

Company Update - Seattle May 2014



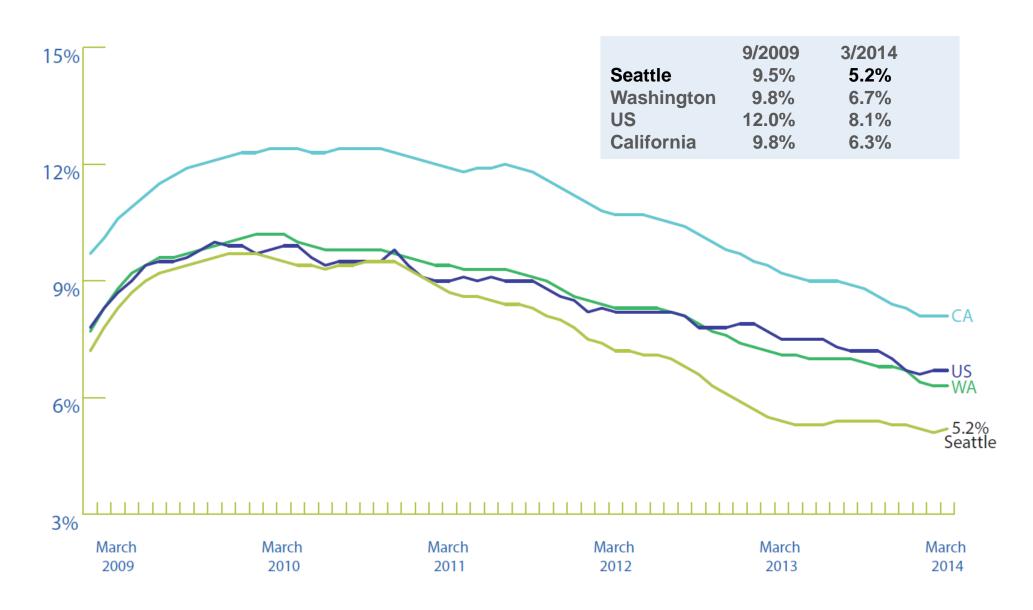


- Critical Mass of Knowledge Companies
- Highly Educated Workforce
- Great Quality of Life



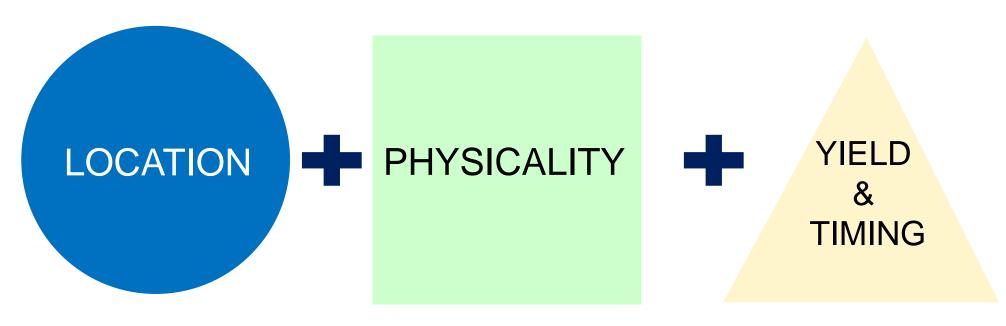


Positive Market Fundamentals





KRC's Investment Thesis



- **■** Transportation
- Amenities
- Housing

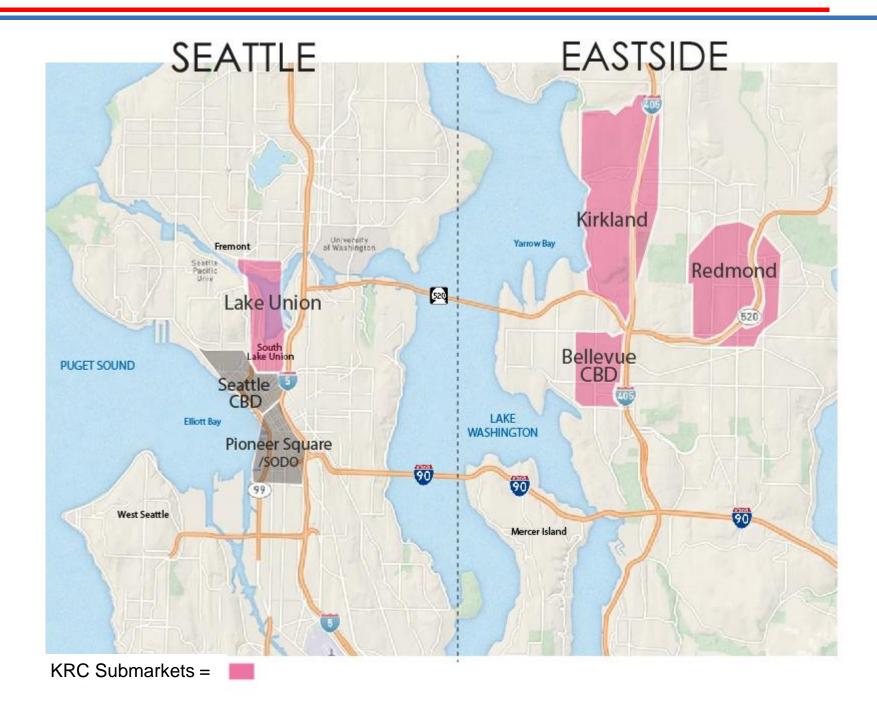
- Modern workforce / densification
- Collaborative floor plans
- Lighting
- **■** Ceiling heights

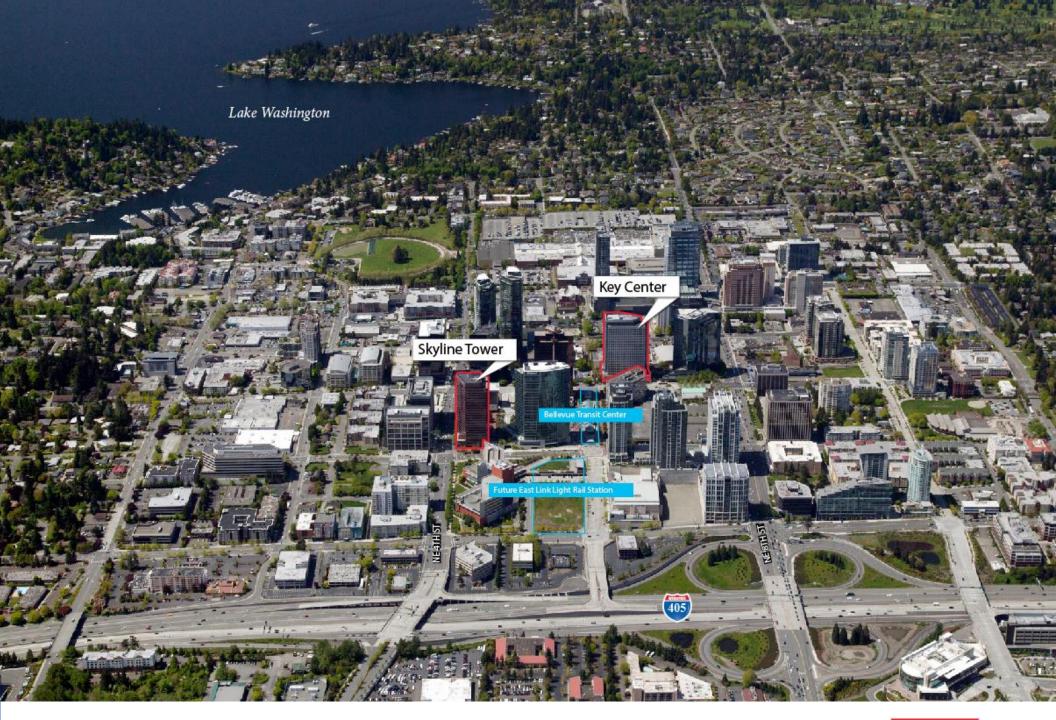
- Return on cost
- Price per square foot
- Replacement cost
- Investment cycle

Companies need high quality space in the best locations to attract and retain their workforces



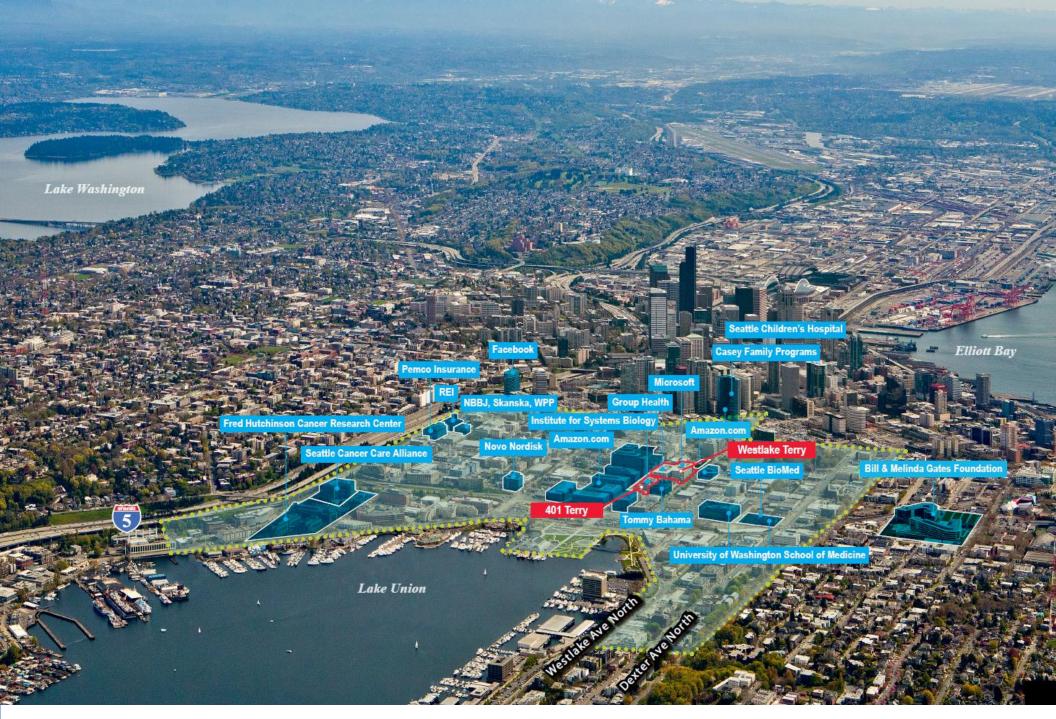
Primary Seattle Office Submarkets





Downtown Bellevue





South Lake Union





Tenant Base Anchored by Global Corporations







NORDSTROM































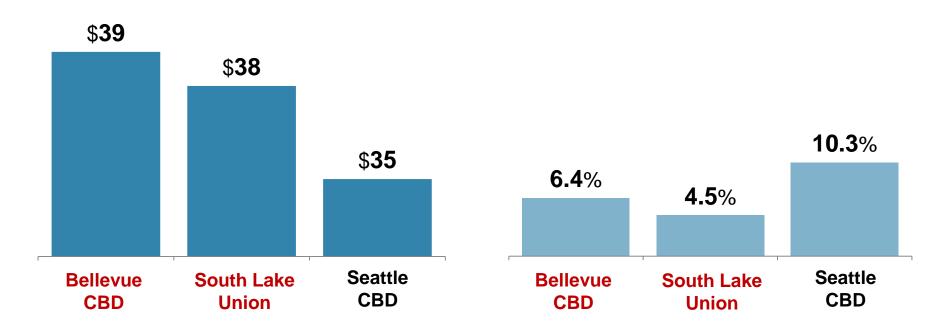




Focus on the Best Seattle Markets

CLASS A RENTAL RATES (FSG)

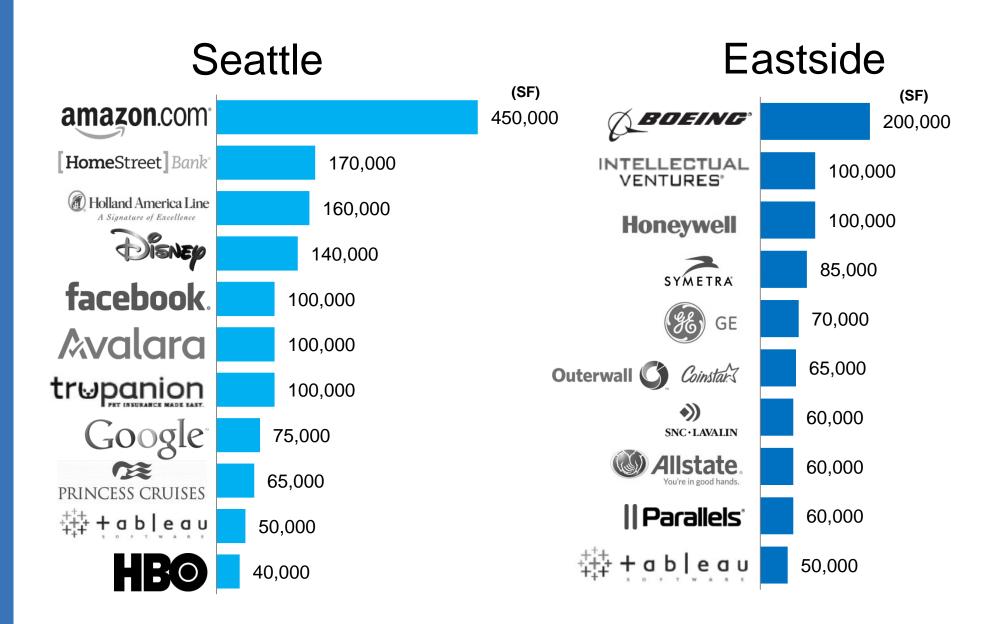
CLASS A DIRECT VACANCY RATES



Red font submarkets indicate KRC markets

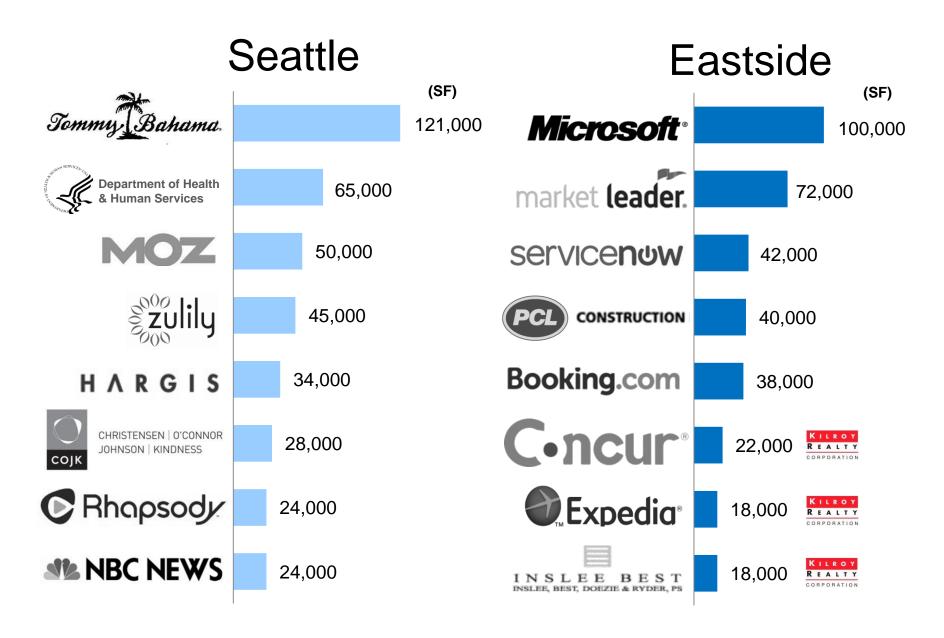


Tenant Demand





Top Recent Leasing Activity





KRC's Seattle Portfolio

Portfolio Statistics as of Q1 2014

Properties 8
Total RSF 2.2 M RSF
Total Purchase Price \$968 M
\$ PSF \$437 PSF
Occupancy/Leased 96.9% / 98.0%
Portfolio Rents Below Market ≈10% to 15%



Overlake Office Center

 Submarket:
 Redmond

 SF:
 122,103

 \$/SF:
 \$377

Acquired: October 2010 Occ / Leased: 100% / 100%



Plaza Yarrow Bay

 Submarket:
 Kirkland

 SF:
 279,924

 \$/SF:
 \$358

 Acquired:
 April 2011

 Occ / Leased:
 97.3% / 98.0%



Key Center

Submarket: Bellevue CBD SF: 488,470 \$/SF: \$440 Acquired: June 2011 Occ / Leased: 98.5% / 98.5%



Fremont Lake Union Center

 Submarket:
 Lake Union

 SF:
 308,407

 \$/SF:
 \$342

 Acquired:
 June 2012

 Occ / Leased:
 100% / 100%



Fremont Lake View

Submarket: Lake Union SF: 111,580 \$/SF: \$352 Acquired: June 2012 Occ / Leased: 100% / 100%



Skyline Tower

Submarket: Bellevue CBD SF: 416,755 \$/SF: \$447 Acquired: July 2012 Occ / Leased: 87.3% / 92.7%



Westlake Terry

Submarket: South Lake Union

SF: 320,398 \$/SF: \$531

Acquired: January 2013 Occ / Leased: 100% / 100%



401 Terry

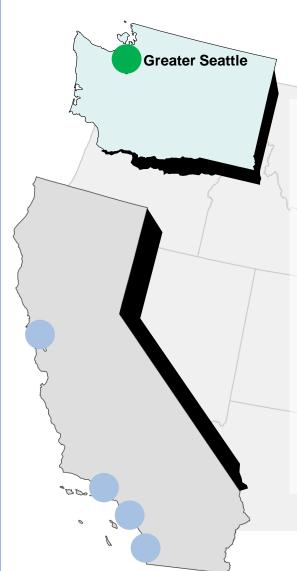
Submarket: South Lake Union SF: 165,155 (BOMA)

\$/SF: \$643

Acquired: March 2014 Occ / Leased: 100% / 100%



KRC's Outlook for Region



Greater Seattle is poised for growth

- Similarities to SOMA market
- Young, educated work force
- Unemployment rate & Job growth outpacing the nation

KRC well positioned to create value over time

- Well-leased assets in strong submarkets
- Increasing rents as leases roll
- Local expertise in operations, acquisitions and development

Seattle platform bolsters KRC's West Coast franchise



where innovation works....