

Hudson Pacific Properties, Inc.
Form 10-Q
May 09, 2013
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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 March 31, 2013

☐ 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	27-1430478
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
11601 Wilshire Blvd., Suite 1600	90025
Los Angeles, California	(Zip Code)
(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)	

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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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 May 1, 2013 was 56,699,536.

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PART I—FINANCIAL INFORMATION

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

	March 31, 2013 (Unaudited)	December 31, 2012
ASSETS		
REAL ESTATE ASSETS		
Land	\$493,211	\$493,211
Building and improvements	869,409	867,268
Tenant improvements	80,272	79,966
Furniture and fixtures	14,354	11,548
Property under development	30,015	23,962
Total real estate held for investment	1,487,261	1,475,955
Accumulated depreciation and amortization	(90,782)	(85,184)
Investment in real estate, net	1,396,479	1,390,771
Cash and cash equivalents	141,562	18,904
Restricted cash	14,321	14,322
Accounts receivable, net	13,925	12,442
Notes receivable	4,000	4,000
Straight-line rent receivables	15,612	14,165
Deferred leasing costs and lease intangibles, net	81,729	83,498
Deferred finance costs, net	7,553	8,175
Interest rate contracts	64	71
Goodwill	8,754	8,754
Prepaid expenses and other assets	3,330	4,588
TOTAL ASSETS	\$1,687,329	\$1,559,690
LIABILITIES AND EQUITY		
Notes payable	\$530,023	\$582,085
Accounts payable and accrued liabilities	21,696	18,833
Below-market leases	29,351	31,560
Security deposits	6,262	5,997
Prepaid rent	9,216	11,518
TOTAL LIABILITIES	596,548	649,993
6.25% series A cumulative redeemable preferred units of the Operating Partnership	12,475	12,475
EQUITY		
Hudson Pacific Properties, Inc. stockholders' equity:		
Preferred stock, \$0.01 par value, 10,000,000 authorized; 8.375% series B cumulative redeemable preferred stock, \$25.00 liquidation preference, 5,800,000 shares outstanding at March 31, 2013 and December 31, 2012, respectively	145,000	145,000
Common Stock, \$0.01 par value, 490,000,000 authorized, 56,698,156 shares and 47,496,732 shares outstanding at March 31, 2013 and December 31, 2012, respectively	567	475
Additional paid-in capital	910,792	726,605
Accumulated other comprehensive loss	(1,271)	(1,287)
Accumulated deficit	(33,373)	(30,580)

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Total Hudson Pacific Properties, Inc. stockholders' equity	1,021,715	840,213
Non-controlling interest—members in Consolidated Entities	1,470	1,460
Non-controlling common units in the Operating Partnership	55,121	55,549
TOTAL EQUITY	1,078,306	897,222
TOTAL LIABILITIES AND EQUITY	\$1,687,329	\$1,559,690

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 March 31,	
	2013	2012
Revenues		
Office		
Rental	\$28,648	\$22,380
Tenant recoveries	5,882	5,374
Parking and other	3,938	2,114
Total office revenues	38,468	29,868
Media & entertainment		
Rental	5,768	5,451
Tenant recoveries	418	248
Other property-related revenue	4,490	2,624
Other	236	40
Total media & entertainment revenues	10,912	8,363
Total revenues	49,380	38,231
Operating expenses		
Office operating expenses	14,114	