

Risk Factors Comparison 2025-02-14 to 2024-02-16 Form: 10-K

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The following risk factors are what we believe to be the most significant risk factors that could adversely affect our business and operations, including, without limitation, our financial condition, REIT status, results of operations and cash flows, our ability to service our debt and pay dividends to our stockholders, our ability to capitalize on business opportunities as they arise, our ability to raise capital, and the market price of our common stock. This is not an exhaustive list, and additional risk factors could adversely affect our business and financial performance. We operate in a very competitive and rapidly changing environment and new risk factors emerge from time to time. It is therefore not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward- looking statements. This discussion of risk factors includes many forward- looking statements. For cautions about relying on forward- looking statements see “ Forward Looking Statements ” at the beginning of this Report. Below is a summary of our risk factors: Risks Related to Our Properties and Our Business • Sustained or further increases in inflation could adversely impact our operating results, cash flows, financial position, our ability to pay dividends and distributions, and the market price of our common stock. • Economic and political changes could adversely affect our business, operating results, cash flows, financial position, our ability to pay dividends and distributions, and the market price of our common stock. • All of our properties are located in Los Angeles County, California, and Honolulu, Hawaii, and we are therefore exposed to greater risk than if we owned a more geographically diverse portfolio. Our properties in Los Angeles County are concentrated in certain submarkets, exposing us to risks associated with those specific areas. • Our operating performance and the market value of our securities are subject to risks associated with our investments in real estate assets and with trends in the real estate industry. • We have a substantial amount of debt, which exposes us to interest rate fluctuation risk and the risk of not being able to refinance our debt, which in turn could expose us to the risk of default under our debt obligations. • The rents we receive from new leases may be less than our asking rents, and we may experience rent roll-down from time to time. • Although we have a diverse tenant base, a large portion of our tenants operate in a concentrated group of industries and downturns in these industries could adversely affect our financial condition, results of operations and cash flows. • In order to successfully compete against other properties, we need to maintain, repair, and renovate our properties, which reduces our cash flows. • We face intense competition, which could adversely impact the occupancy and rental rates of our properties. • Epidemics, pandemics or other outbreaks, and restrictions intended to prevent their spread, may adversely affect our business, financial position, results of operations, cash flows, our ability to service our debt, our ability to pay dividends to our stockholders, our REIT status, our ability to capitalize on business opportunities as they arise, our ability to raise capital, and / or the market price of our common stock. • Potential losses, including from adverse weather conditions, natural disasters and title claims, may not be covered by insurance. • We may be unable to renew leases or lease vacant space. • Our business strategy for our office portfolio focuses on leasing to smaller- sized tenants which may present greater credit risks. • Real estate investments are generally illiquid. • We may incur significant costs to comply with laws, regulations and covenants. • Because we own real property, we are subject to extensive environmental regulations, which create uncertainty regarding future environmental expenditures and liabilities. • Our properties may contain or develop harmful mold or suffer from other air quality issues, which could lead to liability for adverse health effects and costs of remediation. • Rent control or rent stabilization legislation and other regulatory restrictions may limit our ability to increase rents and pass through new or increased operating costs to our tenants. • We may be unable to complete acquisitions that would grow our business, or successfully integrate and operate acquired properties. • We may be unable to successfully expand our operations into new markets and submarkets. • We are exposed to risks associated with property development. • We are exposed to certain risks when we enter into JVs or issue securities of our subsidiaries, including our Operating Partnership. • If we default on the ground lease to which one of our properties is subject, our business could be adversely affected. • We may not have sufficient cash available for distribution to stockholders at expected levels in the future. • We face risks associated with contractual counterparties being designated “ Prohibited Persons ” by the Office of Foreign Assets Control. • Terrorism and war could harm our business and operating results. Risks Related to Our Organization and Structure • Tax consequences to holders of OP Units upon a sale or refinancing of our properties may cause the interests of our executive officers to differ from the interests of our stockholders. • Our executive officers have significant influence over our affairs. • Under their employment agreements, certain of our executive officers will receive severance if they are terminated without cause or resign for good reason. • The loss of any of our executive officers or key senior personnel could significantly harm our business. • Compensation awards to our management may not be tied to or correspond with improved financial results or the market price of our common stock. • Our board of directors may change significant corporate policies without stockholder approval. • Our growth depends on external sources of capital which are outside of our control. • We face risks associated with short- term liquid investments. • Our charter, the partnership agreement of our Operating Partnership, and Maryland law contain provisions that may delay or prevent a change of control transaction. • Our fiduciary duties as the sole stockholder of the general partner of our Operating Partnership could create conflicts of interest. Risks Related to Taxes and Our Status as a REIT • Our property taxes could increase due to property tax rate changes, reassessments or changes in property tax laws, which would adversely impact our cash flows. • **Transfer taxes like those imposed by Los Angeles Measure ULA could have a negative impact on our property valuations and our ability to acquire or sell properties at favorable prices or on a timely basis.** • Failure to qualify as a REIT would subject us to corporate taxation and potentially reduce cash available for distributions. • If the Operating

Partnership, or any of its subsidiaries (other than any TRS), were treated as a regular corporation for federal income tax purposes, we could cease to qualify as a REIT. • Even if we qualify as a REIT, we will be required to pay some taxes which would reduce cash available for distributions. • REIT distribution requirements could adversely affect our liquidity and cause us to forego otherwise attractive opportunities. • REIT stockholders can receive taxable income without cash distributions. • If a transaction intended to qualify as a Section 1031 Exchange is later determined to be taxable or if we are unable to identify and complete the acquisition of a suitable replacement property to effect a Section 1031 Exchange, we may face adverse consequences, and if the laws applicable to such transactions are amended or repealed, we may not be able to dispose of properties on a tax deferred basis. • Legislative or other actions affecting REITs could have a negative effect on our investors or us, including our ability to maintain our qualification as a REIT or the federal income tax consequences of such qualification. • Non- U. S. investors may be subject to FIRPTA, which would impose tax on certain distributions and on the sale of common stock if we are unable to qualify as a “domestically controlled” REIT or if our stock is not considered to be regularly traded on an established securities market. General Risks. • Security breaches through cyber attacks, cyber intrusions or otherwise, as well as other significant disruptions of our IT networks and related systems could harm our business. • Litigation could have an adverse effect on our business. • If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results. • New accounting pronouncements could adversely affect our operating results or the reported financial performance of our tenants. Since the COVID- 19 pandemic, the consumer price index has increased substantially. Federal policies and recent global events may exacerbate increases in the consumer price index. A sustained or further increase in inflation could have adverse impacts on our business, including: • an increase in our rental operating costs and our general and administrative costs; • our inability to increase rental rates at the same rate as inflation; • reduction in tenant demand for our properties if we are able to increase rental rates at the same rate as inflation; • our inability to recover higher rental operating costs from our office tenants; • higher operating costs billed to our office tenants, which could reduce tenant demand for our office properties; • higher interest rates, which could: (i) increase our borrowing costs, (ii) adversely impact our property valuations, and (iii) cause an economic recession which would adversely affect our business; • an increase in recurring capital expenditures to maintain our properties; • an increase in construction costs, which would increase the cost of development and repositioning projects and adversely impact our investments in real estate assets and expected yields on our development and repositioning projects, which could make investment opportunities less profitable to us; • reduced cash flows, which would adversely impact our ability to pay dividends and distributions. In addition, historically, during periods of increasing interest rates, real estate valuations have generally decreased as a result of rising capitalization rates, which tend to be positively correlated with interest rates. Consequently, prolonged periods of higher interest rates may negatively impact the valuation of our real estate portfolio and result in a decline of the market price of our common stock and market capitalization, as well as lower sales proceeds from future property dispositions. Our business may be adversely affected by global market, economic and geopolitical conditions, including general global economic and political uncertainty and dislocations in the credit markets. If these conditions become more volatile or worsen, our business, results of operations, liquidity and financial condition and those of our tenants may be adversely affected as a result of the following consequences, among others: • tenant defaults under leases or tenants not renewing their leases, or renewing under less favorable terms, if the financial condition of our tenants is adversely impacted; • reduced leasing to new tenants or at less favorable terms; • decreased demand for our office space if businesses, including our tenants, lay off employees; • decreased commercial real estate occupancy and rental rates resulting in decreased property values; • limitations in our ability to obtain financing on terms and conditions that we find acceptable, or at all, which could reduce our ability to refinance existing debt and obtain new debt to pursue acquisition and development opportunities; and • reduced values of our properties, which may limit our ability to obtain new debt financing secured by our properties or limit our ability to refinance our existing debt secured by our properties. Because of the geographic concentration of our properties, we are susceptible to adverse economic and regulatory developments, as well as natural disasters, in the markets and submarkets where we operate, including, for example, economic slowdowns, industry slowdowns, business downsizing, business relocations, increases in real estate and other taxes, changes in regulation, earthquakes, floods, droughts and wildfires. California is also regarded as being more litigious, regulated and taxed than many other states. Any adverse developments in the economy or real estate market in Los Angeles County or Honolulu or the surrounding regions, or any decrease in demand for office space resulting from the Los Angeles County or Honolulu regulatory or business environment could impact our ability to generate revenues sufficient to meet our operating expenses or other obligations, which would adversely impact our operating results, cash flows, financial position, our ability to pay dividends and distributions, and the market price of our common stock. Our operating performance and the market value of our common stock are subject to risks associated with our investments in real estate and with trends in the real estate industry. Our economic performance and the value of our real estate and, consequently the market price of our common stock, are subject to the risk that our properties may not generate revenues sufficient to meet our operating expenses or other obligations. Real estate investments are subject to various risks, fluctuations and cycles in value and demand, many of which are beyond our control and could adversely affect our operating results, cash flows, and financial position. These events include, but are not limited to: • adverse changes in international, national or local economic conditions; • inability to rent space on favorable terms, including possible market pressures to offer tenants rent abatements, tenant improvements, early termination rights or below- market renewal options; • adverse changes in financial conditions of actual or potential investors, buyers, sellers or tenants; • inability to collect rent from tenants; • competition from other real estate investors, including other real estate operating companies, publicly- traded REITs and institutional investment funds; • reduced tenant demand for office space and residential units from matters such as: (i) trends in space utilization, including remote working arrangements, (ii) changes in the relative popularity of our properties, (iii) the type of space we lease, (iv) purchasing versus leasing, (v) increasing crime or homelessness in our submarkets, (vi) changing submarket demographics or (vii) economic recessions; • reduced demand for parking space due to

matters such as: (i) reduced attendance in our buildings, (ii) the impact of technology such as self-driving cars, or (iii) the increasing popularity of car ride sharing services; • increases in the supply of office space and residential units; • fluctuations in interest rates and the availability of credit, which could adversely affect our ability to obtain financing on favorable terms or at all; • increases in operating costs (or our reduced ability to recover operating costs from our tenants), including: (i) insurance costs, (ii) labor costs (such as the unionization of our employees or the employees of any parties with whom we contract for services to our buildings), (iii) energy prices, (iv) real estate assessments and other taxes, and (v) costs of compliance with laws, regulations and governmental policies; • utility disruptions; • the effects of rent controls, stabilization laws and other laws or covenants regulating rental rates; • changes in, and changes in enforcement of, laws, regulations and governmental policies, including, without limitation, health, safety, environmental, zoning and tax laws, governmental fiscal policies and the ADA; • legislative uncertainty related to federal and state spending and tax policy; • difficulty in operating properties effectively; • declines in real estate valuations, which may limit our ability to dispose of assets at attractive prices or obtain or maintain debt financing; • property damage resulting from seismic activity or other natural disasters; • acquiring undesirable properties; and • inability to dispose of properties at appropriate times or at favorable prices. We have a substantial amount of debt and we may incur significant additional debt for various purposes, including, without limitation, to fund future property acquisitions and development activities, reposition properties and to fund our operations. As of December 31, ~~2023~~ **2024**, we had approximately \$ ~~5.6~~ **5** billion of debt outstanding, of which \$ ~~1.2~~ **1.7** billion is floating rate debt, which exposes us to interest rate fluctuation risk. See Note 8 to our consolidated financial statements in Item 15 of this Report for more detail regarding our consolidated debt. See "Off-Balance Sheet Arrangements" in Item 7 of this Report for more detail regarding our unconsolidated debt. Our ability to service and refinance our debt and to fund our operations, working capital, and capital expenditures, depends on our ability to generate cash flow in the future. Our cash flow is subject to general economic, industry, financial, competitive, operating, legislative, regulatory, environmental and other factors, many of which are beyond our control. Our substantial indebtedness, and the limitations and other constraints imposed on us by our debt agreements, especially during economic downturns when credit is harder to obtain, could adversely affect us, including the following: • periods of rising and high interest rates would adversely affect: (i) our results of operations, (ii) our ability to pay dividends and distributions, (iii) the market price of our common stock, (iv) our ability to borrow or to borrow on favorable terms and (v) our ability to refinance existing debt on commercially reasonable terms or at all; • our cash flows may be insufficient to meet our required principal and interest payments; • servicing our borrowings may leave us with insufficient cash to operate our properties or to pay the distributions necessary to maintain our REIT qualification; • we may be unable to borrow additional funds as needed or on favorable terms, which could, among other things, adversely affect our ability to capitalize upon acquisition opportunities; • we may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of our existing indebtedness; • we may be forced to dispose of one or more of our properties, possibly on disadvantageous terms; • we may violate any restrictive covenants in our loan documents, which could entitle the lenders to accelerate our debt obligations; • we may be unable to hedge floating rate debt, counterparties may fail to honor their obligations under our hedge agreements, the hedge agreements may not effectively hedge the interest rate fluctuation risk, and, upon the expiration of any hedge agreements we do have, we will be exposed to the then-existing market rates of interest and future interest rate volatility with respect to debt that is currently hedged; we could also be declared in default on our hedge agreements if we default on the underlying debt that we are hedging; • we may default on our obligations and the lenders or mortgagees may foreclose on our properties that secure their loans and receive an assignment of rents and leases; • our default under any of our indebtedness with cross default provisions could result in a default on other indebtedness; and • any foreclosure on our properties could also create taxable income without accompanying cash proceeds, which could adversely affect our ability to meet the REIT distribution requirements imposed by the Code. As a result of various factors, such as competitive pricing pressure in our submarkets, adverse conditions in the Los Angeles County or Honolulu real estate market, general economic downturns, or the desirability of our properties compared to other properties in our submarkets, the rents we receive on new leases could be less than our in-place rents, which could adversely affect our operating results, cash flows, and financial position. As of December 31, ~~2023~~ **2024**, as a percentage of our annualized base rental revenue for the stabilized portfolio, ~~18-19~~ **2** % of our tenants operated in the legal industry, ~~15-16~~ **5-1** % in the financial services industry, ~~14-13~~ **4-1** % in the entertainment industry and ~~12-7~~ **10-0** % in the real estate industry and **10.0 % in the entertainment** industry. As we continue our development and potential acquisition activities, our tenant mix could become more concentrated, further exposing us to risks associated with those industries. For the composition of our tenants by industry, see "Item 2. Properties — Office Industry Diversification as of December 31, ~~2023~~ **2024**." An economic downturn in any of these industries, or in any industry in which a significant number of our tenants currently or may in the future operate, could negatively impact the financial condition of such tenants and cause them to fail to make timely rental payments or default on lease obligations, fail to renew their leases or renew their leases on terms less favorable to us, become bankrupt or insolvent, or otherwise become unable to satisfy their obligations to us. As a result, a downturn in an industry in which a significant number of our tenants operate could adversely affect our financial conditions, result of operations and cash flows.