions during the nine months ended September 30, 2022 and a \$10.8 million increase in additions to non-real estate property, plant and equipment during the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021.

Financing Activities

Net cash provided by financing activities decreased \$331.7 million, or 95.9%, to \$14.1 million for the nine months ended September 30, 2022 compared to \$345.8 million for the nine months ended September 30, 2021. The change primarily resulted from a \$326.1 million decrease in proceeds from notes payable, a \$200.0 million cash outflow related to the accelerated share repurchase program, a \$125.6 million increase in payments of in-substance defeased debt, a \$45.0 million decrease in proceeds from the sale of common stock, a \$22.5 million increase in other share repurchases and a \$17.7 million increase in dividends paid to Series C preferred stockholders during the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. The decrease was partially offset by a \$362.7 million decrease in payments of notes payable, a \$33.9 million decrease in distributions to non-controlling members in consolidated real estate entities and a \$13.7 million decrease in payments of loan costs during the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021.

Off-Balance Sheet Arrangements

Joint Venture Indebtedness

We have investments in unconsolidated real estate entities accounted for using the equity method of accounting. The following table provides information about joint venture indebtedness as of September 30, 2022 (in thousands):

	Principal Amount	Interest Rate	Contractual Maturity Date	Company's Share
Bentall Centre ⁽¹⁾	\$ 482,506	CDOR + 1.75%	7/1/2024	\$ 96,501
Sunset Glenoaks Studios ⁽²⁾	\$ 30,848	SOFR + 3.10%	1/9/2025	\$ 15,424

- (1) We own 20% of the ownership interests in the unconsolidated real estate investment that owns Bentall Centre. The loan was transacted in Canadian dollars. The principal balance is shown in U.S. dollars using the foreign currency exchange rate as of September 30, 2022. The interest on the full principal amount has been effectively capped at 6.31% per annum (4.56% strike rate + 1.75% spread) through the use of an interest rate cap.
- (2) We own 50% of the ownership interests in the unconsolidated real estate investment that owns the Sunset Glenoaks Studios development. This loan has an initial interest rate of SOFR + 3.10% per annum until the construction at Sunset Glenoaks Studios is complete and certain performance targets have been met, at which time the effective interest rate will decrease to SOFR + 2.50%. This loan is interest-only through its term. The total capacity of the loan is \$100.6 million. As of September 30, 2022, we have \$69.8 million undrawn. The interest on the full principal amount has been effectively capped at 7.60% per annum (4.50% strike rate + 3.10% spread) through the use of an interest rate cap.

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 (loss) income to FFO (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net (loss) income	\$ (6,792)	\$ (6,182)	\$ (10,861)	\$ 12,259
Adjustments:				
Depreciation and amortization—Consolidated	93,070	88,568	276,701	255,507
Depreciation and amortization—Non-real estate assets	(5,541)	(2,221)	(14,458)	(3,388)
Depreciation and amortization—Company’s share from unconsolidated real estate entities	1,278	1,462	3,967	4,523
Loss on sale of real estate	180	—	180	—
Impairment loss—Real estate assets	4,795	2,762	20,048	2,762
Unrealized loss (gain) on non-real estate investments	894	(827)	1,062	(11,620)
Tax impact of unrealized gain on non-real estate investment	—	—	—	1,876
FFO attributable to non-controlling interests	(18,261)	(14,288)	(56,934)	(46,731)
FFO attributable to preferred shares and units	(5,200)	(153)	(15,843)	(459)
FFO TO COMMON STOCKHOLDERS AND UNITHOLDERS	\$ 64,423	\$ 69,121	\$ 203,862	\$ 214,729

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information about our market risk is disclosed in Part II, Item 7A, of our 2021 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, 2022 to the information provided in Part II, Item 7A, of our 2021 Annual Report on Form 10-K.

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

There have been no material changes to the risk factors included in the section entitled “Risk Factors” in our 2021 Annual Report on Form 10-K. Please review the Risk Factors set forth in our 2021 Annual Report on Form 10-K.

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

(a) *Recent Sales of Unregistered Securities:* None during the third quarter of 2022.

All other issuances of unregistered equity securities of our operating partnership during the nine months ended September 30, 2022 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 \$9.3 billion in total consolidated assets and as our operating partnership’s majority owner and sole general partner as the basis for the exemption under Section 4(a)(2) of the Securities Act.

(b) *Use of Proceeds from Registered Securities:* None.

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

The following table summarizes the repurchases of the Company equity securities during the third quarter of 2022:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum That May Yet Be Purchased Under The Plans or Programs ⁽²⁾⁽³⁾
July 1 - July 31, 2022 ⁽¹⁾	686,016	\$ 25.35	686,016	\$ 36,623,832
TOTAL	686,016	\$ 25.35	686,016	

- During the first quarter of 2022, the Company entered into a collared accelerated share repurchase agreement (“ASR”) to purchase \$100 million of its own outstanding common stock. The Company made an initial payment of \$100 million and received an initial delivery of 3,258,539 shares of common stock. Final settlement of the agreement occurred during the third quarter of 2022 based on the daily volume-weighted average price during the measurement period, less a negotiated discount, and resulted in the delivery of an additional 686,016 shares of common stock.
- Our board of directors authorized a share repurchase program to buy up to \$250.0 million of the outstanding common stock of Hudson Pacific Properties, Inc. The program does not have a termination date, and repurchases may commence or be discontinued at any time.
- The maximum that may yet be purchased under the plans or programs is shown net of repurchases.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS

Exhibit No.	Description	Incorporated by Reference			
		Form	File No.	Exhibit No.	Filing Date
3.1	Articles of Amendment and Restatement of Hudson Pacific Properties, Inc.	S-11/A	333-164916	3.1	May 12, 2010
3.2	Second Amended and Restated Bylaws of Hudson Pacific Properties, Inc.	8-K	001-34789	3.1	January 12, 2015
3.3	First Amendment to the Second Amended and Restated Bylaws of Hudson Pacific Properties, Inc.	8-K	001-34789	3.1	March 22, 2022
3.4	Fifth Amended and Restated Agreement of Limited Partnership of Hudson Pacific Properties, L.P.	8-K	001-34789	3.2	November 16, 2021
3.5	Certificate of Limited Partnership of Hudson Pacific Properties, L.P.	10-Q	001-34789	3.4	November 4, 2016
4.1	Supplemental Indenture No. 4, dated as of September 15, 2022, among Hudson Pacific Properties, L.P., as issuer, Hudson Pacific Properties, Inc., as guarantor, and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as trustee, including the form of 5.950% Senior Notes due 2028 and the guarantee.	8-K	001-34789	4.2	September 15, 2022
10.1	First Modification Agreement to the Fourth Amended and Restated Credit Agreement, dated as of September 15, 2022, by and among Hudson Pacific Properties, L.P., as borrower, each of the lenders party thereto, Wells Fargo Bank, National Association, as administrative agent	8-K	001-34789	10.1	September 16, 2022
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, 2022 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: November 4, 2022

HUDSON PACIFIC PROPERTIES, INC.

/s/ VICTOR J. COLEMAN

Victor J. Coleman
Chief Executive Officer (Principal Executive Officer)

Date: November 4, 2022

HUDSON PACIFIC PROPERTIES, INC.

/s/ HAROUT K. DIRAMERIAN

Harout K. Diramerian
Chief Financial Officer (Principal Financial Officer)

SIGNATURES

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

Date: November 4, 2022

HUDSON PACIFIC PROPERTIES, L.P.

/s/ VICTOR J. COLEMAN

Victor J. Coleman
Chief Executive Officer (Principal Executive Officer)

Date: November 4, 2022

HUDSON PACIFIC PROPERTIES, L.P.

/s/ HAROUT K. DIRAMERIAN

Harout K. Diramerian
Chief Financial Officer (Principal Financial Officer)

CERTIFICATION

I, Victor J. Coleman, certify that:

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

Date: November 4, 2022

/s/ VICTOR J. COLEMAN

Victor J. Coleman
Chief Executive Officer

CERTIFICATION

I, Harout K. Diramerian, certify that:

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

Date: November 4, 2022

/s/ HAROUT K. DIRAMERIAN

Harout K. Diramerian
Chief Financial Officer

CERTIFICATION

I, Victor J. Coleman, certify that:

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

Date: November 4, 2022

/s/ VICTOR J. COLEMAN

Victor J. Coleman
Chief Executive Officer

CERTIFICATION

I, Harout K. Diramerian, certify that:

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

Date: November 4, 2022

/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, 2022 of the Company (the “Report”) fully complies with the requirements of Section 13(a) and 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: November 4, 2022

/s/ VICTOR J. COLEMAN

Victor J. Coleman
Chief Executive Officer

Date: November 4, 2022

/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, 2022 of the Company (the “Report”) fully complies with the requirements of Section 13(a) and 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: November 4, 2022

/s/ VICTOR J. COLEMAN

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

Date: November 4, 2022

/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.