

Section 1: 10-Q (10-Q)

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 June 30, 2016

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.**  
**Hudson Pacific Properties, L.P.**

(Exact name of registrant as specified in its charter)

Hudson Pacific Properties, Inc.

Hudson Pacific Properties, L.P.

Maryland

(State or other jurisdiction of incorporation or organization)

Maryland

(State or other jurisdiction of incorporation or organization)

27-1430478

(I.R.S. Employer Identification Number)

80-0579682

(I.R.S. Employer Identification Number)

11601 Wilshire Blvd., Ninth Floor  
Los Angeles, California 90025

(Address of principal executive offices) (Zip Code)

(310) 445-5700

(Registrant's telephone number, including area code)

N/A

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

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 (§232.405 of this chapter) 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 August 1, 2016 was 119,341,760.

#### EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the three months ended June 30, 2016 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” or “the operating partnership” refer to Hudson Pacific Properties, L.P. together with its consolidated subsidiaries.

Hudson Pacific Properties, Inc. is a real estate investment trust, or REIT, and the sole general partner of our operating partnership. At June 30, 2016, Hudson Pacific Properties, Inc. owned approximately 68.5% of the outstanding common units of partnership interest (including unvested restricted units) in our operating partnership, or common units. The remaining approximately 31.5% of outstanding common units at June 30, 2016 were owned by certain of our executive officers and directors, certain of their affiliates, and other outside investors, including funds affiliated with The Blackstone Group L.P. (“Blackstone”) and Farallon Capital Management, LLC. As the sole general partner of our operating partnership, Hudson Pacific Properties, Inc. has the full, exclusive and complete responsibility for our operating partnership’s day-to-day management and control.

We believe combining the quarterly reports on Form 10-Q of Hudson Pacific Properties, Inc. and the operating partnership into this single report results in the following benefits:

- enhancing investors’ understanding of our Company and our operating partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminating duplicative disclosure and providing a more streamlined and readable presentation because a substantial portion of the 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. 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.

The presentation of 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 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 “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.

In order to establish that the Chief Executive Officer and the Chief Financial Officer of each entity have made the requisite certifications and that Hudson Pacific Properties, Inc. 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 Hudson Pacific Properties, Inc. and our operating partnership.

Hudson Pacific Properties, Inc.  
Hudson Pacific Properties, L.P.

FORM 10-Q

June 30, 2016

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

	June 30, 2016	December 31, 2015
	(unaudited)	
<b>ASSETS</b>		
<b>REAL ESTATE ASSETS</b>		
Land	\$ 1,252,484	\$ 1,252,484
Building and improvements	3,937,522	3,887,683
Tenant improvements	305,947	290,122
Furniture and fixtures	4,082	9,586
Property under development	247,682	218,438
Total real estate held for investment	5,747,717	5,658,313
Accumulated depreciation and amortization	(340,262)	(267,855)
Investment in real estate, net	5,407,455	5,390,458
Cash and cash equivalents	337,400	53,551
Restricted cash	19,166	18,010
Accounts receivable, net	10,550	21,048
Notes receivable, net	—	28,684
Straight-line rent receivables, net	70,529	59,408
Deferred leasing costs and lease intangible assets, net	293,191	314,483
Derivative assets	—	2,061
Goodwill	8,754	8,754
Prepaid expenses and other assets, net	49,209	27,278
Investment in unconsolidated entity	28,237	—
Assets associated with real estate held for sale	52,432	330,300
<b>TOTAL ASSETS</b>	<b>\$ 6,276,923</b>	<b>\$ 6,254,035</b>
<b>LIABILITIES AND EQUITY</b>		
Notes payable, net	\$ 2,338,882	\$ 2,260,716
Accounts payable and accrued liabilities	104,156	82,405
Lease intangible liabilities, net	77,841	94,446
Security deposits	24,148	20,342
Prepaid rent	30,352	38,111
Derivative liabilities	26,478	2,010
Liabilities associated with real estate held for sale	5,267	16,791
<b>TOTAL LIABILITIES</b>	<b>2,607,124</b>	<b>2,514,821</b>
6.25% series A cumulative redeemable preferred units of the operating partnership	10,177	10,177
<b>EQUITY</b>		
Hudson Pacific Properties, Inc. stockholders' equity:		
Common stock, \$0.01 par value, 490,000,000 authorized, 99,385,084 shares and 89,153,780 shares outstanding at June 30, 2016 and December 31, 2015, respectively	993	891
Additional paid-in capital	1,998,361	1,710,979
Accumulated other comprehensive loss	(16,079)	(1,081)
Accumulated deficit	(41,470)	(44,955)
Total Hudson Pacific Properties, Inc. stockholders' equity	1,941,805	1,665,834
Non-controlling interest—members in consolidated entities	266,406	262,625
Non-controlling interest—units in the operating partnership	1,451,411	1,800,578
<b>TOTAL EQUITY</b>	<b>3,659,622</b>	<b>3,729,037</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 6,276,923</b>	<b>\$ 6,254,035</b>

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
<b>Revenues</b>				
Office				
Rental	\$ 118,047	\$ 120,052	\$ 234,274	\$ 161,628
Tenant recoveries	21,303	17,790	41,836	23,854
Parking and other	5,050	5,716	10,582	11,011
Total office revenues	144,400	143,558	286,692	196,493
Media & Entertainment				
Rental	6,857	5,394	12,885	10,861
Tenant recoveries	213	253	412	493
Other property-related revenue	2,810	2,556	7,779	6,665
Other	41	58	90	131
Total Media & Entertainment revenues	9,921	8,261	21,166	18,150
Total revenues	154,321	151,819	307,858	214,643
Operating expenses				
Office operating expenses	49,091	46,691	96,794	63,826
Media & Entertainment operating expenses	6,295	5,069	12,247	11,074
General and administrative	13,016	10,373	25,519	19,573
Depreciation and amortization	66,108	73,592	134,476	90,750
Total operating expenses	134,510	135,725	269,036	185,223
Income from operations	19,811	16,094	38,822	29,420
Other expense (income)				
Interest expense	17,614	14,113	34,865	19,606
Interest income	(73)	(48)	(86)	(101)
Unrealized loss on ineffective portion of derivative instruments	384	—	2,509	—
Acquisition-related expenses	61	37,481	61	43,525
Other (income) expense	(47)	40	(23)	(1)
Total other expenses	17,939	51,586	37,326	63,029
Income (loss) before gains (loss) on sale of real estate	1,872	(35,492)	1,496	(33,609)
Gains (loss) on sale of real estate	2,163	(591)	8,515	22,100
Net income (loss)	4,035	(36,083)	10,011	(11,509)
Net income attributable to preferred stock and units	(159)	(3,195)	(318)	(6,390)
Net income attributable to participating securities	(196)	(80)	(393)	(150)
Net income attributable to non-controlling interest in consolidated real estate entities	(2,396)	(1,893)	(4,341)	(3,395)
Net (income) loss attributable to common units in the operating partnership	(445)	16,008	(1,867)	15,412
Net income (loss) attributable to Hudson Pacific Properties, Inc. common stockholders	\$ 839	\$ (25,243)	\$ 3,092	\$ (6,032)
Basic and diluted per share amounts:				
Net income attributable to common stockholders' per share—basic	\$ 0.01	\$ (0.28)	\$ 0.03	\$ (0.07)
Net income attributable to common stockholders' per share—diluted	\$ 0.01	\$ (0.28)	\$ 0.03	\$ (0.07)
Weighted average shares of common stock outstanding—basic	95,145,496	88,894,258	92,168,432	82,906,087
Weighted average shares of common stock outstanding—diluted	95,995,496	88,894,258	93,000,432	82,906,087
Dividends declared per share of common stock	\$ 0.200	\$ 0.125	\$ 0.400	\$ 0.250

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net income (loss)	\$ 4,035	\$ (36,083)	\$ 10,011	\$ (11,509)
Other comprehensive (loss) income cash flow hedge adjustment	(8,430)	9,650	(23,905)	9,025
Comprehensive loss	(4,395)	(26,433)	(13,894)	(2,484)
Comprehensive income attributable to preferred stock	(159)	(3,195)	(318)	(6,390)
Comprehensive income attributable to participating securities	(196)	(80)	(393)	(150)
Comprehensive income attributable to non-controlling interest in consolidated real estate entities	(2,396)	(1,893)	(4,341)	(3,395)
Comprehensive loss attributable to units in the operating partnership	2,474	12,263	7,040	11,686
Comprehensive loss attributable to Hudson Pacific Properties, Inc. common stockholders	<u>\$ (4,672)</u>	<u>\$ (19,338)</u>	<u>\$ (11,906)</u>	<u>\$ (733)</u>

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 data)

Hudson Pacific Properties, Inc. Stockholders' Equity

	Shares of Common Stock	Stock Amount	Series B Cumulative Redeemable Preferred Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Non-controlling Interests — 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, 2015	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	—	—	—	—	—	—	—	(2,013)	(2,013)	—
Proceeds from sale of common stock, net of underwriters' discount	12,650,000	127	—	385,462	—	—	—	—	385,589	—
Common stock issuance transaction costs	—	—	—	(4,969)	—	—	—	—	(4,969)	—
Redemption of Series B Preferred Stock	—	—	(145,000)	—	—	—	—	—	(145,000)	—
Issuance of common units for acquisition properties	—	—	—	—	—	—	1,814,936	—	1,814,936	—
Issuance of unrestricted stock	8,820,482	87	—	285,358	—	—	—	—	285,445	—
Issuance of restricted stock	36,223	—	—	—	—	—	—	—	—	—
Shares withheld to satisfy minimum tax withholding	(85,469)	—	—	(5,128)	—	—	—	—	(5,128)	—
Declared dividend	—	—	(11,469)	(50,244)	—	—	(25,631)	—	(87,344)	(636)
Amortization of stock-based compensation	—	—	—	8,832	—	—	—	—	8,832	—
Net income (loss)	—	—	11,469	—	(10,071)	—	(21,969)	3,853	(16,718)	636
Cash flow hedge adjustment	—	—	—	—	—	1,362	1,235	—	2,597	—
Exchange of Non-controlling Interests — Common units in the operating partnership for common stock	934,728	9	—	20,835	—	—	(20,844)	—	—	—
Balance at December 31, 2015	89,153,780	\$ 891	\$ —	\$ 1,710,979	\$ (44,955)	\$ (1,081)	\$ 1,800,578	\$ 262,625	\$ 3,729,037	\$ 10,177
Contributions	—	—	—	—	—	—	—	103	103	—
Distributions	—	—	—	—	—	—	—	(663)	(663)	—
Proceeds from sale of common stock, net of underwriters' discount	10,117,223	101	—	294,108	—	—	—	—	294,209	—
Transaction related costs	—	—	—	(581)	—	—	—	—	(581)	—
Issuance of unrestricted stock	185,638	2	—	—	—	—	—	—	2	—
Shares withheld to satisfy minimum tax withholding	(71,557)	(1)	—	(1,775)	—	—	—	—	(1,776)	—
Declared dividend	—	—	—	(38,608)	—	—	(20,511)	—	(59,119)	(318)
Amortization of stock-based compensation	—	—	—	6,319	—	—	512	—	6,831	—
Net income	—	—	—	—	3,485	—	1,867	4,341	9,693	318
Cash flow hedge adjustment	—	—	—	—	—	(14,998)	(8,907)	—	(23,905)	—
Redemption of common units in the operating partnership	—	—	—	27,919	—	—	(322,128)	—	(294,209)	—
Balance at June 30, 2016	99,385,084	\$ 993	\$ —	\$ 1,998,361	\$ (41,470)	\$ (16,079)	\$ 1,451,411	\$ 266,406	\$ 3,659,622	\$ 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)

	Six Months Ended June 30,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 10,011	\$ (11,509)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	134,476	90,750
Amortization of deferred financing costs and loan premium, net	2,134	1,915
Amortization of stock-based compensation	6,643	4,152
Straight-line rents	(11,281)	(14,789)
Straight-line rent expenses	750	—
Amortization of above- and below-market leases, net	(9,302)	(11,857)
Amortization of above- and below-market ground lease, net	1,070	577
Amortization of lease incentive costs	655	282
Bad debt expense	512	391
Amortization of discount and net origination fees on purchased and originated loans	(208)	(208)
Unrealized loss on ineffective portion of derivative instruments	2,509	—
Gains from sale of real estate	(8,515)	(22,100)
Change in operating assets and liabilities:		
Restricted cash	(1,156)	(236)
Accounts receivable	10,001	3,610
Deferred leasing costs and lease intangibles	(25,725)	(13,766)
Prepaid expenses and other assets	(5,882)	(13,859)
Accounts payable and accrued liabilities	5,619	21,838
Security deposits	4,214	14,517
Prepaid rent	(8,814)	13,843
Net cash provided by operating activities	107,711	63,551
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to investment property	(104,112)	(69,621)
Property acquisitions	—	(1,764,596)
Contributions to unconsolidated entity	(28,393)	—
Proceeds from repayment of notes receivable	28,892	—
Proceeds from sale of real estate	283,855	87,680
Deposits for property acquisitions	(20,000)	(1,500)
Net cash provided by (used for) investing activities	160,242	(1,748,037)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes payable	677,000	1,368,155
Payments of notes payable	(597,416)	(208,633)
Proceeds from issuance of common stock	294,209	385,589
Payment for redemption of common units in the operating partnership	(294,209)	—
Common stock issuance transaction costs	(581)	(4,754)
Dividends paid to common stock and unitholders	(59,119)	(28,511)
Dividends paid to preferred stock and unitholders	(318)	(6,390)
Contributions from non-controlling member in consolidated real estate entities	103	217,795
Distributions to non-controlling member in consolidated real estate entities	(663)	(1,424)
Payments to satisfy minimum tax withholding	(1,776)	(1,834)
Payments of loan costs	(1,334)	(12,933)
Net cash provided by financing activities	15,896	1,707,060
Net increase in cash and cash equivalents	283,849	22,574
Cash and cash equivalents—beginning of period	53,551	17,753
Cash and cash equivalents—end of period	\$ 337,400	\$ 40,327

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

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

	Six Months Ended June 30,	
	2016	2015
<b>SUPPLEMENTAL CASH FLOWS INFORMATION:</b>		
Cash paid for interest, net of amounts capitalized	\$ 38,714	\$ 32,107
<b>NON-CASH INVESTING ACTIVITIES:</b>		
Accounts payable and accrued liabilities for investment in property	\$ (8,866)	\$ (15,770)
Issuance of common stock in connection with property acquisition	—	87
Additional paid-in capital in connection with property acquisition	—	285,358
Non-controlling common units in the operating partnership in connection with property acquisition	—	1,814,936

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)

	June 30, 2016	December 31, 2015
	(unaudited)	
<b>ASSETS</b>		
<b>REAL ESTATE ASSETS</b>		
Land	\$ 1,252,484	\$ 1,252,484
Building and improvements	3,937,522	3,887,683
Tenant improvements	305,947	290,122
Furniture and fixtures	4,082	9,586
Property under development	247,682	218,438
Total real estate held for investment	5,747,717	5,658,313
Accumulated depreciation and amortization	(340,262)	(267,855)
Investment in real estate, net	5,407,455	5,390,458
Cash and cash equivalents	337,400	53,551
Restricted cash	19,166	18,010
Accounts receivable, net	10,550	21,048
Notes receivable, net	—	28,684
Straight-line rent receivables, net	70,529	59,408
Deferred leasing costs and lease intangible assets, net	293,191	314,483
Derivative assets	—	2,061
Goodwill	8,754	8,754
Prepaid expenses and other assets, net	49,209	27,278
Investment in unconsolidated entity	28,237	—
Assets associated with real estate held for sale	52,432	330,300
<b>TOTAL ASSETS</b>	<b>\$ 6,276,923</b>	<b>\$ 6,254,035</b>
<b>LIABILITIES</b>		
Notes payable, net	\$ 2,338,882	\$ 2,260,716
Accounts payable and accrued liabilities	104,156	82,405
Lease intangible liabilities, net	77,841	94,446
Security deposits	24,148	20,342
Prepaid rent	30,352	38,111
Derivative liabilities	26,478	2,010
Liabilities associated with real estate held for sale	5,267	16,791
<b>TOTAL LIABILITIES</b>	<b>2,607,124</b>	<b>2,514,821</b>
6.25% series A cumulative redeemable preferred units of the operating partnership	10,177	10,177
<b>CAPITAL</b>		
Partners' capital:		
Common units, 145,564,176 and 145,450,095 issued and outstanding at June 30, 2016 and December 31, 2015, respectively.	3,393,216	3,466,412
Non-controlling interest—members in Consolidated Entities	266,406	262,625
<b>TOTAL CAPITAL</b>	<b>3,659,622</b>	<b>3,729,037</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$ 6,276,923</b>	<b>\$ 6,254,035</b>

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
<b>Revenues</b>				
Office				
Rental	\$ 118,047	\$ 120,052	\$ 234,274	\$ 161,628
Tenant recoveries	21,303	17,790	41,836	23,854
Parking and other	5,050	5,716	10,582	11,011
Total office revenues	144,400	143,558	286,692	196,493
Media & Entertainment				
Rental	6,857	5,394	12,885	10,861
Tenant recoveries	213	253	412	493
Other property-related revenue	2,810	2,556	7,779	6,665
Other	41	58	90	131
Total Media & Entertainment revenues	9,921	8,261	21,166	18,150
Total revenues	154,321	151,819	307,858	214,643
<b>Operating expenses</b>				
Office operating expenses	49,091	46,691	96,794	63,826
Media & Entertainment operating expenses	6,295	5,069	12,247	11,074
General and administrative	13,016	10,373	25,519	19,573
Depreciation and amortization	66,108	73,592	134,476	90,750
Total operating expenses	134,510	135,725	269,036	185,223
<b>Income from operations</b>	19,811	16,094	38,822	29,420
<b>Other expense (income)</b>				
Interest expense	17,614	14,113	34,865	19,606
Interest income	(73)	(48)	(86)	(101)
Unrealized loss on ineffective portion of derivative instruments	384	—	2,509	—
Acquisition-related expenses	61	37,481	61	43,525
Other (income) expense	(47)	40	(23)	(1)
Total other expenses	17,939	51,586	37,326	63,029
<b>Income (loss) before gains (loss) on sale of real estate</b>	1,872	(35,492)	1,496	(33,609)
Gains (loss) on sale of real estate	2,163	(591)	8,515	22,100
<b>Net income (loss)</b>	4,035	(36,083)	10,011	(11,509)
Net income attributable to non-controlling interest in consolidated real estate entities	(2,396)	(1,893)	(4,341)	(3,395)
<b>Net income (loss) attributable to Hudson Pacific Properties, L.P.</b>	1,639	(37,976)	5,670	(14,904)
Preferred distributions—Series A units	(159)	(159)	(318)	(318)
Preferred distributions—Series B units	—	(3,036)	—	(6,072)
<b>Total preferred distributions</b>	(159)	(3,195)	(318)	(6,390)
Net income attributable to participating securities	(196)	(80)	(393)	(150)
<b>Net income (loss) available to common unitholders</b>	\$ 1,284	\$ (41,251)	\$ 4,959	\$ (21,444)
<b>Basic and diluted per unit amounts:</b>				
Net income (loss) attributable to common unitholders per unit—basic	\$ 0.01	\$ (0.28)	\$ 0.03	\$ (0.19)
Net income (loss) attributable to common unitholders per unit—diluted	\$ 0.01	\$ (0.28)	\$ 0.03	\$ (0.19)
Weighted average shares of common units outstanding—basic	145,549,363	145,264,166	145,518,523	112,582,252
Weighted average shares of common units outstanding—diluted	146,399,363	145,264,166	146,350,523	112,582,252
Dividends declared per unit	\$ 0.200	\$ 0.125	\$ 0.400	\$ 0.250

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net income (loss)	\$ 4,035	\$ (36,083)	\$ 10,011	\$ (11,509)
Other comprehensive (loss) income cash flow hedge adjustment	(8,430)	9,650	(23,905)	9,025
Comprehensive loss	(4,395)	(26,433)	(13,894)	(2,484)
Comprehensive income attributable to Series A preferred units	(159)	(159)	(318)	(318)
Comprehensive income attributable to Series B preferred units	—	(3,036)	—	(6,072)
Comprehensive income attributable to participating securities	(196)	(80)	(393)	(150)
Comprehensive income attributable to non-controlling interest in consolidated real estate entities	(2,396)	(1,893)	(4,341)	(3,395)
Comprehensive loss attributable to Hudson Pacific Properties, L.P. unitholders	<u>\$ (7,146)</u>	<u>\$ (31,601)</u>	<u>\$ (18,946)</u>	<u>\$ (12,419)</u>

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

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

Partners' Capital

	Partners' Capital				Non-controlling Interests — Members in Consolidated Entities		Total Capital	Non-controlling Interests — Series A Cumulative Redeemable Preferred Units
	Preferred Units	Number of Common Units	Common Units	Total Partners' Capital				
Balance at January 1, 2015	\$ 145,000	69,180,379	\$ 1,087,025	\$ 1,232,025	\$ 42,990	\$ 1,275,015	\$ 10,177	
Contributions	—	—	—	—	217,795	217,795	—	
Distributions	—	—	—	—	(2,013)	(2,013)	—	
Proceeds from sale of common units, net of underwriters' discount	—	12,650,000	385,589	385,589	—	385,589	—	
Equity offering transaction costs	—	—	(4,969)	(4,969)	—	(4,969)	—	
Redemption of Series B Preferred Stock	(145,000)	—	—	(145,000)	—	(145,000)	—	
Issuance of unrestricted units	—	63,668,962	2,100,381	2,100,381	—	2,100,381	—	
Issuance of restricted units	—	36,223	—	—	—	—	—	
Units withheld to satisfy minimum tax withholding	—	(85,469)	(5,128)	(5,128)	—	(5,128)	—	
Declared distributions	(11,469)	—	(75,875)	(87,344)	—	(87,344)	(636)	
Amortization of unit-based compensation	—	—	8,832	8,832	—	8,832	—	
Net income	11,469	—	(32,040)	(20,571)	3,853	(16,718)	636	
Cash Flow Hedge Adjustment	—	—	2,597	2,597	—	2,597	—	
Balance at December 31, 2015	\$ —	145,450,095	\$ 3,466,412	\$ 3,466,412	\$ 262,625	\$ 3,729,037	\$ 10,177	
Contributions	—	—	—	—	103	103	—	
Distributions	—	—	—	—	(663)	(663)	—	
Proceeds from sale of common units, net of underwriters' discount	—	10,117,223	294,209	294,209	—	294,209	—	
Transaction related costs	—	—	(581)	(581)	—	(581)	—	
Issuance of unrestricted units	—	185,638	2	2	—	2	—	
Units withheld to satisfy minimum tax withholding	—	(71,557)	(1,776)	(1,776)	—	(1,776)	—	
Declared distributions	—	—	(59,119)	(59,119)	—	(59,119)	(318)	
Amortization of unit-based compensation	—	—	6,831	6,831	—	6,831	—	
Net income	—	—	5,352	5,352	4,341	9,693	318	
Cash flow hedge adjustment	—	—	(23,905)	(23,905)	—	(23,905)	—	
Redemption of common units	\$ —	(10,117,223)	\$ (294,209)	\$ (294,209)	\$ —	\$ (294,209)	\$ —	
Balance at June 30, 2016	\$ —	145,564,176	\$ 3,393,216	\$ 3,393,216	\$ 266,406	\$ 3,659,622	\$ 10,177	

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

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

	Six Months Ended June 30,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 10,011	\$ (11,509)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	134,476	90,750
Amortization of deferred financing costs and loan premium, net	2,134	1,915
Amortization of stock-based compensation	6,643	4,152
Straight-line rents	(11,281)	(14,789)
Straight-line rent expenses	750	—
Amortization of above- and below-market leases, net	(9,302)	(11,857)
Amortization of above- and below-market ground lease, net	1,070	577
Amortization of lease incentive costs	655	282
Bad debt expense	512	391
Amortization of discount and net origination fees on purchased and originated loans	(208)	(208)
Unrealized loss on ineffective portion of derivative instruments	2,509	—
Gains from sale of real estate	(8,515)	(22,100)
Change in operating assets and liabilities:		
Restricted cash	(1,156)	(236)
Accounts receivable	10,001	3,610
Deferred leasing costs and lease intangibles	(25,725)	(13,766)
Prepaid expenses and other assets	(5,882)	(13,859)
Accounts payable and accrued liabilities	5,619	21,838
Security deposits	4,214	14,517
Prepaid rent	(8,814)	13,843
Net cash provided by operating activities	107,711	63,551
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to investment property	(104,112)	(69,621)
Property acquisitions	—	(1,764,596)
Contributions to unconsolidated entity	(28,393)	—
Proceeds from repayment of notes receivable	28,892	—
Proceeds from sale of real estate	283,855	87,680
Deposits for property acquisitions	(20,000)	(1,500)
Net cash provided by (used for) investing activities	160,242	(1,748,037)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes payable	677,000	1,368,155
Payments of notes payable	(597,416)	(208,633)
Proceeds from issuance of common units	294,209	385,589
Payment for redemption of common units	(294,209)	—
Common units issuance transaction costs	(581)	(4,754)
Distributions paid to common unitholders	(59,119)	(28,511)
Distributions paid to preferred unitholders	(318)	(6,390)
Contributions from non-controlling member in consolidated real estate entities	103	217,795
Distributions to non-controlling member in consolidated real estate entities	(663)	(1,424)
Payments to satisfy minimum tax withholding	(1,776)	(1,834)
Payments of loan costs	(1,334)	(12,933)
Net cash provided by financing activities	15,896	1,707,060
Net increase in cash and cash equivalents	283,849	22,574
Cash and cash equivalents—beginning of period	53,551	17,753
Cash and cash equivalents—end of period	\$ 337,400	\$ 40,327

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

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

	Six Months Ended June 30,	
	2016	2015
<b>SUPPLEMENTAL CASH FLOWS INFORMATION:</b>		
Cash paid for interest, net of amounts capitalized	\$ 38,714	\$ 32,107
<b>NON-CASH INVESTING ACTIVITIES:</b>		
Accounts payable and accrued liabilities for investment in property	\$ (8,866)	\$ (15,770)
Common units in the operating partnership in connection with property acquisition	\$ —	\$ 2,100,381

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

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

**1. Organization**

Hudson Pacific Properties, Inc. is a Maryland corporation formed on November 9, 2009 that did not have any meaningful operating activity until the consummation of its initial public offering and the related acquisition of its predecessor and certain other entities on June 29, 2010 ("IPO"). Since the completion of the IPO, the concurrent private placement, and the related formation transactions, Hudson Pacific Properties, Inc. has been 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 media and entertainment 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 the "our operating partnership" or "the operating partnership" refer to Hudson Pacific Properties, L.P. together with its consolidated subsidiaries.

On April 1, 2015, the Company completed the acquisition of the EOP Northern California Portfolio ("EOP Acquisition") from Blackstone Real Estate Partners V and VI ("Blackstone"). The EOP Acquisition consisted of 26 high-quality office assets totaling approximately 8.2 million square feet and two development parcels located throughout the San Francisco Peninsula, Redwood Shores, Palo Alto, Silicon Valley and North San Jose submarkets. The total consideration paid for the EOP Acquisition before certain credits, prorations, and closing costs included a cash payment of \$1.75 billion and an aggregate of 63,474,791 shares of common stock of Hudson Pacific Properties, Inc. and common units in the operating partnership.

As of June 30, 2016, the Company owned a portfolio of 51 office properties and two media and entertainment properties. These properties are located in California and the Pacific Northwest.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation***

The accompanying consolidated financial statements of the Company and the operating partnership are prepared in accordance with generally accepted accounting principles in the United States ("GAAP") applicable to interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Certain information and footnote disclosures required for annual financial statements have been condensed or excluded pursuant to SEC rules and regulations. Accordingly, the interim financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the accompanying interim financial statements reflect all adjustments of a normal and recurring nature that are considered necessary for a fair presentation of the results for the interim periods presented.

The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the year ended December 31, 2016. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements in the Annual Report on Form 10-K of Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. for the year ended December 31, 2015 and the notes thereto.

In the Consolidated Balance Sheets for the prior period, certain amounts have been reclassified to held for sale. These amounts are related to Patrick Henry Drive and One Bay Plaza, which were sold in 2016, and to 12655 Jefferson, which was determined to be held for sale as of June 30, 2016.

***Principles of Consolidation***

The unaudited interim consolidated financial statements of Hudson Pacific Properties, Inc. include the accounts of Hudson Pacific Properties, Inc., the operating partnership and all wholly-owned subsidiaries and variable interest entities ("VIEs"), of which Hudson Pacific Properties, Inc. is the primary beneficiary. The unaudited interim consolidated financial statements of the operating partnership include the accounts of the operating partnership, and all wholly-owned subsidiaries and VIEs of which the operating partnership is the primary beneficiary. All intercompany balances and transactions have been eliminated in the consolidated financial statements.

During the first quarter of 2016, the Company adopted ASU 2015-02, *Consolidation ("Topic 810"): Amendments to the Consolidation Analysis*, to amend the accounting guidance for consolidation. The standard simplifies the current guidance for

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

consolidation and reduces the number of consolidation models through the elimination of the indefinite deferral of Statement 167. Additionally, the standard places more emphasis on risk of loss when determining a controlling financial interest. The Company consolidates all entities that the Company controls through either majority ownership or voting rights. In addition, the Company consolidates all VIEs of which the Company is considered the primary beneficiary. VIEs are defined as entities in which equity investors (i) do not have the characteristics of a controlling financial interest and/or (ii) do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The entity that consolidates a VIE is known as its primary beneficiary and is generally the entity with (i) the power to direct the activities that most significantly affect the VIE's economic performance and (ii) 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 a result of the adoption, the Company concluded that two of the Company's joint ventures and its operating partnership met the definition of a VIE and is the primary beneficiary of these VIEs. Substantially all of the assets and liabilities of the Company are related to these VIEs. The Company entered into a joint venture during the second quarter of 2016. This joint venture met the definition of a VIE, however the Company is not the primary beneficiary and is not consolidating the joint venture.

***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of commitments and contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates, including those related to acquiring, developing and assessing the carrying values of its real estate properties, its accrued liabilities, and its 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.

***Recently Issued Accounting Pronouncements***

Changes to GAAP are established by Financial Accounting Standards Board ("FASB") in the form of ASUs. The Company considers the applicability and impact of all ASUs. Recently issued ASUs not listed below are not expected to have a material impact on the Company's consolidated financial statements, because either the ASU is not applicable or the impact is expected to be immaterial.

On June 16, 2016, the FASB issued ASU 2016-13, *Financial Instruments — Credit Losses*. This guidance sets forth a new impairment model for financial instruments, current expected credit loss ("CECL") model, which is based on expected losses rather than incurred losses. Under the CECL model, an entity recognizes as an allowance its estimate of expected credit losses. This update is effective for annual reporting periods (including interim periods) beginning after December 15, 2019, with early adoption permitted. The Company is currently assessing the impact of this update on its consolidated financial statements and notes to the consolidated financial statements.

On May 10, 2016, the FASB issued ASU 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*. This guidance clarifies certain narrow aspects of Topic 606, including assessing collectibility, presentation of sales taxes, noncash consideration, and completed contracts and contract modifications at transition. On April 14, 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*. This guidance clarifies two aspects of Topic 606: identifying performance obligations and the licensing implementation guidance. On March 17, 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*. This guidance clarifies certain aspects of the principal-versus-agent guidance in its new revenue recognition standard related to the determination of whether an entity is a principal-versus-agent and the determination of the nature of each specified good or service. Both updates affect the guidance in ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* and ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, and defer the effective date of ASU 2014-09 by one year. These updates are effective for annual reporting periods (including interim periods) beginning after December 15, 2017 with early adoption permitted. The Company is currently assessing the impact of these updates on its consolidated financial statements and notes to the consolidated financial statements.

On March 30, 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*. This guidance simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, classification of excess tax benefits on the statement of cash flows, and forfeitures. This update is effective for

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

annual reporting periods (including interim periods) beginning after December 15, 2016 with early adoption permitted. The Company is currently assessing the impact of this update on its consolidated financial statements and notes to the consolidated financial statements.

On March 15, 2016, the FASB issued ASU 2016-07, *Investments—Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting*. This guidance eliminates the retroactive adoption requirement when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence. This update is effective for annual reporting periods (including interim periods) beginning after December 15, 2016, with early adoption permitted. The implementation of this update is not expected to have a material effect on the Company's consolidated financial statements and notes to the consolidated financial statements.

On March 14, 2016, the FASB issued ASU 2016-06, *Derivatives and Hedging (Topic 815): Contingent Put and Call Options in Debt Instruments*. This guidance clarifies the requirements for assessing whether contingent call (put) options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts. This update is effective for annual reporting periods (including interim periods) beginning after December 15, 2016, with early adoption permitted. The implementation of this update is not expected to have a material effect on the Company's consolidated financial statements and notes to the consolidated financial statements.

On March 14, 2016, the FASB issued ASU 2016-05, *Derivatives and Hedging (Topic 815): Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships*. This guidance clarifies the accounting treatment when there is a change in the counterparty to a derivative instrument that has been designated as the hedging instrument under Topic 815. This update is effective for annual reporting periods (including interim periods) beginning after December 15, 2016, with early adoption permitted. The implementation of this update is not expected to have a material effect on the Company's consolidated financial statements and notes to the consolidated financial statements.

### **3. Investment in Real Estate**

#### ***Acquisitions***

The Company's acquisitions are accounted for using the acquisition method. The results of operations for each of these acquisitions are included in the Company's Consolidated Statements of Operations from the date of acquisition.

On July 1, 2016, the Company purchased the 11601 Wilshire Boulevard office property in West Los Angeles, California. See Note 20—Subsequent Events for details.

During 2015, the Company acquired 26 office properties totaling approximately 8.2 million square feet and two development parcels throughout Northern California. In addition, the Company also acquired 4th and Traction and 405 Mateo, both located in Los Angeles, California.

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

**Dispositions**

The following table summarizes the properties sold during the six months ended June 30, 2016 and June 30, 2015. These properties were non-strategic assets to the Company's portfolio.

Property	Date of Disposition	Number of Buildings	Square Feet	Sales Price <sup>(1)</sup> (in millions)
Bayhill Office Center	January 14, 2016	4	554,328	\$215.0
Patrick Henry Drive	April 7, 2016	1	70,520	19.0
One Bay Plaza	June 1, 2016	1	195,739	53.4
Total dispositions for the six months ended June 30, 2016		6	820,587	\$287.4
First Financial	March 6, 2015	1	223,679	\$89.0
Total dispositions for the six months ended June 30, 2015 <sup>(2)</sup>		1	223,679	\$89.0

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

(2) Excludes the disposition of 45% interest in 1455 Market Street office property on January 7, 2015.

The dispositions of these properties resulted in a gain of \$2.2 million and \$8.5 million for the three and six months ended June 30, 2016, respectively, and a loss of \$0.6 million and a gain of \$22.1 million for the three and six months ended June 30, 2015, respectively.

The Company has not presented the operating results in net income (loss) from discontinued operations for these disposals because they do not represent a strategic shift in the Company's business. In addition, the Company reclassified the assets and liabilities related to these dispositions to assets and liabilities associated with real estate held for sale as of December 31, 2015.

**Held for sale**

On April 25, 2016, the Company entered into an agreement to sell its 12655 Jefferson property for \$80.0 million (before certain credits, prorations and closing costs). The Company determined that 12655 Jefferson met the criteria to be classified as held for sale and reclassified the balances related to such property within the Consolidated Balance Sheet as of June 30, 2016 and December 31, 2015.

The following table summarizes the components of assets and liabilities associated with real estate held for sale as of June 30, 2016 and December 31, 2015:

	June 30, 2016	December 31, 2015
<b>ASSETS</b>		
Investment in real estate, net	48,996	313,344
Straight-line rent receivables, net	4	2,016
Deferred leasing costs and lease intangible assets, net	2,676	14,415
Other	756	525
Assets associated with real estate held for sale	\$ 52,432	\$ 330,300
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 3,136	\$ 3,831
Other	2,131	12,960
Liabilities associated with real estate held for sale	\$ 5,267	\$ 16,791

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

***Cost Capitalization***

Capitalized personnel costs were \$2.3 million and \$4.6 million for the three and six months ended June 30, 2016, respectively, and \$1.9 million and \$2.8 million for the three and six months ended June 30, 2015, respectively. Capitalized interest was \$2.9 million and \$5.5 million for the three and six months ended June 30, 2016, respectively, and \$0.9 million and \$3.0 million for for the three and six months ended June 30, 2015, respectively.

***Impairment of Long-Lived Assets***

No impairment indicators have been noted and the Company recorded no impairment charges for the three and six months ended June 30, 2016 and 2015.

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

**4. Deferred Leasing Costs and Lease Intangibles, net**

The following summarizes the Company's deferred leasing costs and lease intangibles as of:

	June 30, 2016	December 31, 2015
Above-market leases	\$ 38,252	\$ 38,465
Accumulated amortization	(24,416)	(17,206)
Above-market leases, net	13,836	21,259
Deferred leasing costs and in-place lease intangibles	353,698	347,531
Accumulated amortization	(130,072)	(111,128)
Deferred leasing costs and in-place lease intangibles, net	223,626	236,403
Below-market ground leases	59,578	59,578
Accumulated amortization	(3,849)	(2,757)
Below-market ground leases, net	55,729	56,821
Deferred leasing costs and lease intangible assets, net	\$ 293,191	\$ 314,483
Below-market leases	\$ 130,880	\$ 138,852
Accumulated amortization	(54,067)	(45,455)
Below-market leases, net	76,813	93,397
Above-market ground leases	1,095	1,095
Accumulated amortization	(67)	(46)
Above-market ground leases, net	1,028	1,049
Lease intangible liabilities, net	\$ 77,841	\$ 94,446

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Above-market lease <sup>(1)</sup>	\$ 3,695	\$ 3,892	\$ 7,414	\$ 4,262
Below-market lease <sup>(1)</sup>	8,146	14,305	16,716	16,119
Deferred leasing costs and in-place lease intangibles <sup>(2)</sup>	22,098	31,516	44,666	35,746
Above-market ground lease <sup>(3)</sup>	11	17	22	17
Below-market ground lease <sup>(3)</sup>	546	532	1,092	594

(1) Amortization is recorded in office rental income in the Consolidated Statements of Operations.

(2) Amortization is recorded in depreciation and amortization expense and office rental income in the Consolidated Statements of Operations.

(3) Amortization is recorded in office operating expenses in the Consolidated Statements of Operations.

**5. Accounts Receivable, net**

The Company's accounting policy and methodology used to estimate the allowance for doubtful accounts is discussed in the annual report on Form 10-K of Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. for the year ended December 31, 2015. The following table summarizes the Company's accounts receivable, net of allowance for doubtful accounts as of:

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

	June 30, 2016	December 31, 2015
Accounts receivable	\$ 12,017	\$ 22,060
Allowance for doubtful accounts	(1,467)	(1,012)
Accounts receivable, net	<u>\$ 10,550</u>	<u>\$ 21,048</u>

**6. Straight-line rent receivables, net**

The Company's accounting policy and methodology used to estimate the allowance for doubtful accounts is discussed in the annual report on Form 10-K of Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L. P. for the year ended December 31, 2015. The following table represents the Company's straight-line rent receivables, net of allowance for doubtful accounts as of:

	June 30, 2016	December 31, 2015
Straight-line rent receivables	\$ 70,565	\$ 60,378
Allowance for doubtful accounts	(36)	(970)
Straight-line rent receivables, net	<u>\$ 70,529</u>	<u>\$ 59,408</u>

**7. Notes Receivable, net**

On August 19, 2014, the Company entered into a loan participation agreement for a loan with a maximum principal of \$140.0 million. The Company's share was 23.77%, or \$33.3 million. The note receivable is secured by a real estate property, bears interest at 11.0% and was to mature on August 22, 2016. Interest is payable monthly with the principal due at maturity. The Company received a \$0.4 million commitment fee as a result of this transaction. The balance as of December 31, 2015, net of the accretion of commitment fee, was \$28.7 million. The notes receivable under the loan participation agreement were fully repaid as of June 30, 2016.

**8. Investment in unconsolidated entity**

Investment in unconsolidated real estate in which the Company has the ability to exercise significant influence (but not control) is accounted for under the equity method of investment. 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 June 16, 2016, the Company entered into a joint venture to co-originate a loan secured by land in Santa Clara, CA. The Company holds a 21.4% interest in the joint venture. The assets of the joint venture are comprised of the notes receivable which represents the maximum exposure for loss for the Company. The joint venture meets the criteria of a VIE and the Company accounts for this investment under the equity method of accounting since the Company is not the primary beneficiary. Under the equity method of accounting, the Company's net equity investment is reflected within investment in unconsolidated entity on the Consolidated Balance Sheets, and the Company's share of net income or loss from the joint venture is included within other expense (income) on the Consolidated Statements of Operations.

**9. Goodwill**

The Company's goodwill balance as of June 30, 2016 and December 31, 2015 was \$8.8 million. The Company does not amortize this asset but instead analyzes it on an annual basis for impairment. No impairment indicators have been noted during the three and six months ended June 30, 2016 and 2015.

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

**10. Notes Payable**

The following table summarizes the balances of the Company's indebtedness as of:

	June 30, 2016	December 31, 2015
Notes payable	\$ 2,358,029	\$ 2,278,445
Less: unamortized loan premium and deferred financing costs, net <sup>(1)</sup>	(19,147)	(17,729)
Notes payable, net	\$ 2,338,882	\$ 2,260,716

(1) Deferred financing costs exclude debt issuance costs, net, related to establishing the Company's unsecured revolving credit facility and undrawn term loans. The amounts included in prepaid expenses and other assets, net was \$1.8 million and \$4.1 million as of June 30, 2016 and December 31, 2015, respectively.

The following table sets forth information as of June 30, 2016 and December 31, 2015 with respect to the Company's outstanding indebtedness, excluding net deferred financing costs related to unsecured revolving credit facility and undrawn term loans.

	June 30, 2016		December 31, 2015		Interest Rate <sup>(1)</sup>	Contractual Maturity Date
	Principal Amount	Deferred Financing Costs, net	Principal Amount	Unamortized Loan Premium and Deferred Financing Costs, net		
<b>Unsecured Loans</b>						
Unsecured Revolving Credit Facility <sup>(2)</sup>	\$ 250,000	\$ —	\$ 230,000	\$ —	LIBOR+ 1.15% to 1.85%	4/1/2019 <sup>(3)</sup>
5-Year Term Loan due April 2020 <sup>(2)(4)</sup>	450,000	(4,021)	550,000	(5,571)	LIBOR+ 1.30% to 2.20%	4/1/2020
5-Year Term Loan due November 2020 <sup>(2)</sup>	175,000	(840)	—	—	LIBOR +1.30% to 2.20%	11/17/2020
7-Year Term Loan due April 2022 <sup>(2)(5)</sup>	350,000	(2,443)	350,000	(2,656)	LIBOR+ 1.60% to 2.55%	4/1/2022
7-Year Term Loan due November 2022 <sup>(2)(6)</sup>	125,000	(1,010)	—	—	LIBOR + 1.60% to 2.55%	11/17/2022
Series A Notes	110,000	(1,009)	110,000	(1,011)	4.34%	1/2/2023
Series B Notes	259,000	(2,398)	259,000	(2,378)	4.69%	12/16/2025
Series C Notes	56,000	(564)	56,000	(509)	4.79%	12/16/2027
Total Unsecured Loans <sup>(7)</sup>	\$ 1,775,000	\$ (12,285)	\$ 1,555,000	\$ (12,125)		
<b>Mortgage Loans</b>						
Mortgage loan secured by Pinnacle II	\$ 87,000	\$ (759)	\$ 86,228	\$ 1,310 <sup>(8)</sup>	4.30%	6/11/2026
Mortgage loan secured by 901 Market	—	—	30,000	(119)	N/A	N/A
Mortgage loan secured by Rincon Center <sup>(9)</sup>	101,357	(276)	102,309	(355)	5.13%	5/1/2018
Mortgage loan secured by Sunset Gower/Sunset Bronson <sup>(10)</sup>	5,001	(1,889)	115,001	(2,232)	LIBOR+2.25%	3/4/2019 <sup>(7)</sup>
Mortgage loan secured by Met Park North <sup>(11)</sup>	64,500	(453)	64,500	(509)	LIBOR+1.55%	8/1/2020
Mortgage loan secured by 10950 Washington <sup>(9)</sup>	28,171	(387)	28,407	(421)	5.32%	3/11/2022
Mortgage loan secured by Pinnacle I <sup>(12)</sup>	129,000	(644)	129,000	(694)	3.95%	11/7/2022
Mortgage loan secured by Element L.A.	168,000	(2,454)	168,000	(2,584)	4.59%	11/6/2025
Total mortgage loans	\$ 583,029	\$ (6,862)	\$ 723,445	\$ (5,604)		
Total	\$ 2,358,029	\$ (19,147)	\$ 2,278,445	\$ (17,729)		

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

- (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 June 30, 2016, which may be different than the interest rates as of December 31, 2015 for corresponding indebtedness.
- (2) The Company has the option to make an irrevocable election to change the interest rate depending on the Company's credit rating. As of June 30, 2016, no such election has been made.
- (3) The maturity date may be extended once for an additional one-year term.
- (4) Effective May 1, 2015, \$300.0 million of the term loan has been effectively fixed at 2.66% to 3.56% per annum through the use of an interest rate swap. The Company redesignated this interest rate swap effective July 1, 2016 to incorporate a 0.00% floor. Therefore, the effective interest rate with respect to \$300.0 million of the term loan increased to 2.75% to 3.65% per annum. See Note 11—Derivative Instruments for details.
- (5) Effective May 1, 2015, the outstanding balance of the term loan has been effectively fixed at 3.21% to 4.16% per annum through the use of an interest rate swap. The Company redesignated this interest rate swap effective July 1, 2016 to incorporate a 0.00% floor. Therefore, the effective interest rate increased to 3.36% to 4.31% per annum. See Note 11—Derivative Instruments for details.
- (6) Effective June 1, 2016, the outstanding balance of the term loan has been effectively fixed at 3.03% to 3.98% per annum through the use of an interest rate swap. See Note 11—Derivative Instruments for details.
- (7) Total unsecured loans does not include the balance related to the private placement agreements entered on July 6, 2016 for \$150.0 million of 3.98% senior guaranteed notes due July 6, 2026, and an additional \$50.0 million of 3.66% senior guaranteed notes due September 15, 2023. The \$150.0 million was drawn on July 6, 2016. The \$50.0 million has not yet been drawn. See Note 20—Subsequent Events for details.
- (8) Represents unamortized premium amount of the non-cash mark-to-market adjustment.
- (9) Monthly debt service includes annual debt amortization payments based on a 30-year amortization schedule with a balloon payment at maturity.
- (10) Through February 11, 2016, interest on \$92.0 million of the outstanding loan balance was effectively capped at 5.97% and 4.25% on \$50.0 million and \$42.0 million, respectively, of the loan through the use of two interest rate caps. These interest rate caps were not renewed after maturity.
- (11) This loan bears interest only. Interest on the full loan amount has been effectively fixed at 3.71% per annum through use of an interest rate swap. See Note 11—Derivative Instruments for details.
- (12) This loan bears interest only for the first five years. Beginning with the payment due December 6, 2017, monthly debt service will include annual debt amortization payments based on a 30-year amortization schedule with a balloon payment at maturity.

***Current Year Activity***

On May 3, 2016, the Company drew on the \$175.0 million 5-Year Term Loan due November 2020 and \$125.0 million 7-Year Term Loan due November 2022 that were entered into on November 17, 2015. Amounts drawn were used to fully pay down \$30.0 million of the 901 Market mortgage loan that was set to mature on October 31, 2016, to partially pay down \$110.0 million of the Sunset Gower/Sunset Bronson mortgage loans and \$100.0 million of the 5-Year Term Loan due April 2020.

On June 7, 2016, Pinnacle II Hudson MC Partners, the Company's joint venture, entered into a \$87.0 million ten-year mortgage loan secured by its Pinnacle II office property. This new loan has a maturity date of June 11, 2026 and bears a fixed rate of 4.30% per annum with interest only payable every month during the term of the loan and principal payment at maturity. Proceeds were used to fully pay down the previous loan secured by the Company's Pinnacle II office property that was scheduled to mature on September 6, 2016.

On July 6, 2016, the Company entered into a private placement of debt for \$150.0 million of 3.98% senior guaranteed notes due July 6, 2026. The \$150.0 million was drawn on July 6, 2016. Proceeds were used to pay down the unsecured revolving credit facility. The Company also secured an additional \$50.0 million of funds from a private placement of 3.66% senior guaranteed notes due September 15, 2023, which has not been drawn. See Note 20—Subsequent Events for details.

***Indebtedness***

The Company presents its financial statements on a consolidated basis. Notwithstanding such presentation, except to the extent expressly indicated, such as in the case of the project financing for the Sunset Gower and Sunset Bronson properties, 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 loan and transactions of this type. As of the date of this filing, there has been no events of default associated with the Company's loans.

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

The minimum future principal payments due on the Company's secured and unsecured notes payable at June 30, 2016 were as follows (before the impact of extension options, if applicable):

Year ended	Annual Principal Payments
Remaining 2016	\$ 1,191
2017	2,714
2018	101,157
2019	257,886
2020	692,493
Thereafter	1,302,588
<b>Total</b>	<b>\$ 2,358,029</b>

**Senior Unsecured Revolving Credit Facility and Term Loan Facilities**

*New Term Loan Agreement*

On November 17, 2015, the operating partnership entered into a new term loan credit agreement (the "New Term Loan Agreement") with a group of lenders for an unsecured \$175.0 million five-year delayed draw term loan with a maturity date of November 2020 ("5-Year Term Loan due November 2020") and an unsecured \$125.0 million seven-year delayed draw term loan with a maturity date of November 2022 ("7-Year Term Loan due November 2022"). These term loans were fully drawn on May 3, 2016.

*A&R Credit Agreement*

On April 1, 2015, the operating partnership entered into the Second Amended and Restated Credit Agreement dated as of March 31, 2015 (the "Credit Facility"), which extended the maturity dates, increased the availability of the unsecured revolving credit facility to \$400.0 million, increased the availability of 5-Year Term Loan due April 2020 to \$550.0 million, and added a \$350.0 million 7-Year Term Loan due April 2022. On November 17, 2015, the operating partnership amended and restated the Credit Facility ("Amended and Restated Credit Facility") to align certain terms therein with the less restrictive terms of the New Term Loan Agreement. Borrowings under the Credit Facility were used towards the EOP Acquisition in 2015 and the Amended and Restated Credit Facility is available for other purposes, including for payment of pre-development and development costs incurred in connection with properties owned by the Company, to finance capital expenditures and the repayment of indebtedness of the Company, to provide for general working capital needs and for general corporate purposes of the Company, and to pay fees and expenses incurred in connection with the Amended and Restated Credit Facility.

**Guaranteed Senior Notes**

On November 16, 2015, the operating partnership entered into a Note Purchase Agreement (the "Note Purchase Agreement") with various purchasers, which provides for the private placement of \$425.0 million of senior guaranteed notes by the operating partnership, designated as three notes with various interest rates and maturity dates ("Notes"). The Notes were issued on December 16, 2015 and upon issuance, the Notes pay interest semi-annually on the 16th day of June and December in each year until their respective maturities.

**Debt Covenants**

The operating partnership's ability to borrow under the New Term Loan Agreement, the Amended and Restated Credit Facility, and the Note Purchase Agreement remains subject to ongoing compliance with financial and other covenants as defined in the respective agreements, including, when considering the most restrictive terms, maintaining a leverage ratio (maximum of 0.60:1.00), unencumbered leverage ratio (maximum of 0.60:1.00), fixed charge coverage ratio (minimum of 1.50:1.00), secured indebtedness leverage ratio (maximum of 0.45:1.00), and unsecured interest coverage ratio (minimum 2.00:1.00). 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.

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

The operating partnership was in compliance with its financial covenants at June 30, 2016.

**Repayment Guaranties**

*Sunset Gower and Sunset Bronson Loan*

In connection with the loan secured by the Sunset Gower and Sunset Bronson properties, the Company has guaranteed in favor of and promised to pay to the lender 19.5% of the principal payable under the loan in the event the borrower, a wholly-owned entity of the operating partnership, does not do so. As of June 30, 2016, the outstanding balance was \$5.0 million, which results in a maximum guarantee amount for the principal under this loan of \$1.0 million. Furthermore, the Company agreed to guarantee the completion of the construction improvements, including tenant improvements, as defined in the agreement, in the event of any default of the borrower. If the borrower fails to complete the remaining required work, the guarantor agrees to perform timely all of the completion obligations, as defined in the agreement. As of the date of this filing, there has been no event of default associated with this loan.

*Other Loans*

Although the rest of the operating partnership's loans are secured and non-recourse to the operating partnership, the operating partnership provides limited customary secured debt guarantees for items such as voluntary bankruptcy, fraud, misapplication of payments and environmental liabilities.

**11. Derivative Instruments**

The Company entered into interest rate contracts in order to hedge interest rate risk. As of June 30, 2016, the Company had six interest rate swaps with notional amounts of \$839.5 million. As of December 31, 2015, the Company had two interest rate caps and five interest rate swaps with notional amounts of \$92.0 million and \$714.5 million, respectively. These derivatives were designated as effective cash flow hedges for accounting purposes.

The Company's derivative instruments are classified as Level 2 and their fair values are derived from estimated values obtained from observable market data for similar instruments.

**5-Year Term Loan due April 2020 and 7-year Term Loan due April 2022**

On April 1, 2015, the Company entered into a derivative contract with respect to \$300.0 million of the 5-Year Term Loan due April 2020 which, effective as of May 1, 2015, swapped one-month LIBOR to a fixed rate of 1.36% through the loan's maturity. Therefore the interest rate is effectively fixed at 2.66% to 3.56%. The unhedged portion bears interest at a rate equal to one-month LIBOR plus 1.30% to 2.20%, depending on the Company's leverage ratio. On July 20, 2016, the Company redesignated this interest rate swap to add a 0.00% floor to one-month LIBOR effective July 1, 2016. Therefore, the effective interest rate with respect to \$300.0 million of the term loan increased to a range of 2.75% to 3.65% per annum based on the Company's operating partnership's leverage ratio.

On April 1, 2015, the Company also entered into a derivative contract with respect to the \$350.0 million 7-year Term Loan due April 2022, which, effective as of May 1, 2015, swapped one-month LIBOR to a fixed rate of 1.61% through the loan's maturity. Therefore the interest rate is effectively fixed at 3.21% to 4.16%. On July 20, 2016, the Company redesignated this interest rate swap to add a 0.00% floor to one-month LIBOR effective July 1, 2016. Therefore, the effective interest rate with respect to \$350.0 million 7-year Term Loan due April 2022 increased to a range of 3.36% to 4.31% per annum based on the Company's operating partnership's leverage ratio.

During the three and six months ended June 30, 2016, the Company recognized an unrealized loss of \$0.4 million and \$2.5 million, respectively, related to the ineffective portion of these derivative contracts. There was no unrealized loss during the three and six months ended June 30, 2015. The Company redesignated the derivative contracts to add a 0.00% floor to one-month LIBOR effective July 1, 2016 as described above, therefore, eliminating the ineffectiveness in these derivatives. See Note 20—Subsequent Events for details.

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

**7-Year Term Loan due November 2022**

On May 3, 2016, the Company entered into a derivative contract with respect to \$125.0 million of the 7-Year Term Loan due November 2022. This derivative became effective on June 1, 2016 and swapped one-month LIBOR, which includes a 0.00% floor, to a fixed rate of 1.43% through the loan's maturity.

**Sunset Gower and Sunset Bronson Mortgage**

On February 11, 2011, the Company closed a five-year term loan totaling \$92.0 million with Wells Fargo Bank, N.A., secured by the Sunset Gower and Sunset Bronson properties. The loan initially bore interest at a rate equal to one-month LIBOR plus 3.50%. On March 16, 2011, the Company purchased an interest rate cap in order to cap one-month LIBOR at 3.715% on \$50.0 million of the loan through February 11, 2016. On January 11, 2012, the Company purchased an interest rate cap in order to cap one-month LIBOR at 2.00% with respect to \$42.0 million of the loan.

Effective August 22, 2013, the terms of this loan were amended to, among other changes, increase the outstanding balance from \$92.0 million to \$97.0 million, reduce the interest to a rate equal to one-month LIBOR plus 2.25%, and extend the maturity date from February 11, 2016 to February 11, 2018. The derivatives described above were not changed in connection with this loan amendment. Therefore, the interest rate is effectively fixed at 5.97% on \$50.0 million of the loan and 4.25% with respect to \$42.0 million of the loan.

Effective March 4, 2015, the terms of this loan were amended and restated to introduce the ability to draw up to an additional \$160.0 million for budgeted construction costs associated with the ICON development and to extend the maturity date from February 11, 2018 to March 4, 2019. The derivatives described above were not changed in connection with this loan amendment. These derivatives matured on February 11, 2016.

**Met Park North**

On July 31, 2013, the Company closed a seven-year loan totaling \$64.5 million with Union Bank, N.A., secured by the Met Park North property. The loan bears interest at a rate equal to one-month LIBOR plus 1.55%. The full loan is subject to an interest rate contract that swapped one-month LIBOR to a fixed rate of 2.16% through the loan's maturity on August 1, 2020.

**Overall**

The fair market value of derivatives are presented on a gross basis in the Consolidated Balance Sheets. There were no derivative assets as of June 30, 2016. The derivative assets as of December 31, 2015 were \$2.1 million. The derivative liabilities as of June 30, 2016 and December 31, 2015 were \$26.5 million and \$2.0 million, respectively.

The Company reclassifies into earnings in the same period during which the hedged forecasted transaction affects earnings. As of June 30, 2016, the Company expects \$8.9 million of unrealized loss included in accumulated other comprehensive loss will be reclassified to interest expense in the next twelve months.

**12. Income Taxes**

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

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 June 30, 2016, the Company has not established a liability for uncertain tax positions.

The Company and its TRS file income tax returns with the U.S. federal government and various state and local jurisdictions. The Company and its TRS are no longer subject to tax examinations by tax authorities for years prior to 2011. Generally, the Company has assessed its tax positions for all open years, which include 2011 to 2015, and concluded that there are no material uncertainties to be recognized.

### 13. Future Minimum Base Rents and Lease Payments Future Minimum Rents

The Company's properties are leased to tenants under operating leases with initial term expiration dates ranging from 2016 to 2031. Future minimum base rents (excluding tenant reimbursements for operating expenses and without regard to cancellation options) for properties at June 30, 2016 are presented below for the next five years and thereafter are as follows:

	Non-cancellable	Subject to early termination options	Total <sup>(1)</sup>
Remaining 2016	\$ 239,058	\$ 408	\$ 239,466
2017	446,027	4,736	450,763
2018	379,156	23,863	403,019
2019	327,509	26,346	353,855
2020	259,941	7,565	267,506
Thereafter	934,162	25,385	959,547
<b>Total</b>	<b>\$ 2,585,853</b>	<b>\$ 88,303</b>	<b>\$ 2,674,156</b>

(1) Excludes rents under leases at the Company's media and entertainment properties with terms of one year or less.

#### Future Minimum Lease Payments

The following table summarizes the Company's ground lease terms related to properties that are held subject to long-term noncancellable ground lease obligations:

Property	Expiration Date	Notes
Sunset Gower	3/31/2060	Every 7 years rent adjusts to 7.5% of Fair Market Value ("FMV") of the land.
Del Amo Office	6/30/2049	Rent under the ground sublease is \$1.00 per year, with the sublessee being responsible for all impositions, insurance premiums, operating charges, maintenance charges, construction costs and other charges, costs and expenses that arise or may be contemplated under any provisions of the ground sublease.
9300 Wilshire Blvd.	8/14/2032	Additional rent is the sum by which 6% of gross rental from the prior calendar year exceeds the Minimum Rent.
222 Kearny Street	6/14/2054	Minimum annual rent is the greater of \$975 thousand or 20% of the first \$8.0 million of the tenant's "Operating Income" during any "Lease Year," as such terms are defined in the ground lease.
Page Mill Center	11/30/2041	Minimum annual rent (adjusted on 1/1/2019 and 1/1/2029) plus 25% of adjusted gross income ("AGI"), less minimum annual rent.
Clocktower Square Bldg	9/26/2056	Minimum annual rent (adjusted every 10 years) plus 25% of AGI less minimum annual rent.
Palo Alto Square	11/30/2045	Minimum annual rent (adjusted every 10 years starting 1/1/2022) plus 25% of AGI less minimum annual rent.
Lockheed Building	7/31/2040	The ground rent is the greater of the minimum annual rent or percentage annual rent. The minimum annual rent is the lesser of 10% of FMV of the land or the previous year's minimum annual rent plus 75% of consumer price index, or CPI, increase. Percentage annual rent is Lockheed's base rent multiplied by 24.125%.
Foothill Research Ctr	6/30/2039	The ground rent is the greater of the minimum annual rent or percentage annual rent. The minimum annual rent is the lesser of 10% of FMV of the land or the previous year's minimum annual rent plus 75% of CPI increase. Percentage annual rent is gross income multiplied by 24.125%.
3400 Hillview	10/31/2040	The ground rent is the greater of the minimum annual rent or percentage annual rent. The minimum annual rent until October 31, 2017 is the lesser of 10% of FMV of the land or \$1.0 million grown at 75% of the cumulative increases in CPI from October 1989. Thereafter, minimum annual rent is the lesser of 10% of FMV of the land or the minimum annual rent as calculated as of November 1, 2017 plus 75% of subsequent cumulative CPI changes. Percentage annual rent is gross income x 24.125%. This lease has been prepaid through October 31, 2017.
Metro Center Tower	4/29/2054	Every 10 years rent adjusts to 7.233% of FMV of the land (since 2008) and rent also adjusts every 10 years to reflect the change in CPI from the preceding FMV adjustment date (since 2013).
Techmart Commerce Center	5/31/2053	Subject to a 10% increase every 5 years.

The Company recognized \$2.1 million and \$4.4 million of ground lease contingent rental expense for the three and six months ended June 30, 2016, respectively, and \$1.0 million and \$1.1 million for the three and six months ended June 30, 2015, respectively. Minimum rent expense was \$2.9 million and \$5.9 million for the three and six months ended June 30, 2016, respectively, and \$3.0 million and \$3.3 million for the three and six months ended June 30, 2015, respectively. Rental expense on the Company's corporate office lease was \$0.6 million and \$1.1 million for the three and six months ended June 30, 2016, respectively, and \$0.2 million and \$0.4 million for the three and six months ended June 30, 2015, respectively.

The following table provides information regarding the Company's future minimum lease payments for its ground lease and corporate office lease at June 30, 2016 (before the impact of extension options, if applicable).

	Ground Leases <sup>(1)(2)(3)</sup>	Operating Leases
Remaining 2016	\$ 6,043	\$ 1,016
2017	12,404	2,072
2018	14,070	2,134
2019	14,120	2,198
2020	14,120	2,264
Thereafter	413,927	11,487
<b>Total</b>	<b>\$ 474,684</b>	<b>\$ 21,171</b>

(1) In situations where ground lease obligation adjustments are based on third-party appraisals of fair market land value, the future minimum lease amounts above include the lease rental obligations in affect as of June 30, 2016.

(2) In situations where ground lease obligation adjustments are based on CPI adjustment, the future minimum lease amounts above include the lease rental obligations in affect as of June 30, 2016.

(3) In situations where ground lease obligation adjustments are based on the percentages of gross income that exceeds the minimum annual rent, the future minimum lease amounts above include the lease rental obligations in affect as of June 30, 2016.

On July 1, 2016, the Company purchased the building in which the corporate office is located. Therefore, effective July 1, 2016, there are no future lease payments related to the corporate office lease. The land in which the Corporate office is located is subject to a long-term noncancellable ground lease. See Note 20—Subsequent Events for details of the acquisition.

#### 14. Fair Value of Financial Instruments

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

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

The Company measures fair value of financial instruments using level 2 inputs categorized within the fair value hierarchy. The Company's financial assets and liabilities measured and reported at fair value on a recurring basis include the following:

	June 30, 2016				December 31, 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivative assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,061	\$ —	\$ 2,061
Derivative liabilities	—	26,478	—	26,478	—	2,010	—	2,010

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*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 because of the short-term nature of these instruments. Fair values for notes payable and notes receivable 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 assets and liabilities at:

	June 30, 2016		December 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Notes payable, net <sup>(1)</sup>	\$ 2,358,029	\$ 2,383,010	\$ 2,279,755	\$ 2,284,429
Notes receivable, net	—	—	28,684	28,684

(1) Amounts represent total notes payable including unamortized loan premium and excludes net deferred financing fees.

**15. Stock-Based Compensation**

The Company has various stock compensation arrangements, which are more fully described in Part IV, Item 15(a) "Financial Statement and Schedules—Note 9 to the Consolidated Financial Statements—Equity" in its 2015 Annual Report on Form 10-K. Under the 2010 Incentive Award Plan, as amended ("2010 Plan"), the board of directors of Hudson Pacific Properties, Inc., or its compensation committee, has the ability to grant, among other things, restricted stock, restricted stock units and performance units.

The board of directors of Hudson Pacific Properties, Inc. awards restricted shares to non-employee board members, other than directors designated by The Blackstone Group L.P. or its affiliates, on an annual basis as part of such board members' annual compensation and to newly elected non-employee board members, other than directors designated by The Blackstone Group L.P. or its affiliates, in accordance with the Company's Non-Employee Director Compensation Program. The share-based awards are generally issued in the second quarter, and the awards vest in equal annual installments over the applicable service vesting period, which is three years.

In addition, the board of directors of Hudson Pacific Properties, Inc. or its compensation committee awards time-based restricted shares to certain employees on an annual basis as part of the employees' annual compensation. The share-based awards are generally issued in the fourth quarter, and the awards vest in equal annual installments over the applicable service vesting period, which is three years. Additionally, these awards are subject to a two-year hold upon vesting if the employee is a named executive officer at the time of grant.

Starting in January 2012, during the first quarter, the compensation committee of the board of directors of Hudson Pacific Properties, Inc. adopts an Outperformance Plan ("OPP") under the 2010 Plan. Each OPP is a multi-year outperformance program covering certain senior executives, and authorizes grants of incentive awards linked to absolute and relative total shareholder return ("TSR") over the applicable three-year performance period. During March 2016, the Compensation Committee adopted the 2016 OPP Plan under the Company's 2010 Plan. The 2016 OPP is substantially similar to the previous OPPs except that (i) the performance period will run from January 1, 2016 through December 31, 2018, (ii) the maximum bonus pool under the 2016 OPP is \$17.5 million, (iii) the 2016 OPP provides for a target bonus pool equal to \$3.7 million and (iv) the bonus pool will be equal to 3% of the amount by which TSR during the performance period exceeds the applicable goal. For certain participants, the 2016 OPP awards will be settled in performance units of the operating partnership (rather than in common stock of Hudson Pacific Properties, Inc.).

In December 2015, the board of directors of Hudson Pacific Properties, Inc. awarded special one-time retention grants to certain employees, which include time-vesting restricted stock and performance-based RSUs. These awards vest over four years (subject to continued employment and, with respect to the RSUs, the achievement of performance goals). Additionally, these awards are subject to a two-year hold upon vesting.

The following table presents the classification and amount recognized for stock compensation related to the Company's OPP plans and restricted stock awards:

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	Three Months Ended June 30,		Six Months Ended June 30,		Consolidated Financial Statement Classification
	2016	2015	2016	2015	
Expensed stock compensation	\$ 3,301	\$ 2,003	\$ 6,643	\$ 4,152	general and administrative expenses
Capitalized stock compensation	106	109	188	211	deferred leasing costs and lease intangibles assets, net and tenant improvements
Total stock compensation	\$ 3,407	\$ 2,112	\$ 6,831	\$ 4,363	additional paid-in capital

**16. Earnings Per Share**

The Company calculates basic earnings per share by dividing the net income available to common stockholders for the period by the weighted average number of common shares outstanding during the period. The Company calculates diluted earnings per share by dividing the net income available to common stockholders for the period by the weighted average number of common shares and dilutive instruments outstanding during the period using the treasury stock method or the if-converted method. Unvested time-based RSUs and unvested OPP awards that contain nonforfeitable rights to dividends are participating securities and are included in the computation of earnings per share pursuant to the two-class method. The following table reconciles the numerator and denominator in computing the Company's basic and diluted per share computations for net income available to common stockholders:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
<b>Numerator:</b>				
Net income (loss)	\$ 4,035	\$ (36,083)	\$ 10,011	\$ (11,509)
Preferred dividends	(159)	(3,195)	(318)	(6,390)
Income attributable to participating securities	(196)	(80)	(393)	(150)
Income attributable to non-controlling interest in consolidated entities	(2,396)	(1,893)	(4,341)	(3,395)
(Income) loss attributable to non-controlling units of the operating partnership	(445)	16,008	(1,867)	15,412
Numerator for basic and diluted net income (loss) available to common stockholders	\$ 839	\$ (25,243)	\$ 3,092	\$ (6,032)
<b>Denominator:</b>				
Basic weighted average common shares outstanding	95,145,496	88,894,258	92,168,432	82,906,087
Effect of dilutive instruments <sup>(1)</sup>	850,000	—	832,000	—
Diluted weighted average common shares outstanding	95,995,496	88,894,258	93,000,432	82,906,087
Basic earnings per common share:	\$ 0.01	\$ (0.28)	\$ 0.03	\$ (0.07)
Diluted earnings per common share:	\$ 0.01	\$ (0.28)	\$ 0.03	\$ (0.07)

(1) The Company includes unvested awards as contingently issuable shares in the computation of diluted EPS once the market 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 EPS calculation. Shares related to the Company's 2015 OPP were excluded from the calculation of dilutive net income per common share for the three and six months ended June 30, 2016 because they are not currently expected to be earned.

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**17. Equity**

The tables below present the effect of the Company's derivative financial instruments on accumulated other comprehensive loss ("OCI"):

	<b>Hudson Pacific Properties, Inc. Stockholder's Equity</b>	<b>Non-controlling interests</b>	<b>Total Equity</b>
Balance at January 1, 2016	\$ 1,081	\$ (1,017)	\$ 64
Unrealized loss recognized in OCI due to change in fair value of derivative	17,676	10,497	28,173
Loss reclassified from OCI into income (as interest expense)	(2,678)	(1,590)	(4,268)
Net change in OCI	\$ 14,998	\$ 8,907	\$ 23,905
Balance at June 30, 2016	\$ 16,079	\$ 7,890	\$ 23,969

	<b>Hudson Pacific Properties, Inc. Stockholder's Equity</b>	<b>Non-controlling interests</b>	<b>Total Equity</b>
Balance at January 1, 2015	\$ 2,443	\$ 218	\$ 2,661
Unrealized loss recognized in OCI due to change in fair value of derivative	464	327	791
Loss reclassified from OCI into income (as interest expense)	(5,763)	(4,053)	(9,816)
Net change in OCI	\$ (5,299)	\$ (3,726)	\$ (9,025)
Balance at June 30, 2015	\$ (2,856)	\$ (3,508)	\$ (6,364)

**Non-controlling interests**

*Common units and performance units in the operating partnership*

There were 46,179,092 and 56,296,315 common units outstanding held by investors, executive officers and directors as of June 30, 2016 and December 31, 2015, respectively. Common units and shares of common stock of Hudson Pacific Properties, Inc. 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 redeem any or all of their common units for cash equal to the then-current market value of one share of common stock or, at the Company's election, issue shares of common stock of Hudson Pacific Properties, Inc. in exchange for common units on a one-for-one basis. In May 2016, common unitholders required the operating partnership to redeem 10,117,223 common units and the Company elected, in accordance with the limited partnership agreement of the operating partnership, to settle in cash to satisfy the redemption. The Company funded the redemption using the proceeds from a registered underwritten public offering of common stock. On July 21, 2016, common unitholders required the operating partnership to redeem an additional 19,195,373 common units and the Company elected, in accordance with the limited partnership agreement of the operating partnership, to settle in cash to satisfy the redemption. The Company funded the redemption using the proceeds from a registered underwritten public offering of common stock. See Note 20—Subsequent Events for details.

Performance units are partnership interests in the operating partnership. Each performance unit awarded will be deemed equivalent to an award of one unit 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 for tax purposes its assets 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

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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.

The operating partnership meets the criteria of a VIE and the Company is the primary beneficiary of the operating partnership.

*Non-controlling interest—members in consolidated entities*

The Company has an interest in a joint venture with Media Center Partners, LLC (the "Pinnacle JV"). The Pinnacle JV owns the Pinnacle, a two-building (Pinnacle I and Pinnacle II), 625,640 square-foot office property located in Burbank, California. As of June 30, 2016, December 31, 2015, and June 30, 2015 the Company owned a 65.0% interest in the Pinnacle JV. The Company is the administrator for this joint venture. This joint venture meets the criteria of a VIE and the Company is the primary beneficiary of the Pinnacle JV.

On January 7, 2015, the Company entered into a joint venture with Canada Pension Plan Investment Board ("CPPIB"), through which CPPIB purchased a 45.0% interest in the 1455 Market Street office property located in San Francisco, California. As of June 30, 2016, December 31, 2015, and June 30, 2015 the Company owned a 55% interest in the 1455 Market JV. The Company is the general partner of this joint venture. This joint venture meets the criteria of a VIE and the Company is the primary beneficiary of the 1455 Market JV.

**6.25% series A cumulative redeemable preferred units of the operating partnership**

6.25% series A cumulative redeemable preferred units of the operating partnership are 407,066 series A preferred units of partnership interest in the operating partnership, or series A preferred units, that are not owned by the Company. These series A preferred units are entitled to preferential distributions at a rate of 6.25% per annum on the liquidation preference of \$25.00 per unit and became 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, after June 29, 2013.

**8.375% series B cumulative redeemable preferred stock**

5,800,000 shares of 8.375% series B cumulative redeemable preferred stock of Hudson Pacific Properties, Inc., with a liquidation preference of \$25.00 per share, \$0.01 par value per share, were outstanding during the three months ended March 31, 2015. Dividends on the series B preferred stock were cumulative from the date of original issue and payable quarterly on or about the last calendar day of each March, June, September and December, at the rate of 8.375% per annum of its \$25.00 per share liquidation preference. On December 10, 2015, the Company redeemed its series B preferred stock in whole for cash at a redemption price of \$25.00 per share, plus accrued and unpaid dividends to, but not including, the date of redemption.

**May 2016 Common Stock Offering**

On May 10, 2016, the Company completed a public offering of 10,117,223 shares of common stock of Hudson Pacific Properties, Inc. The proceeds from the offering were used to redeem common units in the operating partnership.

**April 2015 Common Stock Secondary Offering**

On April 10, 2015, certain funds affiliated with Farallon Capital Management completed a public offering of 6,037,500 shares of common stock of Hudson Pacific Properties, Inc. The Company did not receive any proceeds from the offering.

**April 2015 Common Stock Issuance**

On April 1, 2015, in connection with the EOP Acquisition, Hudson Pacific Properties, Inc. issued 8,626,311 shares of common stock as part of the consideration paid.

**January 2015 Common Stock Offering**

On January 20, 2015, Hudson Pacific Properties, Inc. completed the public offering of 11,000,000 shares of common stock and the exercise of the underwriters' over-allotment option to purchase an additional 1,650,000 shares of common stock at

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the public offering price of \$31.75 per share. Total proceeds from the public offering, after underwriters' discount, were approximately \$385.6 million (before transaction costs).

***At-the-market program***

The Company's at-the-market ("ATM") program permits sales of up to \$125.0 million of stock. During 2015 and the six months ended June 30, 2016, the Company did not utilize the ATM program. A cumulative total of \$14.5 million has been sold through June 30, 2016.

***Share repurchase program***

On January 20, 2016, the board of directors of Hudson Pacific Properties, Inc. authorized a share repurchase program to buy up to \$100.0 million of the outstanding common stock of Hudson Pacific Properties, Inc. No share repurchases were made during the three months ended June 30, 2016.

***Dividends***

During the second quarter for 2016, the Company declared dividends on common stock and non-controlling common partnership interests of \$0.200 per share and unit. The operating partnership also declared distributions on series A preferred partnership interests of \$0.3906 per unit. The second quarter dividends were declared on June 10, 2016 to holders of record on June 20, 2016.

***Taxability of Dividends***

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

**18. Related Party Transactions**

***Employment Agreements***

The Company has entered into employment agreements with certain executive officers, effective January 1, 2016, that provide for various severance and change in control benefits and other terms and conditions of employment.

***Lease and subsequent purchase of Corporate Headquarters from Blackstone***

On July 26, 2006, the Company's predecessor, Hudson Capital, LLC, entered into a lease agreement and subsequent amendments with landlord Trizec Holdings Cal, LLC (an affiliate of Blackstone Real Estate Partners V and Blackstone Real Estate Partners VI) for the Company's corporate headquarters at 11601 Wilshire Boulevard. The Company previously occupied approximately 40,120 square feet of the property's space as a tenant. On December 16, 2015, the Company entered into an amendment of that lease to expand the space to approximately 42,371 square feet of the property's space and to extend the term by an additional three years, to a total of ten years, through August 31, 2025. The lease commencement date was September 1, 2015. As of June 30, 2016, the minimum future rents payable under the new lease was \$21.2 million. On July 1, 2016, the Company purchased the 11601 Wilshire Boulevard office building from funds managed by Blackstone for \$311.0 million (before credits, prorations and closing costs). JMG Capital Management LLC leases approximately 6,638 square feet at 11601 Wilshire pursuant to an eight-year lease at an aggregate rate of approximately \$279 thousand annualized rent per year. Jonathan M. Glaser, a member of the Company's board of directors, is the founder and managing member of JMG Capital Management LLC. See Note 20—Subsequent Events for details related to this acquisition.

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*Agreement Related to EOP Acquisition*

On April 1, 2015, the Company completed the EOP Acquisition from certain affiliates of Blackstone, which consisted of 26 high-quality office assets totaling approximately 8.2 million square feet and two development parcels located throughout the San Francisco Peninsula, Redwood Shores, Palo Alto, Silicon Valley and North San Jose submarkets. The total consideration paid for the EOP Acquisition before certain credits, prorations and closing costs included a cash payment of \$1.75 billion and an aggregate of 63,474,791 shares of common stock of Hudson Pacific Properties, Inc. and common units in the operating partnership.

*The Stockholders Agreement*

On April 1, 2015, in connection with the closing of the EOP Acquisition as described above, the Company entered into the Stockholders Agreement (the "Stockholders Agreement") by and among the Company, the operating partnership, Blackstone Real Estate Advisors L.P. ("BRE") and Blackstone. The Stockholders Agreement sets forth various arrangements and restrictions with respect to the governance of the Company and certain rights of Blackstone with respect to the shares of common stock of Hudson Pacific Properties, Inc. and common units of the operating partnership received by Blackstone in connection with the EOP Acquisition (the "Equity Consideration").

Pursuant to the terms of the Stockholders Agreement, in April 2015 the board of directors of Hudson Pacific Properties, Inc. (the "Board") was expanded from eight to eleven directors, and three director nominees designated by Blackstone to the Board were elected. On January 13, 2016, one of Blackstone's nominees resigned from the Board, and Blackstone indicated that it would not designate an individual to replace him. Subsequently, the Board voted to decrease its size to ten directors. Subject to certain exceptions, the Board will continue to include Blackstone's designees in its slate of nominees, and will continue to recommend such nominees, and will otherwise use its reasonable best efforts to solicit the vote of the stockholders of Hudson Pacific Properties, Inc. to elect to the Board the slate of nominees which includes those designated by Blackstone. Blackstone will have the right to designate three nominees for so long as it continues to beneficially own, in the aggregate, greater than 50% of the Equity Consideration. If Blackstone's beneficial ownership of the Equity Consideration decreases, then the number of director nominees that Blackstone will have the right to designate will be reduced (i) to two, if Blackstone beneficially owns greater than or equal to 30% but less than or equal to 50% of the Equity Consideration and (ii) to one, if Blackstone beneficially owns greater than or equal to 15% but less than 30% of the Equity Consideration. The Board nomination rights of Blackstone will terminate at such time as Blackstone beneficially owns less than 15% of the Equity Consideration or upon written notice of waiver or termination of such rights by Blackstone. So long as Blackstone retains the right to designate at least one nominee to the Board, Hudson Pacific Properties, Inc. will not be permitted to increase the total number of directors comprising the Board to more than twelve persons without the prior written consent of Blackstone.

For so long as Blackstone has the right to designate at least two director nominees, subject to the satisfaction of applicable NYSE independence requirements, Blackstone will also be entitled to appoint one such nominee then serving on the Board to serve on each committee of the Board (other than certain specified committees).

The Stockholders Agreement also includes standstill provisions, which require that, until such time as Blackstone beneficially owns shares of common stock representing less than 10% of the total number of issued and outstanding shares of common stock on a fully-diluted basis, Blackstone and BRE are restricted from, among other things, acquiring additional equity or debt securities (other than non-recourse debt and certain other debt) of the Company without the Company's prior written consent.

In addition, pursuant to the Stockholders Agreement, until April 1, 2017, the Company is required to obtain the prior written consent of Blackstone prior to the issuance of common equity securities by it or any of its subsidiaries other than up to an aggregate of 16,843,028 shares of common stock (and certain other exceptions).

Further, until such time as Blackstone beneficially owns, in the aggregate, less than 15% of the Equity Consideration, Blackstone will cause all common stock held by it to be voted by proxy (i) in favor of all persons nominated to serve as directors by the Board (or the Nominating and Corporate Governance Committee thereof) in any slate of nominees which includes Blackstone's nominees and (ii) otherwise in accordance with the recommendation of the Board (to the extent the recommendation is not inconsistent with the rights of Blackstone under the Stockholders Agreement) with respect to any other action, proposal or other matter to be voted upon by the stockholders of Hudson Pacific Properties, Inc., other than in connection with (A) any proposed transaction relating to a change of control of Hudson Pacific Properties, Inc., (B) any amendments to the charter or bylaws of Hudson Pacific Properties, Inc., (C) any other transaction that Hudson Pacific Properties, Inc. submits to a vote of its stockholders

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pursuant to Section 312.03 of the NYSE Listed Company Manual or (D) any other transaction that Hudson Pacific Properties, Inc. submits to a vote of its stockholders for approval.

As required by the Stockholders Agreement, the Company has agreed that Blackstone and certain of its affiliates may engage in investments, strategic relationships or other business relationships with entities engaged in other business, including those that compete with the Company, and will have no obligation to present any particular investment or business opportunity to the Company, even if the opportunity is of a character that, if presented to the Company, could be undertaken by the Company. As required by the Stockholders Agreement, to the maximum extent permitted under Maryland law, the Company has renounced any interest or expectancy in, or in being offered an opportunity to participate in, any such investment, opportunity or activity presented to or developed by Blackstone, its nominees for election as directors and certain of its affiliates, other than any opportunity expressly offered to a director nominated at the direction of Blackstone in his or her capacity as a director of Hudson Pacific Properties, Inc.

Further, without the prior written consent of Blackstone, Hudson Pacific Properties, Inc. may not amend certain provisions of its bylaws relating to the ability of its directors and officers to engage in other business or to adopt qualification for directors other than those in effect as of the date of the Stockholders Agreement or as are generally applicable to all directors, respectively.

The Stockholders Agreement also includes certain provisions that, together, are intended to enhance the liquidity of common units to be held by Blackstone.

*Redemption Rights of Blackstone*

Under the terms of the Stockholders Agreement, the Company (in its capacity as the general partner of the operating partnership) has waived the 14-month holding period set forth in the Fourth Amended and Restated Limited Partnership Agreement before Blackstone may require the operating partnership to redeem the common units and grants certain additional rights to Blackstone in connection with such redemptions. Among other things, the Company generally must give Blackstone notice before 9:30 a.m. Eastern time on the business day after the business day on which Blackstone gives the Company notice of redemption of any common units of the Company's election, in its sole and absolute discretion, to either (a) cause the operating partnership to redeem all of the tendered common units in exchange for a cash amount per common units equal to the value of one share of common stock on the date that Blackstone provided its notice of redemption, calculated in accordance with and subject to adjustment as provided in the Fourth Amended and Restated Limited Partnership Agreement and the Stockholders Agreement, or (b) subject to the restrictions on ownership and transfer of the Company's stock set forth in its charter, acquire all of the tendered common units from Blackstone in exchange for shares of common stock, based on an exchange ratio of one share of common stock for each common unit, subject to adjustment as provided in the Fourth Amended and Restated Limited Partnership Agreement. If the Company fails to timely provide such notice, the Company will be deemed to have elected to cause the operating partnership to redeem all such tendered common units in exchange for shares of common stock. In May 2016, Blackstone redeemed 10,000,000 common units in the operating partnership in exchange for cash. On July 21, 2016, Blackstone redeemed an additional 19,000,000 common units. See Note 20—Subsequent Events for details.

The Company may also elect to cause the operating partnership to redeem all common units tendered by Blackstone with the proceeds of a public or private offering of common stock under certain circumstances as discussed more fully below.

*Restrictions on Transfer of Common Units by Blackstone*

Under the terms of the Stockholders Agreement, the Company (in its capacity as the general partner of the operating partnership) has waived the 14-month holding period set forth in the Fourth Amended and Restated Limited Partnership Agreement before Blackstone may transfer any common units, and has agreed to admit any permitted transferee of Blackstone as a substituted limited partner of the operating partnership upon the satisfaction of certain conditions described in the Fourth Amended and Restated Limited Partnership Agreement and the Stockholders Agreement. Nevertheless, the Covered Securities are subject to the transfer restrictions described above.

*Ownership Limit Waiver*

In connection with the issuance of the Equity Consideration, the Board granted to Blackstone and certain of its affiliates a limited exception to the restrictions on ownership and transfer of common stock set forth in the charter of Hudson Pacific Properties, Inc. (the "Charter") that allows Blackstone and certain of its affiliates to own, directly or indirectly, in the aggregate,

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up to 17,707,056 shares of common stock of Hudson Pacific Properties, Inc. (the “Excepted Holder Limit”). This exception is conditioned upon the continued accuracy of various representations and covenants set forth in Blackstone’s waiver request delivered on April 1, 2015, confirming, among other things, that neither Blackstone nor certain of its affiliates may own, directly or indirectly, (i) more than 9.9% of the interests in a tenant of the Company (other than a tenant of the 1455 Market Street office property) or (ii) more than 5.45% of the interests in a tenant of the 1455 Market Street office property, in each case subject to certain exceptions that may reduce such ownership percentage, but not below 2% and representations intended to confirm that Blackstone’s and certain of its affiliates’ ownership of common stock of Hudson Pacific Properties, Inc. will not cause Hudson Pacific Properties, Inc. to otherwise fail to qualify as a REIT.

The exception for Blackstone and certain of its affiliates will apply until (i) Blackstone or any such affiliate violates any of the representations or covenants in Blackstone’s waiver request or (ii) (a) Blackstone or any such affiliate owns, directly or indirectly, more than the applicable ownership percentage (as described above) of the interests in any tenant(s) and (b) the maximum rental income expected to be produced by such tenant(s) exceeds (x) 0.5% of the Company’s gross income (in the case of tenants other than tenants of the 1455 Market Street office property) or (y) 0.5% of the 1455 Market Street Joint Venture’s gross income (in the case of tenants of the 1455 Market Street office property) for any taxable year (the “Rent Threshold”), at which time the number of shares of common stock that Blackstone and certain of its affiliates may directly or indirectly own will be reduced to the number of shares of common stock which would result in the amount of rent from such tenant(s) (that would be treated as related party rents under certain tax rules) representing no more than the Rent Threshold.

In addition, due to Blackstone’s ownership of common units of limited partnership interest in the operating partnership and the application of certain constructive ownership rules, the operating partnership will be considered to own the common stock that is directly or indirectly owned by Blackstone and certain of its affiliates. For this reason, the Board has also granted the operating partnership an exception to the restrictions on ownership and transfer of common stock set forth in the Charter.

*The Registration Rights Agreement*

On April 1, 2015, in connection with the closing of the EOP Acquisition, the Company entered into a Registration Rights Agreement, dated April 1, 2015 (the “Registration Rights Agreement”), by and among the Company and Blackstone. The Registration Rights Agreement provides for customary registration rights with respect to the Equity Consideration, including the following:

- *Shelf Registration.* On October 27, 2015, the Company filed a prospectus covering Blackstone’s shares of common stock received as part of the Equity Consideration as well as shares issuable upon redemption of common units received as part of the Equity Consideration, which was replaced by a subsequent prospectus filed by the Company on July 21 2016. The Company is required to use its reasonable best efforts to keep such resale shelf registration statement effective for as long as Blackstone continues to hold such shares of common stock.
- *Demand Registrations.* Beginning November 1, 2015 (or earlier if transfer restrictions under the Stockholders Agreement are terminated earlier), Blackstone may cause the Company to register their shares if the foregoing resale shelf registration statement is not effective or if the Company is not eligible to file a shelf registration statement.
- *Qualified Offerings.* Any registered offerings requested by Blackstone that are to an underwriter on a firm commitment basis for reoffering and resale to the public, in an offering that is a “bought deal” with one or more investment banks or in a block trade with a broker-dealer will be (subject to certain specified exceptions): (i) no more frequent than once in any 120-day period, (ii) subject to underwriter lock-ups from prior offerings then in effect, and (iii) subject to a minimum offering size of \$50.0 million.
- *Piggy-Back Rights.* Beginning November 1, 2015 (or earlier if transfer restrictions under the Stockholders Agreement are terminated earlier), Blackstone is permitted to, among other things, participate in offerings for the Company’s account or the account of any other security holder of the Company (other than in certain specified cases). If underwriters advise that the success of a proposed offering would be significantly and adversely affected by the inclusion of all securities in an offering initiated by the Company for the Company’s own account, then the securities proposed to be included by Blackstone together with other stockholders exercising similar piggy-back rights are cut back first.

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

*Limited Partnership Agreement*

On April 1, 2015, in connection with the closing of the EOP Acquisition, the Company, as the general partner of the operating partnership, entered into the Third Amended and Restated Agreement of Limited Partnership of the operating partnership dated April 1, 2015 along with Blackstone and the other limited partners of the operating partnership. The principal changes to the Second Amended and Restated Agreement of Limited Partnership of the operating partnership, as amended and as in effect immediately prior to the closing of the EOP Acquisition, made by the Third Amended and Restated Limited Partnership Agreement were to add the provisions described below. The Third Amended and Restated Limited Partnership Agreement was subsequently amended and restated on December 17, 2015 by the Fourth Amended and Restated Limited Partnership Agreement of the operating partnership.

The Stockholders Agreement prohibits the Company, without the prior written consent of Blackstone, from amending certain provisions of the Fourth Amended and Restated Limited Partnership Agreement in a manner adverse in any respect to Blackstone (in its capacity as limited partners of the operating partnership), or to add any new provision to the Fourth Amended and Restated Limited Partnership Agreement that would have a substantially identical effect or from taking any action that is intended to or otherwise would have a substantially identical effect.

*Restrictions on Mergers, Sales, Transfers and Other Significant Transactions of the Company*

Prior to the date on which Blackstone and any of its affiliates own less than 9.8% of the Equity Consideration, the Company may not consummate any of (a) a merger, consolidation or other combination of the Company's or the operating partnership's assets with another person, (b) a sale of all or substantially all of the assets of the operating partnership, (c) sale of all or substantially all of the Company's assets not in the ordinary course of the operating partnership's business or (d) a reclassification, recapitalization or change in the Company's outstanding equity securities (other than in connection with a stock split, reverse stock split, stock dividend, change in par value, increase in authorized shares, designation or issuance of new classes of equity securities or any event that does not require the approval of the Company's stockholders), in each case, which is submitted to the holders of the common stock of Hudson Pacific Properties, Inc. for approval, unless such transaction is also approved by the partners of the operating partnership holding common units on a "pass through" basis, which, in effect, affords the limited partners of the operating partnership that hold common units the right to vote on such transaction as though such limited partners held the number of shares of common stock into which their common units were then exchangeable and voted together with the holders of the outstanding common stock of Hudson Pacific Properties, Inc. with respect to such transaction.

*Stock Offering Funding of Redemption*

If Blackstone or any of its affiliates who become limited partners of the operating partnership ("Specified Limited Partners") delivers a notice of redemption with respect to common units that, if exchanged for common stock, would result in a violation of the Excepted Holder Limit (as defined below) or otherwise violate the restrictions on ownership and transfer of the Company's stock set forth in its charter and that have an aggregate value in excess of \$50.0 million as calculated pursuant to the terms of the Fourth Amended and Restated Limited Partnership Agreement, then, if the Company is then eligible to register the offering of its securities on Form S-3 (or any successor form similar thereto), the Company may elect to cause the operating partnership to redeem such common units with the net proceeds from a public or private offering of the number of shares of common stock that would be deliverable in exchange for such common units but for the application of the Excepted Holder Limit and other restrictions on ownership and transfer of the Company's stock. If the Company elects to fund the redemption of any common units with such an offering, it will allow all Specified Limited Partners the opportunity to include additional common units held by such Specified Limited Partners in such redemption.

*Blackstone Margin Loan*

HPP BREP V Holdco A LLC ("Borrower"), an affiliate of Blackstone, has entered into (i) a Margin Loan Agreement (the "Loan Agreement") dated as of December 29, 2015 with the lenders party thereto (each, a "Lender" and, collectively, the "Lenders") and the administrative agent party thereto and (ii) Pledge and Security Agreements dated as of December 31, 2015, in each case, between one of the Lenders, as secured party, and Borrower, as pledgor (the "Borrower Pledge Agreements"), and certain of Borrower's affiliates (each, a "Holdco A Guarantor" and collectively, the "Holdco A Guarantors") each entered into (i) with each Lender, a Pledge and Security Agreement dated as of December 31, 2015 (each, a "Holdco A Guarantor Pledge Agreement" and, collectively with the Borrower Pledge Agreements, the "Pledge Agreements") and (ii) with the administrative agent and the Lenders, a Guarantee dated as of December 31, 2015 of the Borrower's obligations under the Loan Agreement

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

(each, a “Holdco A Guarantee” and collectively the “Holdco A Guarantees”). In addition, certain of Borrower’s other affiliates (each, a “Holdco B Guarantor” and collectively, the “Holdco B Guarantors” and, together with the Holdco A Guarantors, the “Guarantors”) each entered into, with the administrative agent and the Lenders, a Guarantee dated as of December 31, 2015 of the Borrower’s obligations under the Loan Agreement (each, a “Holdco B Guarantee” and, collectively with the Holdco A Guarantees, the Loan Agreement, the Pledge Agreements and substantially similar pledge and security agreements entered into since December 31, 2015, the “Loan Documents”). Each of the Borrower, the Holdco A Guarantors and the Holdco B Guarantors is affiliated with Blackstone.

As of December 31, 2015, the Borrower has borrowed an aggregate of \$350.0 million under the Loan Agreement. Subject to the satisfaction of certain conditions, the Borrower may borrow up to an additional \$150.0 million on or after March 1, 2016. The scheduled maturity date of the loans under the Loan Agreement is December 31, 2017, which may be extended at the election of the Borrower until December 31, 2018. To secure borrowings under the Loan Agreement, the Borrower and the Guarantors have collectively pledged 8,276,945 shares of common stock and 52,627,118 common units in the operating partnership, as well as their respective rights under the Registration Rights Agreement.

Upon the occurrence of certain events that are customary for this type of loan, the Lenders may exercise their rights to require the Borrower to pre-pay the loan proceeds, post additional collateral, or foreclose on, and dispose of, the pledged shares of common stock of Hudson Pacific Properties, Inc. and pledged common units in the operating partnership in accordance with the Loan Documents.

The Company did not independently verify the foregoing disclosure regarding the margin loan. In addition, the Company is not a party to the Loan Documents and has no obligations thereunder, but has delivered an Issuer Agreement to each of the Lenders in which it has, among other things, agreed to certain obligations relating to the pledged shares of the common stock of Hudson Pacific Properties, Inc. and pledged common units in the operating partnership and, subject to applicable law and stock exchange rules, agreed not to take any actions that are intended to materially hinder or delay the exercise of any remedies with respect to the pledged shares of the common stock of Hudson Pacific Properties, Inc. and pledged common units in the operating partnership.

#### **19. Commitments and Contingencies**

##### *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 June 30, 2016, the risk of material loss from such legal actions impacting the Company’s financial condition or results from operations has been assessed as remote.

##### *Concentrations*

As of June 30, 2016, the majority of the Company’s properties were 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 media and entertainment, and technology industries. As of June 30, 2016, approximately 13.5% and 29.0% of rentable square feet were related to the media and entertainment and technology industries, respectively.

As of June 30, 2016, the Company’s 15 largest tenants represented approximately 29.0% of its rentable square feet and no single tenant accounted for more than 10%.

##### *Letters of Credit*

As of June 30, 2016, the Company has outstanding letters of credit totaling approximately \$3.3 million under the unsecured revolving credit facility. The letters of credit are primarily related to utility company security deposit requirements.

## 20. Subsequent Events

### *Acquisition*

On July 1, 2016, the Company purchased a 500,475-square-foot Class A tower located at 11601 Wilshire Boulevard in West Los Angeles, California for \$311.0 million (before credits, prorations and closing costs). Owned by an affiliate of Blackstone Real Estate Partners V and Blackstone Real Estate Partners VI, the building has served as the Company's corporate office since its IPO. The acquisition of this property provides the Company with an opportunity to create value through enhanced operations, the lease-up of vacant space, and re-leasing of space at market rents above those currently in-place. The Company is currently in the process of determining the purchase price accounting.

The Company funded the acquisition with the proceeds from the One Bay Plaza disposition and a private placement for \$150.0 million of 3.98% senior guaranteed notes due July 6, 2026. The \$150.0 million was drawn on July 6, 2016. The acquisition was also funded with \$28.5 million received in connection with the repayment in full of a note receivable and funds drawn under unsecured revolving credit facility. The Company also secured an additional \$50.0 million of funds from a private placement of 3.66% senior guaranteed notes due September 15, 2023, which has not been drawn. The covenants with respect to these loans are the same as those described in Note 10—Notes Payable.

JMG Capital Management LLC leases approximately 6,638 square feet at 11601 Wilshire pursuant to an eight-year lease at an aggregate rate of approximately \$279 thousand annualized rent per year. Jonathan M. Glaser, a member of the Company's board of directors, is the founder and managing member of JMG Capital Management LLC.

### *Redesignation of derivatives*

The Company redesignated derivative contracts with respect to \$300.0 million of the 5-Year Term Loan due April 2020 and the \$350.0 million 7-year Term Loan due April 2022 to add a 0.00% floor to one-month LIBOR, effective July 1, 2016, to remove the ineffective portion of the original derivatives related to these loans. Therefore, the effective interest rate with respect to \$300.0 million of the term loan increased to a range of 2.75% to 3.65% per annum, and the effective interest rate with respect to \$350.0 million 7-year Term Loan due April 2022 increased to a range of 3.36% to 4.31% per annum. The interest rate is based on the Company's operating partnership's leverage ratio.

### *Common stock offering and common unit redemption*

On July 21, 2016, the Company completed a public offering of 19,195,373 shares of common stock of Hudson Pacific Properties, Inc. The proceeds from the offering were used to redeem 19,195,373 common units in the operating partnership held by Blackstone and the Farallon Funds.

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

### *Forward-Looking Statements*

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

Some of the risks and uncertainties that may cause our actual results, performance, liquidity or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the following:

- adverse economic or real estate developments in our target markets;
- general economic conditions;
- defaults on, early terminations of or non-renewal of leases by tenants;
- fluctuations in interest rates and increased operating costs;
- our failure to obtain necessary outside financing or maintain an investment grade rating;
- our failure to generate sufficient cash flows to service our outstanding indebtedness and maintain dividend payments;
- lack or insufficient amounts of insurance;
- decreased rental rates or increased vacancy rates;
- difficulties in identifying properties to acquire and completing acquisitions;
- our failure to successfully operate acquired properties and operations;
- our failure to maintain our status as a REIT;
- environmental uncertainties and risks related to adverse weather conditions and natural disasters;
- financial market 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 real estate and zoning laws and increases in real property tax rates; and
- other factors affecting the real estate industry generally.

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. Additional information concerning these and other risks and uncertainties is contained in our other periodic filings with the SEC.

*Historical Results of Operations*

This Quarterly Report on Form 10-Q of Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. for the three months ended June 30, 2016 represents an update to the more detailed and comprehensive disclosures included in the Annual Report on Form 10-K of Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. for the year ended December 31, 2015. Accordingly, you should read the following discussion in conjunction with the information included in our Annual Report on Form 10-K for the year ended December 31, 2015, as well as the unaudited financial statements included in Part I, Item I of this Quarterly Report on Form 10-Q.

In addition, some of the statements and assumptions in this Quarterly Report on Form 10-Q are forward-looking statements within the meaning of Section 27A of the Securities Act or Section 21E of the Exchange Act, including, in particular, statements about our plans, strategies and prospects as well as estimates of industry growth for the first quarter and beyond. See "Forward-Looking Statements."

## Overview

The following table identifies each of the properties in our portfolio acquired through June 30, 2016 and owned by us as of December 31, 2015, and their respective actual or estimated acquisition date.

Properties	Actual or Estimated Acquisition Date	Square Feet	Consideration Paid (In thousands)
<b>Predecessor properties:</b>			
875 Howard Street	2/15/2007	286,270	\$ —
Sunset Gower	8/17/2007	545,673	—
Sunset Bronson	1/30/2008	308,026	—
Technicolor Building	6/1/2008	114,958	—
<b>Properties acquired after initial public offering:</b>			
Del Amo Office	8/13/2010	113,000	27,327
9300 Wilshire Blvd.	8/24/2010	61,224	14,684
222 Kearny Street	10/8/2010	148,797	34,174
1455 Market <sup>(1)</sup>	12/16/2010	1,025,833	92,365
Rincon Center	12/16/2010	580,850	184,571
10950 Washington	12/22/2010	159,024	46,409
604 Arizona	7/26/2011	44,260	21,373
275 Brannan	8/19/2011	54,673	12,370
625 Second Street	9/1/2011	138,080	57,119
6922 Hollywood Blvd.	11/22/2011	205,523	92,802
6050 Sunset Blvd. & 1445 N. Beachwood Drive	12/16/2011	20,032	6,502
10900 Washington	4/5/2012	9,919	2,605
901 Market Street	6/1/2012	206,199	90,871
Element LA	9/5/2012	247,545	88,436
1455 Gordon Street	9/21/2012	5,921	2,385
Pinnacle I <sup>(2)</sup>	11/8/2012	393,777	209,504
3401 Exposition	5/22/2013	63,376	25,722
Pinnacle II <sup>(2)</sup>	6/14/2013	230,000	136,275
Seattle Portfolio (First & King, Met Park North and Northview)	7/31/2013	844,980	368,389
1861 Bundy	9/26/2013	36,492	11,500
Merrill Place	2/12/2014	193,153	57,034
3402 Pico Blvd. (Existing Office)	2/28/2014	50,687	18,546
12655 Jefferson <sup>(3)</sup>	10/14/2014	100,756	38,000
EOP Northern California Portfolio (see table on next page for property list) <sup>(4)</sup>	4/1/2015	7,941,273	3,815,727
4th & Traction	5/22/2015	120,937	49,250
405 Mateo	8/17/2015	83,285	40,000
<b>Properties under development<sup>(5)</sup>:</b>			
Icon—Building I Tower <sup>(6)</sup>	Q4-2016	323,273	N/A
Icon—Building II <sup>(7)</sup>	Q3-2017	90,000	N/A
Merrill Place—450 Alaskan Way <sup>(8)</sup>	Q4-2017	166,800	N/A
<b>Total</b>		<b>14,914,596</b>	<b>\$ 5,543,940</b>

(1) We sold a 45% joint venture interest in the 1455 Market property on January 7, 2015.

- (2) We acquired a 98.25% joint venture interest in the Pinnacle I property on November 8, 2012. On June 14, 2013, our joint venture partner contributed its interest in Pinnacle II, which reduced our interest in the joint venture to 65.0%.
- (3) Reflected as held for sale on our Consolidated Balance Sheets as of June 30, 2016.
- (4) Includes Bayhill Office Center, which was sold on January 14, 2016, Patrick Henry Drive, which was sold on April 7, 2016, and One Bay Plaza, which was sold on June 1, 2016.
- (5) The properties under development were included within acquisitions listed above.
- (6) We estimate this development will be completed in the fourth quarter of 2016 and stabilized in the third quarter of 2018.
- (7) We estimate this development will be completed in the third quarter of 2017 and stabilized in the third quarter of 2018.
- (8) We estimate this development will be completed in the fourth quarter of 2017 and stabilized in the first quarter of 2018.

The following table identifies each of the properties that were part of the EOP Acquisition:

<b>EOP Northern California Portfolio</b>		
<b>Properties</b>	<b>Actual Acquisition Date</b>	<b>Square Feet</b>
<b>Properties currently owned:</b>		
Metro Center Tower	4/1/2015	730,215
2180 Sand Hill Road	4/1/2015	45,613
Campus Center	4/1/2015	471,580
Palo Alto Square	4/1/2015	328,251
Lockheed Building	4/1/2015	42,899
3400 Hillview	4/1/2015	207,857
Foothill Research Ctr	4/1/2015	195,376
Clocktower Square Bldg	4/1/2015	100,344
Page Mill Center	4/1/2015	176,245
555 Twin Dolphin Plaza	4/1/2015	198,936
Shorebreeze	4/1/2015	230,932
333 Twin Dolphin Plaza	4/1/2015	182,789
Towers at Shore Center	4/1/2015	334,483
Skyway Landing	4/1/2015	247,173
Gateway Office	4/1/2015	609,093
Metro Plaza	4/1/2015	456,921
1740 Technology	4/1/2015	206,876
Skyport Plaza	4/1/2015	418,086
Peninsula Office Park	4/1/2015	510,789
Concourse	4/1/2015	944,386
Techmart Commerce Center	4/1/2015	284,440
Embarcadero Place	4/1/2015	197,402
<b>Properties sold:</b>		
One Bay Plaza	4/1/2015	195,739
Bayhill Office Center	4/1/2015	554,328
Patrick Henry Drive	4/1/2015	70,520
<b>Total</b>		<b>7,941,273</b>

The following table identifies each of the properties that were disposed through June 30, 2016 and their respective disposition date:

Property	Disposition Date	Square Feet	Sales Price <sup>(1)</sup> (in thousands)
City Plaza	7/12/2013	333,922	\$ 56,000
Tierrasanta	7/16/2014	112,300	19,500
First Financial	3/6/2015	223,679	89,000
Bay Park Plaza	9/29/2015	260,183	90,000
Bayhill Office Center	1/14/2016	554,328	215,000
Patrick Henry Drive	4/7/2016	70,520	19,000
One Bay Plaza	6/1/2016	195,739	53,400
<b>Total<sup>(2)</sup></b>		<b>1,750,671</b>	<b>\$ 541,900</b>

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

(2) Excludes the disposition of 45% interest in 1455 Market Street office property on January 7, 2015.

All amounts and percentages used in this discussion of our results of operations are calculated using the numbers presented in the financial statements contained in Part I, Item I of this Quarterly Report rather than the rounded numbers appearing in this discussion.

Comparison of the three months ended June 30, 2016 to the three months ended June 30, 2015

Consolidated Net Operating Income

We evaluate performance based upon property net operating income ("NOI") from continuing operations. NOI is not a measure of operating results or cash flows from operating activities as measured by GAAP and should not be considered an alternative to income from continuing operations or cash flows, as an indication of our performance or of our ability to make distributions, or as a measure of our liquidity. 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 on occupancy rates, rental rates and operating costs, thus providing a perspective not immediately apparent from income from continuing operations. 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 excludes corporate general and administrative expenses, depreciation and amortization, impairments, gain/loss on sale of real estate, interest expense, acquisition-related expenses and other non-operating items. We believe that NOI on a cash basis (which we define as NOI on a GAAP basis, adjusted to exclude the effect of straight-line rent and other non-cash adjustments required by GAAP) is helpful to investors as an additional measure of operating performance. Management further evaluates 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 April 1, 2015 and still owned and included in the stabilized portfolio as of June 30, 2016. For the three months ended June 30, 2016, same-store properties include the activity from the EOP Acquisition.
- Non-same-store properties, development projects, redevelopment properties and lease-up properties as of June 30, 2016 and other properties not owned or not in operation from April 1, 2015 through June 30, 2016.

The following table presents our NOI for the three months ended June 30, 2016 and 2015 and a reconciliation of NOI to net income (loss):

	Three Months Ended June 30,	
	2016	2015
Same-store NOI	\$ 65,741	\$ 61,460
Non-same-store NOI	33,194	38,599
General and administrative	(13,016)	(10,373)
Depreciation and amortization	(66,108)	(73,592)
Income from operations	19,811	16,094
Interest expense	(17,614)	(14,113)
Interest income	73	48
Unrealized loss on ineffective portion of derivative instrument	(384)	—
Acquisition-related expense	(61)	(37,481)
Other income (expense)	47	(40)
Gains (loss) from sale of real estate	2,163	(591)
Net income (loss)	\$ 4,035	\$ (36,083)

	Three Months Ended June 30,		
	2016	2015	Percent Change
<b>Same-store office statistics</b>			
Number of properties	30	30	
Rentable square feet	7,745,510	7,745,510	
Ending % leased	96.2%	95.6%	0.6 %
Ending % occupied	94.6%	95.0%	(0.4)%
Average % occupied for the period	93.9%	95.3%	(1.5)%
Average annual rental rate per square foot	\$ 39.38	\$ 36.82	7.0 %

<b>Same-store media and entertainment statistics</b>			
Number of properties	2	2	
Rentable square feet	879,652	879,652	
Average % occupied for the period	85.3%	76.5%	11.5 %

	Three Months Ended June 30,					
	2016			2015		
	Same-store	Non-same-store	Total	Same-store	Non-same-store	Total
<b>Operating Revenues</b>						
<b>Office</b>						
Rental	\$ 72,514	\$ 45,533	\$ 118,047	\$ 68,732	\$ 51,320	\$ 120,052
Tenant recoveries	15,354	5,949	21,303	12,685	5,105	17,790
Parking and other	4,137	913	5,050	4,601	1,115	5,716
Total office revenues	92,005	52,395	144,400	86,018	57,540	143,558
<b>Media &amp; Entertainment</b>						
Rental	6,857	—	6,857	5,394	—	5,394
Tenant recoveries	213	—	213	253	—	253
Other property-related revenue	2,810	—	2,810	2,556	—	2,556
Other	41	—	41	58	—	58
Total Media & Entertainment revenues	9,921	—	9,921	8,261	—	8,261
Total revenues	101,926	52,395	154,321	94,279	57,540	151,819
<b>Operating expenses</b>						
Office operating expenses	29,890	19,201	49,091	27,750	18,941	46,691
Media & Entertainment operating expenses	6,295	—	6,295	5,069	—	5,069
Total operating expenses	36,185	19,201	55,386	32,819	18,941	51,760
Office NOI	62,115	33,194	95,309	58,268	38,599	96,867
Media & entertainment NOI	3,626	—	3,626	3,192	—	3,192
NOI	\$ 65,741	\$ 33,194	\$ 98,935	\$ 61,460	\$ 38,599	\$ 100,059

**Three months ended June 30, 2016 as compared to  
Three months ended June 30, 2015**

	Same-store		Non-same-store		Total	
	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
<b>Operating Revenues</b>						
<b>Office</b>						
Rental	\$ 3,782	6.0 %	\$ (5,787)	(11.0)%	\$ (2,005)	(2.0)%
Tenant recoveries	2,669	21.0	844	17.0	3,513	20.0
Parking and other	(464)	(10.0)	(202)	(18.0)	(666)	(12.0)
<b>Total office revenues</b>	<b>5,987</b>	<b>7.0 %</b>	<b>(5,145)</b>	<b>(9.0)%</b>	<b>842</b>	<b>1.0 %</b>
<b>Media &amp; Entertainment</b>						
Rental	1,463	27.0 %	—	— %	1,463	27.0 %
Tenant recoveries	(40)	(16.0)	—	—	(40)	(16.0)
Other property-related revenue	254	10.0	—	—	254	10.0
Other	(17)	(29.0)	—	—	(17)	(29.0)
<b>Total Media &amp; Entertainment revenues</b>	<b>1,660</b>	<b>20.0 %</b>	<b>—</b>	<b>— %</b>	<b>1,660</b>	<b>20.0 %</b>
<b>Total revenues</b>	<b>7,647</b>	<b>8.0 %</b>	<b>(5,145)</b>	<b>(9.0)%</b>	<b>2,502</b>	<b>2.0 %</b>
<b>Operating expenses</b>						
Office operating expenses	2,140	8.0 %	260	1.0 %	2,400	5.0 %
Media & Entertainment operating expenses	1,226	24.0	—	—	1,226	24.0
<b>Total operating expenses</b>	<b>3,366</b>	<b>10.0 %</b>	<b>260</b>	<b>1.0 %</b>	<b>3,626</b>	<b>7.0 %</b>
<b>Office NOI</b>	<b>3,847</b>	<b>7.0 %</b>	<b>(5,405)</b>	<b>(14.0)%</b>	<b>(1,558)</b>	<b>(2.0)%</b>
<b>Media &amp; entertainment NOI</b>	<b>434</b>	<b>14.0</b>	<b>—</b>	<b>—</b>	<b>434</b>	<b>14.0</b>
<b>NOI</b>	<b>\$ 4,281</b>	<b>7.0 %</b>	<b>\$ (5,405)</b>	<b>(14.0)%</b>	<b>\$ (1,124)</b>	<b>(1.0)%</b>

Total NOI decreased \$1.1 million, or 1%, for the three months ended June 30, 2016 as compared to the three months ended June 30, 2015, primarily due to:

- A \$3.8 million, or 7%, increase in NOI from our same-store office properties resulting primarily from the rental income related to new leases signed at our 1455 Market property (Uber), Concourse property (Sikka Software, Edwards Vacuum and Marsh USA), and Skyport Plaza property (Qualcomm) at higher rents than expiring rents. Additionally, tenant recoveries increased due to higher overall operating expenses and increases in occupancy. The increase was partially offset by straight-line rent write-off related to our Howard Street property (Heald College).
- A \$5.4 million, or 14%, decrease in NOI from our non-same-store office store properties resulting primarily from the sales of our Bay Park Plaza (sold in September 2015), Bayhill Office Center (sold in January 2016), and One Bay Plaza (sold in June 2016) properties, partially offset by new leases signed at our Page Mill property (Toyota) and 2180 Sand Hill Road property (Zoox) at higher rents than expiring rents.
- A \$0.4 million, or 14% increase in NOI from our same-store media and entertainment properties resulting primarily from a result of lease-up of Sunset Bronson and Sunset Gower. In the first quarter of 2015, the Company decided to take certain buildings and stages off line to facilitate our ICON development and other longer-term plans for the Sunset Bronson property. Other property-related revenues increased primarily due to completed parking structures at Sunset Bronson and Sunset Gower.

**Office NOI**

*Same-Store*

Office rental revenue increased \$3.8 million, or 6%, to \$72.5 million for the three months ended June 30, 2016 compared to \$68.7 million for the three months ended June 30, 2015. The increase is primarily due to rental income relating to new leases signed at our 1455 Market property (Uber), Concourse property (Sikka Software, Edwards Vacuum, and Marsh U

SA), and Skyport Plaza property (Qualcomm) at higher rents than expiring rents. The increase was partially offset by straight-line rent write-off related to our Howard Street property (Heald College).

Office tenant recoveries increased \$2.7 million, or 21%, to \$15.4 million for three months ended June 30, 2016 compared to \$12.7 million for the three months ended June 30, 2015. The increase is primarily related to higher overall operating expenses and increases in occupancy.

Office parking and other revenue decreased by \$0.5 million, or 10%, to \$4.1 million for the three months ended June 30, 2016 compared to \$4.6 million for the three months ended June 30, 2015.

Office operating expenses increased by \$2.1 million, or 8%, to \$29.9 million for the three months ended June 30, 2016 compared to \$27.8 million for the three months ended June 30, 2015. The increase in operating expenses is primarily due to general increases in occupancy, increase in ground rent expense, and increased hiring and salaries.

#### *Non-Same-Store*

Office rental revenue decreased by \$5.8 million, or 11%, to \$45.5 million for the three months ended June 30, 2016 compared to \$51.3 million for the three months ended June 30, 2015. The increase is primarily due to the sale of Bay Park Plaza (sold in September 2015), Bayhill Office Center (sold in January 2016) and One Bay Plaza (sold in June 2016) properties, partially offset by rental income relating to new leases signed at our Page Mill property (Toyota) and 2180 Sand Hill Road property (Zoox) at higher rents than expiring rents.

Office tenant recoveries increased \$0.8 million, or 17%, to \$5.9 million for three months ended June 30, 2016 compared to \$5.1 million for the three months ended June 30, 2015. The increase is primarily due to increased occupancy and operating expenses, partially offset by the sale of Bay Park Plaza (September 2015), Bayhill Office Center (January 2016) and One Bay Plaza (June 2016) properties.

Office parking and other revenue decreased by \$0.2 million, or 18%, to \$0.9 million for the three months ended June 30, 2016 compare to \$1.1 million for the three months ended June 30, 2015.

Office operating expenses increased by \$0.3 million, or 1%, to \$19.2 million for the three months ended June 30, 2016 compared to \$18.9 million for the three months ended June 30, 2015. The increase is primarily due to general increases in occupancy and increased hiring and salaries, partially offset by the sale of Bay Park Plaza (sold in September 2015), Bayhill Office Center (sold in January 2016) and One Bay Plaza (sold in June 2016) properties.

#### **Same-Store Media & Entertainment NOI**

Media and entertainment, rental revenue, tenant recoveries and other property-related revenue increased by \$1.7 million, or 20%, to \$9.9 million for the three months ended June 30, 2016 compared to \$8.3 million for the three months ended June 30, 2015. The increase is primarily related to a \$1.5 million increase in rental revenue to \$6.9 million for the three months ended June 30, 2016 primarily due to higher occupancy at both Sunset Gower and Sunset Bronson. In addition, property-related revenues increased by \$0.3 million to \$2.8 million for the three months ended June 30, 2016 primarily due to the completion of parking structures at Sunset Bronson and Sunset Gower.

Media and entertainment operating expenses increased by \$1.2 million, or 24%, to \$6.3 million for the three months ended June 30, 2016 compared to \$5.1 million for the three months ended June 30, 2015 primarily due to general increases in occupancy.

#### **Other Expenses (Income)**

##### *General and Administrative Expenses*

General and administrative expenses include wages and salaries for corporate-level employees, accounting, legal and other professional services, office supplies, entertainment, travel and automobile expenses, telecommunications and computer-related expenses, and other miscellaneous items. General and administrative expenses increased \$2.6 million, or 25.5%, to \$13.0 million for the three months ended June 30, 2016 compared to \$10.4 million for the three months ended June 30, 2015.

The increase in general and administrative expenses was primarily attributable to the adoption of the 2016 OPP, granting of the special one-time retention awards, and increased staffing to meet operational needs arising from growth related to the EOP Acquisition.

#### *Depreciation and Amortization*

Depreciation and amortization expense decreased \$7.5 million, or 10.2%, to \$66.1 million for the three months ended June 30, 2016 compared to \$73.6 million for the three months ended June 30, 2015. The decrease was primarily related to depreciation expenses associated with properties sold in September 2015 and during 2016, and increased depreciation expense related to our Howard Street property (Heald College) due to an early termination in the second quarter of 2015.

#### *Interest Expense*

Interest expense increased \$3.5 million, or 24.8%, to \$17.6 million for the three months ended June 30, 2016 compared to \$14.1 million for the three months ended June 30, 2015. At June 30, 2016, we had \$2.4 billion of notes payable, compared to \$2.1 billion at June 30, 2015, excluding net deferred financing costs and net unamortized loan premium. The increase was primarily attributable to \$725.0 million of term loans and private placement borrowings, partially offset by interest savings related to our repayment of our two-year term loan, refinancing indebtedness associated with our Element LA, repayment of our indebtedness associated with our 901 Market property, pay down on our indebtedness associated with our Sunset Gower/Sunset Bronson property and pay down on our five-year term loan due April 2020. This was partially offset by lower effective interest rates during the three months ended June 30, 2016 as compared to the same period in 2015, and increased capitalized interest primarily due to the ICON development during the three months ended June 30, 2016 compared to the same period in 2015.

#### *Unrealized loss on ineffective portion of derivative instruments*

During the three months ended June 30, 2016, we incurred an expense of \$0.4 million related to a portion of our derivative instruments that were evaluated to be ineffective in 2016.

#### *Acquisition-related expenses*

Acquisition-related expenses decreased by \$37.4 million, or 100%, to \$0.1 million for the three months ended June 30, 2016 compared to \$37.5 million for three months ended June 30, 2015. We incurred \$37.5 million of acquisition-related expenses associated with the EOP Acquisition and \$0.1 million of acquisition-related expenses associated with the acquisition of our 11601 Wilshire Boulevard property purchased on July 1, 2016.

#### *Gains (loss) on sale of real estate*

During the second quarter of 2016, we completed the sale of our Patrick Henry Drive property and One Bay Plaza property, which collectively generated gains of \$2.2 million on sale of real estate for the three months ended June 30, 2016 compared to a \$0.6 million loss on sale of real estate for the three months ended June 30, 2015 resulting from an adjustment recognized on the sale of our First Financial property, which was sold in the first quarter of 2015.

Comparison of the six months ended June 30, 2016 to the six months ended June 30, 2015

**Consolidated Net Operating Income**

Management evaluates NOI by evaluating the performance from the following property groups for the comparison of the six months ended June 30, 2016 to the six months ended June 30, 2015 results of operations:

- Same-store properties, which include all of the properties owned and included in our stabilized portfolio as of January 1, 2015 and still owned and included in the stabilized portfolio as of June 30, 2016.
- Non-same-store properties, development projects, redevelopment properties and lease-up properties as of June 30, 2016 and other properties not owned or not in operation from January 1, 2015 through June 30, 2016. For the six months ended June 30, 2016, non-same-store properties include the activity from the EOP Acquisition.

The following table presents our NOI for the six months ended June 30, 2016 and 2015 and a reconciliation of NOI to net income (loss):

	Six Months Ended June 30,	
	2016	2015
Same-store NOI	\$ 75,293	\$ 68,992
Non-same-store NOI	123,524	70,751
General and administrative	(25,519)	(19,573)
Depreciation and amortization	(134,476)	(90,750)
Income from operations	38,822	29,420
Interest expense	(34,865)	(19,606)
Interest income	86	101
Unrealized loss on ineffective portion of derivative instrument	(2,509)	—
Acquisition-related expense	(61)	(43,525)
Other income	23	1
Gains from sale of real estate	8,515	22,100
Net income (loss)	<u>\$ 10,011</u>	<u>\$ (11,509)</u>

	Six Months Ended June 30,		
	2016	2015	Percent Change
<b>Same-store office statistics</b>			
Number of properties	21	21	
Rentable square feet	4,582,485	4,582,485	
Ending % leased	95.0%	94.2%	0.8 %
Ending % occupied	92.8%	93.4%	(0.6)%
Average % occupied for the period	91.0%	91.9%	(1.0)%
Average annual rental rate per square foot	\$ 35.73	\$ 33.61	6.3 %

<b>Same-store media and entertainment statistics</b>			
Number of properties	2	2	
Rentable square feet	879,652	879,652	
Average % occupied for the period	85.3%	76.5%	11.5 %

	Six Months Ended June 30,					
	2016			2015		
	Same-store	Non-same-store	Total	Same-store	Non-same-store	Total
<b>Operating Revenues</b>						
<b>Office</b>						
Rental	\$ 79,021	\$ 155,253	\$ 234,274	\$ 74,833	\$ 86,795	\$ 161,628
Tenant recoveries	14,953	26,883	41,836	12,206	11,648	23,854
Parking and other	8,282	2,300	10,582	8,687	2,324	11,011
Total office revenues	102,256	184,436	286,692	95,726	100,767	196,493
<b>Media &amp; Entertainment</b>						
Rental	12,885	—	12,885	10,861	—	10,861
Tenant recoveries	412	—	412	493	—	493
Other property-related revenue	7,779	—	7,779	6,665	—	6,665
Other	90	—	90	131	—	131
Total Media & Entertainment revenues	21,166	—	21,166	18,150	—	18,150
Total revenues	123,422	184,436	307,858	113,876	100,767	214,643
<b>Operating expenses</b>						
Office operating expenses	35,882	60,912	96,794	33,810	30,016	63,826
Media & Entertainment operating expenses	12,247	—	12,247	11,074	—	11,074
Total operating expenses	48,129	60,912	109,041	44,884	30,016	74,900
Office NOI	66,374	123,524	189,898	61,916	70,751	132,667
Media & Entertainment NOI	8,919	—	8,919	7,076	—	7,076
NOI	\$ 75,293	\$ 123,524	\$ 198,817	\$ 68,992	\$ 70,751	\$ 139,743

	Six months ended June 30, 2016 as compared to Six months ended June 30, 2015					
	Same-store		Non-same-store		Total	
	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
<b>Operating Revenues</b>						
<b>Office</b>						
Rental	\$ 4,188	5.6 %	\$ 68,458	78.9 %	\$ 72,646	44.9 %
Tenant recoveries	2,747	22.5	15,235	130.8	17,982	75.4
Parking and other	(405)	(4.7)	(24)	(1.0)	(429)	(3.9)
<b>Total office revenues</b>	<b>6,530</b>	<b>6.8 %</b>	<b>83,669</b>	<b>83.0 %</b>	<b>90,199</b>	<b>45.9 %</b>
<b>Media &amp; Entertainment</b>						
Rental	2,024	18.6 %	—	— %	2,024	18.6 %
Tenant recoveries	(81)	(16.4)	—	—	(81)	(16.4)
Other property-related revenue	1,114	16.7	—	—	1,114	16.7
Other	(41)	(31.3)	—	—	(41)	(31.3)
<b>Total Media &amp; Entertainment revenues</b>	<b>3,016</b>	<b>16.6 %</b>	<b>—</b>	<b>— %</b>	<b>3,016</b>	<b>16.6 %</b>
<b>Total revenues</b>	<b>9,546</b>	<b>8.4 %</b>	<b>83,669</b>	<b>83.0 %</b>	<b>93,215</b>	<b>43.4 %</b>
<b>Operating expenses</b>						
Office operating expenses	2,072	6.1 %	30,896	102.9 %	32,968	51.7 %
Media & Entertainment operating expenses	1,173	10.6	—	—	1,173	10.6
<b>Total operating expenses</b>	<b>3,245</b>	<b>7.2 %</b>	<b>30,896</b>	<b>102.9 %</b>	<b>34,141</b>	<b>45.6 %</b>
<b>Office NOI</b>	<b>4,458</b>	<b>7.2 %</b>	<b>52,773</b>	<b>74.6 %</b>	<b>57,231</b>	<b>43.1 %</b>
<b>Media &amp; Entertainment NOI</b>	<b>1,843</b>	<b>26.0</b>	<b>—</b>	<b>—</b>	<b>1,843</b>	<b>26.0</b>
<b>NOI</b>	<b>\$ 6,301</b>	<b>9.1 %</b>	<b>\$ 52,773</b>	<b>74.6 %</b>	<b>\$ 59,074</b>	<b>42.3 %</b>

Total NOI increased \$59.1 million, or 42%, for the six months ended June 30, 2016 as compared to the six months ended June 30, 2015, primarily due to:

- A \$4.5 million, or 7%, increase in NOI from our same-store office properties resulting primarily from rental income related to new leases signed at our 1455 Market (Uber) property, 625 Second Street property (Anaplan and Metamarkets) at higher rents than expiring leases, and increased tenant recoveries due to a one-time property tax recoveries resulting from the reassessment of the Technicolor property in 2016. The increase was partially offset by straight-line rent write-off related to our Howard Street property (Heald College).
- A \$52.8 million, or 75%, increase in NOI from our non-same-store office store properties resulting primarily from the EOP Acquisition. The remaining increase is as a result of lease-up of our Element LA property (Riot Games), 901 Market property (Saks), Page Mill (Toyota), Skyway (Zoox), and Lockheed property. This increase was partially offset by the sale of our First Financial property (sold in March 2015) and our sale of Bay Park Plaza (sold in September 2015), Bayhill Office Center (sold in January 2016), and One Bay Plaza (sold in June 2016).
- A \$1.8 million, or 26%, increase in NOI from our same-store media and entertainment properties resulting primarily from the lease-up of Sunset Bronson and Sunset Gower. In the first quarter of 2015, the Company decided to take certain buildings and stages off line to facilitate our ICON development and other longer-term plans for the Sunset Bronson property. In addition, other property-related revenues increased primarily due to the completion of parking structures at Sunset Bronson and Sunset Gower. The increase in other property-related revenue largely resulted from higher production activity and revenues associated with lighting and grip at Sunset Bronson.

## Office NOI

### *Same-Store*

Office rental revenue increased \$4.2 million, or 6%, to \$79.0 million for the six months ended June 30, 2016 compared to \$74.8 million for the six months ended June 30, 2015. The increase is primarily due to rental income relating to new leases signed at our 1455 Market (Uber) property and 629 Second Street property (Anaplan and Metamarkets) at higher rents than expiring leases. The increase was partially offset by a straight-line rent write-off related to the Howard Street property (Heald College) recognized in the second quarter of 2015.

Office tenant recoveries increased \$2.7 million, or 23%, to \$15.0 million for the six months ended June 30, 2016 compared to \$12.2 million for the six months ended June 30, 2015. The increase is primarily related to a one-time property tax recoveries resulting from the reassessment of the Technicolor property in 2016. The remaining increase in tenant recoveries is related to various same-store properties increases in occupancy and operating expenses.

Office parking and other revenue decreased by \$0.4 million, 5%, to \$8.3 million for the six months ended June 30, 2016 compared to \$8.7 million for the six months ended June 30, 2015.

Office operating expenses increased by \$2.1 million, or 6%, to \$35.9 million for the six months ended June 30, 2016 compared to \$33.8 million for the six months ended June 30, 2015. The increase in operating expenses is primarily due to general increases in occupancy.

### *Non-Same-Store*

Office rental revenue increased \$68.5 million, or 79%, to \$155.3 million for the six months ended June 30, 2016 compared to \$86.8 million for the six months ended June 30, 2015. The increase is primarily due to the EOP Acquisition and 100% occupancy at our Element LA property, partially offset by the sale of our First Financial property (sold in March 2015), Bay Park Plaza (sold in September 2015), Bayhill Office Center (sold in January 2016), and One Bay Plaza (sold in June 2016).

Office tenant recoveries increased \$15.2 million, or 131%, to \$26.9 million for six months ended June 30, 2016 compared to \$11.6 million for the six months ended June 30, 2015. The increase is primarily due to the EOP Acquisition and 100% occupancy at our Element LA property, partially offset by the sale of our First Financial property (sold in March 2015), Bay Park Plaza (sold in September 2015), Bayhill Office Center (sold in January 2016), and One Bay Plaza (sold in June 2016).

Office parking and other revenue was flat at \$2.3 million for the six months ended June 30, 2016 and June 30, 2015, respectively.

Office operating expenses increased by \$30.9 million, or 103%, to \$60.9 million for the six months ended June 30, 2016 compared to \$30.0 million for the six months ended June 30, 2015. The increase is primarily due to the EOP Acquisition and 100% occupancy at our Element LA property, partially offset by the sale of our First Financial property (sold in March 2015), Bay Park Plaza (sold in September 2015), Bayhill Office Center (sold in January 2016), and One Bay Plaza (sold in June 2016).

## Same-Store Media & Entertainment NOI

Media and entertainment rental revenue, tenant recoveries and other property-related revenue increased by \$3.0 million, or 17%, to \$21.2 million for the six months ended June 30, 2016 compared to \$18.2 million for the six months ended June 30, 2015. The increase is primarily due to a \$2.0 million increase in rental revenues to \$12.9 million and a \$1.1 million increase in other property-related revenue to \$7.8 million. The increase in rental revenue is primarily due to higher occupancy at Sunset Gower and Sunset Bronson. The increase in other property-related revenue largely resulted from higher production activity and revenues associated with lighting and grip at Sunset Bronson during the six months ended June 30, 2016 as compared to the same period in 2015.

Media and entertainment operating expenses increased by \$1.2 million, or 11%, to \$12.2 million for the six months ended June 30, 2016 compared to \$11.1 million for the six months ended June 30, 2015. The increase in operating expenses is primarily due to general increases in occupancy.

## Other Expenses (Income)

### *General and Administrative Expenses*

General and administrative expense include wages and salaries for corporate-level employees, accounting, legal and other professional services, office supplies, entertainment, travel and automobile expenses, telecommunications and computer-related expenses, and other miscellaneous items. General and administrative expenses increased \$5.9 million, or 30%, to \$25.5 million for the six months ended June 30, 2016 compared to \$19.6 million for the six months ended June 30, 2015. The increase in general and administrative expenses was primarily attributable to the adoption of the 2016 OPP, granting of the special one-time retention awards, and increased staffing to meet operational needs arising from growth related to the EOP Acquisition.

### *Depreciation and Amortization*

Depreciation and amortization expense increased \$43.7 million, or 48%, to \$134.5 million for the six months ended June 30, 2016 compared to \$90.8 million for the six months ended June 30, 2015. The increase was primarily related to depreciation expenses associated with properties in the EOP Acquisition. The remaining increase is related to tenant improvement depreciation expense associated with the lease-up of our Element LA and 1455 Market properties, partially offset by the reduction of depreciation expense as a result of the sale of our First Financial (sold in March 2015) and 2016 disposed properties, and increased depreciation expense related to our Howard Street property (Heald College) due to an early termination in the second quarter of 2015.

### *Interest Expense*

Interest expense increased \$15.3 million, or 78%, to \$34.9 million for the six months ended June 30, 2016 compared to \$19.6 million for the six months ended June 30, 2015. At June 30, 2016, we had \$2.4 billion of notes payable, compared to \$2.1 billion at June 30, 2015, excluding net deferred financing costs and net unamortized loan premium. The increase was primarily attributable to \$725.0 million of term loans and private placement borrowings, partially offset by interest savings related to our repayment of our two-year term loan, repayment of our indebtedness associated with our 901 Market property, paydown on our indebtedness associated with our Sunset Gower/Sunset Bronson property, paydown on our five-year term loan due April 2020, our repayment of indebtedness associated with our 275 Brannan property and repayment of debt associated with the sale of First Financial (sold in March 2015). This was partially offset by lower effective interest rates during the six months ended June 30, 2016 as compared to the same period in 2015 and higher capitalized interest primarily due to the ICON development during the six months ended June 30, 2016 as compared to the same period in 2015.

### *Unrealized loss on ineffective portion of derivative instruments*

During the six months ended June 30, 2016, we incurred an expense of \$2.5 million related to a portion of our derivative instruments that were evaluated and deemed to be ineffective in 2016.

### *Acquisition-related expenses*

Acquisition-related expenses decreased by \$43.5 million, or 100%, to \$0.1 million for the six months ended June 30, 2016 compared to \$43.5 million for six months ended June 30, 2015. We incurred \$43.5 million of acquisition-related expenses associated with the EOP Acquisition and incurred \$0.1 million of acquisition-related expenses associated with the acquisition of our 11601 Wilshire Boulevard property purchased on July 1, 2016.

### *Gains on sale of real estate*

During 2016 we completed the sale of our Bayhill Office Center, Patrick Henry Drive and One Bay Plaza properties, which generated gains of \$8.5 million on sale of real estate for six months ended June 30, 2016 compared to a \$22.1 million gain on sale of real estate for the six months ended June 30, 2015 resulting from the sale of our First Financial property.

### *Liquidity and Capital Resources*

We had \$337.4 million of cash and cash equivalents at June 30, 2016.

As of June 30, 2016, we had total borrowing capacity of \$400.0 million under our unsecured revolving credit facility, \$250.0 million of which had been drawn.

We have an at-the-market equity offering program, or ATM program, that allows us to sell up to \$125.0 million of common stock, \$14.5 million of which has been sold as of June 30, 2016.

On January 20, 2016, our board of directors authorized a share repurchase program to buy up to \$100.0 million of our outstanding common stock. No share repurchases were made during the three and six months ended June 30, 2016.

We intend to use the unsecured revolving credit facility and ATM program, among other things, to finance the acquisition of other properties, to provide funds for tenant improvements and capital expenditures, and to provide for working capital and other corporate purposes.

Based on the closing price of our common stock of \$29.18 on June 30, 2016, our ratio of pro-rata debt to total market capitalization was approximately 34.8% (counting series A preferred units as debt). Our total market capitalization is defined as the sum of the market value of our outstanding common stock (which may decrease, thereby increasing our pro-rata debt to total capitalization ratio), including restricted stock that we may issue to certain of our directors and executive officers, plus the aggregate value of common units not owned by us, plus the liquidation preference of outstanding series A preferred units, plus the book value of our total consolidated indebtedness. Our pro-rata debt is defined as total debt excluding our minority interest in the joint ventures of Pinnacle properties.

Our short-term liquidity requirements primarily consist of operating expenses and other expenditures associated with our properties, distributions to our limited partners and dividend payments to our stockholders required to maintain our REIT status, capital expenditures and, potentially, acquisitions. We expect to meet our short-term liquidity requirements through cash on hand, net cash provided by operations, reserves established from existing cash and, if necessary, by drawing upon our unsecured revolving credit facility.

Our long-term liquidity needs consist primarily of funds necessary to pay for the repayment of debt at maturity, property acquisitions and non-recurring capital improvements. We expect to meet our long-term liquidity requirements with net cash from operations, long-term secured and unsecured indebtedness and the issuance of equity and debt securities. We also may fund property acquisitions and non-recurring capital improvements using our unsecured revolving credit facility pending permanent financing.

We believe we have access to multiple sources of capital to fund our long-term liquidity requirements, including the incurrence of additional debt and the issuance of additional equity. However, 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. 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.

### *Outstanding Indebtedness*

Our indebtedness creates the possibility that we may be unable to generate cash sufficient to pay the principal of, interest on or other amounts in respect of our indebtedness and other obligations. In addition, we may incur additional debt from time to time to finance strategic acquisitions, investments, joint ventures or for other purposes, subject to the restrictions contained in the documents governing our indebtedness. If we incur additional debt, the risks associated with our leverage, including our ability to service our debt, would increase.

As of June 30, 2016, we had outstanding notes payable of \$2.4 billion (before \$19.1 million of deferred financing costs, net), of which \$1.4 billion, or 60.2%, was variable rate debt. \$839.5 million of the variable rate debt is subject to the interest rate contracts described in Note 11 to our Consolidated Financial Statements—Derivative Instruments.

The following table sets forth information as of June 30, 2016 and December 31, 2015 with respect to our outstanding indebtedness, excluding net deferred financing costs related to as of June 30, 2016, and unsecured revolving credit facility and undrawn term loans as of December 31, 2015.

	June 30, 2016		December 31, 2015		Interest Rate <sup>(1)</sup>	Contractual Maturity Date
	Principal Amount	Deferred Financing Costs, net	Principal Amount	Unamortized Loan Premium and Deferred Financing Costs, net		
<b>Unsecured Loans</b>						
Unsecured Revolving Credit Facility <sup>(2)</sup>	\$ 250,000	\$ —	\$ 230,000	\$ —	LIBOR+ 1.15% to 1.85%	4/1/2019 <sup>(3)</sup>
5-Year Term Loan due April 2020 <sup>(2)(4)</sup>	450,000	(4,021)	550,000	(5,571)	LIBOR+ 1.30% to 2.20%	4/1/2020
5-Year Term Loan due November 2020 <sup>(2)</sup>	175,000	—	—	—	LIBOR +1.30% to 2.20%	11/17/2020
7-Year Term Loan due April 2022 <sup>(2)(5)</sup>	350,000	(2,443)	350,000	(2,656)	LIBOR+ 1.60% to 2.55%	4/1/2022
7-Year Term Loan due November 2022 <sup>(2)(6)</sup>	125,000	—	—	—	LIBOR + 1.60% to 2.55%	11/17/2022
Series A Notes	110,000	(1,009)	110,000	(1,011)	4.34%	1/2/2023
Series B Notes	259,000	(2,398)	259,000	(2,378)	4.69%	12/16/2025
Series C Notes	56,000	(564)	56,000	(509)	4.79%	12/16/2027
<b>Total Unsecured Loans<sup>(7)</sup></b>	<b>\$ 1,775,000</b>	<b>\$ (10,435)</b>	<b>\$ 1,555,000</b>	<b>\$ (12,125)</b>		
<b>Mortgage Loans</b>						
Mortgage loan secured by Pinnacle II	\$ 87,000	\$ (759)	\$ 86,228	\$ 1,310 <sup>(8)</sup>	4.30%	6/11/2026
Mortgage loan secured by 901 Market	—	—	30,000	(119)	N/A	N/A
Mortgage loan secured by Rincon Center <sup>(9)</sup>	101,357	(276)	102,309	(355)	5.13%	5/1/2018
Mortgage loan secured by Sunset Gower/Sunset Bronson <sup>(10)</sup>	5,001	(1,889)	115,001	(2,232)	LIBOR+2.25%	3/4/2019 <sup>(11)</sup>
Mortgage loan secured by Met Park North <sup>(11)</sup>	64,500	(453)	64,500	(509)	LIBOR+1.55%	8/1/2020
Mortgage loan secured by 10950 Washington <sup>(9)</sup>	28,171	(387)	28,407	(421)	5.32%	3/1/2022
Mortgage loan secured by Pinnacle I <sup>(12)</sup>	129,000	(644)	129,000	(694)	3.95%	11/7/2022
Mortgage loan secured by Element L.A.	168,000	(2,454)	168,000	(2,584)	4.59%	11/6/2025
<b>Total mortgage loans</b>	<b>\$ 583,029</b>	<b>\$ (6,862)</b>	<b>\$ 723,445</b>	<b>\$ (5,604)</b>		
<b>Total</b>	<b>\$ 2,358,029</b>	<b>\$ (19,147)</b>	<b>\$ 2,278,445</b>	<b>\$ (17,729)</b>		
<b>Hudson Pacific Properties, Inc. pro-rata total loans<sup>(13)</sup></b>	<b>\$ 2,282,429</b>	<b>\$ (18,655)</b>	<b>\$ 2,203,115</b>	<b>\$ (17,945)</b>		

(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 June 30, 2016, which may be different than the interest rates as of December 31, 2015 for corresponding indebtedness.

(2) The Company has the option to make an irrevocable election to change the interest rate depending on the Company's credit rating. As of June 30, 2016, no such election has been made.

(3) The maturity date may be extended once for an additional one-year term

(4) Effective May 1, 2015, \$300.0 million of the term loan has been effectively fixed at 2.66% to 3.56% per annum through the use of an interest rate swap. The Company redesignated this interest rate swap effective July 1, 2016, therefore, the interest rate with respect to \$300.0 million of the term loan is effectively fixed at 2.75% to 3.65% per annum. See Note 11 to our Consolidated Financial Statements—Derivative Instruments for details.

(5) Effective May 1, 2015, the outstanding balance of the term loan has been effectively fixed at 3.21% to 4.16% per annum through the use of an interest rate swap. The Company redesignated this interest rate swap effective July 1, 2016, therefore, the interest rate is effectively fixed at 3.36% to 4.31% per annum. See Note 11 to our Consolidated Financial Statements—Derivative Instruments for details.

(6) Effective June 1, 2016, the outstanding balance of the term loan has been effectively fixed at 3.03% to 3.98% per annum through the use of an interest rate swap. See Note 11 to our Consolidated Financial Statements—Derivative Instruments for details.

- (7) Total unsecured loans does not include the balance related to the private placement agreements entered on July 6, 2016 for \$150.0 million of 3.98% senior guaranteed notes due July 6, 2026, and an additional \$50.0 million of 3.66% senior guaranteed notes due September 15, 2023. The \$150.0 million was drawn on July 6, 2016. The \$50.0 million has not yet been drawn. See Note 20 to our Consolidated Financial Statements—Subsequent Events for details.
- (8) Represents unamortized premium amount of the non-cash mark-to-market adjustment.
- (9) Monthly debt service includes annual debt amortization payments based on a 30-year amortization schedule with a balloon payment at maturity.
- (10) Through February 11, 2016, interest on \$92.0 million of the outstanding loan balance was effectively capped at 5.97% and 4.25% on \$50.0 million and \$42.0 million, respectively, of the loan through the use of two interest rate caps. These interest rate caps were not renewed after maturity.
- (11) This loan bears interest only. Interest on the full loan amount has been effectively fixed at 3.71% per annum through use of an interest rate swap. See Note 11 to our Consolidated Financial Statements—Derivative Instruments for details.
- (12) This loan bears interest only for the first five years. Beginning with the payment due December 6, 2017, monthly debt service will include annual debt amortization payments based on a 30-year amortization schedule with a balloon payment at maturity.
- (13) Represents total debt balance excluding a pro-rata share of debt allocable to the minority interest in the Pinnacle I & II joint venture.

The operating partnership was in compliance with its financial covenants at June 30, 2016.

#### Cash Flows

Comparison of the six months ended June 30, 2016 to the six months ended June 30, 2015 is as follows:

	Six Months Ended June 30,		Dollar Change	Percentage Change
	2016	2015		
Net cash provided by operating activities	\$ 107,711	\$ 63,551	\$ 44,160	69.5 %
Net cash provided by (used for) investing activities	160,242	(1,748,037)	1,908,279	(109.2)%
Net cash provided by financing activities	15,896	1,707,060	(1,691,164)	(99.1)%

Cash and cash equivalents were \$337.4 million and \$53.6 million at June 30, 2016 and December 31, 2015, respectively.

#### Operating Activities

Net cash provided by operating activities increased by \$44.2 million to \$107.7 million for the six months ended June 30, 2016 compared to \$63.6 million for the six months ended June 30, 2015. The increase was primarily attributable to an increase in cash NOI, as defined, from our office properties, arising primarily from the acquisition of EOP Northern California portfolio, increased occupancy and higher rental revenue across our portfolio. In addition, in 2016 we had lower acquisition-related costs.

#### Investing Activities

Net cash provided by investing activities increased by \$1,908.3 million to \$160.2 million for the six months ended June 30, 2016 compared to net cash used by investing activities of \$1,748.0 million for six months ended June 30, 2015. The net cash provided by investing activities in 2016 was primarily attributable to cash provided from the dispositions of Bayhill Office Center, Patrick Henry Drive, and One Bay Plaza and cash proceeds from the repayment of our notes receivable, partially offset by cash used for additions to investment in real estate, contributions to our unconsolidated entity and payment of security deposit for the 11601 Wilshire Boulevard acquisition. The cash used by investing activities in 2015 was primarily attributable to the acquisition of the EOP Northern California portfolio, partially offset by cash provided by the First Financial disposition.

#### Financing Activities

Net cash provided by financing activities decreased \$1.69 billion to \$15.9 million for the six months ended June 30, 2016 compared to \$1.71 billion for the six months ended June 30, 2015. The change was primarily due to a decrease in proceeds from notes payables, increase in payments of notes payables, and repurchase of common units in our operating partnership in 2016, increase in dividends paid to common stockholders and unitholders, decrease in contributions to non-controlling consolidated entities, and a decrease in proceeds from sale of common stock.

#### ***Contractual Obligations and Commitments***

During the three months ended June 30, 2016, there were no material changes outside the ordinary course of business in the information regarding specified contractual obligations contained in our Annual Report on Form 10-K for the year ended December 31, 2015.

#### ***Off-Balance Sheet Arrangements***

We currently do not have any off-balance sheet arrangements.

#### ***Critical Accounting Policies***

Our discussion and analysis of our historical financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of our financial statements in conformity with GAAP requires us to make estimates of certain items and judgments as to certain future events, for example with respect to the allocation of the purchase price of acquired property among land, buildings, improvements, equipment, and any related intangible assets and liabilities, or the effect of a property tax reassessment of our properties. These determinations, even though inherently subjective and prone to change, affect the reported amounts of our assets, liabilities, revenues and expenses. While we believe that our estimates are based on reasonable assumptions and judgments at the time they are made, some of our assumptions, estimates and judgments will inevitably prove to be incorrect. As a result, actual outcomes will likely differ from our accruals, and those differences—positive or negative—could be material. Some of our accruals are subject to adjustment, as we believe appropriate based on revised estimates and reconciliation to the actual results when available.

In addition, we identified certain critical accounting policies that affect certain of our more significant estimates and assumptions used in preparing our consolidated financial statements in our 2015 Annual Report on Form 10-K. We have not made any material changes to these policies during the periods covered by this Report.

**Non-GAAP Supplemental Financial Measure: Funds From Operations**

We calculate FFO in accordance with the White Paper on FFO approved by the Board of Governors of the National Association of Real Estate Investment Trusts. The White Paper defines FFO as net income or loss calculated in accordance with GAAP, excluding extraordinary items, as defined by GAAP, 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. 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. The Company uses 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 our FFO for the three and six months ended June 30, 2016 and 2015 and a reconciliation of FFO to net income:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net income (loss)	\$ 4,035	\$ (36,083)	\$ 10,011	\$ (11,509)
Adjustments:				
Depreciation and amortization of real estate assets	65,655	73,293	133,560	90,366
(Gains) loss from sale of real estate	(2,163)	591	(8,515)	(22,100)
FFO attributable to non-controlling interest	(4,510)	(3,696)	(8,672)	(7,008)
Net income attributable to preferred stock and units	(159)	(3,195)	(318)	(6,390)
FFO to common stockholders and unitholders	\$ 62,858	\$ 30,910	\$ 126,066	\$ 43,359

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Information about our market risk is disclosed in Part II, Item 7A, of our 2015 Annual Report on Form 10-K, and is incorporated herein by reference. There have been no material changes for the six months ended June 30, 2016 to the information provided in Part II, Item 7A, of our 2015 Annual Report on Form 10-K.

**ITEM 4. CONTROLS AND PROCEDURES**

***Disclosure Controls and Procedures (Hudson Pacific Properties, Inc.)***

Hudson Pacific Properties, Inc. maintains disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in Hudson Pacific Properties, Inc.'s reports under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by Rule 13a-15(b) under the Exchange Act, Hudson Pacific Properties, Inc. carried out an evaluation, under the supervision and with the participation of management including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the disclosure controls and procedures as of the end of the period covered by this report.

Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded, as of that time, that Hudson Pacific Properties, Inc.'s disclosure controls and procedures were effective in providing a reasonable level of assurance that information Hudson Pacific Properties, Inc. is required to disclose in reports that Hudson Pacific Properties, Inc. files under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

***Disclosure Controls and Procedures (Hudson Pacific Properties, L.P.)***

Hudson Pacific Properties, L.P. maintains disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in Hudson Pacific Properties, L.P.'s reports under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer of Hudson Pacific Properties, Inc. (the sole general partner of Hudson Pacific Properties, L.P.), as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by Rule 13a-15(b) under the Exchange Act, Hudson Pacific Properties, L.P. carried out an evaluation, under the supervision and with the participation of management including the Chief Executive Officer and Chief Financial Officer of Hudson Pacific Properties, Inc. (the sole general partner of Hudson Pacific Properties, L.P.), of the effectiveness of the design and operation of the disclosure controls and procedures as of the end of the period covered by this report.

Based on the foregoing, the Chief Executive Officer and Chief Financial Officer of Hudson Pacific Properties, Inc. (the sole general partner of Hudson Pacific Properties, L.P.) concluded, as of that time, that Hudson Pacific Properties, L.P.'s disclosure controls and procedures were effective in providing a reasonable level of assurance that information Hudson Pacific Properties, L.P. is required to disclose in reports that Hudson Pacific Properties, L.P. files under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer of Hudson Pacific Properties, Inc. (the sole general partner of Hudson Pacific Properties, L.P.), as appropriate, to allow for timely decisions regarding required disclosure.

*Changes in Internal Control Over Financial Reporting (Hudson Pacific Properties, Inc.)*

There have been no changes that occurred during the quarter 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 quarter covered by this report in Hudson Pacific Properties, L.P.'s internal control over financial reporting identified in connection with the evaluation referenced above that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II—OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

From time to time, we are a party to various lawsuits, claims and other legal proceedings arising out of, or incident to, our ordinary course of business. We are not currently a party, as plaintiff or defendant, to any legal proceedings that we believe to be material or that, individually or in the aggregate, would be expected to have a material adverse effect on our business, financial condition, results of operations or cash flows if determined adversely to us.

**ITEM 1A. RISK FACTORS**

There have been no material changes to the risk factors included in the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015. Please review the Risk Factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2015.

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

*(a) Recent Sales of Unregistered Securities:*

During the second quarter of 2016, 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 second quarter of 2016, Hudson Pacific Properties, Inc. issued an aggregate of 28,941 shares of its common stock in connection with restricted stock awards for no cash consideration, out of which 13,912 shares of common stock were forfeited to Hudson Pacific Properties, Inc. in connection with tax withholding obligations for restricted stock awards for a net issuance of 15,029 shares of common stock. For each share of common stock issued by Hudson Pacific Properties, Inc. in connection with such an award, our operating partnership issued a restricted common unit to Hudson Pacific Properties, Inc. as provided in our operating partnership’s partnership agreement. During the second quarter of 2016, our operating partnership issued an aggregate of 15,029 common units to Hudson Pacific Properties, Inc.

All other issuances of unregistered equity securities of our operating partnership during the second quarter of 2016 have previously been disclosed in filings with the SEC. For all issuances of units to Hudson Pacific Properties, Inc., our operating partnership relied on Hudson Pacific Properties, Inc.’s status as a publicly traded NYSE-listed company with over \$6.28 billion in total consolidated assets and as our operating partnership’s majority owner and sole general partner as the basis for the exemption under Section 4(a)(2) of the Securities Act.

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

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

During the three months ended June 30, 2016, certain employees surrendered common shares owned by them to satisfy their statutory minimum federal income tax obligation associated with the vesting of restricted common shares of beneficial interest issued under the Company’s 2010 Incentive Award Plan.

The following table summarizes all of the repurchases of Company common equity securities during the second quarter of 2016:

Period	Total Number of Shares Purchased	Average Price Paid Per Share(1)	Total Number Of Shares Purchased As Part Of Publicly Announced Plans Or Programs	Maximum Number Of Shares That May Yet Be Purchased Under The Plans Or Programs
April 1, 2016 through April 30, 2016	—	\$ —	N/A	N/A
May 1, 2016 through May 31, 2016	—	—	N/A	N/A
June 1, 2016 through June 30, 2016	3,263	28.63	N/A	N/A
Total	3,263	\$ 28.63	N/A	N/A

(1) The price paid per share is based on the closing price of our common shares as of the date of the determination of the statutory minimum federal tax income.

The following table summarizes all of the repurchases of Operating Partnership equity securities during the second quarter of 2016:

Period	Total Number of Units Purchased	Average Price Paid Per Unit(1)	Total Number Of Units Purchased As Part Of Publicly Announced Plans Or Programs	Maximum Number Of Units That May Yet Be Purchased Under The Plans Or Programs
April 1, 2016 through April 30, 2016	—	\$ —	N/A	N/A
May 1, 2016 through May 31, 2016	10,117,223	29.08	N/A	N/A
June 1, 2016 through June 30, 2016	—	—	N/A	N/A
Total	10,117,223	\$ 29.08	N/A	N/A

(1) On May 16, 2016, the Company used the net proceeds from the sale of 10,117,223 shares of its common stock pursuant to an underwritten public offering, after deducting underwriting discounts, but before estimated offering expenses payable by the Company, to acquire an aggregate of 10,000,000 common units of partnership interest in the Operating Partnership ("Common Units") from certain entities affiliated with The Blackstone Group L.P. and 117,223 Common Units from certain funds affiliated with Farallon Capital Management.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

**ITEM 4. MINE SAFETY DISCLOSURES.**

None.

**ITEM 5. OTHER INFORMATION.**

None.

ITEM 6. EXHIBITS.

Exhibit No.	Description	Incorporated by Reference			
		Form	File No.	Exhibit No.	Filing Date
3.1	Articles of Amendment and Restatement of Hudson Pacific Properties, Inc.	S-11/A	333-164916	3.1	May 12, 2010
3.2	Second Amended and Restated Bylaws of Hudson Pacific Properties, Inc.	8-K	001-34789	3.1	January 12, 2015
10.1	Amended and Restated Employment Agreement between Hudson Pacific Properties, Inc. and Victor J. Coleman, dated January 1, 2016.*	8-K	001-34789	10.2	December 21, 2015
10.2	Amended and Restated Employment Agreement between Hudson Pacific Properties, Inc. and Mark T. Lammis, dated January 1, 2016.*	8-K	001-34789	10.3	December 21, 2015
10.3	Amended and Restated Employment Agreement between Hudson Pacific Properties, Inc. and Christopher Barton, dated January 1, 2016.*	8-K	001-34789	10.4	December 21, 2015
10.4	Amended and Restated Employment Agreement between Hudson Pacific Properties, Inc. and Alex Vouvalides, dated January 1, 2016.*	8-K	001-34789	10.5	December 21, 2015
10.5	Employment Agreement between Hudson Pacific Properties, Inc. and Joshua Hatfield.*	10-K	001-34789	10.95	February 26, 2016
10.6	2016 Outperformance Award Agreement	8-K	001-34789	10.1	March 21, 2016
10.7	2016 Outperformance Program OPP Unit Agreement	8-K	001-34789	10.2	March 21, 2016
10.8	Note Purchase Agreement, dated as of July 6, 2016, by and among Hudson Pacific Properties, L.P. and the purchasers named therein.				
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.				
32.2	Certifications by Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Hudson Pacific Properties, L.P.				
101	The following financial information from Hudson Pacific Properties, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets (unaudited), (ii) Consolidated Statements of Operations (unaudited), (iii) Consolidated Statements of Comprehensive Income (unaudited), (iv) Consolidated Statement of Equity (unaudited), (v) Consolidated Statements of Cash Flows (unaudited) and (vi) Notes to Consolidated Financial Statements **				
*	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.				

**SIGNATURES**

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

Date: August 4, 2016

**HUDSON PACIFIC PROPERTIES, INC.**

*/s/* VICTOR J. COLEMAN

---

**Victor J. Coleman**

**Chief Executive Officer (principal executive officer)**

Date: August 4, 2016

**HUDSON PACIFIC PROPERTIES, INC.**

*/s/* MARK T. LAMMAS

---

**Mark T. Lammas**

**Chief Operating Officer, Chief Financial Officer and Treasurer  
(principal financial officer)**

**SIGNATURES**

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

Date: August 4, 2016

**HUDSON PACIFIC PROPERTIES, L.P.**

/s/ VICTOR J. COLEMAN

**Victor J. Coleman**  
Chief Executive Officer (principal executive officer)

Date: August 4, 2016

**HUDSON PACIFIC PROPERTIES, L.P.**

/s/ MARK T. LAMMAS

**Mark T. Lammas**  
Chief Financial Officer (principal financial officer)

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**Section 2: EX-10.8 (EXHIBIT 10.8)**

**Exhibit 10.8**

EXECUTION VERSION

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HUDSON PACIFIC PROPERTIES, L.P.

\$200,000,000

3.98% Series D Guaranteed Senior Notes due July 6, 2026  
3.66% Series E Guaranteed Senior Notes due September 15, 2023

\_\_\_\_\_  
NOTE PURCHASE AGREEMENT  
\_\_\_\_\_

Dated as of July 6, 2016



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**HUDSON PACIFIC PROPERTIES, L.P.**

11601 Wilshire Blvd., 6th Floor  
Los Angeles, California 90025-0317

3.98% Series D Guaranteed Senior Notes due July 6, 2026  
3.66% Series E Guaranteed Senior Notes due September 15, 2023

Dated as of July 6, 2016

TO EACH OF THE PURCHASERS  
LISTED IN SCHEDULE B HERETO:

Ladies and Gentlemen:

HUDSON PACIFIC PROPERTIES, L.P., a Maryland limited partnership (together with any successor thereto that becomes a party hereto pursuant to Section 10.2, the “**Company**”), agrees with each of the Purchasers as follows:

**SECTION 1. AUTHORIZATION OF NOTES.**

The Company will authorize the issue and sale of \$200,000,000 aggregate principal amount of its Guaranteed Senior Notes, of which \$150,000,000 aggregate principal amount shall be its 3.98% Series D Guaranteed Senior Notes due July 6, 2026 (the “**Series D Notes**”), and \$50,000,000 aggregate principal amount shall be its 3.66% Series E Guaranteed Senior Notes due September 15, 2023 (the “**Series E Notes**”; the Series D Notes and the Series E Notes, as amended, restated or otherwise modified from time to time pursuant to Section 17 and including any such notes issued in substitution therefor pursuant to Section 13, the “**Notes**”). The Notes shall be substantially in the respective forms set out in Schedule 1(a) and 1(b). Certain capitalized and other terms used in this Agreement are defined in Schedule A. References to a “Schedule” or an “Exhibit” are references to a Schedule or an Exhibit attached to this Agreement unless otherwise specified. References to a “Section” are references to a Section of this Agreement unless otherwise specified.

**SECTION 2. SALE AND PURCHASE OF NOTES.**

**Section 2.1. Sale and Purchase of Notes.** Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closings provided for in Section 3, Notes of the series and in the principal amount specified opposite such Purchaser’s name in Schedule B at the purchase price of 100% of the principal amount thereof. The Purchasers’ obligations hereunder are several and not joint

obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

**Section 2.2. Guaranty.** The obligations of the Company hereunder and under the Notes shall have the benefit of that certain Guaranty Agreement to be dated as of the First Closing Date from Hudson REIT (as the same may be amended, supplemented, restated or otherwise modified from time to time, the “**Parent Guaranty**”) substantially in the form of Exhibit PG.

### **SECTION 3. CLOSINGS.**

The execution and delivery of this Agreement and the sale and purchase of the Series D Notes (the “**First Closing**”) shall occur at 11:00 a.m. New York, New York time on July 6, 2016 (the “**First Closing Date**”) at the offices of Schiff Hardin LLP, 666 Fifth Avenue, 17<sup>th</sup> Floor, New York, New York 10103 or on such other Business Day thereafter on or prior to July 8<sup>th</sup>, 2016 as may be agreed upon by the Company and the Purchasers. The sale and purchase of the Series E Notes (the “**Second Closing**”) and, together with the First Closing, each, a “**Closing**”) shall occur at 11:00 a.m. New York, New York time on September 15, 2016 (or such other date as provided in the immediately succeeding sentence, the “**Second Closing Date**”) and, together with the First Closing Date, each, a “**Closing Date**”) at the offices of Schiff Hardin LLP, 666 Fifth Avenue, 17<sup>th</sup> Floor, New York, New York 10103. The date or time of the Second Closing may be changed to such other Business Day as may be agreed upon by the Company and the Purchasers purchasing Notes at such Closing. At each Closing, the Company will deliver to each Purchaser the Notes of the series to be purchased by such Purchaser at such Closing in the form of a single Note of such series (or such greater number of Notes of such series in denominations of at least \$100,000 as such Purchaser may request) dated the date of such Closing and registered in such Purchaser’s name (or in the name of its nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer to the account of the Company set forth in the funding instructions delivered by the Company in accordance with Section 4.10. If at a Closing the Company shall fail to tender such Notes to any Purchaser as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to such Purchaser’s satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of any of the conditions specified in Section 4 not having been fulfilled to such Purchaser’s satisfaction or such failure by the Company to tender such Notes.

### **SECTION 4. CONDITIONS TO CLOSINGS.**

Each Purchaser’s obligation to purchase and pay for the Notes to be sold to such Purchaser at a Closing is subject to the fulfillment to such Purchaser’s satisfaction, prior to or at such Closing, of the following conditions:

#### **Section 4.1. Representations and Warranties.**

(a) *Representations and Warranties of the Company.* The representations and warranties of the Company in this Agreement shall be correct on the First Closing Date. The representations and warranties of the Company contained in Sections 5.1, 5.2, 5.3, 5.5, 5.13, 5.14, 5.16, 5.17 and

5.19 shall be correct on the Second Closing Date, and all other representations and warranties of the Company in this Agreement shall be correct in all material respects on the Second Closing Date (except to the extent any such representation and warranty includes a materiality, Material or Material Adverse Effect qualifier, in which case it shall be true and correct in all respects); *provided* that, with respect to the Second Closing only, the Company shall be permitted to make additions and deletions to Schedules 5.4 and/or 5.15 after the First Closing Date but prior to the Second Closing Date (and any reference herein to any such Schedule shall be deemed to be a reference to such Schedule as so modified), so long as (i) the Company shall have provided an updated copy of the relevant Schedules to each Purchaser not less than five Business Days prior to the Second Closing Date and (ii)(A) in the case of Schedule 5.4, any such additions or deletions are not adverse to the interests of the Purchasers in any material respect and (B) in the case of Schedule 5.15, after giving effect to such additions and deletions, immediately before and immediately after giving effect to the issue and sale of the Notes, the Company shall be in compliance with Section 10.5 and each Additional Covenant then in effect.

(b) *Representations and Warranties of Hudson REIT.* The representations and warranties of Hudson REIT in the Parent Guaranty shall be correct (1) on the First Closing Date and (2) with respect to the Second Closing only, in all material respects on the Second Closing Date (except to the extent any such representation and warranty includes a materiality, Material or Material Adverse Effect qualifier, in which case it shall be true and correct in all respects).

**Section 4.2. Performance; No Default.** Hudson REIT and the Company shall have performed and complied with all agreements and conditions contained in this Agreement and the Parent Guaranty required to be performed or complied with by it prior to or at such Closing, and before and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Section 5.14), no Default or Event of Default shall have occurred and be continuing. Neither Hudson REIT, the Company nor any Subsidiary shall have entered into any transaction since the date of the Memorandum that would have been prohibited by Section 10 had such Section applied since such date.

**Section 4.3. Compliance Certificates.**

(a) *Officer's Certificate of the Company.* The Company shall have delivered to such Purchaser an Officer's Certificate, dated the date of such Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

(b) *Secretary's Certificate of the Company.* The Company shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary, dated the date of such Closing, certifying as to (1) the resolutions attached thereto and other limited partnership proceedings relating to the authorization, execution and delivery of the Notes and this Agreement and (2) the Company's organizational documents as then in effect.

(c) *Officer's Certificate of Hudson REIT.* Hudson REIT shall have delivered to such Purchaser an Officer's Certificate, dated the date of such Closing, certifying as to Hudson REIT that the conditions specified in Sections 4.1(b), 4.2 and 4.9 have been fulfilled.

(d) *Secretary's Certificate of Hudson REIT.* Hudson REIT shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary, dated the date of such Closing, certifying as to (1) the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Parent Guaranty and (2) Hudson REIT's organizational documents as then in effect.

**Section 4.4. Opinions of Counsel.** Such Purchaser shall have received opinions in form and substance satisfactory to such Purchaser, dated the date of such Closing (a) from (1) Latham & Watkins LLP, counsel for Hudson REIT and the Company, covering the matters set forth in Schedule 4.4(a)(1) and covering such other customary matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request, and (2) Venable LLP, special Maryland counsel for Hudson REIT and the Company, covering the matters set forth in Schedule 4.4(a)(2) and covering such other customary matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinions to the Purchasers) and (b) from Schiff Hardin LLP, the Purchasers' special counsel in connection with such transactions, substantially in the form set forth in Schedule 4.4(b) and covering such other matters incident to such transactions as such Purchaser may reasonably request.

**Section 4.5. Purchase Permitted By Applicable Law, Etc.** On the applicable Closing Date, such Purchaser's purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date of this Agreement. If requested by such Purchaser at least five Business Days prior to the date of such Closing, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

**Section 4.6. Sale of Other Notes.** Contemporaneously with such Closing, the Company shall sell to each other Purchaser and each other Purchaser shall purchase the Notes to be purchased by it at such Closing as specified in Schedule B.

**Section 4.7. Payment of Special Counsel Fees.** Without limiting Section 15.1, the Company shall have paid on or before the date of such Closing the reasonable and documented fees, charges and disbursements of the Purchasers' special counsel referred to in Section 4.4(b) to the extent reflected in a statement of such counsel rendered to the Company at least two Business Days prior to such date.

**Section 4.8. Private Placement Numbers.** A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the SVO) shall have been obtained for each series of the Notes.

**Section 4.9. Changes in Corporate Structure.** Neither Hudson REIT nor the Company shall have changed its jurisdiction of incorporation or organization, as applicable, or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

**Section 4.10. Funding Instructions.** At least three Business Days prior to the date of such Closing, such Purchaser shall have received written instructions signed by a Responsible Officer on letterhead of the Company directing the manner of payment of the purchase price for the Notes and setting forth (a) the name and address of the transferee bank, (b) such transferee bank's ABA number and (c) the account name and number into which the purchase price for the Notes is to be deposited.

**Section 4.11. Parent Guaranty.** Such Purchaser shall have received a copy of the Parent Guaranty which shall have been duly authorized, executed and delivered by Hudson REIT.

**Section 4.12. Material Credit Facilities.** Such Purchaser or its special counsel shall have received a copy of each Material Credit Facility as in effect on the date of such Closing, which copy shall be certified as true, correct and complete and which certificate shall identify each Additional Covenant then in effect in such Material Credit Facility.

**Section 4.13. Proceedings and Documents.** All corporate, limited partnership and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be reasonably satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

## **SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.**

The Company represents and warrants to each Purchaser on the date of this Agreement and on the date of each Closing that:

### **Section 5.1. Organization; Power and Authority.**

(a) The Company is a limited partnership duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign limited partnership and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the limited partnership power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof.

(b) Hudson REIT is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Hudson REIT has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver the Parent Guaranty and to perform the provisions thereof.

**Section 5.2. Authorization, Etc.**

(a) This Agreement and the Notes have been duly authorized by all necessary limited partnership action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (1) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (2) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(b) The Parent Guaranty has been duly authorized by all necessary corporate action on the part of Hudson REIT, and the Parent Guaranty constitutes a legal, valid and binding obligation of Hudson REIT enforceable against Hudson REIT in accordance with its terms, except as such enforceability may be limited by (1) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (2) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

**Section 5.3. Disclosure.** The Company, through its agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC, has delivered to each Purchaser a copy of a Private Placement Memorandum, dated June 2016 (the "**Memorandum**"), relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of Hudson REIT and its Subsidiaries. This Agreement, the Memorandum, the financial statements listed in Schedule 5.5 and the documents, certificates or other writings delivered to the Purchasers by or on behalf of the Company prior to June 22, 2016 in connection with the transactions contemplated hereby and identified in Schedule 5.3 (this Agreement, the Memorandum and such documents, certificates or other writings and such financial statements delivered to each Purchaser being referred to, collectively, as the "**Disclosure Documents**"), taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made; *provided* that, with respect to projections, estimates and other forward-looking information, the Company represents only that such information was prepared in good faith based upon assumptions believed by it to be reasonable at the time. Except as disclosed in the Disclosure Documents, since December 31, 2015, there has been no change in

the financial condition, operations, business or properties of Hudson REIT, the Company or any Subsidiary except changes that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Disclosure Documents.

**Section 5.4. Organization and Ownership of Shares of Subsidiaries; Affiliates.**

(a) Schedule 5.4 (as such Schedule may be updated pursuant to Section 4.1(a)) contains (except as noted therein) complete and correct lists, as of the date of this Agreement, of (1) the Company's Subsidiaries, showing, as to each Subsidiary, the name thereof, the jurisdiction of its organization, and the nature and percentage of shares of each class of its capital stock or similar Equity Interests outstanding owned by the Company and each Subsidiary, (2) the Company's Affiliates, other than Subsidiaries and identifying each Unconsolidated Affiliate, and (3) the directors and senior officers of Hudson REIT and the Company.

(b) All of the outstanding shares of capital stock or similar Equity Interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and non-assessable and are owned by the Company or another Subsidiary free and clear of any Lien that is prohibited by this Agreement.

(c) Each Subsidiary is a corporation or other legal entity duly organized, validly existing and, where applicable, in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and, where applicable, is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is subject to any legal, regulatory, contractual or other restriction (other than this Agreement, the agreements listed on Schedule 5.4 and customary limitations imposed by corporate law or similar statutes and customary limitations imposed by the terms of agreements governing Nonrecourse Indebtedness) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar Equity Interests of such Subsidiary.

**Section 5.5. Financial Statements; Material Liabilities.** The Company has delivered to each Purchaser copies of the financial statements of Hudson REIT and its Subsidiaries listed on Schedule 5.5. All of such financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of Hudson REIT and its Subsidiaries as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared

in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments and the absence of footnotes). Hudson REIT and its Subsidiaries do not have any Material liabilities that are not disclosed in the Disclosure Documents.

**Section 5.6. Compliance with Laws, Other Instruments, Etc.**

(a) The execution, delivery and performance by the Company of this Agreement and the Notes will not (1) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of Hudson REIT, the Company or any Subsidiary Guarantor under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, shareholders agreement or any other agreement or instrument to which Hudson REIT, the Company or any Subsidiary Guarantor is bound or by which Hudson REIT, the Company or any Subsidiary Guarantor or any of their respective properties may be bound or affected, (2) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority applicable to Hudson REIT, the Company or any Subsidiary Guarantor or (3) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to Hudson REIT, the Company or any Subsidiary Guarantor.

(b) The execution, delivery and performance by Hudson REIT of the Parent Guaranty will not (1) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of Hudson REIT, the Company or any Subsidiary Guarantor under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, shareholders agreement or any other agreement or instrument to which Hudson REIT, the Company or any Subsidiary Guarantor is bound or by which Hudson REIT, the Company or any Subsidiary Guarantor or any of their respective properties may be bound or affected, (2) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority applicable to Hudson REIT, the Company or any Subsidiary Guarantor or (3) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to Hudson REIT, the Company or any Subsidiary Guarantor.

**Section 5.7. Governmental Authorizations, Etc.** No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by (a) the Company of this Agreement or the Notes or (b) Hudson REIT of the Parent Guaranty, in each case, except for consents, approvals, authorizations, registrations, filings and declarations which have been duly obtained, taken, given or made and are in full force and effect.

**Section 5.8. Litigation; Observance of Agreements, Statutes and Orders.**

(a) There are no actions, suits, investigations or proceedings pending or, to the best knowledge of the Company, threatened in writing against or affecting Hudson REIT,

the Company or any Subsidiary or any property of Hudson REIT, the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Neither Hudson REIT, the Company nor any Subsidiary is (1) in default under any agreement or instrument to which it is a party or by which it is bound, (2) in violation of any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or (3) in violation of any applicable law, ordinance, rule or regulation of any Governmental Authority (including, without limitation, Environmental Laws, the USA PATRIOT Act or any of the other laws and regulations that are referred to in Section 5.16), which default or violation could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(c) To the best knowledge of the Company, there are no strikes, slow downs, work stoppages or walkouts or other labor disputes in progress or threatened relating to, Hudson REIT, the Company or any Subsidiary except for those that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

**Section 5.9. Taxes.**

(a) Hudson REIT, the Company and each Subsidiary have filed all federal and state income tax returns and other material tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (1) the amount of which, individually or in the aggregate, is not Material or (2) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which Hudson REIT, the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The Company knows of no reasonable basis for any other tax or assessment that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of Hudson REIT, the Company and each Subsidiary in respect of U.S. federal, state or other taxes for all fiscal periods are adequate in accordance with GAAP. The U.S. federal income tax liabilities of Hudson REIT, the Company and each Subsidiary have been finally determined (whether by reason of completed audits or the statute of limitations having run) for all fiscal years up to and including the fiscal year ended December 31, 2010.

(b) Hudson REIT has operated, and intends to continue to operate in a manner so as to permit it to qualify as a REIT. Hudson REIT has elected treatment as a REIT. Each Subsidiary of Hudson REIT is either (1) a "qualified REIT subsidiary" within the meaning of Section 856(i) of the Code, (2) a REIT, (3) a Taxable REIT Subsidiary, (4) a partnership under Treasury Regulation Section 301.7701-3 or (5) an entity disregarded as a separate entity from its owner under Treasury Regulation Section 301.7701-3.

**Section 5.10. Title to Property; Leases.**

(a) As of the date of this Agreement, Schedule 5.10(a) is a complete and correct list of all Properties, setting forth for each Property (1) the occupancy status of such Property as of March 31, 2016, (2) whether such Property is Construction-in-Progress or a Renovation Property and, if such Property is Construction-in-Progress or a Renovation Property, the status of completion of such Property, (3) whether such Property is an Eligible Property, (4) whether a Ground Lease is in effect for such Property and (5) whether such Property is an Unencumbered Pool Property.

(b) Hudson REIT, the Company and each Material Subsidiary has good, marketable and legal title to, or a valid leasehold interest in, its respective assets.

(c) No Eligible Property is subject to any Lien other than Permitted Liens (or, to the extent they are Liens, Negative Pledges permitted by Section 10.4) and each Eligible Property satisfies all of the requirements for being an Eligible Property.

**Section 5.11. Licenses, Permits, Etc.**

(a) Hudson REIT, the Company and each Subsidiary own or possess all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others.

(b) To the best knowledge of the Company, no product or service of Hudson REIT, the Company or any Subsidiary infringes in any material respect any license, permit, franchise, authorization, patent, copyright, proprietary software, service mark, trademark, trade name or other right owned by any other Person.

(c) To the best knowledge of the Company, there is no Material violation by any Person of any right of Hudson REIT, the Company or any Subsidiary with respect to any patent, copyright, proprietary software, service mark, trademark, trade name or other right owned or used by Hudson REIT, the Company or any Subsidiary.

**Section 5.12. Compliance with ERISA.**

(a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA (other than for PBGC premiums due but not delinquent under Section 4007 of ERISA) or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in section 3 of ERISA), and no event, transaction or condition has occurred or exists that could, individually or in the aggregate, reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights,

properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to section 430(k) of the Code or to any such penalty or excise tax provisions under the Code or federal law or section 4068 of ERISA or by the granting of a security interest in connection with the amendment of a Plan, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Pension Plans (other than Multiemployer Plans), determined as of the end of such Pension Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Pension Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Pension Plan allocable to such benefit liabilities by more than \$15,000,000 in the aggregate for all Plans. The term "**benefit liabilities**" has the meaning specified in section 4001 of ERISA and the terms "**current value**" and "**present value**" have the meaning specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 715-60, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of Hudson REIT, the Company and each Subsidiary is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company to each Purchaser in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of such Purchaser's representation in Section 6.2 as to the sources of the funds to be used to pay the purchase price of the Notes to be purchased by such Purchaser.

**Section 5.13. Private Offering by the Company.** Neither Hudson REIT or the Company nor anyone acting on their behalf has offered the Notes, the Parent Guaranty or any similar Securities for sale to, or solicited any offer to buy the Notes, the Parent Guaranty or any similar Securities from, or otherwise approached or negotiated in respect thereof with, any Person other than the Purchasers and not more than 20 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither Hudson REIT or the Company nor anyone acting on their behalf has taken, or will take, any action that would subject the issuance or sale of the Notes or the execution and delivery of the Parent Guaranty to the registration requirements of section 5 of the Securities Act or to the registration requirements of any Securities or blue sky laws of any applicable jurisdiction.

**Section 5.14. Use of Proceeds; Margin Regulations.** The Company will apply the proceeds of the sale of the Notes hereunder as set forth in the Memorandum. No part of the proceeds

from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock or to extend credit to others for the purposes of buying or carrying margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any Securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 25% of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 25% of the value of such assets. As used in this Section, the terms “margin stock” and “purpose of buying or carrying” shall have the meanings assigned to them in said Regulation U.

**Section 5.15. Existing Indebtedness; Future Liens.**

(a) Except as described therein, Schedule 5.15 (as such Schedule may be updated pursuant to Section 4.1(a)) sets forth a complete and correct list of all outstanding Indebtedness of Hudson REIT, the Company and each Subsidiary as of March 31, 2016 (including descriptions of the obligors and obligees (or the agent, trustee or other entity acting in a similar capacity), principal amounts outstanding, any collateral therefor and any Guaranties thereof (other than Guaranties of customary exceptions for fraud, misapplication of funds, environmental indemnities and other similar customary exceptions to recourse liability or exceptions relating to bankruptcy, insolvency, receivership or other similar events, *provided* that the obligations under such Guaranty have not become due and payable)), since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Indebtedness of Hudson REIT, the Company or any Subsidiary. Neither Hudson REIT, the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness of Hudson REIT, the Company or such Subsidiary and no event or condition exists with respect to any Indebtedness of Hudson REIT, the Company or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Except as disclosed in Schedule 5.15, neither Hudson REIT, the Company nor any Subsidiary has agreed or consented to cause or permit, at any time after the date of this Agreement, any of its property, whether now owned or hereafter acquired, to be subject to a Lien that secures Indebtedness or to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by this Agreement.

(c) Neither Hudson REIT, the Company nor any Subsidiary is a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness of Hudson REIT, the Company or such Subsidiary, any agreement relating thereto or any other agreement (including, but not limited to, its charter or any other organizational document)

which limits the amount of, or otherwise imposes restrictions on the incurring of, Indebtedness of Hudson REIT or the Company, except as disclosed in Schedule 5.15.

**Section 5.16. Foreign Assets Control Regulations, Etc.**

(a) Neither the Company nor any Controlled Entity is (1) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by the Office of Foreign Assets Control, United States Department of the Treasury (“**OFAC**”) (an “**OFAC Listed Person**”), (2) an agent, department, or instrumentality of, or is otherwise beneficially owned by, controlled by or acting on behalf of, directly or indirectly, (i) any OFAC Listed Person or (ii) any Person, entity, organization, foreign country or regime that is subject to any OFAC Sanctions Program, or (3) otherwise blocked, subject to sanctions under or engaged in any activity in violation of other United States economic sanctions, including but not limited to, the Trading with the Enemy Act, the International Emergency Economic Powers Act, CISADA or any similar law or regulation with respect to Iran or any other country, the Sudan Accountability and Divestment Act, any OFAC Sanctions Program, or any economic sanctions regulations administered and enforced by the United States or any enabling legislation or executive order relating to any of the foregoing (collectively, “**U.S. Economic Sanctions**”) (each OFAC Listed Person and each other Person, entity, organization and government of a country described in clause (1), clause (2) or clause (3), a “**Blocked Person**”). Neither the Company nor any Controlled Entity has been notified that its name appears or may in the future appear on a state list of Persons that engage in investment or other commercial activities in Iran or any other country that is subject to U.S. Economic Sanctions.

(b) No part of the proceeds from the sale of the Notes hereunder constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used by the Company or any Controlled Entity, directly or indirectly, (1) in connection with any investment in, or any transactions or dealings with, any Blocked Person, or (2) otherwise in violation of U.S. Economic Sanctions.

(c) Neither the Company nor any Controlled Entity (1) has been found in violation of, charged with, or convicted of, money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes under the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act), the USA PATRIOT Act or any other United States law or regulation governing such activities (collectively, “**Anti-Money Laundering Laws**”) or any U.S. Economic Sanctions violations, (2) to the Company’s actual knowledge after making due inquiry, is under investigation by any Governmental Authority for possible violation of Anti-Money Laundering Laws or any U.S. Economic Sanctions violations, (3) has been assessed civil penalties under any Anti-Money Laundering Laws or any U.S. Economic Sanctions, or (4) has had any of its funds seized or forfeited in an action under any Anti-Money Laundering Laws. Each of Hudson REIT and the Company has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the Company and each Controlled Entity is and will continue to be in compliance

with all applicable current and future Anti-Money Laundering Laws and U.S. Economic Sanctions.

(d) (1) Neither the Company nor any Controlled Entity (i) has been charged with, or convicted of bribery or any other anti-corruption related activity under any applicable law or regulation in a U.S. or any non-U.S. country or jurisdiction, including but not limited to, the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010 (collectively, “**Anti-Corruption Laws**”), (ii) to the Company’s actual knowledge after making due inquiry, is under investigation by any U.S. or non-U.S. Governmental Authority for possible violation of Anti-Corruption Laws, (iii) has been assessed civil or criminal penalties under any Anti-Corruption Laws or (iv) has been or is the target of sanctions imposed by the United Nations or the European Union;

(2) To the Company’s actual knowledge after making due inquiry, neither the Company nor any Controlled Entity has, within the last five years, directly or indirectly offered, promised, given, paid or authorized the offer, promise, giving or payment of anything of value to a Governmental Official or a commercial counterparty for the purposes of: (i) influencing any act, decision or failure to act by such Governmental Official in his or her official capacity or such commercial counterparty, (ii) inducing a Governmental Official to do or omit to do any act in violation of the Governmental Official’s lawful duty, or (iii) inducing a Governmental Official or a commercial counterparty to use his or her influence with a government or instrumentality to affect any act or decision of such government or entity; in each case in order to obtain, retain or direct business or to otherwise secure an improper advantage in violation of any applicable law or regulation or which would cause any Purchaser or holder to be in violation of any law or regulation applicable to such Purchaser or holder; and

(3) No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for any improper payments, including bribes, to any Governmental Official or commercial counterparty in order to obtain, retain or direct business or obtain any improper advantage. Each of Hudson REIT and the Company has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the Company and each Controlled Entity is and will continue to be in compliance with all applicable current and future Anti-Corruption Laws.

**Section 5.17. Status under Certain Statutes.** Neither Hudson REIT, the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 2005, as amended, the ICC Termination Act of 1995, as amended, or the Federal Power Act, as amended.

**Section 5.18. Environmental Matters.**

(a) Neither Hudson REIT, the Company nor any Subsidiary has knowledge of any claim or has received any notice of any claim and no proceeding has been instituted asserting

any claim against Hudson REIT, the Company or any Subsidiary or any of their respective real properties or other assets now or formerly owned, leased or operated by any of them, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect.

(b) Neither Hudson REIT, the Company nor any Subsidiary has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(c) Neither Hudson REIT, the Company nor any Subsidiary has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them in a manner which is contrary to any Environmental Law that could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(d) Neither Hudson REIT, the Company nor any Subsidiary has disposed of any Hazardous Materials in a manner which is contrary to any Environmental Law that could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(e) All buildings on all real properties now owned, leased or operated by Hudson REIT, the Company or any Subsidiary are in compliance with applicable Environmental Laws, except where failure to comply could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

**Section 5.19. Solvency.** Hudson REIT and the Company collectively are, and Hudson REIT and its Subsidiaries on a consolidated basis are, Solvent.

**Section 5.20. Unencumbered Pool Properties.** Each Unencumbered Pool Property included in calculations of the Unencumbered Asset Value satisfies all of the requirements for being in the Unencumbered Pool.

## **SECTION 6. REPRESENTATIONS OF THE PURCHASERS.**

**Section 6.1. Purchase for Investment.** Each Purchaser severally represents that it is purchasing the Notes for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser's or their property shall at all times be within such Purchaser's or their control. Each Purchaser understands that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

**Section 6.2. Source of Funds.** Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a “**Source**”) to be used by such Purchaser to pay the purchase price of the Notes to be purchased by such Purchaser hereunder:

(a) the Source is an “insurance company general account” (as the term is defined in the United States Department of Labor’s Prohibited Transaction Exemption (“**PTE**”) 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the NAIC (the “**NAIC Annual Statement**”)) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) *plus* surplus as set forth in the NAIC Annual Statement filed with such Purchaser’s state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser’s fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (1) an insurance company pooled separate account, within the meaning of PTE 90-1 or (2) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as disclosed by such Purchaser to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an “investment fund” (within the meaning of Part VI of PTE 84-14 (the “**QPAM Exemption**”)) managed by a “qualified professional asset manager” or “QPAM” (within the meaning of Part VI of the QPAM Exemption), no employee benefit plan’s assets that are managed by the QPAM in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, represent more than 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a Person controlling or controlled by the QPAM maintains an ownership interest in the Company that would cause the QPAM and the Company to be “related” within the meaning of Part VI(h) of the QPAM Exemption and (1) the identity of such QPAM and (2) the names of any employee benefit plans whose assets in the investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such

employer or by the same employee organization, represent 10% or more of the assets of such investment fund, have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a “plan(s)” (within the meaning of Part IV(h) of PTE 96-23 (the “**INHAM Exemption**”)) managed by an “in-house asset manager” or “INHAM” (within the meaning of Part IV(a) of the INHAM Exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a Person controlling or controlled by the INHAM (applying the definition of “control” in Part IV(d)(3) of the INHAM Exemption) owns a 10% or more interest in the Company and (1) the identity of such INHAM and (2) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms “**employee benefit plan**,” “**governmental plan**,” and “**separate account**” shall have the respective meanings assigned to such terms in section 3 of ERISA.

**Section 6.3. Accredited Investor.** Each Purchaser severally represents that it is an “accredited investor” (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) acting for its own account (and not for the account of others) or as a fiduciary or agent for others (which others are also “accredited investors”). Each Purchaser further severally represents that such Purchaser has had the opportunity to ask questions of the Company and received answers concerning the terms and conditions of the sale of the Notes.

## **SECTION 7. INFORMATION AS TO HUDSON REIT AND THE COMPANY.**

**Section 7.1. Financial and Business Information.** The Company shall deliver to each holder of a Note that is an Institutional Investor:

(a) *Quarterly Statements* — within 60 days (or such shorter period as is the earlier of (x) 15 days greater than the period applicable to the filing of Hudson REIT’s Quarterly Report on Form 10-Q (the “**Form 10-Q**”) with the SEC regardless of whether Hudson REIT is subject to the filing requirements thereof and (y) the date by which such financial statements are required to be delivered under any Material Credit Facility or the date on which such corresponding financial statements are delivered under any Material Credit Facility if such delivery occurs earlier than such required delivery date) after the end

of each quarterly fiscal period in each fiscal year of Hudson REIT (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of,

(1) a consolidated unaudited balance sheet of Hudson REIT and its Subsidiaries as at the end of such quarter, and

(2) consolidated unaudited statements of income, changes in shareholders' equity and cash flows of Hudson REIT and its Subsidiaries for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer of Hudson REIT as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments, *provided* that delivery within the time period specified above of copies of Hudson REIT's Form 10-Q prepared in compliance with the requirements therefor and filed with the SEC shall be deemed to satisfy the requirements of this Section 7.1(a);

(b) *Annual Statements* — within 105 days (or such shorter period as is the earlier of (x) 15 days greater than the period applicable to the filing of Hudson REIT's Annual Report on Form 10-K (the "**Form 10-K**") with the SEC regardless of whether Hudson REIT is subject to the filing requirements thereof and (y) the date by which such financial statements are required to be delivered under any Material Credit Facility or the date on which such corresponding financial statements are delivered under any Material Credit Facility if such delivery occurs earlier than such required delivery date) after the end of each fiscal year of Hudson REIT, duplicate copies of,

(1) a consolidated balance sheet of Hudson REIT and its Subsidiaries as at the end of such year, and

(2) consolidated statements of income, changes in shareholders' equity and cash flows of Hudson REIT and its Subsidiaries for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon (without a "going concern" or similar qualification or exception and without any qualification or exception as to the scope of the audit on which such opinion is based) of independent public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion

in the circumstances, *provided* that the delivery within the time period specified above of Hudson REIT's Form 10-K for such fiscal year (together with Hudson REIT's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) prepared in accordance with the requirements therefor and filed with the SEC, shall be deemed to satisfy the requirements of this Section 7.1(b);

(c) *SEC and Other Reports* — promptly upon their becoming available, one copy of (1) each financial statement, report, notice or proxy statement sent by Hudson REIT, the Company or any Subsidiary to its principal lending banks as a whole (excluding information sent to such banks in the ordinary course of administration of a bank facility, such as information relating to pricing and borrowing availability) or to its public Securities holders generally, and (2) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such Purchaser or holder), and each prospectus and all amendments thereto filed by Hudson REIT, the Company or any Subsidiary with the SEC and of all press releases and other statements made available generally by Hudson REIT, the Company or any Subsidiary to the public concerning developments that are Material, *provided* that the prompt delivery upon their becoming available of copies of any item described in this clause (2) and filed with the SEC shall be deemed to satisfy the requirements of this clause (2);

(d) *Notice of Default or Event of Default* — promptly, and in any event within five days after a Responsible Officer of the Company becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(f), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) *ERISA Matters* — promptly, and in any event within five days after a Responsible Officer of the Company becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

- (1) with respect to any Plan, any reportable event, as defined in section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date of this Agreement; or
- (2) the institution by the PBGC, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or
- (3) any event, transaction or condition that results in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of

ERISA (other than for PBGC premiums due but not delinquent under Section 4007 of ERISA) or the penalty or excise tax provisions of the Code relating to employee pension benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect;

(f) *Notices from Governmental Authority* — promptly, and in any event within 30 days of receipt thereof, copies of any notice to Hudson REIT, the Company or any Subsidiary from any federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect;

(g) *Resignation or Replacement of Independent Auditors* — within 10 days following the date on which Hudson REIT's independent auditors resign or Hudson REIT elects to change independent auditors, as the case may be, notification thereof, together with such supporting information as the Required Holders may reasonably request;

(h) *Change in Senior Management* — prompt notice of any change in the senior management of Hudson REIT or the Company;

(i) *Calculation of Ownership Share* — promptly upon the request of such holder of a Note (but no more frequently than once per fiscal year unless an Event of Default then exists), evidence of the Company's calculation of Hudson REIT's Ownership Share with respect to an Unconsolidated Affiliate, such evidence to be reasonably satisfactory to such holder;

(j) *Change in Rating* — promptly upon any change in the rating assigned by S&P, Moody's, Fitch or any other nationally recognized statistical rating organization to Hudson REIT's senior, unsecured, long-term Indebtedness, a certificate stating that such credit rating has changed and the new credit rating that is in effect; and

(k) *Requested Information* — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of Hudson REIT, the Company or any Subsidiary (including, but without limitation, actual copies of Hudson REIT's Form 10-Q and Form 10-K) or relating to the ability of the Company to perform its obligations hereunder and under the Notes or any Guarantor to perform its obligations under its Guaranty Agreement as from time to time may be reasonably requested by any such holder of a Note.

**Section 7.2. Officer's Certificate.** Each set of financial statements delivered to a holder of a Note pursuant to Section 7.1(a) or Section 7.1(b) shall be accompanied by a certificate of a Senior Financial Officer of Hudson REIT:

(a) *Covenant Compliance* — setting forth (1) the information from such financial statements that is required in order to establish whether the Company was in compliance with the requirements of Section 10.5 and each Additional Covenant during the quarterly or annual period covered by the statements then being furnished, (including with respect to each such provision that involves mathematical calculations, the information from such financial statements that is required to perform such calculations) and detailed calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Section or Additional Covenant, and the calculation of the amount, ratio or percentage then in existence and (2) a list of the assets included in the calculation of Unencumbered Asset Value. In the event that Hudson REIT, the Company or any Subsidiary has made an election to measure any financial liability using fair value (which election is being disregarded for purposes of determining compliance with this Agreement pursuant to Section 22.2) as to the period covered by any such financial statement, such Senior Financial Officer's certificate as to such period shall include a reconciliation from GAAP with respect to such election;

(b) *Funds From Operations* — setting forth (1) a statement of Funds From Operations during the quarterly or annual period covered by the statements being furnished and (2) a report of newly acquired Properties during such period, including the Net Operating Income, cost and mortgage debt, if any, of each such Property;

(c) *Event of Default* — certifying that such Senior Financial Officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of Hudson REIT, the Company and each Subsidiary from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including, without limitation, any such event or condition resulting from the failure of Hudson REIT, the Company or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action Hudson REIT, the Company or such Subsidiary shall have taken or proposes to take with respect thereto; and

(d) *Material Credit Facility Subsidiary Guarantors* — certifying as to the name of each Subsidiary, if any, that is a guarantor in respect of a Material Credit Facility as of the last day of the period covered by such certificate.

**Section 7.3. Visitation.** The Company will permit, and will cause Hudson REIT to permit, the representatives of each holder of a Note that is an Institutional Investor:

(a) *No Default* — if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to Hudson REIT or the Company, as the case may be, but only once for each holder during any fiscal year (in addition to any visit with the independent public accountants described below) to visit the principal executive office of Hudson REIT or the Company, to discuss the affairs, finances and accounts of Hudson REIT, the Company and each Subsidiary with Hudson REIT's or the Company's

officers, and (with the consent of Hudson REIT or the Company, as the case may be, which consent will not be unreasonably withheld) its independent public accountants (it being understood and agreed that only one such request for a discussion with the independent public accountants of Hudson REIT and the Company may be made per fiscal year by all holders of Notes, such discussion shall be held on or around the end of the SAS 100 review period and that representatives of Hudson REIT and the Company shall be entitled to be present at any such discussion), and (with the consent of Hudson REIT or the Company, as the case may be, which consent will not be unreasonably withheld) to visit the other offices and properties of Hudson REIT, the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) *Default* — if a Default or Event of Default then exists, at the expense of the Company to visit and inspect any of the offices or properties of Hudson REIT, the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes and has caused Hudson REIT to authorize said accountants to discuss the affairs, finances and accounts of Hudson REIT, the Company and each Subsidiary, *provided* that representatives of Hudson REIT and the Company shall be entitled to be present at any such discussion), all at such times and as often as may be requested.

**Section 7.4. Electronic Delivery.** Financial statements, opinions of independent certified public accountants, other information and Officer's Certificates that are required to be delivered by the Company pursuant to Sections 7.1(a), (b) or (c) and Section 7.2 shall be deemed to have been delivered if the Company satisfies or causes to be satisfied any of the following requirements with respect thereto:

(a) such financial statements satisfying the requirements of Section 7.1(a) or (b) and related Officer's Certificate satisfying the requirements of Section 7.2 are delivered to each holder of a Note by e-mail;

(b) Hudson REIT shall have timely filed such Form 10-Q or Form 10-K, satisfying the requirements of Section 7.1(a) or Section 7.1(b), as the case may be, with the SEC on EDGAR and shall have made such form and the related Officer's Certificate satisfying the requirements of Section 7.2 accessible from its home page on the internet, which is located at <http://hudsonpacificproperties.com> as of the date of this Agreement;

(c) such financial statements satisfying the requirements of Section 7.1(a) or Section 7.1(b) and related Officer's Certificate satisfying the requirements of Section 7.2 are timely posted by or on behalf of Hudson REIT on IntraLinks or on any other similar website to which each holder of Notes has free access; or

(d) Hudson REIT shall have filed any of the items referred to in Section 7.1(c) with the SEC on EDGAR and shall have made such items accessible from its home page

on the internet or on IntraLinks or on any other similar website to which each holder of Notes has free access;

*provided however*, that in the case of any of clauses (b), (c) or (d), the Company shall have given each holder of a Note prior written notice, which may be by e-mail or in accordance with Section 18, of such posting or filing in connection with each delivery, *provided further*, that upon request of any holder to receive paper copies of such forms, financial statements and Officer's Certificates or to receive them by e-mail, the Company will promptly e-mail them or deliver such paper copies, as the case may be, to such holder.

## **SECTION 8. PAYMENT AND PREPAYMENT OF THE NOTES.**

**Section 8.1. Maturity.** As provided therein, the entire unpaid principal balance of each Note shall be due and payable on the Maturity Date thereof.

**Section 8.2. Optional Prepayments with Make-Whole Amount.** The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes, in an amount not less than 5% of the aggregate principal amount of the Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, and the Make-Whole Amount, if any, determined for the prepayment date with respect to such principal amount. The Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 10 days and not more than 60 days prior to the date fixed for such prepayment unless the Company and the Required Holders agree to another time period pursuant to Section 17. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.3), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer of the Company as to the estimated Make-Whole Amount, if any, due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Any such notice of prepayment delivered in connection with a refinancing, the proceeds of which are to be used to make such prepayment, may be made, if expressly so stated in such notice to be, contingent upon the consummation of such refinancing and may be revoked by the Company in the event such refinancing is not consummated, *provided* that such notice of revocation is in writing and no notice of prepayment may be revoked after the third Business Day prior to the date specified in such notice of prepayment for the prepayment of the Notes. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of one of its Senior Financial Officers specifying the calculation of such Make-Whole Amount as of the specified prepayment date. Notwithstanding the foregoing, if the scheduled prepayment date for the prepayment of any Note pursuant to this Section 8.2 is 15 days or less from its Maturity Date, then no Make-Whole Amount shall be due and payable in connection with such prepayment.

**Section 8.3. Allocation of Partial Prepayments.** In the case of each partial prepayment of the Notes pursuant to Section 8.2, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment. In the case of any partial prepayment of the Notes pursuant to Section 8.7, the principal amount of the Notes to be prepaid shall be allocated only among the Notes of the holders that have elected to participate in such prepayment.

**Section 8.4. Maturity; Surrender, Etc.** In the case of each optional prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

**Section 8.5. Purchase of Notes.** The Company will not, and will not permit any Affiliate to, purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except (a) upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes or (b) pursuant to an offer to purchase made by the Company or an Affiliate pro rata to the holders of all Notes at the time outstanding upon the same terms and conditions. Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer, and shall remain open for at least 10 Business Days. If the holders of more than 50% of the principal amount of the Notes then outstanding accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of Notes of such offer shall be extended by the number of days necessary to give each such remaining holder at least 10 Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment or prepayment of Notes pursuant to this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

**Section 8.6. Make-Whole Amount.**

**“Make-Whole Amount”** means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, *provided* that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

**“Called Principal”** means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

**“Discounted Value”** means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

**“Reinvestment Yield”** means, with respect to the Called Principal of any Note, 0.50% over the yield to maturity implied by the “Ask Yield(s)” reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as “Page PX1” (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities (**“Reported”**) having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there are no such U.S. Treasury securities Reported having a maturity equal to such Remaining Average Life, then such implied yield to maturity will be determined by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between the “Ask Yields” Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury securities with the maturities (1) closest to and greater than such Remaining Average Life and (2) closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then **“Reinvestment Yield”** means, with respect to the Called Principal of any Note, 0.50% over the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

**“Remaining Average Life”** means, with respect to any Called Principal, the number of years obtained by dividing (a) such Called Principal into (b) the sum of the products obtained by multiplying (1) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (2) the number of years, computed on the basis of a 360-day year composed of twelve 30-day months and calculated to two decimal places, that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

**“Remaining Scheduled Payments”** means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, *provided* that if such Settlement Date is not a date on which interest payments are due to be made under the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.4 or Section 12.1.

**“Settlement Date”** means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

**Section 8.7. Offer to Prepay Notes in the Event of a Change in Control.**

(a) *Notice of Change in Control.* The Company will, not later than 10 Business Days after any Responsible Officer thereof has knowledge of the occurrence of any Change in Control, give written notice of such Change in Control (a **“Change in Control Notice”**) to each holder of Notes. Each Change in Control Notice shall contain and constitute an offer by the Company to prepay the Notes as described in Section 8.7(b) and shall be accompanied by the certificate described in Section 8.7(f).

(b) *Offer to Prepay Notes.* The offer to prepay Notes contemplated by Section 8.7(a) shall be an offer to prepay, in accordance with and subject to this Section 8.7, all, but not less than all, Notes held by each holder on a date specified in such offer (the **“Change in Control Proposed Prepayment Date”**), which date shall be a Business Day not less than 30 days and not more than 60 days after the date of such offer (or if the Change in Control Proposed Prepayment Date shall not be specified in such offer, the Change in Control Proposed Prepayment Date shall be the Business Day nearest to the 30th day after the date of such offer).

(c) *Acceptance; Rejection.* A holder of Notes may accept or reject the offer to prepay made pursuant to this Section 8.7 by causing a notice of such acceptance or rejection to be delivered to the Company no fewer than 10 days prior to the Change in Control Proposed Prepayment Date. A failure by a holder of Notes to so respond to an offer to prepay made pursuant to this Section 8.7 shall be deemed to constitute a rejection of such offer by such holder.

(d) *Prepayment.* Prepayment of the Notes to be prepaid pursuant to this Section 8.7 shall be at 100% of the principal amount of such Notes, together with accrued and unpaid interest on such Notes accrued to the date of prepayment but without any Make-Whole Amount or premium. The prepayment shall be made on the Change in Control Proposed Prepayment Date, except as provided by Section 8.7(e).

(e) *Deferral Pending Change in Control.* If the Change in Control Notice is delivered prior to the occurrence of the Change in Control, the obligation of the Company to prepay Notes pursuant to the offers required by Section 8.7(b) and accepted in accordance with Section 8.7(c) is subject to the occurrence of the Change in Control in respect of which such offers and acceptances shall have been made. In the event that such Change in Control does not occur on the Change in

Control Proposed Prepayment Date in respect thereof, the prepayment shall be deferred until, and shall be made on the date on which, such Change in Control occurs. The Company shall keep each holder of Notes reasonably and timely informed of (1) any such deferral of the date of prepayment, (2) the date on which such Change in Control and the prepayment are expected to occur and (3) any determination by Hudson REIT that efforts to effect such Change in Control have ceased or been abandoned (in which case the offers and acceptances made pursuant to this Section 8.7 in respect of such Change in Control automatically shall be deemed rescinded without penalty or other liability).

(f) *Officer's Certificate*. Each offer to prepay the Notes pursuant to this Section 8.7 shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying (1) the Change in Control Proposed Prepayment Date, (2) that such offer is made pursuant to this Section 8.7 and that failure by a holder to respond to such offer by the deadline established in Section 8.7(c) shall result in such offer to such holder being deemed rejected, (3) the principal amount of each Note offered to be prepaid, (4) the interest that would be due on each Note offered to be prepaid, accrued to the Change in Control Proposed Prepayment Date, (5) that the conditions of this Section 8.7 required to be fulfilled prior to the giving of the Change in Control Notice have been fulfilled and (6) in reasonable detail, the general nature and date of the Change in Control.

(g) **"Change in Control"** means:

- (1) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) excluding the Specified Existing Investors, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a Person will be deemed to have "beneficial ownership" of all securities that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 40% of the total voting power of the then outstanding voting stock of Hudson REIT;
- (2) the Specified Existing Investors become the owner, directly or indirectly, of more than 50% of the total voting power of the then outstanding voting stock of Hudson REIT (for the purposes of clarity, the Specified Existing Investors shall not be deemed to be the owner of any voting stock of Hudson REIT merely as a result of having the right to acquire, either immediately or after the passage of time, shares of such voting stock); or
- (3) the occurrence of any "change of control," "change in management" or similar event under any Material Credit Facility.

**Section 8.8. Payments Due on Non-Business Days.** Anything in this Agreement or the Notes to the contrary notwithstanding, (a) subject to clause (b), any payment of interest on any Note that is due on a date that is not a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; and (b) any payment of principal of or Make-Whole Amount on

any Note (including principal due on the Maturity Date of such Note) that is due on a date that is not a Business Day shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

#### **SECTION 9. AFFIRMATIVE COVENANTS.**

So long as any of the Notes are outstanding, the Company covenants that:

**Section 9.1. Compliance with Laws.** Without limiting Section 10.3, the Company will, and will cause Hudson REIT and each Subsidiary to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, ERISA, Environmental Laws, the USA PATRIOT Act and the other laws and regulations that are referred to in Section 5.16, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

**Section 9.2. Insurance.** The Company will, and will cause Hudson REIT and each Subsidiary to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses (on a replacement cost basis as it relates to property insurance for all perils other than earthquake related perils, which shall be insured on a net probable maximum loss basis) against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated or as may be required by applicable law.

**Section 9.3. Maintenance of Properties.** The Company will, and will cause Hudson REIT and each Subsidiary to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, except where the failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

**Section 9.4. Payment of Taxes and Claims.** The Company will, and will cause Hudson REIT and each Subsidiary to, file all federal and state income tax returns and other material tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent the same have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of Hudson REIT, the Company or any Subsidiary, *provided* that none of Hudson REIT, the Company or any

Subsidiary need pay any such tax, assessment, charge, levy or claim if (a) the amount, applicability or validity thereof is contested by Hudson REIT, the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings which operate to suspend the collection thereof, and Hudson REIT, the Company or such Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of Hudson REIT, the Company or such Subsidiary or (b) the nonpayment of all such taxes, assessments, charges, levies and claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

**Section 9.5. Corporate Existence, Etc.** Except as otherwise permitted pursuant to Section 10.2, the Company will, and will cause Hudson REIT to, at all times preserve and keep its limited partnership or corporate existence, as the case may be, in full force and effect. Except as otherwise permitted pursuant to Section 10.2, the Company will, and will cause Hudson REIT to, at all times preserve and keep in full force and effect the corporate or other organizational existence of each Subsidiary and all rights and franchises of Hudson REIT, the Company and each Subsidiary unless, in the good faith judgment of Hudson REIT or the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect.

**Section 9.6. Books and Records.** The Company will, and will cause Hudson REIT and each Subsidiary to, maintain proper books of record and account in conformity with GAAP and in conformity in all material respects with all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over Hudson REIT, the Company or such Subsidiary, as the case may be. The Company will, and will cause Hudson REIT and each Subsidiary to, keep books, records and accounts which, in reasonable detail, accurately reflect in all material respects all transactions and dispositions of assets. Hudson REIT, the Company and each Subsidiary have devised a system of internal accounting controls sufficient to provide reasonable assurances that their respective books, records, and accounts accurately reflect all transactions and dispositions of assets and the Company will, and will cause Hudson REIT and each Subsidiary to, continue to maintain such system.

**Section 9.7. REIT Status.** The Company shall cause Hudson REIT to maintain its status as a REIT under the Code.

**Section 9.8. Exchange Privileges.** The Company shall cause Hudson REIT to maintain at least one class of common shares of Hudson REIT having trading privileges on the New York Stock Exchange or NYSE Amex Equities or which is subject to price quotations on The NASDAQ Stock Market's National Market System.

**Section 9.9. Subsidiary Guarantors.**

(a) The Company will cause each of its Subsidiaries that Guarantees or otherwise becomes liable at any time, whether as a borrower or an additional or co-borrower or otherwise, for or in respect of any Indebtedness under any Material Credit Facility to concurrently therewith:

(1) enter into a guaranty agreement substantially in the form of Exhibit SG hereto (a “**Subsidiary Guaranty**”); and

(2) deliver the following to each holder of a Note:

(i) an executed counterpart of such Subsidiary Guaranty;

(ii) to the extent required by or otherwise delivered pursuant to any Material Credit Facility, a certificate signed by an authorized responsible officer of such Subsidiary containing representations and warranties on behalf of such Subsidiary to the same effect, *mutatis mutandis*, as those contained in Sections 5.1, 5.2, 5.6, 5.7 and 5.19 (but with respect to such Subsidiary and such Subsidiary Guaranty, rather than the Company);

(iii) to the extent required by or otherwise delivered pursuant to any Material Credit Facility, documents evidencing the due organization, continuing existence and good standing of such Subsidiary and the due authorization by all requisite action on the part of such Subsidiary of the execution and delivery of such Subsidiary Guaranty and the performance by such Subsidiary of its obligations thereunder; and

(iv) to the extent required by or otherwise delivered pursuant to any Material Credit Facility, an opinion of counsel covering the authorization, execution, delivery and/or enforceability of the Subsidiary Guaranty.

(b) The holders of Notes will discharge and release any Subsidiary Guarantor from its Subsidiary Guaranty upon the written request of the Company; *provided* that (1) such Subsidiary Guarantor shall have been released and discharged (or will be released and discharged concurrently with the release of such Subsidiary Guarantor under its Subsidiary Guaranty) as a guarantor or additional or co-borrower under and in respect of Indebtedness under each Material Credit Facility and the Company so certifies to the holders of Notes in a certificate of one of its Responsible Officers, (2) at the time of such release and discharge, the Company shall have delivered a certificate of one of its Responsible Officers to the holders of Notes stating that no Default or Event of Default has occurred and is continuing or will result from such release and discharge, (3) such Subsidiary Guarantor shall have no obligations then due and payable under its Subsidiary Guaranty and (4) if any fee or other form of consideration is given to any party to a Material Credit Facility for the purpose of its release of such Subsidiary Guarantor thereunder, the holders of Notes shall receive equivalent consideration.

**Section 9.10. Most Favored Lender Provision.** If at any time any Material Credit Facility or any Guaranty in respect thereof shall include any Financial Covenant and such provision is not contained in this Agreement (any such provision, together with any related definitions (including, without limitation, any term defined therein with reference to the application of GAAP, as identified in any Material Credit Facility), an “**Additional Covenant**”), then the Company shall promptly,

and in any event within 10 Business Days thereof, provide a Most Favored Lender Notice with respect to each such Additional Covenant; *provided* that a Most Favored Lender Notice is not required to be given in the case of the Additional Covenants incorporated herein on the date of this Agreement. Thereupon, unless waived in writing by the Required Holders within 10 days of the Purchasers and holders receipt of such notice, such Additional Covenant shall be deemed incorporated by reference into this Agreement, *mutatis mutandis*, as if set forth fully herein, effective (a) in the case of any Additional Covenant effective on the date of this Agreement, as of the date of this Agreement, and (b) in the case of any Additional Covenant effective after the date of this Agreement, as of the earliest date when such Additional Covenant became effective under any Material Credit Facility. Any Additional Covenant incorporated into this Agreement pursuant to this provision, (1) shall remain unchanged herein notwithstanding any temporary waiver of such Additional Covenant under any Material Credit Facility, (2) shall be deemed automatically amended herein to reflect any subsequent amendments agreed and implemented in relation to such Additional Covenant under any Material Credit Facility and (3) shall be deemed deleted from this Agreement at such time as such Additional Covenant is deleted or otherwise removed from or is no longer in effect under or pursuant to any Material Credit Facility or if such Material Credit Facility has been terminated; *provided* in each case that any consideration paid or provided to any holder of Indebtedness under a Material Credit Facility in connection with an event contemplated by clause (2) or (3) above (other than repayment in full of such Material Credit Facility in connection with its termination) is paid to each holder of Notes at the same time and on equivalent terms; and *provided further* that no Additional Covenant shall be so deemed automatically amended or deleted during any time that a Default or Event of Default has occurred and is continuing. In determining whether a breach of any Financial Covenant incorporated by reference into this Agreement pursuant to this Section 9.10 shall constitute an Event of Default, the period of grace, if any, applicable to such Additional Covenant in the applicable Material Credit Facility shall apply.

**Section 9.11. Line of Business.** The Company will, and will cause Hudson REIT and each Subsidiary to, only carry on in its respective businesses in which it is engaged as of the date of this Agreement (including acquiring, owning, redeveloping, developing, financing and managing various types of Properties, including, without limitation, Retail Properties, Office Properties, Studio Properties, and Mixed-Use Properties) and such other business activities incidental thereto, and the Company will not, and will not permit Hudson REIT or any Subsidiary to, enter into any line of business not otherwise engaged in by such Person as of the date of this Agreement.

**Section 10. Negative Covenants.**

So long as any of the Notes are outstanding, the Company covenants that:

**Section 10.1. Transactions with Affiliates.** The Company will not, and will not permit Hudson REIT or any Subsidiary to, permit to exist or enter into, any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate, except transactions in the ordinary course of and pursuant to the reasonable requirements of the business of Hudson REIT, the Company or such Subsidiary and upon fair and reasonable terms

which are no less favorable to Hudson REIT, the Company or such Subsidiary than would be obtained in a comparable arm's length transaction with a Person that is not an Affiliate.

**Section 10.2. Merger, Consolidation, Etc.** The Company will not, and will not permit Hudson REIT or any Subsidiary to, (a) enter into any transaction of merger or consolidation, (b) liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution), (c) convey, sell, lease, sublease, transfer or otherwise dispose of, in one transaction or a series of transactions, all or any substantial part of its business or assets, or the capital stock of or other Equity Interests in any of its Subsidiaries, whether now owned or hereafter acquired or (d) acquire a Substantial Amount of the assets of, or make an Investment of a Substantial Amount in, any other Person; *provided, however*, that:

(1) any Subsidiary (which, for the avoidance of doubt does not include the Company) may merge with Hudson REIT, the Company or any Subsidiary Guarantor so long as Hudson REIT, the Company or such Subsidiary Guarantor is the survivor and any Subsidiary (other than the Company) that is not a Subsidiary Guarantor may merge with any other Subsidiary that is not a Subsidiary Guarantor;

(2) any Subsidiary (which, for the avoidance of doubt does not include the Company) may sell, transfer or dispose of its assets to Hudson REIT, the Company or any Subsidiary Guarantor, and any Subsidiary (other than the Company) that is not a Subsidiary Guarantor may sell, transfer or dispose of its assets to any other Subsidiary that is not a Subsidiary Guarantor;

(3) any Subsidiary Guarantor (other a Subsidiary Guarantor that owns an Unencumbered Pool Property) and any other Subsidiary that is not (and is not required to be) a Subsidiary Guarantor may convey, sell, transfer or otherwise dispose of, in one transaction or a series of transactions, all or any substantial part of its business or assets, or the capital stock of or other Equity Interests in any of its Subsidiaries, and immediately thereafter liquidate, *provided* that immediately prior to any such conveyance, sale, transfer, disposition or liquidation and immediately thereafter and after giving effect thereto, no Default or Event of Default does or would exist;

(4) Hudson REIT, the Company or any Subsidiary may, directly or indirectly, (i) acquire (whether by purchase, acquisition of Equity Interests of a Person, or as a result of a merger or consolidation) a Substantial Amount of the assets of, or make an Investment of a Substantial Amount in, any other Person and (ii) sell, lease or otherwise transfer, whether by one or a series of transactions, a Substantial Amount of assets (including capital stock or other securities of any Subsidiaries) to any other Person, so long as, in each case, (A) the Company shall have given the Purchasers and the holders of the Notes at least 30 days' prior written notice of such consolidation, merger, acquisition, Investment, sale, lease or other transfer, (B) immediately prior thereto, and immediately thereafter and after giving effect thereto, no Default or Event of Default is or would be in existence, including, without limitation, a Default or Event of Default resulting from a breach of Section 10.5 or any Additional Covenant, (C) in the case of a consolidation or merger involving Hudson REIT

or the Company or a Subsidiary Guarantor that owns an Unencumbered Pool Property included in the calculation of Unencumbered Asset Value, Hudson REIT or the Company or such Subsidiary Guarantor, respectively, shall be the survivor thereof and (D) at the time the Company gives notice pursuant to clause (A) of this subsection, the Company shall have delivered to each holder of a Note an Officer's Certificate of Hudson REIT containing the information required by Section 7.2(a), calculated on a pro forma basis, evidencing the continued compliance by Hudson REIT, the Company and each Subsidiary with the terms and conditions of this Agreement, including without limitation, the financial covenants contained in Section 10.5 and any Additional Covenant, after giving effect to such consolidation, merger, acquisition, Investment, sale, lease or other transfer; and

(5) Hudson REIT, the Company or any Subsidiary may lease and sublease their respective assets, as lessor or sublessor (as the case may be), in the ordinary course of their business.

**Section 10.3. Terrorism Sanctions Regulations.** The Company will not, and will not permit any Controlled Entity to, (a) become (including by virtue of being owned or controlled by a Blocked Person), own or control a Blocked Person or any Person that is the target of sanctions imposed by the United Nations or by the European Union, or (b) directly or indirectly, have any investment in or engage in any dealing or transaction (including, without limitation, any investment, dealing or transaction involving the proceeds of the Notes) with any Person if such investment, dealing or transaction (1) would cause any Purchaser or holder to be in violation of or subject to sanctions under any U.S. Economic Sanctions or any similar laws, regulations or orders adopted by any State within the United States, or (2) is prohibited by or subject to sanctions under any U.S. Economic Sanctions, or (c) engage, nor shall any Affiliate of either engage, in any activity that would subject such Person or any holder to sanctions under CISADA or any similar law or regulation with respect to Iran or any other country that is subject to U.S. Economic Sanctions.

**Section 10.4. Liens.** The Company will not, and will not permit Hudson REIT or any Subsidiary to, create, incur, assume or permit or suffer to exist any Lien on any Unencumbered Pool Property now owned or hereafter acquired or on any direct or indirect ownership interest of the Company in any Person owning any Unencumbered Pool Property, except for (a) Permitted Liens and (b) a Negative Pledge contained in any agreement that evidences Unsecured Indebtedness, which Negative Pledge contains restrictions on encumbering assets that are substantially similar to those restrictions contained in this Agreement. In addition, the Company will not, and will not permit Hudson REIT or any Subsidiary to, secure any Indebtedness outstanding under or pursuant to any Material Credit Facility unless and until the Notes (and any Guaranty delivered in connection therewith) shall concurrently be secured equally and ratably with such Indebtedness pursuant to documentation reasonably acceptable to the Required Holders in substance and in form, including, without limitation, an intercreditor agreement and opinions of counsel to Hudson REIT, the Company and/or any such Subsidiary, as the case may be, from counsel that is reasonably acceptable to the Required Holders.

**Section 10.5. Financial Covenants.**

(a) *Ratio of Total Liabilities to Total Asset Value.* The Company will not, at any time, permit the ratio of (1) Total Liabilities to (2) Total Asset Value, to exceed 0.600 to 1.000 provided that, to the extent permitted by the Material Credit Facilities, such ratio may increase to 0.650 to 1.000 for up to two consecutive calendar quarters immediately following a Material Acquisition of which the Company has given the Purchasers and holders of Notes written notice. For purposes of this covenant, (i) Total Liabilities shall be adjusted by deducting therefrom the lesser of (A) the amount of unrestricted cash and Cash Equivalents in excess of \$30,000,000 to the extent that there is an equivalent amount of Indebtedness included in Total Liabilities that matures within 24 months from the applicable date of the calculation and (B) the lowest maximum amount, if any, of cash and Cash Equivalents then permitted to be subtracted from total liabilities for purposes of calculating the total liabilities to total asset value covenant under any Material Credit Facility, and (ii) Total Asset Value shall be adjusted by deducting therefrom the amount by which Total Liabilities is adjusted pursuant to clause (i) above.

(b) *Ratio of Unsecured Indebtedness to Unencumbered Asset Value.* The Company will not, at any time, permit the ratio of (1) Unsecured Indebtedness of Hudson REIT and its Subsidiaries, on a consolidated basis (which shall include Hudson REIT's Ownership Share of Unsecured Indebtedness of Unconsolidated Affiliates in accordance with Section 22.2), to (2) Unencumbered Asset Value, to exceed the lesser of (x) 0.667 to 1.000 and (y) the lowest maximum ratio of unsecured indebtedness to unencumbered asset value then permitted under any Material Credit Facility. For purposes of this covenant, (i) Unsecured Indebtedness shall be adjusted by deducting therefrom the lesser of (A) the amount of unrestricted cash and Cash Equivalents in excess of \$30,000,000 to the extent that there is an equivalent amount of Unsecured Indebtedness that matures within 24 months from the applicable date of the calculation and (B) the lowest maximum amount, if any, of cash and Cash Equivalents then permitted to be subtracted from unsecured indebtedness for purposes of calculating the unsecured indebtedness to unencumbered asset value covenant under any Material Credit Facility, and (ii) Unencumbered Asset Value shall be adjusted by deducting therefrom the amount by which Unsecured Indebtedness is adjusted pursuant to clause (i) above.

(c) *Ratio of Adjusted EBITDA to Fixed Charges.* The Company will not permit the ratio of (1) Adjusted EBITDA of Hudson REIT and its Subsidiaries, on a consolidated basis (which shall include Hudson REIT's Ownership Share of Adjusted EBITDA of Unconsolidated Affiliates in accordance with Section 22.2), for any prior consecutive 12-month period to (2) Fixed Charges of Hudson REIT and its Subsidiaries, on a consolidated basis (which shall include Hudson REIT's Ownership Share of Fixed Charges of Unconsolidated Affiliates in accordance with Section 22.2), for such prior consecutive 12-month period, to be less than 1.500 to 1.000 as of the last day of any fiscal quarter.

(d) *Ratio of Secured Indebtedness to Total Asset Value.* The Company will not, at any time, permit the ratio of (1) Secured Indebtedness of Hudson REIT and its Subsidiaries,

on a consolidated basis (which shall include Hudson REIT's Ownership Share of Secured Indebtedness of Unconsolidated Affiliates in accordance with Section 22.2), to (2) Total Asset Value, to exceed 0.450 to 1.000. For purposes of this Section 10.5(d), Secured Indebtedness shall include all unsecured debt for borrowed money (including Guaranties in respect thereof) of Subsidiaries other than the Company or any Subsidiary Guarantor that is then a party to a Subsidiary Guaranty.

(e) *Ratio of Unencumbered NOI to Unsecured Interest Expense.* The Company will not, as of the last day of any fiscal quarter, permit the ratio of (1) Unencumbered NOI for such fiscal quarter to (2) Unsecured Interest Expense for such fiscal quarter to be less than the greater of (i) 1.600 to 1.000 and (ii) the highest minimum ratio of unsecured net operating income to unsecured interest expense then required under any Material Credit Facility.

(f) *Dividends and Other Restricted Payments.* If a Default or Event of Default exists, the Company may only make Restricted Payments to Hudson REIT and other holders of Equity Interests of the Company during any fiscal year, in each case, in an aggregate amount not to exceed the minimum amount required to be distributed to all of the holders of Equity Interests of the Company such that the amount distributed to Hudson REIT is sufficient to enable Hudson REIT to (1) make scheduled cash distributions to shareholders of Hudson REIT to the extent such distributions were publicly announced prior to the occurrence of any Default or Event of Default, (2) make scheduled dividends in respect of the Company Preferred Units and (3) make cash distributions to its shareholders to remain in compliance with Section 9.7. If a Default or Event of Default specified in Section 11(a), (b), (g) or (h) shall exist, or if as a result of the occurrence of any other Event of Default any of the Notes have been accelerated pursuant to Section 12, the Company will not, and will not permit any Subsidiary to, make any Restricted Payments to any Person other than to the Company or any Wholly-Owned Subsidiary.

**Section 10.6. Restrictions on Intercompany Transfers.** The Company will not, and will not permit any Subsidiary Guarantor to, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of the Company or any Subsidiary Guarantor to: (a) pay dividends or make any other distribution on any of such Person's capital stock or other Equity Interests owned by the Company or any such Subsidiary Guarantor (other than any restrictions contained in the Company LP Agreement); (b) pay any Indebtedness owed to the Company or any Subsidiary; (c) make loans or advances to the Company or any Subsidiary; or (d) transfer any of its property or assets to the Company or any Subsidiary, other than, in each case, (1) those encumbrances or restrictions contained in this Agreement, (2) restrictions and conditions imposed by applicable law, (3) customary restrictions and conditions contained in agreements relating to the sale of such Subsidiary Guarantor or any Property owned by the Company or such Subsidiary Guarantor (to the extent such sale is permitted hereunder), (4) customary restrictions and conditions contained in agreements relating to the acquisition of any Property (to the extent such acquisition is not prohibited under this Agreement), (5) customary restrictions governing any purchase money Liens permitted hereby covering only the property subject to such Lien, (6) those restrictions contained in any other agreement that

evidences Unsecured Indebtedness, which restrictions on the actions described above that are substantially similar to those contained in this Agreement, and (7) with respect to clause (d) only, customary provisions restricting assignment of any agreement entered into by the Company or any Subsidiary in the ordinary course of business.

**Section 10.7. Modifications of Organizational Documents.** The Company will not, and will not permit Hudson REIT or any Subsidiary to, amend, supplement, restate or otherwise modify or waive the application of any provision of its certificate or articles of incorporation or formation, by-laws, operating agreement, declaration of trust, partnership agreement or other applicable organizational document if such amendment, supplement, restatement or other modification (a) is adverse to the interest of the Purchasers or the holders of Notes in any material respect (*provided*, that amendments to include or modify customary special purpose entity provisions in connection with the incurrence of Secured Indebtedness shall not be deemed adverse under this Section 10.7) or (b) could reasonably be expected to have a Material Adverse Effect.

**Section 10.8. Derivatives Contracts.** The Company will not, and will not permit Hudson REIT or any Subsidiary to, enter into or become obligated in respect of Derivatives Contracts other than Derivatives Contracts entered into by the Company, Hudson REIT or any such Subsidiary in the ordinary course of business and which establish an effective hedge in respect of liabilities, commitments or assets held or reasonably anticipated to be held by the Company, Hudson REIT or such Subsidiary.

**Section 10.9. Hudson REIT Ownership and Management of the Company.** The Company will not permit Hudson REIT to (a) own less than a 51% legal and beneficial ownership interest in the Company or (b) cease to be the sole general partner of the Company.

#### **SECTION 11. EVENTS OF DEFAULT.**

An “**Event of Default**” shall exist if any of the following conditions or events shall occur and be continuing:

- (a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or
- (b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or
- (c) the Company defaults in the performance of or compliance with any term contained in Section 7.1(a), (b) or (d), Section 7.2, Section 10 or any Additional Covenant; or
- (d) the Company or any Guarantor defaults in the performance of or compliance with any term contained herein (other than those referred to in Sections 11(a), (b) and (c)) or in any Guaranty Agreement and such default is not remedied within 30 days after the earlier of (1) a Responsible Officer obtaining actual knowledge of such default and (2) the

Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a “notice of default” and to refer specifically to this Section 11(d)); or

(e) (1) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in this Agreement or any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made, or (2) any representation or warranty made in writing by or on behalf of any Guarantor or by any officer of such Guarantor in any Guaranty Agreement or any writing furnished in connection with such Guaranty Agreement proves to have been false or incorrect in any material respect on the date as of which made; or

(f) (1) the Company, Hudson REIT or any Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Indebtedness that is outstanding in an aggregate principal amount of at least (i) \$30,000,000 with respect to Recourse Indebtedness or (ii) \$50,000,000 with respect to Nonrecourse Indebtedness beyond any period of grace provided with respect thereto, or (2) the Company, Hudson REIT or any Subsidiary is in default in the performance of or compliance with any term of any evidence of any Indebtedness in an aggregate outstanding principal amount of at least (i) \$30,000,000 with respect to Recourse Indebtedness or (ii) \$50,000,000 with respect to Nonrecourse Indebtedness or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Indebtedness has become, or has been declared, due and payable before its stated maturity or before its regularly scheduled dates of payment, (3) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Indebtedness to convert such Indebtedness into equity interests), the Company, Hudson REIT or any Subsidiary has become obligated to purchase or repay Indebtedness before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least (i) \$30,000,000 with respect to Recourse Indebtedness or (ii) \$50,000,000 with respect to Nonrecourse Indebtedness, or (4) there occurs an “Event of Default” under and as defined in any Derivatives Contract with a notional value in excess of \$50,000,000 as to which the Company, Hudson REIT or any Subsidiary is a “Defaulting Party” (as defined therein); *provided* that, if at any time any Material Credit Facility shall provide for “cross-default” as opposed to “cross-acceleration” in the events of default thereunder that are the same or substantially similar to those described in clauses (2) or (3) above, clauses (2) and (3) above shall be deemed to have been revised such that (A) the occurrence of any event described in such clause and (B) any Person then having the right to either declare such Indebtedness due or to require the purchase or prepayment of such Indebtedness, shall constitute an Event of Default under this Section 11(f); or

(g) the Company, Hudson REIT, any Subsidiary Guarantor or any other Subsidiary that accounts for more than 5% of the Total Asset Value as of any date of determination (1) is generally not paying, or admits in writing its inability to pay, its debts

as they become due, (2) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (3) makes an assignment for the benefit of its creditors, (4) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (5) is adjudicated as insolvent or to be liquidated, or (6) takes corporate action for the purpose of any of the foregoing; or

(h) a court or other Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Company, Hudson REIT, any Subsidiary Guarantor or any other Subsidiary that accounts for more than 5% of the Total Asset Value as of any date of determination, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company, Hudson REIT, such Subsidiary Guarantor or such other Subsidiary, or any such petition shall be filed against the Company, Hudson REIT, such Subsidiary Guarantor or such other Subsidiary and such petition shall not be dismissed within 60 days; or

(i) one or more final judgments or orders for the payment of money (including, without limitation, any final order enforcing a binding arbitration decision) or for an injunction or other non-monetary relief are rendered against one or more of the Company, Hudson REIT or any Subsidiary and which judgments or orders are not, within 30 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 30 days after the expiration of such stay and either (1) the aggregate amount of such judgment or order and any other judgments or orders against Hudson REIT, the Company and the Subsidiaries is in excess of \$50,000,000 (excluding amounts covered by insurance for which insurance coverage for such judgment has been confirmed by the applicable carrier) or (2) in the case of any injunction or other non-monetary relief, such injunction or other non-monetary relief could reasonably be expected to have a Material Adverse Effect; or

(j) if (1) any Pension Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (2) a notice of intent to terminate any Pension Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Pension Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Pension Plan may become a subject of any such proceedings, (3) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Pension Plans, determined in accordance with Title IV of ERISA, shall exceed \$50,000,000, (4) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the

Code relating to employee pension benefit plans, (5) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (6) the Company, Hudson REIT or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company, Hudson REIT or any Subsidiary thereunder; and any such event or events described in clauses (1) through (6) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect. As used in this Section 11(j), the terms “**employee pension benefit plan**” and “**employee welfare benefit plan**” shall have the respective meanings assigned to such terms in section 3 of ERISA; or

(k) any Guaranty Agreement shall cease to be in full force and effect, any Guarantor or any Person acting on behalf of any Guarantor shall contest in any manner the validity, binding nature or enforceability of its Guaranty Agreement, or the obligations of any Guarantor under its Guaranty Agreement are not or cease to be legal, valid, binding and enforceable against such Guarantor in accordance with the terms of such Guaranty Agreement.

## **SECTION 12. REMEDIES ON DEFAULT, ETC.**

### **Section 12.1. Acceleration.**

(a) If an Event of Default with respect to the Company described in Section 11(g) or (h) (other than an Event of Default described in clause (1) of Section 11(g) or described in clause (6) of Section 11(g) by virtue of the fact that such clause encompasses clause (1) of Section 11(g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, the Required Holders may at any time at their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in Section 11(a) or (b) has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, *plus* (x) all accrued and unpaid interest thereon (including, but not limited to, interest accrued thereon at the applicable Default Rate) and (y) the Make-Whole Amount, if any, determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are

accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

**Section 12.2. Other Remedies.** If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note or any Guaranty Agreement, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

**Section 12.3. Rescission.** At any time after any Notes have been declared due and payable pursuant to Section 12.1(b) or (c), the Required Holders, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the applicable Default Rate, (b) neither the Company nor any other Person shall have paid any amounts which have become due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

**Section 12.4. No Waivers or Election of Remedies, Expenses, Etc.** No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement, any Guaranty Agreement or any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all reasonable and documented costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable and documented attorneys' fees, expenses and disbursements.

### **SECTION 13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.**

**Section 13.1. Registration of Notes.** The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. If any holder of one or more Notes is a nominee, then (a) the name and address of the beneficial owner of such Note or Notes shall also be registered in such register as an owner and holder thereof and (b) at any such beneficial owner's option, either such beneficial owner or its nominee may execute any amendment, waiver or consent

pursuant to this Agreement. Prior to due presentment for registration of transfer, the Person(s) in whose name any Note(s) shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

**Section 13.2. Transfer and Exchange of Notes.** Upon surrender of any Note to the Company at the address and to the attention of the designated officer (all as specified in Section 18(3)), for registration of transfer or exchange (and in the case of a surrender for registration of transfer accompanied by a written instrument of transfer duly executed by the registered holder of such Note or such holder's attorney duly authorized in writing and accompanied by the relevant name, address and other information for notices of each transferee of such Note or part thereof), within 10 Business Days thereafter, the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes of the same series (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Schedule 1(a) or 1(b), as applicable. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than \$100,000, *provided* that if necessary to enable the registration of transfer by a holder of its entire holding of Notes of a series, one Note of such series may be in a denomination of less than \$100,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Section 6.2.

**Section 13.3. Replacement of Notes.** Upon receipt by the Company at the address and to the attention of the designated officer (all as specified in Section 18(3)) of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (*provided* that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least \$100,000,000 or a Qualified Institutional Buyer, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

within 10 Business Days thereafter, the Company at its own expense shall execute and deliver, in lieu thereof, a new Note of the same series, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

#### **SECTION 14. PAYMENTS ON NOTES.**

**Section 14.1. Place of Payment.** Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in New York, New York at the principal office of Wells Fargo Bank, National Association in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

**Section 14.2. Home Office Payment.** So long as any Purchaser or its nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, interest and all other amounts becoming due hereunder by the method and at the address specified for such purpose below such Purchaser's name in Schedule B, or by such other method or at such other address as such Purchaser shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, such Purchaser shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by a Purchaser under this Agreement and that has made the same agreement relating to such Note as the Purchasers have made in this Section 14.2.

#### **SECTION 15. EXPENSES, ETC.**

**Section 15.1. Transaction Expenses.** Whether or not the transactions contemplated hereby are consummated, the Company will pay all reasonable and documented costs and expenses (including reasonable and documented attorneys' fees of one special counsel for the Purchasers and holders of the Notes, as a whole, and, if reasonably required by the Required Holders, one local counsel in each applicable jurisdiction and/or one specialty counsel in any applicable specialty) incurred by the Purchasers and each other holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement, any Guaranty Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement, any Guaranty Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement, any Guaranty Agreement or the Notes, or by reason of being a holder of any Note, (b) the costs and expenses, including fees of one financial advisor for all of Purchasers and the holders of the Notes, as a whole, incurred in connection with the insolvency or bankruptcy of Hudson REIT, the Company or any Subsidiary or

in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes and any Guaranty Agreement and (c) the costs and expenses incurred in connection with the initial filing of this Agreement and all related documents and financial information with the SVO *provided*, that such costs and expenses under this clause (c) shall not exceed \$4,500; *provided* that if there is a conflict of interest between any Purchaser or holder of a Note and one or more other Purchasers and holders of Notes, the Company will pay the reasonable and documented out-of-pocket costs and expenses of a separate counsel and/or a separate financial advisor for each group of similarly situated conflicted Purchasers or holders of Notes. The Company will pay, and will save each Purchaser and each other holder of a Note harmless from, (1) all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Notes) and (2) any and all wire transfer fees that any bank deducts from any payment under such Note to such holder or otherwise charges to a holder of a Note with respect to a payment under such Note.

**Section 15.2. Survival.** The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement, any Guaranty Agreement or the Notes, and the termination of this Agreement.

#### **SECTION 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.**

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by any Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement, the Notes and the Guaranty Agreement(s) embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

#### **SECTION 17. AMENDMENT AND WAIVER.**

**Section 17.1. Requirements.** This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), only with the written consent of the Company and the Required Holders, except that:

(a) no amendment or waiver of any of Sections 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to any Purchaser unless consented to by such Purchaser in writing; and

(b) no amendment or waiver may, without the written consent of each Purchaser and the holder of each Note at the time outstanding, (1) subject to Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of

(i) interest on the Notes or (ii) the Make-Whole Amount, (2) change the percentage of the principal amount of the Notes the holders of which are required to consent to any amendment or waiver or (3) amend any of Sections 8 (except as set forth in the second sentence of Section 8.2), 11(a), 11(b), 12, 17 or 20.

**Section 17.2. Solicitation of Holders of Notes.**

(a) *Solicitation.* The Company will provide each holder of a Note with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes or any Guaranty Agreement. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to this Section 17 or any Guaranty Agreement to each holder of a Note promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) *Payment.* The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder of a Note as consideration for or as an inducement to the entering into by such holder of any waiver or amendment of any of the terms and provisions hereof or of any Guaranty Agreement or of any Note unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each holder of a Note even if such Purchaser or holder did not consent to such waiver or amendment.

(c) *Consent in Contemplation of Transfer.* Any consent given pursuant to this Section 17 or any Guaranty Agreement by a holder of a Note that has transferred or has agreed to transfer its Note to Hudson REIT, the Company or any Affiliate in connection with such consent shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such holder.

**Section 17.3. Binding Effect, Etc.** Any amendment or waiver consented to as provided in this Section 17 or any Guaranty Agreement applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and any holder of a Note and no delay in exercising any rights hereunder or under any Note or any Guaranty Agreement shall operate as a waiver of any rights of any holder of such Note.

**Section 17.4. Notes Held by Company, Etc.** Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding

approved or consented to any amendment, waiver or consent to be given under this Agreement, any Guaranty Agreement or the Notes, or have directed the taking of any action provided herein or in any Guaranty Agreement or the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by Hudson REIT, the Company or any Affiliate shall be deemed not to be outstanding.

#### **SECTION 18. NOTICES.**

Except to the extent otherwise provided in Section 7.4, all notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by an internationally recognized overnight delivery service (charges prepaid), (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by an internationally recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

- (1) if to any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in Schedule B, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,
- (2) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or
- (3) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Mark Lammas, Chief Financial Officer, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

#### **SECTION 19. REPRODUCTION OF DOCUMENTS.**

This Agreement and all documents relating hereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at a Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to any Purchaser or holder of a Note, may be reproduced by such Purchaser or holder by any photographic, photostatic, electronic, digital, or other similar process and such Purchaser or holder may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser or holder in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other Purchaser or other holder of a Note from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

#### **SECTION 20. CONFIDENTIAL INFORMATION.**

For the purposes of this Section 20, “**Confidential Information**” means information delivered to any Purchaser by or on behalf of Hudson REIT, the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by such Purchaser as being confidential information of Hudson REIT, the Company or such Subsidiary, *provided* that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any Person acting on such Purchaser’s behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by Hudson REIT, the Company or any Subsidiary or (d) constitutes financial statements delivered to such Purchaser under Section 7.1 that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser, *provided* that such Purchaser may deliver or disclose Confidential Information to (1) its directors, officers, employees, agents, attorneys, trustees and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes), (2) its auditors, financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with this Section 20, (3) any other holder of any Note, (4) any Institutional Investor to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by this Section 20), (5) any Person from which it offers to purchase any Security of Hudson REIT or the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by this Section 20), (6) any federal or state regulatory authority having jurisdiction over such Purchaser, (7) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser’s investment portfolio, or (8) any other Person to which such delivery or disclosure may be necessary or appropriate (i) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (ii) in response to any subpoena or other legal process, (iii) in connection with any litigation to which such Purchaser is a party or (iv) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser’s Notes, this Agreement or any Guaranty Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying this Section 20.

In the event that as a condition to receiving access to information relating to Hudson REIT, the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement, any Purchaser or holder of a Note is required to agree to a confidentiality undertaking (whether through IntraLinks, another secure website, a secure virtual workspace or otherwise) which is different from this Section 20, this Section 20 shall not be amended thereby

and, as between such Purchaser or such holder and the Company, this Section 20 shall supersede any such other confidentiality undertaking.

#### **SECTION 21. SUBSTITUTION OF PURCHASER.**

Each Purchaser shall have the right to substitute any one of its Affiliates or another Purchaser or any one of such other Purchaser's Affiliates (a "**Substitute Purchaser**") as the purchaser of the Notes that it has agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both such Purchaser and such Substitute Purchaser, shall contain such Substitute Purchaser's agreement to be bound by this Agreement and shall contain a confirmation by such Substitute Purchaser of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, any reference to such Purchaser in this Agreement (other than in this Section 21), shall be deemed to refer to such Substitute Purchaser in lieu of such original Purchaser. In the event that such Substitute Purchaser is so substituted as a Purchaser hereunder and such Substitute Purchaser thereafter transfers to such original Purchaser all of the Notes then held by such Substitute Purchaser, upon receipt by the Company of notice of such transfer, any reference to such Substitute Purchaser as a "Purchaser" in this Agreement (other than in this Section 21), shall no longer be deemed to refer to such Substitute Purchaser, but shall refer to such original Purchaser, and such original Purchaser shall again have all the rights of an original holder of the Notes under this Agreement.

#### **SECTION 22. MISCELLANEOUS.**

**Section 22.1. Successors and Assigns.** All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

**Section 22.2. Accounting Terms.** All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (1) all computations made pursuant to this Agreement shall be made in accordance with GAAP, and (2) all financial statements shall be prepared in accordance with GAAP. For purposes of determining compliance with this Agreement (including, without limitation, Section 9, Section 10 and the definition of "Indebtedness"), any election by Hudson REIT, the Company or any Subsidiary to measure any financial liability using fair value (as permitted by Financial Accounting Standards Board Accounting Standards Codification Topic No. 825-10-25 – *Fair Value Option*, International Accounting Standard 39 – *Financial Instruments: Recognition and Measurement* or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in this Agreement and either the Company or the Required Holders shall so request, the Purchasers and holders of the Notes and the Company shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Holders); *provided* that, until so amended, (a) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (b) the Company shall provide to the Purchasers and holders of Notes financial statements and

other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Without limiting the foregoing, leases, whether entered into prior to or after the date of this Agreement, shall continue to be classified and accounted for on a basis consistent with that reflected in the financial statements listed on Schedule 5.5 for all purposes of this Agreement, notwithstanding any change in GAAP relating thereto, unless the Company and the Required Holders enter into an amendment addressing such changes. When determining compliance by the Company with any financial covenant contained in this Agreement, 100% of the financial attributes of a consolidated Affiliate of Hudson REIT shall be included and only the Ownership Share of Hudson REIT of the financial attributes of an Unconsolidated Affiliate shall be included.

**Section 22.3. Severability.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

**Section 22.4. Construction, Etc.** Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

**Section 22.5. Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

**Section 22.6. Governing Law.** This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

**Section 22.7. Jurisdiction and Process; Waiver of Jury Trial.**

(a) The Company irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement or the Notes. To the fullest extent permitted by applicable law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company consents to process being served by or on behalf of any holder of Notes in any suit, action or proceeding of the nature referred to in Section 22.7(a) by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, return receipt requested, to it at its address specified in Section 18 or at such other address of which such holder shall then have been notified pursuant to said Section. The Company agrees that such service upon receipt (1) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (2) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(c) Nothing in this Section 22.7 shall affect the right of any holder of a Note to serve process in any manner permitted by law, or limit any right that the holders of any of the Notes may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(d) THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, THE NOTES OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION HEREWITH OR THEREWITH.

\* \* \* \* \*

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement between you and the Company.

Very truly yours,

HUDSON PACIFIC PROPERTIES, L.P.

By: Hudson Pacific Properties, Inc.,  
its general partner

By \_\_\_\_\_  
Its \_\_\_\_\_

This Agreement is hereby  
accepted and agreed to as  
of the date hereof.

[ADD PURCHASER SIGNATURE BLOCKS]

## DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

“**Additional Covenant**” is defined in Section 9.10.

“**Adjusted EBITDA**” means, with respect to a Person and for a given period, EBITDA of such Person *less* Capital Reserves of such Person.

“**Affiliate**” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. Unless the context otherwise clearly requires, any reference to an “Affiliate” is a reference to an Affiliate of the Company.

“**Agreement**” means this Agreement, including all Schedules and Exhibits attached to this Agreement, as it may be amended, restated, supplemented or otherwise modified from time to time.

“**Anti-Corruption Laws**” is defined in Section 5.16(d)(1).

“**Anti-Money Laundering Laws**” is defined in Section 5.16(c).

“**Bankruptcy Code**” means the Bankruptcy Code of 1978, as amended.

“**Blocked Person**” is defined in Section 5.16(a).

“**Business Day**” means (a) for the purposes of Section 8.6 only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed, and (b) for the purposes of any other provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in Los Angeles, California or New York, New York are required or authorized to be closed.

“**Capital Reserves**” means, for any period and with respect to a Property, an amount equal to (a) \$0.25 per square foot for Office Properties, Mixed-Use Properties and Retail Properties or (b) \$0.40 per square foot for Studio Properties multiplied by a fraction, the numerator of which is the number of days in such period and the denominator of which is 365. If the term Capital Reserves is used without reference to any specific Property, then the amount shall be determined on an aggregate basis with respect to all Properties of Hudson REIT and its Subsidiaries on a consolidated basis and Hudson REIT’s Ownership Share of all Properties of all Unconsolidated Affiliates.

## SCHEDULE A (to Note Purchase Agreement)

**“Capitalization Rate”** means, as applicable, (a) 6.00% for Office Properties, Mixed-Use Properties and Retail Properties and (b) 8.50% for Studio Properties; *provided* that, if any Material Credit Facility provides for a “capitalization rate” or similar rate for any type of Property described in clause (a) or (b) that is higher than the rate set forth in such clause, the applicable rate for such type of Property shall be such higher rate.

**“Capitalized Lease Obligation”** means obligations under a lease (to pay rent or other amounts under any lease or other arrangement conveying the right to use) that are required to be capitalized for financial reporting purposes in accordance with GAAP. The amount of a Capitalized Lease Obligation is the capitalized amount of such obligation as would be required to be reflected on a balance sheet of the applicable Person prepared in accordance with GAAP as of the applicable date.

**“Cash Equivalents”** means: (a) Securities issued, guaranteed or insured by the United States of America or any of its agencies with maturities of not more than one year from the date acquired; (b) certificates of deposit with maturities of not more than one year from the date acquired issued by a United States federal or state chartered commercial bank of recognized standing, or a commercial bank organized under the laws of any other country which is a member of the Organisation for Economic Cooperation and Development, or a political subdivision of any such country, acting through a branch or agency, which bank has capital and unimpaired surplus in excess of \$500,000,000 (or the equivalent in the relevant currency) and which bank or its holding company has a short-term commercial paper rating of at least “A-2” or the equivalent by S&P or at least “P-2” or the equivalent by Moody’s; (c) reverse repurchase agreements with terms of not more than seven days from the date acquired, for Securities of the type described in clause (a) above and entered into only with commercial banks having the qualifications described in clause (b) above; (d) commercial paper issued by any Person incorporated under the laws of the United States of America or any State thereof and rated at least “A-2” or the equivalent thereof by S&P or at least “P-2” or the equivalent thereof by Moody’s, in each case with maturities of not more than one year from the date acquired; and (e) investments in money market funds registered under the Investment Company Act of 1940, as amended, which have net assets of at least \$500,000,000 and at least 85% of whose assets consist of securities and other obligations of the type described in clauses (a) through (d) above.

**“Change in Control”** is defined in Section 8.7(g).

**“Change in Control Notice”** is defined in Section 8.7(a).

**“Change in Control Proposed Prepayment Date”** is defined in Section 8.7(b).

“**CISADA**” means the Comprehensive Iran Sanctions, Accountability and Divestment Act, as amended from time to time.

“**Closing**” is defined in Section 3.

“**Closing Date**” is defined in Section 3.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

“**Company**” means Hudson Pacific Properties, L.P., a Maryland limited partnership, or any successor that becomes such in the manner prescribed in Section 10.2.

“**Company LP Agreement**” means the Fourth Amended and Restated Agreement of Limited Partnership of the Company, dated as of December 17, 2015, as amended, supplemented or otherwise modified from time to time.

“**Company Preferred Units**” means the Company’s Series A Preferred Units as defined in the Company LP Agreement.

“**Confidential Information**” is defined in Section 20.

“**Construction-in-Progress**” means Property undergoing ground-up construction, but not yet completed. Such Property shall cease to be Construction-in-Progress and shall thereafter be valued using the applicable Capitalization Rate (instead of book value) for purposes of determining Total Asset Value, (a) if Development Completion occurs at any time during the first month of a fiscal quarter, at the end of such fiscal quarter or (b) if Development Completion occurs after the first month of a fiscal quarter, at the end of the following fiscal quarter. For purposes hereof “**Development Completion**” means the earlier of (1) 12 months after substantial completion of all improvements (other than tenant improvements of unoccupied space) related to the development of such Property and (2) such time as Construction-in-Progress achieves an Occupancy Rate of at least 80%.

“**Control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“**Controlled Entity**” means (a) any of the Subsidiaries of the Company and any of their or the Company’s respective Controlled Affiliates and (b) if the Company has a parent company, such parent company and its Controlled Affiliates.

**“Default”** means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

**“Default Rate”** means, with respect to any Note, that per annum rate of interest that is the greater of (a) 2.00% above the rate of interest stated in clause (a) of the first paragraph of such Note or (b) 2.00% over the rate of interest publicly announced by Wells Fargo Bank, National Association in New York, New York as its “base” or “prime” rate.

**“Derivatives Contract”** means a “swap agreement” as defined in Section 101 of the Bankruptcy Code.

**“Derivatives Termination Value”** means, in respect of any one or more Derivatives Contracts, after taking into account the effect of any legally enforceable netting agreement or provision relating thereto, (a) for any date on or after the date such Derivatives Contracts have been terminated or closed out, the termination amount or value determined in accordance therewith, and (b) for any date prior to the date such Derivatives Contracts have been terminated or closed out, the then-current mark-to-market value for such Derivatives Contracts, determined based upon one or more mid-market quotations or estimates provided by any recognized dealer in Derivatives Contracts.

**“Disclosure Documents”** is defined in Section 5.3.

**“EBITDA”** means, with respect to a Person for a given period and without duplication, the sum of (a) net income (or loss) of such Person for such period determined on a consolidated basis exclusive of the following (but only to the extent included in the determination of such net income (loss) for such period): (1) depreciation and amortization; (2) Interest Expense; (3) income tax expense; (4) non-cash compensation and (5) extraordinary or nonrecurring items, including, without limitation, gains and losses from the sale of operating Properties (but not from the sale of Properties developed for the purpose of sale); *plus* (b) such Person’s pro rata share of EBITDA of its Unconsolidated Affiliates. EBITDA shall be adjusted to remove any impact from straight line rent leveling adjustments required under GAAP, amortization of intangibles pursuant to FASB ASC 805, amortization of deferred financing costs, and non-cash compensation expenses (to the extent such adjustments would otherwise have been included in the determination of EBITDA). For purposes of this definition, nonrecurring items shall be deemed to include (i) transaction costs incurred in connection herewith and the retirement of all or a portion of the Indebtedness under the Company’s Second Amended and Restated Credit Agreement or Term Loan Credit Agreement, each dated as of March 31, 2015, (ii) gains and losses on early extinguishment of Indebtedness, (iii) non- cash severance and other non-cash restructuring charges and (iv) transaction costs of acquisitions not permitted to be capitalized pursuant to GAAP.

**“EDGAR”** means the SEC’s Electronic Data Gathering, Analysis and Retrieval System or any successor SEC electronic filing system for such purposes.

**“Eligible Property”** means a Property which satisfies all of the following requirements: (a) such Property is an Office Property or Studio Property; (b) the Property is 100% owned, or leased under a Ground Lease, by Hudson REIT, the Company and/or a Subsidiary Guarantor; (c) neither such Property, nor any interest of Hudson REIT, the Company or any Subsidiary Guarantor therein, is subject to any Lien (other than Permitted Liens, except Permitted Liens described in clause (g) of the definition thereof) or a Negative Pledge (other than a Negative Pledge expressly permitted under Section 10.4); (d) if such Property is owned or leased by a Subsidiary Guarantor (1) none of Hudson REIT’s or the Company’s ownership interest in such Subsidiary Guarantor is subject to any Lien (other than Permitted Liens) or to a Negative Pledge (other than a Negative Pledge expressly permitted under Section 10.4); and (2) other than with respect to the Properties that are subject to the Ground Leases set forth on Schedule 5.10(a), Hudson REIT or the Company directly, or indirectly through a Subsidiary, has the right to take the following actions without the need to obtain the consent of any Person: (i) to sell, transfer or otherwise dispose of such Property and (ii) to create a Lien on such Property as security for Indebtedness of Hudson REIT, the Company or such Subsidiary Guarantor, as applicable; and (e) such Property is free of all structural defects or major architectural deficiencies, title defects, environmental conditions or other adverse matters except for defects, deficiencies, conditions or other matters individually or collectively which are not material to the profitable operation or marketability of such Property. During such time as the owner of any Unencumbered Pool Property that is a Subsidiary is not required to become a party to a Subsidiary Guaranty pursuant to Section 9.9, the conditions of this definition requiring that such Unencumbered Pool Property be owned by a Subsidiary Guarantor shall be deemed modified to require that such Unencumbered Pool Property be owned by a Subsidiary.

**“Environmental Laws”** means all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes, executive orders, and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law relating to environmental protection or the manufacture, storage, remediation, disposal or clean-up of Hazardous Materials including, without limitation, the following: Clean Air Act, 42 U.S.C. § 7401 et seq.; Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq.; National Environmental Policy Act, 42 U.S.C. § 4321 et seq.; regulations of the Environmental Protection Agency, any applicable rule of common law relating primarily to the

environment or Hazardous Materials, and any analogous or comparable state or local laws, regulations or ordinances that concern Hazardous Materials or protection of the environment.

**“Equity Interest”** means, with respect to any Person, any share of capital stock of (or other ownership or profit interests in) such Person, any warrant, option or other right for the purchase or other acquisition from such Person of any share of capital stock of (or other ownership or profit interests in) such Person, whether or not certificated, any security convertible into or exchangeable for any share of capital stock of (or other ownership or profit interests in) such Person or warrant, right or option for the purchase or other acquisition from such Person of such shares (or such other interests), and any other ownership or profit interest in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such share, warrant, option, right or other interest is authorized or otherwise existing on any date of determination.

**“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

**“ERISA Affiliate”** means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

**“Event of Default”** is defined in Section 11.

**“Exchange Act”** means the Securities Exchange Act of 1934, as amended from time to time.

**“Excluded Subsidiary”** means (a) any Material Subsidiary (1) holding title to assets that are or are to become within 90 days (subject to extension by the Required Holders) of acquisition or refinancing collateral for any Secured Indebtedness of such Subsidiary and that is (or will be) prohibited from Guaranteeing the Indebtedness of any other Person pursuant to (i) any document, instrument, or agreement evidencing such Secured Indebtedness or (ii) a provision of such Subsidiary’s organizational documents which provision was included in such Subsidiary’s organizational documents as a condition to the extension of such Secured Indebtedness or (2) prohibited from Guaranteeing the Indebtedness of any other Person pursuant to a provision of such Subsidiary’s organizational documents which provision was required by a third party equity owner of such Subsidiary or (b) any Foreign Subsidiary or Foreign Subsidiary Holding Company.

**“Existing NPA”** means that certain Note Purchase Agreement, dated as of November 16, 2015, by and among the Company, Hudson REIT and the Purchasers party thereto, as the same may be amended, amended and restated, supplemented or otherwise modified from time to time.

“**Existing NPA Execution Date**” means the “Execution Date” as defined in the Existing Note Purchase Agreement.

“**FASB**” means the Financial Accounting Standards Board.

“**FASB ASC**” means the Accounting Standards Codification of the FASB.

“**Financial Covenant**” means any covenant (whether set forth as a covenant, undertaking, event of default, restriction, prepayment event or other such provision) that requires Hudson REIT, the Company and/or any Subsidiary to:

- (a) maintain a specified level of net worth, shareholders’ equity, total assets, unencumbered assets, unencumbered properties, cash flow, net income, occupancy rate or lease term;
- (b) maintain any relationship of any component of its capital structure to any other component thereof (including, without limitation, the relationship of indebtedness, subsidiary indebtedness, senior indebtedness, secured indebtedness, unsecured indebtedness, or subordinated indebtedness to total capitalization, total assets, unencumbered assets or to net worth);
- (c) maintain any measure of its ability to service its indebtedness (including, without limitation, exceeding any specified ratio of revenues, cash flow, operating income or net income to indebtedness, interest expense, rental expense, capital expenditures and/or scheduled payments of indebtedness); or
- (d) restrict the amount or type of its investments;

but in all cases excluding any such covenant that amounts to a negative pledge or a sale of assets limitation.

“**First Closing**” is defined in Section 3.

“**First Closing Date**” is defined in Section 3.

“**Fitch**” means Fitch Ratings, a division of Fitch, Inc., or any successor.

“**Fixed Charges**” means, with respect to a Person and for a given period, the sum of (a) the Interest Expense of such Person for such period, *plus* (b) the aggregate of all scheduled principal payments on Indebtedness made by such Person (including, in the case of Hudson REIT, Hudson

REIT's Ownership Share of such payments made by any of its Unconsolidated Affiliates) during such period (excluding balloon, bullet or similar payments of principal due upon the stated maturity of Indebtedness), *plus* (c) the aggregate of all Preferred Dividends paid or accrued by such Person (including, in the case of Hudson REIT, Hudson REIT's Ownership Share of such dividends paid or accrued by any of its Unconsolidated Affiliates) on any Preferred Equity Interest during such period.

**"Foreign Subsidiary"** means any Subsidiary of the Company that is not organized under the laws of any jurisdiction within the United States of America.

**"Foreign Subsidiary Holding Company"** means any Subsidiary of the Company that is organized under the laws of any jurisdiction within the United States of America, all or substantially all of the assets of which are Equity Interests (or equity and debt interests) in a Foreign Subsidiary (or Foreign Subsidiaries).

**"Form 10-K"** is defined in Section 7.1(b).

**"Form 10-Q"** is defined in Section 7.1(a).

**"Funds From Operations"** means, with respect to a Person and for a given period, (a) net income (loss) of such Person determined on a consolidated basis for such period, *minus* (or *plus*) (b) gains (or losses) from debt restructuring and sales of property during such period, *plus* (c) depreciation with respect to such Person's real estate assets and amortization (other than amortization of deferred financing costs) of such Person for such period, all after adjustment for unconsolidated partnerships and joint ventures, *plus* (d) transaction costs of acquisitions not permitted to be capitalized pursuant to GAAP. Adjustments for unconsolidated entities will be calculated to reflect funds from operations on the same basis.

**"GAAP"** means generally accepted accounting principles as in effect from time to time in the United States of America.

**"Governmental Authority"** means

(a) the government of

(1) the United States of America or any state or other political subdivision thereof, or

(2) any other jurisdiction in which Hudson REIT, the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of Hudson REIT, the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

**“Governmental Official”** means any governmental official or employee, employee of any government-owned or government-controlled entity, political party, any official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity.

**“Ground Lease”** means a ground lease or sub-lease containing the following terms and conditions: (a) a remaining term (exclusive of any unexercised extension options) of 30 years or more from the Existing NPA Execution Date; *provided* that the ground leases set forth on Schedule 5.10(a) shall not be subject to this remaining term requirement of at least 30 years; (b) the right of the lessee to mortgage and encumber its interest in the leased property without the consent of the lessor, or where the lessor has provided its consent to such encumbrance; (c) the obligation of the lessor to give the holder of any mortgage Lien on such leased property written notice of any defaults on the part of the lessee and agreement of such lessor that such lease will not be terminated until such holder has had a reasonable opportunity to cure or complete foreclosures, and fails to do so; (d) reasonable transferability of the lessee’s interest under such lease, including ability to sublease; and (e) such other rights customarily required by mortgagees making a loan secured by the interest of the holder of the leasehold estate demised pursuant to a ground lease.

**“Guarantors”** means Hudson REIT and each Subsidiary Guarantor, and **“Guarantor”** means any of them.

**“Guaranty,” “Guaranties,” “Guaranteed”** or to **“Guarantee”** as applied to any obligation means and includes: (a) a guaranty (other than by endorsement of negotiable instruments for collection in the ordinary course of business), directly or indirectly, in any manner, of any part or all of such obligation, or (b) an agreement, direct or indirect, contingent or otherwise, and whether or not constituting a guaranty, the practical effect of which is to assure the payment or performance (or payment of damages in the event of nonperformance) of any part or all of such obligation whether by: (1) the purchase of securities or obligations, (2) the purchase, sale or lease (as lessee or lessor) of property or the purchase or sale of services primarily for the purpose of enabling the obligor with respect to such obligation to make any payment or performance (or payment of damages in the event of nonperformance) of or on account of any part or all of such obligation, or to assure the owner of such obligation against loss, (3) the supplying of funds to or in any other manner investing

in the obligor with respect to such obligation, (4) repayment of amounts drawn down by beneficiaries of letters of credit or (5) the supplying of funds to or investing in a Person on account of all or any part of such Person's obligation under a Guaranty of any obligation or indemnifying or holding harmless, in any way, such Person against any part or all of such obligation. As the context requires, "Guaranty" shall also mean the guaranty executed and delivered pursuant to Section 2.2 or Section 9.9.

**"Guaranty Agreements"** means the Parent Guaranty and each Subsidiary Guaranty, and **"Guaranty Agreement"** means any of them.

**"Hazardous Materials"** means all or any of the following: (a) substances that are defined or listed in, or otherwise classified pursuant to, any applicable Environmental Laws as "hazardous substances," "hazardous materials," "hazardous wastes," "toxic substances" or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity, "TCLP" toxicity, or "EP toxicity"; (b) oil, petroleum or petroleum derived substances, natural gas, natural gas liquids or synthetic gas and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas or geothermal resources; (c) any flammable substances or explosives or any radioactive materials; (d) asbestos in any form; and (e) electrical equipment which contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty parts per million.

**"holder"** means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to Section 13.1, *provided, however*, that if such Person is a nominee, then for the purposes of Sections 7, 8.7, 12, 17.2 and 18 and any related definitions in this Schedule B, "holder" shall mean the beneficial owner of such Note whose name and address appears in such register.

**"Hudson REIT"** means Hudson Pacific Properties, Inc., a Maryland corporation, or any successor that becomes such in the manner prescribed in Section 10.2.

**"Indebtedness"** means, with respect to a Person, at the time of computation thereof, all of the following (without duplication): (a) all obligations of such Person in respect of money borrowed; (b) all obligations of such Person, whether or not for money borrowed (1) represented by notes payable, or drafts accepted, in each case representing extensions of credit, (2) evidenced by bonds, debentures, notes or similar instruments, or (3) constituting purchase money indebtedness, conditional sales contracts, title retention debt instruments or other similar instruments, upon which interest charges are customarily paid or that are issued or assumed as full or partial payment for property or services rendered other than trade payables incurred in the ordinary course of such

Person's business which are not past due for more than 30 days or such payables are being contested in good faith and for which adequate reserves have been set aside; (c) Capitalized Lease Obligations of such Person (including Ground Leases to the extent required under GAAP to be reported as a liability); (d) all reimbursement obligations of such Person under any letters of credit or acceptances (whether or not the same have been presented for payment); (e) all Off-Balance Sheet Obligations of such Person; (f) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Mandatorily Redeemable Stock issued by such Person or any other Person, valued at the greater of its voluntary or involuntary liquidation preference *plus* accrued and unpaid dividends; (g) all obligations of such Person in respect of any equity redemption obligation, repurchase obligation, takeout commitment or forward equity commitment, in each case evidenced by a binding agreement (excluding any such obligation to the extent the obligation can be satisfied by the issuance of Equity Interests (other than Mandatorily Redeemable Stock)); (h) net obligations under any Derivatives Contract not entered into as a hedge against existing Indebtedness, in an amount equal to the Derivatives Termination Value thereof; (i) all Indebtedness of other Persons which such Person has Guaranteed or is otherwise recourse to such Person (except for Guaranties of customary exceptions for fraud, misapplication of funds, environmental indemnities and other similar customary exceptions to recourse liability or exceptions relating to bankruptcy, insolvency, receivership or other similar events, *provided* that the obligations under such Guaranty have not become due and payable); (j) all Indebtedness of another Person secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property or assets owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness or other payment obligation; (k) any sale-leaseback transactions or other transaction by which such Person shall remain liable as lessee (or the economic equivalent thereof) of any real or personal property that it has sold or leased to another Person and (l) the Indebtedness of any consolidated Affiliate of such Person and such Person's Ownership Share of the Indebtedness of any Unconsolidated Affiliate of such Person.

**"INHAM Exemption"** is defined in Section 6.2(e).

**"Institutional Investor"** means (a) any Purchaser of a Note, (b) any holder of a Note holding (together with one or more of its affiliates) more than 10% of the aggregate principal amount of the Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Note.

**"Interest Expense"** means, for any period, without duplication, (a) total interest expense of Hudson REIT, including capitalized interest not funded under a construction loan interest reserve account, determined on a consolidated basis in accordance with GAAP for such period, *plus* (b)

Hudson REIT's Ownership Share of Interest Expense of Unconsolidated Affiliates for such period, but, in each case, excluding any non-cash interest expense (except for the payment-in-kind interest expense) including, but not limited to, amortization of deferred financing costs.

**"Investment"** means, with respect to any Person, any acquisition or investment (whether or not of a controlling interest) by such Person, by means of any of the following: (a) the purchase or other acquisition of any Equity Interest in another Person; (b) a loan, advance or extension of credit to, capital contribution to, Guaranty of Indebtedness of, or purchase or other acquisition of any Indebtedness of, another Person, including any partnership or joint venture interest in such other Person; or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute the business or a division or operating unit of another Person. Any binding commitment to make an Investment in any other Person, as well as any option of another Person to require an Investment in such Person, shall constitute an Investment. Except as expressly provided otherwise, for purposes of determining compliance with any covenant contained in this Agreement, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

**"Lien"** as applied to the property of any Person means: (a) any security interest, encumbrance, mortgage, deed to secure debt, deed of trust, assignment of leases and rents, pledge, lien, hypothecation, assignment, charge or lease constituting a Capitalized Lease Obligation, conditional sale or other title retention agreement, or other security title or encumbrance of any kind in respect of any property of such Person, or upon the income, rents or profits therefrom; (b) any arrangement, express or implied, under which any property of such Person is transferred, sequestered or otherwise identified for the purpose of subjecting the same to the payment of Indebtedness or performance of any other obligation in priority to the payment of the general, unsecured creditors of such Person; and (c) the filing of any financing statement under the UCC or its equivalent in any jurisdiction, other than any precautionary filing not otherwise constituting or giving rise to a lien, including a financing statement filed (1) in respect of a lease not constituting a Capitalized Lease Obligation pursuant to Section 9-505 (or a successor provision) of the UCC or its equivalent as in effect in an applicable jurisdiction or (2) in connection with a sale or other disposition of accounts or other assets not prohibited by this Agreement in a transaction not otherwise constituting or giving rise to a lien.

**"Make-Whole Amount"** is defined in Section 8.6.

**"Mandatorily Redeemable Stock"** means, with respect to any Person, any Equity Interest of such Person which by the terms of such Equity Interest (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable), upon the happening of any event or otherwise (a) matures or is mandatorily redeemable, pursuant to a sinking fund obligation

or otherwise (other than an Equity Interest to the extent redeemable in exchange for common stock or other equivalent common Equity Interests), (b) is convertible into or exchangeable or exercisable for Indebtedness, or (c) is redeemable at the option of the holder thereof, in whole or in part (other than an Equity Interest which is redeemable in exchange for common stock or other equivalent common Equity Interests, or, at the option of the Person responding to the redemption, for cash in lieu of Equity Interests, or a combination thereof); in each case, on or prior to the latest Maturity Date of any Note.

**“Material”** means material in relation to the business, operations, affairs, financial condition, assets, properties, or prospects of the Company and its Subsidiaries taken as a whole.

**“Material Acquisition”** means any acquisition of assets by Hudson REIT, the Company or any Subsidiary in which the assets acquired exceed 10% of the then Total Asset Value (not taking into account such new acquisition).

**“Material Adverse Effect”** means a material adverse effect on (a) the business, operations, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole, (b) the ability of the Company to perform its obligations under this Agreement and the Notes, (c) the ability of any Guarantor to perform its obligations under its Guaranty Agreement, or (d) the validity or enforceability of this Agreement, the Notes or any Guaranty Agreement.

**“Material Credit Facility”** means, as to Hudson REIT, the Company or any Subsidiary,

(a) (1) the Second Amended and Restated Credit Agreement dated as of March 31, 2015 among the Company, various financial institutions and Wells Fargo Bank, National Association, as administrative agent, and (2) the Term Loan Credit Agreement dated as of November 17, 2015 among the Company, various financial institutions and Wells Fargo Bank, National Association, as administrative agent, including in each case any renewals, extensions, amendments, supplements, restatements, replacements or refinancing thereof;

(b) the Existing NPA; and

(c) any other agreement(s) creating or evidencing Recourse Indebtedness entered into on or after the date of this Agreement by Hudson REIT, the Company or any Subsidiary, or in respect of which Hudson REIT, the Company or any Subsidiary is an obligor or otherwise provides a Guaranty or other credit support, except for completion and repayment Guaranties in respect of construction financings and customary nonrecourse carve-out Guaranties, environmental indemnities and other similar customary exceptions to recourse liability; *provided* that none of the foregoing have become due and payable, and except for recourse to a special purpose entity created solely for the purpose of holding such assets (a **“Credit Facility”**), in a principal amount outstanding or available for borrowing equal to or greater than \$100,000,000 (or the equivalent of such amount in the relevant currency of

payment, determined as of the date of the closing of such facility based on the exchange rate of such other currency).

**“Material Subsidiary”** means any Subsidiary to which more than 3% of Total Asset Value, determined exclusive of cash and Cash Equivalents and exclusive of assets that are owned by (a) Excluded Subsidiaries or (b) Unconsolidated Affiliates, is attributable on an individual basis.

**“Maturity Date”** with respect to any Note is defined in the first paragraph of such Note.

**“Memorandum”** is defined in Section 5.3.

**“Mixed-Use Property”** means any mixed-use project that includes or will include a Retail Property and will also include a multifamily property and/or an Office Property.

**“Moody’s”** means Moody’s Investors Service, Inc., or any successor.

**“Mortgage”** means a mortgage, deed of trust, deed to secure debt or similar security instrument made by a Person owning an interest in real estate granting a Lien on such interest in real estate as security for the payment of Indebtedness.

**“Mortgage Receivable”** means a promissory note secured by a Mortgage of which Hudson REIT, the Company or a Subsidiary is the holder and retains the rights of collection of all payments thereunder.

**“Most Favored Lender Notice”** means, in respect of any Additional Covenant, a written notice from the Company giving notice of such Additional Covenant, including therein a verbatim statement of such Additional Covenant, together with any definitions incorporated therein.

**“Multiemployer Plan”** means any Plan that is a “multiemployer plan” (as such term is defined in section 4001(a)(3) of ERISA) to which the Company or any ERISA Affiliate thereof makes or is obligated to make contributions, or during the preceding six plan years, has made or been obligated to make contributions.

**“NAIC”** means the National Association of Insurance Commissioners or any successor thereto.

**“Negative Pledge”** means, with respect to a given asset, any provision of a document, instrument or agreement (other than this Agreement) which prohibits or purports to prohibit the creation or assumption of any Lien on such asset as security for Indebtedness of the Person owning such asset or any other Person; *provided* that an agreement that conditions a Person’s ability to encumber its assets upon the maintenance of one or more specified ratios that limit such Person’s

ability to encumber its assets but that do not generally prohibit the encumbrance of its assets, or the encumbrance of specific assets, shall not constitute a Negative Pledge.

**“Net Operating Income”** or **“NOI”** means, for any Property and for a given period, the sum of the following (without duplication and determined on a consistent basis with prior periods): (a) rents and other revenues received in the ordinary course from such Property (including proceeds of rent loss or business interruption insurance, but excluding pre-paid rents and revenues and security deposits except to the extent applied in satisfaction of tenants’ obligations for rent) *minus* (b) all expenses paid (excluding interest, but including an appropriate accrual for property taxes and insurance) related to the ownership, operation or maintenance of such Property, including but not limited to property taxes, assessments and the like, insurance, utilities, payroll costs, maintenance, repair and landscaping expenses, marketing expenses, and general and administrative expenses (including an appropriate allocation for legal, accounting, advertising, marketing and other expenses incurred in connection with such Property, but specifically excluding (1) general overhead expenses of the Company or any Subsidiary and any property management fees; (2) straight line rent leveling adjustments required under GAAP; (3) amortization of intangibles pursuant to FASB ASC 805; and (4) extraordinary or nonrecurring items, including, to the extent allocable to such Property, (i) gains and losses on early extinguishment of Indebtedness, (ii) non-cash severance and other non-cash restructuring charges and (iii) transaction costs of acquisitions not permitted to be capitalized pursuant to GAAP) *minus* (c) the Capital Reserves for such Property as of the end of such period *minus* (d) the greater of (1) the actual property management fee paid during such period and (2) an imputed management fee in the amount of 3% of the gross revenues for such Property for such period.

**“Nonrecourse Indebtedness”** means, with respect to a Person, Indebtedness for borrowed money in respect of which recourse for payment (except for customary nonrecourse carve-out Guaranties, environmental indemnities, and other similar customary exceptions to recourse liability, *provided* that none of the foregoing have become due and payable, and except for recourse to a special purpose entity created solely for the purpose of holding such assets) is contractually limited to specific assets of such Person encumbered by a Lien securing such Indebtedness.

**“Notes”** is defined in Section 1.

**“Occupancy Rate”** means, with respect to a Property at any time, the ratio, expressed as a percentage, of (a) the number of square feet of such Property actually leased or occupied by unaffiliated third-party tenants subject to arm’s-length leases as to which no monetary default has occurred and has continued unremedied for 90 or more days to (b) the aggregate number of rentable square feet of such Property.

**“OFAC”** is defined in Section 5.16(a).

**“OFAC Listed Person”** is defined in Section 5.16(a).

**“OFAC Sanctions Program”** means any economic or trade sanction that OFAC is responsible for administering and enforcing. A list of OFAC Sanctions Programs may be found at <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>.

**“Off-Balance Sheet Obligations”** means liabilities and obligations of Hudson REIT, the Company, any Subsidiary or any other Person in respect of “off-balance sheet arrangements” (as defined in Item 303(a)(4)(ii) of Regulation S-K promulgated under the Securities Act) which Hudson REIT would be required to disclose in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of Hudson REIT’s report on Form 10-Q or Form 10-K (or their equivalents) which Hudson REIT is required to file with the SEC.

**“Office Property”** means a Property improved with a building or buildings the substantial use of which is office space, which may include a Property that is part of a Mixed-Use Property.

**“Officer’s Certificate”** means, with respect to any Person, a certificate of a Senior Financial Officer or of any other officer of such Person whose responsibilities extend to the subject matter of such certificate.

**“Ownership Share”** means, with respect to any Unconsolidated Affiliate of a Person, the greater of (a) such Person’s relative nominal direct and indirect ownership interest (expressed as a percentage) in such Unconsolidated Affiliate or (b) subject to compliance with Section 7.1(i), such Person’s relative direct and indirect economic interest (calculated as a percentage) in such Unconsolidated Affiliate determined in accordance with the applicable provisions of the declaration of trust, articles or certificate of incorporation, articles of organization, partnership agreement, joint venture agreement or other applicable organizational document of such Unconsolidated Affiliate.

**“Parent Guaranty”** is defined in Section 2.2.

**“PBGC”** means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

**“Pension Plan”** means any employee pension benefit plan as defined in Section 3(2) of ERISA (but not a Multiemployer Plan) that is maintained or contributed by the Company or any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

**“Permitted Liens”** means, as to any Person, (a) Liens securing taxes, assessments and other charges or levies imposed by any Governmental Authority (excluding any lien imposed pursuant to any of the provisions of ERISA or pursuant to any Environmental Laws) or the claims of materialmen, mechanics, carriers, warehousemen or landlords for labor, materials, supplies or rentals incurred in the ordinary course of business, which are not at the time required to be paid or discharged under Section 9.4; (b) Liens consisting of deposits or pledges made, in the ordinary course of business, in connection with, or to secure payment of, obligations under workers’ compensation, unemployment insurance or similar applicable law or performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature; (c) covenants, conditions, zoning restrictions, easements, rights, restrictions and other encumbrances on title to the real property, which do not materially detract from the value and/or marketability of such property or impair the intended use thereof in the business of such Person; (d) the rights of tenants under leases or subleases not interfering with the ordinary conduct of business of such Person; (e) Liens securing the Notes, (f) Liens in favor of Hudson REIT, the Company or a Subsidiary Guarantor securing obligations owing by a Subsidiary to Hudson REIT, the Company or a Subsidiary Guarantor; (g) purchase money liens so long as no such Lien is spread to cover any property other than that which is purchased and the amount of Indebtedness secured thereby is limited to the purchase price and (h) Liens in existence as of the date of this Agreement and set forth on Schedule 5.10(a) and with respect to any Property that the Company proposes to add to the Unencumbered Pool after the date of this Agreement, Liens in existence as of the date such Property is proposed to be added to the Unencumbered Pool to the extent that such Liens have been approved by the Required Holders and are set forth on a supplement to Schedule 5.10(a).

**“Person”** means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

**“Plan”** means an “employee benefit plan” (as defined in section 3(3) of ERISA) subject to ERISA that is or, within the preceding six years, has been established or maintained, or to which contributions are or, within the preceding six years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

**“Preferred Dividends”** means, for any period and without duplication, all Restricted Payments paid during such period on Preferred Equity Interests issued by the Company or a Subsidiary. Preferred Dividends shall not include dividends or distributions (a) paid or payable solely in Equity Interests (other than Mandatorily Redeemable Stock) payable to holders of such class of Equity Interests, (b) paid or payable to Hudson REIT, the Company or a Subsidiary, or (c)

constituting or resulting in the redemption of Preferred Equity Interests, other than scheduled redemptions not constituting balloon, bullet or similar redemptions in full.

**“Preferred Equity Interests”** means, with respect to any Person, Equity Interests in such Person which are entitled to preference or priority over any other Equity Interest in such Person in respect of the payment of dividends or distribution of assets upon liquidation or both.

**“property”** or **“properties”** means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

**“Property”** means any parcel of real property owned or leased (in whole or in part) or operated by the Company, Hudson REIT, any Subsidiary or any Unconsolidated Affiliate of Hudson REIT and which is located in a state of the United States of America or the District of Columbia.

**“PTE”** is defined in Section 6.2(a).

**“Purchaser”** or **“Purchasers”** means each of the purchasers that has executed and delivered this Agreement to the Company and such Purchaser’s successors and assigns (so long as any such assignment complies with Section 13.2), *provided, however*, that any Purchaser of a Note that ceases to be the registered holder or a beneficial owner (through a nominee) of such Note as the result of a transfer thereof pursuant to Section 13.2 shall cease to be included within the meaning of “Purchaser” of such Note for the purposes of this Agreement upon such transfer.

**“QPAM Exemption”** is defined in Section 6.2(d).

**“Qualified Institutional Buyer”** means any Person who is a “qualified institutional buyer” within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act.

**“Recourse Indebtedness”** means, with respect to a Person, Indebtedness for borrowed money that is not Nonrecourse Indebtedness.

**“REIT”** means a Person qualifying for treatment as a “real estate investment trust” under Sections 856 through 860 of the Code.

**“Related Fund”** means, with respect to any holder of any Note, any fund or entity that (a) invests in Securities or bank loans, and (b) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

**“Renovation Property”** means a Property (a) on which the existing building or other improvements are undergoing renovation and redevelopment that will (1) disrupt the occupancy of

at least 40% of the square footage of such Property or (2) temporarily reduce the Net Operating Income attributable to such Property by more than 40% as compared to the immediately preceding comparable prior period or (b) which is acquired with occupancy of less than 60% and on which renovation and redevelopment will be conducted. A Property shall cease to be a Renovation Property, (i) if Renovation Completion occurs at any time during the first month of a fiscal quarter, at the end of such fiscal quarter or (ii) if Renovation Completion occurs after the first month of a fiscal quarter, at the end of the following fiscal quarter after Renovation Completion. For purposes hereof **“Renovation Completion”** means the earliest to occur of (A) 12 months after all improvements (other than tenant improvements on unoccupied space) related to the redevelopment of such Property having been substantially completed and (B) such Property achieving an Occupancy Rate of at least 80%.

**“Required Holders”** means, at any time (a) after the First Closing and prior to the Second Closing, the holders of more than 50% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by Hudson REIT, the Company or any Affiliate) and the Purchasers of the Series E Notes and (b) on or after the Second Closing, the holders of more than 50% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by Hudson REIT, the Company or any Affiliate).

**“Responsible Officer”** means, with respect to any Person, any Senior Financial Officer and any other officer of such Person with responsibility for the administration of the relevant portion of this Agreement.

**“Restricted Payment”** means (a) any dividend or other distribution, direct or indirect, on account of any Equity Interest of the Company or any Subsidiary now or hereafter outstanding, except a dividend or other distribution payable solely in common Equity Interests; (b) any redemption, conversion, exchange, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Equity Interest of the Company or any Subsidiary now or hereafter outstanding, except a redemption or such other similar payment payable solely in common Equity Interests; and (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire any Equity Interests of the Company or any Subsidiary now or hereafter outstanding.

**“Retail Property”** means a Property improved with a building or buildings the substantial use of which is retail space, which may include a Property that is part of a Mixed-Use Property.

**“S&P”** means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, or any successor.

“**SEC**” means the Securities and Exchange Commission of the United States, or any successor thereto.

“**Second Closing**” is defined in Section 3.

“**Second Closing Date**” is defined in Section 3.

“**Secured Indebtedness**” means (without duplication), with respect to a Person as of any given date, the aggregate principal amount of all Indebtedness of such Person or its Subsidiaries outstanding at such date on a consolidated basis and that is secured in any manner by any Lien, and in the case of Hudson REIT (without duplication), Hudson REIT’s Ownership Share of the Secured Indebtedness of its Unconsolidated Affiliates.

“**Securities**” or “**Security**” shall have the meaning specified in section 2(1) of the Securities Act.

“**Securities Act**” means the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

“**Senior Financial Officer**” means, with respect to any Person, the chief financial officer, principal accounting officer, treasurer or comptroller of such Person.

“**Series D Notes**” is defined in Section 1.

“**Series E Notes**” is defined in Section 1.

“**Solvent**” means, when used with respect to any Person, that (a) the fair value and the fair salable value of its assets (excluding any Indebtedness due from any Affiliate of such Person) are each in excess of the fair valuation of its total liabilities (including all contingent liabilities computed at the amount which, in light of all facts and circumstances existing at such time, represents the amount that could reasonably be expected to become an actual and matured liability); (b) such Person is able to pay its debts or other obligations in the ordinary course as they mature; and (c) such Person has capital not unreasonably small to carry on its business and all business in which it proposes to be engaged.

“**Source**” is defined in Section 6.2.

“**Specified Existing Investors**” means The Blackstone Group L.P. and Affiliates thereof.

**“Studio Property”** means a Property the substantial use of which is production studios, stages, control rooms and/or other audio and video room space, office and other support space, storage facilities and other incidental uses related thereto.

**“Subsidiary”** means, for any Person, any corporation, partnership, limited liability company or other entity of which at least a majority of the Equity Interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other individuals performing similar functions of such corporation, partnership, limited liability company or other entity (without regard to the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, and shall include all Persons the accounts of which are consolidated with those of such Person pursuant to GAAP. Unless the context otherwise clearly requires, any reference to a “Subsidiary” is a reference to a Subsidiary of the Company.

**“Subsidiary Guarantor”** means (a) each Subsidiary that has executed and delivered a Subsidiary Guaranty or (b) if no Subsidiary Guaranties are then required by Section 9.9, (1) each Material Subsidiary (other than an Excluded Subsidiary) to the extent that such Subsidiary is a “Subsidiary Guarantor” or treated as the equivalent under a Material Credit Facility and (2) each Subsidiary that then owns a Property that is part of the Unencumbered Pool.

**“Subsidiary Guaranty”** is defined in Section 9.9(a)(1).

**“Substantial Amount”** means, at the time of determination thereof, an amount in excess of 30% of the undepreciated book value of the total consolidated assets at such time of the Company and its Subsidiaries determined on a consolidated basis.

**“Substitute Purchaser”** is defined in Section 21.

**“SVO”** means the Securities Valuation Office of the NAIC or any successor to such Office.

**“Taxable REIT Subsidiary”** has the meaning given that term in Section 856(1) of the Code.

**“Total Asset Value”** means the sum of all of the following of Hudson REIT on a consolidated basis determined in accordance with GAAP applied on a consistent basis:

(a) cash and Cash Equivalents, *plus*

(b) for Properties owned for more than four fiscal quarters and not valued pursuant to clauses (c) through (f) of this definition below, the sum of (1) the quotient of NOI of such Properties, if other than Studio Properties, for the most recent two fiscal quarters annualized, divided by the applicable Capitalization Rate, *plus* (2) the quotient of NOI of such Properties,

if Studio Properties, for the most recent four fiscal quarters, divided by the applicable Capitalization Rate, *plus*

- (c) the GAAP book value of Properties acquired during the most recent four fiscal quarters, *plus*
- (d) the GAAP book value of Construction-in-Progress (including land, improvements, indirect costs internally allocated, pre-development costs and development costs), *plus*
- (e) the GAAP book value of all Renovation Properties, *plus*
- (f) the GAAP book value of Unimproved Land, *plus*
- (g) an amount equal to the aggregate book value of Mortgage Receivables.

For avoidance of doubt, no single Property may be valued under more than one of the above clauses at any given time. Hudson REIT's Ownership Share of assets held by Unconsolidated Affiliates (excluding assets of the type described in the immediately preceding clause (a)) will be included in Total Asset Value calculations consistent with the above described treatment for wholly owned assets.

In no event shall a Property valued pursuant to clause (b) of this definition above be less than zero.

For purposes of calculating the Total Asset Value of any Property that is not Construction-in-Progress or a Renovation Property, but that was Construction-in-Progress or a Renovation Property, as applicable, at any time during the previous two full fiscal quarters, the NOI attributable to such Property for purposes of making the calculation in clause (b) of this definition above shall be calculated as follows:

(i) until one full fiscal quarter has elapsed since such Property ceased being Construction-in-Progress or a Renovation Property, as applicable, the NOI attributable to (A) if such Property achieved Development Completion or Renovation Completion, as applicable, during the first month of the previous fiscal quarter, the NOI attributable to the last two months while such Property was Construction-in-Progress or a Renovation Property, as applicable, shall be annualized and (B) otherwise, the last full fiscal quarter while such Property was Construction-in-Progress or a Renovation Property, as applicable, shall be annualized; and

(ii) after one full fiscal quarter has elapsed since such Property ceased being Construction-in-Progress or a Renovation Property, as applicable, but before two full fiscal quarters have elapsed since such Property ceased being Construction-in-Progress or a Renovation Property, as applicable, the NOI of the sum of (A) the NOI attributable to the

last full fiscal quarter while such Property was Construction-in-Progress or a Renovation Property, as applicable, and (B) the NOI attributable to the first full fiscal quarter after the Property ceased being Construction-in-Progress or a Renovation Property, as applicable, shall be annualized.

For purposes of calculating the Total Asset Value, value attributable to investments in the following types of assets in excess of the applicable percentage specified below shall be excluded from the calculation of Total Asset Value:

(a) Mortgages in favor of Hudson REIT, the Company, or any Subsidiary, such that the aggregate book value of Indebtedness secured by such Mortgages exceeds 10% of Total Asset Value;

(b) the aggregate amount of Construction-in-Progress in which Hudson REIT either has a direct or indirect ownership interest such that the aggregate amount thereof exceeds 15% of Total Asset Value. If Construction-in-Progress is owned by an Unconsolidated Affiliate of Hudson REIT, then the product of (1) Hudson REIT's Ownership Share in such Unconsolidated Affiliate and (2) the amount of Construction-in-Progress, shall be used in calculating such Total Asset Value limitation;

(c) unimproved real estate (which shall include raw land, valued at current book value) such that the aggregate book value of all such unimproved real estate exceeds 5% of Total Asset Value;

(d) Investments in Properties (other than Mortgages) that are not Office Properties or Studio Properties (*provided* that Investments for purposes of this clause (d) shall not include retail associated with Properties which are primarily Office Properties or Studio Properties) such that the aggregate value in such Investments exceeds 10% of Total Asset Value;

(e) common stock, Preferred Equity, other capital stock, beneficial interest in trust, membership interest in limited liability companies and other equity interests in Persons (other than consolidated Subsidiaries and Unconsolidated Affiliates), such that the aggregate value of such interests calculated on the basis of the lower of cost or market exceeds 10% of Total Asset Value;

(f) Investments in Unconsolidated Affiliates, such that the aggregate value of such Investments (determined in accordance with GAAP) in Unconsolidated Affiliates exceeds 15% of Total Asset Value; and

(g) Investments in Studio Properties, such that the aggregate value of such Investments in Studio Properties exceeds 20% of Total Asset Value.

In addition to the foregoing limitations, the value attributable to investments in the types of assets specified in clauses (a), (b), (c), (d) and (e) in this definition above, in the aggregate, in excess of 25% shall be excluded from the calculation of Total Asset Value.

**“Total Liabilities”** means all Indebtedness of Hudson REIT and its Subsidiaries on a consolidated basis and Hudson REIT’s Ownership Share of all Indebtedness of its Unconsolidated Affiliates, other than intercompany Indebtedness owed to Hudson REIT and its Subsidiaries.

**“UCC”** means the Uniform Commercial Code as in effect in any applicable jurisdiction.

**“Unconsolidated Affiliate”** means, with respect to any Person, any other Person in whom such Person holds an Investment, which Investment is accounted for in the financial statements of such Person on an equity basis of accounting and whose financial results would not be consolidated under GAAP with the financial results of such Person on the consolidated financial statements of such Person.

**“Unencumbered Asset Value”** means without duplication, the sum of the following:

(a) For each Unencumbered Pool Property owned for the most recently ended four fiscal quarters, the quotient of (1) Unencumbered NOI attributable to such Unencumbered Pool Property (i) if other than a Studio Property, for the most recently ended two fiscal quarters annualized, and (ii) if a Studio Property, for the most recently ended four fiscal quarters, *divided* by (2) the Capitalization Rate, *plus*

(b) For each Unencumbered Pool Property acquired within the last four fiscal quarters, the acquisition cost of such Unencumbered Pool Property.

Notwithstanding the above, (A) to the extent that the Unencumbered Asset Value attributable to Unencumbered Pool Properties subject to Ground Leases exceeds 30% of total Unencumbered Asset Value (*provided* that the Metro Park Ground Lease shall not be taken into account when calculating such 30% limitation), such excess shall be excluded from Unencumbered Asset Value; and (B) to the extent that the aggregate rental revenue of the Unencumbered Pool Properties generated from a single tenant or Affiliated tenants in the aggregate exceeds 25%, in each such case, such excess shall be excluded when determining Unencumbered NOI for the purposes of calculating Unencumbered Asset Value. In no event shall a Property valued pursuant to clause (a) of this definition above be less than zero.

**“Unencumbered NOI”** means, for any period the aggregate NOI from the Unencumbered Pool Properties and all other unencumbered assets for the most recent two fiscal quarters annualized. To the extent that an Unencumbered Pool Property has been owned for at least one month, but not for a full fiscal quarter, the NOI from that Property for such period of ownership will be annualized.

If the Property has not been owned for one full month, NOI shall be based on a pro forma NOI approved by the Required Holders, *provided* that any pro forma NOI approved by the administrative agents under each Material Credit Facility shall be deemed to be approved by the Required Holders. Hudson REIT's Ownership Share of NOI from unencumbered assets held by its Unconsolidated Affiliates will be included in Unencumbered NOI calculations consistent with the above described treatment for NOI from Unencumbered Pool Properties.

**"Unencumbered Pool"** means, as of any date of determination, (a) each Eligible Property, *plus* (b) any Property approved by the Required Holders in writing for inclusion in the Unencumbered Pool as of such date, *minus* (c) any Eligible Property or portion thereof that is otherwise excluded from the "unencumbered pool" under any Material Credit Facility as of such date.

**"Unencumbered Pool Property"** means a Property then included in the Unencumbered Pool.

**"Unimproved Land"** means land on which no development (other than improvements that are not material and are temporary in nature) has occurred and for which no development is scheduled in the immediately following 12 months.

**"Unsecured Indebtedness"** means Indebtedness which is not Secured Indebtedness.

**"Unsecured Interest Expense"** means, for a given period, all Interest Expense attributable to Unsecured Indebtedness of Hudson REIT and its Subsidiaries, on a consolidated basis, and Hudson REIT's Ownership Share of Unsecured Indebtedness of its Unconsolidated Affiliates, in each case for such period. For the purpose of this definition, Interest Expense will be based on actual Unsecured Interest Expense.

**"USA PATRIOT Act"** means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

**"U.S. Economic Sanctions"** is defined in Section 5.16(a).

**"Wholly-Owned Subsidiary"** means, at any time, any Subsidiary all of the equity interests (except directors' qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company's other Wholly-Owned Subsidiaries at such time.

**FORM OF SERIES D GUARANTEED SENIOR NOTE**

**HUDSON PACIFIC PROPERTIES, L.P.**

**3.98% SERIES D GUARANTEED SENIOR NOTE DUE JULY 6, 2026**

No. RD- \_\_\_\_\_, 20\_\_  
\$ \_\_\_\_\_ PPN 44409# AA9

FOR VALUE RECEIVED, the undersigned, **HUDSON PACIFIC PROPERTIES, L.P.** (herein called the “**Company**”), a limited partnership organized and existing under the laws of the State of Maryland, hereby promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of \_\_\_\_\_ DOLLARS (or so much thereof as shall not have been prepaid) on July 6, 2026 (the “**Maturity Date**”), with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 3.98% per annum from the date hereof, payable semiannually, on the sixth day of January and July in each year, commencing with the January 6 or July 6 next succeeding the date hereof, and on the Maturity Date, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, (1) on any overdue payment of interest and (2) during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to the greater of (i) 5.98% or (ii) 2.00% over the rate of interest publicly announced by Wells Fargo Bank, National Association from time to time in New York, New York as its “base” or “prime” rate, payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of Wells Fargo Bank, National Association in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the “**Notes**”) issued pursuant to the Note Purchase Agreement, dated as of July 6, 2016 (as from time to time amended, the “**Note Purchase Agreement**”), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) made the representation set forth in Section 6.2 of the Note Purchase Agreement.

SCHEDULE 1(a)  
(to Note Purchase Agreement)

Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

**HUDSON PACIFIC PROPERTIES, L.P.**

By: Hudson Pacific Properties, Inc.,  
its general partner

By \_\_\_\_\_  
Its \_\_\_\_\_

FORM OF SERIES E GUARANTEED SENIOR NOTE

HUDSON PACIFIC PROPERTIES, L.P.

3.66% SERIES E GUARANTEED SENIOR NOTE DUE SEPTEMBER 15, 2023

No. RE- \_\_\_\_\_, 20\_\_  
\$ \_\_\_\_\_ PPN 44409# AB7

FOR VALUE RECEIVED, the undersigned, **HUDSON PACIFIC PROPERTIES, L.P.** (herein called the “**Company**”), a limited partnership organized and existing under the laws of the State of Maryland, hereby promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of \_\_\_\_\_ DOLLARS (or so much thereof as shall not have been prepaid) on September 15, 2023 (the “**Maturity Date**”), with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 3.66% per annum from the date hereof, payable semiannually, on the fifteenth day of March and September in each year, commencing with the March 15 or September 15 next succeeding the date hereof, and on the Maturity Date, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, (1) on any overdue payment of interest and (2) during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to the greater of (i) 5.66% or (ii) 2.00% over the rate of interest publicly announced by Wells Fargo Bank, National Association from time to time in New York, New York as its “base” or “prime” rate, payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of Wells Fargo Bank, National Association in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the “**Notes**”) issued pursuant to the Note Purchase Agreement, dated as of July 6, 2016 (as from time to time amended, the “**Note Purchase Agreement**”), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) made the representation set forth in Section 6.2 of the Note Purchase Agreement.

SCHEDULE 1(b)  
(to Note Purchase Agreement)

Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

**HUDSON PACIFIC PROPERTIES, L.P.**

By: Hudson Pacific Properties, Inc.,  
its general partner

By \_\_\_\_\_  
Its \_\_\_\_\_

**FORM OF OPINION OF SPECIAL COUNSEL  
TO HUDSON REIT AND THE COMPANY**

(See Attached)

SCHEDULE 4.4(a)(1)  
(to Note Purchase Agreement)

**FORM OF OPINION OF SPECIAL MARYLAND COUNSEL  
TO HUDSON REIT AND THE COMPANY**

(See Attached)

SCHEDULE 4.4(a)(2)  
(to Note Purchase Agreement)

**FORM OF OPINION OF SPECIAL COUNSEL  
TO THE PURCHASERS**

The closing opinion of Schiff Hardin LLP, special counsel to the Purchasers, called for by Section 4.4(b) of the Agreement, shall be dated the date of such Closing and addressed to the Purchasers, shall be satisfactory in form and substance to the Purchasers and shall be to the effect that:

1. The Issuer is a limited partnership in good standing under the laws of the State of Maryland.
2. Hudson REIT is a corporation in good standing under the laws of the State of Maryland.
3. The Agreement and the Notes being delivered on the date hereof constitute the legal, valid and binding contracts of the Issuer enforceable against the Issuer in accordance with their respective terms.
4. The Parent Guaranty constitutes the legal, valid and binding contract of Hudson REIT enforceable against Hudson REIT in accordance with its terms.
5. The issuance, sale and delivery of the Notes being delivered on the date hereof under the circumstances contemplated by this Agreement do not, under existing law, require the registration of such Notes under the Securities Act or the qualification of an indenture under the Trust Indenture Act of 1939.

The opinion of Schiff Hardin LLP shall also state that the opinions of Latham & Watkins LLP and Venable LLP are satisfactory in scope and form to Schiff Hardin LLP and that, in its opinion, the Purchasers are justified in relying thereon.

The opinion of Schiff Hardin LLP is limited to the laws of the State of New York and the federal laws of the United States.

With respect to matters of fact upon which such opinion is based, Schiff Hardin LLP may rely on appropriate certificates of public officials and officers of the Issuer and Hudson REIT and upon representations of the Issuer and Hudson REIT and the Purchasers delivered in connection with the issuance and sale of the Notes.

SCHEDULE 4.4(b)  
(to Note Purchase Agreement)

**DISCLOSURE MATERIALS**

1. Investor Presentation dated June 2016.
2. Hudson Pacific Properties, Inc. Earthquake Insurance Summary ("HPP PML Executive Summary 6-16-16").
3. 11601 Wilshire Ground Lease Abstract.

SCHEDULE 5.3  
(to Note Purchase Agreement)

**SUBSIDIARIES OF HUDSON REIT AND OWNERSHIP OF SUBSIDIARY STOCK**

**Part I: Subsidiaries of the Company and Ownership of Subsidiary Stock**

(a) Ownership

<b>Entity</b>	<b>Jurisdiction</b>	<b>Ownership</b>
HCTD, LLC	Delaware	100% Hudson Pacific Services, Inc.
HFOP City Plaza, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Howard Street Associates LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 604 Arizona, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 275 Brannan, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 9300 Culver, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 6922 Hollywood, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 222 Kearny, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 901 Market, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 1455 GP, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 1455 Market, LP	Delaware	<ul style="list-style-type: none"> <li>• 55% Hudson Pacific Properties, L.P.</li> <li>• 100% Non-Economic GP Interest, Hudson 1455 GP, LLC</li> </ul>
Hudson 1455 Market Street, LLC	Delaware	<ul style="list-style-type: none"> <li>• 100% Non-Director Voting Common and 65% Director Voting Preferred, Hudson 1455 Market, L.P.</li> <li>• 35% Director Voting Preferred, Hudson 1455 GP, LLC</li> </ul>
Hudson 1861 Bundy, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 6040 Sunset, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 10900 Washington, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 10950 Washington, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 9300 Wilshire, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson OP Management, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Capital, LLC	California	100% Hudson Pacific Properties, L.P.
Hudson Del Amo Office, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson First Financial Plaza, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Pacific Services, Inc.	Maryland	100% Hudson Pacific Properties, L.P.

SCHEDULE 5.4  
(to Note Purchase Agreement)

<b>Entity</b>	<b>Jurisdiction</b>	<b>Ownership</b>
Hudson Media and Entertainment Management, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Rincon Center, LLC	Delaware	100% Rincon Center Commercial, LLC
Hudson Tierrasanta, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Rincon Center Commercial, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Sunset Bronson Entertainment Properties, LLC	Delaware	100% Sunset Studio Holdings, LLC
Sunset Bronson Services, LLC	Delaware	100% Hudson Pacific Services, Inc.
Sunset Gower Entertainment Properties, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Sunset Gower Services, LLC	Delaware	100% Hudson Pacific Services, Inc.
Sunset Studios Holdings, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Met Park North, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Combined/Hudson 9300 Culver, LLC	Delaware	92.5% Hudson 9300 Culver, LLC
Hudson JW, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson MC Partners, LLC	Delaware	65% Hudson JW, LLC
P1 Hudson MC, Partners, LLC	Delaware	100% Hudson MC Partners, LLC
P2 Hudson MC Partners, LLC	Delaware	100% Hudson MC Partners, LLC
Hudson 3402 Pico, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Element LA, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Northview, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 625 Second, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson First & King, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 3401 Exposition, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Merrill Place, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 801 S. Broadway Participation, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 12655 Jefferson, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Palo Alto Square, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 3400 Hillview Avenue, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Embarcadero Place, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Foothill Research Center, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Page Mill Center, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Clocktower Square, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 3176 Porter Drive, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 2180 Sand Hill Road, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Towers at Shore Center, LLC	Delaware	100% Hudson Pacific Properties, L.P.

<b>Entity</b>	<b>Jurisdiction</b>	<b>Ownership</b>
Hudson Skyway Landing, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Shorebreeze, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 555 Twin Dolphin Plaza, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 333 Twin Dolphin Plaza, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Bayhill Office Center, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Peninsula Office Park, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Bay Park Plaza, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Metro Center, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson One Bay Plaza, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Concourse, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Gateway Place, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Metro Plaza, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 1740 Technology, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Skyport Plaza, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Skyport Plaza Land, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Techmart Commerce Center, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Patrick Henry Drive, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Campus Center, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson Campus Center Land, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 4th and Traction, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 405 Mateo, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 1003 4 <sup>th</sup> Place, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 11601 Wilshire, LLC	Delaware	100% Hudson Pacific Properties, L.P.
Hudson 3005 Democracy Way, LLC	Delaware	21.4% Hudson Pacific Properties, L.P.

(b) Relevant Agreements with respect to the Company's Subsidiaries.

None.

**Part II: Company Affiliates other than Subsidiaries**

None.

**Part III: Directors and Senior Officers of the Company and Hudson REIT**

Directors of Hudson REIT

Victor J. Coleman  
Theodore R. Antenucci  
Frank Cohen  
Richard B. Fried  
Jonathan M. Glaser  
Robert L. Harris II  
Mark D. Linehan  
Robert M. Moran, Jr.  
Michael B. Nash  
Barry A. Porter

Officers of Hudson REIT

<b>Name</b>	<b>Title</b>
Victor J. Coleman	Chief Executive Officer and President
Mark T. Lammis	Chief Operating Officer, Chief Financial Officer and Treasurer
Kay L. Tidwell	General Counsel and Secretary

Directors of the Company

None.

Officers of the Company

None.

S-5.4-5

## **FINANCIAL STATEMENTS**

1. Annual Report for Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. on Form 10-K for the year ended December 31, 2010.
2. Annual Report for Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. on Form 10-K for the year ended December 31, 2011.
3. Annual Report for Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. on Form 10-K for the year ended December 31, 2012.
4. Annual Report for Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. on Form 10-K for the year ended December 31, 2013.
5. Annual Report for Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. on Form 10-K for the year ended December 31, 2014.
6. Annual Report for Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. on Form 10-K for the year ended December 31, 2015.
7. Quarterly Report for Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. on Form 10-Q for the three months ended March 31, 2016.

## **SCHEDULE 5.5** **(to Note Purchase Agreement)**

**PROPERTIES; LIENS**

**Part I: List of Properties, Occupancy, Construction/Renovation Status, Eligible and Unencumbered Pool Properties, Ground Leases,  
(as of the Execution Date)**

PROPERTY NAME	ADDRESS	PERCENT OCCUPIED	FEE AND/OR LEASEHOLD OWNER	ELIGIBLE PROPERTY	UNENCUMBERED POOL PROPERTY	GROUND LEASE
Met Park North	1220 Howell Street, Seattle, WA 98101 (King County)	95.7%	Hudson Met Park North, LLC			N/A
Northview	20700 44 <sup>th</sup> Avenue West, Lynwood, WA 98036 (Snohomish County)	87.7%	Hudson Northview, LLC	X	X	N/A
Merrill Place	411 First Avenue South, Seattle, WA 98104 (King County)	77.0%	Hudson Merrill Place, LLC	X	X	N/A
505 First Avenue South	505 First Avenue South, Seattle, WA 98104 (King County)	96.9%	Hudson First & King, LLC	X	X	N/A
83 King Street	83 South King Street, Seattle, WA, 98104 (King County)	86.4%	Hudson First & King, LLC	X	X	N/A
1455 Market Street	1455 Market Street, San Francisco, CA 94103 (San Francisco County)	96.4%	Hudson 1455 GP, LLC Hudson 1455 Market, LP Hudson 1455 Market, LLC			N/A
222 Kearny Street and 180 Sutter Street	220-222 Kearny Street, San Francisco, CA 94108 and 180 Sutter Street, San Francisco, CA 94104 (San Francisco County )	84.4%	Hudson 222 Kearny, LLC	X	X	Expires 6/14/2054 (partial ground lease)
275 Brannan	275 Brannan Street, San Francisco, CA 94107 (San Francisco County)	100.0%	Hudson 275 Brannan, LLC	X	X	N/A
625 Second Street	625 Second Street, San Francisco, CA 94107 (San Francisco County)	73.8%	Hudson 625 Second, LLC	X	X	N/A
875 Howard Street	875 & 899 Howard Street, San Francisco, CA 94103 (San Francisco County)	99.0%	Howard Street Associates LLC	X	X	N/A

SCHEDULE 5.10(a)  
(to Note Purchase Agreement)

PROPERTY NAME	ADDRESS	PERCENT OCCUPIED	FEE AND/OR LEASEHOLD OWNER	ELIGIBLE PROPERTY	UNENCUMBERED POOL PROPERTY	GROUND LEASE
Rincon Center	101 Spear Street, San Francisco, CA 94105 (San Francisco County)	85.9%	Rincon Center Commercial, LLC Hudson Rincon Center, LLC			N/A
Pinnacle I	3400 West Olive Avenue, Burbank, CA 91505 (Los Angeles County)	86.2%	Hudson JW, LLC Hudson MC Partners, LLC P1 Hudson MC Partners, LLC			N/A
Pinnacle II	3300 West Olive Avenue, Burbank, CA 91505 (Los Angeles County)	100.0%	Hudson JW, LLC Hudson MC Partners, LLC P2 Hudson MC Partners, LLC			N/A
6922 Hollywood Boulevard	6922 Hollywood Boulevard, Hollywood, CA 90028 (Los Angeles County)	86.1%	Hudson 6922 Hollywood, LLC	X	X	N/A
Technicolor Building	6040 & 6060 West Sunset Boulevard, Hollywood, CA 90028 (Los Angeles County)	100.0%	Hudson 6040 Sunset, LLC	X	X	N/A
Del Amo Office Building	3501 Sepulveda Boulevard, Torrance, CA 90505 (Los Angeles County)	100.0%	Hudson Del Amo Office, LLC			Expires 6/30/2049
3401 Exposition Boulevard	3401 Exposition Boulevard, Santa Monica, CA 90404 (Los Angeles County)	100.0%	Hudson 3401 Exposition, LLC	X	X	N/A
10900 Washington	10900 Washington Boulevard, Culver City, CA 90232 (Los Angeles County)	100.0%	Hudson 10900 Washington, LLC	X	X	N/A
10950 Washington	10950 West Washington Boulevard, Culver City, CA 90232 (Los Angeles County)	100.0%	Hudson 10950 Washington, LLC			N/A

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PROPERTY NAME	ADDRESS	PERCENT OCCUPIED	FEE AND/OR LEASEHOLD OWNER	ELIGIBLE PROPERTY	UNENCUMBERED POOL PROPERTY	GROUND LEASE
604 Arizona Avenue	604 Arizona Avenue, Santa Monica, CA 90401 (Los Angeles County)	100.0%	Hudson 604 Arizona, LLC	X	X	N/A
9300 Wilshire	9300 Wilshire Boulevard, Beverly Hills, CA 90212 (Los Angeles County)	89.3%	Hudson 9300 Wilshire, LLC			Expires 8/14/2032
3400 Hillview	3400 Hillview Avenue, Palo Alto, CA 94304 (Santa Clara County)	100.0%	Hudson 3400 Hillview Avenue, LLC	X	X	Expires 10/31/2040
Clocktower Square	600, 620, 630 & 660 Hansen Way, Palo Alto, CA 94304 (Santa Clara County)	96.9%	Hudson Clocktower Square, LLC	X	X	Expires 9/26/2056
Foothill Research Center	4001, 4005, 4009 & 4015 Miranda Avenue, Palo Alto, CA 94304 (Santa Clara County)	100.0%	Hudson Foothill Research Center, LLC	X	X	Expires 6/30/2039
Lockheed	3176 Porter Drive, Palo Alto, CA 94304 (Santa Clara County)	100.0%	Hudson 3176 Porter Drive, LLC	X	X	Expires 7/31/2040
2180 Sand Hill Road	2180 Sand Hill Road, Menlo Park, CA 94025 (San Mateo County)	97.2%	Hudson 2180 Sand Hill Road, LLC	X	X	N/A
Embarcadero Place	2100, 2200, 2300 & 2400 Geng Road, Palo Alto, CA 94303 (Santa Clara County)	98.8%	Hudson Embarcadero Place, LLC	X	X	N/A
Towers at Shore Center	201, 203 & 205 Redwood Shores Parkway, Redwood City, CA 94065 (San Mateo County)	89.7%	Hudson Towers at Shore Center, LLC	X	X	N/A
Skyway Landing	955, 959 & 999 Skyway Road, San Carlos, CA 94070 (San Mateo County)	92.7%	Hudson Skyway Landing, LLC	X	X	N/A
901 Market Street	901 Market Street, San Francisco, CA 94103 (San Francisco County)	100.0%	Hudson 901 Market Street, LLC	X	X	N/A
1740 Technology	1740 Technology Drive, San Jose, CA 95112 (Santa Clara County)	99.1%	Hudson 1740 Technology, LLC	X	X	N/A

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PROPERTY NAME	ADDRESS	PERCENT OCCUPIED	FEE AND/OR LEASEHOLD OWNER	ELIGIBLE PROPERTY	UNENCUMBERED POOL PROPERTY	GROUND LEASE
The Concourse	224 & 226 Airport Parkway and 1731, 1735, 1741, 1745, 1757 & 1759 Technology Drive, San Jose, CA 95110 (Santa Clara County)	94.7%	Hudson Concourse, LLC	X	X	N/A
Skyport Plaza	1602, 1650, 1652 & 1700 Technology Drive and 50 & 90 Skyport Drive, San Jose, CA 95112 (Santa Clara County)	98.7%	Hudson Skyport Plaza, LLC	X	X	N/A
Campus Center (Office)	115, 135 & 155 North McCarthy Boulevard, Milpitas, CA 95035 (Santa Clara County)	100.0%	Hudson Campus Center, LLC	X	X	N/A
Element LA	12333 Olympic Boulevard and 1861, 1901, 1925 & 1933 South Bundy Drive, Los Angeles, CA 90025 (Los Angeles County)	100.0%	Hudson Element LA, LLC Hudson 1861 Bundy, LLC			N/A
Metro Center	919, 939, 977 & 989 East Hillsdale Boulevard and 950 Tower Lane, Foster City, CA 94404 (San Mateo County)	57.5%	Hudson Metro Center, LLC	X	X	Expires 4/29/2054
Page Mill Center	1500, 1510, 1520 & 1530 Page Mill Road, Palo Alto, CA 94304 (Santa Clara County)	87.2%	Hudson Page Mill Center, LLC	X	X	Expires 11/30/2041
Palo Alto Square	3000 El Camino Real, Palo Alto, CA 94306 (Santa Clara County)	86.6%	Hudson Palo Alto Square, LLC	X	X	Expires 3/15/2045
333 Twin Dolphin Plaza	333 Twin Dolphin Plaza, Redwood City, CA 94065 (San Mateo County)	73.3%	Hudson 333 Twin Dolphin Plaza, LLC	X	X	N/A
555 Twin Dolphin Plaza	555 Twin Dolphin Plaza, Redwood City, CA 94065 (San Mateo County)	89.7%	Hudson 555 Twin Dolphin Plaza	X	X	N/A

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PROPERTY NAME	ADDRESS	PERCENT OCCUPIED	FEE AND/OR LEASEHOLD OWNER	ELIGIBLE PROPERTY	UNENCUMBERED POOL PROPERTY	GROUND LEASE
Shorebreeze	255 & 275 Shoreline Drive, Redwood City, CA 94065 (San Mateo County)	70.8%	Hudson Shorebreeze, LLC	X	X	N/A
Gateway Office	2001, 2005, 2033, 2045, 2055, 2077 & 2099 Gateway Place, San Jose, CA 95110 (Santa Clara County)	83.8%	Hudson Gateway Place, LLC	X	X	N/A
Metro Plaza	25, 101 & 181 Metro Drive, San Jose, CA 95110 (Santa Clara County)	82.6%	Hudson Metro Plaza, LLC	X	X	N/A
Peninsula Office Park	2600, 2655, 2755, 2800, 2929, 2955 & 2988 Campus Drive, San Mateo, CA 94403 (San Mateo County)	81.6%	Hudson Peninsula Office Park, LLC	X	X	N/A
Techmart Commerce Center	5201 Great America Parkway, Santa Clara, CA 95054 (Santa Clara County)	78.6%	Hudson Techmart Commerce Center, LLC	X	X	Expires 5/31/2053
Sunset Gower Studios	1438 N. Gower Street, Hollywood, CA 90028 6050 Sunset Boulevard, Hollywood, CA 90028 (Los Angeles County)	82.1%	Sunset Gower Entertainment Properties, LLC			Expires 3/31/2060 (partial ground lease)
Sunset Bronson Studios	5800 Sunset Boulevard., Hollywood, CA 90028 (Los Angeles County)	80.6%	Sunset Studios Holdings, LLC Sunset Bronson Entertainment Properties, LLC			N/A
<b>REDEVELOPMENT</b>						
Merrill Place Theatre Building (Renovation Property)	95 South Jackson Street, Seattle, WA 98104 (King County)	0%	Hudson Merrill Place, LLC	X	X	N/A

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PROPERTY NAME	ADDRESS	PERCENT OCCUPIED	FEE AND/OR LEASEHOLD OWNER	ELIGIBLE PROPERTY	UNENCUMBERED POOL PROPERTY	GROUND LEASE
875 Howard Street (1 <sup>st</sup> Floor) (Renovation Property)	875 & 899 Howard Street, San Francisco, CA 94103 (San Francisco County)	0%	Howard Street Associates LLC	X	X	N/A
12655 Jefferson Boulevard (Renovation Property)	12655 Jefferson Boulevard, Los Angeles, CA 90066 (Los Angeles County)	0%	Hudson 12655 Jefferson, LLC	X	X	N/A
3402 Pico Boulevard - Existing Office (Renovation Property)	3402 Pico Boulevard, Santa Monica, CA 90405 (Los Angeles County)	0%	Hudson 3402 Pico, LLC	X	X	N/A
4th & Traction (Renovation Property)	963 East 4th Street, Los Angeles, CA 90013 (Los Angeles County)	0.0%	Hudson 4th & Traction, LLC	X	X	N/A
1003 4th Place (Renovation Property)	1003 East 4th Place, Los Angeles, CA 90013 (Los Angeles County)	0.0%	Hudson 1003 4th Place, LLC	X	X	N/A
405 Mateo (Renovation Property)	405 Mateo, Los Angeles, CA 90013 (Los Angeles County)	0%	Hudson 405 Mateo, LLC	X	X	N/A
<b>DEVELOPMENT</b>						
Merrill Place - 450 Alaskan Way (Construction-in-Progress)	450 Alaskan Way, Seattle, WA 98104 (King County)	0%	Hudson Merrill Place, LLC			N/A

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PROPERTY NAME	ADDRESS	PERCENT OCCUPIED	FEE AND/OR LEASEHOLD OWNER	ELIGIBLE PROPERTY	UNENCUMBERED POOL PROPERTY	GROUND LEASE
ICON (Construction-in-Progress)	5800 Sunset Boulevard, Hollywood, CA 90028 (Los Angeles County)	0%	Sunset Bronson Entertainment Properties, LLC			N/A
<b>LAND PROPERTIES</b>						
Skyport Plaza - Land	1602, 1650, 1652 & 1700 Technology Drive and 50 & 90 Skyport Drive, San Jose, CA 95112 (Santa Clara County)	0%	Hudson Skyport Plaza Land, LLC			N/A
Campus Center - Land	115, 135 & 155 North McCarthy Boulevard, Milpitas, CA 95035 (Santa Clara County)	0%	Hudson Campus Center Land, LLC			N/A
Sunset Bronson – Lot A	5800 Sunset Boulevard, Hollywood, CA 90028 (Los Angeles County)	0%	Sunset Studios Holdings, LLC Sunset Bronson Entertainment Properties, LLC			N/A
Sunset Bronson -Lot D	5800 Sunset Boulevard, Hollywood, CA 90028 (Los Angeles County)	0%	Sunset Studios Holdings, LLC Sunset Bronson Entertainment Properties, LLC			N/A
Sunset Gower - Redevelopment	1438 N. Gower Street, Hollywood, CA 90028 6050 Sunset Boulevard, Hollywood, CA 90028 (Los Angeles County)	0%	Sunset Gower Entertainment Properties, LLC			N/A
Element LA	12333 Olympic Boulevard and 1861, 1901, 1925 & 1933 South Bundy Drive, Los Angeles, CA 90025 (Los Angeles County)	0%	Hudson Element LA, LLC Hudson 1861 Bundy, LLC			N/A

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PROPERTY NAME	ADDRESS	PERCENT OCCUPIED	FEE AND/OR LEASEHOLD OWNER	ELIGIBLE PROPERTY	UNENCUMBERED POOL PROPERTY	GROUND LEASE
3402 Pico Boulevard – Future Office	3402 Pico Boulevard, Santa Monica, CA 90405 (Los Angeles County)	0%	Hudson 3402 Pico, LLC			N/A
3402 Pico Boulevard – Residential	3402 Pico Boulevard, Santa Monica, CA 90405 (Los Angeles County)	0%	Hudson 3402 Pico, LLC			N/A

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**EXISTING INDEBTEDNESS**

(As of the March 31, 2016)

<u>Obligation</u>	<u>Collateral</u>	<u>Outstanding Balance</u>	<u>Guarantees</u>	<u>Obligor</u>	<u>Obligee or Agent of Obligee</u>
Second Amended and Restated Credit Agreement dated as of March 31, 2015, among the Company, various financial institutions and Wells Fargo Bank, National Association, as administrative agent.	None.	\$50,000,000 of Revolving Loan \$900,000,000 of Term Loan	Guaranty by Hudson REIT.	Hudson Pacific Properties, L.P.	Wells Fargo Bank
Term Loan Credit Agreement dated as of November 17, 2015, among the Company, various financial institutions and Wells Fargo Bank, National Association, as administrative agent.	None	\$0	Payment and Performance Guaranty by Hudson REIT.	Hudson Pacific Properties, L.P.	Wells Fargo Bank
Series A Notes – 4.35% Interest	None	\$110,000,000	Parent Guaranty by Hudson REIT.	Hudson Pacific Properties, L.P.	MetLife, HIMCO, USAA, Pacific Life, American Family
Series B Notes – 4.69% Interest	None	\$259,000,000	Parent Guaranty by Hudson REIT.	Hudson Pacific Properties, L.P.	MetLife, USAA, Pacific Life, American Family, New York Life
Series C Notes – 4.79% Interest	None	\$56,000,000	Parent Guaranty by Hudson REIT.	Hudson Pacific Properties, L.P.	MetLife, HIMCO
Mortgage loan secured by Sunset Gower Entertainment Properties, LLC and Sunset Bronson Entertainment Properties, LLC	Sunset Gower 1438 N. Gower Street Hollywood, CA 90028 (Los Angeles County)  Sunset Bronson 5800 Sunset Blvd. Hollywood, CA 90028 (Los Angeles County)	\$115,001,000	Partial Payment & Carve-Out Guaranty.	Sunset Gower Entertainment Properties, LLC and Sunset Bronson Entertainment Properties, LLC	Wells Fargo Bank

SCHEDULE 5.15  
(to Note Purchase Agreement)

<u>Obligation</u>	<u>Collateral</u>	<u>Outstanding Balance</u>	<u>Guarantees</u>	<u>Obligor</u>	<u>Obligee or Agent of Obligee</u>
Mortgage loan secured by Hudson Rincon Center, LLC	121 Spear Street San Francisco, CA 94105 (San Francisco County)	\$101,836,000	Transfer Tax Indemnity Letter.	Hudson Rincon Center, LLC	PNC Bank/Midland Loan
Mortgage loan secured by Hudson 901 Market, LLC	901 Market Street San Francisco, CA 94103 (San Francisco County)	\$30,000,000	Partial Payment & Completion Guarantee	Hudson 901 Market Street, LLC	Wells Fargo Bank
Mortgage loan secured by Hudson 10950 Washington, LLC	10912 & 10950 West Washington Blvd. Culver City, CA 90232 (Los Angeles County)	\$28,288,000	None.	Hudson 10950 Washington, LLC	Wells Fargo Bank
Mortgage loan secured by P1 Hudson MC Partners, LLC (Pinnacle I)	3400 West Olive Avenue Burbank CA 91505 (Los Angeles County)	\$129,000,000	None.	P1 Hudson MC Partners, LLC	Wells Fargo Bank
Mortgage loan secured by P2 Hudson MC Partners, LLC (Pinnacle II)	3300 West Olive Avenue Burbank, CA 91505 (Los Angeles County)	\$85,914,000	Guaranty by Hudson MC Partners, LLC	P2 Hudson MC Partners, LLC	Wells Fargo Bank
Mortgage loan secured by Hudson Met Park North, LLC	1220 Howell Street Seattle, WA 98101 (King County)	\$64,500,000	None.	Hudson Met Park North, LLC	Union Bank
Mortgage loan secured by Hudson Element LA, LLC	1861, 1901, 1925 & 1933 South Bundy Drive 12333 W. Olympic Blvd. Los Angeles, California 90025	\$168,000,000	None.	Hudson Element LA, LLC	Berkeley

**INFORMATION RELATING TO PURCHASERS**

Name and Address of Purchaser

Principal Amount of  
Notes to be Purchased

[NAME OF PURCHASER]

\$

- (1) All payments by wire transfer of immediately available funds to:  
  
with sufficient information to identify the source and application of such funds.
- (2) All notices of payments and written confirmations of such wire transfers:
- (3) E-mail address for Electronic Delivery:
- (4) All other communications:

SCHEDULE B  
(to Note Purchase Agreement)

**FORM OF PARENT GUARANTY**

EXHIBIT PG  
(to Note Purchase Agreement)

## FORM OF SUBSIDIARY GUARANTY

47891-0000  
CH218361350.9

### EXHIBIT SG (to Note Purchase Agreement)

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### Section 3: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

#### CERTIFICATION

I, Victor J. Coleman, certify that:

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

Date: August 4, 2016

/s/ VICTOR J. COLEMAN  
Victor J. Coleman  
Chief Executive Officer

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## Section 4: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

### CERTIFICATION

I, Mark T. Lammas, certify that:

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

Date: August 4, 2016

/s/ MARK T. LAMMAS

Mark T. Lammas  
Chief Financial Officer

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## Section 5: EX-31.3 (EXHIBIT 31.3)

Exhibit 31.3

### CERTIFICATION

I, Victor J. Coleman, certify that:

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

Date: August 4, 2016

/s/ VICTOR J. COLEMAN

Victor J. Coleman  
Chief Executive Officer

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## Section 6: EX-31.4 (EXHIBIT 31.4)

Exhibit 31.4

### CERTIFICATION

I, Mark T. Lammas, certify that:

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

Date: August 4, 2016

/s/ MARK T. LAMMAS

Mark T. Lammas  
Chief Financial Officer

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## Section 7: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

### WRITTEN STATEMENT PURSUANT TO 18 U.S.C. SECTION 1350

The undersigned, Victor J. Coleman, Chief Executive Officer, and Mark T. Lammas, Chief Financial Officer of Hudson Pacific Properties, Inc. (the "Company"), hereby certify as of the date hereof, solely for the purposes of 18 U.S.C. §1350, that:

- (i) the Quarterly Report on Form 10-Q for the period ended June 30, 2016 of the Company (the "Report") fully complies with the requirements of Section 13(a) and 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: August 4, 2016

/s/ VICTOR J. COLEMAN

Victor J. Coleman  
Chief Executive Officer

Date: August 4, 2016

/s/ MARK T. LAMMAS

Mark T. Lammas  
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

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## Section 8: EX-32.2 (EXHIBIT 32.2)

Exhibit 32.2

### WRITTEN STATEMENT PURSUANT TO 18 U.S.C. SECTION 1350

The undersigned, Victor J. Coleman, Chief Executive Officer, and Mark T. Lammas, Chief Financial Officer of Hudson Pacific Properties, Inc. in its capacity as sole general partner of Hudson Pacific Properties, L.P. (the "Company"), hereby certify as of the date hereof, solely for the purposes of 18 U.S.C. §1350, that:

- (i) the Quarterly Report on Form 10-Q for the period ended June 30, 2016 of the Company (the "Report") fully complies with the requirements of Section 13(a) and 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: August 4, 2016

/s/ VICTOR J. COLEMAN

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

Date: August 4, 2016

/s/ MARK T. LAMMAS

Mark T. Lammas  
Chief Financial Officer  
Hudson Pacific Properties, Inc., sole general partner of Hudson Pacific Properties, L.P.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

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