HUDSON PACIFIC PROPERTIES

2023 ANNUAL REPORT

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 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)
Registrant's telephone number, including area code (310) 445-5700

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Hudson Pacific Properties, Inc. Yes ☒ No ☐ Hudson Pacific Properties, L.P. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Hudson Pacific Properties, Inc. Yes ☐ No ☒ Hudson Pacific Properties, L.P. Yes ☐ No ☒

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. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.
Hudson Pacific Properties, Inc. Yes ☐ No ☒ Hudson Pacific Properties, L.P. Yes ☐ No ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to § 240.10D-1(b).
Hudson Pacific Properties, Inc. Yes ☐ No ☒ Hudson Pacific Properties, L.P. Yes ☐ No ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.)
Hudson Pacific Properties, Inc. Yes ☐ No ☒ Hudson Pacific Properties, L.P. Yes ☐ No ☒

As of June 30, 2023, the aggregate market value of common stock held by non-affiliates of the registrant (assuming for these purposes, but without conceding, that all executive officers and directors are “affiliates” of the registrant) was $583.1 million based upon the last sales price on June 30, 2023 for the registrant’s Common Stock.

There is no public trading market for the common units of limited partnership interest of Hudson Pacific Properties, L.P. As a result, the aggregate market value of the common units of limited partnership interest held by non-affiliates of Hudson Pacific Properties, L.P. cannot be determined.

The number of shares of common stock of Hudson Pacific Properties, Inc. outstanding at February 9, 2024 was 141,110,002.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the registrant’s 2024 Annual Meeting of Stockholders to be held May 16, 2024 are incorporated by reference in Part III of this Annual Report on Form 10-K. The proxy statement will be filed by the registrant with the United States Securities and Exchange Commission, or the SEC, not later than 120 days after the end of the registrant’s fiscal year.

EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the period ended December 31, 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 real estate investment trust, or 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 REIT and the sole general partner of our operating partnership. As of December 31, 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 annual reports on Form 10-K 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 II, Item 9A "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.
ANNUAL REPORT ON FORM 10-K
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PART I

Forward-looking Statements

Certain written and oral statements made or incorporated by reference from time to time by us or our representatives in this Annual Report on Form 10-K, 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 Annual Report on Form 10-K, 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, maintain an investment grade rating or maintain compliance with covenants under our financing arrangements;
- our failure to generate sufficient cash flows to service our outstanding indebtedness and maintain dividend payments;
- lack or insufficient amounts of insurance;
- decreased rental rates or increased vacancy rates;
- difficulties in identifying properties to acquire or dispose and completing acquisitions or dispositions;
- our failure to successfully operate acquired properties and operations;
- our failure to maintain our status as a REIT;
- the loss of key personnel;
- environmental uncertainties and risks related to adverse weather conditions and natural disasters;
- financial market and foreign currency fluctuations;
- risks related to acquisitions generally, including the diversion of management’s attention from ongoing business operations and the impact on customers, tenants, lenders, operating results and business;
- the inability to successfully integrate acquired properties, realize the anticipated benefits of acquisitions or capitalize on value creation opportunities;
- changes in the tax laws and uncertainty as to how those changes may be applied;
- changes in real estate and zoning laws and increases in real property tax rates; and
- other factors affecting the real estate industry generally.

Set forth below are some (but not all) of the factors that could adversely affect our business and financial performance. Moreover, we operate in a highly competitive and rapidly changing environment. New risk factors emerge from time to time, and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

Risk Factors Summary

Our business is subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business and financial performance. These risks are discussed more fully below and include, but are not limited to, the following:

- **Risks Related to Our Properties and Our Business**

    - Our properties are located in Northern and Southern California, the Pacific Northwest, New York, Western Canada and Greater London, United Kingdom, and we are susceptible to adverse economic conditions, local regulations and natural disasters affecting those markets.
    - We derive a significant portion of our rental revenue from tenants in the technology and media and entertainment industries, which makes us particularly susceptible to demand for rental space in those industries.
    - We may be unable to identify and complete acquisitions of properties that meet our criteria, dispose of such assets, yield the returns we expect or to successfully and profitably operate our properties.
    - Our growth depends on external sources of capital that are outside of our control and may not be available to us on commercially reasonable terms or at all, and our existing debt may restrict our ability to engage in some business activities.
    - Mortgage debt obligations expose us to the possibility of foreclosure, which could result in the loss of our investment in a property or group of properties subject to mortgage debt.
    - We face considerable competition, depend on significant tenants, may be unable to renew leases, lease vacant space or may be unable to obtain our asking rents, which could each have an adverse effect on our financial condition, results of operations, cash flow and the per share trading price of our securities.
    - Some of our properties are subject to ground leases, the termination or expiration of which could cause us to lose our interest in, and the right to receive rental income from, such properties.
    - Joint venture investments could be adversely affected by our lack of sole decision-making authority, our reliance on co-venturers' financial condition and disputes between us and our co-venturers.
    - If we fail to maintain an effective system of integrated internal controls, we may not be able to accurately report our financial results.

- **Risks Related to the Real Estate Industry**

    - Our performance and value are subject to risks associated with real estate assets and the real estate industry, as well as property development and redevelopment.
    - The illiquidity of real estate investments could significantly impede our ability to respond to adverse changes and harm our financial condition.
    - We may incur significant costs related to compliance with government laws, regulations and covenants that are applicable to our properties, including environmental regulations.
    - Our properties may contain or develop harmful mold or suffer from other air quality issues, which could lead to liability for adverse health effects and costs of remediation.

- **Risks Related to Our Organizational Structure**

    - The series A preferred units that were issued to some contributors in connection with our IPO in exchange for the contribution of their properties have certain preferences, which could limit our ability to pay dividends or other distributions to the holders of our securities or engage in certain business combinations, recapitalizations or other fundamental changes.
    - Our common stock is ranked junior to our series C preferred stock.
    - Conflicts of interest exist or could arise in the future between the interests of our stockholders and the interests of holders of units in our operating partnership.
    - Our charter and bylaws, the partnership agreement of our operating partnership and Maryland law contain provisions that may delay, defer or prevent a change of control transaction, even if such a change in control may be in our stockholders' interest, and as a result may depress the market price of our securities.
    - Our board of directors may change our investment and financing policies without stockholder approval and we may become more highly leveraged, which may increase our risk of default under our debt obligations.
    - Our rights and the rights of our stockholders to take action against our directors and officers are limited.
    - We are a holding company with no direct operations and, as such, we rely on funds received from our operating partnership to pay liabilities, and the interests of our stockholders are structurally subordinated to all liabilities and obligations of our operating partnership and its subsidiaries.

- **Risks Related to Our Status as a REIT**

    - Failure to qualify as a REIT would have significant adverse consequences to us and the value of our stock.
    - If our operating partnership were to fail to qualify as a partnership for federal income tax purposes, we would cease to qualify as a REIT and suffer other adverse consequences.
    - The tax imposed on REITs engaging in "prohibited transactions" may limit our ability to engage in transactions that would be treated as sales for federal income tax purposes.
    - Our ownership of taxable REIT subsidiaries is subject to certain restrictions, and we will be required to pay a 100% penalty tax on certain income or deductions if our transactions with our taxable REIT subsidiaries are not conducted on arm's length terms.
    - To maintain our REIT status, we may be forced to borrow funds during unfavorable market conditions.
    - Complying with REIT requirements may affect our profitability and may force us to liquidate or forgo otherwise attractive investments.
    - Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.
    - The power of our board of directors to revoke our REIT election without stockholder approval may cause adverse consequences to our stockholders and unitholders.
    - Legislative or other actions affecting REITs could have a negative effect on our investors and us.

- **Risks Related to General and Global Factors**

    - Our business and results of operations and financial condition may be materially or adversely impacted by the outbreak of a pandemic.
    - Adverse economic and geopolitical conditions and dislocations in the credit markets, as well as social, political, and economic instability, unrest, and other circumstances beyond our control could have a material adverse effect on our financial condition, results of operations, cash flow and per share trading price of our securities.
    - Potential losses, including from adverse weather conditions, natural disasters and title claims, may not be covered by insurance.
    - We may become subject to litigation, which could have an adverse effect on our financial condition, results of operations, cash flow and the per share trading price of our securities.
    - We face risks associated with security breaches through cyber attacks, cyber intrusions or otherwise, as well as other significant disruptions of our information technology ("IT") networks and related systems.
    - Future terrorist activity or engagement in war by the United States may have an adverse effect on our financial condition and operating results.

ITEM 1. Business

Company Overview

We are a vertically integrated real estate investment trust ("REIT") offering end-to-end real estate solutions for dynamic tenants in the synergistic, converging and secular growth industries of tech and media. We acquire, reposition, develop and operate sustainable high-quality office and state-of-the-art studio properties in high-barrier-to-entry tech and media epicenters. Our primary investment markets include Los Angeles, the San Francisco Bay Area, Seattle, New York, Vancouver, British Columbia and Greater London, United Kingdom. We invest across the risk-return spectrum, favoring opportunities that allow us to leverage leasing, capital investment and operating expertise along with deep strategic relationships to create incremental stakeholder value.

As of December 31, 2023, our portfolio included:

- Office properties comprising approximately 14.7 million square feet;
- Studio properties comprising approximately 48 stages and 1.7 million square feet of sound stages and production-supporting office and other facilities;
- Land properties comprising approximately 3.2 million square feet of undeveloped density rights for future office, studio and residential space; and
- Production services assets, comprising vehicles, lighting and grip, production supplies and other equipment and the lease rights to an additional 27 sound stages.

This Annual Report on Form 10-K includes financial measures that are not in accordance with generally accepted accounting principles in the United States ("GAAP"), which are accompanied by what the Company considers the most directly comparable financial measures calculated and presented in accordance with GAAP. The Company presents "HPP's share" of certain of these measures, which are non-GAAP financial measures that are 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, which we do not consolidate 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. As a result, management believes that presenting HPP's share of various financial measures in this manner can help investors better understand the Company's financial condition and/or results of operations after taking into account its true economic interest in these joint ventures.

Business Strategy

We invest in Class-A office and studio properties located in high barrier-to-entry, innovation-centric submarkets with significant growth potential. Our world-class sustainable office and studio properties within these submarkets allow us to attract and retain quality companies as tenants, many in the increasingly synergistic technology and media and entertainment sectors. The purchase of properties with a value-add component, typically sourced through off-market transactions, also facilitates our long-term growth. These types of assets afford us the opportunity to capture embedded rent growth and occupancy upside, as we strategically invest capital to reposition and redevelop assets to generate additional cash flow. We take a measured approach to ground-up development, with most under-construction, planned or potential projects located on ancillary sites that are part of existing operating assets. We also acquire and operate leading production services companies to further expand the service offerings for our studio portfolio and our geographic reach to other studios and on-location filming. From time to time, we also look to sell assets opportunistically to recycle capital to enhance our portfolio or to otherwise further our long-term capital allocation goals. Management expertise and valuable strategic relationships across disciplines support execution at all levels of our operations. Specifically, aggressive leasing and proactive asset management, combined with a focus on maintaining a conservative balance sheet, are central to our strategy.

Competitive Positioning

We believe the following competitive strengths distinguish us and support our efforts to capitalize on opportunities to drive growth and profitability.

- ***Technology and Media Driven Markets and Assets.*** We are the only publicly-traded owner and operator of both premier office and studio properties. Our focus on office properties in West Coast technology hubs and studios and related services assets in global media markets provides differentiated exposure to these synergistic and secular growth-oriented industries. Our portfolio attracts a tenancy comprised of many of the world's most innovative and creative companies seeking to build their businesses within established ecosystems, like Silicon Valley or Hollywood, and we are uniquely able to extend these relationships across markets and asset classes.

- ***Deep Sector-Specific Management Expertise*.** Our executive team has both significant tenure with the Company and decades of experience in commercial real estate and studio-related operating businesses. We believe the breadth and depth of their expertise enables us to execute fully on our differentiated strategy, whether acquiring, repositioning, developing, operating, or selling sustainable premier office and studio properties and related services businesses. Beyond industry expertise, we leverage our executives' in-depth local and regional knowledge, which we believe furthers our ability to execute and unlock value within our high-barrier-to-entry markets.

- ***Long-Standing Relationships and Strategic Partnerships.*** We have an extensive network of long-standing relationships with leading institutional and individual real estate owners/developers, international and regional lenders, bankers, brokers, tenants and other participants across our industries and markets. These relationships provide us with optionality and access to unique and attractive value creation opportunities, whether through investment transactions, leasing activities, or asset-level or corporate (re)financings.

- ***Proactive Balance Sheet Management.*** We seek to prioritize having a strong, flexible balance sheet with multiple avenues to access capital through market cycles from both secured and unsecured financings. We seek to prudently allocate capital to achieve growth while maintaining conservative leverage. We are willing to consider accessing equity markets to fund attractive investment opportunities. We believe we have the discipline to work consistently to achieve long-term leverage targets while ensuring optionality for future growth.

- ***Sustainability and ESG Leadership.*** Through our Better Blueprint program, the Company is an established industry leader in sustainability and ESG and has received accolades from the Global Real Estate Sustainability Benchmark (GRESB), the National Associate of Real Estate Investment Trusts (NAREIT), and the National Association of Office Properties (NAIOP) among many others. Sustainability and ESG both in terms of our portfolio and operations are important for our stakeholders and provide a key point of differentiation for those who invest, partner, lease, or work with or for us.

Competition

We compete with a number of developers, owners and operators of office and commercial real estate, many of which own properties similar to ours in the same markets in which our properties are located and some of which have greater financial resources than we do. In operating and managing our portfolio, we compete for tenants based on a number of factors, including location, rental rates, security, flexibility and expertise to design space to meet prospective tenants' needs and the manner in which our properties are operated, maintained and marketed. As leases at our properties expire, we may encounter significant competition to renew or re-let space in light of competing properties within the markets in which we operate. As a result, we may be required to provide rent concessions or abatements, incur charges for tenant improvements and other inducements, including early termination rights or below-market renewal options, or we may not be able to timely lease vacant space. In that case, our financial condition, results of operations and cash flows may be adversely affected.

We also face competition when pursuing acquisition and disposition opportunities. Our competitors may be able to pay higher property acquisition prices, may have private access to acquisition opportunities not available to us and may otherwise be in a better position to acquire a property. Competition may also increase the price required to consummate an acquisition opportunity and generally reduce the demand for commercial office space in our markets. Likewise, competition with sellers of similar properties to locate suitable purchasers may result in us receiving lower proceeds from a sale or in us not being able to dispose of a property at a time of our choosing due to the lack of an acceptable return.

For further discussion of the potential impact of competitive conditions on our business, see Item 1A "Risk Factors."

Segment and Geographic Financial Information

We report our results of operations through two reportable segments: (i) office properties and related operations and (ii) studio properties and related operations. For information about our segments, refer to Part IV, Item 15(a) "Financial Statement Schedules—Note 17 to the Consolidated Financial Statements—Segment Reporting."

Our portfolio of owned real estate is concentrated in California, the Pacific Northwest, New York, Western Canada and Greater London, United Kingdom. For further detail regarding our geographic financial information, refer to Item 2 "Properties."

Principal Executive Offices

Our principal executive offices are located at 11601 Wilshire Blvd., Ninth Floor, Los Angeles, California 90025 and our telephone number is (310) 445-5700. We believe that our current facilities are adequate for our present operations.

Regulation

General

Our properties are subject to various covenants, laws, ordinances and regulations, including regulations relating to common areas and fire and safety requirements. We believe that each of the properties in our portfolio have the necessary permits and approvals to operate its business.

Americans with Disabilities Act

Our properties located in the United States must comply with Title III of the Americans with Disabilities Act ("ADA") to the extent that such properties are "public accommodations" as defined by the ADA. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of our properties where such removal is readily achievable. We have developed and undertaken continuous capital improvement programs at various properties, some of which have included ADA-related modifications. As capital improvement programs progress, certain ADA upgrades will continue to be integrated into the planned improvements, specifically at the studio properties where we are able to utilize in-house construction crews to minimize costs for required ADA-related improvements. However, some of our properties may currently be in noncompliance with the ADA. Such noncompliance could result in the incurrence of additional costs to attain compliance, the imposition of fines or an award of damages to private litigants. The obligation to make readily achievable accommodations is an ongoing one, and we will continue to assess our properties and to make alterations as appropriate in this respect.

Environmental Matters

Under various federal, state and local laws and regulations relating to the environment, as a current or former owner or operator of real property, we may be liable for costs and damages resulting from the presence or discharge of hazardous or toxic substances, waste or petroleum products at, on, in, under, or migrating from such property, including costs to investigate and clean up such contamination and liability for natural resources. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such contamination, and the liability may be joint and several. These liabilities could be substantial and the cost of any required remediation, removal, fines, or other costs could exceed the value of the property and/or our aggregate assets. In addition, the presence of contamination or the failure to remediate contamination at our properties may expose us to third-party liability for costs of remediation and/or personal or property damage or materially adversely affect our ability to sell, lease or develop our properties or to borrow using the properties as collateral. In addition, environmental laws may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on our properties, environmental laws may impose restrictions on the manner in which the property may be used or businesses may be operated, and these restrictions may require substantial expenditures.

Some of our properties contain, have contained, or are adjacent to or near other properties that have contained or currently contain storage tanks for the storage of petroleum products or other hazardous or toxic substances. Similarly, some of our properties were used in the past for commercial or industrial purposes, or are currently used for commercial purposes, that involve or involved the use of petroleum products or other hazardous or toxic substances, or are adjacent to or near properties that have been or are used for similar commercial or industrial purposes. As a result, some of our properties have been or may be impacted by contamination arising from the release of such hazardous substances or petroleum products. Where we have deemed appropriate, we have taken steps to address identified contamination or mitigate risks associated with such contamination; however, we are unable to ensure that further actions will not be necessary. As a result of the foregoing, we could potentially incur material liabilities.

Independent environmental consultants have conducted Phase I Environmental Site Assessments at all of our properties located in the United States using the American Society for Testing and Materials (“ASTM”) Practice E 1527-05. A Phase I Environmental Site Assessment is a report prepared for real estate holdings that identifies potential or existing environmental contamination liabilities. Site assessments are intended to discover and evaluate information regarding the environmental condition of the surveyed property and surrounding properties. These assessments do not generally include soil samplings, subsurface investigations or asbestos or lead surveys. None of the recent site assessments identified any known past or present contamination that we believe would have a material adverse effect on our business, assets or operations. However, the assessments are limited in scope and may have failed to identify all environmental conditions or concerns. A prior owner or operator of a property or historic operations at our properties may have created a material environmental condition that is not known to us or the independent consultants preparing the site assessments. Material environmental conditions may have arisen after the review was completed or may arise in the future, and future laws, ordinances or regulations may impose material additional environmental liability.

Environmental laws also govern the presence, maintenance and removal of asbestos-containing building materials (“ACBM”) or lead-based paint (“LBP”) and may impose fines and penalties for failure to comply with these requirements or expose us to third party liability (e.g., liability for personal injury associated with exposure to asbestos). Such laws require that owners or operators of buildings containing ACBM and LBP (and employers in such buildings) properly manage and maintain the asbestos and lead, adequately notify or train those who may come into contact with asbestos or lead, and undertake special precautions, including removal or other abatement, if asbestos or lead would be disturbed during renovation or demolition of a building. Some of our properties contain ACBM and/or LBP and we could be liable for such damages, fines or penalties.

In addition, the properties in our portfolio also are subject to various federal, state and local environmental and health and safety requirements, such as state and local fire requirements. Moreover, some of our tenants routinely handle and use hazardous or regulated substances and waste as part of their operations at our properties, which are subject to regulation. Such environmental and health and safety laws and regulations could subject us or our tenants to liability resulting from these activities. Environmental liabilities could affect a tenant’s ability to make rental payments to us. In addition, changes in laws could increase the potential liability for noncompliance. We sometimes require our tenants to comply with environmental and health and safety laws and regulations and to indemnify us for any related liabilities. But in the event of the bankruptcy or inability of any of our tenants to satisfy such obligations, we may be required to satisfy such obligations. In addition, we may be held directly liable for any such damages or claims regardless of whether we knew of, or were responsible for, the presence or disposal of hazardous or toxic substances or waste and irrespective of tenant lease provisions. The costs associated with such liability could be substantial and could have a material adverse effect on us.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants or others if property damage or personal injury occurs. We are not presently aware of any material adverse indoor air quality issues at our properties.

Environmental, Social and Governance ("ESG")

ESG Commitment

Our ESG platform, *Better Blueprint™*, is informed by decades of experience and what we believe to be best practices across every aspect of real estate. *Better Blueprint™* brings to life our vision of vibrant, thriving urban spaces and places built for the long term. Its principles and objectives provide a common thread that authentically guides our work and relations with tenants, employees, investors and partners. Through this program, we aim to foster the growth of sustainable, healthy and equitable cities—vibrant cities, today and in the future.

Sustainable: Minimizing our Footprint

We are committed to leadership in sustainability—whether designing a new property, reimagining a dated building, or managing our existing real estate portfolio and production services businesses. Addressing climate change is the number one focus of our sustainability program, and we have had 100% carbon neutral real estate operations since 2020. Our science-based target commits us to go further by reducing absolute Scope 1 and 2 greenhouse gas ("GHG") emissions by 50% by 2030, from a 2018 baseline, excluding financial instruments like unbundled renewable energy credits and carbon offsets. We are on track to meet this target and also are committed to reducing our Scope 3 GHG emissions by minimizing embodied carbon in our development and construction projects and transitioning our production services fleet to zero-emission vehicles. More about our bold sustainability goals can be found in Hudson Pacific's Corporate Responsibility Report.

Our 2023 achievements include:

- 100% carbon neutral operations across our entire real estate operating portfolio;
- 100% of our in-service office portfolio has recycling services and over 70% has composting services;
- Over 90% of our in-service office portfolio is LEED certified and over 70% is ENERGY STAR certified;
- *Better Blueprint™* Action Plans at all operating properties; and
- Sustainable Design Vision for all redevelopments and major repositionings.

Healthy: Healthy Buildings, Healthy Lives

We aim to set our properties apart by providing safe environments that promote wellness and resilience for our employees, customers and neighbors. Our health and safety program includes emergency response plans, fire life safety systems, MERV-13+ air filters, and regular safety training at all buildings. We are also deeply committed to advancing wellness and well-being, as we know that the quality of our indoor environment can have a huge impact on both our physical and mental health. We consistently deliver state-of-the-art buildings with functional outdoor space, fitness amenities, natural light, healthy food and other wellness-oriented features. We offer in-person and virtual wellness programming at most properties, and we have a goal to achieve Fitwel certification for at least 50% of our in-service office portfolio by 2030.

Our 2023 achievements include:

- All operating office and studio properties use MERV-13+ filters, among other COVID-safe procedures;
- Over 90% of our in-service office portfolio is served by bike storage, showers and/or lockers
- Over 60% of our in-service office portfolio has on-site fitness amenities and/or a mobile app that promotes health and wellness through virtual fitness classes, mindfulness training, cooking sessions, and more; and

- Over 40% of our in-service office portfolio is Fitwel certified.

Equitable: Vibrant, Thriving Cities for All

We seek to create and cultivate communities that champion diversity, equity and inclusion ("DEI") and afford opportunity for everyone to succeed. We strive to promote an inclusive corporate culture and advance equity across recruiting, hiring and human capital development processes. We support key groups aiming to diversify the real estate and production services talent pipelines, and our supplier diversity program includes a commitment to increase the use of diverse and/or local contractors on-site at all redevelopments to 15% by 2025. We donate at least 1% of net earnings to charitable causes annually and have an active employee volunteering program to ensure we give back to our communities.

Our 2023 achievements include:

- 100% of employees received training on key business topics such as health and safety and/or DEI
- Deepened collaboration with Ghetto Film School to help traditionally under-represented youth enter the production business;
- Continuation of our commitment to invest $20 million in innovative homelessness and housing solutions;
- Over $800,000 in charitable giving; and
- Over 1,400 hours of employee volunteering.

Human Capital

Hiring

In alignment with our Company values, we believe our people are our greatest asset and we embrace a recruitment process that strives to attract top-tier, diverse talent. Through a series of behavioral-based interviews, Company recruiters assess candidates for skills, competencies and cultural fit. The hiring team comprises a recruiter, hiring manager and other peers or stakeholders to ensure a collaborative process.

Diversity, Equity and Inclusion

We value employees at all levels of the organization and provide ample opportunities for growth, while striving to foster and celebrate diversity in all its forms including gender, age, ethnicity and cultural background. We take pride in the fact that our employee population across our operating office and studio portfolio reflects a balanced gender representation as well as a broad cross-section of racial and ethnic backgrounds. We have a comprehensive and robust DEI program for employees at all levels, which includes initiatives such as:

- An ongoing series of intensive, cohort-based DEI training modules for employees.
- Six Employee Resource Groups each designed to connect employees with similar backgrounds and shared experiences while fostering partnership with the Company on diversity and inclusion efforts, sharing best practices and ensuring support for each other across our communities.
- A thoughtfully curated DEI Library filled with educational resources to increase employee awareness and knowledge of important diversity and inclusion concepts and further develop their skills to help make meaningful change.

Training and Development

Upon joining the Company, our employees attend a comprehensive orientation program that is a fun, interactive opportunity for new hires to learn more about the Company, our business strategy, core values and leadership philosophy. Senior executives speak candidly about the Company and their roles.

In addition to traditional employee development programs (e.g., annual performance reviews and role-specific training programs), we offer individualized curriculums through an online platform at no cost to the employees, interactive leadership development programs for junior and mid-career/senior team members and off-site team retreats that foster team-building and skills training. The Company regularly honors top performers, and generous Company policies encourage work/life balance through paid time off, subsidized gym memberships, fitness programs, events and healthy dining options.

Compensation and Benefits

We are a pay-for-performance organization, which means that compensation decisions are made based on individual, team/department, and overall Company performance. This includes consideration of an individual's contributions and accomplishments as well as how these were achieved (values, skills, and competencies). The objective is to emphasize corporate goals and individual contributions to the achievement of those goals for the year.

We award merit salary increases as recognition for the past year's performance, sustained contributions, and/or the demonstration of newly acquired skills. Discretionary bonuses are designed to reward employees for fulfilling their responsibilities, delivering superior results, and making significant contributions. Discretionary performance bonus amounts are based on job level and dependent on the nature and significance of the employee's contribution and accomplishment.

We offer competitive compensation and benefits, including, but not limited to, retirement savings plans and medical, dental, and vision coverage. We offer multiple flexible spending accounts and an employee referral bonus program. We have generous policies to encourage work/life balance, including paid holiday, vacation, and sick time as well as an employee assistance program that offers confidential assistance 24 hours a day, 365 days a year to assist with personal and work-related problems.

Collective Bargaining Arrangements

At December 31, 2023, we had 758 employees, of which 152 were subject to collective bargaining agreements in our production services/operating companies. We believe that relations with our employees are good.

Available Information

On the Investors section of our Company's Website (*investors.hudsonpacificproperties.com)* we post the following filings as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission ("SEC"): our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. All such filings are available to be viewed on our Investors page on our Website free of charge. Also available on our Investors page, free of charge, are our corporate governance guidelines, the charters of the nominating and corporate governance, audit and compensation committees of our board of directors and our Code of Business Conduct and Ethics (which applies to all directors and employees, including our Principal Executive Officer and Principal Financial Officer). We intend to use our Website as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Such disclosures will be included on our Website in the "SEC Filings" page. Accordingly, investors should monitor such portions of our Website, in addition to following our press releases, SEC filings and public conference calls and webcasts. Information contained on or hyperlinked from our Website is not incorporated by reference into, and should not be considered part of, this Annual Report on Form 10-K or our other filings with the SEC. A copy of this Annual Report on Form 10-K is available without charge upon written request to: Investor Relations, Hudson Pacific Properties, Inc., 11601 Wilshire Blvd., Ninth Floor, Los Angeles, California 90025.

ITEM 1A. Risk Factors

Overview

The following section sets forth material factors that may adversely affect our business and financial performance. The following factors, as well as the factors discussed in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors That May Influence Our Operating Results" and other information contained in this Annual Report on Form 10-K, should be considered in evaluating us and our business.

Risks Related to Our Properties and Our Business

Our properties are located in Northern and Southern California, the Pacific Northwest, New York, Western Canada and Greater London, United Kingdom, and we are susceptible to adverse economic conditions, local regulations and natural disasters affecting those markets.

Our properties are located in Northern and Southern California, the Pacific Northwest, New York, Western Canada and Greater London, United Kingdom, which exposes us to greater economic risks than if we owned a more geographically dispersed portfolio. Further, our properties are concentrated in certain areas, including Los Angeles, San Francisco, Silicon Valley, Seattle, Vancouver and Greater London, exposing us to risks associated with those specific areas. We are susceptible to adverse developments in the economic and regulatory environments of Northern and Southern California, the Pacific Northwest, New York, Western Canada and the United Kingdom (such as business layoffs or downsizing, industry slowdowns, relocations of businesses, increases in real estate and other taxes, costs of complying with governmental regulations or increased regulation), as well as to natural disasters that occur in our markets (such as earthquakes, windstorms, landslides, droughts, fires and other events). In addition, the State of California has had historical periods of budgetary constraints and is regarded as more litigious and more highly regulated and taxed than many other states, all of which may reduce demand for office space in California. Any adverse developments in the economy or real estate market in Northern and Southern California, the Pacific Northwest, New York, Western Canada or Greater London, United Kingdom, or any decrease in demand for office space resulting from the California regulatory or business environment, could adversely impact our financial condition, results of operations, cash flow and the per share trading price of our securities.

We are required to pay property taxes on our properties. These taxes could increase as property tax rates increase or as properties are reassessed by the taxing authorities. For example, under the existing California law commonly referred to as Proposition 13, property tax reassessments generally occur as a result of a "change of ownership" of a property. Because the property tax authorities may take extensive time to determine if there has a been a "change of ownership" or the actual reassessed value of the property, the potential reassessment may not be determined until a period after the transaction has occurred. From time to time, including recently, lawmakers and voters have initiated efforts to repeal or amend Proposition 13, which, if successful, would increase the assessed value or tax rates for our properties in California. Additionally, there is similar legislation being proposed in other state and local jurisdictions in which our properties are located. An increase in the assessed value of our properties, property tax rates, or potential other new taxes could adversely affect our financial condition, cash flows and our ability to pay dividends to our stockholders.

We derive a significant portion of our rental revenue from tenants in the technology and media and entertainment industries, which makes us particularly susceptible to demand for rental space in those industries.

A significant portion of our rental revenue is derived from tenants in the technology and media and entertainment industries. Consequently, we are susceptible to adverse developments affecting the demand by tenants in these industries for office, production and support space in Northern and Southern California, the Pacific Northwest, New York, Western Canada and Greater London, United Kingdom and, more particularly, in Hollywood and the South of Market area of the San Francisco submarket. As we continue our development and potential acquisition activities in markets populated by knowledge-and creative-based tenants in the technology and media and entertainment industries, our tenant mix could become more concentrated, further exposing us to risks in those industries, including layoffs, strikes or work stoppages, such as the strikes that significantly affected our media and entertainment properties during 2023. Any adverse development in the technology and media and entertainment industries could adversely affect our financial condition, results of operations, cash flow and the per share trading price of our securities.

We may be unable to identify and complete acquisitions of properties that meet our criteria, which may impede our growth.

Our business strategy includes the acquisition of underperforming office properties. These activities require us to identify suitable acquisition candidates or investment opportunities that meet our criteria and are compatible with our growth strategies. We continue to evaluate the market of available properties and may attempt to acquire properties when strategic opportunities exist. However, we may be unable to acquire any of the properties that we may identify as potential acquisition opportunities in the future. Our ability to acquire properties on favorable terms, or at all, may be exposed to the following significant risks:

- potential inability to acquire a desired property because of competition from other real estate investors with significant capital, including other publicly traded REITs, private equity investors and institutional investment funds, which may be able to accept more risk than we can prudently manage, including risks with respect to the geographic proximity of investments and the payment of higher acquisition prices;
- we may incur significant costs and divert management attention in connection with evaluating and negotiating potential acquisitions, including ones that we are subsequently unable to complete;
- even if we enter into agreements for the acquisition of properties, these agreements are typically subject to customary conditions to closing, including the satisfactory completion of our due diligence investigations; and
- we may be unable to finance the acquisition on favorable terms or at all.

If we are unable to finance property acquisitions or acquire properties on favorable terms, or at all, our financial condition, results of operations, cash flow and the per share trading price of our securities could be adversely affected. In addition, failure to identify or complete acquisitions of suitable properties could slow our growth.

Our future acquisitions may not yield the returns we expect.

Our future acquisitions and our ability to successfully operate the properties we acquire in such acquisitions may be exposed to the following significant risks:

- even if we are able to acquire a desired property, competition from other potential acquirers may significantly increase the purchase price;
- we may acquire properties that are not accretive to our results upon acquisition, and we may not successfully manage and lease those properties to meet our expectations;
- our cash flow may be insufficient to meet our required principal and interest payments;
- we may spend more than budgeted amounts to make necessary improvements or renovations to acquired properties;
- we may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into our existing operations;
- market conditions may result in higher than expected vacancy rates and lower than expected rental rates; and
- we may acquire properties subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities such as liabilities for clean-up of undisclosed environmental contamination, claims by tenants, vendors or other persons dealing with the former owners of the properties, liabilities incurred in the ordinary course of business and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

In addition, we may acquire certain businesses that are complementary to our property portfolio. Integrating acquired businesses can be a complex, costly and time-consuming process and our business may be negatively impacted following any acquisition if we are unable to effectively manage our expanded operations. The integration process may require significant time and focus from our management team and may divert attention from the day-to-day operations of our existing business. If we cannot operate acquired properties or businesses to meet our financial expectations, our financial condition, results of operations, cash flow and the per share trading price of our securities could be adversely affected.

We may acquire properties or portfolios of properties through tax deferred contribution transactions, which could result in stockholder dilution and limit our ability to sell such assets.

In the future we may acquire properties or portfolios of properties through tax deferred contribution transactions in exchange for partnership interests in our operating partnership, which may result in stockholder dilution. This acquisition structure may have the effect of, among other things, reducing the amount of tax depreciation we could deduct over the tax life of the acquired properties, and may require that we agree to protect the contributors’ ability to defer recognition of taxable gain through restrictions on our ability to dispose of the acquired properties and/or the allocation of partnership debt to the contributors to maintain their tax bases. These restrictions could limit our ability to sell an asset at a time, or on terms, that would be favorable absent such restrictions.

Our growth depends on external sources of capital that are outside of our control and may not be available to us on commercially reasonable terms or at all.

In order to maintain our qualification as a REIT, we are required to meet various requirements under the Internal Revenue Code of 1986, as amended, or the Code, including that we distribute annually at least 90% of our REIT taxable income, excluding any net capital gain. In addition, we will be subject to federal corporate income tax to the extent that we distribute less than 100% of our REIT taxable income, including any net capital gains. Because of these distribution requirements, we may not be able to fund future capital needs, including any necessary acquisition financing, from operating cash flow. Consequently, we intend to rely on third-party sources to fund our capital needs. We may not be able to obtain the financing on favorable terms or at all. Any additional debt we incur will increase our leverage and likelihood of default. Our access to third-party sources of capital depends, in part, on:

- general market conditions;
- the market's perception of our growth potential;
- our current debt levels;
- our current and expected future earnings;
- our cash flow and cash distributions; and
- the market price per share of our common stock.

The credit markets can experience significant disruptions. If we cannot obtain capital from third-party sources, we may not be able to acquire or develop properties when strategic opportunities exist, meet the capital and operating needs of our existing properties, satisfy our debt service obligations or make the cash distributions to our stockholders necessary to maintain our qualification as a REIT.

Failure to hedge effectively against interest rate changes may adversely affect our financial condition, results of operations, cash flow, cash available for distribution, including cash available for payment of dividends on and the per share trading price of our securities.

As of December 31, 2023, we had $1.1 billion in variable rate debt, excluding debt that is effectively fixed through the use of interest rate swaps. In addition, we may incur additional variable rate debt in the future. Interest rates are highly sensitive to many factors that are beyond our control, including general economic conditions and policies of various governmental and regulatory agencies and, in particular, the Federal Reserve Board. If the Federal Reserve Board increases the federal funds rate, overall interest rates will likely rise. Interest rate increases would increase the interest costs on our unhedged variable rate debt, which could adversely affect our cash flow and our ability to pay principal and interest on our debt and our ability to make distributions to our stockholders. Further, rising interest rates could limit our ability to refinance existing debt when it matures. We seek to manage our exposure to interest rate volatility by using interest rate hedging arrangements that involve risk, such as the risk that counterparties may fail to honor their obligations under these arrangements, and that these arrangements may not be effective in reducing our exposure to interest rate changes. Failure to hedge effectively against interest rate changes may materially adversely affect our financial condition, results of operations, cash flow, cash available for distribution, including cash available for payment of dividends on and the per share trading price of our securities. In addition, while such agreements are intended to lessen the impact of rising interest rates on us, they also expose us to the risk that the other parties to the agreements will not perform, we could incur significant costs associated with the settlement of the agreements, the agreements will be unenforceable and the underlying transactions will fail to qualify as highly-effective cash flow hedges under Accounting Standards Codification ("ASC") 815, *Derivatives and Hedging*.

Mortgage debt obligations expose us to the possibility of foreclosure, which could result in the loss of our investment in a property or group of properties subject to mortgage debt.

Incurring mortgage and other secured debt obligations increases our risk of property losses because defaults on indebtedness secured by properties may result in foreclosure actions initiated by lenders and ultimately our loss of the property securing any loans for which we are in default. Any foreclosure on a mortgaged property or group of properties could adversely affect the overall value of our portfolio of properties. For tax purposes, a foreclosure of any of our properties that is subject to a nonrecourse mortgage loan would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds.

Our unsecured revolving credit facility, registered senior notes, term loan facility and note purchase agreements restrict our ability to engage in some business activities.

Our unsecured revolving credit facility, registered senior notes, term loan facility and note purchase agreements contain customary negative covenants and other financial and operating covenants that, among other things:

- restrict our ability to incur additional indebtedness;
- restrict our ability to make certain investments;
- restrict our ability to merge with another company;
- restrict our ability to make distributions to stockholders; and
- require us to maintain financial coverage ratios.

These limitations restrict our ability to engage in some business activities, which could adversely affect our financial condition, results of operations, cash flow, cash available for distributions to our stockholders, and per share trading price of our securities. In addition, failure to meet any of these covenants, including the financial coverage ratios, could cause an event of default under and/or accelerate some or all of our indebtedness, which would have a material adverse effect on us. We have modified certain of our leverage ratio covenants for periods through December 31, 2024 to provide for a maximum ratio of 65% for such covenants which previously required a maximum ratio of 60%. There is no assurance that we will be able to obtain future waivers or modifications of these or other covenants, and future compliance with our financial covenants is dependent upon the results of our operating activities, our financial condition, and the overall market conditions in which we and our tenants operate. Furthermore, our unsecured revolving credit facility and term loan facility 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.

Further downgrades in our credit ratings could materially adversely affect our business and financial condition.

The credit ratings assigned to us or our securities could change based upon, among other things, our results of operations and financial condition. These ratings are subject to ongoing evaluation by credit rating agencies, and we cannot assure you that any rating will not be changed or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant. Moreover, these credit rating do not apply to our common stock and are not recommendations to buy, sell, or hold our common stock or any other securities. If any of the credit rating agencies that have rated us or our securities downgrades or lowers its credit rating, or any credit rating agency indicates that it has placed any such rating on a so-called “watch list” for a possible downgrading or lowering or otherwise indicates that its outlook for the rating is negative, it could have a material adverse effect on our costs and availability of capital, which could in turn have a material adverse effect on our financial condition, results of operations, cash flows, the trading price of our securities, and our ability to satisfy our debt service obligations and to pay dividends and distributions to our security holders.

We face significant competition, which may decrease or prevent increases in the occupancy and rental rates of our properties.

We compete with numerous developers, owners and operators of office properties, many of which own properties similar to ours in the same submarkets in which our properties are located. If our competitors offer space at rental rates below current market rates, or below the rental rates we currently charge our tenants, we may lose existing or potential tenants and we may be pressured to reduce our rental rates below those we currently charge or to offer more substantial rent abatements, tenant improvements, early termination rights or below-market renewal options in order to retain tenants when our tenants’ leases expire. As a result, our financial condition, results of operations, cash flow and the per share trading price of our securities could be adversely affected.

We depend on significant tenants.

As of December 31, 2023, the 15 largest tenants in our office portfolio represented approximately 42.4% of the HPP’s share of the total annualized base rent generated by our office properties. The inability of a significant tenant to pay rent or the bankruptcy or insolvency of a significant tenant may adversely affect the income produced by our properties. If a tenant becomes bankrupt or insolvent, federal law may prohibit us from evicting such tenant based solely upon such bankruptcy or insolvency. In addition, a bankrupt or insolvent tenant may be authorized to reject and terminate its lease with us. Any claim against such tenant for unpaid, future rent would be subject to a statutory cap that might be substantially less than the remaining rent owed under the lease. As of December 31, 2023, our three largest tenants were Google, Inc., Amazon and Netflix, Inc., which together accounted for 20.6% of the HPP’s share of the annualized base rent generated by our office properties. If Google, Inc., Amazon and Netflix, Inc. were to experience a downturn or a weakening of financial condition resulting in a failure to make timely rental payments or causing a lease default, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment.

We may be unable to renew leases, lease vacant space or re-let space as leases expire.

As of December 31, 2023, approximately 24.5% of the HPP's share of the square footage of the office properties (including our development and redevelopment properties) in our portfolio was available, taking into account uncommenced leases signed as of December 31, 2023. An additional approximately 12.7% of the HPP's share of the square footage of the office properties in our portfolio is scheduled to expire in 2024 (includes leases scheduled to expire on December 31, 2023). We cannot assure you that leases will be renewed or that our properties will be re-let at net effective rental rates equal to or above the current average net effective rental rates or that substantial rent abatements, tenant improvements, early termination rights or below-market renewal options will not be offered to attract new tenants or retain existing tenants. If the rental rates for our properties decrease, our existing tenants do not renew their leases or we do not re-let a significant portion of our available space and space for which leases will expire, our financial condition, results of operations, cash flow and per share trading price of our securities could be adversely affected.

We may be required to make rent or other concessions and/or significant capital expenditures to improve our properties in order to retain and attract tenants, causing our financial condition, results of operations, cash flow and per share trading price of our securities to be adversely affected.

To the extent adverse economic conditions continue in the real estate market and demand for office space remains low, we expect that, upon expiration of leases at our properties, we will be required to make rent or other concessions to tenants, accommodate requests for renovations, build-to-suit remodeling and other improvements or provide additional services to our tenants. As a result, we may have to make significant capital or other expenditures in order to retain tenants whose leases expire and to attract new tenants in sufficient numbers. Additionally, we may need to raise capital to make such expenditures. If we are unable to do so or capital is otherwise unavailable, we may be unable to make the required expenditures. This could result in non-renewals by tenants upon expiration of their leases, which could adversely affect our financial condition, results of operations, cash flow and the per share trading price of our securities.

The actual rents we receive for the properties in our portfolio may be less than our asking rents, and we may experience lease roll-down from time to time.

As a result of various factors, including competitive pricing pressure in our submarkets, adverse conditions in Northern or Southern California, the Pacific Northwest, Western Canada or Greater London, United Kingdom real estate markets, a general economic downturn and the desirability of our properties compared to other properties in our submarkets, we may be unable to realize the asking rents across the properties in our portfolio. In addition, the degree of discrepancy between our asking rents and the actual rents we are able to obtain may vary both from property to property and among different leased spaces within a single property. If we are unable to obtain rental rates that are on average comparable to our asking rents across our portfolio, then our ability to generate cash flow growth will be negatively impacted. In addition, depending on asking rental rates at any given time as compared to expiring leases in our portfolio, from time to time rental rates for expiring leases may be higher than starting rental rates for new leases.

Some of our properties are subject to ground leases, the termination or expiration of which could cause us to lose our interest in, and the right to receive rental income from, such properties.

Eleven of our consolidated properties are subject to ground leases (including properties with a portion of the land subject to a ground lease). See Part IV, Item 15(a) "Exhibits, Financial Statement Schedules—Note 11 to the Consolidated Financial Statements—Future Minimum Base Rents and Lease Payments Future Minimum Rents" for more information regarding our ground lease agreements. If any of these ground leases are terminated following a default or expire without being extended, we may lose our interest in the related property and may no longer have the right to receive any of the rental income from such property, which would adversely affect our financial condition, results of operations, cash flow and the per share trading price of our securities.

Our success depends on key personnel whose continued service is not guaranteed.

Our continued success and our ability to manage anticipated future growth depend, in large part, upon the efforts of key personnel who have extensive market knowledge and relationships and exercise substantial influence over our operational, financing, acquisition and disposition activity. Many of our senior executives have extensive experience and strong reputations in the real estate industry, which aid us in identifying opportunities, having opportunities brought to us, and negotiating with tenants and build-to-suit prospects. The loss of services of one or more members of our senior management team, or our inability to attract and retain highly qualified personnel, could adversely affect our business, diminish our investment opportunities and weaken our relationships with lenders, business partners, existing and prospective tenants and industry personnel, which could adversely affect our financial condition, results of operations, cash flow and the per share trading price of our securities.

Some of our workforce is covered by collective bargaining agreements and our business may be adversely affected by any disruptions caused by union activities.

As of December 31, 2023, approximately 20% of our employees are covered by collective bargaining agreements. While we believe we have good relationships with our unionized employees and we have not experienced any union-related work stoppage over the last ten years, if we encounter difficulties with renegotiations or renewals of collective bargaining arrangements or are unsuccessful in those efforts, we could incur additional costs and experience work stoppages. Moreover, regulations in some jurisdictions outside of the U.S. mandate employee participation in collective bargaining agreements and work councils with certain consultation rights with respect to the relevant companies' operations. Although we work diligently to provide the best possible work environment for our employees, they may still decide to join or seek recognition to form a labor union, or we may be required to become a union signatory.

In addition, some of our key tenants employ the services of writers, directors, actors and other talent as well as trade employees and others who are subject to collective bargaining agreements in the motion picture industry. If expiring collective bargaining agreements cannot be renewed, then it is possible that the affected unions could take action in the form of strikes or work stoppages. For example, the Writers Guild of America ("WGA") and the Screen Actors Guild ("SAG-AFTRA") collective bargaining agreements expired in 2023, and WGA and SAG-AFTRA members went on strike in May 2023 and July 2023, respectively. Such actions, as well as higher costs or operating complexities in connection with these collective bargaining agreements or a significant labor dispute, have resulted, and may in the future result, in halted production activity and reduced demand for our studios, stages and ancillary services, and could have an adverse effect on our tenants' businesses by causing delays in production, added costs or by reducing profit margins, which in turn could affect our ability to collect rent from those tenants.

Joint venture investments could be adversely affected by our lack of sole decision-making authority, our reliance on co-venturers' financial condition and disputes between us and our co-venturers.

As of December 31, 2023, we had 20 joint ventures. See Part IV, Item 15(a) "Exhibits, Financial Statement Schedules—Note 2 to the Consolidated Financial Statements—Summary of Significant Accounting Policies" and Part IV, Item 15(a) "Exhibits, Financial Statement Schedules—Note 6 to the Consolidated Financial Statements—Investment in Unconsolidated Real Estate Entities" for details on our joint ventures. We may co-invest in the future with other third parties through partnerships, joint ventures or other entities, acquiring non-controlling interests in or sharing responsibility for managing the affairs of a property, partnership, joint venture or other entity. These investments may, under certain circumstances, involve risks not present were a third party not involved, including the possibility that partners or co-venturers might become bankrupt or fail to fund their share of required capital contributions. Partners or co-venturers may have economic or other business interests or goals that are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our policies or objectives, and they may have competing interests in our markets that could create conflict of interest issues. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither we nor the partner or co-venturer would have full control over the partnership or joint venture. In addition, prior consent of our joint venture partners may be required for a sale or transfer to a third party of our interests in the joint venture, which would restrict our ability to dispose of our interest in the joint venture. If we become a limited partner or non-managing member in any partnership or limited liability company and such entity takes or expects to take actions that could jeopardize our status as a REIT or require us to pay tax, we may be forced to dispose of our interest in such entity. Disputes between us and partners or co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and/or directors from focusing their time and effort on our business. Consequently, actions by or disputes with partners or co-venturers might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our third-party partners or co-venturers. Our joint ventures may be subject to debt and, in the current volatile credit market, the refinancing of such debt may require equity capital calls.

If we fail to maintain an effective system of integrated internal controls, we may not be able to accurately report our financial results.

Effective internal and disclosure controls are necessary for us to provide reliable financial reports and effectively prevent fraud and to operate successfully as a public company. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. As part of our ongoing monitoring of internal controls we may discover material weaknesses or significant deficiencies in our internal controls. As a result of weaknesses that may be identified in our internal controls, we may also identify certain deficiencies in some of our disclosure controls and procedures that we believe require remediation. If we discover weaknesses, we will make efforts to improve our internal and disclosure controls. However, there is no assurance that we will be successful. Any failure to maintain effective controls or timely effect any necessary improvement of our internal and disclosure controls could harm operating results or cause us to fail to meet our reporting obligations, which could affect our ability to remain listed with the NYSE. Ineffective internal and disclosure controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the per share trading price of our securities.

We have suspended paying dividends on our common stock and we cannot assure you of our ability to pay dividends in the future or the amount of any dividends.

In September 2023, we suspended our quarterly dividend on our common stock in order to address liquidity considerations in light of general office industry trends and the impact of the Writers Guild of America ("WGA") strike and the Screen Actors Guild - American Federation of Television and Radio Artists ("SAG-AFTRA") strikes. Our Board determines the amount and timing of any distributions and currently expects to continue to review and evaluate future dividend payments on a quarterly basis, but we cannot provide you with any assurances that we will resume paying dividends on our common stock. In making this determination, our Board considers a variety of relevant factors, including, without limitation, the obligations under our various financing agreements, projected taxable income, compliance with our debt covenants, long-term operating projections, expected capital requirements and risks affecting our business. Accordingly, unless a declaration and payment of cash dividends is made, realization of a gain on stockholders' investments will depend on the appreciation of the price of our stock. There is no guarantee that our stock will appreciate in value or a dividend declaration will be made. We cannot assure you that we will be able to make distributions in the future. Any of the foregoing could adversely affect the market price of our publicly traded securities.

Risks Related to the Real Estate Industry

Our performance and value are subject to risks associated with real estate assets and the real estate industry.

Our ability to pay expected dividends to our stockholders depends on our ability to generate revenues in excess of expenses, pay scheduled principal payments on debt and pay capital expenditure requirements. Events and conditions generally applicable to owners and operators of real property that are beyond our control may decrease cash available for distribution and the value of our properties. These events include many of the risks set forth above under "—Risks Related to Our Properties and Our Business," as well as the following:

- local oversupply or reduction in demand for office or studio-related space;
- adverse changes in financial conditions of buyers, sellers and tenants of properties;
- vacancies or our inability to rent space on favorable terms, including possible market pressures to offer tenants rent abatements, tenant improvements, early termination rights or below-market renewal options, and the need to periodically repair, renovate and re-let space;
- increased operating costs, including insurance premiums, utilities, real estate taxes and state and local taxes;
- civil unrest, acts of war, terrorist attacks and natural disasters, including earthquakes and floods, which may result in uninsured or underinsured losses;
- decreases in the underlying value of our real estate; and
- changing submarket demographics.

In addition, periods of economic downturn or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in rents or an increased incidence of defaults under existing leases, which would adversely affect our financial condition, results of operations, cash flow and per share trading price of our securities.

Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties and harm our financial condition.

The real estate investments made, and to be made, by us are relatively difficult to sell quickly. As a result, our ability to promptly sell one or more properties in our portfolio in response to changing economic, financial and investment conditions is limited. Return of capital and realization of gains, if any, from an investment generally will occur upon disposition or refinancing of the underlying property. We may be unable to realize our investment objectives by sale, other disposition or refinancing at attractive prices within any given period of time or may otherwise be unable to complete any exit strategy. In particular, our ability to dispose of one or more properties within a specific time period is subject to certain limitations imposed by our tax protection agreements, as well as weakness in or even the lack of an established market for a property, changes in the financial condition or prospects of prospective purchasers, changes in national or international economic conditions, such as the current economic downturn, and changes in laws, regulations or fiscal policies of jurisdictions in which the property is located.

In addition, the Code imposes restrictions on a REIT's ability to dispose of properties that are not applicable to other types of real estate companies. In particular, the tax laws applicable to REITs effectively require that we hold our properties for investment, rather than primarily for sale in the ordinary course of business (by imposing a 100% prohibited transaction tax on REITs on profits derived from sales of properties held primarily for sale in the ordinary course or business), which may cause us to forgo or defer sales of properties that otherwise would be in our best interest.

Therefore, we may not be able to vary our portfolio in response to economic or other conditions promptly or on favorable terms, which may adversely affect our financial condition, results of operations, cash flow and per share trading price of our securities.

We could incur significant costs related to government regulation and litigation over environmental matters.

Under various federal, state and local laws and regulations relating to the environment, as a current or former owner or operator of real property, we may be liable for costs and damages resulting from the presence or discharge of hazardous or toxic substances, waste or petroleum products at, on, in, under or migrating from such property, including costs to investigate, clean up such contamination and liability for harm to natural resources. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such contamination, and the liability may be joint and several. These liabilities could be substantial and the cost of any required remediation, removal, fines or other costs could exceed the value of the property and/or our aggregate assets. In addition, the presence of contamination or the failure to remediate contamination at our properties may expose us to third-party liability for costs of remediation and/or personal or property damage or materially adversely affect our ability to sell, lease or develop our properties or to borrow using the properties as collateral. In addition, environmental laws may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on our properties, environmental laws may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures. Some of our properties have been or may be impacted by contamination arising from current or prior uses of the property, or adjacent properties, for commercial or industrial purposes. Such contamination may arise from spills of petroleum or hazardous substances or releases from tanks used to store such materials. As a result, we could potentially incur material liability for these issues, which could adversely impact our financial condition, results of operations, cash flow and the per share trading price of our securities.

Environmental laws also govern the presence, maintenance and removal of ACBM and LBP and may impose fines and penalties for failure to comply with these requirements or expose us to third-party liability (e.g., liability for personal injury associated with exposure to asbestos or lead). Such laws require that owners or operators of buildings containing ACBM and LBP (and employers in such buildings) properly manage and maintain the asbestos and lead, adequately notify or train those who may come into contact with asbestos or lead, and undertake special precautions, including removal or other abatement, if asbestos or lead would be disturbed during renovation or demolition of a building. Some of our properties contain ACBM and/or LBP and we could be liable for such damages, fines or penalties.

In addition, the properties in our portfolio also are subject to various federal, state and local environmental and health and safety requirements, such as state and local fire requirements. Moreover, some of our tenants routinely handle and use hazardous or regulated substances and wastes as part of their operations at our properties, which are subject to regulation. Such environmental and health and safety laws and regulations could subject us or our tenants to liability resulting from these activities. Environmental liabilities could affect a tenant's ability to make rental payments to us. In addition, changes in laws could increase the potential liability for noncompliance. This may result in significant unanticipated expenditures or may otherwise materially and adversely affect our operations, or those of our tenants, which could in turn have an adverse effect on us.

We cannot assure you that costs or liabilities incurred as a result of environmental issues will not affect our ability to make distributions to our stockholders or that such costs or other remedial measures will not have an adverse effect on our financial condition, results of operations, cash flow and the per share trading price of our securities. If we do incur material environmental liabilities in the future, we may face significant remediation costs, and we may find it difficult to sell any affected properties.

Our properties may contain or develop harmful mold or suffer from other air quality issues, which could lead to liability for adverse health effects and costs of remediation.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants or others if property damage or personal injury is alleged to have occurred.

We may incur significant costs complying with various federal, state and local laws, regulations and covenants that are applicable to our properties.

The properties in our portfolio are subject to various covenants and federal, state and local laws and regulatory requirements, including permitting and licensing requirements. Local regulations, including municipal or local ordinances, zoning restrictions and restrictive covenants imposed by community developers may restrict our use of our properties and may require us to obtain approval from local officials or restrict our use of our properties and may require us to obtain approval from local officials of community standards organizations at any time with respect to our properties, including prior to acquiring a property or when undertaking renovations of any of our existing properties. Among other things, these restrictions may relate to fire and safety, seismic or hazardous material abatement requirements. There can be no assurance that existing laws and regulatory policies will not adversely affect us or the timing or cost of any future acquisitions or renovations, or that additional regulations will not be adopted that increase such delays or result in additional costs. Our growth strategy may be affected by our ability to obtain permits, licenses and zoning relief. Our failure to obtain such permits, licenses and zoning relief or to comply with applicable laws could have an adverse effect on our financial condition, results of operations, cash flow and per share trading price of our securities.

In addition, federal and state laws and regulations, including laws such as the ADA, impose further restrictions on our properties and operations. Under the ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. Some of our properties may currently be in non-compliance with the ADA. If one or more of the properties in our portfolio is not in compliance with the ADA or any other regulatory requirements, we may be required to incur additional costs to bring the property into compliance and we might incur governmental fines or the award of damages to private litigants. In addition, we do not know whether existing requirements will change or whether future requirements will require us to make significant unanticipated expenditures that will adversely impact our financial condition, results of operations, cash flow and per share trading price of our securities.

We are exposed to risks associated with property development and redevelopment.

We may engage in development and redevelopment activities with respect to certain of our properties. To the extent that we do so, we will be subject to certain risks, including the availability and pricing of financing on favorable terms or at all; construction and/or lease-up delays; cost overruns, including construction costs that exceed our original estimates; contractor and subcontractor disputes, strikes, labor disputes or supply disruptions; failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all; and delays with respect to obtaining or the inability to obtain necessary zoning, occupancy, land use and other governmental permits, and changes in zoning and land use laws. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on our financial condition, results of operations, cash flow and per share trading price of our securities.

Risks Related to Our Organizational Structure

The series A preferred units that were issued to some contributors in connection with our IPO in exchange for the contribution of their properties have certain preferences, which could limit our ability to pay dividends or other distributions to the holders of our securities or engage in certain business combinations, recapitalizations or other fundamental changes.

In exchange for the contribution of properties to our portfolio in connection with our IPO, some contributors received series A preferred units in our operating partnership. As of December 31, 2023, these units have an aggregate liquidation preference of approximately $9.8 million and have a preference as to distributions and upon liquidation that could limit our ability to pay dividends on series C preferred stock and common stock. The series A preferred units are senior to any other class of securities our operating partnership may issue in the future without the consent of the holders of the series A preferred units. As a result, we will be unable to issue partnership units in our operating partnership senior to the series A preferred units without the consent of the holders of series A preferred units. Any preferred stock in our Company that we issue will be subordinate to the series A preferred units. In addition, we may only engage in a fundamental change, including a recapitalization, a merger and a sale of all or substantially all of our assets, as a result of which our common stock ceases to be publicly traded or common units cease to be exchangeable (at our option) for publicly traded shares of our stock, without the consent of holders of series A preferred units if following such transaction we will maintain certain leverage ratios and equity requirements, and pay certain minimum tax distributions to holders of our outstanding series A preferred units. Alternatively, we may redeem all or any portion of the then outstanding series A preferred units for cash (at a price per unit equal to the redemption price). If we choose to redeem the outstanding series A preferred units in connection with a fundamental change, this could reduce the amount of cash available for distribution to holders of series C preferred stock and common stock. In addition, these provisions could increase the cost of any such fundamental change transaction, which may discourage a merger, combination or change of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests.

Our common stock is ranked junior to our series C preferred stock.

Our common stock is ranked junior to our series C preferred stock. Our outstanding series C preferred stock also has or will have a preference upon our dissolution, liquidation or winding up in respect of assets available for distribution to our stockholders. Holders of our common stock are not entitled to preemptive rights or other protections against dilution. In the future, we may attempt to increase our capital resources by making additional offerings of equity securities, including classes or series of additional preferred stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offering. Thus, our stockholders bear the risk of our future offerings reducing the per share trading price of our common stock and diluting their interest in us.

Conflicts of interest exist or could arise in the future between the interests of our stockholders and the interests of holders of units in our operating partnership, which may impede business decisions that could benefit our stockholders.

Conflicts of interest exist or could arise in the future as a result of the relationships between us and our affiliates, on the one hand, and our operating partnership or any partner thereof, on the other. Our directors and officers have duties to our Company under applicable Maryland law in connection with their management of our Company. At the same time, we, as the general partner of our operating partnership, have fiduciary duties and obligations to our operating partnership and its limited partners under Maryland law and the partnership agreement of our operating partnership in connection with the management of our operating partnership. Our fiduciary duties and obligations as general partner to our operating partnership and its partners may come into conflict with the duties of our directors and officers to our Company.

Additionally, the partnership agreement provides that we and our directors and officers will not be liable or accountable to our operating partnership for losses sustained, liabilities incurred or benefits not derived if we, or such director or officer acted in good faith. The partnership agreement also provides that we will not be liable to the operating partnership or any partner for monetary damages for losses sustained, liabilities incurred or benefits not derived by the operating partnership or any limited partner, except for liability for our intentional harm or gross negligence. Moreover, the partnership agreement provides that our operating partnership is required to indemnify us and our directors, officers and employees, officers and employees of the operating partnership and our designees from and against any and all claims that relate to the operations of our operating partnership, except (i) if the act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (ii) for any transaction for which the indemnified party received an improper personal benefit, in money, property or services or otherwise, in violation or breach of any provision of the partnership agreement or (iii) in the case of a criminal proceeding, if the indemnified person had reasonable cause to believe that the act or omission was unlawful. No reported decision of a Maryland appellate court has interpreted provisions similar to the provisions of the partnership agreement of our operating partnership that modify and reduce our fiduciary duties or obligations as the general partner or reduce or eliminate our liability for money damages to the operating partnership and its partners, and we have not obtained an opinion of counsel as to the enforceability of the provisions set forth in the partnership agreement that purport to modify or reduce the fiduciary duties that would be in effect were it not for the partnership agreement.

Our charter and bylaws, the partnership agreement of our operating partnership and Maryland law contain provisions that may delay, defer or prevent a change of control transaction, even if such a change in control may be in our interest, and as a result may depress the market price of our securities.

Our charter contains certain ownership limits. Our charter contains various provisions that are intended to preserve our qualification as a REIT and, subject to certain exceptions, authorize our directors to take such actions as are necessary or appropriate to preserve our qualification as a REIT. For example, our charter prohibits the actual, beneficial or constructive ownership by any person of more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of each of our common stock and series C preferred stock, and more than 9.8% in value of the aggregate outstanding shares of all classes and series of our stock. Our board of directors, in its sole and absolute discretion, may exempt a person, prospectively or retroactively, from these ownership limits if certain conditions are satisfied. The restrictions on ownership and transfer of our stock may:

- discourage a tender offer or other transactions or a change in management or of control that might involve a premium price for our common stock or series C preferred stock or that our stockholders otherwise believe to be in their best interests; or
- result in the transfer of shares acquired in excess of the restrictions to a trust for the benefit of a charitable beneficiary and, as a result, the forfeiture by the acquirer of the benefits of owning the additional shares.

We could increase the number of authorized shares of stock, classify and reclassify unissued stock and issue stock without stockholder approval. Subject to the rights of holders of series C preferred stock to approve the classification or issuance of any class or series of stock ranking senior to the series C preferred stock, our board of directors has the power under our charter to amend our charter to increase the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue, to authorize us to issue authorized but unissued shares of our common stock or preferred stock and to classify or reclassify any unissued shares of our common stock or preferred stock into one or more classes or series of stock and set the terms of such newly classified or reclassified shares. Although our board of directors has no such intention at the present time, it could establish a class or series of preferred stock that could, depending on the terms of such series, delay, defer or prevent a transaction or a change of control that might involve a premium price for our securities or that our stockholders otherwise believe to be in their best interest.

Certain provisions of Maryland law could inhibit changes in control, which may discourage third parties from conducting a tender offer or seeking other change of control transactions that our stockholders otherwise believe to be in their best interest. Certain provisions of the Maryland General Corporation Law (the "MGCL") may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could be in the best interest of our stockholders, including:

- "business combination" provisions that, subject to limitations, prohibit certain business combinations between us and an "interested stockholder" (defined generally as any person who beneficially owns 10% or more of the voting power of our shares or an affiliate thereof or an affiliate or associate of ours who was the beneficial owner, directly or indirectly, of 10% or more of the voting power of our then outstanding voting stock at any time within the two-year period immediately prior to the date in question) for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter impose fair price and/or supermajority and stockholder voting requirements on these combinations; and
- "control share" provisions that provide that "control shares" of our Company (defined as shares that, when aggregated with other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of issued and outstanding "control shares") have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

As permitted by the MGCL, we have elected, by resolution of our board of directors, to exempt from the business combination provisions of the MGCL, any business combination that is first approved by our disinterested directors and, pursuant to a provision in our bylaws, to exempt any acquisition of our stock from the control share provisions of the MGCL. However, our board of directors may by resolution elect to repeal the exemption from the business combination provisions of the MGCL and may by amendment to our bylaws opt into the control share provisions of the MGCL at any time in the future.

Certain provisions of the MGCL permit our board of directors, without stockholder approval and regardless of what is currently provided in our charter or bylaws, to implement certain corporate governance provisions, some of which (for example, a classified board) are not currently applicable to us. These provisions may have the effect of limiting or precluding a third party from making an unsolicited acquisition proposal for us or of delaying, deferring or preventing a change in control of us under circumstances that otherwise could be in the best interest of our stockholders. Our charter contains a provision whereby we have elected to be subject to the provisions of Title 3, Subtitle 8 of the MGCL relating to the filling of vacancies on our board of directors.

Certain provisions in the partnership agreement of our operating partnership may delay or prevent unsolicited acquisitions of us.

Provisions in the partnership agreement of our operating partnership may delay or make more difficult unsolicited acquisitions of us or changes of our control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or change of our control, although some stockholders might consider such proposals, if made, desirable. These provisions include, among others:

- redemption rights of qualifying parties;
- transfer restrictions on units;
- our ability, as general partner, in some cases, to amend the partnership agreement and to cause the operating partnership to issue units with terms that could delay, defer or prevent a merger or other change of control of us or our operating partnership without the consent of the limited partners;
- the right of the limited partners to consent to transfers of the general partnership interest and mergers or other transactions involving us under specified circumstances; and
- restrictions on debt levels and equity requirements pursuant to the terms of our series A preferred units, as well as required distributions to holders of series A preferred units of our operating partnership, following certain changes of control of us.

Our charter, bylaws, the partnership agreement of our operating partnership and Maryland law also contain other provisions that may delay, defer or prevent a transaction or a change of control that our stockholders otherwise believe to be in their best interest.

Our board of directors may change our investment and financing policies without stockholder approval and we may become more highly leveraged, which may increase our risk of default under our debt obligations.

Our investment and financing policies are exclusively determined by our board of directors. Accordingly, our stockholders do not control these policies. Further, our organizational documents do not limit the amount or percentage of indebtedness, funded or otherwise, that we may incur. Our board of directors may alter or eliminate our current policy on borrowing at any time without stockholder approval. If this policy changed, we could become more highly leveraged, which could result in an increase in our debt service. Higher leverage also increases the risk of default on our obligations. In addition, a change in our investment policies, including the manner in which we allocate our resources across our portfolio or the types of assets in which we seek to invest, may increase our exposure to interest rate risk, real estate market fluctuations and liquidity risk. Changes to our policies with regards to the foregoing could adversely affect our financial condition, results of operations, cash flow and per share trading price of our securities.

Our rights and the rights of our stockholders to take action against our directors and officers are limited.

Our charter eliminates the liability of our directors and officers to us and our stockholders for monetary damages, except for liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- a final judgment based upon a finding of active and deliberate dishonesty by the director or officer that was material to the cause of action adjudicated.

In addition, our charter authorizes us to obligate our Company, and our bylaws require us, to indemnify our directors and officers for actions taken by them in those and certain other capacities to the maximum extent permitted by Maryland law. As a result, we and our stockholders may have more limited rights against our directors and officers than might otherwise exist. Accordingly, in the event that actions taken in good faith by any of our directors or officers impede the performance of our Company, your ability to recover damages from such director or officer will be limited.

We are a holding company with no direct operations and, as such, we rely on funds received from our operating partnership to pay liabilities, and the interests of our stockholders are structurally subordinated to all liabilities and obligations of our operating partnership and its subsidiaries.

We are a holding company and conduct substantially all of our operations through our operating partnership. We do not have, apart from an interest in our operating partnership, any independent operations. As a result, we rely on distributions from our operating partnership to pay any dividends we might declare on our common stock and on shares of our series C preferred stock. We also rely on distributions from our operating partnership to meet our obligations, including any tax liability on taxable income allocated to us from our operating partnership. In addition, because we are a holding company, claims of our equity holders will be structurally subordinated to all existing and future liabilities and obligations (whether or not for borrowed money) of our operating partnership and its subsidiaries and subordinate to the rights of holders of series A preferred units. Therefore, in the event of our bankruptcy, liquidation or reorganization, our assets and those of our operating partnership and its subsidiaries will be available to satisfy the claims of our stockholders only after all of our and our operating partnership's and its subsidiaries' liabilities and obligations have been paid in full.

Risks Related to Our Status as a REIT

Failure to qualify as a REIT would have significant adverse consequences to us and the value of our stock.

We have elected to be taxed as a REIT for federal income tax purposes commencing with our taxable year ended December 31, 2010. We believe that we have operated in a manner that has allowed us to qualify as a REIT for federal income tax purposes commencing with such taxable year, and we intend to continue operating in such manner. We have not requested and do not plan to request a ruling from the Internal Revenue Service, or IRS, that we qualify as a REIT, and the statements in this Annual Report are not binding on the IRS or any court. Therefore, we cannot assure you that we have qualified as a REIT, or that we will remain qualified as such in the future. If we lose our REIT status, we will face serious tax consequences that would substantially reduce the funds available for distribution to our stockholders for each of the years involved because:

- we would not be allowed a deduction for distributions to stockholders in computing our taxable income and would be subject to federal corporate income tax on our taxable income;
- we also could be subject to increased state and local taxes; and
- unless we are entitled to relief under applicable statutory provisions, we could not elect to be taxed as a REIT for four taxable years following the year during which we were disqualified.

Any such corporate tax liability could be substantial and would reduce our cash available for, among other things, our operations and distributions to stockholders. In addition, if we were to fail to qualify as a REIT, we would not be required to make distributions to our stockholders. As a result of all these factors, our failure to qualify as a REIT also could impair our ability to expand our business and raise capital, and could materially and adversely affect the value of our securities.

Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. The complexity of these provisions and of the applicable Treasury regulations that have been promulgated under the Code, or the Treasury Regulations, is greater in the case of a REIT that, like us, holds its assets through a partnership. The determination of various factual matters and circumstances not entirely within our control may affect our ability to qualify as a REIT. In order to qualify as a REIT, we must satisfy a number of requirements, including requirements regarding the ownership of our stock and requirements regarding the composition of our assets and our gross income. Also, we must make distributions to stockholders aggregating annually at least 90% of our REIT taxable income, excluding net capital gains.

We own and may acquire direct or indirect interests in one or more entities that have elected or will elect to be taxed as REITs under the Code (each, a "Subsidiary REIT"). A Subsidiary REIT is subject to the various REIT qualification requirements and other limitations described herein that are applicable to us. If a Subsidiary REIT were to fail to qualify as a REIT, then (i) that Subsidiary REIT would become subject to federal income tax, (ii) shares in such Subsidiary REIT would cease to be qualifying assets for purposes of the asset tests applicable to REITs, and (iii) it is possible that we would fail certain of the asset tests applicable to REITs, in which event we would fail to qualify as a REIT unless we could avail ourselves of certain relief provisions.

In addition, legislation, new regulations, administrative interpretations or court decisions may materially adversely affect our investors, our ability to qualify as a REIT for federal income tax purposes or the desirability of an investment in a REIT relative to other investments.

Even if we qualify as a REIT for federal income tax purposes, we may be subject to some federal, state and local income, property and excise taxes on our income or property and, in certain cases, a 100% penalty tax, in the event we sell property as a dealer. In addition, our taxable REIT subsidiaries will be subject to tax as regular corporations in the jurisdictions they operate.

If our operating partnership were to fail to qualify as a partnership for federal income tax purposes, we would cease to qualify as a REIT and suffer other adverse consequences.

We believe that our operating partnership is properly treated as a partnership for federal income tax purposes. As a partnership, our operating partnership is not subject to federal income tax on its income. Instead, each of its partners, including us, is allocated, and may be required to pay tax with respect to, its share of our operating partnership's income. We cannot assure you, however, that the IRS will not challenge the status of our operating partnership or any other subsidiary partnership in which we own an interest as a partnership for federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating our operating partnership or any such other subsidiary partnership as an entity taxable as a corporation for federal income tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, we would likely cease to qualify as a REIT. Also, the failure of our operating partnership or any subsidiary partnerships to qualify as a partnership would cause it to become subject to federal and state corporate income tax, which could reduce significantly the amount of cash available for debt service and for distribution to its partners, including us.

The tax imposed on REITs engaging in "prohibited transactions" may limit our ability to engage in transactions that would be treated as sales for federal income tax purposes.

A REIT's net income from prohibited transactions is subject to a 100% penalty tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. Although we do not intend to hold any properties that would be characterized as held for sale to customers in the ordinary course of our business, such characterization is a factual determination and we cannot assure you that the IRS would agree with our characterization of our properties or that we will always be able to make use of the available safe harbors, which, if met, would prevent any such sales from being treated as prohibited transactions.

Our ownership of taxable REIT subsidiaries is subject to certain restrictions, and we will be required to pay a 100% penalty tax on certain income or deductions if our transactions with our taxable REIT subsidiaries are not conducted on arm's length terms.

We currently own interests in certain taxable REIT subsidiaries and may acquire securities in additional taxable REIT subsidiaries in the future. A taxable REIT subsidiary is a corporation (or entity treated as a corporation for federal income tax purposes) other than a REIT in which a REIT directly or indirectly holds stock, and that has made a joint election with such REIT to be treated as a taxable REIT subsidiary. If a taxable REIT subsidiary owns more than 35% of the total voting power or value of the outstanding securities of another corporation, such other corporation will also be treated as a taxable REIT subsidiary. Other than some activities relating to lodging and health care facilities, a taxable REIT subsidiary may generally engage in any business, including the provision of customary or non-customary services to tenants of its parent REIT. A taxable REIT subsidiary is subject to federal income tax as a regular C corporation. In addition, a 100% excise tax will be imposed on certain transactions between a taxable REIT subsidiary and its parent REIT that are not conducted on an arm's length basis. A REIT's ownership of securities of a taxable REIT subsidiary is not subject to the 5% or 10% asset tests applicable to REITs. No more than 25% of our total assets may be represented by securities, including securities of taxable REIT subsidiaries, other than those securities includable in the 75% asset test. Further, no more than 20% of the value of our total assets may be represented by securities of taxable REIT subsidiaries. We anticipate that the aggregate value of the stock and other securities of any taxable REIT subsidiaries that we own will be less than 20% of the value of our total assets, and we will monitor the value of these investments to ensure compliance with applicable asset test limitations. In addition, we intend to structure our transactions with any taxable REIT subsidiaries that we own to ensure that they are entered into on arm's length terms to avoid incurring the 100% excise tax described above. There can be no assurance, however, that we will be able to comply with these limitations or avoid application of the 100% excise tax discussed above.

To maintain our REIT status, we may be forced to borrow funds during unfavorable market conditions.

To qualify as a REIT, we generally must distribute to our stockholders at least 90% of our REIT taxable income each year, excluding net capital gains, and we will be subject to regular corporate income taxes to the extent that we distribute less than 100% of our REIT taxable income each year. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. In order to maintain our REIT status and avoid the payment of income and excise taxes, we may need to borrow funds to meet the REIT distribution requirements even if the then prevailing market conditions are not favorable for these borrowings. These borrowing needs could result from, among other things, differences in timing between the actual receipt of cash and inclusion of income for federal income tax purposes, or the effect of non-deductible capital expenditures, the creation of reserves or required debt or amortization payments. These sources, however, may not be available on favorable terms or at all. Our access to third-party sources of capital depends on a number of factors, including the market's perception of our growth potential, our current debt levels, the market price of our common stock, and our current and potential future earnings. We cannot assure you that we will have access to such capital on favorable terms at the desired times, or at all, which may cause us to curtail our investment activities and/or to dispose of assets at inopportune times, and could adversely affect our financial condition, results of operations, cash flow, cash available for distributions to our stockholders, and per share trading price of our securities.

Complying with REIT requirements may affect our profitability and may force us to liquidate or forgo otherwise attractive investments.

To qualify as a REIT, we must continually satisfy tests concerning, among other things, the nature and diversification of our assets, the sources of our income and the amounts we distribute to our stockholders. We may be required to liquidate or forgo otherwise attractive investments in order to satisfy the asset and income tests or to qualify under certain statutory relief provisions. We also may be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution. As a result, having to comply with the distribution requirement could cause us to: (i) sell assets in adverse market conditions; (ii) borrow on unfavorable terms; or (iii) distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt. Accordingly, satisfying the REIT requirements could have an adverse effect on our business results, profitability and ability to execute our business plan. Moreover, if we are compelled to liquidate our investments to meet any of these asset, income or distribution tests, or to repay obligations to our lenders, we may be unable to comply with one or more of the requirements applicable to REITs or may be subject to a 100% tax on any resulting gain if such sales constitute prohibited transactions.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum tax rate applicable to “qualified dividend income” payable to U.S. stockholders that are individuals, trusts and estates is 20%. Dividends payable by REITs, however, generally are not eligible for these reduced rates. U.S. stockholders that are individuals, trusts and estates generally may deduct up to 20% of the ordinary dividends (e.g., dividends not designated as capital gain dividends or qualified dividend income) received from a REIT for taxable years beginning before January 1, 2026. Although this deduction reduces the effective tax rate applicable to certain dividends paid by REITs (generally to 29.6% assuming the shareholder is subject to the 37% maximum rate), such tax rate is still higher than the tax rate applicable to corporate dividends that constitute qualified dividend income. Accordingly, investors who are individuals, trusts and estates may perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could materially and adversely affect the value of the shares of REITs, including the per share trading price of our securities.

The power of our board of directors to revoke our REIT election without stockholder approval may cause adverse consequences to our stockholders and unitholders.

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to qualify as a REIT, we would become subject to U.S. federal income tax on our taxable income and would no longer be required to distribute most of our taxable income to our stockholders and accordingly, distributions Hudson Pacific Properties, L.P. makes to its unitholders could be similarly reduced.

Legislative or other actions affecting REITs could have a negative effect on our investors and us.

The rules dealing with federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the United States Department of the Treasury. Changes to the tax laws, with or without retroactive application, could adversely affect our investors or us. We cannot predict how changes in the tax laws might affect our investors or us. New legislation, Treasury Regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to qualify as a REIT, the federal income tax consequences of such qualification, or the federal income tax consequences of an investment in us. Also, the law relating to the tax treatment of other entities, or an investment in other entities, could change, making an investment in such other entities more attractive relative to an investment in a REIT.

Risks Related to General and Global Factors

Adverse economic and geopolitical conditions and dislocations in the credit markets could have a material adverse effect on our financial condition, results of operations, cash flow and per share trading price of our securities.

Volatility in the United States and international capital markets and concern over a return to recessionary conditions in global economies, and the California economy in particular, may adversely affect our financial condition, results of operations, cash flow and the per share trading price of our securities as a result of the following potential consequences, among others:

- significant job losses in the financial and professional services industries may occur, which may decrease demand for our office space, causing market rental rates and property values to be negatively impacted;
- our ability to obtain financing on terms and conditions that we find acceptable, or at all, may be limited, which could reduce our ability to pursue acquisition and development opportunities and refinance existing debt, reduce our returns from our acquisition and development activities and increase our future interest expense;
- reduced values of our properties may limit our ability to dispose of assets at attractive prices or to obtain debt financing secured by our properties and may reduce the availability of unsecured loans; and
- one or more lenders under our unsecured revolving credit facility could refuse to fund their financing commitment to us or could fail and we may not be able to replace the financing commitment of any such lenders on favorable terms, or at all.

Epidemics, pandemics or other outbreaks, and restrictions intended to prevent their spread, could adversely impact our business, financial condition, results of operations, cash flows, liquidity and ability to satisfy our debt service obligations and to pay dividends and distributions to security holders.

Epidemics, pandemics or other outbreaks of an illness, disease or virus that affect the markets in which we conduct our business and where our tenants are located, and actions taken to contain or prevent their further spread, could have significant adverse impacts on our business, financial condition, results of operations, cash flows, liquidity and ability to satisfy our debt service obligations and to pay dividends and distributions to security holders in a variety of ways that are difficult to predict. Epidemics, pandemics or other outbreaks of an illness, disease or virus, including the recent COVID-19 pandemic, could result in significant governmental measures being implemented to control the spread of such illness, disease or virus, including quarantines, restrictions on travel, "shelter in place" rules, stay-at-home orders, density limitations, social distancing measures, restrictions on types of business that may continue to operate and/or restrictions on types of construction projects that may continue, which could adversely affect our ability to adequately manage our business. Although most state governments and other authorities have lifted or reduced restrictions relating to the COVID-19 pandemic, they and others may reinstitute these measures in the future, or impose new, more restrictive measures, if the risks, or the perception of the risks, related to the COVID-19 pandemic worsen at any time, including as a result of the spread of new variants of the virus or other illness. If any such restrictions remain in place for an extended period of time, we may experience reductions in rents from our tenants. Although we will continue to be actively engaged in rent collection efforts related to uncollected rent, as well as working with certain tenants who request rent deferrals (particularly those occupying retail space), we can provide no assurance that such efforts or our efforts in future periods will be successful. Moreover, to the extent any of these risks and uncertainties adversely impact us in the ways described above or otherwise, they may also have the effect of heightening many of the other risks set forth in this "Risk Factors" section.

Social, political, and economic instability, unrest, and other circumstances beyond our control could adversely affect our business operations.

Our business may be adversely affected by social, political, and economic instability, unrest, or disruption in a geographic region in which we operate, regardless of cause, including protests, demonstrations, strikes, riots, civil disturbance, disobedience, insurrection, or social and political unrest. Such events may result in restrictions, curfews, or other actions and give rise to significant changes in regional and global economic conditions and cycles, which may adversely affect our financial condition and operations.

Potential losses, including from adverse weather conditions, natural disasters and title claims, may not be covered by insurance.

We carry commercial property (including earthquake), liability and terrorism coverage on all the properties in our portfolio (most are covered under a blanket insurance policy while a few are under individual policies), in addition to other coverages, such as trademark and pollution coverage, that may be appropriate for certain of our properties. We have selected policy specifications and insured limits that we believe to be appropriate and adequate given the relative risk of loss, the cost of the coverage and industry practice. However, we do not carry insurance for losses such as those arising from riots or war because such coverage is not available or is not available at commercially reasonable rates. Some of our policies, like those covering losses due to terrorism or earthquakes, are insured subject to limitations involving large deductibles or co-payments and policy limits that may not be sufficient to cover losses, which could affect certain of our properties that are located in areas particularly susceptible to natural disasters. All of the properties we currently own are located in Northern and Southern California, the Pacific Northwest, New York, Western Canada and Greater London, United Kingdom. Many of these areas are especially susceptible to earthquakes. In addition, we may discontinue earthquake, terrorism or other insurance on some or all of our properties in the future if the cost of premiums for any such policies exceeds, in our judgment, the value of the coverage discounted for the risk of loss. As a result, we may be required to incur significant costs in the event of adverse weather conditions and natural disasters. If we or one or more of our tenants experiences a loss that is uninsured or that exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged. Furthermore, we may not be able to obtain adequate insurance coverage at reasonable costs in the future as the costs associated with property and casualty renewals may be higher than anticipated. In the event that we experience a substantial or comprehensive loss of one of our properties, we may not be able to rebuild such property to its existing specifications. Further reconstruction or improvement of such a property would likely require significant upgrades to meet zoning and building code requirements.

We may become subject to litigation, which could have an adverse effect on our financial condition, results of operations, cash flow and the per share trading price of our securities.

In the future we may become subject to litigation, including claims relating to our operations, offerings, and otherwise in the ordinary course of business. Some of these claims may result in significant defense costs and potentially significant judgments against us, some of which are not, or cannot be, insured against. We generally intend to vigorously defend ourselves; however, we cannot be certain of the ultimate outcomes of any claims that may arise in the future. Resolution of these types of matters against us may result in our having to pay significant fines, judgments or settlements, which, if uninsured, or if the fines, judgments and settlements exceed insured levels, could adversely impact our earnings and cash flows, thereby having an adverse effect on our financial condition, results of operations, cash flow and per share trading price of our securities. Certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage, which could adversely impact our results of operations and cash flows, expose us to increased risks that would be uninsured, and/or adversely impact our ability to attract officers and directors.

We face risks associated with security breaches through cyber attacks, cyber intrusions or otherwise, as well as other significant disruptions of our information technology ("IT") networks and related systems.

We face risks associated with security breaches, whether through cyber attacks or cyber intrusions, malware, computer viruses, attachments to e-mails, persons inside our organization or persons with access to systems inside our organization, and other significant disruptions of our IT networks and related systems. The risk of a security breach or disruption, particularly through cyber attacks or cyber intrusions, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have recently increased. Our IT networks and related systems are essential to the operation of our business and our ability to perform day-to-day operations (including managing our building systems) and, in some cases, may be critical to the operations of certain of our tenants. Although we make efforts to maintain the security and integrity of our IT networks and related systems, and we have implemented various measures to manage the risk of a security breach or disruption, there can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. Even the most well-protected information, networks, systems and facilities remain potentially vulnerable because the techniques used in such attempted security breaches evolve and generally are not recognized until launched against a target, and in some cases are designed not to be detected and, in fact, may not be detected. Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is impossible for us to entirely mitigate this risk.

A security breach or other significant disruption involving our IT networks and related systems could:

- disrupt the proper functioning of our networks and systems and therefore our operations and/or those of certain of our tenants;
- result in misstated financial reports, violations of loan covenants, and/or missed reporting deadlines;
- result in our inability to properly monitor our compliance with the rules and regulations regarding our qualification as a REIT;
- result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of proprietary, confidential, sensitive or otherwise valuable information of ours or others, which others could use to compete against us or for disruptive, destructive or otherwise harmful purposes and outcomes;

- result in our inability to maintain the building systems relied upon by our tenants for the efficient use of their leased space;
- require significant management attention and resources to remedy any resulting damages;
- subject us to claims for breach of contract, damages, credits, penalties or termination of leases or other agreements; or
- damage our reputation among our tenants and investors generally.

Any or all of the foregoing could have an adverse effect on our financial condition, results of operations, cash flow and the per share trading price of our securities.

Our business and operations would suffer in the event of IT networks and related systems failures.

Despite system redundancy and the planned implementation of a disaster recovery plan and security measures for our IT networks and related systems, our systems are vulnerable to damage from any number of sources, including computer viruses, energy blackouts, natural disasters, terrorism, war, and telecommunication failure. We rely on our IT networks and related systems, including the Internet, to process, transmit and store electronic information and to manage or support a variety of our business processes, including financial transactions and keeping of records, which may include personal identifying information of tenants and lease data. We rely on commercially available systems, software, tools and monitoring to provide security for processing, transmitting and storing confidential tenant information, such as individually identifiable information relating to financial accounts. Any failure to maintain proper function, security and availability of our IT networks and related systems could interrupt our operations, damage our reputation and subject us to liability claims or regulatory penalties. Further, we are dependent on our personnel and, although we are working to implement a formal disaster recovery plan to assist our employees and to facilitate their maintaining continuity of operations after events such as energy blackouts, natural disasters, terrorism, war, and telecommunication failures, we can provide no assurance that any of the foregoing events would not have an adverse effect on our results of operations.

Future terrorist activity or engagement in war by the United States may have an adverse effect on our financial condition and operating results.

Terrorist attacks in the United States and other acts of terrorism or war may result in declining economic activity, which could harm the demand for and the value of our properties. A decrease in demand could make it difficult for us to renew or re-lease our properties at these sites at lease rates equal to or above historical rates. Terrorist activities also could directly impact the value of our properties through damage, destruction, or loss, and the availability of insurance for these acts may be less, and cost more, which could adversely affect our financial condition. To the extent that our tenants are impacted by future attacks, their businesses similarly could be adversely affected, including their ability to continue to honor their existing leases.

Terrorist attacks and engagement in war by the United States also may adversely affect the markets in which our securities trade and may cause further erosion of business and consumer confidence and spending and may result in increased volatility in national and international financial markets and economies. Any one of these events may cause decline in the demand for our office and studio leased space, delay the time in which our new or renovated properties reach stabilized occupancy, increase our operating expenses, such as those attributable to increased physical security for our properties, and limit our access to capital or increase our cost of raising capital.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information. Our cybersecurity risk management program includes a cybersecurity incident response plan.

We design and assess our program based on the National Institute of Standards and Technology Cybersecurity Framework. This does not imply that we meet any particular technical standards, specifications, or requirements, only that we use the NIST CSF as a guide to help us identify, assess, and manage cybersecurity risks relevant to our business.

Our cybersecurity risk management program is integrated into our overall enterprise risk management program, and shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational, and financial risk areas.

Our cybersecurity risk management program includes:

- risk assessments designed to help identify material cybersecurity risks to our critical systems, information, products, services, and our broader enterprise IT environment;
- a security team principally responsible for managing (1) our cybersecurity risk assessment processes, (2) our security controls, and (3) our response to cybersecurity incidents;
- the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls;
- cybersecurity awareness training of our employees, incident response personnel, and senior management;
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents; and
- a third-party risk management process for service providers, suppliers, and vendors.

Notwithstanding the foregoing, there can be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our systems and information.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition.

Cybersecurity Governance

Our Board considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit Committee (the “Committee”) oversight of cybersecurity and other information technology risks. The Committee oversees management’s implementation of our cybersecurity risk management program.

The Committee receives quarterly reports from management on our cybersecurity risks. In addition, management updates the Committee, as necessary, regarding any material cybersecurity incidents, as well as any incidents with lesser impact potential.

The Committee reports to the full Board regarding its activities, including those related to cybersecurity. The full Board also receives briefings from management on our cyber risk management program. Board members receive presentations on cybersecurity topics from our SVP, Information Technology, as well as our Risk Committee, which includes our Chief Financial Officer, EVP, Business Affairs and General Counsel and Chief Risk Officer, internal security staff or external experts as part of the Board’s continuing education on topics that impact public companies.

Our management team, including our Chief Financial Officer, EVP, Business Affairs and General Counsel and Chief Risk Officer, is responsible for assessing and managing our material risks from cybersecurity threats. The team has primary responsibility for our overall cybersecurity risk management program and supervises both our internal cybersecurity personnel and our retained external cybersecurity consultants. Our management team’s experience includes technical and managerial expertise, enabling them to proficiently design, engineer, and oversee the organization’s overall security stance. Their capabilities encompass a wide range of skills, including proficiency in Security and Risk Management, Vulnerability Management, as well as expertise in Network Security and Operations, and Security Architecture.

Our management team supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us; and alerts and reports produced by security tools deployed in the IT environment.

ITEM 2. Properties

As of December 31, 2023, our portfolio of owned real estate consisted of 58 properties (36 wholly-owned properties, 15 properties owned by joint ventures and seven land properties) totaling approximately 20 million square feet and located primarily in Los Angeles, the San Francisco Bay Area, Seattle, New York, Vancouver, British Columbia and Greater London, United Kingdom.

Office Portfolio

Our office portfolio consists of 46 office properties totaling approximately 14.7 million square feet located in Los Angeles, the San Francisco Bay Area, Seattle and Vancouver, British Columbia.

In-Service Office Portfolio

Our in-service office portfolio consists of owned office properties, excluding repositioning, redevelopment, development and held for sale properties. As of December 31, 2023, the weighted average remaining lease term for our in-service office portfolio was 4.3 years

The following table summarizes information relating to the consolidated and unconsolidated in-service office properties owned as of December 31, 2023:

Location	Submarket	Square Feet[(1)]	Percent Occupied[(2)]	Percent Leased[(3)]	Annualized Base Rent[(4)]	Base Rent Per Square Foot[(5)]
Los Angeles, California						
ICON[(6)]	Hollywood	326,792	100.0 %	100.0 %	$ 21,278,557	$ 65.11
EPIC[(6)]	Hollywood	301,127	100.0	100.0	22,512,255	74.76
Harlow[(6)]	Hollywood	129,931	100.0	100.0	7,983,344	61.44
6040 Sunset[(6)]	Hollywood	114,958	100.0	100.0	7,009,468	60.97
CUE[(6)]	Hollywood	94,386	100.0	100.0	6,224,702	65.95
11601 Wilshire	West Los Angeles	500,243	90.2	98.4	21,835,358	48.38
Element LA	West Los Angeles	284,037	100.0	100.0	18,951,920	66.72
Fourth & Traction	Downtown Los Angeles	131,701	100.0	100.0	6,173,837	46.88
Maxwell	Downtown Los Angeles	102,963	100.0	100.0	5,003,414	48.59
San Francisco Bay Area, California						
Concourse	North San Jose	943,789	85.4	85.8	35,597,539	44.16
Gateway	North San Jose	609,278	64.3	68.0	18,322,351	46.75
Metro Plaza	North San Jose	451,036	58.3	61.6	12,940,697	49.18
Skyport Plaza	North San Jose	418,465	5.4	6.1	805,446	35.36
1740 Technology	North San Jose	215,857	100.0	100.0	10,986,935	50.90
1455 Market[(7)]	San Francisco	1,033,682	45.3	45.3	26,072,041	55.70
Rincon Center	San Francisco	533,076	97.6	97.6	33,974,980	65.31
Ferry Building[(7)]	San Francisco	265,916	97.4	98.3	23,727,015	91.65
901 Market	San Francisco	206,113	78.8	78.8	11,888,684	73.17
875 Howard	San Francisco	191,201	100.0	100.0	15,603,499	81.61
625 Second	San Francisco	138,354	64.2	64.2	6,019,851	67.73
275 Brannan	San Francisco	57,120	100.0	100.0	4,975,867	87.11
Palo Alto Square	Palo Alto	317,845	91.9	91.9	28,762,617	98.47

Location	Submarket	Square Feet(1)	Percent Occupied(2)	Percent Leased(3)	Annualized Base Rent(4)	Base Rent Per Square Foot(5)
3400 Hillview	Palo Alto	207,857	100.0	100.0	16,274,043	78.29
Foothill Research Center	Palo Alto	195,121	93.6	93.6	14,500,594	79.38
Page Mill Hill	Palo Alto	178,179	53.6	53.6	7,553,762	79.06
Clocktower Square	Palo Alto	100,655	100.0	100.0	9,324,711	92.64
Page Mill Center	Palo Alto	94,539	58.8	58.8	4,447,002	80.06
3176 Porter	Palo Alto	46,759	100.0	100.0	3,422,759	73.20
Towers at Shore Center	Redwood Shores	335,285	89.8	89.8	22,864,776	75.96
Shorebreeze	Redwood Shores	230,932	79.6	79.6	11,900,074	64.75
555 Twin Dolphin	Redwood Shores	200,785	70.8	73.2	9,217,303	64.88
333 Twin Dolphin	Redwood Shores	183,118	87.4	87.4	10,211,901	63.78
Metro Center	Foster City	723,848	77.7	84.3	34,745,538	61.80
Techmart	Santa Clara	284,903	71.1	74.3	10,243,529	50.59
Seattle, Washington						
1918 Eighth(7)	Denny Triangle	667,724	99.4	100.0	28,531,929	43.00
Hill7(7)	Denny Triangle	285,310	99.6	99.6	11,962,994	42.11
5th & Bell	Denny Triangle	197,136	100.0	100.0	7,470,367	37.89
Met Park North	Denny Triangle	189,511	99.7	99.7	6,446,825	34.14
505 First	Pioneer Square	287,853	36.0	36.0	3,714,511	35.85
83 King	Pioneer Square	183,898	70.1	70.1	5,720,210	44.39
450 Alaskan	Pioneer Square	171,014	99.5	99.5	7,481,307	43.96
411 First	Pioneer Square	163,719	78.2	81.2	4,882,158	38.15
95 Jackson	Pioneer Square	35,905	100.0	100.0	512,547	14.28
Vancouver, British Columbia						
Bentall Centre(8)	Downtown Vancouver	1,521,084	90.1	90.1	42,065,607	30.70
Total In-Service		**13,853,005**	**80.8 %**	**81.9 %**	**$ 620,144,824**	**$ 55.43**

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. Calculated as (i) square footage under commenced leases as of December 31, 2023, divided by (ii) total square feet, expressed as a percentage.
3. Calculated as (i) square footage under commenced and uncommenced leases as of December 31, 2023, divided by (ii) total square feet, expressed as a percentage.
4. Presented on an annualized basis and is calculated by multiplying (i) base rental payments (defined as cash base rents (before abatements or deferments)) under commenced leases as of December 31, 2023, by (ii) 12. Annualized base rent does not reflect tenant reimbursements.
5. Calculated as (i) annualized base rent divided by (ii) square footage under commenced leases as of December 31, 2023. Annualized base rent does not reflect tenant reimbursements.
6. We own 51% of the ownership interest in the consolidated joint venture that owns ICON, EPIC, Harlow, 6040 Sunset and CUE.
7. We own 55% of the ownership interest in the consolidated joint ventures that own 1455 Market, Ferry Building, 1918 Eighth and Hill7.
8. We own 20% of the ownership interest in the unconsolidated joint venture that owns Bentall Centre. Annualized base rent and rental rates have been converted from CAD to USD using the foreign currency exchange rate as of December 31, 2023.

Office Tenant Diversification

The following table provides information regarding the 15 largest tenants in our office portfolio based on HPP's share of annualized base rent as of December 31, 2023:

						HPP's Share	
	Tenant	# of Properties	Lease Expiration	Total Occupied Square Feet		Annualized Base Rent[(1)]	Annualized Base Rent
1	Google, Inc.	4	2025-2029	640,726	(2)	$ 51,963,161	10.1 %
2	Amazon	3	2025-2031	990,788	(3)	28,214,335	5.5
3	Netflix, Inc.	3	2031	722,305	(4)	25,507,912	5.0
4	Riot Games, Inc.	1	2030	284,037	(5)	18,951,920	3.7
5	Nutanix, Inc.	2	2024-2030	332,858	(6)	15,870,596	3.1
6	Salesforce.com	1	2025-2028	265,394	(7)	15,036,621	2.9
7	Dell EMC Corporation	2	2023-2027	172,975	(8)	10,235,000	2.0
8	Uber Technologies, Inc.	1	2025	325,445		10,232,000	2.0
9	GitHub, Inc.	2	2024-2030	92,450	(9)	7,086,069	1.4
10	PayPal, Inc.	1	2030	131,701	(10)	6,173,837	1.2
11	Weil, Gotshal & Manges LLP	1	2026	76,278		6,097,801	1.2
12	Regus	5	2024-2030	123,583	(11)	6,015,427	1.2
13	Poshmark, Inc.	1	2024-2029	75,876	(12)	5,636,341	1.1
14	Glu Mobile, Inc.	1	2027	61,381		5,313,948	1.0
15	TDK Corporation of America/Invensense	1	2025	139,336		5,200,020	1.0
	TOTAL			**4,435,133**		**$ 217,534,988**	**42.4 %**

1. Annualized base rent is calculated by multiplying (i) base rental payments (defined as cash base rents (before abatements or deferments)) under commenced leases as of December 31, 2023, by (ii) 12. Annualized base rent does not reflect tenant reimbursements. Annualized base rents related to Bentall Centre have been converted from CAD to USD using the foreign currency exchange rate as of December 31, 2023.
2. Google, Inc. expirations: (i) 182,672 square feet at Foothill Research Center in February 2025, (ii) 208,843 square feet at Rincon Center in February 2028, (iii) 207,857 square feet at 3400 Hillview in November 2028 (early termination right between March 2025 and February 2027) and (iv) 41,354 square feet at Ferry Building in October 2029.
3. Amazon expirations: (i) 139,824 square feet at Met Park North in November 2025 (early termination right starting in December 2024), (ii) 659,150 square feet at 1918 Eighth in September 2030 and (iii) 191,814 square feet at 5th & Bell in May 2031.
4. Netflix, Inc. expirations: (i) 326,792 square feet at ICON, (ii) 301,127 square feet at EPIC and (iii) 94,386 square feet at CUE.
5. Riot Games, Inc. has an early termination right at Element LA in March 2025.
6. Nutanix, Inc. expirations: (i) 117,001 square feet at Concourse in May 2024 and (ii) 215,857 square feet at 1740 Technology in May 2030.
7. Salesforce.com expirations: (i) 83,016 square feet in July 2025, (ii) 83,372 square feet in April 2027 and (iii) 99,006 square feet in October 2028. Salesforce.com subleased 259,416 square feet at Rincon Center to Twilio Inc. in 2018 and in 2020 began paying us 50% of cash rents received pursuant to the sublease, or an average of $340,000 per month with annual growth thereafter, in addition to contractual base rent.
8. Dell EMC Corporation expirations: (i) 42,954 square feet at 505 First in December 2023, (ii) 83,549 square feet at 875 Howard in June 2026 and (iii) 46,472 square feet at 505 First in January 2027.
9. GitHub Inc. expirations: (i) 35,330 square feet at 625 Second in December 2024 and (ii) 57,120 square feet at 275 Brannan in June 2030.
10. PayPal, Inc. has an early termination right at Fourth & Traction in July 2026.
11. Regus expirations: (i) 20,059 square feet at 11601 Wilshire in February 2024, (ii) 27,369 square feet at Techmart in April 2025, (iii) 9,739 square feet at Palo Alto Square in April 2026, (iv) 45,120 square feet at Gateway in September 2027 and (v) 21,296 square feet at 450 Alaskan in October 2030.
12. Poshmark, Inc. expirations: (i) 25,549 square feet in May 2024 and (ii) 50,327 square feet in December 2029.

Office Industry Diversification

The following table summarizes information relating to the industry diversification within our office portfolio based on HPP's share of annualized base rent as of December 31, 2023:

			HPP's Share	
Industry[1]	**Square Feet[2]**	**Rent as Percent of Total**	**Square Feet[2]**	**Percent of Total**
Technology	3,345,255	33.1 %	3,044,305	36.7 %
Media and Entertainment	1,520,650	16.2	986,325	12.9
Retail	1,475,150	9.8	1,114,479	9.0
Legal	633,748	7.7	588,630	8.9
Financial Services	990,140	8.5	654,806	7.6
Business Services	979,983	7.7	672,689	7.1
Other	733,234	6.3	600,313	6.8
Real estate	430,047	3.2	261,611	2.7
Healthcare	202,185	2.0	193,509	2.4
Education	145,759	1.7	140,736	2.0
Insurance	230,804	1.8	176,714	1.9
Government	218,854	1.5	176,859	1.5
Advertising	44,667	0.5	44,667	0.5
Total	**10,950,476**	**100.0 %**	**8,655,643**	**100.0 %**

1. Determined by management using Thompson Reuters Business Classification.
2. Excludes signed leases not commenced.

Office Lease Distribution

The following table sets forth information relating to the distribution of leases in our office portfolio, based on net rentable square feet under lease as of December 31, 2023:

				HPP's Share		
Square Feet Under Lease	**Number of Leases**	**Total Leased Square Feet**	**Annualized Base Rent[1]**	**Number of Leases**	**Total Leased Square Feet**	**Annualized Base Rent[1]**
10,000 or Less	611	2,205,381	$ 114,461,829	640	1,941,251	$ 105,846,379
10,001-25,000	93	1,421,321	75,613,497	80	1,232,885	74,249,574
25,001-50,000	54	1,940,562	119,643,329	48	1,671,353	108,574,537
50,001-100,000	28	1,911,259	114,491,195	21	1,429,120	88,673,278
Greater than 100,000	15	3,471,953	195,934,975	12	2,381,035	136,662,199
Building Management Use	43	236,687	—	43	207,760	—
Signed Leases Not Commenced	31	167,911	9,358,839	31	162,911	9,293,342
Total	**875**	**11,355,074**	**$ 629,503,664**	**875**	**9,026,314**	**$ 523,299,309**

1. Annualized base rent is calculated by multiplying (i) base rental payments (defined as cash base rents (before abatements or deferments)), including uncommenced leases, as of December 31, 2023 (ii) by 12. Annualized base rent does not reflect tenant reimbursements.

Office Lease Expirations

The following table summarizes the lease expirations for in-place office leases as of December 31, 2023, including vacancies. Unless otherwise stated in the footnotes, the information set forth in the table assumes that tenants did not exercise any renewal options.

			HPP's Share						
Year of Lease Expiration	# of Leases Expiring[(1)]	Square Feet Expiring	Square Footage of Expiring Lease	% of Office Portfolio Square Feet	Annualized Base Rent[(2)]	% of Office Portfolio Annualized Base Rent	Annualized Base Rent Per Leased Square Foot[(2)]	Annualized Base Rent at Expiration	Annualized Base Rent Per Lease Square Foot at Expiration[(3)]
Vacant		3,297,287	2,921,572	24.5 %					
Q4-2023	23	155,239	142,627	1.2	7,206,259	1.4	50.53	7,206,260	50.53
Total 2023	23	155,239	142,627	1.2	7,206,259	1.4	50.53	7,206,260	50.53
2024	189	1,539,790	1,378,142	11.5	77,258,172	14.8	56.06	78,381,562	56.87
2025	165	1,978,453	1,605,458	13.4	94,399,116	18.0	58.80	98,100,254	61.10
2026	99	699,959	633,136	5.3	39,608,525	7.6	62.56	42,179,316	66.62
2027	106	1,070,124	913,527	7.6	55,674,372	10.6	60.94	60,868,879	66.63
2028	67	1,187,514	986,859	8.3	70,013,934	13.4	70.95	77,938,801	78.98
2029	47	551,223	428,319	3.6	30,245,912	5.8	70.62	33,255,339	77.64
2030	25	1,642,992	1,279,627	10.7	68,116,580	13.0	53.23	79,662,632	62.25
2031	18	1,091,700	678,810	5.7	39,016,297	7.5	57.48	49,873,088	73.47
2032	10	245,879	143,943	1.2	8,505,128	1.6	59.09	10,784,667	74.92
Thereafter	30	775,147	460,037	3.9	23,695,205	4.5	51.51	30,985,284	67.35
Building management use[(4)]	43	236,687	207,760	1.7	—	—	—	—	—
Signed leases not commenced	31	167,911	162,911	1.4	9,293,342	1.8	57.05	10,967,294	67.32
Portfolio Total/ Weighted Average	**853**	**14,639,905**	**11,942,728**	**100.0 %**	**$ 523,032,842**	**100.0 %**	**$ 57.98**	**$580,203,376**	**$ 64.32**

1. Does not include 22 month-to-month leases.
2. 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 December 31, 2023 by (ii) 12. On a per square foot basis, ABR is divided by square footage under commenced leases as of December 31, 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 December 31, 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 December 31, 2023.
3. 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 December 31, 2023.
4. Reflects management offices occupied by the Company with various expiration dates.

Historical Office Tenant Improvements and Leasing Commissions

The following table represents 100% share of consolidated and unconsolidated joint ventures, summarizing historical information regarding tenant improvement and leasing commission costs for our office properties:

	Year Ended December 31,		
	2023	2022	2021
Renewals[1]			
Number of leases	149	162	120
Square feet	1,125,614	1,172,126	1,070,864
Tenant improvement costs per square foot[2][3]	$ 8.77	$ 11.66	$ 7.31
Leasing commission costs per square foot[2]	6.80	9.50	6.92
Total tenant improvement and leasing commission costs	**$ 15.57**	**$ 21.16**	**$ 14.23**
New leases[4]			
Number of leases	117	140	122
Square feet	572,833	943,650	730,235
Tenant improvement costs per square foot[2][3]	$ 38.15	$ 65.71	$ 62.00
Leasing commission costs per square foot[2]	10.73	18.10	14.69
Total tenant improvement and leasing commission costs	**$ 48.88**	**$ 83.81**	**$ 76.69**
TOTAL			
Number of leases	266	302	242
Square feet	1,698,447	2,115,776	1,801,099
Tenant improvement costs per square foot[2][3]	$ 18.49	$ 36.41	$ 28.63
Leasing commission costs per square foot[2]	8.10	13.44	9.95
TOTAL TENANT IMPROVEMENT AND LEASING COMMISSION COSTS	**$ 26.59**	**$ 49.85**	**$ 38.58**

1. Excludes retained tenants relocated or expanded into new space within our portfolio.
2. Assumes tenant improvement and leasing commissions paid in the calendar year of lease execution which may be different than year actually paid.
3. Tenant improvement costs based on negotiated tenant improvement allowances set forth in leases, or the aggregate cost originally budgeted at lease commencement.
4. Includes retained tenants relocated or expanded into new space within our portfolio.

Studio Portfolio

Our studio portfolio includes five owned purpose-built properties with 48 sound stages totaling approximately 1.7 million square feet located in Los Angeles and New York. We also own the lease rights to another 6 studios with 27 sound stages totaling approximately 0.5 million square feet located in Los Angeles and New Orleans. We own and operate an array of production-related services, including transportation assets, lighting and other production equipment and supplies, which we provide for lease in Los Angeles, New York, and New Orleans, as well as Albuquerque and Atlanta. We operate owned purpose-built stages under the Sunset Studios brand, and leased stages and production services assets under the Quixote brand.

For clarity, our studio properties are real estate used for the physical production of media content, such as television programs, feature films, commercials, music videos and photo shoots. These properties feature a fully integrated environment which our tenants can access production, post-production, office and support facilities in a collaborative and efficient setting. Our transportation assets, including trucks, trailers, high-end motorhomes, lighting and other production equipment and supplies, collectively our production services assets, cater to the same type of tenants, but capture revenue derived from both on and off-lot productions, as well as non-production related large-scale events.

In-Service Studio Portfolio

Our in-service studio portfolio consists of owned purpose-built studio properties, excluding repositioning, redevelopment, development and held for sale properties. The following table provides occupancy and rental rate information relating to the consolidated and unconsolidated in-service studio properties owned as of December 31, 2023:

Property	Owned/ Leased	Submarket	# of Stages	Square Feet	Stage % Leased	Total % Leased(1)	Annual Base Rent(2)	HPP's Share Annualized Base Rent	Annualized Base Rent Per Square Foot(3)
Los Angeles, California									
Sunset Gower Studios(4)	Owned	Hollywood	12	558,295	100.0 %	82.4 %	$21,370,272	$10,898,839	$ 46.55
Sunset Bronson Studios	Owned	Hollywood	10	310,006	100.0	95.1	12,701,849	6,477,943	43.22
Sunset Las Palmas Studios(5)	Owned	Hollywood	13	362,977	56.2	64.9	11,226,714	5,725,624	47.71
Total in-service studio(6)			**35**	**1,231,278**	**84.7 %**	**80.4 %**	**$45,298,835**	**$23,102,406**	**$ 45.88**

1. Percent leased for in-service studio is the average percent leased for the 12 months ended December 31, 2023.
2. Annual base rent for in-service studio reflects actual base rent for the 12 months ended December 31, 2023, excluding tenant reimbursements.
3. Annual base rent per leased square foot for in-service studio calculated as (i) annual base rent divided by (ii) square footage under lease as of December 31, 2023.
4. 6,650 square feet located at Sunset Gower Studios was taken off-line for repositioning.
5. 18,594 square feet located at Sunset Las Palmas Studios was taken off-line for repositioning.
6. Does not include 241,000 square feet related to Sunset Glenoaks Studios and 232,000 square feet related to Sunset Pier 94 Studios, which are both currently under construction. We own 50% of the ownership interest in the unconsolidated joint venture that owns Sunset Glenoaks Studios and 25.6% of the ownership interest in the unconsolidated joint venture that owns Sunset Pier 94 Studios.

ITEM 3. 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 4. Mine Safety Disclosures

Not applicable.

PART II

ITEM 5. Market for Hudson Pacific Properties, Inc. Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Overview

As of February 9, 2024, Hudson Pacific Properties, Inc. had 86 stockholders of record of our common stock. Hudson Pacific Properties, Inc. common stock has traded on the NYSE under the symbol "HPP" since June 24, 2010.

Dividends

We intend to pay dividends each taxable year (not including a return of capital for federal income tax purposes) equal to at least 90% of REIT taxable income. We intend to pay regular quarterly dividends to our stockholders. Historically, we have paid dividends to our stockholders quarterly in March, June, September and December. Dividends are paid to those stockholders who are stockholders as of the dividend record date. Dividends are paid at the discretion of our board of directors and dividend amounts depend on our available cash flows, financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Code and such other factors that our board of directors deems relevant. In September 2023, the Company suspended its quarterly dividend in order to address liquidity considerations in light of general office industry trends and the impact of the WGA and SAG-AFTRA strikes. Our Board will reassess the resumption of the dividend program when appropriate.

Issuer Purchases of Equity Securities

During the fourth quarter of 2023, certain employees surrendered common shares owned by them to satisfy their statutory federal income tax obligation associated with the vesting of restricted common shares of beneficial interest issued under our 2010 Incentive Award Plan.

The following table summarizes all of the repurchases of Hudson Pacific Properties, Inc. equity securities during the fourth quarter of 2023:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[1]	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs[2]
December 1 - December 31, 2023	52,393 [3]	$ 9.31 [4]	—	35,250,164
TOTAL	**52,393**	**$ 9.31**	—	

1. Our board of directors authorized a share repurchase program to buy up to $250.0 million of the outstanding common stock of Hudson Pacific Properties, Inc. The program does not have a termination date, and repurchases may commence or be discontinued at any time. A cumulative total of $214.7 million had been repurchased under the program as of December 31, 2023.
2. The maximum that may yet be purchased under the plans or programs is shown net of repurchases.
3. Includes shares of common stock remitted to Hudson Pacific Properties, Inc. to satisfy tax withholding obligations in connection with the vesting of restricted stock units.
4. The price paid per share is based on the closing price of our common stock, as reported by the NYSE, as of the date of vesting of the restricted stock units.

Equity Compensation Plan Information

Our equity compensation plan information required by this item is incorporated by reference to the information in Part III, Item 12 "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" of this Annual Report on Form 10-K.

Market for Hudson Pacific Properties, L.P. Common Capital, Related Unitholder Matters and Issuer Purchases of Units

Overview

There is no established public trading market for our operating partnership's common units. As of February 9, 2024, there were 21 holders of record of common units (including through our general partnership interest).

Distributions

We intend to make distributions each taxable year, and intend to make regular quarterly distributions to our unitholders. Currently, we make distributions to our unitholders quarterly in March, June, September and December. Distributions are made to those unitholders who are unitholders as of the distribution record date. Distributions are made at the discretion of our board of directors and distribution amounts depend on our available cash flows, financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Code and such other factors that our board of directors deems relevant.

Recent Sales of Unregistered Securities

During the fourth quarter of 2023, our operating partnership issued partnership units in private placements in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act, in the amounts and for the consideration set forth below.

During the fourth quarter of 2023, the Company issued an aggregate of 149,497 shares of its common stock in connection with restricted stock units for no cash consideration, out of which 52,393 shares of common stock were forfeited to the Company in connection with tax withholding obligations for a net issuance of 97,104 shares of common stock. For each share of common stock issued by the Company in connection with such an award, our operating partnership issued a restricted common unit to the Company as provided in the partnership agreement of our operating partnership. During the fourth quarter of 2023, our operating partnership issued 97,104 common units to the Company. Investors who own common units have the right to cause our operating partnership to repurchase any or all of their common units for cash at a value equal to the then-current market value of one share of common stock. However, in lieu of such payment of cash, the Company may, at its election, issue shares of its common stock in exchange for such common units on a one-for-one basis. The operating partnership also issued 291,971 long-term incentive plan units during the fourth quarter of 2023. Long-term incentive plan units may also, under certain circumstances, be convertible into common units on a one-for-one basis, which are then exchangeable for shares of the Company's common stock as described above.

All other issuances of unregistered equity securities of our operating partnership during the year ended December 31, 2023 have previously been disclosed in filings with the SEC. For all issuances of units to the Company, our operating partnership relied on the Company's status as a publicly traded NYSE-listed company with approximately $8.3 billion in total consolidated assets and as our operating partnership's majority owner and sole general partner as the basis for the exemption under Section 4(a)(2) of the Securities Act.

Equity Compensation Plan Information

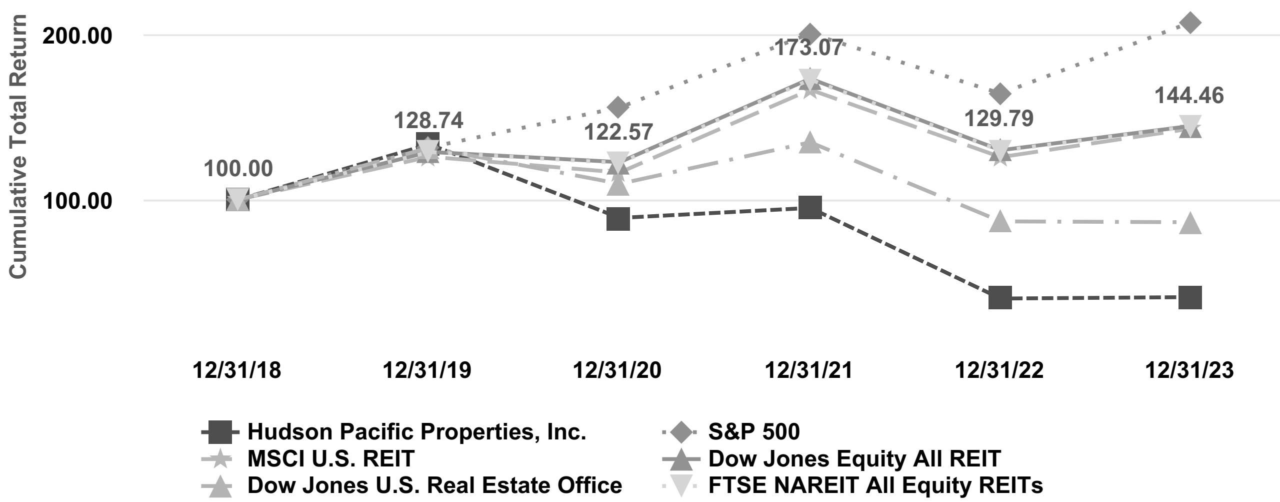
Our equity compensation plan information required by this item is incorporated by reference to the information in Part III, Item 12 "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" of this Annual Report on Form 10-K.

Stock Performance Graph

The information below shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C, other than as provided in Item 201 of Regulation S-K, or to the liabilities of Section 18 of the Exchange Act, except to the extent we specifically request that such information be treated as soliciting material or specifically incorporate it by reference into a filing under the Securities Act or the Exchange Act.

The following graph shows our cumulative total stockholder return for the five-year period ending on December 31, 2023. The graph assumes a $100 investment in each of the indices on December 31, 2018 and the reinvestment of all dividends. The graph also shows the cumulative total returns of the Standard & Poor's 500 Stock Index ("S&P 500"), and industry peer groups. Our stock price performance shown in the following graph is not indicative of future stock price performance.

Total Return Performance



	Period Ending					
Index	**12/31/18**	**12/31/19**	**12/31/20**	**12/31/21**	**12/31/22**	**12/31/23**
Hudson Pacific Properties, Inc.	100.00	133.35	88.82	94.86	40.03	40.88
S&P 500	100.00	131.49	155.68	200.37	164.08	207.21
MSCI U.S. REIT	100.00	125.84	116.31	166.39	125.61	142.87
Dow Jones Equity All REIT	100.00	128.74	122.57	173.07	129.79	144.46
Dow Jones U.S. Real Estate Office	100.00	131.28	109.47	134.57	86.72	86.20
FTSE NAREIT All Equity REITs	100.00	128.66	122.07	172.49	129.45	144.16

ITEM 6. [Reserved]

ITEM 7. 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 IV, Item 15(a) "Exhibits, Financial Statement Schedules." Statements in this Item 7 contain 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. In particular, information concerning projected future occupancy rates, rental rate increases, property development timing and investment amounts contain forward-looking statements. Furthermore, all of the statements regarding future financial performance (including anticipated funds from operations ("FFO") market conditions and demographics) are forward-looking statements. Numerous factors will affect our actual results, some of which are beyond our control. These include the strength of commercial and industrial real estate markets, market conditions affecting tenants, competitive market conditions, interest rate levels, volatility in our stock price and capital market conditions. Accordingly, investors should use caution and not place undue reliance on this information, which speaks only as of the date of this report. We expressly disclaim any responsibility to update any forward-looking information, whether as a result of new information, future events, or otherwise, except to the extent we are required to do so in connection with our ongoing requirements under federal securities laws to disclose material information.

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

Executive Summary

Through our interest in Hudson Pacific Properties, L.P. (our operating partnership) and its subsidiaries, at December 31, 2023, our portfolio of owned real estate included office properties comprising approximately 14.7 million square feet, studio properties comprising approximately 48 sound stages and 1.7 million square feet and land properties comprising approximately 3.2 million square feet of undeveloped density rights. Our production services assets include vehicles, lighting and grip, production supplies and other equipment and the lease rights to 27 sound stages.

As of December 31, 2023, our in-service office portfolio was 81.9% leased (including leases not yet commenced). Our same-store studio properties average percent leased for the twelve months ended December 31, 2023 was 80.4%.

Current Year Highlights

Property Acquisitions

The Company had no acquisitions of real estate during the year ended December 31, 2023.

Property Dispositions

During the year ended December 31, 2023, the Company sold its Skyway Landing, 604 Arizona, 3401 Exposition, Cloud10 and One Westside and Westside Two properties for $102.0 million, $32.5 million, $40.0 million, $43.5 million and $700 million, respectively. Please refer to Part IV, Item 15 (a) "Exhibits, Financial Statement Schedules—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 pipelines as of December 31, 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	Q1-2024	Q2-2024
Seattle, Washington					
Washington 1000	Office	Denny Triangle	546,000	Q1-2024	Q2-2026
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
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			**3,233,589**		
TOTAL UNDER CONSTRUCTION AND FUTURE DEVELOPMENT			**4,252,589**		

1. 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.
2. We own 50% of the ownership interests in the unconsolidated joint venture that owns Sunset Glenoaks Studios.
3. We own 25.6% of the ownership interest in the unconsolidated joint venture that owns Sunset Pier 94 Studios.
4. 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.
5. Pending entitlement to develop approximately 500 residential units.
6. We own 20% of the ownership interests in the unconsolidated joint venture that owns Burrard Exchange.
7. 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 downtime 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 December 31, 2023:

Location	Submarket	Square Feet
Repositioning:		
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		**278,600**

Financings

During the year ended December 31, 2023, there were $193.0 million of repayments on the unsecured revolving credit facility, net of borrowings. 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.

In November 2023, the unconsolidated joint venture that owns Bentall Centre amended the loan secured by the property. The amendment extended the contractual maturity date to July 1, 2027, modified the interest rate to CORRA + 2.30% and modified the loan capacity to $501.1 million. As of December 31, 2023, there was $482.2 million outstanding. The loan was transacted in Canadian dollars. Amounts are shown in U.S. dollars using the foreign currency exchange rate as of December 31, 2023.

In November 2023, the Company sold $179.6 million of the acquired Hollywood Media Portfolio debt and recognized a $34.0 million loss in connection with the sale.

In December 2023, the Company entered into the Second Modification to the Fourth Amended and Restated Credit Agreement governing its unsecured revolving credit facility, whereby certain definitions and covenant calculations were amended and the borrowing capacity of the unsecured revolving credit facility was reduced to $900.0 million.

In December 2023, the Company repaid its $324.6 million One Westside and Westside Two construction loan in connection with the sale of these properties.

Factors That May Influence Our Operating Results

Business and Strategy

We invest in Class-A office properties in West Coast technology hubs and world-class studio properties and studio-related operating businesses in global media markets. This allows us to attract and retain quality companies as office tenants and/or studio and production services clients, many in the increasingly synergistic technology and media and entertainment sectors. Our focus on value-add opportunities, as well as selective ground-up development further facilitates our growth. We also look to opportunistically recycle capital to enhance our portfolio or to otherwise further our capital allocation goals. Changes in demand for office and/or studio space, capital markets, and other macro-economic factors may impact our business and overall performance.

Rental Revenue

The amount of net rental revenue generated by the properties in our portfolio depends principally on our ability to maintain the occupancy rates of currently leased space and to lease currently available space and space that becomes available from lease terminations. As of December 31, 2023, the percent leased for our in-service office properties was approximately 81.9% (or 80.8%, excluding leases signed but not commenced as of that date). As of December 31, 2023, the percent leased, based on a 12-month trailing average, was approximately 80.4% for same-store studio properties. The amount of rental revenue generated by us also depends on our ability to maintain or increase rental rates at our properties. We believe that the average rental rates for our office properties are generally below the current average quoted market rate. We believe the average rental rates for our studio properties are generally equal to current average quoted market rates. Negative trends in one or more of these factors could adversely affect our rental revenue in future periods. Future economic downturns or regional downturns affecting our submarkets or downturns in our tenants' industries that impair our ability to renew or re-let space and the ability of our tenants to fulfill their lease commitments, as in the case of tenant bankruptcies, could adversely affect our ability to maintain or increase rental rates at our properties. In addition, growth in rental revenue will also partially depend on our ability to acquire additional properties that meet our investment criteria.

Conditions in Our Markets

We own real estate primarily in California, the Pacific Northwest, Western Canada and Greater London, United Kingdom. We operate our production services business in key US media markets in California, New Mexico, Louisiana, Atlanta and New York. Positive or negative changes in economic or other conditions in any of the markets in which we own real estate and/or operate, including state budgetary shortfalls, employment rates, natural hazards and other factors, may impact our overall performance.

Operating Expenses

Our operating expenses generally consist of utilities, cleaning, engineering, administrative, property, *ad valorem* taxes and site maintenance costs. Increases in these expenses over tenants' base years are generally passed on to tenants in our full-service gross lease properties and are generally paid in full by tenants in our net lease properties. Certain of our properties have been reassessed for property tax purposes as a result of subsequent acquisition, development, redevelopment and other reassessments that remain pending. In the case of completed reassessments, the amount of property taxes we pay reflects the valuations established with the county assessors for the relevant locations of each property as of IPO or their subsequent acquisition. With respect to pending reassessments, we similarly expect the amount of property taxes we pay to reflect the valuations established with such county assessors.

Taxable REIT Subsidiaries

Hudson Pacific Services, Inc., or our services company, is a Maryland corporation that is wholly-owned by our operating partnership. We have elected, together with our services company and certain of our subsidiaries, to treat our services company and such other subsidiaries as taxable REIT subsidiaries for federal income tax purposes, and we may form additional taxable REIT subsidiaries in the future. Our taxable REIT subsidiaries generally may provide both customary and non-customary services to our tenants and engage in other activities that we may not engage in directly without adversely affecting our qualification as a REIT. Our services company and its subsidiaries provide a number of services to certain tenants at our studio properties and, from time to time, one or more taxable REIT subsidiaries may provide services to our tenants at these and other properties. In addition, our operating partnership has contributed some or all of its interests in certain subsidiaries or their assets to our services company. We currently lease space to subsidiaries of our services company at our studio properties and may, from time to time, enter into additional leases with one or more taxable REIT subsidiaries. Any income earned by our taxable REIT subsidiaries will not be included in our taxable income for purposes of the 75% or 95% gross income tests, except to the extent such income is distributed to us as a dividend, in which case such dividend income will qualify under the 95%, but not the 75%, gross income test. Because a taxable REIT subsidiary is subject to federal income tax, and state and local income tax (where applicable), as a regular C corporation, the income earned by our taxable REIT subsidiaries generally will be subject to an additional level of tax as compared to the income earned by our other subsidiaries.

Critical Accounting Policies and 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 as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate our estimates, including those related to acquiring, developing and assessing the carrying values of our 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 our new or modified operating lessee agreements, our accrued liabilities, and our performance-based equity compensation awards. We base our 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. The following critical accounting policies discussion reflects what we believe are the most significant estimates, assumptions and judgments used in the preparation of our consolidated financial statements. See Part IV, Item 15(a) "Exhibits, Financial Statement Schedules—Note 2 to the Consolidated Financial Statements—Summary of Significant Accounting Policies" for details on our significant accounting policies.

Investment in Real Estate Properties

Acquisitions

Our acquisitions of real estate are accounted for using the acquisition method. The results of operations for each of these acquisitions are included in our Consolidated Statements of Operations from the date of acquisition.

We evaluate each acquisition of real estate to determine if the integrated set of assets and activities acquired meet the definition of a business and need to be accounted for as a business combination in accordance with ASC 805, *Business Combinations*. An integrated set of assets and activities would fail to qualify as a business if either (i) substantially all of the fair value of the gross assets acquired is concentrated in either a single identifiable asset or a group of similar identifiable assets or (ii) the integrated set of assets and activities is lacking, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs (i.e., revenue generated before and after the transaction). An acquired process is considered substantive if (i) the process includes an organized workforce (or includes an acquired contract that provides access to an organized workforce), that is skilled, knowledgeable, and experienced in performing the process, (ii) the process cannot be replaced without significant cost, effort, or delay or (iii) the process is considered unique or scarce.

Acquisitions of real estate will generally not meet the definition of a business because substantially all of the fair value is concentrated in a single identifiable asset or group of similar identifiable assets (i.e., land, buildings and improvements and related intangible assets or liabilities) or because the acquisition does not include a substantive process in the form of an acquired workforce or an acquired contract that cannot be replaced without significant cost, effort or delay.

Acquisitions that do not meet the definition of a business

When we acquire properties that are considered asset acquisitions, the purchase price, which includes transaction-related expenses, is allocated based on relative fair value of the assets acquired and liabilities assumed. Assets acquired and liabilities assumed include, but are not limited to, land, building and improvements, intangible assets related to above-and below-market leases, intangible assets related to in-place leases, debt and other assumed assets and liabilities. The purchase price accounting is finalized in the period of acquisition.

The fair value of tangible assets of an acquired property considers the value of the property as if it was vacant. The fair value of acquired "above- and below-" market leases are based on the estimated cash flow projections utilizing discount rates that reflect the risks associated with the leases acquired. The amount recorded is based on the present value of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the initial term plus the extended below-market term for any leases with below-market renewal options. Other intangible assets acquired include amounts for in-place lease values that are based on our evaluation of the specific characteristics of each tenant's lease. Factors considered include estimates of carrying costs during hypothetical expected lease-up periods, market conditions and costs to execute similar leases. In estimating carrying costs, we include estimates of lost rents at market rates during the hypothetical expected lease-up periods, which are dependent on local market conditions. In estimating costs to execute similar leases, we consider leasing commissions, legal and other related costs. The fair value debt assumed is based on the estimated cash flow projections utilizing interest rates available for the issuance of debt with similar terms and remaining maturities.

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.

Acquisitions that meet the definition of a business

For acquisitions that meet the definition of a business, the Company estimates the fair value of the identifiable assets and liabilities of the acquired entity on the acquisition date. We measure goodwill as the excess of consideration transferred over the net of the acquisition date fair values of the identifiable assets acquired and liabilities assumed. 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 tests its goodwill and indefinite-lived intangible assets for impairment at least annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. The Company first performs a qualitative assessment and will proceed to a quantitative impairment test only if qualitative factors indicate that it is more likely than not that the fair value of the reporting unit or intangible asset is less than its carrying amount.

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

Cost Capitalization

We capitalize costs associated with development and redevelopment activities, capital improvements, tenant improvements and leasing activity. Costs associated with development and redevelopment that are capitalized include interest, property taxes, insurance and other costs directly related and essential to the acquisition, development or construction of a real estate project. Indirect development costs, including salaries and benefits, office rent, and associated costs for those individuals directly responsible for and who spend their time on development activities are also capitalized and allocated to the projects to which they relate. Construction and development costs are capitalized while substantial activities are ongoing to prepare an asset for its intended use. We consider a construction project as substantially complete and held available for occupancy upon the completion of tenant improvements but no later than one year after cessation of major construction activity. Costs incurred after a project is substantially complete and ready for its intended use, or after development activities have ceased, are expensed as they are incurred. Costs previously capitalized related to abandoned acquisitions or developments are charged to earnings. Expenditures for repairs and maintenance are expensed as they are incurred.

Operating Properties

The properties are generally carried at cost less accumulated depreciation and amortization. We compute depreciation and amortization using the straight-line method over the estimated useful lives of the assets as represented in the table below:

Asset Description	Estimated Useful Life (Years)
Building and improvements	Shorter of the ground lease term or 39
Land improvements	15
Furniture and fixtures	5 to 7
Tenant and leasehold improvements	Shorter of the estimated useful life or the lease term

We amortize above- and below-market lease intangibles over the remaining non-cancellable lease terms and bargain renewal periods, if applicable. The in-place lease intangibles are amortized over the remaining non-cancellable lease term. When tenants vacate prior to the expiration of their lease, the amortization of intangible assets and liabilities is accelerated. We amortize above- and below-market ground lease intangibles over the remaining non-cancellable lease terms.

Impairment of Long-Lived Assets

In accordance with GAAP, we assess the carrying value of real estate assets and related intangibles for impairment on a quarterly basis and whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable over the life of the asset or its intended holding period. We evaluate our real estate assets for impairment on a property-by-property basis. Indicators we consider to determine whether an impairment evaluation is necessary include, but are not limited to, deterioration in operating cash flows, low occupancy levels, significant near-term lease expirations, default or bankruptcy by a significant tenant and expectations that, more likely than not, a property will be sold or otherwise disposed of before the end of its previously estimated useful life or hold period.

If impairment indicators are present for a specific real estate asset, we perform a recoverability test by comparing the carrying value of the asset group to the asset group's estimated undiscounted future cash flows over the anticipated hold period. If the carrying value exceeds the estimated undiscounted future cash flows, we then compare the carrying value to the asset group's estimated fair value and recognize an impairment loss for the amount by which the carrying value exceeds the fair value. The future cash flows utilized in the evaluation of recoverability and the measurement of fair value are highly subjective and are based on assumptions regarding anticipated hold periods, future occupancy, future rental rates, future capital requirements, discount rates and capitalization rates, which are considered Level 2 and Level 3 inputs within the fair value hierarchy. 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 the undiscounted future cash flows and fair value of an asset group.

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.

We test our 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. We have three operating segments: the management entity, Office and Studio, each of which is a reporting unit. The Studio reporting unit consists of Zio and Star Waggons businesses acquired during the year ended December 31, 2021 and Quixote business acquired during the year ended December 31, 2022. The assessment of goodwill for impairment may initially be performed based on qualitative factors to determine if it is more likely than not that the fair value of the reporting unit is less than its carrying value, including goodwill. If so, a quantitative assessment is performed, and to the extent the carrying value of the reporting unit exceeds its fair value, impairment is recognized 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.

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.

Revenue Recognition

The recognition of revenues related to lease components is governed by ASC 842. The revenue related to non-lease components is subject to ASC 606, *Revenue from Contracts with Customers* ("ASC 606").

We capitalize direct incremental costs of signing a lease. Internal direct compensation costs and external legal fees related to the execution of successful lease agreements that do not meet the definition of initial direct costs under ASC 842 are accounted for as office operating expense or studio operating expense in our Consolidated Statements of Operations.

We elected the lessor's practical expedient to present revenues on the Consolidated Statement of Operations as a single lease component that combines rental, tenant recoveries, and other tenant-related revenues for the office portfolio. For our rentals at the studio properties, total lease consideration is allocated to lease and non-lease components on a relative standalone basis.

We recognize rental revenue from tenants on a straight-line basis over the lease term when collectability is probable and the tenant has taken possession or controls the physical use of the leased asset. If the lease provides for tenant improvements, we determine whether the tenant improvements, for accounting purposes, are owned by the tenant or us. When we are the owner of the tenant improvements, the tenant is not considered to have taken physical possession or have control of the physical use of the leased asset until the tenant improvements are substantially completed. When the tenant is the owner of the tenant improvements, any tenant improvement allowance that is funded is treated as a lease incentive and amortized as a reduction of revenue over the lease term. Tenant improvement ownership is determined based on various factors including, but not limited to:

- whether the lease stipulates how and on what a tenant improvement allowance may be spent;
- whether the tenant or landlord retains legal title to the improvements at the end of the lease term;
- whether the tenant improvements are unique to the tenant or general-purpose in nature; and
- whether the tenant improvements are expected to have any residual value at the end of the lease.

Other property-related revenue is revenue that is derived from the tenants' use of lighting, equipment rental, parking, power, HVAC and telecommunications (telephone and internet). Other property-related revenue is recognized based on a five-step model and revenue is recognized once all performance obligations are satisfied.

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

We evaluate the sales of real estate based on transfer of control. If a real estate sale contract includes ongoing involvement by the seller with the sold property, we 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.

Stock-Based Compensation

Compensation cost of restricted stock, restricted stock units and performance units under our equity incentive award plans are accounted for under ASC 718, *Compensation-Stock Compensation* ("ASC 718"). For time-based awards, stock-based compensation is valued based on the quoted closing price of our common stock on the applicable grant date and discounted for any hold restrictions. For performance-based awards, stock-based compensation is valued utilizing a Monte Carlo Simulation to estimate the probability of the performance vesting conditions being satisfied.

The stock-based compensation is amortized through the final vesting period on a straight-line basis and graded vesting basis for time-based awards and performance-based awards, respectively. We account for forfeitures of awards as they occur. Share-based payments granted to non-employees are accounted for in the same manner as share-based payments granted to employees.

Our compensation committee will regularly consider the accounting implications of significant compensation decisions, especially in connection with decisions that relate to our equity incentive award plans and programs.

Income Taxes

Our property-owning subsidiaries are limited liability companies and are treated as pass-through entities or disregarded entities (or, in the case of the entities that own the 1455 Market, Hill7, Ferry Building and 1918 Eighth properties, REITs) for federal income tax purposes. In the case of the Bentall Centre property and the Sunset Waltham Cross Studios development, the Company owns its interest in the properties through non-U.S. entities treated as taxable REIT subsidiaries ("TRS") for federal income tax purposes. Accordingly, a provision for foreign income taxes has been recorded in the accompanying consolidated financial statements based on the local tax laws and regulations of the respective tax jurisdictions.

We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with our taxable year ended December 31, 2010. We believe that we have operated in a manner that has allowed us to qualify as a REIT for federal income tax purposes commencing with such taxable year, and we intend to continue operating in such manner. To qualify as a REIT, we are required to distribute at least 90% of our REIT taxable income, excluding net capital gains, to our stockholders and meet the various other requirements imposed by the Code relating to such matters as operating results, asset holdings, distribution levels and diversity of stock ownership.

Provided that we continue to qualify for taxation as a REIT, we are generally not subject to corporate level income tax on the earnings distributed currently to our stockholders. If we were to fail to qualify as a REIT in any taxable year, and were unable to avail ourselves of certain savings provisions set forth in the Code, all of our taxable income would be subject to federal corporate income tax. Unless entitled to relief under specific statutory provisions, we would be ineligible to elect to be treated as a REIT for the four taxable years following the year for which we lose our qualification. It is not possible to state whether in all circumstances we would be entitled to this statutory relief.

We own and may acquire direct or indirect interests in one or more Subsidiary REITs. A Subsidiary REIT is subject to the various REIT qualification requirements and other limitations described herein that are applicable to us. If a Subsidiary REIT were to fail to qualify as a REIT, then (i) that Subsidiary REIT would become subject to federal income tax, (ii) shares in such REIT would cease to be qualifying assets for purposes of the asset tests applicable to REITs and (iii) it is possible that we would fail certain of the asset tests applicable to REITs, in which event we would fail to qualify as a REIT unless we could avail ourselves of certain relief provisions.

We believe that our operating partnership is properly treated as a partnership for federal income tax purposes. As a partnership, our operating partnership is not subject to federal income tax on its income. Instead, each of its partners, including us, is allocated, and may be required to pay tax with respect to, its share of our operating partnership's income. As such, no provision for federal income taxes has been included for the operating partnership.

We have elected, together with certain of our subsidiaries, to treat such subsidiaries as TRSs for federal income tax purposes. Certain activities that we may undertake, such as non-customary services for our tenants and holding assets that we cannot hold directly, will be conducted by a TRS. A TRS is subject to federal and, where applicable, state and local income taxes on its net income.

We are subject to the statutory requirements of the states in which we conduct business.

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.

We periodically evaluate our 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 December 31, 2023, we have not established a liability for uncertain tax positions.

We and certain of our TRSs file income tax returns with the U.S. federal government and various state and local jurisdictions. We and our TRSs are no longer subject to tax examinations by tax authorities for years prior to 2019. Generally, we have assessed our tax positions for all open years, which as of December 31, 2023 include 2020 to 2022 for Federal purposes and 2019 to 2022 for state purposes, and concluded that there are no material uncertainties to be recognized.

Results of Operations

The following table summarizes our portfolio as of December 31, 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)	41	12,910,134	80.8 %	81.6 %	$ 55.10
Stabilized non-same store(5)	2	219,023	89.5	89.5	54.71
Total stabilized	**43**	**13,129,157**	**80.9**	**81.8**	**55.10**
Lease-up(5)(6)	1	723,848	77.7	84.3	61.80
Total in-service office	**44**	**13,853,005**	**80.8**	**81.9**	**55.43**
STUDIO					
Same-store(7)	3	1,231,278	80.4	80.4	45.88
Total	**3**	**1,231,278**			
Repositioning(5)(8)	1	278,600	—	2.2	
Development(5)(9)	3	1,019,000	—	0.3	
Total repositioning and development	**4**	**1,297,600**			
Total office and studio properties	**51**	**16,381,883**			
Future development(10)	7	3,233,589			
TOTAL	**58**	**19,615,472**			

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. Represents 100% share of consolidated and unconsolidated joint ventures.
2. Percent occupied for office properties is calculated as (i) square footage under commenced leases as of December 31, 2023, divided by (ii) total square feet, expressed as a percentage. Percent leased for office properties includes uncommenced leases. Percent leased for studio properties is calculated as (i) average square footage under commenced leases for the 12 months ended December 31, 2023, divided by (ii) total square feet, expressed as a percentage.
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 December 31, 2023 by (ii) 12. On a per square foot basis, ABR is divided by square footage under commenced leases as of December 31, 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 December 31, 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 December 31, 2023. Annualized base rent per square foot for studio properties reflects actual base rent for the 12 months ended December 31, 2023, excluding tenant reimbursements. ABR per leased square foot calculated as (i) annual base rent divided by (ii) square footage under lease as of December 31, 2023.
4. Includes office properties owned and included in our stabilized portfolio as of January 1, 2022 and still owned and included in the stabilized portfolio as of December 31, 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 or placed under redevelopment or development as of December 31, 2023.
7. Includes studio properties owned and included in our portfolio as of January 1, 2022 and still owned and included in our portfolio as of December 31, 2023.
8. See Repositioning table in this document for the office and studio projects under repositioning as of December 31, 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.

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 this 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 year ended December 31, 2023 to the year ended December 31, 2022

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 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 (loss) excluding corporate general and administrative expenses, depreciation and amortization, impairments, gains/losses on sales of real estate, interest expense, transaction-related expenses and other non-operating items. We define NOI as operating revenues (including rental revenues, other property-related revenue, tenant recoveries and other operating revenues), less property-level operating expenses (which includes external management fees, if any, and property-level general and administrative expenses). NOI on a cash basis is NOI adjusted to exclude the effect of straight-line rent and other non-cash adjustments required by GAAP. We believe that NOI on a cash basis is helpful to investors as an additional measure of operating performance because it eliminates straight-line rent and other non-cash adjustments to revenue and expenses.

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

- Same-store properties, which include 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 December 31, 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 (in thousands, except percentage change):

	Year Ended December 31, 2023	Year Ended December 31, 2022	Dollar Change	Percentage Change
NET LOSS	$ (170,700)	$ (16,517)	$ (154,183)	933.5 %
Adjustments:				
Loss (income) from unconsolidated real estate entities	3,902	(943)	4,845	(513.8)
Fee income	(6,181)	(7,972)	1,791	(22.5)
Interest expense	214,415	149,901	64,514	43.0
Interest income	(2,182)	(2,340)	158	(6.8)
Management services reimbursement income—unconsolidated real estate entities	(4,125)	(4,163)	38	(0.9)
Management services expense—unconsolidated real estate entities	4,125	4,163	(38)	(0.9)
Transaction-related expenses	(1,150)	14,356	(15,506)	(108.0)
Unrealized loss on non-real estate investment	3,120	1,440	1,680	116.7
Gain on extinguishment of debt	(10,000)	—	(10,000)	—
Loss on sale of bonds	34,046	—	34,046	—
(Gain) loss on sale of real estate	(103,202)	2,164	(105,366)	(4,869.0)
Impairment loss	60,158	28,548	31,610	110.7
Other expense (income)	6	(8,951)	8,957	(100.1)
Income tax provision	6,796	—	6,796	—
General and administrative	74,958	79,501	(4,543)	(5.7)
Depreciation and amortization	397,846	373,219	24,627	6.6
NOI	**$ 501,832**	**$ 612,406**	**$ (110,574)**	(18.1)%
Same-store NOI	$ 454,412	$ 491,243	$ (36,831)	(7.5)%
Non-same-store NOI	47,420	121,163	(73,743)	(60.9)
NOI	**$ 501,832**	**$ 612,406**	**$ (110,574)**	(18.1)%

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

	Year Ended December 31, 2023	Year Ended December 31, 2022
Same-store office		
Number of properties	40	40
Rentable square feet	11,389,050	11,389,050
Ending % leased	80.5 %	88.2 %
Ending % occupied	79.5 %	86.8 %
Average % occupied for the period	83.4 %	89.0 %
Average annual rental rate per square foot	$ 58.80	$ 57.15
Same-store studio		
Number of properties	3	3
Rentable square feet	1,231,278	1,231,278
Average % leased over period[1]	80.4 %	84.6 %

1. Percent leased for same-store studio is the average percent leased for the 12 months ended December 31, 2023.

The following table gives further detail on our consolidated NOI (in thousands):

	Year Ended December 31,					
	2023			2022		
	Same-store	Non-same-store	Total	Same-store	Non-same-store	Total
REVENUES						
Office						
Rental	$ 685,123	$ 111,972	$ 797,095	$ 704,832	$ 129,576	$ 834,408
Service and other revenues	14,182	1,098	15,280	13,895	4,397	18,292
Total office revenues	**699,305**	**113,070**	**812,375**	**718,727**	**133,973**	**852,700**
Studio						
Rental	48,422	10,854	59,276	51,980	7,692	59,672
Service and other revenues	21,981	58,665	80,646	33,417	80,435	113,852
Total studio revenues	**70,403**	**69,519**	**139,922**	**85,397**	**88,127**	**173,524**
Total revenues	**769,708**	**182,589**	**952,297**	**804,124**	**222,100**	**1,026,224**
OPERATING EXPENSES						
Office operating expenses	274,136	37,882	312,018	263,112	45,556	308,668
Studio operating expenses	41,160	97,287	138,447	49,769	55,381	105,150
Total operating expenses	**315,296**	**135,169**	**450,465**	**312,881**	**100,937**	**413,818**
Office NOI	425,169	75,188	500,357	455,615	88,417	544,032
Studio NOI	29,243	(27,768)	1,475	35,628	32,746	68,374
NOI	**$ 454,412**	**$ 47,420**	**$ 501,832**	**$ 491,243**	**$ 121,163**	**$ 612,406**

The following table gives further detail on our change in consolidated NOI (in thousands, except percentage change):

	Year Ended December 31, 2023 as compared to the Year Ended December 31, 2022					
	Same-store		Non-same-store		Total	
	Dollar change	Percentage change	Dollar change	Percentage change	Dollar change	Percentage change
REVENUES						
Office						
Rental	$ (19,709)	(2.8) %	$ (17,604)	(13.6) %	$ (37,313)	(4.5) %
Service and other revenues	287	2.1	(3,299)	(75.0)	(3,012)	(16.5)
Total office revenues	**(19,422)**	**(2.7)**	**(20,903)**	**(15.6)**	**(40,325)**	**(4.7)**
Studio						
Rental	(3,558)	(6.8)	3,162	41.1	(396)	(.7)
Service and other revenues	(11,436)	(34.2)	(21,770)	(27.1)	(33,206)	(29.2)
Total studio revenues	**(14,994)**	**(17.6)**	**(18,608)**	**(21.1)**	**(33,602)**	**(19.4)**
Total revenues	**(34,416)**	**(4.3)**	**(39,511)**	**(17.8)**	**(73,927)**	**(7.2)**
OPERATING EXPENSES						
Office operating expenses	11,024	4.2	(7,674)	(16.8)	3,350	1.1
Studio operating expenses	(8,609)	(17.3)	41,906	75.7	33,297	31.7
Total operating expenses	**2,415**	**0.8**	**34,232**	**33.9**	**36,647**	**8.9**
Office NOI	(30,446)	(6.7)	(13,229)	(15.0)	(43,675)	(8.0)
Studio NOI	(6,385)	(17.9)	(60,514)	(184.8)	(66,899)	(97.8)
NOI	**$ (36,831)**	**(7.5)%**	**$ (73,743)**	**(60.9)%**	**$ (110,574)**	**(18.1)%**

NOI decreased $110.6 million, or 18.1%, for the year ended December 31, 2023 as compared to the year ended December 31, 2022, primarily resulting from:

- a $73.7 million decrease in non-same-store NOI driven by:
  - a decrease in studio NOI of $60.5 million driven by a slowdown in production rentals activity due to the WGA and SAG-AFTRA strikes; and
  - a decrease in office NOI of $13.2 million primarily due to:
    - a $17.6 million decrease in rental revenues mainly resulting from sales of our 6922 Hollywood and Northview Center properties in 2022 and Skyway Landing, 601 Arizona and 3401 Exposition properties in 2023, as well as lease expirations at our 10900-10950 Washington and Metro Center properties, partially offset by higher tenant recoveries and must-take parking revenues at our One Westside property and the collection of past due rents and the reversal of the related reserve at our Westside Two property in 2023; and
    - a $3.3 million decrease in service and other revenues primarily due to non-recurring lease cancellation fees received at our Skyway Landing property in 2022 and the aforementioned property sales, partially offset by lease cancellation fees received at our 333 Twin Dolphin property in 2023;
    - partially offset by a $7.7 million decrease in operating expenses corresponding to the decrease in rental revenues.
- a $36.8 million decrease in same-store NOI driven by:
  - a decrease in office NOI of $30.4 million primarily due to:
    - a $19.7 million decrease in rental revenues due to a decrease in the average occupancy in our same-store portfolio from 89.0% during the year ended December 31, 2022 to 83.4% during the year ended December 31, 2023, primarily driven by lease expirations at our Skyport Plaza, Metro Plaza, 1455 Market, Page Mill Hill and Gateway properties, as well as higher reserves for uncollectible rents at our 901 Market property; partially offset by income from a letter of credit associated with the WeWork lease at our Maxwell property and higher percentage rent at our Ferry Building property; and

        - an $11.0 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.
- a decrease in studio NOI of $6.4 million primarily due to:
    - an $11.4 million decrease in service and other revenues and a $3.6 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 an $8.6 million decrease in 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 (Expenses)

<u>(Loss) income from unconsolidated real estate entities</u>

We recognized a loss from our unconsolidated real estate entities of $3.9 million for the year ended December 31, 2023 compared to $0.9 million of income for the year ended December 31, 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 and one-time lease termination fees received in 2022.

<u>Fee income</u>

Fee income decreased by $1.8 million, or 22.5%, to $6.2 million for the year ended December 31, 2023 compared to $8.0 million for the year ended December 31, 2022. Fee income represents the management fee income earned from the unconsolidated real estate entities. The decrease is primarily due to a slowdown in construction activity at our unconsolidated Sunset Waltham Cross development in 2023.

<u>Interest expense</u>

Comparison of the year ended December 31, 2023 to the year ended December 31, 2022 is as follows (in thousands, except percentage change):

	Year Ended December 31,			
	2023	**2022**	**Dollar Change**	**Percentage Change**
Gross interest expense[1]	$ 224,801	$ 162,778	$ 62,023	38.1 %
Capitalized interest	(32,253)	(18,031)	(14,222)	78.9
Non-cash interest expense[2]	21,867	5,154	16,713	324.3
TOTAL	**$ 214,415**	**$ 149,901**	**$ 64,514**	**43.0 %**

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 $62.0 million, or 38.1%, to $224.8 million for the year ended December 31, 2023 compared to $162.8 million for the year ended December 31, 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 $14.2 million, or 78.9%, to $32.3 million for the year ended December 31, 2023 compared to $18.0 million for the year ended December 31, 2022. The increase was primarily driven by development activity at Washington 1000, which was acquired in April 2022, redevelopment activities at the 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 $16.7 million, or 324.3% to $21.9 million for the year ended December 31, 2023 compared to $5.2 million for the year ended December 31, 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 as 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 primarily due to the deferred financing costs related to the Hollywood Media Portfolio debt being fully amortized as of August 2023.

Transaction-related expenses

We recorded $1.2 million of income predominantly related to the remeasurement of the Zio earnout liability to fair value during the year ended December 31, 2023. During the year ended December 31, 2022, we recorded $14.4 million of expenses primarily 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 $3.1 million for the year ended December 31, 2023 compared to an unrealized loss on non-real estate investments of $1.4 million for the year ended December 31, 2022. The activity in both periods is due to the observable changes in the fair value of the investments.

Gain on extinguishment of debt

During the year ended December 31, 2023, we recognized a $10.0 million gain on extinguishment of debt due to the settlement of the Quixote note at a discount. No gain or loss on extinguishment of debt was recognized during the year ended December 31, 2022.

Loss on sale of bonds

During the year ended December 31, 2023, we recognized a loss on sale of bonds of $34.0 million in connection with the partial sale of the acquired Hollywood Media Portfolio debt. No gain or loss on sale of bonds was recognized during the year ended December 31, 2022.

Gain (loss) on sale of real estate

During the year ended December 31, 2023, we recognized a $103.2 million gain on sale of real estate attributable to the sales of our Skyway Landing, 604 Arizona, 3401 Exposition, Cloud10, One Westside and Westside Two properties. During the year ended December 31, 2022, we recognized a $2.2 million loss on sale of real estate in connection with the dispositions of our Northview Center and 6922 Hollywood properties.

Impairment loss

During the year ended December 31, 2023, we recognized an impairment loss of $60.2 million due to a reduction in the estimated fair value of our Foothill Research Center property. During the year ended December 31, 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.

Other (expense) income

During the year ended December 31, 2023, we recognized other expense of $6.0 thousand compared to other income of $9.0 million for the year ended December 31, 2022. The change was primarily due to the presentation of an income tax benefit of $7.5 million within this line item on the Consolidated Statement of Operations for the year ended December 31, 2022. The tax benefit recorded in 2022 primarily related to net operating losses at the studio service-related businesses.

General and administrative expenses

General and administrative expenses decreased $4.5 million, or 5.7%, to $75.0 million for the year ended December 31, 2023 compared to $79.5 million for the year ended December 31, 2022. The decrease was primarily driven by a decrease in payroll, non-cash compensation, office and travel and entertainment expenses.

Depreciation and amortization expense

Depreciation and amortization expense increased $24.6 million, or 6.6%, to $397.8 million for the year ended December 31, 2023 compared to $373.2 million for the year ended December 31, 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.

Income tax provision

During the year ended December 31, 2023, we recorded an income tax provision of $6.8 million primarily related to a valuation allowance recorded against certain deferred tax assets.

Comparison of the year ended December 31, 2022 to the year ended December 31, 2021

Refer to Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Comparison of the year ended December 31, 2022 to the year ended December 31, 2021" of the Form 10-K for the fiscal year ended December 31, 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;
- strategic dispositions of real estate;
- sales of non-real estate investments;
- proceeds from additional equity securities;
- our ATM program;
- borrowings under the operating partnership's unsecured revolving credit facility;
- proceeds from joint venture partners;
- proceeds from the Sunset Glenoaks construction loan (unconsolidated joint venture), Sunset Pier 94 Studios construction loan (unconsolidated joint venture) and Bentall Centre loan (unconsolidated joint venture); and
- proceeds from additional secured, unsecured debt financings or offerings.

Liquidity Sources

We had approximately $100.4 million of cash and cash equivalents at December 31, 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 and fund quarterly dividend and distribution requirements.

During the year ended December 31, 2023 we completed the strategic disposition of five office properties for gross proceeds totaling $918.0 million, before certain credits, prorations and closing costs, and a total gain on sale of $103.2 million.

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 December 31, 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.

The following table sets forth our borrowing capacity under various loans as of December 31, 2023 (in thousands):

Loan	Total Borrowing Capacity		Amount Drawn		Remaining Borrowing Capacity	
Unsecured revolving credit facility	$	900,000	$	192,000	$	708,000
Sunset Glenoaks construction loan[1]	$	50,300	$	41,549	$	8,751
Bentall Centre[1]	$	100,215	$	96,440	$	3,775
Sunset Pier 94 Studios construction loan[1]	$	46,810	$	26	$	46,784

1. This loan is held by an unconsolidated joint venture. Amounts are presented at HPP's share.

Our ability to incur additional debt will be dependent on a number of factors, including our degree of leverage, the value of our unencumbered assets and borrowing restrictions that may be imposed by lenders. If we incur additional debt, the risks associated with our leverage, including our ability to service our debt, would increase.

The following table sets forth our ratio of debt to total market capitalization (counting series A preferred units as debt) as of December 31, 2023 (in thousands, except percentage):

Market Capitalization	December 31, 2023	
Unsecured and secured debt[1]	$	3,960,067
Series A redeemable preferred units		9,815
Total consolidated debt		**3,969,882**
Equity capitalization[2]		1,801,645
TOTAL CONSOLIDATED MARKET CAPITALIZATION	**$**	**5,771,527**
Total consolidated debt/total consolidated market capitalization		68.8 %

1. Excludes joint venture partner debt and unamortized deferred financing costs and loan discount.
2. Equity capitalization represents the shares of common stock outstanding (including unvested restricted shares), OP and LTIP units outstanding, restricted performance units and dilutive shares multiplied by the closing price of $9.31, as reported by the NYSE, on December 29, 2023 as well as the aggregate value of the Series C preferred stock liquidation preference as of December 31, 2023.

Outstanding Indebtedness

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

	December 31, 2023		December 31, 2022	
Unsecured debt	$	2,307,000	$	2,660,000
Secured debt	$	1,653,067	$	1,950,088
Joint venture partner debt	$	66,136	$	66,136

The operating partnership was in compliance with its financial covenants as of December 31, 2023.

Credit Ratings

The following table provides information with respect to our credit ratings at December 31, 2023:

Agency	Credit Rating
Moody's	Ba1
Standard and Poor's	BB+[1]
Fitch	BBB-

1. On January 12, 2024, Standard and Poor's downgraded our credit rating from "BB+" to "BB".

Liquidity Uses

Contractual Obligations

The following table provides information with respect to our commitments at December 31, 2023, including any guaranteed or minimum commitments under contractual obligations (in thousands):

	Payments Due by Period				
Contractual Obligation	**Total**	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
Principal payments on unsecured and secured debt	$3,960,067	$ —	$2,153,067	$ 907,000	$ 900,000
Principal payments on joint venture partner debt	66,136	—	—	—	66,136
Interest payments—fixed rate(1)(2)	467,558	126,189	198,519	123,531	19,319
Interest payments—variable rate(1)(3)	73,855	51,945	21,910	—	—
Operating leases(4)	715,344	41,311	79,527	70,702	523,804
TOTAL	**$5,282,960**	**$ 219,445**	**$2,453,023**	**$1,101,233**	**$1,509,259**

1. Interest rates with respect to indebtedness are calculated on the basis of a 360-day year for the actual days elapsed.
2. Reflects our projected interest obligations for fixed rate debts, including those that are effectively fixed as a result of derivatives. Also includes $14.2 million of projected interest related to our joint venture partner debt and debt that is effectively fixed through the use of interest rate swaps.
3. Reflects our projected interest obligations for variable rate debts, including instances where interest is paid based on an applicable SOFR margin. We used the average December SOFR and the applicable margin as of December 31, 2023.
4. Reflects minimum lease payments through the contractual lease expiration date, including the impact of the extension options which the Company is reasonably certain to exercise. Refer to Part IV, Item 15(a) "Exhibits, Financial Statement Schedules—Note 11 to the Consolidated Financial Statements—Future Minimum Base Rents and Lease Payments" for details of our lease agreements.

The Company has entered into a number of construction agreements related to capital improvement activities at various properties. As of December 31, 2023, the Company had $108.3 million in outstanding obligations under the agreements, of which $82.6 million is expected to be incurred within one year from December 31, 2023.

The Company invests in several non-real estate funds with an aggregate commitment to contribute up $51.0 million. As of December 31, 2023, the Company has contributed $38.1 million, net of recallable distributions, with $12.9 million remaining to be contributed.

The terms of the securities purchase agreement for the acquisition of Zio require the Company to pay up to $20.0 million of additional consideration to the business's former shareholders in 2024 and 2025, subject to certain performance thresholds being met (the "earnout"). $5.0 million was subsequently paid in January 2024, with a maximum potential earnout of $7.5 million and $7.5 million remaining in 2024 and 2025, respectively.

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 December 31, 2023 (in thousands):

	Ownership Interest	**Amount Drawn**	**Undrawn Capacity**	**Total Capacity**	**Interest Rate**	**Contractual Maturity Date**
Bentall Centre(1)	20 %	$ 482,198	$ 18,875	$ 501,073	CORRA + 2.30%	7/1/2027
Sunset Glenoaks Studios(2)	50 %	83,098	17,502	100,600	SOFR + 3.10%	1/9/2027
Sunset Pier 94 Studios(3)	26 %	100	183,100	183,200	SOFR + 4.75%	9/9/2028

(1) The loan was transacted in Canadian dollars. Amounts are shown in U.S. dollars using the foreign currency exchange rate as of December 31, 2023. This loan is interest-only through its term.
(2) 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 maturity date includes the effect of extension options. 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) 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 maturity date includes the effect of extension options.

Cash Flows

Comparison of the cash flow activity for the year ended December 31, 2023 to the year ended December 31, 2022 is as follows (in thousands, except percentage change):

	Year Ended December 31,			
	2023	2022	Dollar Change	Percentage Change
Net cash provided by operating activities	$ 232,256	$ 369,501	$ (137,245)	(37.1)%
Net cash provided by (used in) investing activities	$ 467,841	$ (378,094)	$ 845,935	(223.7)%
Net cash (used in) provided by financing activities	$ (866,672)	$ 97,448	$ (964,120)	(989.4)%

Cash and cash equivalents and restricted cash were $119.2 million and $285.7 million at December 31, 2023 and 2022, respectively.

Operating Activities

Net cash provided by operating activities decreased by $137.2 million, or 37.1%, to $232.3 million for the year ended December 31, 2023 as compared to $369.5 million for the year ended December 31, 2022. The decrease primarily resulted from a slowdown in production rentals activity due to the WGA and SAG-AFTRA strikes as well as the 2022 and 2023 property dispositions. Refer to Part IV, Item 15(a) "Financial Statement Schedules—Note 4 to the Consolidated Financial Statements—Investment in Real Estate" for detail on the dispositions.

Investing Activities

Net cash provided by investing activities increased by $845.9 million, or 223.7%, to $467.8 million for the year ended December 31, 2023 as compared to $378.1 million of cash used in investing activities for the year ended December 31, 2022. The change primarily resulted from a $705.3 million increase in proceeds from the sales of real estate and a $295.6 million decrease in expenditures for the acquisition of businesses and properties. The change was partially offset by a $129.3 million decrease in proceeds from the maturities of U.S. Government securities, a $28.7 million increase in contributions to unconsolidated real estate entities and a $22.0 million increase in additions to investment property.

Financing Activities

Net cash used in financing activities increased by $964.1 million, or 989.4%, to $866.7 million for the year ended December 31, 2023 as compared to $97.4 million of cash provided by financing activities for the year ended December 31, 2022. The change primarily resulted from a $815.2 million decrease in proceeds from unsecured and secured debt, a $560.4 million increase in payments of debt and a $82.4 million increase in distributions to redeemable non-controlling members in consolidated real estate entities, predominantly driven by the One Westside and Westside Two property sale in 2023. The decrease was partially offset by a $235.8 million decrease in share repurchases in 2023 as compared to 2022, $145.5 million of proceeds from the partial sale of the acquired Hollywood Media Portfolio debt in 2023 and a $90.5 million decrease in dividends paid to common stock and unitholders driven by a 50% reduction in the per share dividend during the second quarter of 2023 and the suspension of the common stock dividend for the third and fourth quarters of 2023.

Non-GAAP Supplemental Financial Measures

We calculate FFO in accordance with the White Paper issued in December 2018 on FFO approved by the Board of Governors of NAREIT. The White Paper defines FFO as net income or loss calculated in accordance with generally accepted accounting principles in the United States ("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 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):

	Year Ended December 31,	
	2023	2022
Net loss	$ (170,700)	$ (16,517)
Adjustments:		
Depreciation and amortization—consolidated	397,846	373,219
Depreciation and amortization—non-real estate assets	(33,389)	(23,110)
Depreciation and amortization—HPP's share from unconsolidated real estate entities	4,779	5,322
(Gain) loss on sale of real estate	(103,202)	2,164
Loss on sale of bonds	34,046	—
Impairment loss—real estate assets	60,158	20,048
Unrealized loss on non-real estate investments	3,120	1,440
FFO attributable to non-controlling interests	(42,335)	(71,100)
FFO attributable to preferred shares and units	(20,800)	(21,043)
FFO TO COMMON STOCKHOLDERS AND UNITHOLDERS	**$ 129,523**	**$ 270,423**

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

The primary market risk we face is interest rate risk. Our future income, cash flows and fair values relevant to financial instruments are dependent upon prevalent market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. As more fully described below, we use derivatives to manage, or hedge, interest rate risks related to our borrowings. We only enter into contracts with major financial institutions based on their credit rating and other factors. For a summary of our outstanding indebtedness, see Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources." For a summary of our derivatives, refer to Part IV, Item 15(a) "Exhibits, Financial Statement Schedules—Note 9 to the Consolidated Financial Statements—Derivatives."

Interest risk amounts were determined by considering the impact of hypothetical interest rates on our financial instruments. These analyses do not consider the effect of any change in overall economic activity that could occur in that environment. Further, in the event of a change of that magnitude, we may take actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, these analyses assume no changes in our financial structure.

The following table summarizes the terms our derivative instruments used to hedge interest rate risk as of December 31, 2023 (notional amounts and fair value in thousands):

Underlying Debt Instrument	Type of Instrument	Accounting Policy	Notional Amount	Effective Date	Maturity Date	Interest Rate	Fair Value Assets (Liabilities)
1918 Eighth	Swap	Cash flow hedge	$ 172,865	February 2023	October 2025	3.75%	$ 1,075
1918 Eighth	Cap	Partial cash flow hedge[1]	$ 314,300	June 2023	December 2025	5.00%	952
1918 Eighth	Sold cap[2]	Mark-to-market	$ 172,865	June 2023	December 2025	5.00%	(520)
Hollywood Media Portfolio	Cap	Partial cash flow hedge[1]	$ 1,100,000	August 2023	August 2024	5.70%	59
Hollywood Media Portfolio	Sold cap[2]	Mark-to-market	$ 561,000	August 2023	August 2024	5.70%	(29)
Hollywood Media Portfolio	Swap	Cash flow hedge	$ 351,186	August 2023	June 2026	3.31%	4,355
TOTAL							**$ 5,892**

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 following table summarizes our fixed and variable rate debt as of December 31, 2023 (in thousands):

	Unsecured and Secured Debt		Joint Venture Partner Debt	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Variable rate	$ 1,052,016	$ 1,052,016	$ —	$ —
Fixed rate[1]	2,908,051	2,554,062	66,136	59,966
TOTAL[2]	**$ 3,960,067**	**$ 3,606,078**	**$ 66,136**	**$ 59,966**

1. Includes debt that is effectively fixed through the use of interest rate swaps.
2. Excludes unamortized deferred financing costs.

For sensitivity purposes, if the reference rates for our variable rate debt as of December 31, 2023 were to increase by 100 basis points, or 1.0%, the resulting increase in annual interest expense would decrease our future earnings and cash flows by $10.5 million.

Foreign Currency Exchange Rate Risk

We have exposure to foreign currency exchange rate risk related to our unconsolidated real estate entities operating in Canada and the United Kingdom. The unconsolidated real estate entities' functional currency is the local currency, or Canadian dollars and pound sterling, respectively. Any gains or losses resulting from the translation of Canadian dollars and pound sterling to U.S. dollars are classified on our Consolidated Balance Sheets as a separate component of other comprehensive (loss) income and are excluded from net income.

ITEM 8. Financial Statements and Supplementary Data

Our consolidated financial statements included in this Annual Report on Form 10-K are listed in Part IV, Item 15(a) of this report.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

ITEM 9A. 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 fourth 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 fourth 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.

Management's Annual Report on Internal Control over Financial Reporting (Hudson Pacific Properties, Inc.)

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

Hudson Pacific Properties, Inc.'s system of internal control is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of Hudson Pacific Properties, Inc.'s financial statements for external reporting purposes in accordance with GAAP. Hudson Pacific Properties, Inc.'s management, including the Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of Hudson Pacific Properties, Inc.'s internal control over financial reporting as of December 31, 2023. In conducting its assessment, management used the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission on Internal Control-Integrated Framework (2013 Framework). Based on this assessment, management concluded that, as of December 31, 2023, Hudson Pacific Properties, Inc.'s internal control over financial reporting was effective based on those criteria.

Management, including the Chief Executive Officer and Chief Financial Officer of Hudson Pacific Properties, Inc., does not expect that Hudson Pacific Properties, Inc.'s disclosure controls and procedures, or Hudson Pacific Properties, Inc.'s internal controls will prevent all errors and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefit of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Management's Annual Report on Internal Control over Financial Reporting (Hudson Pacific Properties, L.P.)

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

Hudson Pacific Properties, L.P.'s system of internal control is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of Hudson Pacific Properties, L.P.'s financial statements for external reporting purposes in accordance with GAAP. Hudson Pacific Properties, L.P.'s 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.), assessed the effectiveness of Hudson Pacific Properties, L.P.'s internal control over financial reporting as of December 31, 2023. In conducting its assessment, management used the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission on Internal Control-Integrated Framework (2013 Framework). Based on this assessment, management concluded that, as of December 31, 2023, Hudson Pacific Properties, L.P.'s internal control over financial reporting was effective based on those criteria.

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.), does not expect that Hudson Pacific Properties, L.P.'s disclosure controls and procedures, or Hudson Pacific Properties, L.P.'s internal controls will prevent all errors and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefit of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Attestation Report of the Registered Accounting Firm (Hudson Pacific Properties, Inc.)

The effectiveness of Hudson Pacific Properties, Inc.'s internal control over financial reporting as of December 31, 2023, has been audited by Ernst & Young LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this annual report, as stated in their report appearing on page F-2, which expresses an unqualified opinion on the effectiveness of Hudson Pacific Properties, Inc.'s internal control over financial reporting as of December 31, 2023.

ITEM 9B. Other Information

Disclosure of 10b5-1 plans

During the three months ended December 31, 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.

ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

The information required by Item 10 is incorporated by reference from our definitive proxy statement for our annual stockholders' meeting presently scheduled to be held in May 2024. We intend to disclose any amendment to, or waiver from, our code of ethics within four business days following the date of the amendment or waiver.

ITEM 11. Executive Compensation

The information required by Item 11 is incorporated by reference from our definitive proxy statement for our annual stockholders' meeting presently scheduled to be held in May 2024.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 12 is incorporated by reference from our definitive proxy statement for our annual stockholders' meeting presently scheduled to be held in May 2024.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 is incorporated by reference from our definitive proxy statement for our annual stockholders' meeting presently scheduled to be held in May 2024.

ITEM 14. Principal Accountant Fees and Services

The information required by Item 14 is incorporated by reference from our definitive proxy statement for our annual stockholders' meeting presently scheduled to be held in May 2024.

PART IV

ITEM 15. Exhibits, Financial Statement Schedules

(a)(1) and (2) *Financial Statements and Schedules*
The following consolidated financial information is included as a separate section of this Annual Report on Form 10-K:

All other schedules are omitted since the required information is not present in amounts sufficient to require submission of the schedule or because the information required is included in the financial statements and notes thereto.

(3) *Exhibits*

		Incorporated by Reference			
Exhibit No.	**Description**	**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	Form of Articles Supplementary of Hudson Pacific Properties, Inc.	S-11/A	333-170751	3.3	December 6, 2010
3.3	Second Amended and Restated Bylaws of Hudson Pacific Properties, Inc.	8-K	001-34789	3.1	January 12, 2015
3.4	First Amendment to the Second Amended and Restated Bylaws of Hudson Pacific Properties, Inc.	8-K	001-34789	3.1	March 22, 2022
3.5	Fifth Amended and Restated Agreement of Limited Partnership of Hudson Pacific Properties, L.P.	8-K	001-34789	3.2	November 16, 2021
3.6	Certificate of Limited Partnership of Hudson Pacific Properties, L.P.	10-Q	001-34789	3.4	November 4, 2016
3.7	Articles Supplementary designating the Series C Preferred Stock of Hudson Pacific Properties, Inc.	8-K	001-34789	3.1	November 16, 2021
4.1	Form of Certificate of Common Stock of Hudson Pacific Properties, Inc.	S-11/A	333-164916	4.1	June 14, 2010
4.2	Indenture, dated October 2, 2017, among Hudson Pacific Properties, L.P., and U.S. Bank National Association.	8-K	001-34789	4.1	October 2, 2017
4.3	Supplemental Indenture No. 1, dated October 2, 2017, among Hudson Pacific Properties, L.P., Hudson Pacific Properties, Inc. and U.S. Bank National Association.	8-K	001-34789	4.2	October 2, 2017
4.4	Supplemental Indenture No. 2, dated as of February 27, 2019, among Hudson Pacific Properties, L.P., as issuer, Hudson Pacific Properties, Inc., as guarantor, and U.S. Bank National Association, as trustee, including the form of 4.650% Senior Notes due 2029 and the guarantee.	10-Q	001-34789	10.1	May 7, 2019

Exhibit No.	Description	Incorporated by Reference Form	File No.	Exhibit No.	Filing Date
4.5	Supplemental Indenture No. 3, dated as of October 3, 2019, among Hudson Pacific Properties, L.P., as issuer, Hudson Pacific Properties, Inc., as guarantor, and U.S. Bank National Association, as trustee, including the form of 3.250% Senior Notes due 2030 and the guarantee.	8-K	001-34789	4.2	October 3, 2019
4.6	Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.	10-K	001-34789	4.6	February 18, 2022
4.7	Supplemental Indenture No. 4, dated as of September 15, 2022, among Hudson Pacific Properties, L.P., as issuer, Hudson Pacific Properties, Inc., as guarantor, and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as trustee, including the form of 5.950% Senior Notes due 2028 and the guarantee.	8-K	001-34789	4.2	September 15, 2022
10.1	Registration Rights Agreement among Hudson Pacific Properties, Inc. and the persons named therein.	S-11	333-170751	10.2	November 22, 2010
10.2	Indemnification Agreement, dated June 29, 2010, by and between Hudson Pacific Properties, Inc. and Victor J. Coleman.	S-11	333-170751	10.3	November 22, 2010
10.3	Indemnification Agreement, dated June 29, 2010, by and between Hudson Pacific Properties, Inc. and Mark T. Lammas.	S-11	333-170751	10.5	November 22, 2010
10.4	Indemnification Agreement, dated June 29, 2010, by and between Hudson Pacific Properties, Inc. and Christopher Barton.	S-11	333-170751	10.6	November 22, 2010
10.5	Indemnification Agreement, dated June 29, 2010, by and between Hudson Pacific Properties, Inc. and Dale Shimoda.	S-11	333-170751	10.7	November 22, 2010
10.6	Indemnification Agreement, dated June 29, 2010, by and between Hudson Pacific Properties, Inc. and Theodore R. Antenucci.	S-11	333-170751	10.8	November 22, 2010
10.7	Indemnification Agreement, dated June 29, 2010, by and between Hudson Pacific Properties, Inc. and Jonathan M. Glaser.	S-11	333-170751	10.11	November 22, 2010
10.8	Indemnification Agreement, dated June 29, 2010, by and between Hudson Pacific Properties, Inc. and Mark D. Linehan.	S-11	333-170751	10.12	November 22, 2010
10.9	Restricted Stock Award Grant Notice and Restricted Stock Award Agreement.*	S-11/A	333-164916	10.5	June 14, 2010
10.10	Hudson Pacific Properties, Inc. Director Stock Plan.*	S-11/A	333-170751	10.17	December 6, 2010
10.11	Contribution Agreement by and among Victor J. Coleman, Howard S. Stern, Hudson Pacific Properties, L.P. and Hudson Pacific Properties, Inc., dated as of February 15, 2010.	S-11/A	333-164916	10.11	April 9, 2010
10.12	Contribution Agreement by and among SGS investors, LLC, HFOP Investors, LLC, Soma Square Investors, LLC, Hudson Pacific Properties, L.P. and Hudson Pacific Properties, Inc., dated as of February 15, 2010.	S-11/A	333-164916	10.12	April 9, 2010
10.13	Contribution Agreement by and among TMG-Flynn SOMA, LLC, Hudson Pacific Properties, L.P. and Hudson Pacific Properties, Inc., dated as of February 15, 2010.	S-11/A	333-164916	10.13	April 9, 2010
10.14	Contribution Agreement by and among Glenborough Fund XIV, L.P., Glenborough Acquisition, LLC, Hudson Pacific Properties, L.P. and Hudson Pacific Properties, Inc. dated as of February 15, 2010.	S-11/A	333-164916	10.14	April 9, 2010
10.15	Representation, Warranty and Indemnity Agreement by and among Hudson Pacific Properties, Inc., Hudson Pacific Properties, L.P. and the persons named therein as nominees of TMG-Flynn SOMA, LLC, dated as of February 15, 2010.	S-11/A	333-164916	10.16	April 9, 2010
10.16	Representation, Warranty and Indemnity Agreement by and among Hudson Pacific Properties, Inc. Hudson Pacific Properties, L.P., and the persons named therein as nominees of Glenborough Fund XIV, L.P. dated as of February 15, 2010.	S-11/A	333-164916	10.17	April 9, 2010
10.17	Tax Protection Agreement between Hudson Pacific Properties, L.P. and the persons named therein, dated June 29, 2010.	8-K	001-34789	10.3	July 1, 2010
10.18	Amended and Restated Deed of Trust, Security Agreement, Fixture Filing, Financing Statement and Assignment of Leases and Rents between GLB Encino, LLC, as Trustor, SunAmerica Life Insurance Company, as Beneficiary, and First American Title Insurance Company, as Trustee, dated as of January 26, 2007.	S-11/A	333-164916	10.25	June 22, 2010
10.19	Amended and Restated Promissory Note by GLB Encino, as Maker, to SunAmerica Life Insurance Company, as Holder, dated as of January 26, 2007.	S-11/A	333-164916	10.26	June 22, 2010
10.20	Approval Letter from Wells Fargo, as Master Servicer, and CWCapital Asset Management, LLC, as Special Servicer to Hudson Capital LLC, dated as of June 8, 2010.	S-11/A	333-164916	10.27	June 22, 2010
10.21	Loan and Security Agreement between Glenborough Tierrasanta, LLC, as Borrower, and German American Capital Corporation, as Lender, dated as of November 28, 2006.	S-11/A	333-164916	10.28	June 22, 2010
10.22	Note by Glenborough Tierrasanta, LLC, as Borrower, in favor of German American Capital Corporation, as Lender, dated as of November 28, 2006.	S-11/A	333-164916	10.29	June 22, 2010

Exhibit No.	Description	Incorporated by Reference Form	File No.	Exhibit No.	Filing Date
10.23	Reaffirmation, Consent to Transfer and Substitution of Indemnitor, by and among Glenborough Tierrasanta, LLC, Morgan Stanley Real Estate Fund V U.S., L.P., MSP Real Estate Fund V, L.P. Morgan Stanley Real Estate Investors, V U.S., L.P., Morgan Stanley Real Estate Fund V Special U.S., L.P., MSP Co-Investment Partnership V, L.P., MSP Co-Investment Partnership V, L.P., Glenborough Fund XIV, L.P., Hudson Pacific Properties, L.P., and US Bank National Association, dated June 29, 2010.	8-K	001-34789	10.5	July 1, 2010
10.24	Contribution Agreement by and between BCSP IV U.S. Investments, L.P. and Hudson Pacific Properties, L.P., dated as of December 15, 2010.	S-11	333-173487	10.48	April 14, 2011
10.25	Limited Liability Company Agreement of Rincon Center JV LLC by and between Rincon Center Equity LLC and Hudson Rincon, LLC, dated as of December 16, 2010.	S-11	333-173487	10.49	April 14, 2011
10.26	First Amendment to Registration Rights Agreement by and among Hudson Pacific Properties, Inc., Farallon Capital Partners, L.P., Farallon Capital Institutional Partners, L.P. and Farallon Capital Institutional Partners III, L.P., dated May 3, 2011.	8-K	001-34789	4.1	May 4, 2011
10.27	Loan Agreement by and between Hudson Rincon Center, LLC, as Borrower, and JPMorgan Chase Bank, National Association, as Lender, dated April 29, 2011.	8-K	001-34789	10.1	May 4, 2011
10.28	Equity Distribution Agreement, dated November 16, 2012, by and among Hudson Pacific Properties, Inc., Hudson Pacific Properties, LP, and Barclays Capital Inc.	8-K	001-34789	1.1	November 16, 2012
10.29	Equity Distribution Agreement, dated November 16, 2012, by and among Hudson Pacific Properties, Inc., Hudson Pacific Properties, LP, and Merrill Lynch, Pierce, Fenner & Smith Incorporated.	8-K	001-34789	1.2	November 16, 2012
10.30	Equity Distribution Agreement, dated November 16, 2012, by and among Hudson Pacific Properties, Inc., Hudson Pacific Properties, LP, and Keybanc Capital Markets Inc.	8-K	001-34789	1.3	November 16, 2012
10.31	Equity Distribution Agreement, dated November 16, 2012, by and among Hudson Pacific Properties, Inc., Hudson Pacific Properties, LP, and Wells Fargo Securities, LLC.	8-K	001-34789	1.4	November 16, 2012
10.32	First Modification and Additional Advance Agreement by and among Wells Fargo Bank, N.A., as Lender, and Sunset Bronson Entertainment Properties, LLC, and Sunset Gower Entertainment Properties, LLC as Borrower.	10-Q	001-34789	10.66	November 7, 2013
10.33	Supplemental Federal Income Tax Considerations.	8-K	001-34789	99.1	November 22, 2013
10.34	Amendment to Equity Distribution Agreement, dated June 1, 2021, by and among Hudson Pacific Properties, Inc., Hudson Pacific Properties, LP, and Barclays Capital Inc.	8-K	001-34789	1.5	June 1, 2021
10.35	Amendment to Equity Distribution Agreement, dated June 1, 2021, by and among Hudson Pacific Properties, Inc., Hudson Pacific Properties, LP, and BofA Securities, Inc.	8-K	001-34789	1.6	June 1, 2021
10.36	Amendment to Equity Distribution Agreement, dated June 1, 2021, by and among Hudson Pacific Properties, Inc., Hudson Pacific Properties, LP, and Keybanc Capital Markets Inc.	8-K	001-34789	1.7	June 1, 2021
10.37	Amendment to Equity Distribution Agreement, dated June 1, 2021, by and among Hudson Pacific Properties, Inc., Hudson Pacific Properties, LP, and Wells Fargo Securities, LLC.	8-K	001-34789	1.8	June 1, 2021
10.38	Bridge Commitment Letter, dated as of December 6, 2014, by and among the operating partnership, Wells Fargo Bank, National Association, Wells Fargo Securities, LLC, Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Goldman Sachs Bank USA.	8-K	001-34789	10.1	December 11, 2014
10.39	Backstop Commitment Letter, dated as of December 6, 2014, by and among the operating partnership, Wells Fargo Bank, National Association and Wells Fargo Securities, LLC.	8-K	001-34789	10.2	December 11, 2014
10.40	First Amended and Restated Limited Partnership Agreement of Hudson 1455 Market, L.P.	8-K	001-34789	10.1	January 12, 2015
10.41	Loan Agreement dated as of October 9, 2015 between Hudson Element LA, LLC, as Borrower and Cantor Commercial Real Estate Lending, L.P. and Goldman Sachs Mortgage Company, collectively, as Lender.	10-Q	001-34789	10.93	November 6, 2015
10.42	Note Purchase Agreement, dated as of November 16, 2015, by and among Hudson Pacific Properties, L.P. and the purchasers named therein.	8-K	001-34789	10.2	November 20, 2015
10.43	Form of Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Award Agreement.*	8-K	001-34789	10.6	December 21, 2015
10.44	Note Purchase Agreement, dated as of July 6, 2016, by and among Hudson Pacific Properties, L.P. and the purchasers named therein.	10-Q	001-34789	10.8	August 4, 2016
10.45	Indemnification Agreement, dated August 16, 2017, by and between Hudson Pacific Properties, Inc. and Andrea Wong.	10-Q	001-34789	10.2	November 6, 2017
10.46	Form of Time-Based LTIP Unit Agreement.*	8-K	001-34789	10.1	December 14, 2018
10.47	Indemnification Agreement, dated March 14, 2019, by and between Hudson Pacific Properties, Inc. and Christy Haubegger.*	10-Q	001-34789	10.2	May 7, 2019

Exhibit No.	Description	Incorporated by Reference Form	File No.	Exhibit No.	Filing Date
10.48	Amended and Restated Employment Agreement between Hudson Pacific Properties, Inc. and Victor J. Coleman, dated January 1, 2020.*	10-K	001-34789	10.79	February 24, 2020
10.49	Amended and Restated Employment Agreement between Hudson Pacific Properties, Inc. and Mark T. Lammas, dated January 1, 2020.*	10-K	001-34789	10.80	February 24, 2020
10.50	Amended and Restated Employment Agreement between Hudson Pacific Properties, Inc. and Christopher J. Barton, dated January 1, 2020.*	10-K	001-34789	10.82	February 24, 2020
10.51	Employment Agreement between Hudson Pacific Properties, Inc. and Harout Diramerian, dated January 1, 2020.*	10-K	001-34789	10.84	February 24, 2020
10.52	Indemnification Agreement, dated January 1, 2020, by and between Hudson Pacific Properties, Inc. and Harout Diramerian.	10-K	001-34789	10.85	February 24, 2020
10.53	Note Purchase Agreement, dated as of November 16, 2015, by and among Hudson Pacific Properties, L.P. and the purchasers named therein, as amended by that certain First Amendment, dated as of November 7, 2019.	10-K	001-34789	10.88	February 24, 2020
10.54	Note Purchase Agreement, dated as of July 6, 2016, by and among Hudson Pacific Properties, L.P. and the purchasers named therein, as amended by that certain First Amendment, dated as of November 7, 2019.	10-K	001-34789	10.89	February 24, 2020
10.55	Fourth Amended and Restated Credit Agreement, dated as of December 21, 2021, by and among Hudson Pacific Properties, L.P., as borrower, each of the lenders party thereto, Wells Fargo Bank, National Association, as administrative agent.	8-K	001-34789	10.1	December 21, 2021
10.56	First Modification Agreement to the Fourth Amended and Restated Credit Agreement, dated as of September 15, 2022, by and among Hudson Pacific Properties, L.P., as borrower, each of the lenders party thereto, Wells Fargo Bank, National Association, as administrative agent.	8-K	001-34789	10.1	September 16, 2022
10.57	Second Modification Agreement to the Fourth Amended and Restated Credit Agreement, dated as of December 22, 2023, by and among Hudson Pacific Properties, L.P., as borrower, each of the lenders party thereto and Wells Fargo Bank, National Association, as administrative agent.	8-K	001-34789	10.1	December 27, 2023
10.58	Form of Performance-Based LTIP Unit Agreement.*	10-K	001-34789	10.93	February 22, 2021
10.59	Employment Agreement between Hudson Pacific Properties, Inc. and Steven Jaffe, dated January 1, 2020.*	10-K	001-34789	10.96	February 18, 2022
10.60	Indemnification Agreement, dated January 1, 2020, by and between Hudson Pacific Properties, Inc. and Steven Jaffe.	10-K	001-34789	10.97	February 18, 2022
10.61	Employment Agreement between Hudson Pacific Properties, Inc. and Arthur Suazo, dated January 1, 2020.*	10-K	001-34789	10.98	February 18, 2022
10.62	Indemnification Agreement, dated January 1, 2020, by and between Hudson Pacific Properties, Inc. and Arthur Suazo.	10-K	001-34789	10.99	February 18, 2022
10.63	Form of Performance-Based LTIP Unit Agreement.*	8-K	001-34789	10.1	March 10, 2022
10.64	Indemnification Agreement, dated March 17, 2022, by and between Hudson Pacific Properties, Inc. and Erinn Burnough.	10-K	001-34789	10.102	February 10, 2023
10.65	Hudson Pacific Properties - Non-Employee Director Compensation Program.	10-K	001-34789	10.103	February 10, 2023
10.66	Form of Performance-Based LTIP Unit Agreement.*	10-Q	001-34789	10.1	May 9, 2023
10.67	Indemnification Agreement, dated March 13, 2023, by and between Hudson Pacific Properties, Inc. and Barry Sholem.	10-Q	001-34789	10.1	August 4, 2023
10.68	Indemnification Agreement, dated November 8, 2023, by and between Hudson Pacific Properties, Inc. and Robert L. Harris II.+				
10.69	Indemnification Agreement, dated January 1, 2024, by and between Hudson Pacific Properties, Inc. and Michael Nash.+				
10.70	Form of Performance-Based LTIP Unit Agreement.*+				
10.71	Amended and Restated Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. 2010 Incentive Award Plan*+				
21.1	Subsidiaries of Hudson Pacific Properties, Inc.+				
23.1	Consent of Independent Registered Public Accounting Firm.+				
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 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.+				

Exhibit No.	Description	Incorporated by Reference Form	File No.	Exhibit No.	Filing Date
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.+				
97.1	Hudson Pacific Properties, Inc. Policy for Recovery of Erroneously Awarded Compensation+				
99.1	Certificate of Correction.	8-K	001-34789	99.1	January 23, 2012
101	The following financial information from Hudson Pacific Properties, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023 formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive (Loss) Income, (iv) Consolidated Statements of Equity, (v) Consolidated Statements of Capital, (vi) Consolidated Statements of Cash Flows and (vii) Notes to Consolidated Financial Statements.**				
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).				

* Denotes a management contract or compensatory plan or arrangement.

** 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.

\+ Filed herewith.

ITEM 16. Form 10-K Summary

Not Applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Hudson Pacific Properties, Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HUDSON PACIFIC PROPERTIES, INC.

February 16, 2024

/s/ VICTOR J. COLEMAN

VICTOR J. COLEMAN
Chief Executive Officer (Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below does hereby constitute and appoint Victor J. Coleman and Mark T. Lammas, and each of them singly, our true and lawful attorneys with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Form 10-K filed herewith and any and all amendments to said Form 10-K, and generally to do all such things in our names and in our capacities as officers and directors to enable Hudson Pacific Properties, Inc. to comply with the provisions of the Securities Exchange Act of 1934, as amended, and all requirements of the Securities and Exchange Commission in connection therewith, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Form 10-K and any and all amendments thereto.

Pursuant to the requirements of the Securities Exchange Act of 1934 this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ VICTOR J. COLEMAN **Victor J. Coleman**	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	February 16, 2024
/s/ HAROUT K. DIRAMERIAN **Harout K. Diramerian**	Chief Financial Officer (Principal Financial Officer)	February 16, 2024
/s/ THEODORE R. ANTENUCCI **Theodore R. Antenucci**	Director	February 16, 2024
/s/ EBS BURNOUGH **Ebs Burnough**	Director	February 16, 2024
/s/ JONATHAN M. GLASER **Jonathan M. Glaser**	Director	February 16, 2024
/s/ ROBERT L. HARRIS II **Robert L. Harris II**	Director	February 16, 2024
/s/ CHRISTY HAUBEGGER **Christy Haubegger**	Director	February 16, 2024
/s/ MARK D. LINEHAN **Mark D. Linehan**	Director	February 16, 2024
/s/ MICHAEL NASH **Michael Nash**	Director	February 16, 2024
/s/ BARRY SHOLEM **Barry Sholem**	Director	February 16, 2024
/s/ ANDREA L. WONG **Andrea L. Wong**	Director	February 16, 2024

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Hudson Pacific Properties, L.P. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HUDSON PACIFIC PROPERTIES, L.P.

February 16, 2024

/s/ VICTOR J. COLEMAN

VICTOR J. COLEMAN
Chief Executive Officer (Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below does hereby constitute and appoint Victor J. Coleman and Mark T. Lammas, and each of them singly, our true and lawful attorneys with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Form 10-K filed herewith and any and all amendments to said Form 10-K, and generally to do all such things in our names and in our capacities as officers and directors to enable Hudson Pacific Properties, Inc. as sole general partner and on behalf of Hudson Pacific Properties, L.P., to comply with the provisions of the Securities Exchange Act of 1934, as amended, and all requirements of the Securities and Exchange Commission in connection therewith, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Form 10-K and any and all amendments thereto.

Pursuant to the requirements of the Securities Exchange Act of 1934 this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ VICTOR J. COLEMAN **Victor J. Coleman**	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	February 16, 2024
/s/ HAROUT K. DIRAMERIAN **Harout K. Diramerian**	Chief Financial Officer (Principal Financial Officer)	February 16, 2024
/s/ THEODORE R. ANTENUCCI **Theodore R. Antenucci**	Director	February 16, 2024
/s/ EBS BURNOUGH **Ebs Burnough**	Director	February 16, 2024
/s/ JONATHAN M. GLASER **Jonathan M. Glaser**	Director	February 16, 2024
/s/ ROBERT L. HARRIS II **Robert L. Harris II**	Director	February 16, 2024
/s/ CHRISTY HAUBEGGER **Christy Haubegger**	Director	February 16, 2024
/s/ MARK D. LINEHAN **Mark D. Linehan**	Director	February 16, 2024
/s/ MICHAEL NASH **Michael Nash**	Director	February 16, 2024
/s/ BARRY SHOLEM **Barry Sholem**	Director	February 16, 2024
/s/ ANDREA L. WONG **Andrea L. Wong**	Director	February 16, 2024

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Report of Management on Internal Control over Financial Reporting

The management of Hudson Pacific Properties, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934.

Our system of internal control is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of our financial statements for external reporting purposes in accordance with United States generally accepted accounting principles. Our management, including the undersigned Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2023. In conducting its assessment, management used the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission on Internal Control—Integrated Framework (2013 Framework). Based on this assessment, management concluded that, as of December 31, 2023, our internal control over financial reporting was effective based on those criteria.

Management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures, or our internal controls will prevent all error and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefit of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

The effectiveness of our internal control over financial reporting as of December 31, 2023, has been audited by Ernst & Young LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this annual report, as stated in their report appearing on page F-2, which expresses an unqualified opinion on the effectiveness of our internal control over financial reporting as of December 31, 2023.

/S/ VICTOR J. COLEMAN

Victor J. Coleman
Chief Executive Officer and
Chairman of the Board of Directors

/S/ HAROUT K. DIRAMERIAN

Harout K. Diramerian
Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Hudson Pacific Properties, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Hudson Pacific Properties, Inc.'s internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Hudson Pacific Properties, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive (loss) income, equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and financial statement schedule listed in the Index at Item 15(a) and our report dated February 16, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Los Angeles, California
February 16, 2024

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Hudson Pacific Properties, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Hudson Pacific Properties, Inc. (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive (loss) income, equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 16, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment of investment in real estate

Description of the Matter	The Company's investment in real estate, net totaled $6.5 billion as of December 31, 2023. As discussed in Note 2 to the consolidated financial statements, the Company assesses for impairment on a real estate asset by real estate asset basis whenever events or changes in circumstances indicate that the carrying value of a real estate asset may not be recoverable. Impairment is recognized on real estate assets held for investment when indicators of impairment are present and the future undiscounted cash flows for a real estate asset are less than it's carrying amount, at which time the real estate asset is written down to its estimated fair value. The Company recognized impairment charges of $60 million during the year ended December 31, 2023. Auditing the Company's impairment assessment for real estate assets is challenging because of the subjective auditor judgment necessary in evaluating management's identification of indicators of potential impairment and the related assessment of the severity of such indicators, either individually or in combination, in determining whether a triggering event has occurred that requires the Company to evaluate the recoverability of the real estate asset. Additionally, auditing the Company's test for recoverability and measurement of impairment involves subjective auditor judgment in evaluating the reasonableness of management's selected assumptions used in estimating future cash flows and the fair value of the real estate asset.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's real estate asset impairment assessment process. For example, we tested controls over management's process for identifying and evaluating potential impairment indicators, review of the estimated future cash flows, and estimation of the fair value of the real estate asset. Our testing of the Company's impairment assessment included, among other procedures, evaluating significant judgments applied in determining whether indicators of impairment were present for any given real estate asset by obtaining evidence to corroborate such judgments and searching for evidence contrary to such judgments. For example, we searched for negative trends in property performance due to occupancy or cash flow changes, concentrations of significant upcoming lease expirations, and lease renegotiations or significant allowances for doubtful accounts for tenants that occupy a significant portion of a real estate asset. Additionally, we involved our valuation specialists in evaluating the reasonableness of management's selected assumptions in the Company's test for recoverability and measurement of impairment, if applicable, by utilizing independently identified external market sources. We also searched for contrary or corroborating evidence within other sources of the Company's data as it relates to the underlying assumptions.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2009.

Los Angeles, California
February 16, 2024

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

	December 31, 2023	December 31, 2022
ASSETS		
Investment in real estate, at cost	$ 8,212,896	$ 8,716,572
Accumulated depreciation and amortization	(1,728,437)	(1,541,271)
Investment in real estate, net	**6,484,459**	**7,175,301**
Non-real estate property, plant and equipment, net	118,783	130,289
Cash and cash equivalents	100,391	255,761
Restricted cash	18,765	29,970
Accounts receivable, net	24,609	16,820
Straight-line rent receivables, net	220,787	279,910
Deferred leasing costs and intangible assets, net	326,950	393,842
Operating lease right-of-use assets	376,306	401,051
Prepaid expenses and other assets, net	94,145	98,837
Investment in unconsolidated real estate entities	252,711	180,572
Goodwill	264,144	263,549
Assets associated with real estate held for sale	—	93,238
TOTAL ASSETS	**$ 8,282,050**	**$ 9,319,140**
LIABILITIES AND EQUITY		
Liabilities		
Unsecured and secured debt, net	$ 3,945,314	$ 4,585,862
Joint venture partner debt	66,136	66,136
Accounts payable, accrued liabilities and other	203,736	264,098
Operating lease liabilities	389,210	399,801
Intangible liabilities, net	27,751	34,091
Security deposits, prepaid rent and other	88,734	83,797
Liabilities associated with real estate held for sale	—	665
Total liabilities	**4,720,881**	**5,434,450**
Commitments and contingencies (Note 19)		
Redeemable preferred units of the operating partnership	9,815	9,815
Redeemable non-controlling interest in consolidated real estate entities	57,182	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 December 31, 2023 and 2022	425,000	425,000
Common stock, $0.01 par value, 481,600,000 authorized, 141,034,806 and 141,054,478 shares outstanding at December 31, 2023 and 2022, respectively	1,403	1,409
Additional paid-in capital	2,651,798	2,889,967
Accumulated other comprehensive loss	(187)	(11,272)
Total Hudson Pacific Properties, Inc. stockholders' equity	**3,078,014**	**3,305,104**
Non-controlling interest—members in consolidated real estate entities	335,439	377,756
Non-controlling interest—units in the operating partnership	80,719	66,971
Total equity	**3,494,172**	**3,749,831**
TOTAL LIABILITIES AND EQUITY	**$ 8,282,050**	**$ 9,319,140**

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

HUDSON PACIFIC PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share data)

	Year Ended December 31,		
	2023	**2022**	**2021**
REVENUES			
Office			
Rental	$ 797,095	$ 834,408	$ 782,736
Service and other revenues	15,280	18,292	12,634
Total office revenues	**812,375**	**852,700**	**795,370**
Studio			
Rental	59,276	59,672	49,985
Service and other revenues	80,646	113,852	51,480
Total studio revenues	**139,922**	**173,524**	**101,465**
Total revenues	**952,297**	**1,026,224**	**896,835**
OPERATING EXPENSES			
Office operating expenses	312,018	308,668	280,334
Studio operating expenses	138,447	105,150	55,513
General and administrative	74,958	79,501	71,346
Depreciation and amortization	397,846	373,219	343,614
Total operating expenses	**923,269**	**866,538**	**750,807**
OTHER INCOME (EXPENSES)			
(Loss) income from unconsolidated real estate entities	(3,902)	943	1,822
Fee income	6,181	7,972	3,221
Interest expense	(214,415)	(149,901)	(121,939)
Interest income	2,182	2,340	3,794
Management services reimbursement income—unconsolidated real estate entities	4,125	4,163	1,132
Management services expense—unconsolidated real estate entities	(4,125)	(4,163)	(1,132)
Transaction-related expenses	1,150	(14,356)	(8,911)
Unrealized (loss) gain on non-real estate investments	(3,120)	(1,440)	16,571
Gain (loss) on sale of real estate	103,202	(2,164)	—
Impairment loss	(60,158)	(28,548)	(2,762)
Gain (loss) on extinguishment of debt	10,000	—	(6,259)
Other (expense) income	(6)	8,951	(2,553)
Loss on sale of bonds	(34,046)	—	—
Total other expenses	**(192,932)**	**(176,203)**	**(117,016)**
(Loss) income before income tax provision	**(163,904)**	**(16,517)**	**29,012**
Income tax provision	(6,796)	—	—
Net (loss) income	**(170,700)**	**(16,517)**	**29,012**
Net income attributable to Series A preferred units	(612)	(612)	(612)
Net income attributable to Series C preferred shares	(20,188)	(20,431)	(2,281)
Net income attributable to participating securities	(850)	(1,194)	(1,090)
Net loss (income) attributable to non-controlling interest in consolidated real estate entities	9,331	(23,418)	(21,806)
Net (income) loss attributable to redeemable non-controlling interest in consolidated real estate entities	(12,520)	4,964	2,902
Net loss (income) attributable to common units in the operating partnership	3,358	709	(61)
NET (LOSS) INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	**$ (192,181)**	**$ (56,499)**	**$ 6,064**
BASIC AND DILUTED PER SHARE AMOUNTS			
Net (loss) income attributable to common stockholders—basic	$ (1.36)	$ (0.39)	$ 0.04
Net (loss) income attributable to common stockholders—diluted	$ (1.36)	$ (0.39)	$ 0.04
Weighted average shares of common stock outstanding—basic	140,953,088	143,732,433	151,618,282
Weighted average shares of common stock outstanding—diluted	140,953,088	143,732,433	151,943,360

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

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

	Year Ended December 31,		
	2023	**2022**	**2021**
Net (loss) income	$ (170,700)	$ (16,517)	$ 29,012
Currency translation adjustments	6,325	(12,375)	(1,064)
Net unrealized gains (losses) on derivative instruments:			
Unrealized gains	9,214	621	171
Reclassification adjustment for realized (gains) losses	(4,634)	2,097	7,360
Total net gains on derivative instruments:	**4,580**	**2,718**	**7,531**
Total other comprehensive income (loss)	**10,905**	**(9,657)**	**6,467**
Comprehensive (loss) income	**(159,795)**	**(26,174)**	**35,479**
Comprehensive income attributable to Series A preferred units	(612)	(612)	(612)
Comprehensive income attributable to Series C preferred stock	(20,188)	(20,431)	(2,281)
Comprehensive income attributable to participating securities	(850)	(1,194)	(1,090)
Comprehensive loss (income) attributable to non-controlling interest in consolidated real estate entities	9,824	(23,442)	(21,806)
Comprehensive (income) loss attributable to redeemable non-controlling interest in consolidated real estate	(12,520)	4,964	2,902
Comprehensive loss (income) attributable to non-controlling interest in the operating partnership	3,045	879	(156)
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	**$ (181,096)**	**$ (66,010)**	**$ 12,436**

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

HUDSON PACIFIC PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(in thousands, except share data)

	Hudson Pacific Properties, Inc. Stockholders' Equity						Non-controlling Interest		
	Series C Cumulative Redeemable Preferred Stock	**Shares of Common Stock**	**Stock Amount**	**Additional Paid-in Capital**	**(Accumulated Deficit) Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Units in the Operating Partnership**	**Members in Consolidated Real Estate Entities**	**Total Equity**
Balance, December 31, 2020	**$ —**	**151,401,365**	**$ 1,514**	**$ 3,469,758**	**$ —**	**$ (8,133)**	**$ 37,832**	**$ 467,009**	**$3,967,980**
Contributions	—	—	—	—	—	—	—	24,718	24,718
Distributions	—	—	—	—	—	—	—	(110,562)	(110,562)
Proceeds from sale of common stock, net of underwriters' discount and transaction costs		1,526,163	15	44,805	—	—	—	—	44,820
Transaction costs	—	—	—	(243)	—	—	—	—	(243)
Issuance of unrestricted stock	—	222,781	2	(2)	—	—	—	—	—
Issuance of Series C cumulative redeemable preferred stock	425,000	—	—	(11,993)	—	—	—	—	413,007
Shares withheld to satisfy tax withholding obligations	—	(90,843)	(1)	(2,205)	—	—	—	—	(2,206)
Repurchase of common stock	—	(1,934,923)	(19)	(46,118)	—	—	—	—	(46,137)
Declared dividend	(2,281)	—	—	(145,158)	(7,154)	—	(2,248)	—	(156,841)
Amortization of stock-based compensation	—	—	—	8,228	—	—	16,459	—	24,687
Net income	2,281	—	—	—	7,154	—	61	21,806	31,302
Other comprehensive income	—	—	—	—	—	6,372	95	—	6,467
Balance, December 31, 2021	**425,000**	**151,124,543**	**1,511**	**3,317,072**	**—**	**(1,761)**	**52,199**	**402,971**	**4,196,992**
Contributions	—	—	—	—	—	—	—	23,689	23,689
Distributions	—	—	—	—	—	—	—	(72,346)	(72,346)
Transaction costs	—	—	—	(573)	—	—	—	—	(573)
Issuance of unrestricted stock	—	234,741	2	(2)	—	—	—	—	—
Shares withheld to satisfy tax withholding obligations	—	(70,722)	(1)	(694)	—	—	—	—	(695)
Repurchase of common stock	—	(2,105,359)	(21)	(37,185)	—	—	—	—	(37,206)
Accelerated repurchase of common stock	—	(8,128,725)	(82)	(199,918)	—	—	—	—	(200,000)
Declared dividend	(20,431)	—	—	(198,016)	55,305	—	(2,716)	—	(165,858)
Amortization of stock-based compensation	—	—	—	9,283	—	—	18,367	—	27,650
Net income (loss)	20,431	—	—	—	(55,305)	—	(709)	23,418	(12,165)
Other comprehensive (loss) income	—	—	—	—	—	(9,511)	(170)	24	(9,657)
Balance, December 31, 2022	**425,000**	**141,054,478**	**1,409**	**2,889,967**	**—**	**(11,272)**	**66,971**	**377,756**	**3,749,831**
Contributions	—	—	—	—	—	—	—	26,480	26,480
Distributions	—	—	—	—	—	—	—	(58,973)	(58,973)
Issuance of unrestricted stock	—	232,358	1	(1)	—	—	—	—	—
Shares withheld to satisfy tax withholding obligations	—	(64,630)	(1)	(605)	—	—	—	—	(606)
Repurchase of common stock	—	(187,400)	(6)	(1,363)	—	—	—	—	(1,369)
Declared dividend	(20,188)		—	(244,552)	191,331	—	(1,739)	—	(75,148)
Amortization of stock-based compensation	—	—	—	8,352	—	—	18,532	—	26,884
Net income (loss)	20,188	—	—	—	(191,331)	—	(3,358)	(9,331)	(183,832)
Other comprehensive income (loss)	—	—	—	—	—	11,085	313	(493)	10,905
Balance, December 31, 2023	**$ 425,000**	**141,034,806**	**$ 1,403**	**$ 2,651,798**	**$ —**	**$ (187)**	**$ 80,719**	**$ 335,439**	**$3,494,172**

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

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

	Year Ended December 31,		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) income	$ (170,700)	$ (16,517)	$ 29,012
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	397,846	373,219	343,614
Non-cash interest expense	21,867	5,154	10,463
Amortization of stock-based compensation	23,863	24,296	21,163
Income (loss) from unconsolidated real estate entities	3,902	(943)	(1,822)
Unrealized loss (gain) on non-real estate investments	3,120	1,440	(16,571)
Straight-line rents	(701)	(38,508)	(21,895)
Straight-line rent expense	5,118	3,198	1,421
Amortization of above- and below-market leases, net	(6,235)	(8,032)	(11,415)
Amortization of above- and below-market ground lease, net	2,752	2,731	2,367
Amortization of lease incentive costs	1,115	1,545	1,885
Distribution of income from unconsolidated real estate entities	—	1,243	1,916
Impairment loss	60,158	28,548	2,762
Earnout liability fair value adjustment	(4,300)	1,757	—
(Gain) loss on sale of real estate	(103,202)	2,164	—
Loss on sale of bonds	34,046	—	—
Gain from insurance proceeds	—	(1,167)	—
Deferred tax provision	6,609	—	—
(Gain) loss on extinguishment of debt	(10,000)	—	6,259
Change in operating assets and liabilities:			
Accounts receivable	(5,678)	16,150	3,523
Deferred leasing costs and lease intangibles	(16,145)	(33,940)	(19,831)
Prepaid expenses and other assets	(10,321)	(2,240)	(32,669)
Accounts payable, accrued liabilities and other	(3,115)	11,718	(38)
Security deposits, prepaid rent and other	2,257	(2,315)	(5,281)
Net cash provided by operating activities	**232,256**	**369,501**	**314,863**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of real estate	843,021	137,709	—
Additions to investment property	(298,823)	(276,798)	(338,629)
Property acquisitions	—	(96,459)	(118,907)
Acquisitions of businesses	—	(199,098)	(209,854)
Maturities of U.S. Government securities	—	129,300	5,778
Contributions to non-real estate investments	(4,916)	(17,109)	(12,397)
Distributions from non-real estate investments	—	1,492	53
Proceeds from sale of non-real estate investment	503	—	—
Distributions from unconsolidated real estate entities	2,528	1,875	1,654
Contributions to unconsolidated real estate entities	(68,732)	(40,081)	(75,585)
Additions to non-real estate property, plant and equipment	(5,740)	(20,209)	(6,321)
Insurance proceeds for damaged property, plant and equipment	—	1,284	—
Net cash provided by (used in) investing activities	**467,841**	**(378,094)**	**(754,208)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from unsecured and secured debt	382,356	1,197,556	1,450,500
Payments of unsecured and secured debt	(1,203,632)	(515,000)	(1,117,903)
Payments of in-substance defeased debt	—	(128,212)	(3,494)
Proceeds from sale of common stock	—	—	44,974
Proceeds from issuance of Series C cumulative redeemable preferred stock	—	—	413,007
Transaction costs	—	(573)	(397)
Repurchases of common stock	(1,369)	(37,206)	(46,137)
Accelerated share repurchase	—	(200,000)	—
Dividends paid to common stock and unitholders	(54,960)	(145,427)	(154,560)
Dividends paid to preferred stock and unitholders	(20,800)	(23,324)	(612)
Contributions from redeemable non-controlling members in consolidated real estate entities	2,025	575	4,493
Distributions to redeemable non-controlling members in consolidated real estate entities	(82,407)	(16)	(16)
Contributions from non-controlling members in consolidated real estate entities	26,480	23,689	24,718
Distributions to non-controlling members in consolidated real estate entities	(58,973)	(72,346)	(110,562)
Proceeds from sale of bonds	145,535	—	—
Payments to satisfy tax withholding obligations	(88)	(695)	(2,206)
Payment of loan costs	(839)	(1,573)	(15,124)
Net cash (used in) provided by financing activities	**(866,672)**	**97,448**	**486,681**
Net (decrease) increase in cash and cash equivalents and restricted cash	(166,575)	88,855	47,336
Cash and cash equivalents and restricted cash—beginning of period	285,731	196,876	149,540
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—END OF PERIOD	**$ 119,156**	**$ 285,731**	**$ 196,876**

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

Report of Independent Registered Public Accounting Firm

To the Partners of Hudson Pacific Properties, L.P.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Hudson Pacific Properties, L.P. (the "Operating Partnership") as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive (loss) income, capital and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Operating Partnership at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Operating Partnership's management. Our responsibility is to express an opinion on the Operating Partnership's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Operating Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Operating Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Operating Partnership's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment of investment in real estate

Description of the Matter	The Company's investment in real estate, net totaled $6.5 billion as of December 31, 2023. As discussed in Note 2 to the consolidated financial statements, the Company assesses for impairment on a real estate asset by real estate asset basis whenever events or changes in circumstances indicate that the carrying value of a real estate asset may not be recoverable. Impairment is recognized on real estate assets held for investment when indicators of impairment are present and the future undiscounted cash flows for a real estate asset are less than it's carrying amount, at which time the real estate asset is written down to its estimated fair value. The Company recognized impairment charges of $60 million during the year ended December 31, 2023. Auditing the Company's impairment assessment for real estate assets is challenging because of the subjective auditor judgment necessary in evaluating management's identification of indicators of potential impairment and the related assessment of the severity of such indicators, either individually or in combination, in determining whether a triggering event has occurred that requires the Company to evaluate the recoverability of the real estate asset. Additionally, auditing the Company's test for recoverability and measurement of impairment involves subjective auditor judgment in evaluating the reasonableness of management's selected assumptions used in estimating future cash flows and the fair value of the real estate asset.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's real estate asset impairment assessment process. For example, we tested controls over management's process for identifying and evaluating potential impairment indicators, review of the estimated future cash flows, and estimation of the fair value of the real estate asset. Our testing of the Company's impairment assessment included, among other procedures, evaluating significant judgments applied in determining whether indicators of impairment were present for any given real estate asset by obtaining evidence to corroborate such judgments and searching for evidence contrary to such judgments. For example, we searched for negative trends in property performance due to occupancy or cash flow changes, concentrations of significant upcoming lease expirations, and lease renegotiations or significant allowances for doubtful accounts for tenants that occupy a significant portion of a real estate asset. Additionally, we involved our valuation specialists in evaluating the reasonableness of management's selected assumptions in the Company's test for recoverability and measurement of impairment, if applicable, by utilizing independently identified external market sources. We also searched for contrary or corroborating evidence within other sources of the Company's data as it relates to the underlying assumptions.

/s/ Ernst & Young LLP

We have served as the Operating Partnership's auditor since 2015.

Los Angeles, California
February 16, 2024

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

	December 31, 2023	December 31, 2022
ASSETS		
Investment in real estate, at cost	$ 8,212,896	$ 8,716,572
Accumulated depreciation and amortization	(1,728,437)	(1,541,271)
Investment in real estate, net	**6,484,459**	**7,175,301**
Non-real estate property, plant and equipment, net	118,783	130,289
Cash and cash equivalents	100,391	255,761
Restricted cash	18,765	29,970
Accounts receivable, net	24,609	16,820
Straight-line rent receivables, net	220,787	279,910
Deferred leasing costs and intangible assets, net	326,950	393,842
Operating lease right-of-use assets	376,306	401,051
Prepaid expenses and other assets, net	94,145	98,837
Investment in unconsolidated real estate entities	252,711	180,572
Goodwill	264,144	263,549
Assets associated with real estate held for sale	—	93,238
TOTAL ASSETS	**$ 8,282,050**	**$ 9,319,140**
LIABILITIES AND CAPITAL		
Liabilities		
Unsecured and secured debt, net	$ 3,945,314	$ 4,585,862
Joint venture partner debt	66,136	66,136
Accounts payable, accrued liabilities and other	203,736	264,098
Operating lease liabilities	389,210	399,801
Intangible liabilities, net	27,751	34,091
Security deposits, prepaid rent and other	88,734	83,797
Liabilities associated with real estate held for sale	—	665
Total liabilities	**4,720,881**	**5,434,450**
Commitments and contingencies (Note 19)		
Redeemable preferred units of the operating partnership	9,815	9,815
Redeemable non-controlling interest in consolidated real estate entities	57,182	125,044
Capital		
Hudson Pacific Properties, L.P. partners' capital:		
4.750% Series C cumulative redeemable preferred units, $25.00 per unit liquidation preference, 17,000,000 units outstanding at December 31, 2023 and 2022	425,000	425,000
Common units, 143,845,239 and 143,246,320 outstanding at December 31, 2023 and 2022, respectively	2,733,795	2,958,535
Accumulated other comprehensive loss	(62)	(11,460)
Total Hudson Pacific Properties, L.P. partners' capital	**3,158,733**	**3,372,075**
Non-controlling interest—members in consolidated real estate entities	335,439	377,756
Total capital	**3,494,172**	**3,749,831**
TOTAL LIABILITIES AND CAPITAL	**$ 8,282,050**	**$ 9,319,140**

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

HUDSON PACIFIC PROPERTIES, L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share data)

	Year Ended December 31,		
	2023	**2022**	**2021**
REVENUES			
Office			
Rental	$ 797,095	$ 834,408	$ 782,736
Service and other revenues	15,280	18,292	12,634
Total office revenues	**812,375**	**852,700**	**795,370**
Studio			
Rental	59,276	59,672	49,985
Service and other revenues	80,646	113,852	51,480
Total studio revenues	**139,922**	**173,524**	**101,465**
Total revenues	**952,297**	**1,026,224**	**896,835**
OPERATING EXPENSES			
Office operating expenses	312,018	308,668	280,334
Studio operating expenses	138,447	105,150	55,513
General and administrative	74,958	79,501	71,346
Depreciation and amortization	397,846	373,219	343,614
Total operating expenses	**923,269**	**866,538**	**750,807**
OTHER INCOME (EXPENSES)			
(Loss) income from unconsolidated real estate entities	(3,902)	943	1,822
Fee income	6,181	7,972	3,221
Interest expense	(214,415)	(149,901)	(121,939)
Interest income	2,182	2,340	3,794
Management services reimbursement income—unconsolidated real estate entities	4,125	4,163	1,132
Management services expense—unconsolidated real estate entities	(4,125)	(4,163)	(1,132)
Transaction-related expenses	1,150	(14,356)	(8,911)
Unrealized (loss) gain on non-real estate investments	(3,120)	(1,440)	16,571
Gain (loss) on sale of real estate	103,202	(2,164)	—
Impairment loss	(60,158)	(28,548)	(2,762)
Gain (loss) on extinguishment of debt	10,000	—	(6,259)
Other (expense) income	(6)	8,951	(2,553)
Loss on sale of bonds	(34,046)	—	—
Total other expenses	**(192,932)**	**(176,203)**	**(117,016)**
(Loss) income before income tax provision	**(163,904)**	**(16,517)**	**29,012**
Income tax provision	(6,796)	—	—
Net (loss) income	**(170,700)**	**(16,517)**	**29,012**
Net loss (income) attributable to non-controlling interest in consolidated real estate entities	9,331	(23,418)	(21,806)
Net (income) loss attributable to redeemable non-controlling interest in consolidated real estate entities	(12,520)	4,964	2,902
Net (loss) income attributable to Hudson Pacific Properties, L.P.	**(173,889)**	**(34,971)**	**10,108**
Net income attributable to Series A preferred units	(612)	(612)	(612)
Net income attributable to Series C preferred units	(20,188)	(20,431)	(2,281)
Net income attributable to participating securities	(850)	(1,194)	(1,090)
NET (LOSS) INCOME AVAILABLE TO COMMON UNITHOLDERS	**$ (195,539)**	**$ (57,208)**	**$ 6,125**
BASIC AND DILUTED PER UNIT AMOUNTS			
Net (loss) income attributable to common unitholders—basic	$ (1.36)	$ (0.39)	$ 0.04
Net (loss) income attributable to common unitholders—diluted	$ (1.36)	$ (0.39)	$ 0.04
Weighted average shares of common units outstanding—basic	143,421,154	145,580,928	153,007,287
Weighted average shares of common units outstanding—diluted	143,421,154	145,580,928	153,332,365

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

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

	Year Ended December 31,		
	2023	**2022**	**2021**
Net (loss) income	$ (170,700)	$ (16,517)	$ 29,012
Currency translation adjustments	6,325	(12,375)	(1,064)
Net gains (losses) on derivative instruments:			
Unrealized gains	9,214	621	171
Reclassification adjustment for realized (gains) losses	(4,634)	2,097	7,360
Total net gains on derivative instruments:	**4,580**	**2,718**	**7,531**
Total other comprehensive income (loss)	**10,905**	**(9,657)**	**6,467**
Comprehensive (loss) income	**(159,795)**	**(26,174)**	**35,479**
Comprehensive income attributable to Series A preferred units	(612)	(612)	(612)
Comprehensive income attributable to Series C preferred units	(20,188)	(20,431)	(2,281)
Comprehensive income attributable to participating securities	(850)	(1,194)	(1,090)
Comprehensive loss (income) attributable to non-controlling interest in consolidated real estate entities	9,824	(23,442)	(21,806)
Comprehensive (income) loss attributable to redeemable non-controlling interest in consolidated real estate entities	(12,520)	4,964	2,902
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO PARTNERS' CAPITAL	**$ (184,141)**	**$ (66,889)**	**$ 12,592**

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

HUDSON PACIFIC PROPERTIES, L.P.
CONSOLIDATED STATEMENTS OF CAPITAL
(in thousands, except share data)

	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, December 31, 2020	**$ —**	**152,722,448**	**$ 3,509,217**	**$ (8,246)**	**$ 3,500,971**	**$ 467,009**	**$ 3,967,980**
Contributions	—	—	—	—	—	24,718	24,718
Distributions	—	—	—	—	—	(110,562)	(110,562)
Proceeds from sale of common units, net of underwriters' discount and transaction costs	—	1,526,163	44,820	—	44,820	—	44,820
Transaction costs	—	—	(243)	—	(243)	—	(243)
Issuance of unrestricted units	—	744,596	—	—	—	—	—
Issuance of Series C cumulative redeemable preferred units	425,000	—	(11,993)	—	413,007	—	413,007
Units withheld to satisfy tax withholding obligations	—	(90,843)	(2,206)	—	(2,206)	—	(2,206)
Repurchase of common units	—	(1,934,923)	(46,137)	—	(46,137)	—	(46,137)
Declared distributions	(2,281)	—	(154,560)	—	(156,841)	—	(156,841)
Amortization of unit-based compensation	—	—	24,687	—	24,687	—	24,687
Net income	2,281	—	7,215	—	9,496	21,806	31,302
Other comprehensive income	—	—	—	6,467	6,467	—	6,467
Balance, December 31, 2021	**425,000**	**152,967,441**	**3,370,800**	**(1,779)**	**3,794,021**	**402,971**	**4,196,992**
Contributions	—	—	—	—	—	23,689	23,689
Distributions	—	—	—	—	—	(72,346)	(72,346)
Transaction costs	—	—	(573)	—	(573)	—	(573)
Issuance of unrestricted units	—	583,685	—	—	—	—	—
Units withheld to satisfy tax withholding obligations	—	(70,722)	(695)	—	(695)	—	(695)
Repurchase of common units	—	(10,234,084)	(237,206)	—	(237,206)	—	(237,206)
Declared distributions	(20,431)	—	(145,427)	—	(165,858)	—	(165,858)
Amortization of unit-based compensation	—	—	27,650	—	27,650	—	27,650
Net income (loss)	20,431	—	(56,014)	—	(35,583)	23,418	(12,165)
Other comprehensive (loss) income	—	—	—	(9,681)	(9,681)	24	(9,657)
Balance, December 31, 2022	**425,000**	**143,246,320**	**2,958,535**	**(11,460)**	**3,372,075**	**377,756**	**3,749,831**
Contributions	—	—	—	—	—	26,480	26,480
Distributions	—	—	—	—	—	(58,973)	(58,973)
Issuance of unrestricted units	—	850,949	—	—	—	—	—
Units withheld to satisfy tax withholding obligations	—	(64,630)	(606)	—	(606)	—	(606)
Repurchase of common units	—	(187,400)	(1,369)	—	(1,369)	—	(1,369)
Declared distributions	(20,188)	—	(54,960)	—	(75,148)	—	(75,148)
Amortization of unit-based compensation	—	—	26,884	—	26,884	—	26,884
Net income (loss)	20,188	—	(194,689)	—	(174,501)	(9,331)	(183,832)
Other comprehensive income (loss)	—	—	—	11,398	11,398	(493)	10,905
Balance, December 31, 2023	**$ 425,000**	**143,845,239**	**$ 2,733,795**	**$ (62)**	**$ 3,158,733**	**$ 335,439**	**$ 3,494,172**

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

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

	Year Ended December 31,		
	2023	**2022**	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) income	$ (170,700)	$ (16,517)	$ 29,012
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	397,846	373,219	343,614
Non-cash interest expense	21,867	5,154	10,463
Amortization of unit-based compensation	23,863	24,296	21,163
Income (loss) from unconsolidated real estate entities	3,902	(943)	(1,822)
Unrealized loss (gain) on non-real estate investments	3,120	1,440	(16,571)
Straight-line rents	(701)	(38,508)	(21,895)
Straight-line rent expense	5,118	3,198	1,421
Amortization of above- and below-market leases, net	(6,235)	(8,032)	(11,415)
Amortization of above- and below-market ground lease, net	2,752	2,731	2,367
Amortization of lease incentive costs	1,115	1,545	1,885
Distribution of income from unconsolidated real estate entities	—	1,243	1,916
Impairment loss	60,158	28,548	2,762
Earnout liability fair value adjustment	(4,300)	1,757	—
(Gain) loss on sale of real estate	(103,202)	2,164	—
Loss on sale of bonds	34,046	—	—
Gain from insurance proceeds	—	(1,167)	—
Deferred tax provision	6,609	—	—
(Gain) loss on extinguishment of debt	(10,000)	—	6,259
Change in operating assets and liabilities:			
Accounts receivable	(5,678)	16,150	3,523
Deferred leasing costs and lease intangibles	(16,145)	(33,940)	(19,831)
Prepaid expenses and other assets	(10,321)	(2,240)	(32,669)
Accounts payable, accrued liabilities and other	(3,115)	11,718	(38)
Security deposits, prepaid rent and other	2,257	(2,315)	(5,281)
Net cash provided by operating activities	**232,256**	**369,501**	**314,863**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of real estate	843,021	137,709	—
Additions to investment property	(298,823)	(276,798)	(338,629)
Property acquisitions	—	(96,459)	(118,907)
Acquisitions of businesses	—	(199,098)	(209,854)
Maturities of U.S. Government securities	—	129,300	5,778
Contributions to non-real estate investments	(4,916)	(17,109)	(12,397)
Distributions from non-real estate investments	—	1,492	53
Proceeds from sale of non-real estate investment	503	—	—
Distributions from unconsolidated real estate entities	2,528	1,875	1,654
Contributions to unconsolidated real estate entities	(68,732)	(40,081)	(75,585)
Additions to non-real estate property, plant and equipment	(5,740)	(20,209)	(6,321)
Insurance proceeds for damaged property, plant and equipment	—	1,284	—
Net cash provided by (used in) investing activities	**467,841**	**(378,094)**	**(754,208)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from unsecured and secured debt	382,356	1,197,556	1,450,500
Payments of unsecured and secured debt	(1,203,632)	(515,000)	(1,117,903)
Payments of in-substance defeased debt	—	(128,212)	(3,494)
Proceeds from joint venture partner debt	—	—	—
Proceeds from sale of common stock	—	—	44,974
Proceeds from issuance of Series C cumulative redeemable preferred units	—	—	413,007
Transaction costs	—	(573)	(397)
Repurchase of common units	(1,369)	(237,206)	(46,137)
Distributions paid to common unitholders	(54,960)	(145,427)	(154,560)
Distributions paid to preferred unitholders	(20,800)	(23,324)	(612)
Contributions from redeemable non-controlling members in consolidated real estate entities	2,025	575	4,493
Distributions to redeemable non-controlling members in consolidated real estate entities	(82,407)	(16)	(16)
Contributions from non-controlling members in consolidated real estate entities	26,480	23,689	24,718
Distributions to non-controlling members in consolidated real estate entities	(58,973)	(72,346)	(110,562)
Proceeds from sale of bonds	145,535	—	—
Payments to satisfy tax withholding obligations	(88)	(695)	(2,206)
Payment of loan costs	(839)	(1,573)	(15,124)
Net cash (used in) provided by financing activities	**(866,672)**	**97,448**	**486,681**
Net (decrease) increase in cash and cash equivalents and restricted cash	(166,575)	88,855	47,336
Cash and cash equivalents and restricted cash—beginning of period	285,731	196,876	149,540
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—END OF PERIOD	**$ 119,156**	**$ 285,731**	**$ 196,876**

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

(Tabular amounts in thousands, except square footage and share/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 following table summarizes the Company's portfolio as of December 31, 2023:

Segments	Number of Properties	Square Feet (unaudited)
Consolidated portfolio		
Office	45	13,131,277
Studio	3	1,256,522
Future development	5	1,616,242
Total consolidated portfolio	**53**	**16,004,041**
Unconsolidated portfolio[1]		
Office[2]	1	1,521,084
Studio[3]	2	473,000
Future development[4]	2	1,617,347
Total unconsolidated portfolio	**5**	**3,611,431**
TOTAL	**58**	**19,615,472**

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.

Concentrations

As of December 31, 2023, the Company's office properties were located in Los Angeles, the San Francisco Bay Area, Seattle, and Vancouver, British Columbia. The Company's owned studio properties were primarily located in Los Angeles and New York. 68.9% of the square feet in the Company's consolidated and unconsolidated portfolio is located in California, which exposes the Company to greater economic risks than if it owned a more geographically dispersed portfolio.

A significant portion of the Company's rental revenue is derived from tenants in the technology and media and entertainment industries. As of December 31, 2023, approximately 21.4% and 17.1% of consolidated and unconsolidated rentable square feet, excluding our under construction and future development pipeline, were related to the tenants in the technology and media and entertainment industries, respectively.

As of December 31, 2023, the Company's 15 largest tenants represented approximately 22.6% of consolidated and unconsolidated rentable square feet. No single tenant accounted for more than 10%.

For the year ended December 31, 2023, Google, Inc. represented 14.3% of the Company's revenue for the office segment and Netflix, Inc. represented 20.0% of the Company's revenue for the studio segment.

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"). Any references to the number of properties, acres and square footage are unaudited and outside the scope of the Company's independent registered public accounting firm's audit of the Company's financial statements in accordance with the standards of the United States Public Company Accounting Oversight Board ("PCAOB").

(Tables in thousands, except square footage and share data)

The Company has reclassified a gain on derivatives of $8.7 million from gain on derivatives to non-cash interest expense on the Consolidated Statement of Cash Flows for the year ended December 31, 2022 to conform to the presentation for the year ended December 31, 2023.

Principles of Consolidation

The 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 December 31, 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.

Consolidated Joint Ventures

As of December 31, 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	None[(1)]	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[(2)]	51.0 %
Sunset Studios Holdings, LLC	EPIC	51.0 %
Hudson Media and Entertainment Management, LLC	None[(3)]	51.0 %
Hudson 6040 Sunset, LLC	6040 Sunset	51.0 %
Hudson 1918 Eighth, L.P.	1918 Eighth	55.0 %

1. HPP-MAC WSP, LLC owned 100% of the One Westside and Westside Two properties prior to their sale in December 2023.

2. 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.
3. 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 December 31, 2023 and 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 December 31, 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.

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 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.

Acquisitions

The Company evaluates each acquisition to determine if the integrated set of assets and activities acquired meets the definition of a business and needs to be accounted for as a business combination in accordance with ASC 805, *Business Combinations*. An integrated set of assets and activities would fail to qualify as a business if either (i) substantially all of the fair value of the gross assets acquired is concentrated in either a single identifiable asset or a group of similar identifiable assets or (ii) the integrated set of assets and activities is lacking, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs (i.e., revenue generated before and after the transaction).

Acquisitions of real estate will generally not meet the definition of a business because substantially all of the fair value is concentrated in a single identifiable asset or group of similar identifiable assets (i.e., land, buildings and improvements and related intangible assets or liabilities) or because the acquisition does not include a substantive process in the form of an acquired workforce or an acquired contract that cannot be replaced without significant cost, effort or delay.

When the Company acquires properties that are considered asset acquisitions, the purchase price is allocated based on relative fair value of the assets acquired and liabilities assumed. There is no measurement period concept for asset acquisitions, with the purchase price accounting being final in the period of acquisition. Additionally, acquisition-related expenses associated with asset acquisitions are capitalized as part of the purchase price.

The Company assesses fair value based on Level 2 and Level 3 inputs within the fair value framework, which includes estimated cash flow projections that utilize appropriate discount, capitalization rates, renewal probability and available market information, which includes market rental rate and market rent growth rates. Estimates of future cash flows are based on a number of factors, including historical operating results, known and anticipated trends, and market and economic conditions.

The fair value of tangible assets of an acquired property considers the value of the property as if it were vacant. The fair values of acquired "above- and below-" market leases are based on the estimated cash flow projections utilizing discount rates that reflect the risks associated with the leases acquired. The amount recorded is based on the present value of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the initial term plus the extended below-market term for any leases with below-market renewal options. Other intangible assets acquired include amounts for in-place lease values that are based on the Company's evaluation of the specific characteristics of each tenant's lease. Factors considered include estimates of carrying costs during hypothetical expected lease-up periods, market conditions and costs to execute similar leases. In estimating carrying costs, the Company includes estimates of lost rents at market rates during the hypothetical expected lease-up periods, which are dependent on local market conditions. In estimating costs to execute similar leases, the Company considers commissions, legal and other leasing-related costs. The fair value of debt assumed is based on the estimated cash flow projections utilizing interest rates available for the issuance of debt with similar terms and remaining maturities.

Business Combinations

From time to time, we may enter into business combinations. In accordance with ASC 805, *Business Combinations*, 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. Acquired intangible assets are valued using different methods under the income approach, including the excess earnings method for customer relationships, the relief-from-royalty method for trade names, and the lost profits method for non-compete agreements. The fair values of acquired "above- and below-" market leases are estimated based on the present value of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the initial term plus the extended below-market term for any leases with below-market renewal options. Acquired property, plant and equipment is valued using the cost approach, including consideration of reproduction or replacement costs, economic depreciation and obsolescence. We measure goodwill as the excess of consideration transferred over the net of the acquisition date fair values of the identifiable assets acquired and liabilities assumed. Goodwill is assigned to each reporting unit that is expected to benefit from the synergies of the business combination. Acquisition-related expenses and transaction costs associated with business combinations are expensed in the period incurred which is included in the transaction-related expenses line item of the Consolidated Statements of Operations.

The acquisition method of accounting requires us to make significant estimates and assumptions regarding the fair value of the identifiable assets and liabilities of the acquired entity on the acquisition date. The Company estimates the fair value using observable inputs classified as Level 2 and unobservable inputs classified as Level 3 of the fair value hierarchy. Significant estimates and assumptions include subjective and/or complex judgments regarding items such as revenue growth rates, long-term growth rates, discount rates, customer retention rates, royalty rates, market rental rates and other factors, including estimating future cash flows that we expect to generate from the acquired assets.

The acquisition method of accounting also requires us to refine these estimates over a measurement period not to exceed one year to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. If we are required to adjust provisional amounts that we have recorded for the fair values of assets and liabilities in connection with acquisitions, these adjustments could have a material impact on our financial condition and results of operations. If the subsequent actual results and updated projections of the underlying business activity change compared with the assumptions and projections used to develop these values, we could record future impairment charges.

(Tables in thousands, except square footage and share data)

Investment in Real Estate Properties

Cost Capitalization

The Company capitalizes costs associated with development and redevelopment activities, capital improvements, tenant improvements and leasing activity. Costs associated with development and redevelopment that are capitalized include interest, property taxes, insurance and other costs directly related and essential to the acquisition, development or construction of a real estate project. Indirect development costs, including salaries and benefits, office rent, and associated costs for those individuals directly responsible for and who spend their time on development activities are also capitalized and allocated to the projects to which they relate. Construction and development costs are capitalized while substantial activities are ongoing to prepare an asset for its intended use. The Company considers a construction project as substantially complete and held available for occupancy upon the completion of tenant improvements but no later than one year after cessation of major construction activity. Costs incurred after a project is substantially complete and ready for its intended use, or after development activities have ceased, are expensed as they are incurred. Costs previously capitalized that related to abandoned acquisitions or developments are charged to earnings. Expenditures for repairs and maintenance are expensed as they are incurred.

The Company recognized the following capitalized costs associated with development and redevelopment activities:

	Year Ended December 31,		
	2023	2022	2021
Capitalized personnel costs	$ 16,496	$ 18,098	$ 16,728
Capitalized interest	$ 32,253	$ 18,031	$ 21,689

Operating Properties

The properties are generally carried at cost, less accumulated depreciation and amortization. The Company computes depreciation and amortization using the straight-line method over the estimated useful lives of the assets as represented in the table below:

Asset Description	Estimated Useful Life (Years)
Building and improvements	Shorter of the ground lease term or 39
Land improvements	15
Furniture and fixtures	5 to 7
Tenant and leasehold improvements	Shorter of the estimated useful life or the lease term

The Company amortizes above- and below-market lease intangibles over the remaining non-cancellable lease terms and bargain renewal periods, if applicable. The in-place lease intangibles are amortized over the remaining non-cancellable lease term. When tenants vacate prior to the expiration of a lease, the amortization of intangible assets and liabilities is accelerated. The Company amortizes above- and below-market ground lease intangibles over the remaining non-cancellable lease terms.

Held for Sale

The Company classifies properties as held for sale when certain criteria set forth in ASC 360, *Property, Plant, and Equipment*, are met. These criteria include (i) whether the Company is committed to a plan to sell, (ii) whether the asset or disposal group is available for immediate sale, (iii) whether an active program to locate a buyer and other actions required to complete the plan to sell have been initiated, (iv) whether the sale of the asset or disposal group is probable (i.e., likely to occur) and the transfer is expected to qualify for recognition as a completed sale within one year, (v) whether the long-lived asset or disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value, (vi) whether actions necessary to complete the plan indicate that it is unlikely significant changes to the plan will be made or that the plan will be withdrawn. At the time a property is classified as held for sale, the Company reclassifies its assets and liabilities to held for sale on the Consolidated Balance Sheets for all periods presented and ceases recognizing depreciation expense.

Properties held for sale are reported at the lower of their carrying value or their estimated fair value, less estimated costs to sell. The estimated fair value is generally based on a purchase and sale agreement, letter of intent, or a broker estimated value of the property. The Company will recognize an impairment loss on real estate assets held for sale when the carrying value is greater than the fair value, which is based on the estimated sales price of the property, which is classified within Level 2 of the fair value hierarchy.

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 Level 2 inputs.

According to ASC 205, *Presentation of Financial Statements*, the Company does not present the operating results in net loss from discontinued operations for disposals if they do not represent a strategic shift in the Company's business. There were no discontinued operations for the years ended December 31, 2023, 2022 and 2021.

Impairment of Long-Lived Assets

The Company assesses the carrying value of real estate assets and related intangibles for impairment on a quarterly basis and whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable over the life of the asset or its intended holding period. We evaluate our real estate assets for impairment on a property-by-property basis. Indicators we consider to determine whether an impairment evaluation is necessary include, but are not limited to, deterioration in operating cash flows, low occupancy levels, significant near-term lease expirations, default or bankruptcy by a significant tenant and expectations that, more likely than not, a property will be sold or otherwise disposed of before the end of its previously estimated useful life or hold period.

If impairment indicators are present for a specific real estate asset, we perform a recoverability test by comparing the carrying value of the asset group to the asset group's estimated undiscounted future cash flows over the anticipated hold period. If the carrying value exceeds the estimated undiscounted future cash flows, we then compare the carrying value to the asset group's estimated fair value and recognize an impairment loss for the amount by which the carrying value exceeds the fair value. The future cash flows utilized in the evaluation of recoverability and the measurement of fair value are highly subjective and are based on assumptions regarding anticipated hold periods, future occupancy, future rental rates, future capital requirements, discount rates and capitalization rates, which are considered Level 2 and Level 3 inputs within the fair value hierarchy. 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 the undiscounted future cash flows and fair value of an asset group.

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 Studio reporting unit consists of the Zio Entertainment Network, LLC ("Zio") and Star Waggons, LLC ("Star Waggons") businesses acquired during the year ended December 31, 2021 and the Quixote Studios, LLC ("Quixote") business acquired during the year ended December 31, 2022. The assessment of goodwill for impairment may initially be performed based on qualitative factors to determine if it is more likely than not that the fair value of the reporting unit is less than its carrying value, including goodwill. If so, a quantitative assessment is performed, and to the extent the carrying value of the reporting unit exceeds its fair value, impairment is recognized 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.

(Tables in thousands, except square footage and share data)

As of December 31, 2023, December 31, 2022, and December 31, 2021, the carrying value of goodwill was $264.1 million, $263.5 million and $109.4 million, respectively. During the year ended December 31, 2022, the carrying value of goodwill increased by $154.1 million primarily due to the acquisition of Quixote. No impairment resulted during the years ended December 31, 2023, 2022 and 2021.

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

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents are defined as cash on hand and in banks, plus all short-term investments with a maturity of three months or less when purchased. Restricted cash primarily consists of amounts held by lenders to fund reserves such as capital improvements, taxes, insurance, debt service and operating expenditures.

The Company maintains some of its cash in bank deposit accounts that, at times, may exceed the federally insured limit. No losses have been experienced related to such accounts.

The following table provides a reconciliation of cash and cash equivalents and restricted cash at the beginning and end of the periods presented:

	December 31,		
	2023	**2022**	**2021**
BEGINNING OF THE PERIOD			
Cash and cash equivalents	$ 255,761	$ 96,555	$ 113,686
Restricted cash	29,970	100,321	35,854
TOTAL	**$ 285,731**	**$ 196,876**	**$ 149,540**
END OF THE PERIOD			
Cash and cash equivalents	$ 100,391	$ 255,761	$ 96,555
Restricted cash	18,765	29,970	100,321
TOTAL	**$ 119,156**	**$ 285,731**	**$ 196,876**

Receivables

The Company accounts for receivables related to rental revenues according to Accounting Standards Codification ("ASC") 842, *Leases* ("ASC 842"). The guidance requires the Company to assess, at lease commencement and subsequently, collectability of future lease payments from its tenants. If the Company determines collectability is not probable, it recognizes an adjustment to lower income from rentals. For amounts deemed probable of collection, the Company may also record an allowance under other authoritative GAAP based on the evaluation of individual receivables, including specific credit enhancements and other relevant factors.

Accounts Receivable, net

As of December 31, 2023, accounts receivable was $25.0 million and there was a $0.4 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.

(Tables in thousands, except square footage and share data)

Straight-line Rent Receivables, net

As of December 31, 2023, straight-line rent receivables was $220.8 million and there was a 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.

Prepaid Expenses and Other Assets, net

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

	December 31, 2023	December 31, 2022
Non-real estate investments	$ 48,581	$ 47,329
Deferred tax assets	2,412	5,317
Interest rate derivative assets	6,441	9,292
Prepaid insurance	10,611	6,530
Deferred financing costs, net	4,316	5,824
Prepaid property tax	2,075	2,041
Stock purchase warrant	—	95
Other	19,709	22,409
PREPAID EXPENSES AND OTHER ASSETS, NET	**$ 94,145**	**$ 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) gain on non-real estate investments on the Consolidated Statements of Operations. The Company recognized a net unrealized loss of $3.0 million, a net unrealized gain of $0.2 million and a net unrealized gain of $14.9 million for the years ended December 31, 2023, 2022 and 2021, respectively, due to the observable changes in fair value. Over the life of the investments, the Company has recognized a net unrealized gain of $10.8 million due to the observable changes in fair value.

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) gain on non-real estate investments on the Consolidated Statements of Operations. The Company recognized an unrealized loss of $0.1 million, an unrealized loss of $1.6 million and an unrealized gain of $1.7 million for the years ended December 31, 2023, 2022 and 2021, respectively, due to the observable changes in fair value.

Lease Accounting

The Company accounts for its leases under ASC 842, which requires companies to identify lease and non-lease components of a lease agreement. Lease components relate to the right to use the leased asset whereas non-lease components relate to payments for goods or services that are transferred separately from the right to use the underlying asset.

For lessors, the guidance provides for a practical expedient, by class of underlying asset, to elect a combined single lease component presentation if (i) the timing and pattern of the transfer of the combined single lease component is the same, and (ii) the related lease component, if accounted for separately, would be classified as an operating lease. The practical expedient was elected only for the Company's leases related to the office properties. For the Company's studio properties, the timing and pattern of the transfer of the lease components and non-lease components for studio properties are not the same and therefore the Company did not elect this practical expedient for the Company's studio properties. The standalone selling price related to the studio non-lease components is readily available and does not require estimates.

(Tables in thousands, except square footage and share data)

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 lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. 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. 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 lease liabilities was 5.6% as of December 31, 2023. ROU assets 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. ROU assets acquired in connection with business combination transactions are also adjusted for "above- and below-" market lease terms. 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 December 31, 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").

ASC 842 defines initial direct costs as only the incremental costs of signing a lease. Internal direct compensation costs and external legal fees related to the execution of successful lease agreements that do not meet the definition of initial direct costs under ASC 842 are accounted for as office operating expense or studio operating expense in the Company's Consolidated Statements of Operations.

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 (loss) 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

(Tables in thousands, except square footage and share data)

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. If the lease provides for tenant improvements, the Company determines whether the tenant improvements, for accounting purposes, are owned by the tenant or the Company. When the Company is the owner of the tenant improvements, the tenant is not considered to have taken physical possession or have control of the physical use of the leased asset until the tenant improvements are substantially completed. When the tenant is the owner of the tenant improvements, any tenant improvement allowance that is funded is treated as a lease incentive and amortized as a reduction of revenue over the lease term. Tenant improvement ownership is determined based on various factors including, but not limited to:

- whether the lease stipulates how and on what a tenant improvement allowance may be spent;
- whether the tenant or landlord retains legal title to the improvements at the end of the lease term;
- whether the tenant improvements are unique to the tenant or general-purpose in nature; and
- whether the tenant improvements are expected to have any residual value at the end of the lease.

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

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

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

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

The following table summarizes the Company's revenue streams that are accounted for under ASC 606:

	Year Ended December 31,		
	2023	2022	2021
Ancillary revenues	$ 76,099	$ 107,075	$ 46,984
Other revenues	$ 17,650	$ 23,118	$ 15,168
Studio-related tenant recoveries	$ 2,177	$ 1,951	$ 1,962
Management fee income	$ 6,181	$ 7,972	$ 3,221
Management services reimbursement income	$ 4,125	$ 4,163	$ 1,132

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

	December 31, 2023	December 31, 2022
Ancillary revenues	$ 5,478	$ 15,503
Other revenues	$ 954	$ 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.

Deferred Financing Costs and Debt Discount/Premium

Deferred financing costs are amortized over the contractual loan term into interest expense on the Consolidated Statements of Operations. Deferred financing costs, and related amortization, related to the unsecured revolving credit facility and undrawn term loans are presented within prepaid expenses and other assets, net on the Consolidated Balance Sheets. All other deferred financing costs and related amortization are included within the respective debt line items on the Consolidated Balance Sheets.

Debt discounts and premiums are amortized over the contractual loan term into interest expense on the Consolidated Statements of Operations. The amortization of discounts is recorded as additional interest expense and the accretion of premiums is recorded as a reduction to interest expense.

Derivative Instruments

The Company manages interest rate risk associated with borrowings by entering into derivative instruments. The Company recognizes all derivative instruments on the Consolidated Balance Sheets on a gross basis at fair value. Derivative instruments are adjusted to fair value at the balance sheet date. The change in the fair value of derivatives designated as cash flow hedges is recorded in accumulated other comprehensive loss and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The change in the fair value derivatives not designated as hedges is recorded within earnings immediately.

Income Taxes

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 the Sunset Waltham Cross Studios development, the Company owns its interest in the properties through non-U.S. entities treated as TRSs for federal income tax purposes. Accordingly, a provision for foreign income taxes has been recorded in the accompanying consolidated financial statements based on the local tax laws and regulations of the respective tax jurisdictions.

The Company 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. The Company believes that it has operated in a manner that has allowed the Company to qualify as a REIT for federal income tax purposes commencing with such taxable year, and the Company intends to continue operating in such manner. To qualify as a REIT, the Company is required to distribute at least 90% of its REIT taxable income, excluding net capital gains, to the Company's stockholders and to meet the various other requirements imposed by the Code relating to such matters as operating results, asset holdings, distribution levels and diversity of stock ownership.

Provided that it continues to qualify for taxation as a REIT, the Company is generally not subject to corporate-level income tax on the earnings distributed currently to its stockholders. If the Company were to fail to qualify as a REIT in any taxable year, and were unable to avail itself of certain savings provisions set forth in the Code, all of its taxable income would be subject to federal corporate income tax. Unless entitled to relief under specific statutory provisions, the Company would be ineligible to elect to be treated as a REIT for the four taxable years following the year for which the Company loses its qualification. It is not possible to state whether in all circumstances the Company would be entitled to this statutory relief.

The Company may acquire direct or indirect interests in one or more Subsidiary REITs. A Subsidiary REIT is subject to the various REIT qualification requirements and other limitations described herein that are applicable to the Company. If a Subsidiary REIT were to fail to qualify as a REIT, then (i) that Subsidiary REIT would become subject to federal income tax, (ii) shares in such REIT would cease to be qualifying assets for purposes of the asset tests applicable to REITs and (iii) it is possible that the Company would fail certain of the asset tests applicable to REITs, in which event the Company would fail to qualify as a REIT unless the Company could avail itself of certain relief provisions.

The Company believes that its operating partnership is properly treated as a partnership for federal income tax purposes. As a partnership, the Company's operating partnership is not subject to federal income tax on its income. Instead, each of its partners, including the Company, is allocated, and may be required to pay tax with respect to, its share of the operating partnership's income. As such, no provision for federal income taxes has been included for the operating partnership.

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

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.

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 December 31, 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 2019. The Company has assessed its tax positions for all open years, which as of December 31, 2023 included 2020 to 2022 for Federal purposes and 2019 to 2022 for state purposes, and concluded that there are no material uncertainties to be recognized.

Stock-Based Compensation

Compensation cost of restricted stock, restricted stock units and performance units under the Company's equity incentive award plans are accounted for under ASC 718, *Compensation-Stock Compensation* ("ASC 718"). The Company accounts for forfeitures of awards as they occur. Share-based payments granted to non-employees are accounted for in the same manner as share-based payments granted to employees.

Fair Value of Assets and Liabilities

The Company measures certain financial instruments at fair value on a recurring basis while certain financial instruments and balances are measured at fair value on a non-recurring basis (e.g., carrying value of impaired real estate and long-lived assets). Fair value is defined as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. 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 requires inputs that are both significant to the fair value measurement and unobservable.

When available, the Company utilizes quoted market prices from an independent third party source to determine fair value and classifies such items in Level 1 or Level 2. When the Company determines the market for a financial instrument owned by the Company to be illiquid or when market transactions for similar instruments do not appear orderly, the Company uses several valuation sources (including internal valuations, discounted cash flow analysis and quoted market prices) and establishes a fair value by assigning weights to the various valuation sources.

Changes in assumptions or estimation methodologies can have a material effect on these estimated fair values. In this regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, may not be realized in an immediate settlement of the instrument.

Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant expenses. The amendments will require public entities to disclose significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within segment profit and loss, as well as the title and position of the CODM. The amendments are effective for the Company's annual periods beginning June 1, 2024, and interim periods beginning June 1, 2025, with early adoption permitted, and will be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating this guidance and the impact it may have on the Company's consolidated financial statements.

(Tables in thousands, except square footage and share data)

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which includes amendments that further enhance income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The amendments are effective for the Company's annual periods beginning June 1, 2025, with early adoption permitted, and should be applied either prospectively or retrospectively. 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		160,000
Total consideration	**$**	**359,098**

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 finite-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.

(Tables in thousands, except square footage and share data)

During the year ended December 31, 2022, the Company recognized acquisition-related costs of $8.7 million for the Quixote acquisition. These costs are included in transaction-related expenses on the Consolidated Statement of Operations.

The amounts of revenue and loss from operations of Quixote included in the Company's Consolidated Statement of Operations from the Quixote Acquisition Date to December 31, 2022 are as follows:

Revenue	$	33,200
Loss from operations	$	(5,290)

The following represents the pro forma Consolidated Statements of Operations as if the results of operations of Quixote had been included in the consolidated results of the Company for the years ended December 31, 2022 and 2021:

	Year Ended December 31, 2022		Year Ended December 31, 2021	
Revenue	$	1,090,857	$	982,985
Net (loss) income	$	(17,715)	$	38,508

The amounts have been calculated after applying the Company's accounting policies and adjusting the results of Quixote to reflect the additional depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had been applied on January 1, 2021.

4. Investment in Real Estate

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

	December 31, 2023		December 31, 2022	
Land	$	1,220,339	$	1,397,714
Building and improvements		5,969,364		6,273,655
Tenant and leasehold improvements		818,653		868,193
Furniture and fixtures		8,609		9,639
Property under development		195,931		167,371
INVESTMENT IN REAL ESTATE, AT COST	**$**	**8,212,896**	**$**	**8,716,572**

Acquisitions of Real Estate

The Company had no acquisitions of real estate during the year ended December 31, 2023.

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

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

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

(Tables in thousands, except square footage and share data)

The following table represents the Company's final purchase price accounting for the asset acquisitions completed in 2022:

	Washington 1000	Sunset Gower Studios Land	5801 Bobby Foster Road
TOTAL ACQUISITION COST[1]	**$ 86,313**	**$ 22,156**	**$ 8,457**
Relative fair value allocation			
Land	$ 59,987	$ 22,156	$ 2,189
Building and improvements	11,053	—	6,268
Parking easement[2]	15,273	—	—
TOTAL	**$ 86,313**	**$ 22,156**	**$ 8,457**

1. Includes capitalized transaction-related expenses.
2. Parking easement has an indefinite useful life and is recorded in deferred leasing costs and intangible assets, net on the Consolidated Balance Sheet.

Impairment of Long-Lived Assets

During the year ended December 31, 2023, the Company recorded an impairment charge of $48.5 million related to the tangible assets of its Foothill Research Center property due to a reduction in the estimated fair value of the property. The estimated fair value of $32.7 million was based on a discounted cash flow analysis, which is classified within Level 3 of the fair value hierarchy.

During the year ended December 31, 2022, the Company recorded impairment charges of $13.0 million, $1.5 million and $3.1 million related to the tangible assets of its Del Amo, Northview Center and 6922 Hollywood office properties, respectively, due to reductions in the estimated fair values of the properties. The properties were subsequently sold in 2022. The estimated fair values of $2.8 million, $46.0 million and $96.0 million for Del Amo, Northview Center and 6922 Hollywood, respectively, were based on the sales prices of the properties. These fair value measurements are classified within Level 2 of the fair value hierarchy.

During the year ended December 31, 2021, the Company recorded $2.8 million 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 estimated fair value of $17.4 million as of December 31, 2021 was based on then-estimated sales price of the property. This fair value measurement is classified within Level 2 of the fair value hierarchy.

Dispositions of Real Estate

The following table summarizes information on dispositions completed during the years ended December 31, 2023 and 2022.

Property	Segment	Date of Disposition	Square Feet (unaudited)	Sales Price[1] (in millions)	Gain (Loss) on Sale[2] (in millions)
2023 Dispositions					
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
Cloud10	Office	11/21/2023	350,000	43.5	19.9
One Westside & Westside Two	Office	12/27/2023	686,725	700.0	60.2
Total				**$ 918.0**	**$ 103.2**
2022 Dispositions					
Del Amo	Office	8/5/2022	113,000	$ 2.8	$ —
Northview	Office	8/30/2022	179,985	46.0	(0.2)
6922 Hollywood	Office	10/20/2022	205,189	96.0	(2.0)
Total				**$ 144.8**	**$ (2.2)**

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.

Held for Sale

As of December 31, 2023, the Company had no properties that met the criteria to be classified as held for sale. The Company had one property, Skyway Landing, classified as held for sale as of December 31, 2022. The property was identified as non-strategic to the Company's portfolio and was subsequently sold on February 6, 2023.

The following table summarizes the components of assets and liabilities associated with real estate held for sale as of December 31, 2022:

ASSETS	
Investment in real estate, net	$ 92,148
Accounts receivable, net	112
Straight-line rent receivables, net	460
Deferred leasing costs and intangible assets, net	501
Prepaid expenses and other assets, net	17
ASSETS ASSOCIATED WITH REAL ESTATE HELD FOR SALE	**$ 93,238**
LIABILITIES	
Accounts payable, accrued liabilities and other	$ 400
Security deposits and prepaid rent	265
LIABILITIES ASSOCIATED WITH REAL ESTATE HELD FOR SALE	**$ 665**

(Tables in thousands, except square footage and share data)

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:

	December 31, 2023	December 31, 2022
Trailers	$ 70,462	$ 68,973
Production equipment	37,100	36,019
Trucks and other vehicles	20,044	20,306
Leasehold improvements	15,888	16,993
Furniture, fixtures and equipment	6,112	5,849
Other equipment	6,959	5,693
Non-real estate property, plant and equipment, at cost	156,565	153,833
Accumulated depreciation	(37,782)	(23,544)
NON-REAL ESTATE PROPERTY, PLANT AND EQUIPMENT, NET	**$ 118,783**	**$ 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 years ended December 31, 2023, 2022 and 2021.

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)

1. 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.
2. The Company serves as the operating member of this joint venture.
3. 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 December 31, 2023.
4. The Company has guaranteed the joint venture's outstanding indebtedness in the amount of $96.4 million at Bentall Centre and $26 thousand at Sunset Pier 94 Studios, respectively. The likelihood of loss relating to the guarantees is remote as of December 31, 2023.
5. 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 December 31, 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 loss 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 $0.1 million as of December 31, 2023 and 2022, respectively.

(Tables in thousands, except square footage and share data)

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

	December 31, 2023	December 31, 2022
ASSETS		
Investment in real estate, net	$ 1,295,449	$ 1,093,448
Other assets	40,790	62,870
TOTAL ASSETS	**1,336,239**	**1,156,318**
LIABILITIES		
Secured debt, net	564,949	527,985
Other liabilities	46,947	49,027
TOTAL LIABILITIES	**611,896**	**577,012**
Company's capital[(1)]	225,898	170,656
Partner's capital	498,445	408,650
TOTAL CAPITAL	**724,343**	**579,306**
TOTAL LIABILITIES AND CAPITAL	**$ 1,336,239**	**$ 1,156,318**

1. To the extent the Company's cost basis is different from the basis reflected at the joint venture level, the basis is amortized over the life of the related asset and is included in the income from unconsolidated real estate entities line item on the Consolidated Statements of Operations.

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

	Year Ended December 31,		
	2023	2022	2021
TOTAL REVENUES	$ 70,200	$ 83,441	$ 80,901
TOTAL EXPENSES	(88,876)	(78,083)	(70,934)
NET (LOSS) INCOME	**$ (18,676)**	**$ 5,358**	**$ 9,967**

(Tables in thousands, except square footage and share data)

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:

	December 31, 2023	December 31, 2022
Deferred leasing costs and in-place lease intangibles	$ 290,969	$ 328,617
Accumulated amortization	(150,457)	(141,353)
Deferred leasing costs and in-place lease intangibles, net	**140,512**	**187,264**
Below-market ground leases	77,943	79,562
Accumulated amortization	(20,733)	(17,979)
Below-market ground leases, net	**57,210**	**61,583**
Above-market leases	673	724
Accumulated amortization	(376)	(324)
Above-market leases, net	**297**	**400**
Customer relationships	97,900	97,900
Accumulated amortization	(26,363)	(12,346)
Customer relationships, net	**71,537**	**85,554**
Non-competition agreements	8,200	8,200
Accumulated amortization	(3,279)	(1,632)
Non-competition agreements, net	**4,921**	**6,568**
Trade name	**37,200**	**37,200**
Parking easement	**15,273**	**15,273**
DEFERRED LEASING COSTS AND INTANGIBLE ASSETS, NET	**$ 326,950**	**$ 393,842**
Below-market leases	$ 58,833	$ 59,540
Accumulated amortization	(31,785)	(26,195)
Below-market leases, net	**27,048**	**33,345**
Above-market ground leases	1,095	1,095
Accumulated amortization	(392)	(349)
Above-market ground leases, net	**703**	**746**
INTANGIBLE LIABILITIES, NET	**$ 27,751**	**$ 34,091**

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

	For the Year Ended December 31,		
	2023	2022	2021
Deferred leasing costs and in-place lease intangibles[1]	$ (36,791)	$ (40,171)	$ (45,128)
Below-market ground leases[2]	$ (2,795)	$ (2,775)	$ (2,410)
Above-market leases[3]	$ (62)	$ (124)	$ (167)
Customer relationships[1]	$ (14,017)	$ (9,662)	$ (2,684)
Non-competition agreements[1]	$ (1,647)	$ (1,253)	$ (379)
Below-market leases[3]	$ 6,297	$ 8,156	$ 12,032
Above-market ground leases[2]	$ 43	$ 43	$ 43

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.

(Tables in thousands, except square footage and share data)

The following table provides information regarding the Company's estimated future amortization of deferred leasing costs and intangibles as of December 31, 2023:

For the Year Ended December 31,	Deferred Leasing Costs and In-place Lease Intangibles	Below-market Ground Leases	Above-market Leases	Customer relationships	Non-competition agreements	Below-market Leases	Above-market Ground Leases
2024	$ (27,533)	$ (2,754)	$ (57)	$ (13,986)	$ (1,640)	$ 5,119	$ 43
2025	(21,242)	(2,754)	(49)	(13,986)	(1,640)	4,157	43
2026	(17,978)	(2,754)	(44)	(13,986)	(1,261)	3,981	43
2027	(15,184)	(2,754)	(43)	(13,986)	(380)	3,913	43
2028	(12,982)	(2,754)	(32)	(11,301)	—	3,832	43
Thereafter	(45,593)	(43,440)	(72)	(4,292)	—	6,046	488
TOTAL	**$ (140,512)**	**$ (57,210)**	**$ (297)**	**$ (71,537)**	**$ (4,921)**	**$ 27,048**	**$ 703**

During the year ended December 31, 2023, the Company recognized an impairment loss of $2.7 million related to the deferred leasing costs and intangible assets of its Foothill Research Center property. See Note 4 for details. The loss is recorded within impairment loss on the Consolidated Statements of Operations.

During the year ended December 31, 2022, the Company recognized an $8.5 million impairment of the Zio trade name within impairment loss on the Consolidated Statement of Operations. The impairment is related to the announced rebranding and integration of Zio into the Company's existing Sunset Studios platform, after which the Company will no longer use the Zio trade name.

During the year ended December 31, 2022, the Company recognized an impairment loss of $2.4 million related to the below-market ground lease at its Del Amo office property. During the year ended December 31, 2021, the Company recognized an impairment loss of $0.4 million related to the below-market ground lease at its Del Amo office property. See Note 4 for details. The losses are recorded within impairment loss on the Consolidated Statements of Operations.

(Tables in thousands, except square footage and share data)

8. Debt

The following table sets forth information with respect to our outstanding indebtedness:

	December 31, 2023	December 31, 2022	Interest Rate[1]	Contractual Maturity Date[2]	
UNSECURED AND SECURED DEBT					
Unsecured debt					
Unsecured revolving credit facility[3][4]	$ 192,000	$ 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	**2,307,000**	**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	(30,233)	(209,814)	SOFR + 2.11%	8/9/2026	(7)
Hollywood Media Portfolio, net[8][9]	1,069,767	890,186			
One Westside and Westside Two[10]	—	316,602	SOFR + 1.60%	12/18/2024	
Element LA	168,000	168,000	4.59%	11/6/2025	
1918 Eighth[11]	314,300	314,300	SOFR + 1.40%	12/18/2025	
Hill7[12]	101,000	101,000	3.38%	11/6/2028	
Quixote[13]	—	160,000	5.00%	12/31/2023	
Total secured debt	**1,653,067**	**1,950,088**			
Total unsecured and secured debt	**3,960,067**	**4,610,088**			
Unamortized deferred financing costs/loan discounts[14]	(14,753)	(24,226)			
TOTAL UNSECURED AND SECURED DEBT, NET	**$ 3,945,314**	**$ 4,585,862**			
JOINT VENTURE PARTNER DEBT [15]	**$ 66,136**	**$ 66,136**	4.50%	10/9/2032	(16)

1. Interest rate with respect to indebtedness is calculated on the basis of a 360-day year for the actual days elapsed. Interest rates are as of December 31, 2023, which may be different than the interest rates as of December 31, 2022 for corresponding indebtedness.
2. Maturity dates include the effect of extension options.
3. The annual facility fee rate ranges from 0.15% or 0.30% based on the operating partnership's leverage ratio. The Company has an option to make an irrevocable election to change the interest rate depending on the Company's credit rating or a specified base rate plus an applicable margin. As of December 31, 2023, no such election had been made and the unsecured revolving credit facility bore interest at SOFR + 1.35%.
4. The Company has a total capacity of $900.0 million available under its unsecured revolving credit facility, up to $225.0 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.
5. Includes the option to extend the initial maturity date of December 21, 2025 twice for an additional six-month term each.
6. An amount equal to the net proceeds from the 5.95% registered senior notes has been allocated to new or existing eligible green projects.
7. 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.
8. As of December 31, 2023 and December 31, 2022, the Company owned bonds comprising the loan in the amounts of $30.2 million and $209.8 million, respectively.
9. 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 $351.2 million of principal is effectively fixed at 3.31% through the use of an interest rate swap.
10. The construction loan was settled in full in December 2023 with the proceeds from sale of the One Westside and Westside Two properties.

11. 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.
12. 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.
13. The note was settled in April 2023 for consideration of $150.0 million, a $10.0 million discount on the note's principal balance.
14. 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 2 for details.
15. 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.
16. 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 year ended December 31, 2023, there were $193.0 million of repayments on the unsecured revolving credit facility, net of borrowings. 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 year ended December 31, 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.

In November 2023, the Company sold $179.6 million of the acquired Hollywood Media Portfolio debt and recorded a $34.0 million loss in connection with this sale on the Consolidated Statement of Operations for the year ended December 31, 2023.

In December 2023, the Company entered into the Second Modification to the Fourth Amended and Restated Credit Agreement governing its unsecured revolving credit facility, whereby certain definitions and covenant calculations were amended and the borrowing capacity of the unsecured revolving credit facility was reduced to $900.0 million.

In December 2023, the Company repaid its $324.6 million One Westside and Westside Two construction loan in connection with the sale of these properties.

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.

(Tables in thousands, except square footage and share data)

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 December 31, 2023:

For the Year Ended December 31,	Unsecured and Secured Debt	Joint Venture Partner Debt
2024	$ —	$ —
2025	741,300	—
2026	1,411,767	—
2027	456,000	—
2028	451,000	—
Thereafter	900,000	66,136
TOTAL	**$ 3,960,067**	**$ 66,136**

Unsecured Debt

Credit Facility

The operating partnership continues to be the borrower under its credit facility agreement, and the Company and all subsidiaries that own unencumbered properties will continue to provide guarantees unless the Company obtains and maintains a credit rating of at least BBB- from Standard & Poor's ("S&P") or Baa3 from Moody's, in which case such guarantees are not required except under limited circumstances. As of December 31, 2023, the Company's S&P and Moody's ratings were BB+ and Ba1, respectively. On January 12, 2024, S&P downgraded our credit rating from "BB+" to "BB".

Note Purchase Agreements

The operating partnership may prepay at any time all or, from time to time, any part of the note purchase agreements in an amount not less than 5% of the aggregate principal amount of any series of note purchase agreements then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid plus a make-whole premium.

The operating partnership's obligations under note purchase agreements are fully and unconditionally guaranteed by the Company. Subsidiaries of the Company will also issue unconditional guarantees upon the occurrence of certain conditions, including such subsidiaries providing guarantees under the Amended and Restated Credit Agreement, by and among the operating partnership, the financial institutions party thereto, and Wells Fargo Bank, National Association as administrative agent.

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 December 31, 2023 related to our unsecured revolving credit facility and term loans, when considering the most restrictive terms:

Covenant Ratio	Covenant Level	Actual Performance
Total liabilities to total asset value	≤ 65%	45.1%
Unsecured indebtedness to unencumbered asset value	≤ 65%	41.8%
Adjusted EBITDA to fixed charges	≥ 1.5x	1.9x
Secured indebtedness to total asset value	≤ 45%	19.9%
Unencumbered NOI to unsecured interest expense	≥ 2.0x	2.4x

(Tables in thousands, except square footage and share data)

The following table summarizes existing covenants and their covenant levels as of December 31, 2023 related to our private placement notes:

Covenant Ratio[1]	Covenant Level	Actual Performance
Total liabilities to total asset value	≤ 65%	48.5%
Unsecured indebtedness to unencumbered asset value	≤ 65%	51.3%
Adjusted EBITDA to fixed charges	≥ 1.5x	1.9x
Secured indebtedness to total asset value	≤ 45%	21.4%
Unencumbered NOI to unsecured interest expense	≥ 2.0x	2.4x

1. The covenant and actual performance metrics above represent terms and definitions reflected in the indentures governing the Series B, Series C and Series D notes.

The following table summarizes existing covenants and their covenant levels as of December 31, 2023 related to our registered senior notes:

Covenant Ratio[1]	Covenant Level	Actual Performance
Debt to total assets	≤ 60%	43.3%
Total unencumbered assets to unsecured debt	≥ 150%	250.5%
Consolidated income available for debt service to annual debt service charge	≥ 1.5x	1.9x
Secured debt to total assets	≤ 45%	18.9%

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 December 31, 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 December 31, 2023.

Interest Expense

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

	Year Ended December 31,		
	2023	2022	2021
Gross interest expense[1]	$ 224,801	$ 162,778	$ 133,165
Capitalized interest	(32,253)	(18,031)	(21,689)
Non-cash interest expense[2]	21,867	5,154	10,463
INTEREST EXPENSE	**$ 214,415**	**$ 149,901**	**$ 121,939**

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.

(Tables in thousands, except square footage and share data)

9. 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 December 31, 2023 and December 31, 2022:

							Fair Value Assets (Liabilities)	
Underlying Debt Instrument	**Type of Instrument**	**Accounting Policy**	**Notional Amount**	**Effective Date**	**Maturity Date**	**Interest Rate**	**December 31, 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%	1,075	—
1918 Eighth	Cap	Partial cash flow hedge[1]	$ 314,300	June 2023	December 2025	5.00%	952	—
1918 Eighth	Sold cap[2]	Mark-to-market	$ 172,865	June 2023	December 2025	5.00%	(520)	—
Hollywood Media Portfolio	Cap	Partial cash flow hedge[1]	$1,100,000	August 2023	August 2024	5.70%	59	—
Hollywood Media Portfolio	Sold cap[2]	Mark-to-market	$ 561,000	August 2023	August 2024	5.70%	(29)	—
Hollywood Media Portfolio	Swap	Cash flow hedge	$ 351,186	August 2023	June 2026	3.31%	4,355	—
TOTAL							**$ 5,892**	**$ 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 December 31, 2023, the Company expects $5.1 million of unrealized gain included in accumulated other comprehensive loss will be reclassified as a reduction to interest expense in the next 12 months.

10. Income Taxes

The provision for income taxes comprises the following components:

	Year ended December 31, 2023
Current federal	$ 171
Current state	16
Deferred federal	4,776
Deferred state	1,833
Income tax provision	**$ 6,796**

(Tables in thousands, except square footage and share data)

The Company recognized an income tax benefit of $7.5 million for the year ended December 31, 2022 and an income tax provision of $1.9 million for the year ended December 31, 2021 within other (expense) income on the Consolidated Statements of Operations.

A reconciliation of the statutory federal income tax rate of 21% with the Company’s effective income tax rate is as follows:

	Year ended December 31, 2023	
Income tax benefit computed at the federal statutory rate	$	(34,420)
Income tax benefit attributable to non-taxable entities		16,643
State income taxes, net of federal tax benefit		(4,810)
Valuation allowance		29,681
Other		(298)
Income tax provision	**$**	**6,796**

Significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2023	
Deferred tax assets:		
Net operating loss and tax credit carryforwards	$	41,339
Depreciation and amortization		11,124
Prepaid rent		1,578
Other		122
Total deferred tax assets		54,163
Valuation allowance		(29,477)
Net deferred tax assets		24,686
Deferred tax liabilities:		
Depreciation and amortization		(21,170)
Unrealized gain on non-real estate investments		(4,640)
Other		(169)
Total deferred tax liabilities		(25,979)
Deferred tax asset, net	**$**	**(1,293)**

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 and gross deferred tax liabilities of $11.6 million, 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. As of December 31, 2022, the Company had not recorded a valuation allowance against its deferred tax assets.

11. Future Minimum Rents and Lease Payments

The Company’s properties are leased to tenants under operating leases with initial term expiration dates ranging from 2024 to 2034.

(Tables in thousands, except square footage and share data)

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 December 31, 2023:

Year Ended		
2024	$	573,546
2025		479,086
2026		421,643
2027		366,198
2028		305,730
Thereafter		636,918
TOTAL	**$**	**2,783,121**

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 17 other leases as of December 31, 2023. The Company's operating lease obligations have expiration dates ranging from 2024 through 2067, including extension options which the Company is reasonably certain to exercise. Certain leases provide for variable rental payments based on third-party appraisals of fair market land value, CPI adjustments or a percentage of annual gross income. There are no notable restrictions or covenants imposed by the leases, nor guarantees of residual value.

As of December 31, 2023, the present value of the remaining contractual payments of $715.3 million under the Company's operating lease agreements was $389.2 million. The corresponding operating lease right-of-use assets amounted to $376.3 million. During the year ended December 31, 2023 the Company recorded an impairment charge of $9.0 million related to the right-of-use asset for the ground lease at its Foothill Research Center property. See Note 4 for details. The loss is recorded within impairment loss on the Consolidated Statements of Operations.

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 December 31, 2023:

For the Year Ended December 31,		**Lease Payments[(1)]**
2024	$	41,311
2025		40,551
2026		38,976
2027		36,303
2028		34,399
Thereafter		523,804
Total operating lease payments		**715,344**
Less: interest portion		(326,134)
PRESENT VALUE OF OPERATING LEASE LIABILITIES	**$**	**389,210**

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:

	For the Year Ended December 31,		
	2023	**2022**	**2021**
Variable rental expense	$ 11,005	$ 9,854	$ 10,405
Minimum rental expense	$ 45,145	$ 31,003	$ 21,482

(Tables in thousands, except square footage and share data)

12. Fair Value of Financial Instruments

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

	December 31, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate derivative assets[1]	$ —	$ 6,441	$ —	$ 6,441	$ —	$ 9,292	$ —	$ 9,292
Interest rate derivative liabilities[2]	$ —	$ (549)	$ —	$ (549)	$ —	$ —	$ —	$ —
Non-real estate investments measured at fair value[1]	$ 1	$ —	$ —	$ 1	$ 544	$ —	$ —	$ 544
Stock purchase warrant[1]	$ —	$ —	$ —	$ —	$ —	$ 95	$ —	$ 95
Earnout liability[2]	$ —	$ —	$ (5,000)	$ (5,000)	$ —	$ —	$ (9,300)	$ (9,300)
Non-real estate investments measured at NAV[1][3]	$ —	$ —	$ —	$ 48,580	$ —	$ —	$ —	$ 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 the common stock of a publicly traded company, which is valued on a quarterly basis using the closing stock price. Level 2 items include interest rate caps 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, 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 year ended December 31, 2023:

Balance, December 31, 2022	**$ (9,300)**
Remeasurement to fair value	4,300
Balance, December 31, 2023	**$ (5,000)**

The remeasurement gain of $4.3 million recognized during the year ended December 31, 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.

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

	December 31, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Liabilities				
Unsecured debt[1]	$ 2,307,000	$ 1,971,410	$ 2,660,000	$ 2,364,871
Secured debt[1]	$ 1,653,067	$ 1,634,668	$ 1,950,088	$ 1,927,297
Consolidated joint venture partner debt	$ 66,136	$ 59,966	$ 66,136	$ 60,327

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

13. 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 December 31, 2023, 6.0 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 $9.31.

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 first quarter of the year subsequent to the year in which they were earned 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 or fourth quarter and are fully-vested upon their issuance.

For the years 2020 through 2023, the compensation committee of the Board ("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.

Time-Based Awards

The stock-based compensation is valued based on the quoted closing price of the Company's common stock on the applicable grant date and discounted for any hold restrictions in accordance with ASC 718. The stock-based compensation is amortized through the final vesting period on a straight-line basis. Forfeitures of awards are recognized as they occur.

Performance-Based Awards

PSU Plan

The following table outlines key components of the 2023 PSU Plan:

	Operational Performance Unit
Maximum bonus pool, in millions	$15.0
Performance period	1/1/2023 to 12/31/2023

The following table outlines key components of the 2022 PSU Plan:

	Operational Performance Unit	Relative TSR Performance Unit
Maximum bonus pool, in millions	$15.0	$15.0
Performance period	1/1/2022 to 12/31/2022	1/1/2022 to 12/31/2024

The following table outlines key components of the 2021 PSU Plan:

	Operational Performance Unit	Relative TSR Performance Unit
Maximum bonus pool, in millions	$16.7	$16.7
Performance period	1/1/2021 to 12/31/2021	1/1/2021 to 12/31/2023

The stock-based compensation cost of the 2023, 2022 and 2021 PSU Plans was valued in accordance with ASC 718 utilizing a Monte Carlo simulation to estimate the probability of the performance vesting conditions being satisfied. The stock-based compensation is amortized through the final vesting period under a graded vesting expense recognition schedule. Forfeitures of awards are recognized as they occur.

The per unit fair value of the 2023, 2022 and 2021 PSU awards granted was estimated on the date of grant using the following assumptions in the Monte Carlo simulation:

	2023	2022	2021
Expected price volatility for the Company	40.00%	43.00%	41.00%
Expected price volatility for the particular REIT index	27.00%	33.00%	31.00%
Risk-free rate	3.44%	1.72%	0.17%
Dividend yield	5.40%	3.60%	3.50%

Summary of Unvested Share Activity

The following table summarizes the activity and status of all unvested stock awards:

	2023		2022		2021	
	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value
Unvested at January 1	**309,837**	**$ 23.14**	**507,534**	**$ 25.17**	**442,645**	**$ 27.44**
Granted	618,316	7.54	50,915	20.15	276,800	23.90
Vested	(35,888)	7.83	(234,741)	26.81	(203,329)	28.33
Canceled	(198,430)	23.61	(13,871)	24.42	(8,582)	26.21
Unvested at December 31	**693,835**	**$ 9.89**	**309,837**	**$ 23.14**	**507,534**	**$ 25.17**

(Tables in thousands, except square footage and share data)

The following table summarizes the activity and status of all unvested time-based restricted operating partnership performance units:

	2023		2022		2021	
	Units	Weighted-Average Grant-Date Fair Value	Units	Weighted-Average Grant-Date Fair Value	Units	Weighted-Average Grant-Date Fair Value
Unvested at January 1	**357,656**	**$ 22.53**	**681,394**	**$ 24.91**	**771,432**	**$ 27.08**
Granted	1,422,893	8.16	25,206	11.98	355,551	24.68
Vested	(508,650)	14.11	(348,944)	26.42	(349,804)	29.85
Canceled	—	—	—	—	(95,785)	23.49
Unvested at December 31	**1,271,899**	**$ 9.82**	**357,656**	**$ 22.53**	**681,394**	**$ 24.91**

Share-based Compensation Recorded

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

	For the Year Ended December 31,		
	2023	2022	2021
Expensed stock compensation[1]	$ 23,863	$ 24,296	$ 21,163
Capitalized stock compensation[2]	3,021	3,354	3,524
Total stock compensation[3]	**$ 26,884**	**$ 27,650**	**$ 24,687**

1. Amounts are recorded in general and administrative expenses, office operating expenses and studio operating 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.

As of December 31, 2023, total unrecognized compensation cost related to unvested share-based payments was $24.9 million. It is expected to be recognized over a weighted-average period of two years.

14. 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 years ended December 31, 2023, 2022 and 2021, both methods of calculation yielded the same diluted earnings per share amount. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, where such exercise or conversion would result in a lower earnings per share amount.

(Tables in thousands, except square footage and share data)

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

	For the Year Ended December 31,		
	2023	**2022**	**2021**
Numerator:			
Basic and diluted net (loss) income available to common stockholders	$ (192,181)	$ (56,499)	$ 6,064
Denominator:			
Basic weighted average common shares outstanding	140,953,088	143,732,433	151,618,282
Effect of dilutive instruments[(1)]	—	—	325,078
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	**140,953,088**	**143,732,433**	**151,943,360**
Basic earnings per common share	$ (1.36)	$ (0.39)	$ 0.04
Diluted earnings per common share	$ (1.36)	$ (0.39)	$ 0.04

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

Hudson Pacific Properties, L.P.

The operating partnership calculates basic earnings per unit using the two-class method by dividing the net income available to common unitholders for the period by the weighted average number of common units outstanding during the period. Unvested time-based restricted stock awards, unvested time-based performance unit awards and unvested RSUs that contain non-forfeitable rights to dividends are participating securities and are included in the computation of earnings per unit pursuant to the two-class method. The operating partnership calculates diluted earnings per unit using the two-class method or the treasury stock and if-converted method, whichever results in more dilution. For the years ended December 31, 2023, 2022 and 2021, 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) income available to common unitholders:

	For the Year Ended December 31,		
	2023	**2022**	**2021**
Numerator:			
Basic and diluted net (loss) income available to common unitholders	$ (195,539)	$ (57,208)	$ 6,125
Denominator:			
Basic weighted average common units outstanding	143,421,154	145,580,928	153,007,287
Effect of dilutive instruments[(1)]	—	—	325,078
DILUTED WEIGHTED AVERAGE COMMON UNITS OUTSTANDING	**143,421,154**	**145,580,928**	**153,332,365**
Basic earnings per common unit	$ (1.36)	$ (0.39)	$ 0.04
Diluted earnings per common unit	$ (1.36)	$ (0.39)	$ 0.04

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

15. Redeemable Non-controlling Interest

Redeemable Preferred Units of the Operating Partnership

As of December 31, 2023 and 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.

(Tables in thousands, except square footage and share data)

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. The One Westside and Westside Two properties were sold on December 27, 2023.

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

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

	Series A Redeemable Preferred Units	Consolidated Real Estate Entities
Balance at December 31, 2022	**$ 9,815**	**$ 125,044**
Contributions	—	2,025
Distributions	—	(82,407)
Declared dividend	(153)	—
Net income	153	12,520
BALANCE AT DECEMBER 31, 2023	**$ 9,815**	**$ 57,182**

16. Equity

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

	Derivative Instruments	Currency Translation Adjustments	Total AOCI
Balance at January 1, 2021	**$ (11,378)**	**$ 3,245**	**$ (8,133)**
Unrealized gain (loss) recognized in AOCI	169	(1,049)	(880)
Reclassification from AOCI into income[1]	7,252	—	7,252
Net change in AOCI	**7,421**	**(1,049)**	**6,372**
Balance at December 31, 2021	**(3,957)**	**2,196**	**(1,761)**
Unrealized gain (loss) recognized in AOCI	612	(12,188)	(11,576)
Reclassification from AOCI into income[1]	2,065	—	2,065
Net change in AOCI	**2,677**	**(12,188)**	**(9,511)**
Balance at December 31, 2022	**(1,280)**	**(9,992)**	**(11,272)**
Unrealized gain recognized in AOCI	9,462	6,149	15,611
Reclassification from AOCI into income[1]	(4,526)	—	(4,526)
Net change in AOCI	**4,936**	**6,149**	**11,085**
Balance at December 31, 2023	**$ 3,656**	**$ (3,843)**	**$ (187)**

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.

(Tables in thousands, except square footage and share data)

The table below presents the activity related to Hudson Pacific Properties, LP's AOCI:

	Derivative Instruments	Currency Translation Adjustments	Total AOCI
Balance at January 1, 2021	**$ (11,485)**	**$ 3,239**	**(8,246)**
Unrealized gain (loss) recognized in AOCI	171	(1,064)	(893)
Reclassification from AOCI into income[1]	7,360	—	7,360
Net change in AOCI	**7,531**	**(1,064)**	**6,467**
Balance at December 31, 2021	**(3,954)**	**2,175**	**(1,779)**
Unrealized gain (loss) recognized in AOCI	597	(12,375)	(11,778)
Reclassification from AOCI into income[1]	2,097	—	2,097
Net change in AOCI	**2,694**	**(12,375)**	**(9,681)**
Balance at December 31, 2022	**(1,260)**	**(10,200)**	**(11,460)**
Unrealized gain recognized in AOCI	9,729	6,325	16,054
Reclassification from AOCI into income[1]	(4,656)	—	(4,656)
Net change in AOCI	**5,073**	**6,325**	**11,398**
Balance at December 31, 2023	**3,813**	**(3,875)**	**$ (62)**

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.

Non-controlling Interests

Common Units in the Operating Partnership

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

Performance Units in the Operating Partnership

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

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:

	December 31, 2023	December 31, 2022	December 31, 2021
Company-owned common units in the operating partnership	141,034,806	141,054,478	151,124,543
Company's ownership interest percentage	98.0 %	98.5 %	98.8 %
Non-controlling common units in the operating partnership[1]	2,810,433	2,191,842	1,842,898
Non-controlling ownership interest percentage	2.0 %	1.5 %	1.2 %

1. Represents common units held by certain of the Company's executive officers, directors and other outside investors. As of December 31, 2023, this amount represents both common units and performance units of 550,969 and 2,259,464, respectively. As of December 31, 2022, this amount represents both common units and performance units of 550,969 and 1,640,873, respectively. As of December 31, 2021, this amount represents both common units and performance units of 550,969 and 1,291,929, respectively.

During the years ended December 31, 2023, 2022 and 2021, 618,591, 348,944 and 521,815 performance units, respectively, vested related to various performance-based awards to our employees and directors.

Common Stock Activity

The Company has not completed any common stock offerings during the years ended December 31, 2023, 2022 and 2021.

The Company's ATM program permits sales of up to $125.0 million of common stock. A cumulative total of $65.8 million has been sold as of December 31, 2023. The Company did not utilize the ATM program during the years ended December 31, 2023 and 2022. During the year ended December 31, 2021, the Company utilized the ATM program and sold 1,526,163 shares of common stock at sale prices ranging from $29.53 to $30.17 per share for total proceeds of $45.7 million, before transaction costs.

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 year ended December 31, 2023, the Company repurchased 0.2 million shares of its common stock at a weighted average price of $7.33 per share for $1.4 million, before transaction costs. During the year ended December 31, 2022, the Company repurchased 2.1 million shares of its common stock at a weighted average price of $17.65 per share for $37.2 million, before transaction costs. During the year ended December 31, 2021, the Company repurchased 1.9 million shares of its common stock at a weighted average price of $23.82 per share for $46.1 million, before transaction costs. Since the commencement of the program through December 31, 2023, a cumulative total of $214.7 million had 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 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.

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

Series C Cumulative Redeemable Preferred Stock

Series C cumulative redeemable preferred stock relates to the 17,000,000 shares of our Series C preferred stock, $0.01 par value per share. Holders of Series C preferred stock, when and as authorized by the board of directors of the Company, are entitled to cumulative cash dividends at the rate of 4.750% per annum of the $25.00 per share, equivalent to $1.1875 per annum per share. Dividends are payable quarterly in arrears on or about the last day of December, March, June and September of each year. In addition to other preferential rights, the holders of Series C preferred stock are entitled to receive the liquidation preference, which is $25.00 per share, before the holders of common stock in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company's affairs. Generally, shares of Series C preferred stock are not redeemable by the Company prior to November 16, 2026. However, upon the occurrence of a change of control, holders of the Series C preferred stock will have the right, (unless the Company has elected to redeem the Series C preferred stock) to convert into a specified number of shares of common stock. A complete description of the Series C preferred stock is contained in the Articles Supplementary which is included as Exhibit 3.7 to this Current Report on Form 10-K.

(Tables in thousands, except square footage and share data)

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:

	For the Year Ended December 31,		
	2023	2022	2021
Common stock(1)	$ 0.375	$ 1.00	$ 1.00
Common units(1)	$ 0.375	$ 1.00	$ 1.00
Series A preferred units	$ 1.5625	$ 1.5625	$ 1.5625
Series C preferred stock(2)	$ 1.1875	$ 1.3359	$ —

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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 the year ended December 31, 2022 include a $0.2968750 per share dividend declared and paid in each of the first, second, third and fourth quarters of 2022 and a $0.1484375 per share dividend declared during the fourth quarter of 2021.

Taxability of Dividends

Earnings and profits, which determine the taxability of distributions to stockholders, may differ from income reported for financial reporting purposes due to the differences for federal income tax purposes in the treatment of loss on extinguishment of debt, revenue recognition, compensation expense and the basis of depreciable assets and estimated useful lives used to compute depreciation.

The Company's dividends related to its common stock will be classified for U.S. federal income tax purposes as follows (unaudited):

			Dividends		Capital Gains		Section 897		
Record Date	Payment Date	Distribution Per Share	Total	Qualified	Total	Unrecaptured Section 1250	Ordinary Dividends	Capital Gains	Return of Capital
3/20/2023	3/30/2023	$ 0.250000	$0.000000	$0.000000	$0.250000	$ 0.115922	$0.000000	$0.250000	$0.000000
6/20/2023	6/30/2023	0.125000	0.000000	0.000000	0.125000	0.057961	0.000000	0.125000	0.000000
	TOTALS	**$ 0.375000**	**$0.000000**	**$0.000000**	**$0.375000**	**$ 0.173883**	**$0.000000**	**$0.375000**	**$0.000000**
		100.00 %	0.00 %	0.00 %	100.00 %	46.37 %	0.00 %	100.00 %	0.00 %

The Company's dividends related to its 4.750% series C preferred stock will be classified for U.S. federal income tax purposes as follows (unaudited):

			Dividends		Capital Gains		Section 897		
Record Date	Payment Date	Distribution Per Share	Total	Qualified	Total	Unrecaptured Section 1250	Ordinary Dividends	Capital Gains	Return of Capital
3/20/2023	3/30/2023	$ 0.296875	$0.000000	$0.000000	$0.296875	$ 0.137658	$0.000000	$0.296875	$0.000000
6/20/2023	6/30/2023	0.296875	0.000000	0.000000	0.296875	0.137658	0.000000	0.296875	0.000000
9/19/2023	9/29/2023	0.296875	0.000000	0.000000	0.296875	0.137658	0.000000	0.296875	0.000000
12/18/2023	12/28/2023	0.296875	0.000000	0.000000	0.296875	0.137658	0.000000	0.296875	0.000000
	TOTALS	**$ 1.187500**	**$0.000000**	**$0.000000**	**$1.187500**	**$ 0.550632**	**$0.000000**	**$1.187500**	**$0.000000**
		100.00 %	0.00 %	0.00 %	100.00 %	46.37 %	0.00 %	100.00 %	0.00 %

17. Segment Reporting

The Company's reporting segments are based on the Company's method of internal reporting, which classifies its operations into two reportable segments: (i) office properties and related operations and (ii) studio properties and related operations. The Company evaluates performance based upon net operating income of the segment operations. General and administrative expenses and interest expense are not included in segment profit as the Company's internal reporting addresses these items on a corporate level. Asset information by segment is not reported because the Company does not use this measure to assess performance or make decisions to allocate resources; therefore, depreciation and amortization expense is not allocated among segments.

(Tables in thousands, except square footage and share data)

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

	Year Ended December 31,		
	2023	2022	2021
Office segment			
Office revenues	$ 812,375	$ 852,700	$ 795,370
Office expenses	(312,018)	(308,668)	(280,334)
Office segment profit	**500,357**	**544,032**	**515,036**
Studio segment			
Studio revenues	139,922	173,524	101,465
Studio expenses	(138,447)	(105,150)	(55,513)
Studio segment profit	**1,475**	**68,374**	**45,952**
TOTAL SEGMENT PROFIT	**$ 501,832**	**$ 612,406**	**$ 560,988**
Segment revenues	$ 952,297	$ 1,026,224	$ 896,835
Segment expenses	(450,465)	(413,818)	(335,847)
TOTAL SEGMENT PROFIT	**$ 501,832**	**$ 612,406**	**$ 560,988**

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

	Year Ended December 31,		
	2023	2022	2021
NET (LOSS) INCOME	**$ (170,700)**	**$ (16,517)**	**$ 29,012**
General and administrative	74,958	79,501	71,346
Depreciation and amortization	397,846	373,219	343,614
Loss (income) from unconsolidated real estate entities	3,902	(943)	(1,822)
Fee income	(6,181)	(7,972)	(3,221)
Interest expense	214,415	149,901	121,939
Interest income	(2,182)	(2,340)	(3,794)
Management services reimbursement income—unconsolidated real estate entities	(4,125)	(4,163)	(1,132)
Management services expense—unconsolidated real estate entities	4,125	4,163	1,132
Transaction-related expenses	(1,150)	14,356	8,911
Unrealized loss (gain) on non-real estate investments	3,120	1,440	(16,571)
(Gain) loss on sale of real estate	(103,202)	2,164	—
Impairment loss	60,158	28,548	2,762
(Gain) loss on extinguishment of debt	(10,000)	—	6,259
Other expense (income)	6	(8,951)	2,553
Loss on sale of bonds	34,046	—	—
Income tax provision	$ 6,796	$ —	$ —
TOTAL PROFIT FROM ALL SEGMENTS	**$ 501,832**	**$ 612,406**	**$ 560,988**

18. 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 years ended December 31, 2023, 2022 and 2021, the Company recognized $4.1 million, $4.2 million and $1.1 million, respectively, of such reimbursement income in management services reimbursement income—unconsolidated real estate entities on the Consolidated Statement of Operations.

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 December 31, 2023, the Company's right-of-use assets and lease liabilities related to these lease obligations were $6.2 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 each of the years ended December 31, 2023, 2022 and 2021, the Company recognized $1.0 million of related rental expense in management services expense—unconsolidated real estate entities on the Consolidated Statements of Operations related to these leases.

19. 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 December 31, 2023, the Company has contributed $38.1 million to these funds, net of distributions, with $12.9 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 December 31, 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 December 31, 2023, the Company had $3.1 million in outstanding letters of credit under the unsecured revolving credit facility. The letters of credit are primarily related to utility company security deposit requirements.

Contractual Obligations

The Company has entered into a number of construction agreements related to its development activities at various properties and its obligations under executed leases. As of December 31, 2023, the Company had $108.3 million in related commitments.

(Tables in thousands, except square footage and share data)

20. Supplemental Cash Flow Information

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

	Year Ended December 31,		
	2023	2022	2021
Cash paid for interest, net of capitalized interest	$ 197,599	$ 133,869	$ 112,043
Non-cash investing and financing activities			
Note payable issued as consideration in a business combination	$ —	$ 160,000	$ —
Accounts payable and accrued liabilities for real estate investments	$ 87,779	$ 150,408	$ 193,521
Lease liabilities recorded in connection with right-of-use assets	$ 2,117	$ 100,805	$ 26,824
Ground lease remeasurement	$ 5,751	$ 23,177	$ —
Earnout liability recognized as contingent consideration for business combination	$ —	$ —	$ 11,383
Series C preferred stock dividend accrual	$ —	$ —	$ 2,281

21. Subsequent Event

On February 8, 2024, the Company entered into an interest rate swap agreement to fix SOFR at a rate of 4.125% effective as of February 9, 2024 through August 9, 2026 on $180.0 million of indebtedness, which amount corresponds to our unhedged portion of the loan secured by the Hollywood Media Portfolio.

Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P.
Schedule III—Real Estate and Accumulated Depreciation
December 31, 2023
(In thousands)

Property name	Encumbrances	Initial Costs: Land	Initial Costs: Building & Improvements	Total Adjustment to Basis[1]	Total Costs: Land	Total Costs: Building & Improvements	Total Costs: Total	Accumulated Depreciation[2]	Year Built / Renovated	Year Acquired
Office										
875 Howard, San Francisco Bay Area, CA	$ —	$ 18,058	$ 41,046	$ 43,512	$ 18,058	$ 84,558	$ 102,616	$ (27,310)	1920/2001	2007
6040 Sunset, Los Angeles, CA[3]	1,100,000	6,599	27,187	31,289	6,599	58,476	65,075	(25,674)	2008	2008
ICON, Los Angeles, CA[3]	—	—	—	164,133	—	164,133	164,133	(38,569)	2017	2008
CUE, Los Angeles, CA[3]	—	—	—	49,553	—	49,553	49,553	(9,758)	2017	2008
EPIC, Los Angeles, CA[3]	—	10,606	—	215,477	10,606	215,477	226,083	(33,306)	2019	2008
1455 Market, San Francisco Bay Area, CA	—	41,226	34,990	95,870	41,226	130,860	172,086	(75,234)	1976/2016	2010
Rincon Center, San Francisco Bay Area, CA	—	58,251	110,656	73,892	58,251	184,548	242,799	(61,774)	1961/2020	2010
10950 Washington, Los Angeles, CA	—	17,979	25,110	6,982	17,979	32,092	50,071	(8,136)	1957/1974	2010
275 Brannan, San Francisco Bay Area, CA	—	4,187	8,063	13,852	4,187	21,915	26,102	(11,534)	1905/2013	2011
625 Second, San Francisco Bay Area, CA	—	10,744	42,650	6,028	10,744	48,678	59,422	(15,426)	1906/1999	2011
10900 Washington, Los Angeles, CA	—	1,400	1,200	398	1,400	1,598	2,998	(440)	1973	2012
901 Market, San Francisco Bay Area, CA	—	17,882	79,305	21,645	17,882	100,950	118,832	(32,877)	1912/1985	2012
Element LA, Los Angeles, CA	168,000	79,769	19,755	96,827	79,769	116,582	196,351	(32,896)	1949/2015	2012 2013
505 First, Greater Seattle, WA	—	22,917	133,034	18,361	22,917	151,395	174,312	(39,683)	2010	2013
83 King, Greater Seattle, WA	—	12,982	51,403	12,894	12,982	64,297	77,279	(19,595)	1904/2017	2013
Met Park North, Greater Seattle, WA	—	28,996	71,768	(1,373)	28,996	70,395	99,391	(19,483)	2000	2013
411 First, Greater Seattle, WA	—	27,684	29,824	27,037	27,684	56,861	84,545	(18,465)	1906/2017	2014
450 Alaskan, Greater Seattle, WA	—	—	—	87,099	—	87,099	87,099	(17,343)	2017	2014
95 Jackson, Greater Seattle, WA	—	—	—	18,251	—	18,251	18,251	(3,510)	1909/2018	2014
Palo Alto Square, San Francisco Bay Area, CA	—	—	326,033	47,941	—	373,974	373,974	(115,721)	1971/2018	2015
3400 Hillview, San Francisco Bay Area, CA	—	—	159,641	(4,903)	—	154,738	154,738	(53,984)	1991	2015
Foothill Research Center, San Francisco Bay Area, CA	—	—	133,994	(33,036)	—	100,958	100,958	(60,729)	1991	2015
Page Mill Center, San Francisco Bay Area, CA	—	—	147,625	20,591	—	168,216	168,216	(52,347)	1970/2020	2015
Clocktower Square, San Francisco Bay Area, CA	—	—	93,949	16,965	—	110,914	110,914	(31,083)	1983/2019	2015
3176 Porter, San Francisco Bay Area, CA	—	—	34,561	1,133	—	35,694	35,694	(12,382)	1991	2015
Towers at Shore Center, San Francisco Bay Area, CA	—	72,673	144,188	22,221	72,673	166,409	239,082	(49,496)	2001	2015
Shorebreeze, San Francisco Bay Area, CA	—	69,448	59,806	22,162	69,448	81,968	151,416	(21,131)	1987	2015
555 Twin Dolphin, San Francisco Bay Area, CA	—	40,614	73,457	19,748	40,614	93,205	133,819	(24,444)	1989	2015
333 Twin Dolphin, San Francisco Bay Area, CA	—	36,441	64,892	20,483	36,441	85,375	121,816	(24,230)	1985/2017	2015

Property name	Encumbrances	Initial Costs: Land	Initial Costs: Building & Improvements	Total Adjustment to Basis[1]	Total Costs: Land	Total Costs: Building & Improvements	Total Costs: Total	Accumulated Depreciation[2]	Year Built / Renovated	Year Acquired
Metro Center, San Francisco Bay Area, CA	—	—	313,683	81,169	—	394,852	394,852	(101,246)	1986/2020	2015
Concourse, San Francisco Bay Area, CA	—	45,085	224,271	74,083	45,085	298,354	343,439	(77,607)	1990/2022	2015
Gateway, San Francisco Bay Area, CA	—	33,117	121,217	61,841	33,117	183,058	216,175	(50,731)	1985/2017	2015
Metro Plaza, San Francisco Bay Area, CA	—	16,038	106,156	69,731	16,038	175,887	191,925	(37,858)	1986/2021	2015
1740 Technology, San Francisco Bay Area, CA	—	8,052	49,486	15,030	8,052	64,516	72,568	(15,956)	1985	2015
Skyport Plaza, San Francisco Bay Area, CA[4]	—	16,521	153,844	(561)	16,521	153,283	169,804	(35,417)	2001	2015
Techmart, San Francisco Bay Area, CA	—	—	66,660	20,236	—	86,896	86,896	(24,028)	1986/2019	2015
Fourth & Traction, Los Angeles, CA	—	12,140	37,110	69,173	12,140	106,283	118,423	(29,779)	1915/2017	2015
Maxwell, Los Angeles, CA	—	13,040	26,960	57,986	13,040	84,946	97,986	(18,484)	1924/2019	2015
11601 Wilshire, Los Angeles, CA	—	28,978	321,273	67,958	28,978	389,231	418,209	(90,357)	1983/2018	2016 2017
Hill7, Greater Seattle, WA	101,000	36,888	137,079	19,913	36,888	156,992	193,880	(39,881)	2015	2016
Page Mill Hill, San Francisco Bay Area, CA	—	—	131,402	11,798	—	143,200	143,200	(33,186)	1975/2020	2016
Harlow, Los Angeles, CA	—	7,455	—	—	7,455	—	7,455	(7,591)	2020	2017
Ferry Building, San Francisco Bay Area, CA[5]	—	—	268,292	44,587	—	312,879	312,879	(48,559)	1898/2003	2018
1918 Eighth, Greater Seattle, WA	314,300	38,477	545,773	31,552	38,477	577,324	615,801	(57,508)	2009	2020
5th & Bell, Greater Seattle, WA	—	20,866	82,072	16,355	20,866	98,427	119,293	(9,531)	2002	2021
Washington 1000, Greater Seattle, WA	—	59,980	11,053	184,878	59,980	195,931	255,911	—	Under development	2022
5801 Bobby Foster Road, Albuquerque, NM	—	2,189	6,268	429	2,189	6,697	8,886	(357)	2008	2022
Sunset Gower Studios, Los Angeles, CA[3]	—	101,477	64,697	83,040	101,477	147,737	249,214	(46,840)	Various	2007 2011 2012
Sunset Bronson Studios, Los Angeles, CA[3]	—	67,092	32,374	51,044	67,092	83,418	150,510	(34,005)	Various	2008
Sunset Las Palmas Studios, Los Angeles, CA[3]	—	134,488	104,392	148,492	134,488	252,884	387,372	(26,401)	Various	2017 2018
Various[6]	—	—	—	50,592	—	50,593	50,593	(6,555)	N/A	2022
TOTAL	**$ 1,683,300**	**$1,220,339**	**$ 4,718,199**	**$ 2,274,358**	**$1,220,339**	**$ 6,992,557**	**$8,212,896**	**$ (1,728,437)**		

1. Consists of capital expenditures and real estate development costs, write-offs due to disposals and impairment charges.
2. The Company computes depreciation using the straight-line method over the estimated useful lives over the shorter of the ground lease term or 39 years for building and improvements, 15 years for land improvements and over the shorter of asset life or life of the lease for tenant and leasehold improvements.
3. These properties are encumbered by a $1.1 billion mortgage loan. Refer to Part IV, Item 15(a) “Exhibits, Financial Statement Schedules—Note 8 to the Consolidated Financial Statements-Debt” for additional information on secured debt.
4. During the year ended December 31, 2023, the Company sold a parcel of land at Skyport Plaza with an initial basis of $12.5 million and improvements capitalized subsequent to acquisition of $8.3 million.
5. This property is encumbered by a $66.1 million debt due to our joint venture partner. Refer to Part IV, Item 15(a) “Exhibits, Financial Statement Schedules—Note 8 to the Consolidated Financial Statements-Debt” for additional information on joint venture partner debt.
6. Represents leasehold improvements capitalized in connection with the Company’s leasehold interests in 27 sound stages.

The aggregate gross cost of property included above for federal income tax purposes approximated $7.9 billion, unaudited as of December 31, 2023.

The following table reconciles the historical cost of total real estate held for investment and accumulated depreciation from January 1, 2021 to December 31, 2023:

	Year Ended December 31,		
	2023	2022	2021
Total investment in real estate, beginning of year	**$ 8,716,572**	**$ 8,361,477**	**$ 8,215,017**
Additions during period:			
Asset acquisitions	—	101,653	102,939
Business acquisitions	—	47,741	—
Improvements, capitalized costs	353,544	553,327	394,633
Total additions during period	**353,544**	**702,721**	**497,572**
Deductions during period			
Disposals (fully depreciated assets and early terminations)	(67,177)	(51,812)	(56,166)
Impairment loss	(48,480)	(17,636)	(2,762)
Cost of property sold	(741,563)	(171,646)	—
Total deductions during period	**(857,220)**	**(241,094)**	**(58,928)**
Ending balance, before reclassification to assets associated with real estate held for sale	8,212,896	8,823,104	8,653,661
Reclassification to assets associated with real estate held for sale	—	(106,532)	(292,184)
TOTAL INVESTMENT IN REAL ESTATE, END OF YEAR	**$ 8,212,896**	**$ 8,716,572**	**$ 8,361,477**
Total accumulated depreciation, beginning of year	**$ (1,541,271)**	**$ (1,283,774)**	**$ (1,102,748)**
Additions during period:			
Depreciation of real estate	(340,019)	(368,376)	(292,802)
Total additions during period	**(340,019)**	**(368,376)**	**(292,802)**
Deductions during period:			
Deletions	66,122	55,939	56,370
Write-offs due to sale	86,731	40,556	—
Total deductions during period	**152,853**	**96,495**	**56,370**
Ending balance, before reclassification to assets associated with real estate held for sale	(1,728,437)	(1,555,655)	(1,339,180)
Reclassification to assets associated with real estate held for sale	—	14,384	55,406
TOTAL ACCUMULATED DEPRECIATION, END OF YEAR	**$ (1,728,437)**	**$ (1,541,271)**	**$ (1,283,774)**

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