
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, 2023

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 ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

Hudson Pacific Properties, L.P.

Large accelerated filer ☐

Accelerated filer ☐

Non-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 27, 2023 was 140,937,702.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended September 30, 2023 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, 2023, Hudson Pacific Properties, Inc. owned approximately 97.2% of the ownership interest in our operating partnership (including unvested restricted units). The remaining approximately 2.8% interest was owned by certain of our executive officers and directors, certain of their affiliates and other outside investors and includes 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.
TABLE OF CONTENTS

	Page
<u>PART I—FINANCIAL INFORMATION</u>	
ITEM 1. Financial Statements of Hudson Pacific Properties, Inc.	
<u>Consolidated Balance Sheets as of September 30, 2023 (unaudited) and December 31, 2022</u>	5
<u>Consolidated Statements of Operations (unaudited) for the three and nine months ended September 30, 2023 and 2022</u>	6
<u>Consolidated Statements of Comprehensive Loss (unaudited) for the three and nine months ended September 30, 2023 and 2022</u>	7
<u>Consolidated Statements of Equity (unaudited) for the three and nine months ended September 30, 2023 and 2022</u>	8
<u>Consolidated Statements of Cash Flows (unaudited) for the nine months ended September 30, 2023 and 2022</u>	10
ITEM 1. Financial Statements of Hudson Pacific Properties, L.P.	
<u>Consolidated Balance Sheets as of September 30, 2023 (unaudited) and December 31, 2022</u>	12
<u>Consolidated Statements of Operations (unaudited) for the three and nine months ended September 30, 2023 and 2022</u>	13
<u>Consolidated Statements of Comprehensive Loss (unaudited) for the three and nine months ended September 30, 2023 and 2022</u>	14
<u>Consolidated Statements of Capital (unaudited) for the three and nine months ended September 30, 2023 and 2022</u>	15
<u>Consolidated Statements of Cash Flows (unaudited) for the nine months ended September 30, 2023 and 2022</u>	17
<u>Notes to Unaudited Consolidated Financial Statements</u>	19
ITEM 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	49
ITEM 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	73
ITEM 4. <u>Controls and Procedures</u>	73
<u>PART II—OTHER INFORMATION</u>	
ITEM 1. <u>Legal Proceedings</u>	75
ITEM 1A. <u>Risk Factors</u>	75
ITEM 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	75
ITEM 3. <u>Defaults Upon Senior Securities</u>	75
ITEM 4. <u>Mine Safety Disclosures</u>	75
ITEM 5. <u>Other Information</u>	75
ITEM 6. <u>Exhibits</u>	76
<u>SIGNATURES</u>	77

PART I—FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS OF HUDSON PACIFIC PROPERTIES, INC.

HUDSON PACIFIC PROPERTIES, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	September 30, 2023 (unaudited)	December 31, 2022
ASSETS		
Investment in real estate, at cost	\$ 8,831,914	\$ 8,716,572
Accumulated depreciation and amortization	(1,735,715)	(1,541,271)
Investment in real estate, net	7,096,199	7,175,301
Non-real estate property, plant and equipment, net	115,903	130,289
Cash and cash equivalents	75,040	255,761
Restricted cash	19,054	29,970
Accounts receivable, net	19,330	16,820
Straight-line rent receivables, net	290,938	279,910
Deferred leasing costs and intangible assets, net	359,870	393,842
Operating lease right-of-use assets	391,177	401,051
Prepaid expenses and other assets, net	119,494	98,837
Investment in unconsolidated real estate entities	236,248	180,572
Goodwill	263,549	263,549
Assets associated with real estate held for sale	—	93,238
TOTAL ASSETS	\$ 8,986,802	\$ 9,319,140
LIABILITIES AND EQUITY		
Liabilities		
Unsecured and secured debt, net	\$ 4,417,020	\$ 4,585,862
Joint venture partner debt	66,136	66,136
Accounts payable, accrued liabilities and other	267,426	264,098
Operating lease liabilities	393,773	399,801
Intangible liabilities, net	29,247	34,091
Security deposits, prepaid rent and other	86,980	83,797
Liabilities associated with real estate held for sale	—	665
Total liabilities	5,260,582	5,434,450
Commitments and contingencies (note 21)		
Redeemable preferred units of the operating partnership	9,815	9,815
Redeemable non-controlling interest in consolidated real estate entities	115,580	125,044
Equity		
Hudson Pacific Properties, Inc. stockholders' equity:		
4.750% Series C cumulative redeemable preferred stock, \$0.01 par value, \$25.00 per share liquidation preference, 18,400,000 authorized, 17,000,000 shares outstanding at September 30, 2023 and December 31, 2022	425,000	425,000
Common stock, \$0.01 par value, 481,600,000 authorized, 140,937,702 and 141,054,478 shares outstanding at September 30, 2023 and December 31, 2022, respectively	1,403	1,409
Additional paid-in capital	2,748,309	2,889,967
Accumulated other comprehensive income (loss)	4,178	(11,272)
Total Hudson Pacific Properties, Inc. stockholders' equity	3,178,890	3,305,104
Non-controlling interest—members in consolidated real estate entities	345,058	377,756
Non-controlling interest—units in the operating partnership	76,877	66,971
Total equity	3,600,825	3,749,831
TOTAL LIABILITIES AND EQUITY	\$ 8,986,802	\$ 9,319,140

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,	
	2023	2022	2023	2022
REVENUES				
Office				
Rental	\$ 199,633	\$ 208,779	\$ 605,776	\$ 626,807
Service and other revenues	3,954	4,712	11,735	14,328
Total office revenues	203,587	213,491	617,511	641,135
Studio				
Rental	13,482	15,305	46,109	42,137
Service and other revenues	14,374	31,558	65,254	73,025
Total studio revenues	27,856	46,863	111,363	115,162
Total revenues	231,443	260,354	728,874	756,297
OPERATING EXPENSES				
Office operating expenses	80,521	78,340	231,342	230,529
Studio operating expenses	31,655	26,688	103,578	66,357
General and administrative	17,512	19,795	55,177	62,178
Depreciation and amortization	98,580	93,070	294,654	276,701
Total operating expenses	228,268	217,893	684,751	635,765
OTHER INCOME (EXPENSES)				
(Loss) income from unconsolidated real estate entities	(759)	(352)	(2,219)	1,731
Fee income	340	911	5,026	3,122
Interest expense	(53,581)	(37,261)	(162,036)	(101,816)
Interest income	800	196	1,407	2,026
Management services reimbursement income—unconsolidated real estate entities	1,015	983	3,138	3,159
Management services expense—unconsolidated real estate entities	(1,015)	(983)	(3,138)	(3,159)
Transaction-related expenses	—	(9,331)	1,344	(10,713)
Unrealized loss on non-real estate investments	(2,265)	(894)	(2,269)	(1,062)
Gain on extinguishment of debt	—	—	10,000	—
Gain (loss) on sale of real estate	16,108	(180)	23,154	(180)
Impairment loss	—	(4,795)	—	(28,548)
Other income	5	1,147	139	1,138
Total other expenses	(39,352)	(50,559)	(125,454)	(134,302)
Loss before income tax benefit (provision)	(36,177)	(8,098)	(81,331)	(13,770)
Income tax benefit (provision)	425	1,306	(715)	2,909
Net loss	(35,752)	(6,792)	(82,046)	(10,861)
Net income attributable to Series A preferred units	(153)	(153)	(459)	(459)
Net income attributable to Series C preferred shares	(5,047)	(5,047)	(15,141)	(15,384)
Net income attributable to participating securities	—	(300)	(850)	(894)
Net loss (income) attributable to non-controlling interest in consolidated real estate entities	1,752	(6,256)	375	(21,898)
Net loss attributable to redeemable non-controlling interest in consolidated real estate entities	931	1,037	2,333	4,433
Net loss attributable to common units in the operating partnership	672	225	1,600	548
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (37,597)	\$ (17,286)	\$ (94,188)	\$ (44,515)
BASIC AND DILUTED PER SHARE AMOUNTS				
Net loss attributable to common stockholders—basic	\$ (0.27)	\$ (0.12)	\$ (0.67)	\$ (0.31)
Net loss attributable to common stockholders—diluted	\$ (0.27)	\$ (0.12)	\$ (0.67)	\$ (0.31)
Weighted average shares of common stock outstanding—basic	140,937,702	141,117,194	140,957,170	144,677,652
Weighted average shares of common stock outstanding—diluted	140,937,702	141,117,194	140,957,170	144,677,652

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net loss	\$ (35,752)	\$ (6,792)	\$ (82,046)	\$ (10,861)
Currency translation adjustments	(5,571)	(10,052)	203	(18,501)
Net unrealized gains on derivative instruments:				
Unrealized gains	5,007	4,640	18,040	9,200
Reclassification adjustment for realized gains	(2,049)	(4,782)	(2,297)	(6,277)
Total net unrealized gains (losses) on derivative instruments	2,958	(142)	15,743	2,923
Total other comprehensive (loss) income	(2,613)	(10,194)	15,946	(15,578)
Comprehensive loss	(38,365)	(16,986)	(66,100)	(26,439)
Comprehensive income attributable to Series A preferred units	(153)	(153)	(459)	(459)
Comprehensive income attributable to Series C preferred stock	(5,047)	(5,047)	(15,141)	(15,384)
Comprehensive income attributable to participating securities	—	(300)	(850)	(894)
Comprehensive loss (income) attributable to non-controlling interest in consolidated real estate entities	2,067	(6,256)	319	(21,898)
Comprehensive loss attributable to redeemable non-controlling interest in consolidated real estate entities	931	1,037	2,333	4,433
Comprehensive loss attributable to non-controlling interest in the operating partnership	735	404	1,160	821
COMPREHENSIVE LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (39,832)	\$ (27,301)	\$ (78,738)	\$ (59,820)

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, 2023
(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 Income (Loss)	Units in the Operating Partnership	Members in Consolidated Real Estate Entities	Total Equity
Balance, June 30, 2023	\$ 425,000	140,937,702	\$ 1,403	\$ 2,783,858	\$ —	\$ 6,413	\$ 73,408	\$ 355,270	\$ 3,645,352
Contributions	—	—	—	—	—	—	—	7,326	7,326
Distributions	—	—	—	—	—	—	—	(15,471)	(15,471)
Declared dividend	(5,047)	—	—	(37,597)	37,597	—	—	—	(5,047)
Amortization of stock-based compensation	—	—	—	2,048	—	—	4,204	—	6,252
Net income (loss)	5,047	—	—	—	(37,597)	—	(672)	(1,752)	(34,974)
Other comprehensive income	—	—	—	—	—	(2,235)	(63)	(315)	(2,613)
Balance, September 30, 2023	\$ 425,000	140,937,702	\$ 1,403	\$ 2,748,309	\$ —	\$ 4,178	\$ 76,877	\$ 345,058	\$ 3,600,825
Balance, December 31, 2022	\$ 425,000	141,054,478	\$ 1,409	\$ 2,889,967	\$ —	\$ (11,272)	\$ 66,971	\$ 377,756	\$ 3,749,831
Contributions	—	—	—	—	—	—	—	21,531	21,531
Distributions	—	—	—	—	—	—	—	(53,910)	(53,910)
Issuance of unrestricted stock	—	82,861	—	—	—	—	—	—	—
Shares repurchased	—	(187,400)	(6)	(1,363)	—	—	—	—	(1,369)
Shares withheld to satisfy tax withholding obligations	—	(12,237)	—	(87)	—	—	—	—	(87)
Declared dividend	(15,141)	—	—	(146,556)	93,335	—	(1,739)	—	(70,101)
Amortization of stock-based compensation	—	—	—	6,348	—	—	12,805	—	19,153
Net income (loss)	15,141	—	—	—	(93,335)	—	(1,600)	(375)	(80,169)
Other comprehensive income	—	—	—	—	—	15,450	440	56	15,946
Balance, September 30, 2023	\$ 425,000	140,937,702	\$ 1,403	\$ 2,748,309	\$ —	\$ 4,178	\$ 76,877	\$ 345,058	\$ 3,600,825

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 CASH FLOWS
(unaudited, in thousands)

	Nine Months Ended September 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (82,046)	\$ (10,861)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	294,654	276,701
Non-cash interest expense	19,390	2,204
Amortization of stock-based compensation	17,087	17,816
Loss (income) from unconsolidated real estate entities	2,219	(1,731)
Unrealized loss on non-real estate investments	2,269	1,062
Straight-line rents	(11,248)	(33,951)
Straight-line rent expenses	3,846	1,796
Amortization of above- and below-market leases, net	(4,764)	(6,393)
Amortization of above- and below-market ground leases, net	2,064	2,042
Amortization of lease incentive costs	892	1,222
Distribution of income from unconsolidated real estate entities	—	1,961
Impairment loss	—	28,548
Earnout liability fair value adjustment	(3,017)	1,757
(Gain) loss on sale of real estate	(23,154)	180
Deferred tax provision (benefit)	549	(1,373)
Gain from insurance proceeds	—	(1,167)
Change in operating assets and liabilities:		
Accounts receivable	(2,398)	13,003
Deferred leasing costs and lease intangibles	(12,571)	(19,553)
Prepaid expenses and other assets	(18,374)	(10,028)
Accounts payable, accrued liabilities and other	37,137	63,807
Security deposits, prepaid rent and other	503	1,507
Net cash provided by operating activities	223,038	328,549
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of real estate	167,045	44,537
Additions to investment in real estate	(229,298)	(171,011)
Property acquisitions	—	(96,443)
Acquisitions of businesses	—	(197,862)
Maturities of U.S. Government securities	—	129,300
Contributions to non-real estate investments	(4,184)	(14,791)
Proceeds from sales of non-real estate investments	503	—
Distributions from non-real estate investments	—	329
Distributions from unconsolidated real estate entities	1,895	1,067
Contributions to unconsolidated real estate entities	(56,017)	(18,766)
Additions to non-real estate property, plant and equipment	(4,449)	(13,071)
Insurance proceeds for damaged property, plant and equipment	—	1,284
Net cash used in investing activities	(124,505)	(335,427)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from unsecured and secured debt	338,356	978,251
Payments of unsecured and secured debt	(517,000)	(430,000)
Payments of in-substance defeased debt	—	(128,212)
Transaction costs	—	(573)
Repurchases of common stock	(1,369)	(37,206)
Accelerated share repurchase	—	(200,000)
Dividends paid to common stock and unitholders	(54,960)	(109,388)
Dividends paid to preferred stock and unitholders	(15,600)	(18,124)

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

Contributions from redeemable non-controlling members in consolidated real estate entities	1,125	575
Distributions to redeemable non-controlling members in consolidated real estate entities	(8,256)	(8)
Contributions from non-controlling members in consolidated real estate entities	21,531	16,241
Distributions to non-controlling members in consolidated real estate entities	(53,910)	(56,386)
Payments to satisfy tax withholding obligations	(87)	—
Payments of loan costs	—	(1,100)
Net cash (used in) provided by financing activities	(290,170)	14,070
Net (decrease) increase in cash and cash equivalents and restricted cash	(191,637)	7,192
Cash and cash equivalents and restricted cash—beginning of period	285,731	196,876
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—END OF PERIOD	\$ 94,094	\$ 204,068

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

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

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

	September 30, 2023 (unaudited)	December 31, 2022
ASSETS		
Investment in real estate, at cost	\$ 8,831,914	\$ 8,716,572
Accumulated depreciation and amortization	(1,735,715)	(1,541,271)
Investment in real estate, net	7,096,199	7,175,301
Non-real estate property, plant and equipment, net	115,903	130,289
Cash and cash equivalents	75,040	255,761
Restricted cash	19,054	29,970
Accounts receivable, net	19,330	16,820
Straight-line rent receivables, net	290,938	279,910
Deferred leasing costs and intangible assets, net	359,870	393,842
Operating lease right-of-use assets	391,177	401,051
Prepaid expenses and other assets, net	119,494	98,837
Investment in unconsolidated real estate entities	236,248	180,572
Goodwill	263,549	263,549
Assets associated with real estate held for sale	—	93,238
TOTAL ASSETS	\$ 8,986,802	\$ 9,319,140
LIABILITIES AND CAPITAL		
Liabilities		
Unsecured and secured debt, net	\$ 4,417,020	\$ 4,585,862
Joint venture partner debt	66,136	66,136
Accounts payable, accrued liabilities and other	267,426	264,098
Operating lease liabilities	393,773	399,801
Intangible liabilities, net	29,247	34,091
Security deposits, prepaid rent and other	86,980	83,797
Liabilities associated with real estate held for sale	—	665
Total liabilities	5,260,582	5,434,450
Commitments and contingencies (note 21)		
Redeemable preferred units of the operating partnership	9,815	9,815
Redeemable non-controlling interest in consolidated real estate entities	115,580	125,044
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 units outstanding at September 30, 2023 and December 31, 2022	425,000	425,000
Common units, 143,456,164 and 143,246,320 outstanding at September 30, 2023 and December 31, 2022, respectively	2,826,337	2,958,535
Accumulated other comprehensive income (loss)	4,430	(11,460)
Total Hudson Pacific Properties, L.P. partners' capital	3,255,767	3,372,075
Non-controlling interest—members in consolidated real estate entities	345,058	377,756
Total capital	3,600,825	3,749,831
TOTAL LIABILITIES AND CAPITAL	\$ 8,986,802	\$ 9,319,140

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,	
	2023	2022	2023	2022
REVENUES				
Office				
Rental	\$ 199,633	\$ 208,779	\$ 605,776	\$ 626,807
Service and other revenues	3,954	4,712	11,735	14,328
Total office revenues	203,587	213,491	617,511	641,135
Studio				
Rental	13,482	15,305	46,109	42,137
Service and other revenues	14,374	31,558	65,254	73,025
Total studio revenues	27,856	46,863	111,363	115,162
Total revenues	231,443	260,354	728,874	756,297
OPERATING EXPENSES				
Office operating expenses	80,521	78,340	231,342	230,529
Studio operating expenses	31,655	26,688	103,578	66,357
General and administrative	17,512	19,795	55,177	62,178
Depreciation and amortization	98,580	93,070	294,654	276,701
Total operating expenses	228,268	217,893	684,751	635,765
OTHER INCOME (EXPENSES)				
(Loss) income from unconsolidated real estate entities	(759)	(352)	(2,219)	1,731
Fee income	340	911	5,026	3,122
Interest expense	(53,581)	(37,261)	(162,036)	(101,816)
Interest income	800	196	1,407	2,026
Management services reimbursement income—unconsolidated real estate entities	1,015	983	3,138	3,159
Management services expense—unconsolidated real estate entities	(1,015)	(983)	(3,138)	(3,159)
Transaction-related expenses	—	(9,331)	1,344	(10,713)
Unrealized loss on non-real estate investments	(2,265)	(894)	(2,269)	(1,062)
Gain (loss) on sale of real estate	16,108	(180)	23,154	(180)
Impairment loss	—	(4,795)	—	(28,548)
Gain on extinguishment of debt	—	—	10,000	—
Other income	5	1,147	139	1,138
Total other expenses	(39,352)	(50,559)	(125,454)	(134,302)
Loss before income tax benefit (provision)	(36,177)	(8,098)	(81,331)	(13,770)
Income tax (provision) benefit	425	1,306	(715)	2,909
Net loss	(35,752)	(6,792)	(82,046)	(10,861)
Net loss (income) attributable to non-controlling interest in consolidated real estate entities	1,752	(6,256)	375	(21,898)
Net loss attributable to redeemable non-controlling interest in consolidated real estate entities	931	1,037	2,333	4,433
Net loss attributable to Hudson Pacific Properties, L.P.	(33,069)	(12,011)	(79,338)	(28,326)
Net income attributable to Series A preferred units	(153)	(153)	(459)	(459)
Net income attributable to Series C preferred units	(5,047)	(5,047)	(15,141)	(15,384)
Net income attributable to participating securities	—	(300)	(850)	(894)
NET LOSS AVAILABLE TO COMMON UNITHOLDERS	\$ (38,269)	\$ (17,511)	\$ (95,788)	\$ (45,063)
BASIC AND DILUTED PER UNIT AMOUNTS				
Net loss attributable to common unitholders—basic	\$ (0.27)	\$ (0.12)	\$ (0.67)	\$ (0.31)
Net loss attributable to common unitholders—diluted	\$ (0.27)	\$ (0.12)	\$ (0.67)	\$ (0.31)
Weighted average shares of common units outstanding—basic	143,456,164	142,963,458	143,405,044	146,523,102
Weighted average shares of common units outstanding—diluted	143,456,164	142,963,458	143,405,044	146,523,102

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net loss	\$ (35,752)	\$ (6,792)	\$ (82,046)	\$ (10,861)
Currency translation adjustments	(5,571)	(10,052)	203	(18,501)
Net unrealized gains on derivative instruments:				
Unrealized gains	5,007	4,640	18,040	9,200
Reclassification adjustment for realized gains	(2,049)	(4,782)	(2,297)	(6,277)
Total net unrealized gains (losses) on derivative instruments	2,958	(142)	15,743	2,923
Total other comprehensive (loss) income	(2,613)	(10,194)	15,946	(15,578)
Comprehensive loss	(38,365)	(16,986)	(66,100)	(26,439)
Comprehensive income attributable to Series A preferred units	(153)	(153)	(459)	(459)
Comprehensive income attributable to Series C preferred units	(5,047)	(5,047)	(15,141)	(15,384)
Comprehensive income attributable to participating securities	—	(300)	(850)	(894)
Comprehensive loss (income) attributable to non-controlling interest in consolidated real estate entities	2,067	(6,256)	319	(21,898)
Comprehensive loss attributable to redeemable non-controlling interest in consolidated real estate entities	931	1,037	2,333	4,433
COMPREHENSIVE LOSS ATTRIBUTABLE TO PARTNERS' CAPITAL	\$ (40,567)	\$ (27,705)	\$ (79,898)	\$ (60,641)

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, 2023
(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) Income	Total Partners' Capital	Non-controlling Interest—Members in Consolidated Real Estate Entities	Total Capital
Balance, June 30, 2023	\$ 425,000	143,456,164	\$ 2,858,354	\$ 6,728	\$ 3,290,082	\$ 355,270	\$ 3,645,352
Contributions	—	—	—	—	—	7,326	7,326
Distributions	—	—	—	—	—	(15,471)	(15,471)
Issuance of unrestricted units	—	—	—	—	—	—	—
Declared distributions	(5,047)	—	—	—	(5,047)	—	(5,047)
Amortization of unit-based compensation	—	—	6,252	—	6,252	—	6,252
Net income (loss)	5,047	—	(38,269)	—	(33,222)	(1,752)	(34,974)
Other comprehensive income	—	—	—	(2,298)	(2,298)	(315)	(2,613)
Balance, September 30, 2023	\$ 425,000	143,456,164	\$ 2,826,337	\$ 4,430	\$ 3,255,767	\$ 345,058	\$ 3,600,825
Balance, December 31, 2022	\$ 425,000	143,246,320	\$ 2,958,535	\$ (11,460)	\$ 3,372,075	\$ 377,756	\$ 3,749,831
Contributions	—	—	—	—	—	21,531	21,531
Distributions	—	—	—	—	—	(53,910)	(53,910)
Issuance of unrestricted units	—	409,481	—	—	—	—	—
Repurchase of common units	—	(187,400)	(1,369)	—	(1,369)	—	(1,369)
Units withheld to satisfy tax withholding obligations	—	(12,237)	(87)	—	(87)	—	(87)
Declared distributions	(15,141)	—	(54,960)	—	(70,101)	—	(70,101)
Amortization of unit-based compensation	—	—	19,153	—	19,153	—	19,153
Net income (loss)	15,141	—	(94,935)	—	(79,794)	(375)	(80,169)
Other comprehensive income	—	—	—	15,890	15,890	56	15,946
Balance, September 30, 2023	\$ 425,000	143,456,164	\$ 2,826,337	\$ 4,430	\$ 3,255,767	\$ 345,058	\$ 3,600,825

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 CASH FLOWS
(unaudited, in thousands)

	Nine Months Ended September 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (82,046)	\$ (10,861)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	294,654	276,701
Non-cash interest expense	19,390	2,204
Amortization of unit-based compensation	17,087	17,816
Loss (income) from unconsolidated real estate entities	2,219	(1,731)
Unrealized loss on non-real estate investments	2,269	1,062
Straight-line rents	(11,248)	(33,951)
Straight-line rent expenses	3,846	1,796
Amortization of above- and below-market leases, net	(4,764)	(6,393)
Amortization of above- and below-market ground leases, net	2,064	2,042
Amortization of lease incentive costs	892	1,222
Distribution of income from unconsolidated real estate entities	—	1,961
Impairment loss	—	28,548
Earnout liability fair value adjustment	(3,017)	1,757
(Gain) loss on sale of real estate	(23,154)	180
Deferred tax provision (benefit)	549	(1,373)
Gain from insurance proceeds	—	(1,167)
Change in operating assets and liabilities:		
Accounts receivable	(2,398)	13,003
Deferred leasing costs and lease intangibles	(12,571)	(19,553)
Prepaid expenses and other assets	(18,374)	(10,028)
Accounts payable, accrued liabilities and other	37,137	63,807
Security deposits, prepaid rent and other	503	1,507
Net cash provided by operating activities	223,038	328,549
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of real estate	167,045	44,537
Additions to investment in real estate	(229,298)	(171,011)
Property acquisitions	—	(96,443)
Acquisitions of businesses	—	(197,862)
Maturities of U.S. Government securities	—	129,300
Contributions to non-real estate investments	(4,184)	(14,791)
Proceeds from sale of non-real estate investment	503	—
Distributions from non-real estate investments	—	329
Distributions from unconsolidated real estate entities	1,895	1,067
Contributions to unconsolidated real estate entities	(56,017)	(18,766)
Additions to non-real estate property, plant and equipment	(4,449)	(13,071)
Insurance proceeds for damaged property, plant and equipment	—	1,284
Net cash used in investing activities	(124,505)	(335,427)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from unsecured and secured debt	338,356	978,251
Payments of unsecured and secured debt	(517,000)	(430,000)
Payments of in-substance defeased debt	—	(128,212)
Transaction costs	—	(573)
Repurchases of common units	(1,369)	(237,206)
Distributions paid to common unitholders	(54,960)	(109,388)
Distributions paid to preferred unitholders	(15,600)	(18,124)
Contributions from redeemable non-controlling members in consolidated real estate entities	1,125	575

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

Distributions to redeemable non-controlling members in consolidated real estate entities	(8,256)	(8)
Contributions from non-controlling members in consolidated real estate entities	21,531	16,241
Distributions to non-controlling members in consolidated real estate entities	(53,910)	(56,386)
Payments to satisfy tax withholding obligations	(87)	—
Payments of loan costs	—	(1,100)
Net cash (used in) provided by financing activities	(290,170)	14,070
Net (decrease) increase in cash and cash equivalents and restricted cash	(191,637)	7,192
Cash and cash equivalents and restricted cash—beginning of period	285,731	196,876
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—END OF PERIOD	\$ 94,094	\$ 204,068

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, 2023:

Segments	Number of Properties	Square Feet (unaudited)
Consolidated portfolio		
Office	47	13,817,222
Studio	3	1,256,579
Future development	6	1,966,242
Total consolidated portfolio	56	17,040,043
Unconsolidated portfolio⁽¹⁾		
Office ⁽²⁾	1	1,516,051
Studio ⁽³⁾	2	473,000
Future development ⁽⁴⁾	2	1,617,347
Total unconsolidated portfolio	5	3,606,398
TOTAL	61	20,646,441

1. The Company owns 20% of the unconsolidated joint venture entity that owns the Bentall Centre property, 50% of the unconsolidated joint venture entity that owns Sunset Glenoaks Studios, 35% of the unconsolidated joint venture entity that owns Sunset Waltham Cross Studios and approximately 26% of the unconsolidated joint venture entity that owns the Sunset Pier 94 Studios development. The square footage shown above represents 100% of the properties.
2. Includes Bentall Centre.
3. Includes Sunset Glenoaks Studios and Sunset Pier 94 Studios.
4. Includes land for the Burrard Exchange and Sunset Waltham Cross Studios.

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, 2023. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements in the 2022 Annual Report on Form 10-K of Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. and the notes thereto.

The Company has reclassified an income tax benefit of \$1.3 million and \$2.9 million from other income to income tax benefit (provision) on the Consolidated Statements of Operations for the three and nine months ended September 30, 2022, respectively, to conform to the presentation for the three and nine months ended September 30, 2023.

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

The Company has reclassified a gain on derivatives of \$8.0 million from gain on derivatives to non-cash interest expense on the Consolidated Statement of Cash Flows for the nine months ended September 30, 2022 to conform to the presentation for the nine months ended September 30, 2023.

The Company has reclassified \$0.9 million and \$0.5 million from change in operating assets and liabilities—prepaid expenses and other assets and change in operating assets and liabilities—accounts payable, accrued liabilities and other, respectively, to deferred tax provision (benefit) on the Consolidated Statement of Cash Flows for the nine months ended September 30, 2022 to conform to the presentation for the nine months ended September 30, 2023.

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, 2023, the Company has determined that its operating partnership and 20 joint ventures met the definition of a VIE. 13 of these joint ventures are consolidated and seven are unconsolidated.

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

Consolidated Joint Ventures

As of September 30, 2023, 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 Westside Two	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 Sunset Bronson Entertainment Properties, LLC, Sunset Gower Entertainment Properties, LLC and Sunset Las Palmas Entertainment Properties, LLC, respectively.
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, 2023 and December 31, 2022, the Company has determined that its operating partnership met the definition of a VIE and is consolidated.

Substantially all of the assets and liabilities of the Company are related to the operating partnership VIE. The assets and credit of certain VIEs can only be used to satisfy those VIEs' own contractual obligations, and the VIEs' creditors have no recourse to the general credit of the Company.

Unconsolidated Joint Ventures

As of September 30, 2023, the Company has determined it is not the primary beneficiary of seven 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.

On August 28, 2023, the Company entered into a joint venture with subsidiaries of Blackstone Property Partners and Vornado Realty Trust to develop Sunset Pier 94 Studios in the borough of Manhattan in New York, New York. The Company owns approximately 26% of the ownership interests in the joint venture.

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.

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)

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 Accounting Standards Codification (“ASC”) 842, *Leases* (“ASC 842”), which requires companies to identify lease and non-lease components of a lease agreement. Lease components relate to the right to use the leased asset whereas non-lease components relate to payments for goods or services that are transferred separately from the right to use the underlying asset.

Lessee Accounting

The Company determines if an arrangement is a lease at inception. The Company’s operating lease agreements relate to ground leases, 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 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 22 years as of September 30, 2023.

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”).

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

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

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

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

The following table summarizes the Company's revenue streams that are accounted for under ASC 606 for the three and nine months ended September 30, 2023 and 2022:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Ancillary revenues	\$ 13,337	\$ 29,854	\$ 61,651	\$ 68,817
Other revenues	\$ 4,302	\$ 5,925	\$ 13,643	\$ 17,129
Studio-related tenant recoveries	\$ 689	\$ 491	\$ 1,695	\$ 1,407
Management fee income	\$ 340	\$ 911	\$ 5,026	\$ 3,122
Management services reimbursement income	\$ 1,015	\$ 983	\$ 3,138	\$ 3,159

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

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

	September 30, 2023	December 31, 2022
Ancillary revenues	\$ 5,651	\$ 15,503
Other revenues	\$ 1,045	\$ 1,193

In regard 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, each of which is a reporting unit. 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 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.

A qualitative assessment considers various factors such as macroeconomic, industry and market conditions to the extent they affect the earnings performance of the reporting unit, changes in business strategy and/or management of the reporting unit, changes in composition or mix of revenues and/or cost structure of the reporting unit, financial performance and business prospects of the reporting unit, among other factors.

In a quantitative assessment, significant judgment, assumptions and estimates are applied in determining the fair value of reporting units. The Company generally uses the income approach to estimate fair value by discounting the projected net cash flows of the reporting unit, and may corroborate with market-based data where available and appropriate. Projection of future cash flows is based upon various factors, including, but not limited to, our strategic plans in regard to our business and operations, internal forecasts, terminal year residual revenue multiples, operating profit margins, pricing of similar businesses and comparable transactions where applicable, and risk-adjusted discount rates to present value future cash flows. Given the level of sensitivity in the inputs, a change in the value of any one input, in isolation or in combination, could significantly affect the overall estimation of fair value of the reporting unit.

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

As of September 30, 2023 and December 31, 2022, the carrying value of goodwill was \$263.5 million. No impairment indicators have been identified during the three and nine months ended September 30, 2023.

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 five to seven years. The Company assesses its intangible assets with finite lives for impairment when indicators of impairment are identified.

Recently Issued Accounting Pronouncements

In August 2023, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2023-05, *Business Combinations—Joint Venture Formations (Subtopic 805-60) Recognition and Initial Measurement*, which requires companies to measure contributed assets at fair value, with the difference in the fair value of the joint venture as a whole and its net assets recorded as goodwill or an equity adjustment. This ASU is effective for fiscal periods beginning after January 1, 2025. The Company is currently evaluating this guidance and the impact it may have on the Company’s consolidated financial statements.

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	\$	199,098
Seller note payable		160,000
Total consideration	\$	359,098

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

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

Cash and cash equivalents	\$	5,780
Accounts receivable		7,238
Prepaid expenses and other assets		3,788
Investment in real estate ⁽¹⁾		47,741
Non-real estate property, plant and equipment		65,939
Intangible assets		76,900
Right-of-use assets		106,115
Total assets acquired		313,501
Accounts payable, accrued liabilities and other	\$	12,700
Lease liabilities		95,112
Total liabilities assumed		107,812
Net identifiable assets acquired	\$	205,689
Goodwill		153,409
NET ASSETS ACQUIRED	\$	359,098

1. Represents leasehold improvements related to Quixote's leasehold interests in studio properties.

Of the \$76.9 million of intangible assets acquired as part of the Quixote acquisition, \$28.6 million was assigned to the registered trade name, which is not subject to amortization. The remaining \$48.3 million of acquired intangible assets includes 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.

Goodwill of \$153.4 million for the Quixote acquisition was recognized in connection with the transaction. The goodwill recognized is attributable to expected synergies and the assembled workforce of Quixote. The goodwill has been allocated to the studio reporting unit. Goodwill is deductible for tax purposes and, as a result, deferred taxes have been recorded.

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

The amounts of revenue and net income from operations 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 from operations	1,257	1,257

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)

4. Investment in Real Estate

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

	September 30, 2023	December 31, 2022
Land	\$ 1,377,970	\$ 1,397,714
Building and improvements	6,370,018	6,342,851
Tenant improvements	894,595	868,193
Furniture and fixtures	9,441	9,639
Property under development	179,890	98,175
INVESTMENT IN REAL ESTATE, AT COST	\$ 8,831,914	\$ 8,716,572

Acquisitions of Real Estate

The Company had no acquisitions of real estate during the three and nine months ended September 30, 2023.

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.

The Company had no impairments of real estate during the three and nine months ended September 30, 2023.

During the 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 estimated 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 was subsequently sold in October 2022. 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.

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)

Dispositions of Real Estate

The following table summarizes information on dispositions completed during the nine months ended September 30, 2023. These properties were considered non-strategic to the Company's portfolio:

Property	Segment	Date of Disposition	Square Feet (unaudited)	Sales Price ⁽¹⁾ (in millions)	Gain on Sale ⁽²⁾ (in millions)
Skyway Landing	Office	2/6/2023	246,997	\$ 102.0	\$ 7.0
604 Arizona	Office	8/24/2023	44,260	\$ 32.5	\$ 10.3
3401 Exposition	Office	8/25/2023	63,376	\$ 40.0	\$ 5.8

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

2. Included within gain (loss) on sale of real estate on the Consolidated Statement of Operations.

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)	Gain (Loss) on Sale (in millions)
Del Amo	Office	8/5/2022	113,000	\$ 2.8	\$ —
Northview Center	Office	8/30/2022	179,985	\$ 46.0	\$ (0.2)

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

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, 2023	December 31, 2022
Trailers	\$ 71,746	\$ 68,973
Production equipment	36,960	36,019
Trucks and other vehicles	20,921	20,306
Leasehold improvements	14,491	16,993
Other equipment	7,200	5,693
Furniture, fixtures and equipment	6,975	5,849
Non-real estate property, plant and equipment, at cost	158,293	153,833
Accumulated depreciation	(42,390)	(23,544)
NON-REAL ESTATE PROPERTY, PLANT AND EQUIPMENT, NET	\$ 115,903	\$ 130,289

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 three 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 2 for details. The Company did not recognize any impairment charges for non-real estate property, plant and equipment during the three and nine months ended September 30, 2023 and the three and nine months ended September 30, 2022.

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)

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	Sun Valley	50%	U.S. dollar	(2)(3)
Bentall Centre	Operating Property	Downtown Vancouver	20%	Canadian dollar	(2)(4)
Sunset Pier 94 Studios	Development	Manhattan	51%	U.S dollar	(4)(5)

- The Company owns 35% of the ownership interests in each of the joint venture entities that own the Sunset Waltham Cross Studios and 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 likelihood of loss relating to the completion guarantee is remote as of September 30, 2023.
- The Company has guaranteed the joint ventures' outstanding indebtedness in the amount of \$98.4 million at Bentall Centre and \$26 thousand at Sunset Pier 94 Studios, respectively.
- As of August 28, 2023, the Company owns 51% of the ownership interests in an upper-tier joint venture entity that owns 50.1% of the ownership interests in the lower-tier joint venture entity that owns the Sunset Pier 94 Studios development. The Company's resulting economic interest in the development is 25.6%. The Company has provided various guarantees for the lower-tier joint venture's construction loan, including a completion guarantee, recourse guarantee and guaranty of interest and carry. The likelihood of loss relating to the completion guarantee is remote as of September 30, 2023.

The Company's maximum exposure related to its unconsolidated joint ventures is limited to its investment and the guarantees provided in relation to the joint ventures' indebtedness. 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 (loss) income 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 income as a separate component of total equity and are excluded from net (loss) 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, 2023 and December 31, 2022, respectively.

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

	September 30, 2023	December 31, 2022
ASSETS		
Investment in real estate, net	\$ 1,201,957	\$ 1,093,448
Other assets	113,597	62,870
TOTAL ASSETS	\$ 1,315,554	\$ 1,156,318
LIABILITIES		
Secured debt, net	\$ 572,762	\$ 527,985
Other liabilities	64,850	49,027
TOTAL LIABILITIES	637,612	577,012
Company's capital ⁽¹⁾	213,165	170,656
Partner's capital	464,777	408,650
TOTAL CAPITAL	677,942	579,306
TOTAL LIABILITIES AND CAPITAL	\$ 1,315,554	\$ 1,156,318

- 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.

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

The table below 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,	
	2023	2022	2023	2022
TOTAL REVENUES	\$ 18,478	\$ 18,515	\$ 56,220	\$ 64,962
TOTAL EXPENSES	22,427	20,151	67,104	55,802
NET (LOSS) INCOME	<u>\$ (3,949)</u>	<u>\$ (1,636)</u>	<u>\$ (10,884)</u>	<u>\$ 9,160</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, 2023	December 31, 2022
Deferred leasing costs and in-place lease intangibles	\$ 327,346	\$ 328,617
Accumulated amortization	(160,163)	(141,353)
Deferred leasing costs and in-place lease intangibles, net	167,183	187,264
Below-market ground leases	79,562	79,562
Accumulated amortization	(20,044)	(17,979)
Below-market ground leases, net	59,518	61,583
Above-market leases	673	724
Accumulated amortization	(350)	(324)
Above-market leases, net	323	400
Customer relationships	97,900	97,900
Accumulated amortization	(22,859)	(12,346)
Customer relationships, net	75,041	85,554
Non-competition agreements	8,200	8,200
Accumulated amortization	(2,868)	(1,632)
Non-competition agreements, net	5,332	6,568
Trade name	37,200	37,200
Parking easement	15,273	15,273
DEFERRED LEASING COSTS AND INTANGIBLE ASSETS, NET	\$ 359,870	\$ 393,842
Below-market leases	\$ 59,274	\$ 59,540
Accumulated amortization	(30,741)	(26,195)
Below-market leases, net	28,533	33,345
Above-market ground leases	1,095	1,095
Accumulated amortization	(381)	(349)
Above-market ground leases, net	714	746
INTANGIBLE LIABILITIES, NET	\$ 29,247	\$ 34,091

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Deferred leasing costs and in-place lease intangibles ⁽¹⁾	\$ (9,382)	\$ (9,450)	\$ (28,439)	\$ (29,657)
Below-market ground leases ⁽²⁾	\$ (698)	\$ (698)	\$ (2,096)	\$ (2,075)
Above-market leases ⁽³⁾	\$ (15)	\$ (16)	\$ (47)	\$ (107)
Customer relationships ⁽¹⁾	\$ (3,504)	\$ (2,415)	\$ (10,512)	\$ (6,165)
Non-competition agreements ⁽¹⁾	\$ (412)	\$ (313)	\$ (1,235)	\$ (843)
Below-market leases ⁽³⁾	\$ 1,540	\$ 1,717	\$ 4,811	\$ 6,500
Above-market ground leases ⁽²⁾	\$ 11	\$ 11	\$ 32	\$ 33

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

The Company had no impairments of deferred leasing costs and intangible assets or liabilities during the three and nine months ended September 30, 2023.

During the nine months ended September 30, 2022, the Company recognized an \$8.5 million impairment of the Zio trade name. The impairment was related to the rebranding and integration of the previously acquired Zio brand into the Company's existing Sunset Studios platform, after which the Company stopped using the Zio trade name. During the nine months ended September 30, 2022, the Company also recognized an impairment loss of \$2.4 million related to the below-market ground lease at its Del Amo office property, which was sold in August 2022. The losses are recorded within impairment loss on the Consolidated Statement of Operations.

8. Receivables

The Company's accounting policy and methodology used to estimate the allowance for doubtful accounts related to receivables are discussed in the Company's 2022 Annual Report on Form 10-K.

Accounts Receivable

As of September 30, 2023, accounts receivable was \$19.5 million and there was a \$0.2 million allowance for doubtful accounts. As of December 31, 2022, accounts receivable was \$16.9 million and there was \$0.1 million allowance for doubtful accounts.

Straight-Line Rent Receivables

As of September 30, 2023, straight-line rent receivables was \$290.9 million and there was no allowance for doubtful accounts. As of December 31, 2022, straight-line rent receivables was \$279.9 million and there was no allowance for doubtful accounts.

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)

9. Prepaid Expenses and Other Assets, net

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

	September 30, 2023	December 31, 2022
Non-real estate investments	48,833	47,329
Deferred tax asset, net	4,769	5,317
Interest rate derivative assets	19,559	9,292
Deferred financing costs, net	4,327	5,824
Inventory	5,954	4,914
Prepaid property tax	3,475	2,041
Prepaid insurance	17,422	6,530
Stock purchase warrant	2	95
Other	15,153	17,495
PREPAID EXPENSES AND OTHER ASSETS, NET	\$ 119,494	\$ 98,837

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 on non-real estate investments on the Consolidated Statements of Operations. The Company recognized an unrealized loss of \$2.2 million on its non-real estate investments due to the observable changes in fair value during the three and nine months ended September 30, 2023. 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.

Stock Purchase Warrants

The Company holds investments in stock purchase warrants that give the Company rights to purchase a fixed number of shares of common stock of a non-real estate investee. The warrants meet the definition of a derivative and are measured at fair value based on Level 2 inputs. Changes in the fair value of the derivative assets are included in unrealized loss on non-real estate investments on the Consolidated Statements of Operations. The Company recognized an unrealized loss of \$0.1 million due to the change in the fair value of the stock purchase warrants during the three and nine months ended September 30, 2023. 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.

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)

10. Debt

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

	September 30, 2023	December 31, 2022	Interest Rate ⁽¹⁾	Contractual Maturity Date ⁽²⁾
UNSECURED AND SECURED DEBT				
Unsecured debt				
Unsecured revolving credit facility ⁽³⁾⁽⁴⁾	\$ 520,000	\$ 385,000	SOFR + 1.15% to 1.60%	12/21/2026 ⁽⁵⁾
Series A notes	—	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	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 ⁽⁶⁾	350,000	350,000	5.95%	2/15/2028
Total unsecured debt	2,635,000	2,660,000		
Secured debt				
Hollywood Media Portfolio	\$ 1,100,000	\$ 1,100,000	SOFR + 1.10%	8/9/2026 ⁽⁷⁾
Acquired Hollywood Media Portfolio debt	(209,814)	(209,814)	SOFR + 1.66%	8/9/2026 ⁽⁷⁾
Hollywood Media Portfolio, net ⁽⁸⁾⁽⁹⁾	890,186	890,186		
One Westside and Westside Two ⁽¹⁰⁾	324,632	316,602	SOFR + 1.60%	12/18/2024 ⁽¹¹⁾
Element LA	168,000	168,000	4.59%	11/6/2025
1918 Eighth ⁽¹²⁾	314,300	314,300	SOFR + 1.40%	12/18/2025
Hill7 ⁽¹³⁾	101,000	101,000	3.38%	11/6/2028
Quixote	—	160,000	5.00%	12/31/2023 ⁽¹⁴⁾
Total secured debt	1,798,118	1,950,088		
Total unsecured and secured debt	4,433,118	4,610,088		
Unamortized deferred financing costs/loan discounts ⁽¹⁵⁾	(16,098)	(24,226)		
TOTAL UNSECURED AND SECURED DEBT, NET	\$ 4,417,020	\$ 4,585,862		
JOINT VENTURE PARTNER DEBT⁽¹⁶⁾				
	\$ 66,136	\$ 66,136	4.50%	10/9/2032 ⁽¹⁷⁾

- 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, 2023, which may be different than the interest rates as of December 31, 2022 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, 2023, no such election had been made and the unsecured revolving credit facility bore interest at SOFR + 1.35%.
- 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. Subject to the satisfaction of certain conditions and lender commitments, the operating partnership may increase the commitments held under the Amended and Restated Credit Agreement up to a total of \$2.0 billion either in the form of an increase to an existing unsecured revolving credit facility or a new loan, including a term loan.
- 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 first extension option was executed as of August 9, 2023.
- The Company purchased bonds comprising the loan in the amount of \$209.8 million.
- The floating interest rate on \$539.0 million of principal has been capped at 5.70% through the use of an interest rate cap. The floating interest rate on the remaining \$351.2 million of principal is effectively fixed at 3.31% through the use of an interest rate swap.
- The Company has the ability to draw up to \$414.6 million under the construction loan, which is secured by the One Westside and Westside Two properties.

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)

11. Includes the option to extend the initial maturity date of December 18, 2023 twice for an additional six-month term each.
12. This loan is interest-only through its term. The floating interest rate on \$141.4 million of principal has been capped at 5.00% through the use of an interest rate cap. The floating interest rate on the remaining \$172.9 million of principal has been effectively fixed at 3.75% through the use of an interest rate swap.
13. 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.
14. The note was settled in April 2023 for consideration of \$150.0 million, a \$10.0 million discount on the note's principal balance.
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. 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.
17. 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, 2023, there were \$135.0 million of 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 January 2023, the Company repaid its \$110.0 million Series A notes in full.

In April 2023, the Company settled the Quixote note for consideration of \$150.0 million, a \$10.0 million discount on the note's principal balance, which resulted in a gain on extinguishment of debt of \$10.0 million during the three and nine months ended September 30, 2023. The Company drew on its unsecured revolving credit facility to fund the settlement.

In July 2023, the Company modified the existing loan agreement secured by the Hollywood Media Portfolio, 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, *Reference Rate Reform*, and accounted for this modification as a continuation of the existing loan agreement.

In September 2023, the Company repaid its \$50.0 million Series E notes in full.

Indebtedness

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

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

The following table provides information regarding the Company's future minimum principal payments due on the Company's debt (after the impact of extension options, if applicable) as of September 30, 2023:

Year	Unsecured and Secured Debt	Joint Venture Partner Debt
Remaining 2023	\$ —	\$ —
2024	324,632	—
2025	741,300	—
2026	1,560,186	—
2027	456,000	—
Thereafter	1,351,000	66,136
TOTAL	\$ 4,433,118	\$ 66,136

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)

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, 2023 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%	49.0%
Unsecured indebtedness to unencumbered asset value	≤ 60%	57.7%
Adjusted EBITDA to fixed charges	≥ 1.5x	2.1x
Secured indebtedness to total asset value	≤ 45%	20.8%
Unencumbered NOI to unsecured interest expense	≥ 2.0x	2.4x

The following table summarizes existing covenants and their covenant levels related to the registered senior notes as of September 30, 2023:

Covenant Ratio ⁽¹⁾	Covenant Level	Actual Performance
Debt to total assets	≤ 60%	45.2%
Total unencumbered assets to unsecured debt	≥ 150%	221.9%
Consolidated income available for debt service to annual debt service charge	≥ 1.5x	2.2x
Secured debt to total assets	≤ 45%	19.1%

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, 2023.

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 and certain of its subsidiaries guarantee the operating partnership's unsecured debt. The likelihood of loss relating to this guarantee is remote as of September 30, 2023.

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,	
	2023	2022	2023	2022
Gross interest expense ⁽¹⁾	\$ 57,702	\$ 43,126	\$ 165,425	\$ 111,286
Capitalized interest	(8,606)	(4,797)	(22,779)	(11,674)
Non-cash interest expense (income) ⁽²⁾	4,485	(1,068)	19,390	2,204
INTEREST EXPENSE	\$ 53,581	\$ 37,261	\$ 162,036	\$ 101,816

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

2. Includes the amortization of deferred financing costs and fair market value adjustments for our mark-to-market interest rate derivatives.

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)

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, 2023 and December 31, 2022:

Underlying Debt Instrument	Derivative Type	Accounting Policy	Notional Amount	Effective Date	Maturity Date	Interest Rate	Fair Value Assets (Liabilities)	
							September 30, 2023	December 31, 2022
Hollywood Media Portfolio	Cap	Cash flow hedge	\$ 1,100,000	August 2021	August 2023	3.50%	\$ —	\$ 9,292
1918 Eighth	Swap	Cash flow hedge	172,865	February 2023	October 2025	3.75%	3,706	—
1918 Eighth	Cap	Partial cash flow hedge ⁽¹⁾	314,300	June 2023	December 2025	5.00%	3,089	—
1918 Eighth	Sold cap ⁽²⁾	Mark-to-market	172,865	June 2023	December 2025	5.00%	(1,705)	—
Hollywood Media Portfolio	Cap	Partial cash flow hedge ⁽¹⁾	1,100,000	August 2023	August 2024	5.70%	1,010	—
Hollywood Media Portfolio	Sold cap ⁽²⁾	Mark-to-market	561,000	August 2023	August 2024	5.70%	(516)	—
Hollywood Media Portfolio	Swap	Cash flow hedge	351,186	August 2023	June 2026	3.31%	11,754	—
TOTAL							\$ 17,338	\$ 9,292

1. \$141,435 and \$539,000 of the notional amounts of the 1918 Eighth and Hollywood Media Portfolio caps, respectively, have been designated as effective cash flow hedges for accounting purposes. The remainder of each is accounted for under mark-to-market accounting.
2. The sold caps serve to offset the changes in fair value of the portions of the 1918 Eighth and Hollywood Media Portfolio caps that are not designated as cash flow hedges for accounting purposes.

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, 2023, the Company expects \$8.6 million of unrealized gain included in accumulated other comprehensive income will be reclassified as a reduction to interest expense in the next 12 months.

12. 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 that 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.

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. Accordingly, no provision has been made for federal income taxes in the accompanying consolidated financial statements for the activities of these entities. In the case of the Bentall Centre property and

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

the Sunset Waltham Cross Studios development, the Company owns its interest in the properties through non-U.S. entities treated as TRSs for federal income tax purposes.

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. Certain activities that the Company may undertake, such as non-customary services for the Company’s tenants and holding assets that the Company cannot hold directly, will be conducted by a TRS. A TRS is subject to federal and, where applicable, state income taxes on its net income. The Company recognized an income tax benefit of \$0.4 million and provision of \$0.7 million for the three and nine months ended September 30, 2023, respectively, and an income tax benefit of \$1.3 million and \$2.9 million for the three and nine months ended September 30, 2022, respectively.

Deferred tax assets and liabilities are recognized for the net tax effect of temporary differences between the financial statement carrying amounts of assets and liabilities and their respective tax basis. A valuation allowance is recognized when it is determined that it is more likely than not that a deferred tax asset will not be realized. As of September 30, 2023, the Company had recorded a net deferred tax asset, net of valuation allowance, of \$4.8 million within prepaid expenses and other assets, net on the consolidated Balance Sheet. As of December 31, 2022, the Company had recorded a net deferred tax asset of \$5.3 million, consisting of gross deferred tax assets of \$16.9 million, gross deferred tax liabilities of \$11.6 million and no valuation allowance, within prepaid expenses and other assets, net on the Consolidated Balance Sheet. Significant components of the Company’s deferred tax assets and liabilities relate to depreciation and amortization, unrealized gains and losses on non-real estate investments and net operating loss carryforwards.

The Company is subject to the statutory requirements of the states in which it conducts business.

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, 2023, 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 2018. The Company has assessed its tax positions for all open years, which as of September 30, 2023 included 2019 to 2021 for federal purposes and 2018 to 2021 for state purposes, and concluded that there are no material uncertainties to be recognized.

13. Future Minimum Rents and Lease Payments

The Company’s properties are leased to tenants under operating leases with initial term expiration dates ranging from 2023 to 2040.

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, 2023:

Year Ended	
Remaining 2023	\$ 157,835
2024	608,532
2025	515,865
2026	460,496
2027	407,481
Thereafter	1,390,474
TOTAL	\$ 3,540,683

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, seven office leases and 19 other leases as of September 30, 2023. The Company’s operating lease obligations have expiration dates ranging from 2023 through 2067, including extension options which the Company is reasonably certain to exercise. Certain leases provide for variable rental payments based on third-party appraisals of fair market

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)

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, 2023, the present value of the remaining contractual payments of \$725.3 million under the Company's operating lease agreements was \$393.8 million. The corresponding operating lease right-of-use assets amounted to \$391.2 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, 2023:

Year	Lease Payments ⁽¹⁾
Remaining 2023	\$ 10,115
2024	41,275
2025	40,514
2026	38,938
2027	36,272
Thereafter	558,138
Total operating lease payments	725,252
Less: interest portion	(331,479)
PRESENT VALUE OF OPERATING LEASE LIABILITIES	\$ 393,773

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,	
	2023	2022	2023	2022
Variable rental expense	\$ 2,691	\$ 1,219	\$ 8,870	\$ 7,316
Minimum rental expense	\$ 11,372	\$ 7,841	\$ 33,760	\$ 20,122

14. 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.

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

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

	September 30, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate derivative assets ⁽¹⁾	\$ —	\$ 19,559	\$ —	\$ 19,559	\$ —	\$ 9,292	\$ —	\$ 9,292
Interest rate derivative liabilities ⁽²⁾	\$ —	\$ (2,221)	\$ —	\$ (2,221)	\$ —	\$ —	\$ —	\$ —
Non-real estate investments measured at fair value ⁽¹⁾	\$ 3	\$ —	\$ —	\$ 3	\$ 544	\$ —	\$ —	\$ 544
Stock purchase warrant ⁽¹⁾	\$ —	\$ 2	\$ —	\$ 2	\$ —	\$ 95	\$ —	\$ 95
Earnout liability ⁽²⁾	\$ —	\$ —	\$ (6,283)	\$ (6,283)	\$ —	\$ —	\$ (9,300)	\$ (9,300)
Non-real estate investments measured at NAV ⁽¹⁾⁽³⁾	\$ —	\$ —	\$ —	\$ 48,830	\$ —	\$ —	\$ —	\$ 46,785

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

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

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

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, 2023:

Balance, December 31, 2022	\$	(9,300)
Remeasurement to fair value		3,017
Balance, September 30, 2023	\$	(6,283)

The remeasurement gain of \$3.0 million recognized during the nine months ended September 30, 2023 is recorded in transaction-related expenses on the Consolidated Statements of Operations.

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 values of debt are estimates based on rates currently prevailing for similar instruments of similar maturities using Level 2 inputs.

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

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

	September 30, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
LIABILITIES				
Unsecured debt ⁽¹⁾	\$ 2,635,000	\$ 2,200,793	\$ 2,660,000	\$ 2,364,871
Secured debt ⁽¹⁾	\$ 1,798,118	\$ 1,776,417	\$ 1,950,088	\$ 1,927,297
Consolidated joint venture partner debt	\$ 66,136	\$ 59,558	\$ 66,136	\$ 60,327

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

15. 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, 2023, 12.0 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 \$6.65.

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 first or 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 first quarter of the year subsequent to the year in which they were earned 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. Annual PSU Plan grants made prior to 2023 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. The 2023 PSU Plan grants contain only an Operational Performance Unit, which is eligible to vest based on the achievement of operational 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 the Company's TSR compared to the TSR of the FTSE NAREIT All Equity REITs index over a three-year performance period. 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.

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Expensed stock compensation ⁽¹⁾	\$ 5,540	\$ 6,494	\$ 17,087	\$ 17,816
Capitalized stock compensation ⁽²⁾	712	894	2,066	2,683
TOTAL STOCK COMPENSATION⁽³⁾	\$ 6,252	\$ 7,388	\$ 19,153	\$ 20,499

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.

16. 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, 2023 and 2022, 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,	
	2023	2022	2023	2022
Numerator:				
Basic and diluted net loss available to common stockholders	\$ (37,597)	\$ (17,286)	\$ (94,188)	\$ (44,515)
Denominator:				
Basic weighted average common shares outstanding	140,937,702	141,117,194	140,957,170	144,677,652
Effect of dilutive instruments ⁽¹⁾	—	—	—	—
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	140,937,702	141,117,194	140,957,170	144,677,652
Basic earnings per common share	\$ (0.27)	\$ (0.12)	\$ (0.67)	\$ (0.31)
Diluted earnings per common share	\$ (0.27)	\$ (0.12)	\$ (0.67)	\$ (0.31)

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

Hudson Pacific Properties, 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)

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, 2023 and 2022, both methods of calculation yielded the same diluted earnings per unit amount. Diluted earnings per unit reflects the potential dilution that could occur if securities or other contracts to issue common units were exercised or converted into common units, where such exercise or conversion would result in a lower earnings per unit amount.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator:				
Basic and diluted net loss available to common unitholders	\$ (38,269)	\$ (17,511)	\$ (95,788)	\$ (45,063)
Denominator:				
Basic weighted average common units outstanding	143,456,164	142,963,458	143,405,044	146,523,102
Effect of dilutive instruments ⁽¹⁾	—	—	—	—
DILUTED WEIGHTED AVERAGE COMMON UNITS OUTSTANDING	143,456,164	142,963,458	143,405,044	146,523,102
Basic earnings per common unit	\$ (0.27)	\$ (0.12)	\$ (0.67)	\$ (0.31)
Diluted earnings per common unit	\$ (0.27)	\$ (0.12)	\$ (0.67)	\$ (0.31)

1. The Company includes unvested awards and convertible common and participating units as contingently issuable shares 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.

17. Redeemable Non-controlling Interest

Redeemable Preferred Units of the Operating Partnership

As of September 30, 2023 and December 31, 2022, 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 Westside Two 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 probable of becoming 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

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)

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

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

	Three Months Ended September 30, 2023		Nine Months Ended September 30,	
	Series A Redeemable Preferred Units	Consolidated Real Estate Entities	Series A Redeemable Preferred Units	Consolidated Real Estate Entities
BEGINNING OF PERIOD	\$ 9,815	\$ 119,136	\$ 9,815	\$ 125,044
Contributions	—	1,125	—	1,125
Distributions	—	(3,750)	—	(8,256)
Declared dividend	(153)	—	(459)	—
Net income (loss)	153	(931)	459	(2,333)
END OF PERIOD	\$ 9,815	\$ 115,580	\$ 9,815	\$ 115,580

18. Equity

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

	Derivative Instruments	Currency Translation Adjustments	Total Accumulated Other Comprehensive (Loss) Income
BALANCE AT DECEMBER 31, 2022	\$ (1,280)	\$ (9,992)	\$ (11,272)
Unrealized gains recognized in AOCI	17,447	199	17,646
Reclassification from AOCI into income ⁽¹⁾	(2,196)	—	(2,196)
Net change in AOCI	15,251	199	15,450
BALANCE AT SEPTEMBER 30, 2023	\$ 13,971	\$ (9,793)	\$ 4,178

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 AOCI:

	Derivative Instruments	Currency Translation Adjustments	Total Accumulated Other Comprehensive (Loss) Income
BALANCE AT DECEMBER 31, 2022	\$ (1,260)	\$ (10,200)	\$ (11,460)
Unrealized gains recognized in AOCI	17,943	205	18,148
Reclassification from AOCI into income ⁽¹⁾	(2,258)	—	(2,258)
Net change in AOCI	15,685	205	15,890
BALANCE AT SEPTEMBER 30, 2023	\$ 14,425	\$ (9,995)	\$ 4,430

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

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)

a value equal to the then-current market value of one share of common stock. However, in lieu of such payment of cash, the Company may, at its election, issue shares of its common stock in exchange for such common units on a one-for-one basis.

Performance Units in the Operating Partnership

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

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, 2023	December 31, 2022
Company-owned common units in the operating partnership	140,937,702	141,054,478
Company's ownership interest percentage	98.2 %	98.5 %
Non-controlling common units in the operating partnership ⁽¹⁾	2,518,462	2,191,842
Non-controlling ownership interest percentage	1.8 %	1.5 %

1. Represents common units held by certain of the Company's executive officers, directors and other outside investors. As of September 30, 2023, this amount represents both common units and performance units of 550,969 and 1,967,493, respectively. As of December 31, 2022, this amount represents both common units and performance units in the amount of 550,969 and 1,640,873, respectively.

Common Stock Activity

The Company has not completed any common stock offerings during the three and nine months ended September 30, 2023.

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 three and nine months ended September 30, 2023. A cumulative total of \$65.8 million has been sold as of September 30, 2023.

Share Repurchase Program

The Company is authorized to repurchase shares of its common stock up to a total of \$250.0 million under the share repurchase program. During the three and nine months ended September 30, 2023, the Company repurchased \$0 and \$1.4 million, respectively, of its common stock, before transaction costs. Since commencement of the program, a cumulative total of \$214.7 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 based on the daily volume-weighted average price during the measurement period, less a negotiated discount.

On February 25, 2022, the Company entered into a collared 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

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)

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 based on the daily volume-weighted average price during the measurement period, subject to a floor and cap, less a negotiated discount.

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, 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 has historically declared dividends on a quarterly basis and the Company has paid the dividends during the quarters in which the dividends were declared. Declaration of any future dividends will be determined by the Company's Board of Directors after considering the Company's obligations under its various financing agreements, projected taxable income, compliance with its debt covenants, long-term operating projections, expected capital requirements and the risks affecting the Company's business. The following table summarizes dividends per share declared and paid for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Common stock ⁽¹⁾	\$ —	\$ 0.25	\$ 0.375	\$ 0.75
Common units ⁽¹⁾	\$ —	\$ 0.25	\$ 0.375	\$ 0.75
Series A preferred units	\$ 0.3906	\$ 0.3906	\$ 1.1718	\$ 1.1718
Series C preferred stock ⁽²⁾	\$ 0.2968750	\$ 0.2968750	\$ 0.8906250	\$ 1.0390625
Performance units ⁽¹⁾	\$ —	\$ 0.25	\$ 0.375	\$ 0.75
Payment date	September 29, 2023	September 29, 2022	N/A	N/A
Record date	September 19, 2023	September 19, 2022	N/A	N/A

1. In September 2023, the Company temporarily suspended its quarterly common stock dividend. As a result, the common unit and performance unit dividends were also suspended.
2. Dividends paid during 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 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.

19. 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

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)

assess performance or make decisions to allocate resources; therefore, depreciation and amortization expense is not allocated among segments.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Office segment				
Office revenues	\$ 203,587	\$ 213,491	\$ 617,511	\$ 641,135
Office expenses	(80,521)	(78,340)	(231,342)	(230,529)
Office segment profit	123,066	135,151	386,169	410,606
Studio segment				
Studio revenues	27,856	46,863	111,363	115,162
Studio expenses	(31,655)	(26,688)	(103,578)	(66,357)
Studio segment (loss) profit	(3,799)	20,175	7,785	48,805
TOTAL SEGMENT PROFIT	\$ 119,267	\$ 155,326	\$ 393,954	\$ 459,411
Segment revenues	\$ 231,443	\$ 260,354	\$ 728,874	\$ 756,297
Segment expenses	(112,176)	(105,028)	(334,920)	(296,886)
TOTAL SEGMENT PROFIT	\$ 119,267	\$ 155,326	\$ 393,954	\$ 459,411

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
NET LOSS	\$ (35,752)	\$ (6,792)	\$ (82,046)	\$ (10,861)
General and administrative	17,512	19,795	55,177	62,178
Depreciation and amortization	98,580	93,070	294,654	276,701
Loss (income) from unconsolidated real estate entities	759	352	2,219	(1,731)
Fee income	(340)	(911)	(5,026)	(3,122)
Interest expense	53,581	37,261	162,036	101,816
Interest income	(800)	(196)	(1,407)	(2,026)
Management services reimbursement income—unconsolidated real estate entities	(1,015)	(983)	(3,138)	(3,159)
Management services expense—unconsolidated real estate entities	1,015	983	3,138	3,159
Transaction-related expenses	—	9,331	(1,344)	10,713
Unrealized loss on non-real estate investments	2,265	894	2,269	1,062
(Gain) loss on sale of real estate	(16,108)	180	(23,154)	180
Impairment loss	—	4,795	—	28,548
Gain on extinguishment of debt	—	—	(10,000)	—
Other income	(5)	(1,147)	(139)	(1,138)
Income tax (benefit) provision	(425)	(1,306)	715	(2,909)
TOTAL PROFIT FROM ALL SEGMENTS	\$ 119,267	\$ 155,326	\$ 393,954	\$ 459,411

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)

20. 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.

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, 2023, the Company recognized \$1.0 million and \$3.1 million, respectively, of 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, 2022, the Company recognized \$1.0 million and \$3.2 million, respectively, of such reimbursement income.

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, 2023, the Company's right-of-use assets and lease liabilities related to these lease obligations were \$6.3 million and \$6.4 million, respectively, as compared to right-of-use assets and lease liabilities of \$6.1 million and \$6.2 million, respectively, as of December 31, 2022. During the three and nine months ended September 30, 2023, the Company recognized \$0.3 million and \$0.8 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, 2022, the Company recognized \$0.2 million and \$0.7 million, respectively, of related rental expense.

21. Commitments and Contingencies

Fund Investments

The Company invests in several non-real estate funds with an aggregate commitment to contribute up to \$51.0 million. As of September 30, 2023, the Company has contributed \$37.3 million to these funds, net of distributions, with \$13.7 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, 2023, 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, 2023, the Company had \$3.1 million in outstanding letters of credit under the unsecured revolving credit facility. Subsequent to September 30, 2023, the Company issued an additional letter of credit in the amount of \$1.4 million under the unsecured revolving credit facility. The letters of credit are primarily related to utility company security deposit requirements.

Contractual Obligations

The Company has entered into a number of construction agreements related to its development activities at various properties and its obligations under executed leases. As of September 30, 2023, the Company had \$170.3 million in related commitments.

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)

22. Supplemental Cash Flow Information

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

	Nine Months Ended September 30,	
	2023	2022
Cash paid for interest, net of capitalized interest	\$ 134,478	\$ 68,821
Non-cash investing and financing activities		
Accounts payable and accrued liabilities for real estate investments	\$ 116,478	\$ 181,689
Ground lease remeasurements	\$ 5,751	\$ 23,177
Note payable issued as consideration in a business combination	\$ —	\$ 160,000
Lease liabilities recorded in connection with right-of-use assets	\$ 2,117	\$ 94,447

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 and Hudson Pacific Properties, L.P.:

	Nine Months Ended September 30,	
	2023	2022
BEGINNING OF PERIOD		
Cash and cash equivalents	\$ 255,761	\$ 96,555
Restricted cash	29,970	100,321
TOTAL	\$ 285,731	\$ 196,876
END OF PERIOD		
Cash and cash equivalents	\$ 75,040	\$ 161,667
Restricted cash	19,054	42,401
TOTAL	\$ 94,094	\$ 204,068

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, including as a result of further downgrades in the credit ratings of our unsecured indebtedness;
- our failure to generate sufficient cash flows to service our outstanding indebtedness, repay indebtedness when due and maintain dividend payments;
- lack or insufficient amounts of insurance;
- decreased rental rates or increased vacancy rates;
- strikes or work stoppages;
- 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;
- an epidemic or pandemic, and the measures that international, federal, state and local governments, agencies, law enforcement and/or health authorities may implement to address it, which may precipitate or exacerbate one or more of the above-mentioned factors and/or other risks, and significantly disrupt or prevent us from operating our business in the ordinary course for an extended period; and
- other factors affecting the real estate industry generally.

The risks set forth above are not exhaustive. Other sections of this report may include additional 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. Investors should also refer to our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q for future periods and Current Reports on Form 8-K as we file them with the SEC, and to other materials we may furnish to the public from time to time through Current Reports on Form 8-K or otherwise, for a discussion of risks and uncertainties that may cause actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements. We expressly disclaim any responsibility to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events, or otherwise, and you should not rely upon these forward-looking statements after the date of this report.

Executive Summary

Through our interest in Hudson Pacific Properties, L.P. (our operating partnership) and its subsidiaries, at September 30, 2023, our office portfolio consisted of approximately 15.3 million square feet of in-service, repositioning, redevelopment and development properties. Additionally, as of September 30, 2023, our studio portfolio consisted of 1.7 million square feet of in-service, repositioning and development properties and our future development portfolio consisted of 3.6 million developable square feet. Our consolidated and unconsolidated portfolio consists of 61 properties (36 wholly-owned properties, 17 properties owned by joint ventures and eight future development properties) located throughout the United States, Western Canada and Greater London, United Kingdom, totaling approximately 20.6 million square feet.

As of September 30, 2023, our in-service office portfolio was 83.1% leased (including leases not yet commenced). Our same-store studio properties were 83.5% leased for the average percent leased for the 12 months ended September 30, 2023.

The following table summarizes our portfolio as of September 30, 2023:

	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	13,677,628	81.7 %	83.0 %	\$ 55.15
Stabilized non-same store ⁽⁵⁾	1	35,905	100.0	100.0	14.28
Total stabilized	44	13,713,533	81.8	83.0	55.01
Lease-up ⁽⁵⁾⁽⁶⁾	1	724,062	72.2	83.7	60.96
Total in-service office	45	14,437,595	81.3	83.1	55.28
STUDIO					
Same-store ⁽⁷⁾	3	1,231,335	83.5	83.5	45.63
Total	3	1,231,335			
Repositioning ⁽⁵⁾⁽⁸⁾	2	374,922	—	1.6	—
Development ⁽⁵⁾⁽⁹⁾	3	1,019,000	—	—	—
Total repositioning and development	5	1,393,922			
Total office and studio properties	53	17,062,852			
Future development ⁽¹⁰⁾	8	3,583,589			
TOTAL	61	20,646,441			

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, 2023 divided by (ii) total square feet expressed as a percentage, whereas percent leased includes uncommenced leases. Percent occupied for studio properties reflects the average percent occupied for the 12 months ended September 30, 2023.
3. Annualized base rent per square foot for office properties is calculated by multiplying (i) cash base rents under commenced leases excluding tenant reimbursements as of September 30, 2023 by (ii) 12. On a per square foot basis, ABR is divided by square footage under commenced leases as of September 30, 2023. For all expiration years, ABR is calculated as (i) cash base rents at expiration under commenced leases divided by (ii) square footage under commenced leases as of September 30, 2023. The methodology is the same when calculating ABR per square foot either in place or at expiration for uncommenced leases. Rent data is presented without regard to cancellation options. Where applicable, rental rates converted to USD using the foreign currency exchange rate as of September 30, 2023. Annualized base rent per square foot for studio properties reflects actual base rent for the 12 months ended September 30, 2023, excluding tenant reimbursements. ABR per leased square foot calculated as (i) annual base rent divided by (ii) square footage under lease as of September 30, 2023.
4. Same-store office for the three months ended September 30, 2023 defined as all properties owned and included in our stabilized office portfolio as of July 1, 2022 and still owned and included in the stabilized office portfolio as of September 30, 2023.
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, 2023.
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, 2023.
8. See Repositioning table in this document for the office and studio projects under repositioning as of September 30, 2023.
9. Includes 546,000 square feet related to the office development Washington 1000, 241,000 square feet related to Sunset Glenoaks Studios and 232,000 square feet related to Sunset Pier 94 Studios.
10. Includes pending entitlement to develop approximately 500 residential units at 10900-10950 Washington.

Overview

Business Acquisitions

We had no business acquisitions during the three and nine months ended September 30, 2023.

Property Acquisitions

We had no property acquisitions during the three and nine months ended September 30, 2023.

Property Dispositions

During the nine months ended September 30, 2023, the Company sold its Skyway Landing, 604 Arizona and 3401 Exposition properties for \$102.0 million, \$32.5 million and \$40.0 million, respectively. See Part I, Item 1 “Note 4 to the Consolidated Financial Statements—Investment in Real Estate” for details.

Under Construction and Future Development Projects

The following table summarizes the properties currently under construction and future development projects as of September 30, 2023:

	Type	Submarket	Estimated Square Feet ⁽¹⁾	Estimated Completion Date	Estimated Stabilization Date
Under Construction:					
Los Angeles, California					
Sunset Glenoaks Studios ⁽²⁾	Studio	Sun Valley	241,000	Q4-2023	Q2-2024
Seattle, Washington					
Washington 1000	Office	Denny Triangle	546,000	Q1-2024	Q1-2026
New York, New York					
Sunset Pier 94 Studios ⁽³⁾	Studio	Manhattan	232,000	Q4-2025	Q3-2026
Total Under Construction			1,019,000		
Future Development Pipeline:					
Los Angeles, California					
Sunset Las Palmas Studios—Development ⁽⁴⁾	Studio	Hollywood	617,581	TBD	TBD
Sunset Gower Studios—Development ⁽⁴⁾	Office/Studio	Hollywood	478,845	TBD	TBD
Sunset Bronson Studios Lot D—Development ⁽⁴⁾	Residential	Hollywood	33 units/19,816	TBD	TBD
Element LA—Development	Office	West Los Angeles	500,000	TBD	TBD
10900/10950 Washington ⁽⁵⁾	Residential	West Los Angeles	N/A	TBD	TBD
San Francisco Bay Area, California					
Cloud10	Office	North San Jose	350,000	TBD	TBD
Vancouver, British Columbia					
Burrard Exchange ⁽⁶⁾	Office	Downtown Vancouver	450,000	TBD	TBD
Greater London, United Kingdom					
Sunset Waltham Cross Studios ⁽⁷⁾	Studio	Broxbourne	1,167,347	TBD	TBD
Total Future Development Pipeline			3,583,589		
TOTAL UNDER CONSTRUCTION AND FUTURE DEVELOPMENT			4,602,589		

- Estimated square footage represents management’s estimate of leasable square footage, 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. For land properties, square footage represents management’s estimate of developable square footage, the majority of which remains subject to entitlement approvals not yet obtained.
- We own 50% of the ownership interests in the unconsolidated joint venture that owns Sunset Glenoaks Studios.
- We own 25.6% of the ownership interest in the unconsolidated joint venture that owns Sunset Pier 94 Studios.
- 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.
- Pending entitlement to develop approximately 500 residential units.
- We own 20% of the ownership interests in the unconsolidated joint venture that owns Burrard Exchange.
- We own 35% of the ownership interests in the unconsolidated joint venture that owns Sunset Waltham Cross Studios.

Properties are selected for repositioning when an asset or portions of an asset are taken offline for a change of use or if the asset requires significant base building improvements resulting in substantial down time in occupancy. Subsequently, when the square footage offline for a full building reaches 92.0% occupancy, it would be included in our in-service population.

The following table summarizes the portions of office and studio projects currently under repositioning as of September 30, 2023:

Location	Submarket	Square Feet
Repositioning:		
Westside Two	West Los Angeles	96,322
899 Howard	San Francisco	96,240
Page Mill Center	Palo Alto	79,056
Rincon Center	San Francisco	36,905
Metro Plaza	North San Jose	28,415
Sunset Las Palmas Studios	Hollywood	18,594
Palo Alto Square	Palo Alto	12,740
Sunset Gower Studios	Hollywood	6,650
TOTAL REPOSITIONING		374,922

Lease Expirations

The following table summarizes the lease expirations for leases in place as of September 30, 2023, plus available space, beginning January 1, 2023 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	# of Leases Expiring ⁽²⁾	Square Feet Expiring	Square Footage of Expiring Lease	% of Office Portfolio Square Feet	HPP's Share ⁽¹⁾				
					Annualized Base Rent ⁽³⁾	% of Office Portfolio Annualized Base Rent	Annualized Base Rent Per Leased Square Foot ⁽³⁾	Annualized Base Rent at Expiration	Annualized Base Rent Per Lease Square Foot at Expiration ⁽⁴⁾
Vacant		3,334,936	2,976,948	23.9 %					
Q3-2023	8	94,744	44,110	0.3	1,679,475	0.3	38.07	1,694,774	38.42
Q4-2023	48	275,781	235,218	1.9	13,121,646	2.4	55.79	13,008,156	55.30
Total 2023	56	370,525	279,328	2.2	14,801,121	2.7	52.99	14,702,930	52.64
2024	194	1,622,087	1,452,408	11.7	81,960,434	15.0	56.43	83,667,449	57.61
2025	157	2,037,964	1,672,739	13.5	99,743,793	18.3	59.63	104,506,436	62.48
2026	96	675,838	608,558	4.9	37,906,537	6.9	62.29	40,673,766	66.84
2027	97	993,349	846,717	6.8	51,395,617	9.4	60.70	56,938,858	67.25
2028	63	1,152,086	952,416	7.7	67,045,448	12.3	70.40	75,358,326	79.12
2029	35	494,198	378,701	3.0	27,445,074	5.0	72.47	30,388,309	80.24
2030	22	1,576,620	1,213,487	9.8	61,499,940	11.3	50.68	74,991,924	61.80
2031	16	1,126,579	689,927	5.5	38,387,180	7.0	55.64	51,761,390	75.02
2032	9	243,697	143,507	1.2	8,398,843	1.5	58.53	10,761,562	74.99
Thereafter	26	1,192,993	787,498	6.3	44,863,699	8.2	56.97	63,996,066	81.27
Building management use ⁽⁵⁾	42	214,543	185,616	1.5	—	—	—	—	—
Signed leases not commenced	35	261,459	246,803	2.0	13,067,432	2.4	52.95	16,078,747	65.15
Portfolio Total/Weighted Average	848	15,296,874	12,434,653	100.0 %	\$ 546,515,118	100.0 %	\$ 57.79	\$ 623,825,763	\$ 65.96

1. Non-GAAP financial measures calculated as the measure on a consolidated basis, in accordance with GAAP, plus our operating partnership's share of the measure from our unconsolidated joint ventures (calculated based upon the operating partnership's percentage ownership interest), minus our partners' share of the measure from our consolidated joint ventures (calculated based upon the partners' percentage ownership interests). We believe that presenting HPP's share of these measures provides useful information to investors regarding the Company's financial condition and/or results of operations because we have several significant joint ventures and, in some cases, we exercise significant influence over, but do not control, the joint venture. In such instances, GAAP requires us to account for the joint venture entity using the equity method of accounting, in which case we do not consolidate it for financial reporting purposes. In other cases, GAAP requires us to consolidate the venture even though our partner(s) own(s) a significant percentage interest.
2. Does not include 31 month-to-month leases.
3. Annualized base rent per square foot for office properties is calculated by multiplying (i) cash base rents under commenced leases excluding tenant reimbursements as of September 30, 2023 by (ii) 12. On a per square foot basis, ABR is divided by square footage under commenced leases as of September 30, 2023. For all expiration years, ABR is calculated as (i) cash base rents at expiration under commenced leases divided by (ii) square footage under commenced leases as of September 30, 2023. The methodology is the same when calculating ABR per square foot either in place or at expiration for uncommenced leases. Rent data is presented without regard to cancellation options. Where applicable, rental rates converted to USD using the foreign currency exchange rate as of September 30, 2023.
4. ABR per square foot at expiration for all lease expiration years is calculated as (i) base rental payments (defined as cash base rents (before abatements or deferments)) under commenced leases, divided by (ii) square footage under commenced leases as of September 30, 2023.
5. Reflects management offices occupied by the Company with various expiration dates.

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,	
	2023	2022	2023	2022
Renewals⁽¹⁾				
Number of leases	31	34	100	120
Square feet	417,066	216,505	803,845	948,663
Tenant improvement costs per square foot ⁽²⁾⁽³⁾	\$ 2.67	\$ 5.32	\$ 6.12	\$ 13.75
Leasing commission costs per square foot ⁽²⁾	6.07	5.71	5.93	10.80
Total tenant improvement and leasing commission costs⁽²⁾	\$ 8.74	\$ 11.03	\$ 12.05	\$ 24.55
New leases⁽⁴⁾				
Number of leases	22	31	89	106
Square feet	102,101	164,859	462,622	649,982
Tenant improvement costs per square foot ⁽²⁾⁽³⁾	\$ 19.45	\$ 95.70	\$ 36.76	\$ 70.22
Leasing commission costs per square foot ⁽²⁾	7.00	16.48	10.46	16.51
Total tenant improvement and leasing commission costs⁽²⁾	\$ 26.45	\$ 112.18	\$ 47.22	\$ 86.73
TOTAL				
Number of leases	53	65	189	226
Square feet	519,167	381,364	1,266,467	1,598,645
Tenant improvement costs per square foot ⁽²⁾⁽³⁾	\$ 5.93	\$ 43.20	\$ 17.31	\$ 36.73
Leasing commission costs per square foot ⁽²⁾	6.25	10.23	7.59	13.12
TOTAL TENANT IMPROVEMENT AND LEASING COMMISSION COSTS⁽²⁾	\$ 12.18	\$ 53.43	\$ 24.90	\$ 49.85

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, 2023, there were \$135.0 million of 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 January 2023, the Company repaid its \$110.0 million Series A notes in full.

In April 2023, the Company settled the Quixote note for consideration of \$150.0 million, a \$10.0 million discount on the note's principal balance. The Company drew on its unsecured revolving credit facility to fund the settlement.

In July 2023, the Company modified the existing loan agreement secured by the Hollywood Media Portfolio, whereby the LIBOR-based floating interest rate was replaced with a term SOFR-based floating interest rate.

In September 2023, the Company repaid its \$50.0 million Series E notes in full.

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 2022 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 2022 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, 2023 to the Three Months Ended September 30, 2022

Net Loss

For the three months ended September 30, 2023, the Company recorded net loss of \$35.8 million compared to net loss of \$6.8 million for the three months ended September 30, 2022. The reasons for the change are discussed below with respect to the decrease in net operating income for the same period.

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, 2023; 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,			
	2023	2022	Dollar Change	Percent Change
Net loss	\$ (35,752)	\$ (6,792)	\$ (28,960)	426.4 %
Adjustments:				
Loss from unconsolidated real estate entities	759	352	407	115.6
Fee income	(340)	(911)	571	(62.7)
Interest expense	53,581	37,261	16,320	43.8
Interest income	(800)	(196)	(604)	308.2
Management services reimbursement income—unconsolidated real estate entities	(1,015)	(983)	(32)	3.3
Management services expense—unconsolidated real estate entities	1,015	983	32	3.3
Transaction-related expenses	—	9,331	(9,331)	(100.0)
Unrealized loss on non-real estate investments	2,265	894	1,371	153.4
(Gain) loss on sale of real estate	(16,108)	180	(16,288)	(9,048.9)
Impairment loss	—	4,795	(4,795)	(100.0)
Other income	(5)	(1,147)	1,142	(99.6)
Income tax benefit	(425)	(1,306)	881	(67.5)
General and administrative	17,512	19,795	(2,283)	(11.5)
Depreciation and amortization	98,580	93,070	5,510	5.9
NOI	\$ 119,267	\$ 155,326	\$ (36,059)	(23.2)%
Same-store NOI	\$ 124,135	\$ 133,365	\$ (9,230)	(6.9)%
Non-same-store NOI	(4,868)	21,961	(26,829)	(122.2)
NOI	\$ 119,267	\$ 155,326	\$ (36,059)	(23.2)%

[Table of Contents](#)

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

	Three Months Ended September 30,	
	2023	2022
Same-store office		
Number of properties	42	42
Rentable square feet	12,161,577	12,161,577
Ending % leased	81.9 %	88.7 %
Ending % occupied	80.7 %	87.1 %
Average % occupied for the period	84.5 %	88.3 %
Average annual rental rate per square foot	\$ 58.71	\$ 57.17
Same-store studio		
Number of properties	3	3
Rentable square feet	1,231,335	1,231,335
Average % leased for the period ⁽¹⁾	83.5 %	84.4 %

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

The following table gives further detail on our NOI:

	Three Months Ended September 30,					
	2023			2022		
	Same-Store	Non-Same-Store	Total	Same-Store	Non-Same-Store	Total
Revenues						
Office						
Rental	\$ 189,269	\$ 10,364	\$ 199,633	\$ 190,829	\$ 17,950	\$ 208,779
Service and other revenues	3,935	19	3,954	3,976	736	4,712
Total office revenues	193,204	10,383	203,587	194,805	18,686	213,491
Studio						
Rental	10,787	2,695	13,482	12,998	2,307	15,305
Service and other revenues	3,573	10,801	14,374	9,267	22,291	31,558
Total studio revenues	14,360	13,496	27,856	22,265	24,598	46,863
Total revenues	207,564	23,879	231,443	217,070	43,284	260,354
Operating expenses						
Office operating expenses	74,436	6,085	80,521	70,555	7,785	78,340
Studio operating expenses	8,993	22,662	31,655	13,150	13,538	26,688
Total operating expenses	83,429	28,747	112,176	83,705	21,323	105,028
Office NOI	118,768	4,298	123,066	124,250	10,901	135,151
Studio NOI	5,367	(9,166)	(3,799)	9,115	11,060	20,175
NOI	\$ 124,135	\$ (4,868)	\$ 119,267	\$ 133,365	\$ 21,961	\$ 155,326

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

Three Months Ended September 30, 2023 as compared to Three Months Ended September 30, 2022						
	Same-Store		Non-Same-Store		Total	
	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
Revenues						
Office						
Rental	\$ (1,560)	(0.8) %	\$ (7,586)	(42.3) %	\$ (9,146)	(4.4) %
Service and other revenues	(41)	(1.0)	(717)	(97.4)	(758)	(16.1)
Total office revenues	(1,601)	(0.8)	(8,303)	(44.4)	(9,904)	(4.6)
Studio						
Rental	(2,211)	(17.0)	388	16.8	(1,823)	(11.9)
Service and other revenues	(5,694)	(61.4)	(11,490)	(51.5)	(17,184)	(54.5)
Total studio revenues	(7,905)	(35.5)	(11,102)	(45.1)	(19,007)	(40.6)
Total revenues	(9,506)	(4.4)	(19,405)	(44.8)	(28,911)	(11.1)
Operating expenses						
Office operating expenses	3,881	5.5	(1,700)	(21.8)	2,181	2.8
Studio operating expenses	(4,157)	(31.6)	9,124	67.4	4,967	18.6
Total operating expenses	(276)	(0.3)	7,424	34.8	7,148	6.8
Office NOI	(5,482)	(4.4)	(6,603)	(60.6)	(12,085)	(8.9)
Studio NOI	(3,748)	(41.1)	(20,226)	(182.9)	(23,974)	(118.8)
NOI	\$ (9,230)	(6.9) %	\$ (26,829)	(122.2) %	\$ (36,059)	(23.2) %

NOI decreased \$36.1 million, or 23.2%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022, primarily resulting from:

- a \$26.8 million decrease in non-same-store NOI driven by:
 - a decrease in studio NOI of \$20.2 million driven by a slowdown in production rentals activity due to the Writers Guild of America (“WGA”) strike and the Screen Actors Guild - American Federation of Television and Radio Artists (“SAG-AFTRA”) strike; and
 - a decrease in office NOI of \$6.6 million primarily due to:
 - a \$7.6 million decrease in rental revenues primarily resulting from the sales of our Northview Center, 6922 Hollywood and Skyway Landing properties in August 2022, October 2022 and February 2023, respectively and lease expirations at our 10900-10950 Washington property; and
 - a \$0.7 million decrease in service and other revenues primarily due to a reduction in parking revenues in connection with the sales of the properties listed above;
 - partially offset by a \$1.7 million decrease in operating expenses due to the aforementioned property sales.
- a \$9.2 million decrease in same-store NOI driven by:
 - a decrease in office NOI of \$5.5 million primarily due to:
 - a \$3.9 million increase in operating expenses, predominantly due to higher property and casualty insurance renewal premiums, repairs & maintenance and parking expenses at our One Westside property; and
 - a \$1.6 million decrease in rental revenues driven by a lease expiration at Skyport Plaza and a reserve recognized in connection with a potential early termination at Palo Alto Square, partially offset by higher recoveries at our One Westside property and restoration fees received at our 1455 Market property in the third quarter of 2023;

- a decrease in studio NOI of \$3.7 million primarily due to:
 - a \$5.7 million decrease in service and other revenues due to the WGA and SAG-AFTRA strikes; and
 - a \$2.2 million decrease in rental revenues due to a lease expiration at our Sunset Las Palmas Studios property;
 - partially offset by a \$4.2 million decrease in studio operating expenses due to the WGA and SAG-AFTRA strikes.

Other Income (Expenses)

Loss from unconsolidated real estate entities

We recorded a loss from unconsolidated real estate entities of \$0.8 million for the three months ended September 30, 2023 compared to \$0.4 million for the three months ended September 30, 2022. The change was primarily driven by higher interest expense at the unconsolidated entities due to an increase in the average reference rates for variable rate debt.

Fee income

We recognized fee income of \$0.3 million for the three months ended September 30, 2023 compared to \$0.9 million for the three months ended September 30, 2022. Fee income represents the management fee income earned from our unconsolidated real estate entities.

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,			
	2023	2022	Dollar Change	Percent Change
Gross interest expense ⁽¹⁾	\$ 57,702	\$ 43,126	\$ 14,576	33.8 %
Capitalized interest	(8,606)	(4,797)	(3,809)	79.4
Non-cash interest expense (income) ⁽²⁾	4,485	(1,068)	5,553	(519.9)
TOTAL	\$ 53,581	\$ 37,261	\$ 16,320	43.8 %

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

2. Includes the amortization of deferred financing costs and fair market value adjustments for our mark-to-market interest rate derivatives.

Gross interest expense increased by \$14.6 million, or 33.8%, to \$57.7 million for the three months ended September 30, 2023 compared to \$43.1 million for the three months ended September 30, 2022. The increase was primarily driven by an increase in the average reference rates for the Company's variable rate debt, increases in the average outstanding borrowings on the Company's unsecured revolving credit facility and One Westside construction loan and interest incurred on the 5.95% registered senior notes, which were issued in September 2022. The overall increase was partially offset by a decrease in interest expense due to the repayment of the Series A notes in January 2023 and Series E notes in September 2023.

Capitalized interest increased by \$3.8 million, or 79.4%, to \$8.6 million for the three months ended September 30, 2023 compared to \$4.8 million for the three months ended September 30, 2022. The increase was primarily driven by development activity at Washington 1000, redevelopment activities at our Westside Two and 10900-10950 Washington properties and interest capitalized on our unconsolidated investment in the Sunset Waltham Cross Studios development. An increase in the average reference rates for the Company's variable rate debt also contributed to the increase.

Non-cash interest expense increased by \$5.6 million, or 519.9%, to \$4.5 million of expense for the three months ended September 30, 2023 compared to \$1.1 million of income for the three months ended September 30, 2022. The increase in non-cash interest expense was due to mark-to-market gains on the Hollywood Media Portfolio interest rate cap in the third quarter of 2022, which did not recur in the third quarter of 2023 as the interest rate cap expired in August 2023 and was replaced with an interest rate cap and an interest rate swap that were designated as cash flow hedges for accounting purposes. The increase was partially

offset by a decrease in deferred financing cost amortization due to the deferred financing costs related to the Hollywood Media Portfolio debt being fully amortized as of August 2023.

Interest income

Interest income increased by \$0.6 million, or 308.2%, to \$0.8 million for the three months ended September 30, 2023 compared to \$0.2 million for the three months ended September 30, 2022. The increase was primarily driven by interest earned on cash deposits in interest-bearing accounts in the third quarter of 2023.

Transaction-related expenses

We did not record any transaction-related expenses during the three months ended September 30, 2023. During the three months ended September 30, 2022, we recorded transaction-related expenses of \$9.3 million predominantly related to the Quixote acquisition in August 2022.

Unrealized loss on non-real estate investments

We recognized an unrealized loss on non-real estate investments of \$2.3 million for the three months ended September 30, 2023 compared to \$0.9 million for the three months ended September 30, 2022. The activity in both periods is due to the observable changes in the fair value of the investments.

Gain (loss) on sale of real estate

During the three months ended September 30, 2023, we recognized a gain on sale of real estate of \$16.1 million attributable to the sales of our 604 Arizona and 3401 Exposition properties in August 2023. During the three months ended September 30, 2022, we recognized a loss on sale of real estate of \$0.2 million primarily related to the disposition of our Northview Center property in August 2022.

Impairment loss

We did not recognize any impairment charges during the three months ended September 30, 2023. During the three months ended September 30, 2022, we recognized an impairment loss of \$4.8 million due to reductions in the estimated fair values of our Del Amo, 6922 Hollywood and Northview Center properties.

Other income

During the three months ended September 30, 2023, we recognized other income of \$5.0 thousand. During the three months ended September 30, 2022, we recognized other income of \$1.1 million primarily related to a gain recognized from insurance proceeds received for damaged property.

Income tax benefit

We recorded an income tax benefit of \$0.4 million for the three months ended September 30, 2023 compared to \$1.3 million for the three months ended September 30, 2022. The change was primarily due to a valuation allowance recorded against certain deferred tax assets as of September 30, 2023.

General and administrative expenses

General and administrative expenses decreased by \$2.3 million, or 11.5%, to \$17.5 million for the three months ended September 30, 2023 compared to \$19.8 million for the three months ended September 30, 2022. The decrease was primarily driven by decreases in payroll, non-cash compensation, office expenses and travel and entertainment.

Depreciation and amortization expense

Depreciation and amortization expense increased by \$5.5 million, or 5.9%, to \$98.6 million for the three months ended September 30, 2023 compared to \$93.1 million for the three months ended September 30, 2022. The increase was primarily related

to the depreciation and amortization of non-real estate property, plant and equipment and finite-lived intangible assets acquired as part of the Quixote transaction in August 2022.

Comparison of the Nine Months Ended September 30, 2023 to the Nine Months Ended September 30, 2022

Net Loss

Net loss increased \$71.2 million, or 655.4%, to \$82.0 million for the nine months ended September 30, 2023 compared to \$10.9 million for the nine months ended September 30, 2022. Net loss increased for the reasons discussed below with respect to the decrease in net operating income for the same period.

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, 2023; 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:

	Nine Months Ended September 30,			
	2023	2022	Dollar Change	Percent Change
Net loss	\$ (82,046)	\$ (10,861)	\$ (71,185)	655.4 %
Adjustments:				
Loss (income) from unconsolidated real estate entities	2,219	(1,731)	3,950	(228.2)
Fee income	(5,026)	(3,122)	(1,904)	61.0
Interest expense	162,036	101,816	60,220	59.1
Interest income	(1,407)	(2,026)	619	(30.6)
Management services reimbursement income—unconsolidated real estate entities	(3,138)	(3,159)	21	(0.7)
Management services expense—unconsolidated real estate entities	3,138	3,159	(21)	(0.7)
Transaction-related expenses	(1,344)	10,713	(12,057)	(112.5)
Unrealized loss on non-real estate investments	2,269	1,062	1,207	113.7
(Gain) loss on sale of real estate	(23,154)	180	(23,334)	(12,963.3)
Impairment loss	—	28,548	(28,548)	(100.0)
Gain on extinguishment of debt	(10,000)	—	(10,000)	—
Other income	(139)	(1,138)	999	(87.8)
Income tax provision (benefit)	715	(2,909)	3,624	(124.6)
General and administrative	55,177	62,178	(7,001)	(11.3)
Depreciation and amortization	294,654	276,701	17,953	6.5
NOI	\$ 393,954	\$ 459,411	\$ (65,457)	(14.2)%
Same-store NOI	386,755	397,905	(11,150)	(2.8)%
Non-same-store NOI	7,199	61,506	(54,307)	(88.3)
NOI	\$ 393,954	\$ 459,411	\$ (65,457)	(14.2)%

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

	Nine Months Ended September 30,	
	2023	2022
Same-store office		
Number of properties	41	41
Rentable square feet	11,978,454	11,978,454
Ending % leased	81.9 %	88.6 %
Ending % occupied	80.6 %	87.0 %
Average % occupied for the period	85.5 %	90.3 %
Average annual rental rate per square foot	\$ 58.64	\$ 57.08
Same-store studio		
Number of properties	3	3
Rentable square feet	1,231,335	1,231,335
Average % occupied for the period ⁽¹⁾	83.5 %	84.4 %

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,					
	2023			2022		
	Same-Store	Non-Same-Store	Total	Same-Store	Non-Same-Store	Total
Revenues						
Office						
Rental	\$ 563,426	\$ 42,350	\$ 605,776	\$ 563,021	\$ 63,786	\$ 626,807
Service and other revenues	10,669	1,066	11,735	10,140	4,188	14,328
Total office revenues	574,095	43,416	617,511	573,161	67,974	641,135
Studio						
Rental	37,349	8,760	46,109	38,981	3,156	42,137
Service and other revenues	16,960	48,294	65,254	24,334	48,691	73,025
Total studio revenues	54,309	57,054	111,363	63,315	51,847	115,162
Total revenues	628,404	100,470	728,874	636,476	119,821	756,297
Operating expenses						
Office operating expenses	211,116	20,226	231,342	201,600	28,929	230,529
Studio operating expenses	30,533	73,045	103,578	36,971	29,386	66,357
Total operating expenses	241,649	93,271	334,920	238,571	58,315	296,886
Office NOI	362,979	23,190	386,169	371,561	39,045	410,606
Studio NOI	23,776	(15,991)	7,785	26,344	22,461	48,805
NOI	\$ 386,755	\$ 7,199	\$ 393,954	\$ 397,905	\$ 61,506	\$ 459,411

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

Nine Months Ended September 30, 2023 as compared to Nine Months Ended September 30, 2022						
	Same-Store		Non-Same-Store		Total	
	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
Revenues						
Office						
Rental	\$ 405	0.1 %	\$ (21,436)	(33.6)%	\$ (21,031)	(3.4) %
Service and other revenues	529	5.2	(3,122)	(74.5)	(2,593)	(18.1)
Total office revenues	934	0.2	(24,558)	(36.1)	(23,624)	(3.7)
Studio						
Rental	(1,632)	(4.2)	5,604	177.6	3,972	9.4
Service and other revenues	(7,374)	(30.3)	(397)	(0.8)	(7,771)	(10.6)
Total studio revenues	(9,006)	(14.2)	5,207	10.0	(3,799)	(3.3)
Total revenues	(8,072)	(1.3)	(19,351)	(16.1)	(27,423)	(3.6)
Operating expenses						
Office operating expenses	9,516	4.7	(8,703)	(30.1)	813	0.4
Studio operating expenses	(6,438)	(17.4)	43,659	148.6	37,221	56.1
Total operating expenses	3,078	1.3	34,956	59.9	38,034	12.8
Office NOI	(8,582)	(2.3)	(15,855)	(40.6)	(24,437)	(6.0)
Studio NOI	(2,568)	(9.7)	(38,452)	(171.2)	(41,020)	(84.0)
NOI	\$ (11,150)	(2.8)%	\$ (54,307)	(88.3)%	\$ (65,457)	(14.2)%

NOI decreased \$65.5 million, or 14.2%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily resulting from:

- a \$54.3 million decrease in non-same-store NOI driven by:
 - a decrease in studio NOI of \$38.5 million driven by a slowdown in production rentals activity due to the WGA and SAG-AFTRA strikes; and
 - a decrease in office NOI of \$15.9 million primarily due to:
 - a \$21.4 million decrease in rental revenues primarily resulting from the sales of our Northview Center, 6922 Hollywood and Skyway Landing properties in August 2022, October 2022 and February 2023, respectively and lease expirations at our 10900-10950 Washington and Metro Center properties, partially offset by the collection of past due rents and the reversal of the related reserve at our Westside Two property in 2023; and
 - a \$3.1 million decrease in service and other revenues primarily due to non-recurring lease cancellation fees received at our Skyway Landing property in the third quarter of 2022 and a reduction in parking revenues in connection with the sales of the properties listed above;
 - partially offset by an \$8.7 million decrease in operating expenses due to the aforementioned property sales.
- a \$11.2 million decrease in same-store NOI driven by:
 - a decrease in office NOI of \$8.6 million primarily due to:
 - a \$9.5 million increase in operating expenses, predominantly engineering, cleaning and utilities resulting from a colder winter in 2023, higher insurance premiums and higher repair and maintenance expense, which was partially offset by a prior-period property tax reimbursement at our ICON property;

- partially offset by a \$0.5 million increase in service and other revenues primarily due to increased parking revenues from special events and visitor parking at our 505 First, 411 First, Ferry Building and Rincon Center properties; and
- a \$0.4 million increase in rental revenues mainly due to the commencement of must-take parking and recoveries at our One Westside property in the third quarter of 2022, higher percentage rent at our Ferry Building property during 2023 and restoration fees received at our 1455 Market property during 2023. The increase was partially offset by a lease expiration at our Skyport Plaza property.
- a decrease in studio NOI of \$2.6 million primarily due to:
 - a \$7.4 million decrease in service and other revenues and a \$1.6 million decrease in rental revenues due to the WGA and SAG-AFTRA strikes and a lease expiration at our Sunset Las Palmas Studios property;
 - partially offset by a \$6.4 million decrease in studio operating expenses due to the impact of the WGA and SAG-AFTRA strikes as well as a decrease in ground rent expense arising from the acquisition of the related land at Sunset Gower Studios in May 2022.

Other Income (Expense)

(Loss) income from unconsolidated real estate entities

We recorded \$2.2 million of loss from unconsolidated real estate entities for the nine months ended September 30, 2023 compared to \$1.7 million of income for the nine months ended September 30, 2022. The change was primarily driven by higher interest expense at the unconsolidated entities due to an increase in the average reference rates for variable rate debt.

Fee income

We recognized fee income of \$5.0 million for the nine months ended September 30, 2023 compared to \$3.1 million for the nine months ended September 30, 2022. Fee income represents the management fee income earned from our unconsolidated real estate entities. The increase is primarily due to the recognition of fee income related to development oversight services provided to the Sunset Waltham Cross joint venture commencing during the fourth quarter of 2022.

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,			
	2023	2022	Dollar Change	Percent Change
Gross interest expense ⁽¹⁾	\$ 165,425	\$ 111,286	\$ 54,139	48.6 %
Capitalized interest	(22,779)	(11,674)	(11,105)	95.1
Non-cash interest expense ⁽²⁾	19,390	2,204	17,186	779.8
TOTAL	\$ 162,036	\$ 101,816	\$ 60,220	59.1 %

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

2. Includes the amortization of deferred financing costs and fair market value adjustments for our mark-to-market interest rate derivatives.

Gross interest expense increased by \$54.1 million, or 48.6%, to \$165.4 million for the nine months ended September 30, 2023 compared to \$111.3 million for the nine months ended September 30, 2022. The increase was primarily driven by an increase in the average reference rates for the Company's variable rate debt, increases in the average outstanding borrowings on the Company's unsecured revolving credit facility and One Westside construction loan and interest incurred on the 5.95% registered senior notes, which were issued in September 2022. The overall increase was partially offset by a decrease in interest expense due to the repayment of the Series A notes in January 2023, Quixote note in April 2023 and Series E notes in September 2023.

Capitalized interest increased by \$11.1 million, or 95.1%, to \$22.8 million for the nine months ended September 30, 2023 compared to \$11.7 million for the nine months ended September 30, 2022. The increase was primarily driven by development activity at Washington 1000, which was acquired in April 2022, redevelopment activities at our Westside Two and 10900-10950 Washington properties and interest capitalized on our unconsolidated investments in the Sunset Waltham Cross Studios and Sunset

Glenoaks Studios developments. An increase in the average reference rates for the Company's variable rate debt also contributed to the increase.

Non-cash interest expense increased by \$17.2 million, or 779.8%, to \$19.4 million for the nine months ended September 30, 2023 compared to \$2.2 million for the nine months ended September 30, 2022. The increase in non-cash interest expense was due to mark-to-market gains on the Hollywood Media Portfolio interest rate cap in the third quarter of 2022 that did not recur in 2023 because we began applying hedge accounting prospectively from the fourth quarter of 2022. The increase was partially offset by a decrease in deferred financing cost amortization due to the deferred financing costs related to the Hollywood Media Portfolio debt being fully amortized in August 2023.

Interest income

Interest income decreased by \$0.6 million, or 30.6%, to \$1.4 million for the nine months ended September 30, 2023 compared to \$2.0 million for the three months ended September 30, 2022. The decrease was primarily driven by the maturity of the U.S. Government securities in June 2022, partially offset by interest earned on cash deposits in interest-bearing accounts in the third quarter of 2023.

Transaction-related expenses

We recorded \$1.3 million of income for the nine months ended September 30, 2023 predominantly related to the remeasurement of the Zio earnout liability to fair value during the nine months ended September 30, 2023. During the nine months ended September 30, 2023, we recorded \$10.7 million of expense predominantly related to the Quixote acquisition in August 2022.

Unrealized loss on non-real estate investments

We recognized an unrealized loss on our non-real estate investments of \$2.3 million for the nine months ended September 30, 2023 compared to \$1.1 million for the nine months ended September 30, 2022. The activity in both periods is due to the observable changes in the fair value of the investments.

Gain on sale of real estate

During the nine months ended September 30, 2023, we recognized a \$23.2 million gain attributable to the sales of our Skyway Landing property in February 2023 and 604 Arizona and 3401 Exposition properties in August 2023, compared to the \$0.2 million loss on sale recorded during the nine months ended September 30, 2022 primarily driven by the disposition of our Northview Center property in August 2022.

Impairment loss

We did not recognize any impairment charges during the nine months ended September 30, 2023. During the nine months ended September 30, 2022, we recognized an impairment loss of \$28.5 million, 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.

Gain on extinguishment of debt

During the nine months ended September 30, 2023, we recognized a \$10.0 million gain on extinguishment of debt due to the settlement of the Quixote note payable at a discount. No gain or loss on extinguishment of debt was recognized during the nine months ended September 30, 2022.

Other income

During the nine months ended September 30, 2023, we recognized other income of \$0.1 million. During the nine months ended September 30, 2022, we recognized other income of \$1.1 million primarily related to a gain recognized from insurance proceeds received for damaged property.

Income tax (provision) benefit

We recorded an income tax provision of \$0.7 million for the nine months ended September 30, 2023 compared to an income tax benefit of \$2.9 million for the nine months ended September 30, 2022. The change was primarily due to a valuation allowance recorded against certain deferred tax assets as well as the tax impact of the gain on extinguishment of debt recognized during the nine months ended September 30, 2023, partially offset by a deferred tax benefit recognized in connection with net operating losses in certain of our taxable REIT subsidiaries.

General and administrative expenses

General and administrative expenses decreased \$7.0 million, or 11.3%, to \$55.2 million for the nine months ended September 30, 2023 compared to \$62.2 million for the nine months ended September 30, 2022. The decrease was primarily driven by a decrease in payroll, non-cash compensation, office expenses and travel and entertainment.

Depreciation and amortization expense

Depreciation and amortization expense increased \$18.0 million, or 6.5%, to \$294.7 million for the nine months ended September 30, 2023 compared to \$276.7 million for the nine months ended September 30, 2022. The increase was primarily related to the depreciation and amortization of non-real estate property, plant and equipment and finite-lived intangible assets acquired as part of the Quixote transaction in August 2022.

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 Studios and Sunset Pier 94 Studios construction loans (unconsolidated joint ventures); and
- proceeds from additional secured, unsecured debt financings or offerings.

Liquidity Sources

We had approximately \$75.0 million of cash and cash equivalents at September 30, 2023. 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, 2023. 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.

[Table of Contents](#)

As of September 30, 2023, we had total borrowing capacity of \$1.0 billion under our unsecured revolving credit facility, \$520.0 million of which had been drawn. As of September 30, 2023, we had total borrowing capacity of \$414.6 million under our construction loan, secured by our One Westside and Westside Two properties, \$324.6 million of which had been drawn. As of September 30, 2023, we had total borrowing capacity of \$100.6 million under the Sunset Glenoaks Studios construction loan (unconsolidated joint venture), of which \$78.3 million had been drawn. As of September 30, 2023, we had total borrowing capacity of \$183.2 million under the Sunset Pier 94 Studios construction loan (unconsolidated joint venture), of which \$0.1 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. In addition, our ability to incur additional debt may be affected by our senior unsecured debt ratings as provided by the major credit rating agencies in the United States. Certain of the major U.S. credit rating agencies have previously downgraded our senior unsecured debt rating to non-investment grade. These and any further ratings downgrades could adversely impact our ability to access debt markets in the future and increase the cost of future debt. As of October 27, 2023, the credit ratings for our senior unsecured debt were Ba1, BB+ and BBB- from Moody's, Standard and Poor's and Fitch, respectively.

The following table sets forth our total consolidated market capitalization (counting Series A preferred units as debt) as of September 30, 2023 (in thousands, except percentage):

	September 30, 2023
Unsecured and secured debt ⁽¹⁾	\$ 4,433,118
Series A redeemable preferred units	9,815
Total consolidated debt	4,442,933
Equity capitalization ⁽²⁾	1,400,065
TOTAL CONSOLIDATED MARKET CAPITALIZATION	\$ 5,842,998

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 \$6.65, as reported by the NYSE, on September 29, 2023 as well as the aggregate value of the Series C preferred stock liquidation preference as of September 30, 2023.

Outstanding Indebtedness

The following table sets forth information as of September 30, 2023 and December 31, 2022 with respect to our outstanding indebtedness, excluding unamortized deferred financing costs and loan discounts/premiums (in thousands):

	September 30, 2023	December 31, 2022
Unsecured debt	\$ 2,635,000	\$ 2,660,000
Secured debt	\$ 1,798,118	\$ 1,950,088
Joint venture partner debt	\$ 66,136	\$ 66,136

The operating partnership was in compliance with its financial covenants as of September 30, 2023, although there can be no assurance that it will continue to be in compliance with these financial covenants. Our ability to maintain compliance with our debt covenants is subject to numerous risks and uncertainties, many of which are outside of our control, including general economic conditions; fluctuations in interest rates and increased operating costs; our failure to obtain necessary outside financing, including as a result of further downgrades in the credit ratings of our unsecured indebtedness; our failure to generate sufficient cash flows to service our outstanding indebtedness, repay indebtedness when due and maintain dividend payments; and strikes or work stoppages. Failure to meet any of these covenants could cause an event of default under the agreements governing our indebtedness and/or accelerate some or all of our indebtedness. In addition, certain of our indebtedness contain specific cross-default provisions with respect to specified other indebtedness, giving the lenders the right to declare a default if we are in default under other loans in some circumstances.

Liquidity Uses

Contractual Obligations

During the nine months ended September 30, 2023, there were no material changes outside the ordinary course of business in the information regarding specified contractual obligations contained in our 2022 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 13 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 21 to the Consolidated Financial Statements—Commitments and Contingencies” for more detail.

Dividends

The Company suspended its quarterly common stock cash dividends during the three months ended September 30, 2023. Declaration of any future common stock dividends will be determined by the Company’s Board of Directors after considering the Company’s obligations under its various financing agreements, projected taxable income, compliance with its debt covenants, long-term operating projections, expected capital requirements and risks affecting the Company’s business.

Cash Flows

A comparison of our cash flow activity is as follows:

	Nine Months Ended September 30,		Dollar Change	Percent Change
	2023	2022		
Net cash provided by operating activities	\$ 223,038	\$ 328,549	\$ (105,511)	(32.1)%
Net cash used in investing activities	\$ (124,505)	\$ (335,427)	\$ 210,922	(62.9)%
Net cash (used in) provided by financing activities	\$ (290,170)	\$ 14,070	\$ (304,240)	(2,162.3)%

Cash and cash equivalents and restricted cash were \$94.1 million and \$285.7 million at September 30, 2023 and December 31, 2022, respectively.

Operating Activities

Net cash provided by operating activities decreased by \$105.5 million, or 32.1%, to \$223.0 million for the nine months ended September 30, 2023 compared to \$328.5 million for the nine months ended September 30, 2022. The decrease primarily resulted from a slowdown in production rentals activity due to the WGA and SAG-AFTRA strikes as well as the sales of our Northview Center, 6922 Hollywood and Skyway Landing properties in August 2022, October 2022 and February 2023, respectively.

Investing Activities

Net cash used in investing activities decreased by \$210.9 million, or 62.9%, to \$124.5 million for the nine months ended September 30, 2023 compared to \$335.4 million for the nine months ended September 30, 2022. The decrease was primarily driven by the \$197.9 million Quixote acquisition during the nine months ended September 30, 2022, a \$122.5 million increase in proceeds from sales of real estate during the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 and \$96.4 million in property acquisitions during the nine months ended September 30, 2022. The change was partially offset by cash proceeds received in connection with the maturity of \$129.3 million of U.S. Government securities in the second quarter of 2022, a \$58.3 million increase in additions to investment in real estate and a \$37.3 million increase in contributions to unconsolidated real estate entities during the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022.

Financing Activities

Net cash used in financing activities increased \$304.2 million, or 2,162.3%, to \$290.2 million for the nine months ended September 30, 2023 compared to \$14.1 million of cash provided by financing activities for the nine months ended September 30, 2022. The change primarily resulted from a \$639.9 million decrease in proceeds from unsecured and secured debt and a \$87.0 million increase in payments of unsecured and secured debt during the nine months ended September 30, 2023. The change was partially offset by a \$235.8 million decrease in share repurchases during the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, as well as the repayment of \$128.2 million of in-substance defeased debt during the nine months ended September 30, 2022 and a \$54.4 million decrease in dividends paid to common stock and unitholders due to a 50% reduction in the per share dividend during the second quarter of 2023 and the suspension of the common stock dividend during the third quarter of 2023.

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, 2023 (in thousands):

	Principal Amount	Interest Rate	Contractual Maturity Date	HPP's Share
Bentall Centre ⁽¹⁾	\$ 491,763	CDOR + 1.75%	7/1/2024	\$ 98,353
Sunset Glenoaks Studios ⁽²⁾	\$ 78,308	SOFR + 3.10%	1/9/2027	\$ 39,154
Sunset Pier 94 Studios ⁽³⁾	\$ 100	SOFR + 4.75%	9/9/2028	\$ 26

- (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. Amounts are shown in U.S. dollars using the foreign currency exchange rate as of September 30, 2023. Subsequent to September 30, 2023, the loan agreement was amended, extending the contractual maturity date to July 1, 2027, modifying the interest rate to CORRA + 2.00% and decreasing the outstanding principal amount to \$467.0 million, with an additional \$22.2 million available for future funding, subject to certain requirements.
- (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. The maturity date includes the effect of extension options. As of September 30, 2023, we have \$22.3 million undrawn. The floating interest rate on the full principal amount has been effectively capped at 4.50% through the use of an interest rate cap.
- (3) We own approximately 26% of the ownership interests in the unconsolidated real estate investment that owns the Sunset Pier 94 Studios development. This loan has an initial interest rate of SOFR + 4.75% per annum until stabilization of the project, at which time the effective interest rate will decrease to SOFR + 4.00%. This loan is interest-only through its term. The total capacity of the loan is \$183.2 million. The maturity date includes the effect of extension options. As of September 30, 2023, we have \$183.1 million undrawn.

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 to FFO (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net loss	\$ (35,752)	\$ (6,792)	\$ (82,046)	\$ (10,861)
Adjustments:				
Depreciation and amortization—consolidated	98,580	93,070	294,654	276,701
Depreciation and amortization—non-real estate assets	(8,300)	(5,541)	(25,524)	(14,458)
Depreciation and amortization—HPP’s share from unconsolidated real estate entities	1,165	1,278	3,623	3,967
(Gain) loss on sale of real estate	(16,108)	180	(23,154)	180
Impairment loss—real estate assets	—	4,795	—	20,048
Unrealized loss on non-real estate investments	2,265	894	2,269	1,062
FFO attributable to non-controlling interests	(10,509)	(18,261)	(37,371)	(56,934)
FFO attributable to preferred shares and units	(5,200)	(5,200)	(15,600)	(15,843)
FFO TO COMMON STOCKHOLDERS AND UNITHOLDERS	\$ 26,141	\$ 64,423	\$ 116,851	\$ 203,862

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information about our market risk is disclosed in Part II, Item 7A, of our 2022 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, 2023 to the information provided in Part II, Item 7A, of our 2022 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 2022 Annual Report on Form 10-K. Please review the Risk Factors set forth in our 2022 Annual Report on Form 10-K.

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

- (a) *Recent Sales of Unregistered Securities:* None.
- (b) *Use of Proceeds from Registered Securities:* None.
- (c) *Purchases of Equity Securities by the Issuer and Affiliated Purchasers:* None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

During the nine months ended September 30, 2023, none of our officers or directors adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

[Table of Contents](#)

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
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, 2023 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 (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 3, 2023

HUDSON PACIFIC PROPERTIES, INC.

/s/ VICTOR J. COLEMAN

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

Date: November 3, 2023

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 3, 2023

HUDSON PACIFIC PROPERTIES, L.P.

/s/ VICTOR J. COLEMAN

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

Date: November 3, 2023

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 3, 2023

/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 3, 2023

/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 3, 2023

/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 3, 2023

/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, 2023 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 3, 2023

/s/ VICTOR J. COLEMAN

Victor J. Coleman
Chief Executive Officer

Date: November 3, 2023

/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, 2023 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 3, 2023

/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 3, 2023

/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.