

Hudson Pacific Properties, Inc.
Form 10-Q
November 06, 2015

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

FORM 10-Q

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

For the quarterly period ended September 30, 2015

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.
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., Sixth Floor
Los Angeles, California 90025
(Address of principal executive offices) (Zip Code)
(310) 445-5700
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Registrant	Title of Each Class	Name of Each Exchange on Which Registered
Hudson Pacific Properties, Inc.	Common Stock, \$.01 par value	New York Stock Exchange
Hudson Pacific Properties, Inc.	8.375% Series B Cumulative Redeemable Preferred Stock, \$.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Registrant	Title of Each Class	Name of Each Exchange on Which Registered
Hudson Pacific Properties, L.P.	Common Units Representing Limited Partnership Interests	None

(Former name, former address and former fiscal year if changed since last report)

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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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post 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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Hudson Pacific Properties, Inc.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Hudson Pacific Properties, L.P.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Hudson Pacific Properties, Inc. Yes No Hudson Pacific Properties, L.P. Yes No

The number of shares of common stock outstanding at November 4, 2015 was 89,491,762.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the three months ended September 30, 2015 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. Unless otherwise indicated or unless the context requires otherwise, all references to “our operating partnership” refer to Hudson Pacific Properties, L.P. together with its consolidated subsidiaries.

Our Company is a real estate investment trust, or REIT, and the sole general partner of our operating partnership. As of September 30, 2015, we owned approximately 61.4% of the outstanding common units of partnership interest in our operating partnership, or common units. The remaining approximately 38.6% of outstanding common units are owned by certain of our executive officers and directors, certain of their affiliates, and other outside investors, including funds affiliated with Farallon Capital Management, LLC and Blackstone Real Estate Partners V and VI (“Blackstone”). As the sole general partner of our operating partnership, our Company has the full, exclusive and complete responsibility for our operating partnership’s day-to-day management and control.

We believe combining the quarterly reports on Form 10-Q of our Company and our 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 disclosure applies 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. Our Company is a REIT, the only material assets of which are the partnership units of our operating partnership. As a result, our Company 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. Our Company itself does not issue any indebtedness but guarantees some of the debt of our operating partnership. We own our interests in all of our properties and conduct substantially all of our business through our operating partnership, of which we serve as the sole general partner. Our operating partnership is structured as a partnership and has no public traded equity. Except for net proceeds from equity issuances by our Company, 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 our operating partnership’s operations, our operating partnership’s incurrence of indebtedness or through the issuance of units of partnership interest in our operating partnership.

The presentation of non-controlling common units, 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 non-controlling common units in our Company’s consolidated financial statements. The differences between stockholders’ equity, partners’ capital and non-controlling common units result from the differences in the equity issued by our Company and our operating partnership.

To help investors understand the few but 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 “Selected Financial Data,” “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.

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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 “Item 4. Controls and Procedures” sections and separate Exhibit 31 and 32 certifications for each of our Company and our operating partnership.

Hudson Pacific Properties, Inc.
Hudson Pacific Properties, L.P.
FORM 10-Q
September 30, 2015
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PART I—FINANCIAL INFORMATION

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

	September 30, 2015 (unaudited)	December 31, 2014 (audited)
ASSETS		
REAL ESTATE ASSETS		
Land	\$ 1,373,794	\$ 620,805
Building and improvements	4,071,345	1,284,602
Tenant improvements	280,079	116,317
Furniture and fixtures	9,653	13,721
Property under development	174,928	135,850
Total real estate held for investment	5,909,799	2,171,295
Accumulated depreciation and amortization	(228,828	) (134,657
Investment in real estate, net	5,680,971	2,036,638
Cash and cash equivalents	46,668	17,753
Restricted cash	18,606	14,244
Accounts receivable, net	17,309	16,247
Notes receivable	28,580	28,268
Straight-line rent receivables	56,069	33,006
Deferred leasing costs and lease intangibles, net	353,080	102,023
Deferred finance costs, net	22,861	8,723
Interest rate contracts	—	3
Goodwill	8,754	8,754
Prepaid expenses and other assets	21,611	6,692
Assets associated with real estate held for sale	—	68,534
TOTAL ASSETS	\$6,254,509	\$2,340,885
LIABILITIES AND EQUITY		
Notes payable	\$2,088,335	\$918,059
Accounts payable and accrued liabilities	90,096	36,844
Lease intangible liabilities, net	114,485	40,969
Security deposits	21,839	6,257
Prepaid rent	19,650	8,600
Interest rate contracts	8,614	1,750
Liabilities associated with real estate held for sale	357	43,214
TOTAL LIABILITIES	2,343,376	1,055,693
6.25% series A cumulative redeemable preferred units of the Operating Partnership	10,177	10,177
EQUITY		
Hudson Pacific Properties, Inc. stockholders' equity:		
Preferred stock, \$0.01 par value, 10,000,000 authorized; 8.375% series B cumulative redeemable preferred stock, \$25.00 liquidation preference, 5,800,000 shares outstanding at September 30, 2015 and December 31, 2014, respectively	145,000	145,000
	891	668

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Common stock, \$0.01 par value, 490,000,000 authorized, 89,079,569 shares and 66,797,816 shares outstanding at September 30, 2015 and December 31, 2014, respectively

Additional paid-in capital	1,730,004	1,070,833
Accumulated other comprehensive loss	(6,531	) (2,443
Accumulated deficit	(44,592	) (34,884
Total Hudson Pacific Properties, Inc. stockholders' equity	1,824,772	1,179,174
Non-controlling interest—members in consolidated entities	263,707	42,990
Non-controlling common units in the Operating Partnership	1,812,477	52,851
TOTAL EQUITY	3,900,956	1,275,015
TOTAL LIABILITIES AND EQUITY	\$6,254,509	\$2,340,885

HUDSON PACIFIC PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues				
Office				
Rental	\$ 114,693	\$ 39,503	\$ 276,321	\$ 115,418
Tenant recoveries	20,036	12,084	43,890	23,643
Parking and other	6,601	5,140	17,612	16,632
Total office revenues	141,330	56,727	337,823	155,693
Media & entertainment				
Rental	6,041	6,239	16,902	17,646
Tenant recoveries	212	267	705	971
Other property-related revenue	3,860	4,583	10,525	11,028
Other	113	339	244	542
Total media & entertainment revenues	10,226	11,428	28,376	30,187
Total revenues	151,556	68,155	366,199	185,880
Operating expenses				
Office operating expenses	51,538	23,969	115,364	58,469
Media & entertainment operating expenses	6,280	7,401	17,354	19,244
General and administrative	9,378	6,802	28,951	19,157
Depreciation and amortization	80,195	17,361	170,945	51,973
Total operating expenses	147,391	55,533	332,614	148,843
Income from operations	4,165	12,622	33,585	37,037
Other (income) expense				
Interest expense	14,461	6,550	34,067	19,519
Interest income	(17	) (1	) (118	) (21
Acquisition-related (expense reimbursements) expenses	(83	) 214	43,442	319
Other expense (income)	3	(56	) 2	(43
Total other expenses	14,364	6,707	77,393	19,774
(Loss) income from continuing operations before gain on sale of real estate	(10,199	) 5,915	(43,808	) 17,263
Gain on sale of real estate	8,371	5,538	30,471	5,538
(Loss) Income from continuing operations	(1,828	) 11,453	(13,337	) 22,801
Loss from discontinued operations	—	(38	) —	(164
Net loss from discontinued operations	—	(38) —	(164
Net (loss) income	(1,828) 11,415	(13,337) 22,637

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Net income attributable to preferred stock and units	(3,195) (3,195) (9,585) (9,590)
Net income attributable to restricted shares	(79	) (68	) (229	) (206)
Net income attributable to non-controlling interest in consolidated entities	(1,273	) (259	) (4,668	) (155)
Net loss (income) attributable to common units in the Operating Partnership	2,470	(273	) 17,872	(441)
Net (loss) income attributable to Hudson Pacific Properties, Inc. common stockholders	\$(3,905	) \$7,620	\$ (9,947	) \$12,245	
Basic and diluted per share amounts:					
Net (loss) income from continuing operations attributable to common stockholders	(0.04	) 0.11	(0.12	) 0.19	
Net income (loss) from discontinued operations	—	—	—	—	
Net (loss) income attributable to common stockholders' per share—basic and diluted	\$(0.04	) \$0.11	\$ (0.12	) \$0.19	
Weighted average shares of common stock outstanding—basic and diluted	88,984,236	66,506,179	84,894,863	65,549,741	
Dividends declared per share of common stock	\$0.1250	\$0.1250	\$0.3750	\$0.3750	

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

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HUDSON PACIFIC PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited, in thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net (loss) income	\$(1,828	) \$11,415	\$(13,337	) \$22,637
Other comprehensive (loss) income cash flow hedge adjustment	(15,325	) 584	(6,300	) (780
Comprehensive (loss) income	(17,153	) 11,999	(19,637	) 21,857
Comprehensive income attributable to preferred stock and units	(3,195	) (3,195	) (9,585	) (9,590
Comprehensive income attributable to restricted shares	(79	) (68	) (229	) (206
Comprehensive income attributable to non-controlling interest in consolidated real estate entities	(1,273	) (259	) (4,668	) (155
Comprehensive loss (income) attributable to common units in the Operating Partnership	8,408	(293	) 20,084	(413
Comprehensive (loss) income attributable to Hudson Pacific Properties, Inc. stockholders	\$(13,292	) \$8,184	\$(14,035	) \$11,493

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

HUDSON PACIFIC PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF EQUITY

(Unaudited, in thousands, except share and per share amounts)

Hudson Pacific Properties, Inc. Stockholders' Equity

	Shares of Common Stock	Series B Stock Amount	Cumulative Redeemable Preferred Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Non- controlling Interests — Exclusive units in the Operating Partnership	Non-controlling Interests — Members in Consolidated Entities	Total Equity	Non- controlling Interests — Series A Cumulative Redeemable Preferred Units
Balance at January 1, 2014	57,230,199	\$572	\$145,000	\$903,984	\$(45,113)	\$(997)	\$53,737	\$45,683	\$1,102,866	\$10,475
Distributions	—	—	—	—	—	—	—	(2,842)	(2,842)	—
Proceeds from sale of common stock, net of underwriters' discount	9,563,500	96	—	197,372	—	—	—	—	197,468	—
Equity offering transaction costs	—	—	—	(1,599)	—	—	—	—	(1,599)	—
Redemption of Series A Cumulative Redeemable Preferred Units	—	—	—	—	—	—	—	—	—	(298)
Issuance of unrestricted stock	6,922	—	—	—	—	—	—	—	—	—
Shares repurchased	(2,805)	—	—	(3,129)	—	—	—	—	(3,129)	—
Declared dividend	—	—	(12,144)	(33,774)	—	—	(1,192)	—	(47,110)	(641)
Amortization of stock-based compensation	—	—	—	7,979	—	—	—	—	7,979	—
Net income	—	—	12,144	—	10,229	—	359	149	22,881	641
Cash flow hedge adjustment	—	—	—	—	—	(1,446)	(53)	—	(1,499)	—
Balance at December 31, 2014	66,797,816	\$668	\$145,000	\$1,070,833	\$(34,884)	\$(2,443)	\$52,851	\$42,990	\$1,275,015	\$10,177
Contributions	—	—	—	—	—	—	—	217,795	217,795	—
Distributions	—	—	—	—	—	—	—	(1,746)	(1,746)	—
Proceeds from sale of common stock, net of underwriters'	12,650,000	127	—	385,462	—	—	—	—	385,589	—

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discount										
Transaction related costs	—	—	—	(4,786))—	—	—	—	(4,786))—
Issuance of unrestricted stock	8,756,049	87	—	285,358	—	—	—	—	285,445	—
Issuance of Common units for acquisition of properties	—	—	—	—	—	—	1,814,936	—	1,814,936	—
Shares repurchased	(59,024)	)—	—	(1,833)	)—	—	—	—	(1,833))—
Declared Dividend	—	—	(9,108)	(32,365)	)—	—	(14,372)	)—	(55,845)	(477)
Amortization of stock-based compensation	—	—	—	6,500	—	—	—	—	6,500	—
Net income	—	—	9,108	—	(9,708)	)—	(17,882)	)4,668	(13,814)	)477
Cash Flow Hedge	—	—	—	—	—	(4,088)	(2,212)	)—	(6,300))—
Adjustment Exchange of Non-controlling Interests —										
Common units in the Operating Partnership for common stock	934,728	9	—	20,835	—	—	(20,844))—	—	—
Balance at September 30, 2015	89,079,569	\$891	\$145,000	\$1,730,004	\$(44,592)	\$(6,531)	\$1,812,477	\$263,707	\$3,900,956	\$10,177

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

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

	Nine Months Ended September 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$(13,337	) \$22,637
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	170,945	51,973
Amortization of deferred financing costs and loan premium, net	2,925	635
Amortization of stock-based compensation	6,186	5,047
Straight-line rent receivables	(24,037	) (9,830
Amortization of above-market leases	8,751	1,543
Amortization of below-market leases	(24,512	) (5,821
Amortization of lease incentive costs	427	246
Bad debt expense (recovery)	435	(326
Amortization of ground lease	1,092	186
Amortization of discount and net origination fees on purchased and originated loans	(312) —
Gain from sale of real estate	(30,471	) (5,538
Change in operating assets and liabilities:		
Restricted cash	(1,523	) (2,900
Accounts receivable	(1,396	) (4,925
Deferred leasing costs and lease intangibles	(21,974	) (11,509
Prepaid expenses and other assets	(14,705	) (3,532
Accounts payable and accrued liabilities	35,811	16,394
Security deposits	15,256	389
Prepaid rent	11,584	3,677
Net cash provided by operating activities	121,145	58,346
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to investment property	(114,711	) (79,154
Property acquisitions	(1,804,596	) (75,580
Acquisition of notes receivable	—	(28,112
Proceeds from sale of real estate	177,488	18,629
Deposits for property acquisitions	—	(2,500
Net cash used in investing activities	(1,741,819	) (166,717
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	1,428,616	332,886
Payments of notes payable	(299,479	) (341,636
Proceeds from issuance of common stock	385,589	197,468
Common stock issuance transaction costs	(4,786	) (674
Series B stock issuance transaction costs	—	—
Dividends paid to common stock and unit holders	(46,737	) (26,034
Dividends paid to preferred stock and unit holders	(9,585	) (9,590
Contribution of non-controlling member in consolidated real estate entity	217,795	—
Redemption of 6.25% series A cumulative redeemable preferred units	—	(298
Distribution to non-controlling member in consolidated real estate entity	(1,746	) (2,385
Repurchase of vested restricted stock	(1,833) —
Payment of loan costs	(18,245) (2,325

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Net cash provided by financing activities	1,649,589	147,412
Net increase in cash and cash equivalents	28,915	39,041
Cash and cash equivalents—beginning of period	17,753	30,356
Cash and cash equivalents—end of period	\$46,668	\$69,397

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

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

	Nine Months Ended September 30,	
	2015	2014
SUPPLEMENTAL CASH FLOWS INFORMATION:		
Cash paid for interest, net of amounts capitalized	\$33,828	\$23,824
NON-CASH INVESTING ACTIVITIES:		
Accounts payable and accrued liabilities for investment in property	\$(14,825	) \$8,906
Issuance of Common stock in connection with property acquisition (Note 3)	87	—
Additional paid-in capital in connection with property acquisition (Note 3)	285,358	—
Non-controlling common units in the Operating Partnership in connection with property acquisition (Note 3)	1,814,936	—
Assumption of other (assets) and liabilities in connection with property acquisitions, net (Note 3)	—	(449)

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

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

	September 30, 2015 (unaudited)	December 31, 2014 (audited)
ASSETS		
REAL ESTATE ASSETS		
Land	\$ 1,373,794	\$ 620,805
Building and improvements	4,071,345	1,284,602
Tenant improvements	280,079	116,317
Furniture and fixtures	9,653	13,721
Property under development	174,928	135,850
Total real estate held for investment	5,909,799	2,171,295
Accumulated depreciation and amortization	(228,828)	(134,657)
Investment in real estate, net	5,680,971	2,036,638
Cash and cash equivalents	46,668	17,753
Restricted cash	18,606	14,244
Accounts receivable, net	17,309	16,247
Notes receivable	28,580	28,268
Straight-line rent receivables	56,069	33,006
Deferred leasing costs and lease intangibles, net	353,080	102,023
Deferred finance costs, net	22,861	8,723
Interest rate contracts	—	3
Goodwill	8,754	8,754
Prepaid expenses and other assets	21,611	6,692
Assets associated with real estate held for sale	—	68,534
TOTAL ASSETS	\$6,254,509	\$2,340,885
LIABILITIES		
Notes payable	\$2,088,335	\$918,059
Accounts payable and accrued liabilities	90,096	36,844
Lease intangible liabilities, net	114,485	40,969
Security deposits	21,839	6,257
Prepaid rent	19,650	8,600
Interest rate contracts	8,614	1,750
Liabilities associated with real estate held for sale	357	43,214
TOTAL LIABILITIES	2,343,376	1,055,693
6.25% series A cumulative redeemable preferred units of the Operating Partnership	10,177	10,177
CAPITAL		
Partners' Capital:		
8.375% series B cumulative redeemable preferred units, 5,800,000 units issued and outstanding at September 30, 2015 and December 31, 2014, respectively (\$25.00 per unit liquidation preference.)	145,000	145,000
Common units, 145,375,884 and 69,180,379 issued and outstanding at September 30, 2015 and December 31, 2014, respectively	3,492,249	1,087,025
Total Hudson Pacific Properties, Inc. Capital	3,637,249	1,232,025
Non-controlling interest—members in Consolidated Entities	263,707	42,990

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TOTAL CAPITAL	3,900,956	1,275,015
TOTAL LIABILITIES AND CAPITAL	\$6,254,509	\$2,340,885

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

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HUDSON PACIFIC PROPERTIES, L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in thousands, except per unit amount)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues				
Office				
Rental	\$ 114,693	\$ 39,503	\$ 276,321	\$ 115,418
Tenant recoveries	20,036	12,084	43,890	23,643
Parking and other	6,601	5,140	17,612	16,632
Total office revenues	141,330	56,727	337,823	155,693
Media & entertainment				
Rental	6,041	6,239	16,902	17,646
Tenant recoveries	212	267	705	971
Other property-related revenue	3,860	4,583	10,525	11,028
Other	113	339	244	542
Total media & entertainment revenues	10,226	11,428	28,376	30,187
Total revenues	151,556	68,155	366,199	185,880
Operating expenses				
Office operating expenses	51,538	23,969	115,364	58,469
Media & entertainment operating expenses	6,280	7,401	17,354	19,244
General and administrative	9,378	6,802	28,951	19,157
Depreciation and amortization	80,195	17,361	170,945	51,973
Total operating expenses	147,391	55,533	332,614	148,843
Income from operations	4,165	12,622	33,585	37,037
Other (income) expense				
Interest expense	14,461	6,550	34,067	19,519
Interest income	(17	) (1	) (118	) (21
Acquisition-related (expense reimbursements) expenses	(83	) 214	43,442	319
Other expense (income)	3	(56	) 2	(43
Total other expenses	14,364	6,707	77,393	19,774
Loss (income) from continuing operations before gain on sale of real estate	(10,199	) 5,915	(43,808	) 17,263
Gain on sale of real estate	8,371	5,538	30,471	5,538
Loss (income) from continuing operations	(1,828	) 11,453	(13,337	) 22,801
Loss from discontinued operations	—	(38	) —	(164
Net (loss) income	\$(1,828	) \$11,415	\$(13,337	) \$22,637
Net income attributable to non-controlling interest in consolidated entities	(1,273	) (259	) (4,668	) (155
Net (loss) income attributable to Hudson Pacific Properties, L.P.	\$(3,101	) \$11,156	\$(18,005	) \$22,482
Preferred distributions—Series A units	(159	) (159	) (477	) (482
Preferred distributions—Series B units	(3,036	) (3,036	) (9,108	) (9,108
Total preferred distributions	\$(3,195	) \$(3,195	) \$(9,585	) \$(9,590
Net income attributable to restricted shares				