



## Hudson Pacific Properties Updates 2017 Outlook in Connection with Public Offering and Pending Disposition

Los Angeles, October 3, 2017—Hudson Pacific Properties, Inc. (“Hudson Pacific” or the “Company”) (NYSE: HPP) today revised its full-year 2017 FFO guidance to a range of \$1.92 to \$2.00 per diluted share, excluding specified items, compared to the prior full-year 2017 FFO guidance range of \$1.93 to \$2.01 per diluted share, excluding specified items. Specified items for purposes of this revised full-year 2017 FFO guidance consist of the write-off of approximately \$0.9 million of original issuance costs (i.e. deferred financing costs) associated with the repayment of \$150.0 million of the Company’s 5-year term loan due April 2020, and the write-off of approximately \$0.3 million of original issuance costs associated with the anticipated repayment of \$85.0 million of the Company’s 5-year term loan due November 2020 upon the sale of the Company’s interest in Pinnacle I and II, all as described more fully below.

“Hudson Pacific Properties is updating guidance as a result of two noteworthy recent transactions,” said Victor Coleman, [Hudson Pacific Properties](#)’ Chairman and CEO. “First, our inaugural bond offering, an important milestone for the Company, exemplifies our commitment to a conservative balance sheet, excellent credit metrics and limited asset-level financing. Second, our sale of Pinnacle, which will close in the fourth quarter, demonstrates our success in disposing of non-strategic assets, and will enable us to focus on higher return opportunities in submarkets we believe are poised for continued outperformance.”

Hudson Pacific recently completed the public offering of \$400.0 million aggregate principal amount of 3.950% senior notes due November 2027. The notes were issued at 99.815% of par value generating net proceeds, after deducting underwriting discounts and before other transaction costs, of approximately \$396.7 million. The offering closed on October 2, 2017. A portion of the net proceeds from the offering were used to repay \$150.0 million of the 5-year term loan due April 2020 with the remainder of the net proceeds, together with cash on hand, used to fully repay the \$250.0 million balance outstanding under the Company’s unsecured revolving credit facility.

Separate and apart from the public offering, the Company has entered into a contract to sell its 65% joint venture interest in the Pinnacle I and II ownership entity to certain affiliates of Blackstone Group L.P. based on a \$350.0 million combined sale price before credits, prorations and closing costs, including the assumption of \$216.0 million of project-level financing. The disposition is expected to close on or around November 1, 2017. The sale is subject to approval of loan assumptions, and will result in net proceeds to the Company of approximately \$85.0 million after credits, prorations and closing costs and approximately \$216.0 million of consolidated debt relief. The Company expects to use net proceeds from this sale first to repay amounts, if any, outstanding under its unsecured revolving credit facility, then to repay amounts under its 5-year term loan due November 2020.

The full-year 2017 FFO estimate reflects management’s view of current and future market conditions, including assumptions with respect to rental rates, occupancy levels and the earnings impact of events referenced in this press release, but otherwise excludes any impact from future unannounced or speculative acquisitions, dispositions, debt financings or repayments, recapitalizations, capital market activity or similar matters. There can be no assurance that the actual results will not differ materially from this estimate.

Below are some of the assumptions the Company used in providing this guidance (dollars in thousands):

| <b>Metric</b>  | <b>Low</b>  | <b>High</b> |
|--|-------------|-------------|
| Growth in same-store office property cash NOI <sup>(1)(2)(3)</sup>                     | 9.0%        | 10.0%       |
| Growth in same-store media and entertainment property cash NOI <sup>(1)(2)</sup>       | 7.5%        | 8.5%        |
| GAAP non-cash revenue (straight-line rent and above/below-market rents) <sup>(4)</sup> | \$47,000    | \$57,000    |
| GAAP non-cash expense (above/below-market ground rent)                                 | \$(3,200)   | \$(3,200)   |
| General and administrative expenses <sup>(5)</sup>                                     | \$(52,000)  | \$(57,000)  |
| Interest expense, net <sup>(6)</sup>   | \$(88,000)  | \$(91,000)  |
| FFO attributable to non-controlling interests  | \$(22,800)  | \$(26,600)  |
| Weighted average common stock/units outstanding—diluted <sup>(7)</sup>                 | 155,000,000 | 156,000,000 |

- (1) Same-store is defined as the 31 office properties (assuming the anticipated sale of the Company’s interest in Pinnacle I and II) or two media and entertainment properties, as applicable, owned and included in the Company’s stabilized portfolio as of January 1, 2016, and anticipated to still be owned and included in the stabilized portfolio through December 31, 2017.
- (2) Please see non-GAAP information below for definition of cash NOI.
- (3) This estimate excludes the \$10.4 million early lease termination fee paid by Cisco and the impact of the lease with Weil, Gotshal & Manges LLP at Towers at Shore Center in both periods. Effective September 1, 2016, the rent and square footage with Weil, Gotshal & Manges LLP was reduced under a lease amendment entered into on December 18, 2014, prior to the Company’s acquisition of that property from Blackstone. The Company estimates that same-store office property cash NOI growth, including Cisco’s early lease termination payment and the impact of the Weil, Gotshal & Manges LLP lease in both periods, would range from 10.1% to 11.1%.
- (4) Includes non-cash straight-line rent associated with the media and entertainment properties.
- (5) Includes non-cash compensation expense, which the Company estimates at \$16,000 in 2017.
- (6) Includes amortization of deferred financing costs and loan premiums, which the Company estimates at \$5,000 in 2017. This estimate does not include the write-off of approximately \$1.2 million of original issuance costs (i.e. deferred financing costs) as described in this release.
- (7) Diluted shares represent ownership in the Company through shares of common stock, OP Units and other convertible or exchangeable instruments. The weighted average fully diluted common stock/units outstanding for 2017 includes an estimate for dilution impact of stock grants to the Company’s executives under its 2015, 2016 and 2017 outperformance programs and performance-based awards under the Company’s special one-time award grants based on the projected award potential of such programs as of the end of such periods, as calculated in accordance with the Accounting Standards Codification 260 Earnings Per Share.

The Company does not provide a reconciliation for non-GAAP estimates on a forward-looking basis, including the information under “2017 Outlook” above, where it is unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing and/or amount of various items that would impact net income attributable to common

stockholders per diluted share, the most directly comparable forward-looking GAAP financial measure, including, for example, acquisition costs and other non-core items that have not yet occurred, are out of the Company's control and/or cannot be reasonably predicted. For the same reasons, the Company is unable to address the probable significance of the unavailable information. Forward-looking non-GAAP financial measures provided without the most directly comparable GAAP financial measures may vary materially from the corresponding GAAP financial measures.

## **About Hudson Pacific Properties**

Hudson Pacific Properties is a vertically integrated real estate Company focused on acquiring, repositioning, developing and operating high quality office and state-of-the-art media and entertainment properties in select West Coast markets. Hudson Pacific invests across the risk-return spectrum, favoring opportunities where it can employ leasing, capital investment and management expertise to create additional value. Founded in 2006 as Hudson Capital, the Company went public in 2010, electing to be taxed as a real estate investment trust. Through the years, Hudson Pacific has strategically assembled a portfolio totaling over 18 million square feet, including land for development, in high growth, high-barrier-to-entry submarkets throughout Northern and Southern California and the Pacific Northwest. The Company is a leading provider of design-forward, next-generation workspaces for a variety of tenants, with a focus on Fortune 500 and leading growth companies, many in the technology, media and entertainment sectors. As a long-term owner, Hudson Pacific prioritizes tenant satisfaction and retention, providing highly customized build-outs and working proactively to accommodate tenants' growth. Hudson Pacific trades as a component of the Russell 2000® and the Russell 3000® indices. For more information visit [HudsonPacificProperties.com](http://HudsonPacificProperties.com).

## **Forward-Looking Statements**

This press release may contain forward-looking statements within the meaning of the federal securities laws. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," or "potential" or the negative of these words and phrases or similar words or phrases that are predictions of or indicate future events, or trends and that do not relate solely to historical matters. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and contingencies, many of which are beyond the Company's control that may cause actual results to differ significantly from those expressed in any forward-looking statement. All forward-looking statements reflect the Company's good faith beliefs, assumptions and expectations, but they are not guarantees of future performance. Furthermore, the Company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, new information, data or methods, future events or other changes. For a further discussion of these and other factors that could cause the Company's future results to differ materially from any forward-looking statements, see the section entitled "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2016 filed with the Securities and Exchange Commission, or SEC, on February 21, 2017, and other risks described in documents subsequently filed by the Company from time to time with the SEC.

## **Investor/Media Contacts:**

**Hudson Pacific Properties**

Laura Campbell

Vice President, Head of Investor Relations

310.622.1702

[lcampbell@hudsonppi.com](mailto:lcampbell@hudsonppi.com)

Greg Berardi

Blue Marlin Partners

415.239.7826

[greg@blumarlinpartners.com](mailto:greg@blumarlinpartners.com)