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

FORM 10-K/A
(Amendment No. 1)
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015
Commission File Number 001-34789

Hudson Pacific Properties, Inc.
Hudson Pacific Properties, L.P.
(Exact name of Registrant as specified in its charter)

Hudson Pacific Properties, Inc.	Maryland (State or other jurisdiction of incorporation or organization)	27-1430478 (I.R.S. Employer Identification Number)
Hudson Pacific Properties, L.P.	Maryland (State or other jurisdiction of incorporation or organization)	80-0579682 (I.R.S. Employer Identification Number)

11601 Wilshire Blvd., Ninth Floor, Los Angeles, California 90025
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (310) 445-5700

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

Registrant	Title of Each Class	Name of Each Exchange on Which Registered
Hudson Pacific Properties, Inc.	Common Stock, $.01 par value	New York Stock Exchange

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

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

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

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

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 x No o Hudson Pacific Properties, L.P. Yes x No o

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 x No o Hudson Pacific Properties, L.P. Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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 definition 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 x Accelerated filer o Non-accelerated filer o Smaller reporting company o

Hudson Pacific Properties, L.P.
Large accelerated filer o Accelerated filer o Non-accelerated filer x Smaller reporting company o

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

As of June 30, 2015, the aggregate market value of common stock held by non-affiliates of the registrant (assuming for these purposes, but without conceding, that all executive officers, directors and funds affiliated with Farallon Capital Management, LLC and The Blackstone Group L.P. are "affiliates" of the registrant) was $2.00 billion based upon the last sales price on June 30, 2015 for the registrant's Common Stock.

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

As of February 24, 2016, the number of shares of common stock outstanding was 89,920,148.

DOCUMENTS INCORPORATED BY REFERENCE
Portions of the proxy statement for the registrant's 2016 Annual Meeting of Stockholders to be held May 18, 2016 are incorporated by reference in Part III of this Annual Report on Form 10-K. The proxy statement will be filed by the registrant with the U.S. Securities and Exchange Commission, or the SEC, not later than 120 days after the end of the registrant's fiscal year.

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EXPLANATORY NOTE

Due to a scrivener's error, the Annual Report on Form 10-K filed by Hudson Pacific Properties, L.P. with the SEC on February 26, 2016 (the "Original Form 10-K") included incorrect totals for the comprehensive (loss) income attributable to common unit holders within the Consolidated Statements of Comprehensive (Loss) Income for Hudson Pacific Properties, L.P. for all periods presented. This Amendment No. 1 to the Original Form 10-K (the "Form 10-K/A"), containing an amended Part IV, Item 15(a) "Financial Statement and Schedules," is being filed solely for the purpose of correcting such scrivener's error.

This Form 10-K/A is as of the filing date of the Original Form 10-K and should be read in conjunction with the Original Form 10-K and Hudson Pacific Properties, L.P.'s other filings made with the SEC subsequent to the filing of the Original Form 10-K. This Form 10-K/A does not reflect any subsequent information or events and no other information included in the Original Form 10-K has been modified or updated in any way, except as described above.

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HUDSON PACIFIC PROPERTIES, INC.
HUDSON PACIFIC PROPERTIES, L.P.

ANNUAL REPORT ON FORM 10-K

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PART IV

Item 15. Exhibits and Financial Statement Schedules

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

FINANCIAL STATEMENTS OF HUDSON PACIFIC PROPERTIES, INC.

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

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(3) Exhibits

Exhibit Number	Description
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Hudson Pacific Properties, Inc.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Hudson Pacific Properties, Inc.
31.3	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Hudson Pacific Properties, L.P.
31.4	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 Hudson Pacific Properties, L.P.
32.1	Certifications by Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Hudson Pacific Properties, Inc.
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 Annual Report on Form 10-K for the year ended December 31, 2015, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income (Loss), (iv) Consolidated Statement of Equity, (v) Consolidated Statements of Cash Flows and (vi) Notes to Consolidated Financial Statements *

* 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.

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SIGNATURES

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

	HUDSON PACIFIC PROPERTIES, INC.
December 23, 2016	/s/ VICTOR J. COLEMAN VICTOR J. COLEMAN Chief Executive Officer (principal executive officer)

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

Signature	Title	Date
/S/ VICTOR J. COLEMAN Victor J. Coleman	Chief Executive Officer, President and Chairman of the Board of Directors (Principal Executive Officer)	December 23, 2016
/S/ MARK T. LAMMAS Mark T. Lammas	Chief Operating Officer, Chief Financial Officer and Treasurer (Principal Financial Officer)	December 23, 2016
/S/ HAROUT K. DIRAMERIAN Harout K. Diramerian	Chief Accounting Officer (Principal Accounting Officer)	December 23, 2016
* Theodore R. Antenucci	Director	December 23, 2016
* Frank Cohen	Director	December 23, 2016
* Richard B. Fried	Director	December 23, 2016
* Jonathan M. Glaser	Director	December 23, 2016
* Robert L. Harris II	Director	December 23, 2016
* Mark D. Linehan	Director	December 23, 2016
* Robert M. Moran, Jr.	Director	December 23, 2016

*	Director	December 23, 2016
Michael Nash		
*	Director	December 23, 2016
Barry A. Porter		

*By: /S/ MARK T. LAMMAS
Attorney-in-Fact

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SIGNATURES

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

	HUDSON PACIFIC PROPERTIES, L.P.
December 23, 2016	/s/ VICTOR J. COLEMAN VICTOR J. COLEMAN Chief Executive Officer (principal executive officer)

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

Signature	Title	Date
/S/ VICTOR J. COLEMAN Victor J. Coleman	Chief Executive Officer, President and Chairman of the Board of Directors (Principal Executive Officer)	December 23, 2016
/S/ MARK T. LAMMAS Mark T. Lammas	Chief Operating Officer and Chief Financial Officer and Treasurer (Principal Financial Officer)	December 23, 2016
/S/ HAROUT K. DIRAMERIAN Harout K. Diramerian	Chief Accounting Officer (Principal Accounting Officer)	December 23, 2016
* Theodore R. Antenucci	Director	December 23, 2016
* Frank Cohen	Director	December 23, 2016
* Richard B. Fried	Director	December 23, 2016
* Jonathan M. Glaser	Director	December 23, 2016
* Robert L. Harris II	Director	December 23, 2016
* Mark D. Linehan	Director	December 23, 2016
* Robert M. Moran, Jr.	Director	December 23, 2016
*	Director	

Michael Nash		December 23, 2016
*	Director	December 23, 2016
Barry A. Porter		

*By: /S/ MARK T. LAMMAS
Attorney-in-Fact

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Report of Management on Internal Control over Financial Reporting

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

Our system of internal control is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of our financial statements for external reporting purposes in accordance with United States generally accepted accounting principles. Our management, including the undersigned Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2015. In conducting its assessment, management used the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission on Internal Control—Integrated Framework (2013 Framework). Based on this assessment, management concluded that, as of December 31, 2015, our internal control over financial reporting was effective based on those criteria.

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

The effectiveness of our internal control over financial reporting as of December 31, 2015, has been audited by Ernst & Young LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this annual report, as stated in their report appearing on page F-2, which expresses an unqualified opinion on the effectiveness of our internal control over financial reporting as of December 31, 2015.

/S/ VICTOR J. COLEMAN
Victor J. Coleman
Chief Executive Officer, President and
Chairman of the Board of Directors

/S/ MARK T. LAMMAS
Mark T. Lammas
Chief Operating Officer, Chief Financial Officer and Treasurer

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Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

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

We have audited Hudson Pacific Properties, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (the COSO criteria). Hudson Pacific Properties, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

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

In our opinion, Hudson Pacific Properties, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Hudson Pacific Properties, Inc. as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the three years in the period ended December 31, 2015, and our report dated February 26, 2016 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Irvine, California
February 26, 2016

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of
Hudson Pacific Properties, Inc.

We have audited the accompanying consolidated balance sheets of Hudson Pacific Properties, Inc. (the "Company"), as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedules listed in the Index at Item 15(a). These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hudson Pacific Properties, Inc. at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015 in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 3 to the consolidated financial statements, the Company changed its method for reporting discontinued operations effective January 1, 2014.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Hudson Pacific Properties, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) and our report dated February 26, 2016 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Irvine, California
February 26, 2016

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

	December 31, 2015	December 31, 2014
ASSETS		
REAL ESTATE ASSETS		
Land	$ 1,283,751	$ 620,805
Building and improvements	3,964,630	1,284,602
Tenant improvements	293,131	116,317
Furniture and fixtures	9,586	13,721
Property under development	218,438	135,850
Total real estate held for investment	5,769,536	2,171,295
Accumulated depreciation and amortization	(269,074)	(134,657)
Investment in real estate, net	5,500,462	2,036,638
Cash and cash equivalents	53,551	17,753
Restricted cash	18,010	14,244
Accounts receivable, net	21,159	16,247
Notes receivable	28,684	28,268
Straight-line rent receivables	59,636	33,006
Deferred leasing costs and lease intangible assets, net	318,031	102,023
Interest rate contracts	2,061	3
Goodwill	8,754	8,754
Prepaid expenses and other assets	27,292	10,039
Assets associated with real estate held for sale	216,395	68,165
TOTAL ASSETS	$ 6,254,035	$ 2,335,140
LIABILITIES AND EQUITY		
Notes payable, net	$ 2,260,716	$ 912,683
Accounts payable and accrued liabilities	84,048	36,844
Lease intangible liabilities, net	95,208	40,969
Security deposits	21,302	6,257
Prepaid rent	38,245	8,600
Interest rate contracts	2,010	1,750
Liabilities associated with real estate held for sale	13,292	42,845
TOTAL LIABILITIES	2,514,821	1,049,948
6.25% series A cumulative redeemable preferred units of the Operating Partnership	10,177	10,177
EQUITY		
Hudson Pacific Properties, Inc. stockholders' equity:		
Preferred stock, $0.01 par value, 10,000,000 authorized; 8.375% series B cumulative redeemable preferred stock, $25.00 per unit liquidation preference, no outstanding shares at December 31, 2015, 5,800,000 shares outstanding at December 31, 2014.	—	145,000
Common stock, $0.01 par value, 490,000,000 authorized, 89,153,780 shares and 66,797,816 shares outstanding at December 31, 2015 and 2014, respectively.	891	668
Additional paid-in capital	1,710,979	1,070,833

Accumulated other comprehensive deficit	(1,081)	(2,443)
Accumulated deficit	(44,955)	(34,884)
Total Hudson Pacific Properties, Inc. stockholders’ equity	1,665,834	1,179,174
Non-controlling interest—members in Consolidated Entities	262,625	42,990
Non-controlling common units in the Operating Partnership	1,800,578	52,851
TOTAL EQUITY	3,729,037	1,275,015
TOTAL LIABILITIES AND EQUITY	$ 6,254,035	$ 2,335,140

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

	Year Ended December 31,		
	2015	2014	2013
Revenues			
Office			
Rental	$394,543	$156,806	$124,839
Tenant recoveries	66,235	34,509	25,870
Parking and other	20,940	22,471	14,732
Total office revenues	481,718	213,786	165,441
Media & Entertainment			
Rental	23,027	22,138	23,003
Tenant recoveries	943	1,128	1,807
Other property-related revenue	14,849	15,751	15,072
Other	313	612	235
Total Media & Entertainment revenues	39,132	39,629	40,117
Total revenues	520,850	253,415	205,558
Operating expenses			
Office operating expenses	166,131	78,372	63,434
Media & Entertainment operating expenses	23,726	25,897	24,149
General and administrative	38,534	28,253	19,952
Depreciation and amortization	245,071	72,216	70,063
Total operating expenses	473,462	204,738	177,598
Income from operations	47,388	48,677	27,960
Other expense (income)			
Interest expense	50,667	25,932	25,470
Interest income	(124)	(30)	(272)
Acquisition-related expenses	43,336	4,641	1,446
Other expense (income)	62	(14)	(99)
Total other expenses	93,941	30,529	26,545
(Loss) income from continuing operations before gain on sale of real estate	(46,553)	18,148	1,415
Gain on sale of real estate	30,471	5,538	—
(Loss) income from continuing operations	(16,082)	23,686	1,415
(Loss) income from discontinued operations	—	(164)	1,571
Impairment loss from discontinued operations	—	—	(5,580)
Net (loss) income from discontinued operations	—	(164)	(4,009)
Net (loss) income	$(16,082)	$23,522	$(2,594)
Net income attributable to preferred stock and units	(12,105)	(12,785)	(12,893)
Original issuance costs of redeemed Series B preferred stock (note 9)	(5,970)	—	—
Net income attributable to restricted shares	(356)	(274)	(300)
Net (income) loss attributable to non-controlling interest in consolidated entities	(3,853)	(149)	321
Net loss (income) attributable to common units in the Operating Partnership	21,969	(359)	633
	$(16,397)	$9,955	$(14,833)

Net (loss) income attributable to Hudson Pacific Properties, Inc. common stockholders			
Basic and diluted per share amounts:			
Net (loss) income from continuing operations attributable to common stockholders	$(0.19)	$0.15	$(0.20)
Net (loss) income from discontinued operations	—	—	(0.07)
Net (loss) income attributable to common stockholders' per share—basic	$(0.19)	$0.15	$(0.27)
Net (loss) income attributable to common stockholders' per share—diluted	(0.19)	0.15	(0.27)
Weighted average shares of common stock outstanding—basic	85,927,216	65,792,447	55,182,647
Weighted average shares of common stock outstanding—diluted	85,927,216	66,509,447	55,182,647

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

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

	Year Ended December 31,		
	2015	2014	2013
Net (loss) income	$(16,082)	$23,522	$(2,594)
Other comprehensive income (loss): cash flow hedge adjustment	2,597	(1,499)	303
Comprehensive (loss) income	(13,485)	22,023	(2,291)
Comprehensive income attributable to preferred stock and units	(12,105)	(12,785)	(12,893)
Comprehensive income attributable to redemption of series B preferred stock (note 9)	(5,970)	—	—
Comprehensive income attributable to restricted shares	(356)	(274)	(300)
Comprehensive (income) loss attributable to non-controlling interest in consolidated real estate entities	(3,853)	(149)	321
Comprehensive (income) loss attributable to common units in the Operating Partnership	20,734	(306)	620
Comprehensive (loss) income attributable to Hudson Pacific Properties, Inc. common stockholders	$(15,035)	$8,509	$(14,543)

The accompanying notes are an integral part of these consolidated financial statements.
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HUDSON PACIFIC PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(in thousands, except share and per share amounts)

	Hudson Pacific Properties, Inc. Stockholders' Equity								
	Common Shares	Stock Amount	Series B Cumulative Redeemable Preferred Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Deficit) Income	Non-controlling Interests — Common units in the Operating Partnership	Non-controlling Interest — Members in Consolidated Entities	Total Equity
Balance, January 1, 2013	47,496,732	$475	$145,000	$726,605	$(30,580)	$(1,287)	$55,549	$1,460	$897,222
Contributions	—	—	—	—	—	—	—	45,704	45,704
Distributions	—	—	—	—	—	—	—	(1,160)	(1,160)
Proceeds from sale of common stock, net of underwriters' discount	9,812,644	98	—	202,444	—	—	—	—	202,542
Common stock issuance transaction costs	—	—	—	(577)	—	—	—	—	(577)
Issuance of unrestricted stock	5,756	—	—	—	—	—	—	—	—
Issuance of restricted stock	44,219	—	—	—	—	—	—	—	—
Forfeiture of restricted stock	(3,415)	—	—	—	—	—	—	—	—
Shares repurchased	(125,737)	(1)	—	(2,755)	—	—	—	—	(2,756)
Declared Dividend	—	—	(12,144)	(28,415)	—	—	(1,192)	—	(41,751)
Amortization of stock-based compensation	—	—	—	6,682	—	—	—	—	6,682
Net income (loss)	—	—	12,144	—	(14,533)	—	(633)	(321)	(3,343)
Cash Flow Hedge Adjustment	—	—	—	—	—	290	13	—	303
Balance, December 31, 2013	57,230,199	$572	$145,000	$903,984	$(45,113)	$(997)	$53,737	$45,683	$1,102,866
Distributions	—	—	—	—	—	—	—	(2,842)	(2,842)
Proceeds from sale of common	9,563,500	96	—	197,372	—	—	—	—	197,468

stock, net of underwriters' discount									
Common stock issuance transaction costs	—	—	—	(1,599)	—	—	—	—	(1,599)
Issuance of unrestricted stock	6,922	—	—	—	—	—	—	—	—
Shares repurchased	(2,805)	—	—	(3,129)	—	—	—	—	(3,129)
Declared Dividend	—	—	(12,144)	(33,774)	—	—	(1,192)	—	(47,110)
Amortization of stock-based compensation	—	—	—	7,979	—	—	—	—	7,979
Net income (loss)	—	—	12,144	—	10,229	—	359	149	22,881
Cash Flow Hedge Adjustment	—	—	—	—	—	(1,446)	(53)	—	(1,499)
Balance, December 31, 2014	66,797,816	$ 668	$ 145,000	$ 1,070,833	$ (34,884)	$ (2,443)	$ 52,851	$ 42,990	$ 1,275,015
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)

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

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HUDSON PACIFIC PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF EQUITY—(Continued)
(in thousands, except share and per share amounts)

	Hudson Pacific Properties, Inc. Stockholders' Equity								
	Common Shares	Stock Amount	Series B Cumulative Redeemable Preferred Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Deficit) Income	Non-controlling Interests — Common units in the Operating Partnership	Non-controlling Interest — Members in Consolidated Entities	Total Equity
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 repurchased	(85,469)	—	—	(5,128)	—	—	—	—	(5,128)
Declared Dividend	—	—	(11,469)	(50,244)	—	—	(25,631)	—	(87,344)
Amortization of stock-based compensation	—	—	—	8,832	—	—	—	—	8,832
Net income (loss)	—	—	11,469	—	(10,071)	—	(21,969)	3,853	(16,718)
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, December 31, 2015	89,153,780	$ 891	$ —	$ 1,710,979	$ (44,955)	$ (1,081)	$ 1,800,578	$ 262,625	$ 3,729,037

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

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

	Year Ended December 31,		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) income	$(16,082)	$23,522	$(2,594)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	245,071	72,216	70,852
Amortization of deferred financing costs and loan premium, net	4,746	949	486
Amortization of stock based compensation	8,421	7,559	6,454
Straight-line rent receivables	(29,392)	(13,362)	(10,383)
Amortization of above-market leases	12,534	2,026	2,542
Amortization of below-market leases	(34,607)	(7,661)	(8,570)
Amortization of lease incentive costs	581	425	36
Bad debt expense	170	(97)	959
Amortization of ground lease intangible	2,050	248	247
Amortization of discount and net origination fees on purchased and originated loans	(416)	(156)	—
(Gain) loss on real estate	(30,471)	(5,538)	5,580
Change in operating assets and liabilities:			
Restricted cash	(927)	(333)	807
Accounts receivable	(5,734)	(7,375)	3,557
Lease intangibles	(28,980)	(12,266)	(24,213)
Prepaid expenses and other assets	(17,032)	(1,602)	(803)
Accounts payable and accrued liabilities	18,342	3,114	957
Security deposits	15,351	485	(500)
Prepaid rent	31,231	1,014	(3,867)
Net cash provided by operating activities	$174,856	$63,168	$41,547
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to investment property	$(170,590)	$(123,298)	$(87,153)
Property acquisitions	(1,804,597)	(113,580)	(389,883)
Acquisition of Notes receivable	—	(28,112)	—
Proceeds from sale of real estate	177,488	18,629	52,994
Net cash used in investing activities	$(1,797,699)	$(246,361)	$(424,042)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from notes payable	$2,234,687	$448,972	$444,927
Payments of notes payable	(913,694)	(417,508)	(202,122)
Proceeds from issuance of common stock	385,589	197,468	202,542
Redemption of Series B preferred stock	(145,000)	—	—
Common stock issuance transaction costs	(4,969)	(1,599)	(577)
Dividends paid to common stock and unit holders	(75,875)	(34,966)	(29,607)
Dividends paid to preferred stock and unit holders	(12,071)	(12,785)	(12,893)
Contributions by members	217,795	—	—
Redemption of 6.25% series A cumulative redeemable preferred units	—	(298)	(2,000)

Distribution to non-controlling member in consolidated real estate entity	(2,013)	(2,842)	(1,160)
Repurchase of vested restricted stock	(5,128)	(3,129)	(2,756)
Payments of loan costs	(20,680)	(2,723)	(2,407)
Net cash provided by financing activities	$1,658,641	$170,590	$393,947
Net increase (decrease) in cash and cash equivalents	35,798	(12,603)	11,452
Cash and cash equivalents — beginning of period	$17,753	$30,356	$18,904
Cash and cash equivalents-end of period	$53,551	$17,753	$30,356

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

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

	Year Ended December 31,		
	2015	2014	2013
Supplemental disclosure of cash flow information			
Cash paid for interest, net of amounts capitalized	$50,208	$32,107	$28,894
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Accounts payable and accrued liabilities for investment in property	$(27,972)	$(4,720)	$(2,554)
Issuance of Common stock in connection with property acquisition (note 3)	$87	$—	$—
Additional paid-in capital in connection with property acquisition (note 3)	$285,358	$—	$—
Assumption of secured debt in connection with property acquisitions	$—	$—	$102,299
Assumption of other assets and liabilities in connection with operating and development property acquisitions, net (Note 3)	$—	$(449)	$(2,423)
Non-controlling common units in the Operating Partnership in connection with property acquisition	$1,814,936	$—	$—
Non-controlling interest in consolidated real estate entity	$—	$—	$45,704

The accompanying notes are an integral part of these consolidated financial statements.
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Report of Independent Registered Public Accounting Firm

The Partners of Hudson Pacific Properties, L.P.

We have audited the accompanying consolidated balance sheets of Hudson Pacific Properties, L.P. (the "Operating Partnership"), as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), capital, and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedules listed in the Index at Item 15(a). These financial statements and schedules are the responsibility of the Operating Partnership's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Operating Partnership's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Operating Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Operating Partnership at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015 in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, the Operating Partnership changed its method for reporting discontinued operations effective January 1, 2014.

/s/ ERNST & YOUNG LLP

Irvine, California
February 26, 2016

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

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

	December 31, 2015	December 31, 2014
ASSETS		
REAL ESTATE ASSETS		
Land	$ 1,283,751	$ 620,805
Building and improvements	3,964,630	1,284,602
Tenant improvements	293,131	116,317
Furniture and fixtures	9,586	13,721
Property under development	218,438	135,850
Total real estate held for investment	5,769,536	2,171,295
Accumulated depreciation and amortization	(269,074)	(134,657)
Investment in real estate, net	5,500,462	2,036,638
Cash and cash equivalents	53,551	17,753
Restricted cash	18,010	14,244
Accounts receivable, net	21,159	16,247
Notes receivable	28,684	28,268
Straight-line rent receivables	59,636	33,006
Deferred leasing costs and lease intangible assets, net	318,031	102,023
Interest rate contracts	2,061	3
Goodwill	8,754	8,754
Prepaid expenses and other assets	27,292	10,039
Assets associated with real estate held for sale	216,395	68,165
TOTAL ASSETS	$ 6,254,035	$ 2,335,140
Liabilities		
Notes payable	$ 2,260,716	$ 912,683
Accounts payable and accrued liabilities	84,048	36,844
Deferred leasing costs and lease intangible liabilities	95,208	40,969
Security deposits	21,302	6,257
Prepaid rent	38,245	8,600
Interest rate collar liability	2,010	1,750
Obligations associated with real estate held for sale	13,292	42,845
TOTAL LIABILITIES	2,514,821	1,049,948
6.25% series A cumulative redeemable preferred units of the Operating Partnership	10,177	10,177
Capital		
Partners' Capital:		
8.375% series B cumulative redeemable preferred stock, $25.00 per unit liquidation preference, no outstanding shares at December 31, 2015, 5,800,000 shares outstanding at December 31, 2014.	—	145,000
Common units, 145,450,095 and 69,180,379 issued and outstanding at December 31, 2015 and 2014, respectively	3,466,412	1,087,025
Total Hudson Pacific Properties, L.P. Capital	3,466,412	1,232,025

Non-controlling interest—members in Consolidated Entities	262,625	42,990
TOTAL CAPITAL	3,729,037	1,275,015
TOTAL LIABILITIES AND CAPITAL	$ 6,254,035	$ 2,335,140

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

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

	Year Ended December 31,		
	2015	2014	2013
Revenues			
Office			
Rental	$394,543	$156,806	$124,839
Tenant recoveries	66,235	34,509	25,870
Parking and other	20,940	22,471	14,732
Total office revenues	481,718	213,786	165,441
Media & Entertainment			
Rental	23,027	22,138	23,003
Tenant recoveries	943	1,128	1,807
Other property-related revenue	14,849	15,751	15,072
Other	313	612	235
Total Media & Entertainment revenues	39,132	39,629	40,117
Total revenues	520,850	253,415	205,558
Operating expenses			
Office operating expenses	166,131	78,372	63,434
Media & Entertainment operating expenses	23,726	25,897	24,149
General and administrative	38,534	28,253	19,952
Depreciation and amortization	245,071	72,216	70,063
Total operating expenses	473,462	204,738	177,598
Income from operations	47,388	48,677	27,960
Other expense (income)			
Interest expense	50,667	25,932	25,470
Interest income	(124)	(30)	(272)
Acquisition-related expenses	43,336	4,641	1,446
Other expense (income)	62	(14)	(99)
	93,941	30,529	26,545
(Loss) income from continuing operations before gain on sale of real estate	(46,553)	18,148	1,415
Gain on sale of real estate	30,471	5,538	—
(Loss) income from continuing operations	(16,082)	23,686	1,415
(Loss) income from discontinued operations	—	(164)	1,571
Impairment loss from discontinued operations	—	—	(5,580)
Net (loss) income from discontinued operations	—	(164)	(4,009)
Net (loss) income	$(16,082)	$23,522	$(2,594)
Net loss (income) attributable to non-controlling interest in consolidated entities	(3,853)	(149)	321
Net (loss) income attributable to Hudson Pacific Properties, L.P.	$(19,935)	$23,373	$(2,273)
Preferred distributions—Series A units	(636)	(641)	(749)
Preferred distributions—Series B units	(11,469)	(12,144)	(12,144)
Original issuance costs of redeemed Series B preferred units (note 9)	(5,970)	—	—
Total preferred distributions	$(18,075)	$(12,785)	$(12,893)
Net income attributable to restricted shares	$(356)	$(274)	$(300)

Net (loss) income available to common unitholders	$(38,366)	$10,314	$(15,466)
Basic and diluted per unit amounts:			
Net (loss) income from continuing operations attributable to common unitholders	$(0.30)	$0.15	$(0.20)
Net income (loss) from discontinued operations	—	—	(0.07)
Net (loss) income attributable to common unitholders per unit—basic and diluted	$(0.30)	$0.15	$(0.27)
Net (loss) income attributable to common unitholders per unit—diluted	$(0.30)	0.15	(0.27)
Weighted average shares of common units outstanding—basic and diluted	128,948,077	68,175,010	57,565,210
Weighted average shares of common units outstanding—diluted	128,948,077	68,721,339	57,565,210

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

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

	Year Ended December 31,		
	2015	2014	2013
Net (loss) income	$(16,082)	$23,522	$(2,594)
Other comprehensive income (loss): cash flow hedge adjustment	2,597	(1,499)	303
Comprehensive (loss) income	(13,485)	22,023	(2,291)
Comprehensive income attributable to Series A preferred units	(636)	(641)	(749)
Comprehensive income attributable to Series B preferred units	(11,469)	(12,144)	(12,144)
Comprehensive income attributable to original issuance costs related to redeemed Series B preferred units (note 9)	(5,970)	—	—
Comprehensive income attributable to restricted shares	(356)	(274)	(300)
Comprehensive (income) loss attributable to non-controlling interest in consolidated real estate entities	(3,853)	(149)	321
Comprehensive (loss) income attributable to common unit holders	(35,769)	8,815	(15,163)

The accompanying notes are an integral part of these consolidated financial statements.
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HUDSON PACIFIC PROPERTIES, L.P.
CONSOLIDATED STATEMENTS OF EQUITY
(in thousands, except share and per share amounts)

	Partners' Capital					
	Preferred Units	Number of Common Units	Common Units	Total Partners' Capital	Non-controlling Interest — Members in Consolidated Entities	Total Capital
Balance, January 1, 2013	145,000	49,879,295	750,762	895,762	1,460	897,222
Contributions	—	—	—	—	45,704	45,704
Distributions	—	—	—	—	(1,160)	(1,160)
Proceeds from sale of common units, net of underwriters' discount	—	9,812,644	202,542	202,542	—	202,542
Common unit issuance transaction costs	—	—	(577)	(577)	—	(577)
Issuance of unrestricted units	—	5,756	—	—	—	—
Issuance of restricted units	—	44,219	—	—	—	—
Forfeiture of restricted units	—	(3,415)	—	—	—	—
Units repurchased	—	(125,737)	(2,756)	(2,756)	—	(2,756)
Declared Distributions	(12,144)	—	(29,607)	(41,751)	—	(41,751)
Amortization of unit based compensation	—	—	6,682	6,682	—	6,682
Net income (loss)	12,144	—	(15,166)	(3,022)	(321)	(3,343)
Cash Flow Hedge Adjustment	—	—	303	303	—	303
Balance at December 31, 2013	145,000	59,612,762	912,183	1,057,183	45,683	1,102,866
Distributions	—	—	—	—	(2,842)	(2,842)
Proceeds from sale of common units, net of underwriters' discount	—	9,563,500	197,468	197,468	—	197,468
Equity offering transaction costs	—	—	(1,599)	(1,599)	—	(1,599)
Issuance of unrestricted units	—	6,922	—	—	—	—
Units repurchased	—	(2,805)	(3,129)	(3,129)	—	(3,129)
Declared distributions	(12,144)	—	(34,966)	(47,110)	—	(47,110)
Amortization of unit based compensation	—	—	7,979	7,979	—	7,979
Net income	12,144	—	10,588	22,732	149	22,881
Cash flow hedge adjustment	—	—	(1,499)	(1,499)	—	(1,499)
Balance, December 31, 2014	145,000	69,180,379	1,087,025	1,232,025	42,990	1,275,015
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)
Issuance of unrestricted units	—	63,668,962	2,100,381	2,100,381	—	2,100,381
Issuance of restricted units	—	36,223	—	—	—	—
Units repurchased	—	(85,469)	(5,128)	(5,128)	—	(5,128)
Declared distributions	(11,469)	—	(75,875)	(87,344)	—	(87,344)
Amortization of unit based compensation	—	—	8,832	8,832	—	8,832
Net income	11,469	—	(32,040)	(20,571)	3,853	(16,718)
Cash Flow Hedge Adjustment	—	—	2,597	2,597	—	2,597
Redemption of Series B Preferred Stock	(145,000)	—	—	(145,000)	—	(145,000)
Balance, December 31, 2015	—	145,450,095	3,466,412	3,466,412	262,625	3,729,037

The accompanying notes are an integral part of these consolidated financial statements.
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HUDSON PACIFIC PROPERTIES, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) income	$(16,082)	$23,522	$(2,594)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	245,071	72,216	70,852
Amortization of deferred financing costs and loan premium, net	4,746	949	486
Amortization of stock based compensation	8,421	7,559	6,454
Straight-line rent receivables	(29,392)	(13,362)	(10,383)
Amortization of above-market leases	12,534	2,026	2,542
Amortization of below-market leases	(34,607)	(7,661)	(8,570)
Amortization of lease incentive costs	581	425	36
Bad debt expense	170	(97)	959
Amortization of ground lease	2,050	248	247
Amortization of discount and net origination fees on purchased and originated loans	(416)	(156)	—
(Gain) loss from sale of real estate	(30,471)	(5,538)	5,580
Change in operating assets and liabilities:			
Restricted cash	(927)	(333)	807
Accounts receivable	(5,734)	(7,375)	3,557
Lease intangibles	(28,980)	(12,266)	(24,213)
Prepaid expenses and other assets	(17,032)	(1,602)	(803)
Accounts payable and accrued liabilities	18,342	3,114	957
Security deposits	15,351	485	(500)
Prepaid rent	31,231	1,014	(3,867)
Net cash provided by operating activities	$174,856	$63,168	$41,547
CASH FLOWS FROM INVESTING ACTIVITIES			
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Property acquisitions	(1,804,597)	(113,580)	(389,883)
Acquisition of notes receivable	—	(28,112)	—
Proceeds from sale of real estate	177,488	18,629	52,994
Net cash used in investing activities	$(1,797,699)	$(246,361)	$(424,042)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from notes payable	$2,234,687	$448,972	$444,927
Payments of notes payable	(913,694)	(417,508)	(202,122)
Proceeds from issuance of common stock	385,589	197,468	202,542
Redemption of Series B preferred stock	(145,000)	—	—
Common stock issuance transaction costs	(4,969)	(1,599)	(577)
Dividends paid to common stock and unitholders	(75,875)	(34,966)	(29,607)
Dividends paid to preferred stock and unitholders	(12,071)	(12,785)	(12,893)
Contributions by members	217,795	—	—
Redemption of 6.25% series A cumulative redeemable preferred units	—	(298)	(2,000)

Distribution to member in consolidated real estate entity	(2,013)	(2,842)	(1,160)
Treasury stock repurchase	(5,128)	(3,129)	(2,756)
Payments of loan costs	(20,680)	(2,723)	(2,407)
Net cash provided by financing activities	$1,658,641	$170,590	$393,947
Net increase (decrease) in cash and cash equivalents	35,798	(12,603)	11,452
Cash and cash equivalents — beginning of period	$17,753	$30,356	$18,904
Cash and cash equivalents — end of period	$53,551	$17,753	$30,356

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

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

	Year Ended December 31,		
	2015	2014	2013
Supplemental disclosure of cash flow information			
Cash paid for interest, net of amounts capitalized	$50,208	$32,107	$28,894
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Accounts payable and accrued liabilities for investment in property	$(27,972)	$(4,720)	$(2,554)
Assumption of secured debt in connection with property acquisitions (note 3)	$—	$—	$102,299
Assumption of other (assets) and liabilities in connection with property acquisitions, net (note 3)	$—	$(449)	$(2,423)
Common units in the Operating Partnership in connection with property acquisition (note 3)	$2,100,381	$—	$—
Non-controlling interest in consolidated real estate entity	$—	$—	$45,704

The accompanying notes are an integral part of these consolidated financial statements.
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Hudson Pacific Properties, Inc. And Hudson Pacific Properties, L.P.
Notes to Consolidated Financial Statements
(In thousands, except square footage and share data or as otherwise noted)

1. Organization

Hudson Pacific Properties, Inc. (which is referred to in these financial statements as the "Company," "we," "us," or "our") is a Maryland corporation formed on November 9, 2009 that did not have any meaningful operating activity until the consummation of our initial public offering and the related acquisition of our 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, we have been a fully integrated, self-administered, and self-managed real estate investment trust ("REIT"). Through our controlling interest in Hudson Pacific Properties, L.P. ("our operating partnership" or the "Operating Partnership" and is also referred to in these financial statements as the "Company," "we," "us," or "our") and its subsidiaries, we own, manage, lease, acquire and develop real estate, consisting primarily of office and media and entertainment properties. 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, proration, and closing costs included a cash payment of $1.75 billion and an aggregate of 63,474,791 shares of common stock of the Company and common units in the Operating Partnership. See Note 3, "Investment in Real Estate" for additional details.

As of December 31, 2015, we owned a portfolio of 54 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 are prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). The consolidated financial statements of the Company include the accounts of the Company, the Operating Partnership and all of our wholly owned and controlled subsidiaries. The consolidated financial statements of the Operating Partnership include the accounts of the Operating Partnership, and all wholly owned and controlled subsidiaries of the Operating Partnership. All intercompany balances and transactions have been eliminated in the consolidated financial statements.

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

Certain amounts in the Consolidated Balance Sheets for prior periods have been reclassified to reflect the adoption of Accounting Standards Update ("ASU") 2015-03, Interest—Imputation of Interest ("ASU 2015-03"). The Company has reclassified $5.4 million of deferred financing fees from an asset to a reduction in the carrying amount of the

Company's notes payable. In accordance with ASU 2015-15, Interest—Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements—Amendments to SEC Paragraphs Pursuant to Staff Announcement at 18 June 2015 EITF Meeting, deferred financing fees of $3.3 million related to the Company's unsecured revolving credit facility and undrawn term loans are included in Prepaid expenses and other assets within the Company's Consolidated Balance Sheets.

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 on-going 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.

Investment in Real Estate Properties

Acquisitions

When the Company acquires properties that are considered business combinations, the purchase price is allocated to various components of the acquisition based upon the fair value of each component. The components include but are not limited to land, building and improvements, intangible assets related to above-and below-market leases, intangible assets related to in-place leases, debt and other assumed assets and liabilities. The initial allocation of the purchase price is based on management’s preliminary assessment, which may differ when final information becomes available. Subsequent adjustments made to the initial purchase price allocation are made within the allocation period, which typically does not exceed one year, within the Consolidated Balance Sheets.

The Company assesses fair value based on level 2 and level 3 inputs within the fair value hierarchy, which includes estimated cash flow projections that utilize discount and/or capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including historical operating results, known and anticipated trends, and market and economic conditions.

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

Cost Capitalization

The Company capitalizes direct construction and development costs, including predevelopment costs, interest, property taxes, insurance and other costs directly related and essential to the acquisition, development or construction of a real estate project. Indirect development costs, including salaries and benefits, office rent, and associated costs for those individuals directly responsible for and who spend their time on development activities are also capitalized and allocated to the projects to which they relate. Capitalized personnel costs were approximately $7.3 million and $3.1 million for the years ended December 31, 2015 and 2014, respectively. Interest is capitalized on the construction in progress at a rate equal to the Company’s weighted average cost of debt. Capitalized interest was approximately $6.5 million and $6.9 million for the years ended December 31, 2015 and 2014, respectively. Construction and development costs are capitalized while substantial activities are ongoing to prepare an asset for its intended use. The Company considers a construction project as substantially complete and held available for occupancy upon the completion of tenant improvements but no later than one year after cessation of major construction activity. Costs incurred after a project is substantially complete and ready for its intended use, or after development activities have ceased, are expensed as they are incurred. Costs previously capitalized related to abandoned acquisitions or developments are charged to earnings. Expenditures for repairs and maintenance are expensed as they are incurred.

Operating Properties

The properties are generally carried at cost less accumulated depreciation and amortization. The Company computes depreciation using the straight-line method over the estimated useful lives of 39 years for building and improvements, 15 years for land improvements, five or seven years for furniture and fixtures and equipment, and over the shorter of asset life or life of the lease for tenant improvements. Above- and below-market lease intangibles are amortized to revenue over the remaining non-cancellable lease terms and bargain renewal periods, if applicable. Other in-place lease intangibles are amortized to expense over the remaining non-cancellable lease term. Depreciation is discontinued when a property is identified as held for sale.

Held for sale

The Company classifies properties as held for sale when certain criteria set forth in Accounting Standard Codification (ASC) Topic 360, Property, Plant, and Equipment, are met. At the time a property is classified as held for sale, the Company reclassifies its assets and liabilities to held for sale in the Consolidated Balance Sheets for the periods presented and cease recognizing depreciation expense. Properties held for sale are reported at the lower of their carrying value or their estimated fair value, less estimated costs to sell. At December 31, 2015 and 2014, the Company classified one property as held for sale.

Impairment of Long-Lived Assets

The Company assesses the carrying value of real estate assets and related intangibles whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable in accordance with GAAP. Impairment losses are recorded on real estate assets held for investment when indicators of impairment are present and the future undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. The Company recognizes impairment losses to the extent the carrying amount exceeds the fair value of the properties. The Company recorded no impairment charges during the years ended December 31, 2015 and 2014.

Goodwill

Goodwill represents the excess of acquisition cost over the fair value of net tangible and identifiable intangible assets acquired and liabilities assumed in business acquisitions. The Company's goodwill balance as of December 31, 2015 and 2014, respectively, was $8.8 million. We do not amortize this asset but instead analyze it on an annual basis for impairment. No impairment indicators have been noted during the years ended December 31, 2015 and 2014, respectively.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand and in banks, plus all short-term investments with a maturity of three months or less when purchased.

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

Restricted Cash

Restricted cash consists of amounts held by lenders to provide for future real estate taxes and insurance expenditures, repairs and capital improvements reserves, general and other reserves and security deposits.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist of amounts due for monthly rents and other charges. The Company maintains an allowance for doubtful accounts for estimated losses resulting from tenant defaults or the inability of tenants to make contractual rent and tenant recovery payments. The Company monitors the liquidity and creditworthiness of its tenants and operators on an ongoing basis. This evaluation considers industry and economic conditions, property performance, credit enhancements and other factors. The Company evaluates the collectability of accounts receivable based on a combination of factors. The allowance for doubtful accounts is based on specific identification of uncollectible accounts and the Company's historical collection experience. The Company recognizes an allowance for doubtful accounts based on the length of time the receivables are past due, the current business environment and the Company's historical experience. Historical experience has been within management's expectations. The Company recognized $0.2 million, $(0.1) million and $1.0 million of bad debt (recovery) expense for the years ended December 31, 2015, 2014 and 2013, respectively.

The following table represents the Company's accounts receivable net of allowance for doubtful accounts as of:

	December 31, 2015	December 31, 2014
Accounts receivable	$ 22,180	$ 17,287
Allowance for doubtful accounts	(1,021)	(1,040)
Accounts receivable, net	$ 21,159	$ 16,247

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

Straight line rent receivable and Allowance for Doubtful Accounts

For straight-line rent amounts, the Company's assessment is based on amounts estimated to be recoverable over the term of the lease. The Company evaluates the collectability of straight line rent receivable based on length of time the related rental receivables are past due, the current business environment and the Company's historical experience.

The following table represents the Company's straight-line rent receivables net of allowance for doubtful accounts as of:

	December 31, 2015	December 31, 2014
Straight—line rent receivables	$ 60,606	$ 33,560
Allowance for doubtful accounts	(970)	(554)
Straight—line rent receivables, net	$ 59,636	$ 33,006

Notes Receivable

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 receivable under this agreement was classified as a Note Receivable on the Consolidated Balance Sheets. The Note Receivable is secured by a real estate property and bears interest at 11.0% and matures 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.

Revenue Recognition

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

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

Certain leases provide for additional rents contingent upon a percentage of the tenant's revenue in excess of specified base amounts or other thresholds. Such revenue is recognized when actual results reported by the tenant, or estimates of tenant results, exceed the base amount or other thresholds. Such revenue is recognized only after the contingency has been removed (when the related thresholds are achieved), which may result in the recognition of rental revenue in periods subsequent to when such payments are received.

Other property-related revenue is revenue that is derived from the tenants’ use of lighting, equipment rental, parking, power, HVAC and telecommunications (telephone and internet). Other property-related revenue is recognized when these items are provided.

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

The Company recognizes gains on sales of properties upon the closing of the transaction with the purchaser. Gains on properties sold are recognized using the full accrual method when (i) the collectability of the sales price is reasonably assured, (ii) the Company is not obligated to perform significant activities after the sale, (iii) the initial investment from the buyer is sufficient and (iv) other profit recognition criteria have been satisfied. Gains on sales of properties may be deferred in whole or in part until the requirements for gain recognition have been met.

Deferred Financing Costs

Deferred financing costs are amortized over the terms of the respective loans and are reported net of accumulated amortization as of December 31, 2015 and 2014 in the Notes payable, net and Prepaid expenses and other assets line item of the Consolidated Balance Sheets pursuant to the adoption of ASU 2015-03 and ASU 2015-15.

Interest Rate Contracts

The Company manages interest rate risk associated with borrowings by entering into interest rate contracts. The Company recognizes all interest rate contracts on the consolidated balance sheet on a gross basis at fair value. Interest rate contracts that are not effective hedges are adjusted to fair value and the changes in fair value are reflected as income or expense. If the interest rate contract is an effective hedge, depending on the nature of the hedge, changes in the fair value are either offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings, or recognized in other comprehensive income (loss), which is a component of equity. The ineffective portion of an interest rate contract's change in fair value is immediately recognized in earnings.

The Company held seven and three interest rate contracts as of December 31, 2015 and 2014, respectively, all of which have been accounted for as effective cash flow hedges.

Stock-Based Compensation

The Company recognizes the expense for the fair value of equity-based compensation awards in accordance with ASC Topic 718, Compensation—Stock Compensation (referred to as ASC Topic 718). Grants of restricted stock, restricted stock units and performance units under the Company's equity incentive award plans are accounted for under ASC Topic 718. The Company's compensation committee will regularly consider the accounting implications of significant compensation decisions, especially in connection with decisions that relate to our equity incentive award plans and programs.

Income Taxes

The Company's property-owning subsidiaries are limited liability companies and are treated as pass-through entities or disregarded entities (or, in the case of the entity that owns the 1455 Market Street property, a REIT) for federal income tax purposes. Accordingly, no provision has been made for federal income taxes in the accompanying consolidated financial statements for the activities of these entities.

The Company has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code") commencing with the Company's taxable year ended December 31, 2010. The Company believes that the Company has operated in a manner that has allowed the Company to qualify as a REIT for federal income tax purposes commencing with such taxable year, and the Company intends to continue operating in such manner. To qualify as a

REIT, the Company is required to distribute at least 90% of its net taxable income, excluding net capital gains, to the Company's stockholders and meet the various other requirements imposed by the Code relating to such matters as operating results, asset holdings, distribution levels and diversity of stock ownership.

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

The Company has elected, together with one of the Company's subsidiaries, to treat such subsidiary as a taxable REIT subsidiary ("TRS") for federal income tax purposes. Certain activities that the Company may undertake, such as non-customary services for the Company's tenants and holding assets that the Company cannot hold directly, will be conducted by a TRS. A TRS is subject to federal and, where applicable, state income taxes on its net income. The Company's TRS did not have significant tax provisions or deferred income tax items for 2015, 2014, 2013, or 2012.

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

The Company periodically evaluates its tax positions to determine whether it is more likely than not that such positions would be sustained upon examination by a tax authority for all open tax years, as defined by the statute of limitations, based on their technical merits. As of December 31, 2015, 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.

Fair Value of Assets and Liabilities

Under GAAP, the Company is required to measure certain financial instruments at fair value on a recurring basis. In addition, the Company is required to measure other financial instruments and balances at fair value on a non-recurring basis (e.g., carrying value of impaired real estate and long-lived assets). Fair value is defined as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. 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.

When available, the Company utilizes quoted market prices from an independent third-party source to determine fair value and classifies such items in Level 1 or Level 2. In instances where the market for a financial instrument is not active, regardless of the availability of a nonbinding quoted market price, observable inputs might not be relevant and could require the Company to make a significant adjustment to derive a fair value measurement. Additionally, in an inactive market, a market price quoted from an independent third party may rely more on models with inputs based on information available only to that independent third party. When the Company determines the market for a financial instrument owned by the Company to be illiquid or when market transactions for similar instruments do not appear orderly, the Company uses several valuation sources (including internal valuations, discounted cash flow analysis and quoted market prices) and establishes a fair value by assigning weights to the various valuation sources.

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

The Company considers the following factors to be indicators of an inactive market: (i) there are few recent transactions, (ii) price quotations are not based on current information, (iii) price quotations vary substantially either over time or among market makers (for example, some brokered markets), (iv) indexes that previously were highly correlated with the fair values of the asset or liability are demonstrably uncorrelated with recent indications of fair value for that asset or liability, (v) there is a significant increase in implied liquidity risk premiums, yields, or performance indicators (such as delinquency rates or loss severities) for observed transactions or quoted prices when compared with the Company's estimate of expected cash flows, considering all available market data about credit and other nonperformance risk for the asset or liability, (vi) there is a wide bid-ask spread or significant increase in the bid-ask spread, (vii) there is a significant decline or absence of a market for new issuances (that is, a primary market) for the asset or liability or similar assets or liabilities, and (viii) little information is released publicly (for example, a principal-to-principal market).

The Company considers the following factors to be indicators of non-orderly transactions: (i) there was not adequate exposure to the market for a period before the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets or liabilities under current market conditions, (ii) there was a usual and customary marketing period, but the seller marketed the asset or liability to a single market participant, (iii) the seller is in or near bankruptcy or receivership (that is, distressed), or the seller was required to sell to meet regulatory or legal requirements (that is, forced), and (iv) the transaction price is an outlier when compared with other recent transactions for the same or similar assets or liabilities.

The Company's interest rate contract agreements are classified as Level 2 and their fair value is derived from estimated values obtained from observable market data for similar instruments.

Credit-Risk-Related Contingent Features

As of December 31, 2015, the Company had seven interest rate contracts that were in a net asset position.

Recently Issued Accounting Literature

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 February 25, 2016, the FASB issued ASU 2016-02, Leases. ASU 2016-02 requires all lessees to record a lease liability at lease inception, with a corresponding right of use asset, except for short-term leases. Lessor accounting will not be fundamentally changed. ASU 2016-02 is effective for fiscals years beginning after December 15, 2018 and for annual and interim periods thereafter with early adoption permitted. The Company is currently assessing the impact on Company's consolidated financial statements and notes to the consolidated financial statements.

On May 28, 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. The guidance specifically notes that lease contracts with customers are a scope exception. The standard outlines a single comprehensive model for entities to use in accounting for revenues arising from contracts with customers. This update is effective for annual reporting periods (including interim periods) beginning after December 15, 2016, and early adoption is not permitted. The Company will adopt the guidance effective January 1, 2017 and is currently assessing the impact on the Company's consolidated financial statements and notes to the consolidated financial statements.

On August 12, 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers, to defer the effective date of ASU 2014-09, which outlines a single comprehensive model for entities to use in accounting for revenues arising from contracts with customers and notes that lease contracts with customers are a scope exception. Public business entities may elect to adopt the amendments as of the original effective date; however, adoption is required for annual reporting periods beginning after December 15, 2017. The Company is currently assessing the impact on its consolidated financial statements and notes to the consolidated financial statements.

On February 18, 2015 the FASB issued 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 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. This update is effective for all entities for reporting periods (including interim periods) beginning after December 15, 2015, and early adoption is permitted. The Company expects to adopt the guidance effective January 1, 2016, and the adoption of the guidance is not anticipated to have a material impact on the Company’s consolidated financial statements and notes to the consolidated financial statements.

On August 27, 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements—Going Concern: Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern. This update requires an entity to evaluate whether there are conditions or events that raise substantial doubt about the entity’s ability to continue as a going concern

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within one year after the date that the financial statements are issued (or within one year after the financial statements are available to be issued, when applicable) and to provide related footnote disclosures in certain circumstances. This update is effective for the annual period ending after December 15, 2016, and for annual and interim periods thereafter 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

A summary of the activity of our investment in real estate including investment in real estate held for sale (Bayhill, First Financial and Tierrasanta) is as follows:

	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
Investment in real estate			
Beginning balance	$2,239,741	$2,035,330	$1,475,955
Acquisitions	3,699,289	114,008	538,322
Improvements, capitalized costs	198,561	128,018	89,707
Disposal	(13,556)	(23,977)	(9,638)
Cost of property sold	(147,509)	(13,638)	(59,016)
Ending Balance	5,976,526	2,239,741	2,035,330
Reclassification to assets associated with real estate held for sale	(206,990)	(68,446)	(82,305)
Total Investment in real estate	$5,769,536	$2,171,295	$1,953,025
Accumulated depreciation			
Beginning balance	$(142,561)	$(116,342)	$(85,184)
Depreciation expense	(151,066)	(50,044)	(41,454)
Disposals	12,999	22,310	4,837
Cost of property sold	7,904	1,515	5,459
Ending Balance	(272,724)	(142,561)	(116,342)
Reclassification to assets associated with real estate held for sale	3,650	7,904	7,931
Total Accumulated depreciation	$(269,074)	$(134,657)	$(108,411)

Acquisitions

When the Company acquires properties that are considered business combinations, the purchase price is allocate to various components of the acquisition based upon the fair value of each component. The initial allocation of the purchase price is based on management's preliminary assessment, which may differ when final information becomes available. Subsequent adjustments made to the initial purchase price allocation are made within the allocation period, which typically does not exceed one year. The Company assesses fair value based on level 2 and level 3 inputs within the fair value hierarchy, which includes estimated cash flow projections that utilize discount and/or capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including historical operating results, known and anticipated trends, and market and economic conditions. Acquisition-related expenses are expensed in the period incurred. The results of operations of each acquisition have been included in the Company's financial statements from the date of acquisition.

During 2015, the Company early adopted ASU 2015-16, Simplifying the Accounting for Measurement-Period Adjustments, which amends ASC 805, Business Combinations.

On April 1, 2015, the Company completed the EOP Acquisition 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 before certain credits, proration, and closing costs was a cash payment equal to $1.75 billion (financed with proceeds received from the Company's January 2015 common equity offering and $1.3 billion of new term debt), an aggregate of 63,474,791 shares of our common of the Company and common units in the Operating Partnership.

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On May 22, 2015, the Company acquired a three-story, 120,937-square-foot former manufacturing facility known as 4th & Traction in Los Angeles, California for $49.3 million (before certain credits, prorations and closing costs). The Company funded this off-market transaction with proceeds from its unsecured revolving credit facility.

On August 17, 2015, the Company completed the acquisition of 405 Mateo, a three-building, 83,285-square-foot redevelopment project in Downtown Los Angeles' Arts District for $40.0 million (before credits, prorations, and closing costs). The Company funded this transaction with proceeds from its unsecured revolving credit facility.

Included in the Company's consolidated financial statements for the year ended December 31, 2015 were revenues and net loss from the EOP Acquisition totaling $254.9 million and $0.1 million, respectively. There was no revenue generated by 405 Mateo or 4th & Traction as they are redevelopment projects with no current revenue stream.

The Company is in the process of finalizing the purchase price allocation for the acquisitions made in 2015. The determination of the final values may result in adjustments to the values presented. The following table represents our aggregate preliminary purchase price allocation for each of these acquisitions:

	EOP Northern California Portfolio	4th & Traction	405 Mateo	
Date of Acquisition	April 1, 2015	May 22, 2015	August 17, 2015	Total
Consideration paid				
Cash consideration	$1,715,346	$49,250	$40,000	$1,804,596
Common stock	87	—	—	87
Additional paid-in capital	285,358	—	—	285,358
Non-controlling common units in the Operating Partnership	1,814,936	—	—	1,814,936
Total consideration	$3,815,727	$49,250	$40,000	$3,904,977
Allocation of consideration paid				
Investment in real estate, net	$3,610,039	$49,250	40,000	$3,699,289
Above-market leases(1)	28,759	—	—	28,759
Below-market ground leases(2)	52,065	—	—	52,065
Deferred leasing costs and in-place intangibles(3)	225,431	—	—	225,431
Below-market leases(4)	(99,472)	—	—	(99,472)
Above-market ground leases(5)	(1,095)	—	—	(1,095)
Total consideration paid	$3,815,727	$49,250	$40,000	$3,904,977

(1) Represents weighted-average amortization period of 3.0 years.
(2) Represents weighted-average amortization period of 27.7 years.
(3) Represents weighted-average amortization period of 3.6 years.
(4) Represents weighted-average amortization period of 4.3 years.
(5) Represents weighted-average amortization period of 25.4 years.

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

During 2014, we acquired the following properties: Merrill Place, 3402 Pico Blvd. and 12655 Jefferson. The results of operations for each of these acquisitions are included in our consolidated statements of operations from the date of acquisition. The following table represents our final purchase price accounting for each of these acquisitions:

	Merrill Place	3402 Pico Blvd.	12655 Jefferson	
Date of Acquisition	February 12, 2014	February 28, 2014	October 17, 2014	Total
Consideration paid				
Cash consideration	$57,034	$18,546	$38,000	$113,580
Total consideration	$57,034	$18,546	$38,000	$113,580
Allocation of consideration paid				
Investment in real estate, net	$57,508	$18,500	$38,000	$114,008
Above-market leases(1)	173	—	—	173
Deferred leasing costs and lease intangibles(2)	3,163	—	—	3,163
Below-market leases(3)	(3,315)	—	—	(3,315)
Other (liabilities) asset assumed, net	(495)	46	—	(449)
Total consideration paid	$57,034	$18,546	$38,000	$113,580

(1) Represents weighted-average amortization period of 7.6 years.
(2) Represents weighted-average amortization period of 4.8 years.
(3) Represents weighted-average amortization period of 5.8 years.

The table below shows the pro forma financial information (unaudited) for the years ended December 31, 2015 and 2014 as if the EOP Northern California Properties had been acquired as of January 1, 2014.

	Year Ended December 31,	
	2015	2014
Total revenues	$599,441	$572,277
Net loss	$(6,252)	$26,293

Dispositions

On September 29, 2015, the Company sold its Bay Park Plaza office property in Burlingame, California for $90.0 million (before certain credits, prorations and closing costs). This property was part of the EOP Acquisition, therefore, no reclassification to held for sale for the prior period balances are necessary. The Company recognized a gain on sale of $8.4 million related to this disposition.

On March 6, 2015, the Company sold its First Financial office property for $89.0 million (before certain credits, prorations, and closing costs) and therefore, reclassified First Financial’s asset and liabilities to held for sale. The Company recognized a gain on sale of $22.1 million related to this disposition.

On July 16, 2014, the Company sold its Tierrasanta property for $19.5 million (before certain credits, prorations, and closing costs) and therefore, reclassified Tierrasanta’s assets and liabilities to held for sale. The Company recognized a gain on sale of $5.5 million.

On July 12, 2013, the Company sold its City Plaza property for approximately $56.0 million (before certain credits, prorations, and closing costs). The Company reclassified City Plaza’s results of operations for the years ended December 31, 2015, 2014 and 2013 to discontinued operations on its consolidated statements of operations. The Company recognized an impairment loss of $5.6 million for the year ended December 31, 2013.

Pursuant to the Company’s adoption of ASU No. 2014-08 in 2014, the Company has not presented the operating results in net income (loss) from discontinued operations for disposals listed above except for the City Plaza property. The following table sets forth the discontinued operations for the years ended December 31, 2015, 2014 and 2013 for the City Plaza:

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Notes to Consolidated Financial Statements—(Continued)
(Tables in thousands, except square footage and share data)

	Year Ended December 31,		
	2015	2014	2013
Total office revenues	$—	$—	$4,321
Office operating expenses	—	(164)	(1,961)
Depreciation and amortization	—	—	(789)
(Loss) income from discontinued operations	$—	$(164)	$1,571

Held for sale

On December 10, 2015, the Company entered into a purchase and sale agreement to sell its Bayhill property for $215.0 million (before certain credits, prorations, and closing costs), which is included in our office property segment. As a result, the Company has reclassified its assets and liabilities to held for sale as of December 31, 2015. This property was part of the EOP Acquisition, therefore, no reclassification of prior period balances are necessary. The transaction closed on January 14, 2016 and has been included in Note 13, “Subsequent Events.”

The following table summarizes the components that comprise the assets and liabilities associated with real estate held for sale as of December 31, 2015 and 2014:

	Year Ended December 31,	
	2015	2014
ASSETS		
Investment in real estate, net	$203,340	$60,542
Restricted cash	—	2,839
Straight-line rent receivables	1,788	2,151
Deferred leasing costs and lease intangibles, net	10,867	2,457
Other	400	176
Assets associated with real estate held for sale	$216,395	$68,165
LIABILITIES AND EQUITY		
Liabilities:		
Notes payable	$—	$42,080
Accounts payable and accrued liabilities	2,188	322
Other	11,104	443
Liabilities associated with real estate held for sale	$13,292	$42,845

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

4. Deferred Leasing Costs and Lease Intangibles, net

The following summarizes our deferred leasing costs and lease intangibles as of:

	December 31, 2015	December 31, 2014
Above-market leases	$ 38,481	$ 10,891
Accumulated amortization	(17,210)	(5,743)
Above-market leases, net	21,271	5,148
Deferred leasing costs and in-place lease intangibles	352,276	130,370
Accumulated amortization	(112,337)	(39,939)
Deferred leasing costs and in-place lease intangibles, net	239,939	90,431
Below-market ground leases	59,578	7,513
Accumulated amortization	(2,757)	(1,069)
Below-market ground leases, net	56,821	6,444
Deferred leasing costs and lease intangibles assets, net	$ 318,031	$ 102,023
Below-market leases	140,041	57,420
Accumulated amortization	(45,882)	(16,451)
Below-market leases, net	94,159	40,969
Above-market ground leases	1,095	—
Accumulated amortization	(46)	—
Above-market ground leases, net	1,049	—
Lease intangible liabilities, net	$ 95,208	$ 40,969

The company recognized the following amortization related to deferred leasing cost and lease intangibles:

	For the Year Ended			Consolidated Financial
	2015	2014	2013	Statement Classification
Above-market lease	12,534	2,026	2,542	Rental Revenue
Below-market lease	(34,607)	(7,661)	(8,570)	Rental Revenue
Deferred lease costs and in-place lease intangibles	91,965	20,879	24,374	Depreciation and amortization expense
Above-market ground lease	(46)	—	—	Office operating expenses
Below-market ground lease	1,688	248	247	Office operating expenses

As of December 31, 2015, the estimated aggregate amortization of deferred leasing costs and lease intangible assets, net for each of the next five years and thereafter are as follows:

Year ended	Above-market leases	Deferred lease cost and in-place lease intangibles	Below-market ground leases
2016	$ 11,242	$ 76,208	$ 2,182
2017	3,700	49,994	2,182
2018	3,030	30,275	2,182

2019	2,515	23,355	2,182
2020	386	13,099	2,182
Thereafter	398	47,008	45,911
	$ 21,271	$ 239,939	$ 56,821

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

As of December 31, 2015 the estimated amortization of below-market leases, net for each of the next five years and thereafter are as follows:

Year ended	Below-market lease	Above-market ground leases
2016	$ 30,319	$ 43
2017	21,663	43
2018	13,669	43
2019	10,778	43
2020	7,450	43
Thereafter	10,280	834
	$ 94,159	$ 1,049

5. Notes Payable

The following table summarizes the balance of the Company's indebtedness as of December 31, 2015 and December 31, 2014.

	December 31, 2015	December 31, 2014
Notes Payable	$2,278,445	$915,003
Less: unamortized loan premium and deferred financing costs, net[1]	(17,729)	(2,320)
Notes Payable, net	$2,260,716	$912,683

(1) Unamortized loan premium and deferred financing costs exclude debt issuance costs, net related to establishing the Company's unsecured revolving credit facility and undrawn term loans. These costs are presented within prepaid expenses and other assets in the consolidated balance sheets. See the discussion of the adoption of ASU 2015-03 and ASU 2015-15 in Note 2.

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

The following table sets forth information as of December 31, 2015 and December 31, 2014 with respect to the Company's outstanding indebtedness.

	December 31, 2015		December 31, 2014			
	Principal Amount	Unamortized Loan Premium and Deferred Financing Costs, net	Principal Amount	Unamortized Loan Premium and Deferred Financing Costs, net	Interest Rate[1]	Contractual Maturity Date
Unsecured Loans						
Unsecured Revolving Credit Facility[2]	$230,000	$ —	$130,000	$ —	LIBOR+1.15% to 1.85%	4/1/2019[10]
5-Year Term Loan due April 2020[2][3]	550,000	(5,571)	150,000	(870)	LIBOR+1.30% to 2.20%	4/1/2020
5-Year Term Loan due November 2020[2]	—	—	—	—	LIBOR +1.30% to 2.20%	11/17/2020
7-Year Term Loan due April 2022[2][4]	350,000	(2,656)	—	—	LIBOR +1.60% to 2.55%	4/1/2022
7-Year Term Loan due November 2022[2]	—	—	—	—	LIBOR + 1.60% to 2.55%	11/17/2022
Series A Notes	110,000	(1,011)	—	—	4.34%	1/2/2023
Series B Notes	259,000	(2,378)	—	—	4.69%	12/16/2025
Series C Notes	56,000	(509)	—	—	4.79%	12/16/2027
Total Unsecured Loans	$1,555,000	$ (12,125)	$280,000	$ (870)		
Mortgage Loans						
Mortgage loan secured by Pinnacle II[5]	$86,228	$ 1,310 [6]	$87,421	3,056 [6]	6.31%	9/6/2016
Mortgage loan secured by 901 Market	30,000	(119)	49,600	(434)	LIBOR+2.25%	10/31/2016
Mortgage loan secured by Rincon Center[7]	102,309	(355)	104,126	(518)	5.13%	5/1/2018
Mortgage loan secured by Sunset Gower/Sunset Bronson[8][9]	115,001	(2,232)	97,000	(678)	LIBOR+2.25%	3/4/2019
Mortgage loan secured by Met Park North[10]	64,500	(509)	64,500	(521)	LIBOR+1.55%	8/1/2020
Mortgage loan secured by 10950 Washington[7]	28,407	(421)	28,866	(493)	5.32%	3/11/2022
Mortgage loan secured by Pinnacle I[11]	129,000	(694)	129,000	(796)	3.95%	11/7/2022
Mortgage loan secured by Element L.A.	168,000	(2,584)	59,490	(1,066)	4.59%	11/6/2025
Mortgage loan secured by 275 Brannan	—	—	15,000	—	LIBOR+2.00%	N/A

Total mortgage loans before mortgage loan on real estate held for sale	$723,445	$ (5,604)	$635,003	$ (1,450)		
Total	$2,278,445	$ (17,729)	$915,003	$ (2,320)		
Mortgage loan on real estate held for sale						
Mortgage loan secured by First Financial[12]	$—	$—	$42,449	$ (369)	4.58%	N/A

(1) Interest rate with respect to indebtedness is calculated on the basis of a 360-day year for the actual days elapsed, excluding the amortization of loan fees and costs. Interest rates are as of December 31, 2015, which may be different than the interest rates as of December 31, 2014 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 December 31, 2015, no such election has been made.

(3) Effective May 1, 2015, $300.0 million of the $550.0 million term loan has been effectively fixed at 2.66% to 3.56% per annum through the use of an interest rate swap. See Note 6 for details.
(4) 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. See Note 6 for details.
(5) This loan bore interest only for the first five years. Beginning with the payment due October 6, 2011, monthly debt service includes annual debt amortization payments based on a 30-year amortization schedule with a balloon payment at maturity.
(6) Represents unamortized amount of the non-cash mark-to-market adjustment.
(7) Monthly debt service includes annual debt amortization payments based on a 30-year amortization schedule with a balloon payment at maturity.
(8) Interest on $92.0 million of the outstanding loan balance has been effectively capped at 5.97% and 4.25% per annum on $50.0 million and $42.0 million, respectively, of the loan through the use of two interest rate caps through February 11, 2016. See Note 6 for details.
(9) The maturity date may be extended once for an additional one-year term.
(10) 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 6 for details.
(11) 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.
(12) This loan has been recorded as part of the liabilities associated with real estate held for sale as of December 31, 2014. The property was sold in 2015.

Current Year Activity

Sunset Gower and Sunset Bronson Loan

On March 4, 2015, the Company entered into an amended and restated loan agreement to enable it to draw up to an additional $160.0 million for budgeted construction costs associated with our ICON development and to extend the maturity date from February 11, 2018 to March 4, 2019 with a one-year extension option.

Element LA Loan

On October 9, 2015, the Company entered into and closed a ten-year mortgage loan in the amount of $168.0 million, secured by the Company's Element L.A. campus. The proceeds from this loan was used to repay the then existing Element LA loan, which was scheduled to mature on November 1, 2017. The remaining proceeds were used to pay down a portion of the Two-Year Term Loan. Interest only under the loan is payable monthly at a fixed rate of 4.59%. No prepayment is allowed until three months prior to the maturity date. Defeasance is permitted (at Borrower's cost) after the earlier of: (x) two years after securitization or (y) three years after the closing of the Loan. The loan is non-recourse, subject to customary carve-outs.

The repayment discussed above resulted in early extinguishment costs of $753 thousand recognized in Interest Expense within the Consolidated Statements of Operations.

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 our Sunset Gower and Sunset Bronson properties, our 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.

The loan agreements for Rincon Center, 10950 Washington, Pinnacle I, Pinnacle II and Element LA require that some or all receipts collected from these properties be deposited in lockbox accounts under the control of the lenders to fund reserves such as capital improvements, taxes, insurance, debt service and operating expenditures. Included in restricted cash on the Company's consolidated balance sheets at December 31, 2015 and December 31, 2014, are lockbox and reserve funds as follows:

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

Property	December 31, 2015	December 31, 2014
Rincon Center	$ 14,237	$ 10,936
Pinnacle I	1,792	2,099
Element LA	1,149	—
10950 Washington	1,014	775
Pinnacle II	722	434
	$ 18,914	$ 14,244

The minimum future annual principal payments due on the Company’s secured and unsecured notes payable at December 31, 2015, excluding the non-cash loan premium amortization, were as follows:

Year ended	Annual Principal Payments
2016	$118,452
2017	2,705
2018	216,322
2019	2,885
2020	847,493
Thereafter	1,090,588
Total	$2,278,445

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 undrawn as of December 31, 2015.

Interest on the New Term Loan Agreement is generally to be paid based upon, at our option, either (i) LIBOR plus the applicable LIBOR margin or (ii) a specified base rate plus the applicable base rate margin, dependent on the Operating Partnership’s leverage ratio. The applicable LIBOR margin will range from 1.30% to 2.20% for the 5-year Term Loan due November 2020, depending on our Leverage Ratio (as defined in the New Term Loan Agreement) and 1.60% to 2.55% for the 7-Year Term Loan due November 2022, depending on our Leverage Ratio (as defined in the New Term Loan Agreement). Beginning on February 13, 2016, each term loan is subject to an unused commitment fee of .20%.

The Operating Partnership has the right to terminate or reduce unused commitments under either term loan in the New Term Loan Agreement without penalty or premium. Subject to the satisfaction of certain conditions, the Operating Partnership has the right to increase the availability of either or both of the term loans so long as the aggregate commitments under both term loans do not exceed $475.0 million.

If the Company obtains a credit rating for the Company’s senior unsecured long term indebtedness, the Operating Partnership may make an irrevocable election to change the interest rate. During 2015, our senior unsecured long term indebtedness was assigned an investment grade rating. The Company has not made the credit rating election.

A&R Credit Agreement

The Operating Partnership maintains and periodically amends its A&R Credit Agreement with a group of lenders. On April 1, 2015, the agreement governing the credit facility was amended and restated to, among other things, (i) extend the maturity date of the A&R Credit Agreement with a one-year extension option, (ii) increase available revolving credit from $300.0 million to $400.0 million, (iii) increase the five-year term loan facility from $150.0 million to $550.0 million and extended the maturity date to April 2020 ("5-Year Term Loan due April 2020) and (iv) add a $350.0 million seven-year term loan with a maturity date of April 2022 ("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. The 5-Year Term Loan due 2020 and the 7-Year Term Loan due 2022 were used towards the EOP Acquisition. The A&R Credit Agreement is available for other purposes, including for payment of pre-development and development costs incurred in connection with properties owned by the Operating Partnership or any subsidiary, to finance capital expenditures and the repayment of indebtedness of the Company, the Operating Partnership and its subsidiaries, to provide for general working capital needs of the Company, the Operating Partnership and its subsidiaries and for the general corporate purposes of the Company, the Operating Partnership and its subsidiaries, and to pay fees and expenses incurred in connection with the Amended and Restated Credit Facility.

Interest on the Amended Credit Facility is generally to be paid based upon, at our option, either (i) LIBOR plus the applicable LIBOR margin or (ii) a specified base rate plus the applicable base rate margin, dependent on the Operating Partnership's leverage ratio. The applicable LIBOR margin will range from 1.15% to 1.85% (previously 1.15% to 1.55%) for the A&R Credit Agreement, 1.30% to 2.20% (previously 1.30% to 1.90%) for the 5-year Term Loan due April 2020, depending on our Leverage Ratio (as defined in the Amended and Restated Credit Facility) and 1.60% to 2.55% for the 7-year Term Loan due April 2022, depending on our Leverage Ratio (as defined in the Amended and Restated Credit Facility). The Amended Facility requires a facility fee in an amount equal to 0.20% or 0.35% of the Operating Partnership's revolving credit commitments depending on the Operating Partnership's leverage ratio. Unused amounts under the Amended and Restated Credit Facility are not subject to a separate fee.

Subject to the satisfaction of certain conditions and lender commitments, the Operating Partnership may increase the availability of the Amended and Restated Credit Facility so long as the aggregate commitments under the Amended and Restated Credit Facility do not exceed $2.0 billion.

If the Company obtains a credit rating for the Company's senior unsecured long-term indebtedness, the Operating Partnership may make an irrevocable election to change the interest rate and facility fee. During 2015, our senior unsecured long term indebtedness was assigned an investment grade rating. The Company has not made the credit rating election.

Unsecured Term Loan Facility

On April 1, 2015, the Operating Partnership entered into a new credit agreement with a group of lenders for an unsecured $550.0 million two-year term loan credit facility ("2-Year Term Loan"). The 2-Year Term Loan was fully drawn and repaid during 2015. Amounts paid down are no longer available for re-borrowing. The Company recognized $851 thousand of costs related to an early extinguishment of debt recognized in Interest Expense within the consolidated statements of operations.

The Operating Partnership continues to be the borrower under the New Credit Agreement and the Amended and Restated Credit Facility, and the Company and all subsidiaries that own unencumbered properties will continue to provide guaranties unless the Company obtains and maintains a credit rating of at least BBB- from S&P or Baa3 from Moody's, in which case such guaranties are not required except under limited circumstances.

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, of which (i) $110.0 million are designated as 4.34% Series A Guaranteed Senior Notes due January 2, 2023 (the “Series A Notes”), (ii) $259.0 million are designated as 4.69% Series B Guaranteed Senior Notes due December 16, 2025 (the “Series B Notes”) and (iii) $56.0 million are designated as 4.79% Series C Guaranteed Senior Notes due December 16, 2027 (the “Series C Notes, ”and collectively with the Series A Notes and Series B Notes, the “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.

The Operating Partnership may 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 any series of the Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid plus a make-whole premium.

The Operating Partnership’s obligations under the Notes will be fully and unconditionally guaranteed by the Company. Subsidiaries of the Company will also issue unconditional guarantees upon the occurrence of certain conditions, including such subsidiaries providing guarantees under the New Credit Agreement and Amended and Restated Credit Facility, by and among the Operating Partnership, the financial institutions party thereto, and Wells Fargo Bank, National Association as administrative agent.

Debt Covenants

The Company'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 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 0.55:1.00), 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.

The Company was in compliance with its financial covenants at December 31, 2015.

Repayment Guaranties

Sunset Gower and Sunset Bronson Loan

In connection with the loan secured by our 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 Company's Operating Partnership, does not do so. At December 31, 2015, the outstanding balance was $115.0 million, which results in a maximum guarantee amount for the principal under this loan of $22.4 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.

901 Market Loan

In connection with our 901 Market Street loan, we have guaranteed in favor of and promised to pay to the lender 35.0% of the principal under the loan in the event the borrower, a wholly-owned entity of our Operating Partnership, does not do so. At December 31, 2015, the outstanding balance was $30.0 million, which results in a maximum guarantee amount for the principal under this loan of $10.5 million. Furthermore, we 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. The borrower has completed various of the improvements subject to this completion guaranty. 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 our loans are secured and non-recourse to the Company and 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.

6. Interest Rate Contracts

As of December 31, 2015, the Company had two interest rate caps and five interest rate swaps in order to hedge interest rate risk with notional amounts of $92.0 million and $714.5 million, respectively. We designated each of these interest rate contracts as effective cash flow hedges for accounting purposes.

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

On April 1, 2015, the Company entered into an interest rate contract with respect to $300.0 million of the $550.0 million 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. The remaining $250.0 million bears interest at a rate equal to LIBOR plus 1.30% to 2.20% depending on the Company's leverage ratio.

On April 1, 2015, the Company also entered into an interest rate 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.

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 our Sunset Gower and Sunset Bronson. The loan initially bore interest at a rate equal to one-month LIBOR plus 3.50%. On March 16, 2011, we 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, we purchased an interest rate cap in order to cap one-month LIBOR at 2.00% with respect to $42.0 million of the loan through February 11, 2016.

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 interest rate contracts described above were not changed in connection with this loan amendment.

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 our ICON development and to extend the maturity date from February 11, 2018 to March 4, 2019. The interest rate contracts described above were not changed in connection with this loan amendment.

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 our 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 the interest rate contracts are presented on a gross basis in the Consolidated Balance Sheets. The interest rate contract assets as of December 31, 2015 and 2014 were $2.1 million and $3 thousand, respectively. The interest rate contract liabilities as of December 31, 2015 and 2014 were $2.0 million and $1.8 million, respectively.

7. Future Minimum Base Rents and Future Minimum Lease Payments

Our properties are leased to tenants under operating leases with initial term expiration dates ranging from 2016 to 2031. Approximate future combined minimum rentals (excluding tenant reimbursements for operating expenses and without regard to cancellation options) for properties at December 31, 2015 are presented below for the years/periods ended December 31. The table below does not include rents under leases at our media and entertainment properties with terms of one year or less.

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

Future minimum base rents under our operating leases in each of the next five years and thereafter are as follows:

Year Ended	Non-cancelable	Subject to early termination options	Total
2016	$ 454,744	$ 2,828	$457,572
2017	386,814	7,682	394,496
2018	302,046	26,175	328,221
2019	252,028	28,477	280,505
2020	184,297	7,569	191,866
Thereafter	634,613	24,982	659,595
Total	$ 2,214,542	$ 97,713	$2,312,255

Future Minimum Lease Payments

The following table summarizes our 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	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.
1500 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	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 improvements lessee’s base rent x 24.125%.
Foothill Research	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 x 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 989	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).
Metro Center Retail	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).
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.

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

During the years ended December 31, 2015, 2014 and 2013, the Company recognized $3.8 million, $0.1 million, and $0.1 million, respectively of ground lease contingent rental expense. Contingent rental expense is recorded in the period in which the contingent event becomes probable. The Company recognized $9.2 million, $1.4 million, and $1.4 million of minimum rent expense during the years ended December 31, 2015, 2014 and 2013. During the years ended December 31, 2015, 2014 and 2013, the Company recognized $0.7 million, $0.8 million and $0.2 million, respectively of rental expense on our corporate office lease.

The following table provides information regarding our future minimum lease payments for our ground leases and corporate office lease at December 31, 2015 (before the impact of extension options, if applicable):

Year Ended	Ground Leases (1)(2)(3)	Operating Leases
2016	$12,085	$ 1,662
2017	12,208	2,072
2018	14,070	2,134
2019	14,120	2,198
2020	14,120	2,264
Thereafter	413,927	11,487
Total	$480,530	$ 21,817

(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 December 31, 2015.
(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 December 31, 2015.
(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 December 31, 2015.

8. Fair Value of Financial Instruments

Under GAAP, the Company is required to measure certain financial instruments at fair value on a recurring basis. In addition, the Company is required to measure other financial instruments and balances at fair value on a non-recurring basis (e.g., carrying value of impaired real estate and long-lived assets). Fair value is defined as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. 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.

When available, the Company utilizes quoted market prices from an independent third-party source to determine fair value and classifies such items in Level 1 or Level 2. In instances where the market for a financial instrument is not active, regardless of the availability of a nonbinding quoted market price, observable inputs might not be relevant and could require the Company to make a significant adjustment to derive a fair value measurement. Additionally, in an inactive market, a market price quoted from an independent third party may rely more on models with inputs based on information available only to that independent third party. When the Company determines the market for a financial instrument owned by the Company to be illiquid or when market transactions for similar instruments do not appear orderly, the Company uses several valuation sources (including internal valuations, discounted cash flow analysis and quoted market prices) and establishes a fair value by assigning weights to the various valuation sources.

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

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

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, notes receivable and interest rate contract assets and liabilities are estimates based on rates currently prevailing for similar instruments of similar maturities using Level 2 inputs.

	December 31, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Notes payable [(1)]	$2,279,755	$2,284,429	$960,508	$969,259
Notes receivable	28,684	28,684	28,268	28,268
Interest rate contract assets	2,061	2,061	3	3
Interest rate contract liabilities	2,010	2,010	1,750	1,750

(1) Amounts represent total notes payable including amounts reclassified to held for sale and unamortized loan premium, excluding deferred financing fees, net.

9. Equity

Accumulated Other Comprehensive Deficit

The tables below present the effect of the Company’s interest rate contracts on the Consolidated Statements of Comprehensive Income (expense) for the years ended December 31, 2015, 2014, and 2013.

	Year Ended December 31,		
	2015	2014	2013
Beginning Balance of OCI related to interest rate contracts	$2,661	$1,162	$1,465
Unrealized Loss Recognized in OCI Due to Change in Fair Value of interest rate contracts	7,663	1,939	(121)
Loss Reclassified from OCI into Income (as Interest Expense)	(10,260)	(440)	(182)
Net Change in OCI	$(2,597)	$1,499	$(303)
Ending Balance of Accumulated OCI Related to Derivatives	$64	$2,661	$1,162
Allocation of OCI, non-controlling interests	1,017	(218)	(165)
Accumulated other comprehensive deficit	$1,081	$2,443	$997

Non-controlling Interests

Common units in the Operating Partnership

Common units in the Operating Partnership consisted of 56,296,315 common units of partnership interests, or common units, not owned by us. Common units and shares of our common stock 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 our election, issue shares of our common stock in exchange for common units on a one-for-one basis. In April 2015, the Company issued 54,848,480 of common units to Blackstone as consideration for the EOP Acquisition. In addition, one of our common unitholders required us to redeem 934,728 common units and the Company elected, in accordance with our limited partnership agreement, to issue shares of our common stock in exchange for the common units to satisfy the redemption notice. Accordingly, our outstanding common units increased from 2,382,563 at December 31, 2014 to 56,296,315 at December 31, 2015.

Non-controlling interest—members in consolidated entities

The Company has an interest in a joint venture with Media Center Partners, LLC. The Pinnacle JV owns the Pinnacle, a two-building (Pinnacle I and Pinnacle II), 625,640 square-foot office property located in Burbank, California. The Company initially owned a 98.25% interest in the Pinnacle JV, but its interest decreased to 65.0% when the Pinnacle JV acquired Pinnacle II on June 14, 2013. As of December 31, 2015, the Company owns a 65.0% interest in the Pinnacle JV.

On January 5, 2015, the Company entered into a joint venture with Canada Pension Plan Investment Board, ("CPPIB") through which CPPIB purchased a 45% interest in 1455 Market Street office property located in San Francisco, California, for a purchase price of $219.2 million (before certain credits, proration and closing costs).

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. For a description of the conversion and redemption rights of the series A preferred units, please see "Description of the Partnership Agreement of Hudson Pacific Properties, L.P.—Material Terms of Our Series A Preferred Units" in our June 23, 2010 Prospectus.

8.375% Series B cumulative redeemable preferred stock

8.375% series B cumulative redeemable preferred stock are 5,800,000 shares of 8.375% preferred stock, with a liquidation preference of $25.00 per share, $0.01 par value per share. In December 2010, we completed the public offering of 3,500,000 shares of our series B preferred stock (including 300,000 shares of series B preferred stock issued and sold pursuant to the exercise of the underwriters' option to purchase additional shares in part). Total proceeds from the offering, after deducting underwriting discount, were approximately $83.9 million (before transaction costs). On January 23, 2012, we completed the public offering of 2,300,000 of our series B cumulative preferred stock (including 300,000 shares of series B preferred stock issued and sold pursuant to the exercise of the underwriters' option to purchase additional shares in full). Total proceeds from the offering, after deducting underwriting discount, were approximately $57.5 million (before transaction costs).

Dividends on our series B preferred stock are 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 (equivalent to $2.0938 per share per annum). If, following a change of control of the Company, either our series B preferred