

Hudson Pacific Properties, Inc.
Form 424B5
April 06, 2015
Table of Contents

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-202799

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION DATED April 6, 2015

PROSPECTUS SUPPLEMENT

(To Prospectus dated March 16, 2015)

5,000,000 Shares

Common Stock

Certain funds affiliated with Farallon Capital Management, L.L.C., which we refer to as the Farallon Funds or the selling stockholders, are offering 5,000,000 shares of our common stock, \$0.01 par value per share. We will not receive any proceeds from the sale of the shares of our common stock by the Farallon Funds in this offering.

We are organized and conduct our operations to qualify as a real estate investment trust, or REIT, for federal income tax purposes. To assist us in complying with certain federal income tax requirements applicable to REITs, our charter contains certain restrictions relating to the ownership and transfer of our stock, including an ownership limit of 9.8% of the outstanding shares of our common stock.

Our common stock is listed on the New York Stock Exchange, or NYSE, under the symbol HPP, and the last reported sale price of our common stock on the NYSE on April 2, 2015 was \$33.62 per share.

See Risk Factors beginning on page S-10 of this prospectus supplement and the risks set forth under the caption Item 1A. Risk Factors included in our most recent Annual Report on Form 10-K, which is incorporated by reference herein, for certain risks relevant to an investment in our common stock.

The underwriters have agreed to purchase the common stock from the selling stockholders at a price of \$ per share, which will result in approximately \$ million of net proceeds to the selling stockholders before expenses. The underwriters may offer the shares of common stock from time to time for sale in one or more transactions on the NYSE, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices.

Edgar Filing: Hudson Pacific Properties, Inc. - Form 424B5

The underwriters may also exercise their option to purchase up to an additional 750,000 shares from the selling stockholders, at the price per share set forth above, for 30 days after the date of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement and the accompanying prospectus are truthful or complete. Any representation to the contrary is a criminal offense.

The common stock sold in this offering will be ready for delivery in book-entry form through The Depository Trust Company on or about April , 2015.

BofA Merrill Lynch

Wells Fargo Securities

The date of this prospectus supplement is April , 2015

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

<u>ABOUT THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS</u>	S-ii
<u>FORWARD-LOOKING INFORMATION</u>	S-iii
<u>PROSPECTUS SUPPLEMENT SUMMARY</u>	S-1
<u>RISK FACTORS</u>	S-10
<u>USE OF PROCEEDS</u>	S-15
<u>SELLING STOCKHOLDERS</u>	S-16
<u>UNDERWRITING</u>	S-17
<u>LEGAL MATTERS</u>	S-22
<u>EXPERTS</u>	S-22
<u>INCORPORATION BY REFERENCE</u>	S-23

Prospectus

<u>ABOUT THIS PROSPECTUS</u>	1
<u>WHERE YOU CAN FIND MORE INFORMATION; INCORPORATION BY REFERENCE</u>	2
<u>THE COMPANY</u>	4
<u>RISK FACTORS</u>	5
<u>USE OF PROCEEDS</u>	6
<u>RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED DIVIDENDS</u>	7
<u>DESCRIPTION OF DEBT SECURITIES AND RELATED GUARANTEES</u>	8
<u>DESCRIPTION OF COMMON STOCK</u>	16
<u>DESCRIPTION OF PREFERRED STOCK</u>	19
<u>DESCRIPTION OF OTHER SECURITIES</u>	23
<u>RESTRICTIONS ON OWNERSHIP AND TRANSFER</u>	24
<u>DESCRIPTION OF THE PARTNERSHIP AGREEMENT OF HUDSON PACIFIC PROPERTIES, L.P.</u>	29
<u>MATERIAL PROVISIONS OF MARYLAND LAW AND OF OUR CHARTER AND BYLAWS</u>	38
<u>FEDERAL INCOME TAX CONSIDERATIONS</u>	46
<u>GLOBAL SECURITIES</u>	70
<u>SELLING SECURITYHOLDERS</u>	73
<u>PLAN OF DISTRIBUTION</u>	74
<u>LEGAL MATTERS</u>	75
<u>EXPERTS</u>	75

You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus or any applicable free writing prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in any jurisdiction where it is unlawful to make such offer or solicitation. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any applicable free writing prospectus and the documents incorporated by reference herein or therein is accurate only as of their respective dates or on the date or dates which are specified in these documents. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates.

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering.

To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or documents incorporated by reference herein or therein, the information in this prospectus supplement will supersede such information. In addition, any statement in a filing we make with the Securities and Exchange Commission that adds to, updates or changes information contained in an earlier filing we made with the Securities and Exchange Commission shall be deemed to modify and supersede such information in the earlier filing.

This prospectus supplement does not contain all of the information that is important to you. You should read the accompanying prospectus as well as the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. See Incorporation by Reference in this prospectus supplement and Where You Can Find More Information; Incorporation by Reference in the accompanying prospectus. Unless otherwise indicated or unless the context requires otherwise, references in this prospectus supplement to we, our, us and our company refer to Hudson Pacific Properties, Inc., a Maryland corporation, Hudson Pacific Properties, L.P., and any of our other subsidiaries. Hudson Pacific Properties, L.P. is a Maryland limited partnership of which we are the sole general partner and to which we refer in this prospectus supplement as our operating partnership.

Unless otherwise indicated or unless the context requires otherwise, references in this prospectus supplement to the selling stockholders and the Farallon Funds refer to funds affiliated with Farallon Capital Management, L.L.C.

Table of Contents

FORWARD-LOOKING INFORMATION

This prospectus supplement and the accompanying prospectus and the documents that we incorporate by reference in each contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Exchange Act of 1934, as amended, or the Exchange Act). Also, documents we subsequently file with the Securities and Exchange Commission and incorporate by reference will contain forward-looking statements.

In particular, statements pertaining to our liquidity and capital resources, portfolio performance and results of operations contain forward-looking statements. Furthermore, all of the statements regarding future financial performance (including anticipated funds from operations, market conditions and demographics) are forward-looking statements. We are including this cautionary statement to make applicable and take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for any such forward-looking statements. We caution investors that any forward-looking statements presented in this prospectus supplement and the accompanying prospectus and the documents that we incorporate by reference in each are based on management's beliefs and assumptions made by, and information currently available to, management. You can identify forward-looking statements by the use of forward-looking terminology such as anticipate, believe, expect, intend, may, might, plan, estimate, project, should, will, result and similar expressions or the negative of such expressions that are predictions of or indicate future events or trends and that do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

Forward-looking statements are subject to risks, uncertainties and assumptions and may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks, trends, uncertainties or factors materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all).

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

adverse economic or real estate developments in our target markets;

general economic conditions;

defaults on, early terminations of or non-renewal of leases by tenants;

fluctuations in interest rates and increased operating costs;

our failure to obtain necessary outside financing or to achieve and maintain an investment grade rating;

our failure to generate sufficient cash flows to service our outstanding indebtedness and maintain dividend payments;

lack or insufficient amounts of insurance;

decreased rental rates or increased vacancy rates;

Edgar Filing: Hudson Pacific Properties, Inc. - Form 424B5

difficulties in identifying properties to acquire and completing acquisitions;

our failure to successfully operate acquired properties and operations;

our failure to maintain our status as a REIT;

environmental uncertainties and risks related to adverse weather conditions and natural disasters;

financial market fluctuations;

S-iii

Table of Contents

risks related to acquisitions generally, including the disruption of management's attention from ongoing business operations and the impact on customers, tenants, lenders, operating results and business;

the inability to successfully integrate acquired properties, realize the anticipated benefits of acquisitions or capitalize on value creation opportunities;

changes in real estate and zoning laws and increases in real property tax rates; and

other factors affecting the real estate industry generally.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, or new information, data or methods, future events or other changes. Accordingly, investors should use caution in relying on past forward-looking statements, which were based on results and trends at the time they were made, to anticipate future results or trends. For a further discussion of these and other factors that could impact our future results, performance or transactions, see the section of this prospectus supplement entitled "Risk Factors," including the risks incorporated therein from the Annual Report on Form 10-K of Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. for the year ended December 31, 2014, as amended, and other reports filed with the Securities and Exchange Commission and incorporated by reference herein.

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

*This summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary is not complete and does not contain all of the information that you should consider before investing in our common stock. We urge you to read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference carefully, including the financial statements and notes to those financial statements incorporated by reference herein and therein. Please read **Risk Factors** for more information about important risks that you should consider before investing in our common stock.*

Our Company

We are a vertically-integrated real estate company focused on acquiring, repositioning, developing and operating high-quality office and state-of-the-art media and entertainment properties in select West Coast markets primarily in Northern and Southern California and the Pacific Northwest. Our investment strategy focuses on high barrier-to-entry, in-fill locations with favorable, long-term supply-demand characteristics in select markets, including Los Angeles, Orange County, San Diego, San Francisco, Silicon Valley and Seattle.

As of April 3, 2015, our portfolio included office properties, comprising an aggregate of approximately 13.9 million square feet, and media and entertainment properties, comprising approximately 0.9 million square feet of sound-stage, office and supporting production facilities. We also own undeveloped density rights for approximately 2.5 million square feet of future development space. Our properties are concentrated in premier submarkets that have high barriers to entry with limited supply of land, high construction costs and rigorous entitlement processes.

We have elected to be taxed as a REIT for federal income tax purposes, commencing with our taxable year ended December 31, 2010. We believe that we have operated in a manner that has allowed us to qualify as a REIT for federal income tax purposes commencing with such taxable year, and we intend to continue operating in such a manner. We conduct substantially all of our business through our operating partnership, of which we serve as the sole general partner.

Recent Developments

Target Portfolio Acquisition

On April 1, 2015, we acquired a portfolio of 26 high-quality office assets totaling approximately 8.2 million square feet and two development parcels in the San Francisco Peninsula and Silicon Valley, or the Target Properties, from certain affiliates of The Blackstone Group L.P., or Blackstone, which we refer to herein as the seller parties. We refer to the Target Properties collectively herein as the Target Portfolio. In consideration for the purchase and sale of the Target Portfolio, our operating partnership delivered to the seller parties a cash payment of \$1.75 billion and equity consideration consisting of an aggregate of 8,626,311 shares of the common stock of the Company, or common stock, and 54,848,480 common units of limited partnership interest in our operating partnership, or common units.

Overview of the Target Portfolio

As of December 31, 2014, the Target Properties were approximately 85.9% leased (giving effect to leases signed but not commenced as of that date) and 82.2% occupied. All the properties are located in Northern California. As of December 31, 2014, the weighted average remaining lease term for the properties was 38 months.

Table of Contents

The following table sets forth certain information relating to each of the Target Properties as of December 31, 2014.

Property	Submarket	Year Built/ Renovated	Square Feet ⁽¹⁾	Percent Leased ⁽²⁾	Percent Occupied ⁽³⁾	Annualized Base Rent ⁽⁴⁾	Annualized Base Rent Per Occupied Square Foot ⁽⁵⁾
OFFICE PROPERTIES							
Bayhill Office Center	Peninsula	1982/1987	554,328	92.0%	71.9%	\$ 12,243,403	\$ 30.70
One Bay Plaza	Peninsula	1979	195,739	82.1%	82.1%	4,668,922	29.04
Bay Park Plaza	Peninsula	1985/1998	260,183	84.5%	84.5%	6,678,514	30.39
Metro Center Tower ⁽⁶⁾	Peninsula	1985-1988	730,215	57.2%	49.4%	15,810,611	43.82
Peninsula Office Park	Peninsula	1971/1998	510,456	79.6%	79.6%	14,959,121	36.83
Shorebreeze I & II	Redwood Shores	1985-1986	230,932	87.1%	86.2%	8,048,280	40.45
333 Twin Dolphin Plaza	Redwood Shores	1985	182,789	88.7%	88.7%	6,222,695	38.39
555 Twin Dolphin Plaza	Redwood Shores	1989	198,936	88.1%	85.0%	7,096,026	41.95
Towers at Shore Center	Redwood Shores	2002	334,483	94.3%	94.3%	25,262,336	80.10
Skyway Landing	Redwood Shores	2000	247,173	92.9%	92.9%	7,744,777	33.73
2180 Sand Hill Road	Palo Alto	1976	45,613	65.0%	65.0%	2,260,125	76.23
Embarcadero Place	Palo Alto	1984	197,241	85.0%	85.0%	4,155,616	24.79
Palo Alto Square ⁽⁷⁾	Palo Alto	1971/1985	328,251	98.8%	98.8%	17,820,539	54.95
Clocktower Square ⁽⁸⁾	Palo Alto	1967/1983	100,344	100.0%	100.0%	5,135,369	51.18
Page Mill Center ⁽⁹⁾	Palo Alto	1972	176,245	62.8%	62.8%	6,988,515	63.17
Lockheed ⁽¹⁰⁾	Palo Alto	1991	46,759	100.0%	100.0%	1,603,136	34.29
3400 Hillview ⁽¹¹⁾	Palo Alto	1991	207,857	100.0%	100.0%	12,569,445	60.47
Foothill Research Center ⁽¹²⁾	Palo Alto	1991	195,366	100.0%	42.8%	4,282,345	51.24
Campus Center	Silicon Valley	2001/2007-08	471,580	100.0%	100.0%	14,147,400	30.00
Techmart Commerce Ctr ⁽¹³⁾	Silicon Valley	1987	284,440	74.3%	73.7%	6,986,647	33.33
Patrick Henry Drive	Silicon Valley	1981	70,520	0.0%	0.0%		
Gateway	San Jose Airport	1981-84,1998	608,626	79.3%	79.3%	12,580,190	26.08
Metro Plaza	San Jose Airport	1986-1987	456,921	84.2%	83.2%	10,111,890	26.59
1740 Technology	San Jose Airport	1986/1994	206,876	95.5%	95.5%	5,818,174	29.45
Concourse	San Jose Airport	1980/2000	944,386	95.7%	95.1%	23,410,196	26.07
Skyport Plaza	San Jose Airport	2001	418,086	99.1%	99.1%	9,668,060	23.34
Portfolio Total/Weighted Average:			8,204,345	85.9%	82.2%	\$ 246,272,332	\$ 36.51
LAND							
Skyport Land	San Jose Airport		350,000				