

Hudson Pacific Properties, Inc.
Form 10-Q
August 12, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2011

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

For the Transition Period from _____ to _____

Commission File Number 001-34789

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

Maryland
(State or other jurisdiction of
incorporation or organization)
11601 Wilshire Blvd., Suite 1600
Los Angeles, California
(Address of principal executive offices)
(310) 445-5700
(Registrant's telephone number, including area code)
(Former name, former address and
former fiscal year if changed since last report)

27-1430478
(I.R.S. Employer
Identification Number)
90025
(Zip Code)

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. Yes No .

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No .

The number of shares of common stock outstanding at August 1, 2011 was 33,572,454.

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PART I—FINANCIAL INFORMATION

HUDSON PACIFIC PROPERTIES, INC.
CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands, except share data)

	June 30, 2011	December 31, 2010
ASSETS		
REAL ESTATE ASSETS		
Land	\$329,231	\$329,231
Building and improvements	473,228	468,711
Tenant improvements	51,398	47,478
Furniture and fixtures	11,496	11,411
Property under development	3,529	7,904
Total real estate held for investment	868,882	864,735
Accumulated depreciation and amortization	(39,598)	(27,113)
Investment in real estate, net	829,284	837,622
Cash and cash equivalents	86,893	48,875
Restricted cash	8,184	4,121
Accounts receivable, net	11,386	4,478
Straight-line rent receivables	8,732	6,703
Deferred leasing costs and lease intangibles, net	77,031	86,385
Deferred finance costs, net	5,262	3,211
Interest rate contracts	631	—
Goodwill	8,754	8,754
Prepaid expenses and other assets	5,641	4,416
TOTAL ASSETS	\$1,041,798	1,004,565
LIABILITIES AND EQUITY		
Notes payable	\$275,002	\$342,060
Accounts payable and accrued liabilities	12,484	11,507
Below-market leases	19,082	20,983
Security deposits	5,443	5,052
Prepaid rent	12,666	10,559
Interest rate contracts	—	71
TOTAL LIABILITIES	324,677	390,232
6.25% series A cumulative redeemable preferred units of the Operating Partnership	12,475	12,475
Redeemable non-controlling interest in consolidated real estate entity	—	40,328
EQUITY		
Hudson Pacific Properties, Inc. stockholders' equity:		
Preferred stock, \$0.01 par value, 10,000,000 authorized; 8.375% cumulative redeemable preferred stock, \$25.00 liquidation preference, 3,500,000 shares outstanding at June 30, 2011 and December 31, 2010, respectively	87,500	87,500
Common Stock, \$0.01 par value 490,000,000 authorized, 33,570,842 outstanding at June 30, 2011 and 22,436,950 outstanding at December 31, 2010, respectively	336	224
Additional paid-in capital	560,727	411,598
Accumulated other comprehensive (deficit) income	(449)	6
Accumulated deficit	(7,969)	(3,482)

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Total Hudson Pacific Properties, Inc. stockholders' equity	640,145	495,846
Non-controlling unitholders in the Operating Partnership	64,501	65,684
TOTAL EQUITY	704,646	561,530
TOTAL LIABILITIES AND EQUITY	\$1,041,798	1,004,565

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

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

	Three Months Ended June		Six Months Ended June	
	30,		30,	
	2011	2010	2011	2010
Revenues				
Office				
Rental	\$17,821	\$3,285	\$35,335	\$6,265
Tenant recoveries	6,116	374	12,147	785
Other	99	79	2,186	160
Total office revenues	24,036	3,738	49,668	7,210
Media & entertainment				
Rental	5,592	4,944	11,072	10,229
Tenant recoveries	516	449	859	816
Other property-related revenue	3,242	1,949	6,513	3,800
Other	21			