

KILROY REALTY

Company Update

NAREIT

June 2019

KILROY



DISCLAIMER

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are based on our current expectations, beliefs and assumptions, and are not guarantees of future performance. Forward-looking statements are inherently subject to uncertainties, risks, changes in circumstances, trends and factors that are difficult to predict, many of which are outside of our control. Accordingly, actual performance, results and events may vary materially from those indicated or implied in the forward-looking statements, and you should not rely on the forward-looking statements as predictions of future performance, results or events. Numerous factors could cause actual future performance, results and events to differ materially from those indicated in the forward-looking statements, including, among others: global market and general economic conditions and their effect on our liquidity and financial conditions and those of our tenants; adverse economic or real estate conditions generally, and specifically, in the States of California and Washington; risks associated with our investment in real estate assets, which are illiquid, and with trends in the real estate industry; defaults on or non-renewal of leases by tenants; any significant downturn in tenants' businesses; our ability to re-lease property at or above current market rates; costs to comply with government regulations, including environmental remediation; the availability of cash for distribution and debt service and exposure to risk of default under debt obligations; increases in interest rates and our ability to manage interest rate exposure;; the availability of financing on attractive terms or at all, which may adversely impact our future interest expense and our ability to pursue development, redevelopment and acquisition opportunities and refinance existing debt; a decline in real estate asset valuations, which may limit our ability to dispose of assets at attractive prices or obtain or maintain debt financing, and which may result in write-offs or impairment charges; significant competition, which may decrease the occupancy and rental rates of properties; potential losses that may not be covered by insurance; the ability to successfully complete acquisitions and dispositions on announced terms; the ability to successfully operate acquired, developed and redeveloped properties; the ability to successfully complete development and redevelopment projects on schedule and within budgeted amounts; delays or refusals in obtaining all necessary zoning, land use and other required entitlements, governmental permits and authorizations for our development and redevelopment properties; increases in anticipated capital expenditures, tenant improvement and/or leasing costs; defaults on leases for land on which some of our properties are located; adverse changes to, or enactment or implementations of, tax laws or other applicable laws, regulations or legislation, as well as business and consumer reactions to such changes; risks associated with joint venture investments, including our lack of sole decision-making authority, our reliance on co-venturers' financial condition and disputes between us and our co-venturers; environmental uncertainties and risks related to natural disasters; and our ability to maintain our status as a REIT. These factors are not exhaustive and additional factors could adversely affect our business and financial performance. For a discussion of additional factors that could materially adversely affect our business and financial performance, see the factors included under the caption "Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2018 and our other filings with the Securities and Exchange Commission. All forward-looking statements are based on currently available information, and speak only as of the dates on which they are made. We assume no obligation to update any forward-looking statement made in this presentation that becomes untrue because of subsequent events, new information or otherwise, except to the extent we are required to do so in connection with our ongoing requirements under federal securities laws. Specifically, disclosures relating to development projects, such as project timing, costs, estimated total investments, developable square feet and scope could change materially from estimated data provided due to one of more of the following: any significant changes in the economy, market conditions, our markets, tenant requirements and demands, construction costs, new office supply, regulatory and entitlement processes or project design.

LEASING UPDATE

2019 is On Target to Be Another Terrific Leasing Year

1.6MM SF OF LEASING ACTIVITY YEAR-TO-DATE ⁽¹⁾

	Stabilized Portfolio	Development Projects	Grand Total
1Q Earning Call	660,768	95,965	756,733
Subsequent to Earnings Call	144,563	660,223	804,786
2019 YTD	805,331	756,188	1,561,519
Change in Rents		~+30% Cash / ~+50% GAAP	

(1) Includes lease currently in documentation at 333 Dexter.

LEASING UPDATE

Significant Leasing Accomplishments - Year To Date

~805K SF - STABILIZED PORTFOLIO

- 153K, 10-year renewal in Menlo Park
(+49 GAAP / +13% Cash rent)
- 131K, 9-year lease in San Francisco
(+126% GAAP / +90% Cash rent)
- 92K, 7-year expansion in Del Mar (+37% GAAP / +12% Cash rent)
- 73K, 10-year expansion in Del Mar (+9% GAAP / +4% Cash rent)

~756K SF - DEVELOPMENT

- 333 Dexter: In documentation for 635,000 SF of space
- *One Paseo* Mixed-Use
 - Office: 76% committed // (~80K SF signed YTD)
 - Retail: 92% leased
 - Residential: Pre-leasing underway (~30 units pre-leased)
- 100 Hooper, PDR now over 80% leased
 - ~40K SF signed year to date

DEVELOPMENT PROJECTS



UNDER CONSTRUCTION

Remaining Office Leasing // Active Leasing Discussions

Kilroy Oyster Point Phase I – South San Francisco



- ~\$600MM, ~630K SF life science project
- ~\$450MM of incremental costs
 - 3 buildings each encompassing ~210K SF
 - Scheduled for 2021 delivery
- Leading life science cluster market
 - Over 200 established life science organizations and close proximity to leading research institutions
 - ~2.5% Class A vacancy // 2M SF of demand
 - Top VC market for life science investments
- Other new developments underway essentially 100% leased

9455 Towne Center – UTC (San Diego)



- ~\$125MM, ~160K SF life science project
- ~\$95MM of incremental costs
 - 5-story building with 5-level parking structure
 - Scheduled for 2020 delivery
- Key employment center for technology and life science industries
 - Close proximity leading innovators including Apple, Amazon, Eli Lilly, Takeda, Celgene and Illumina
 - ~4% vacancy due to strong tenant demand and limited supply
- Blocks away from retail destinations and future San Diego MTS Trolley stop

FLOWER MART RENDERING



2100 KETTNER

Premier Millennial Neighborhood in Downtown San Diego

- **~\$130MM, ~205K SF office project on ~1.2 acre, full city block site**
 - ~190K SF of creative office and ~15K SF of retail
 - ~18 month construction
- **One of the most desirable submarket for millennials**
 - ~75 restaurants and ~4,200 residential units within 0.5 mile radius (additional ~1,600 units planned or under construction)
 - Close proximity to San Diego Bay and Gaslamp Quarter
 - Easy access to public transit and freeway
 - ✓ Four blocks to trolley station
 - ✓ Next to major highways
 - ✓ 5 to 10 minutes from San Diego International Airport
- **Strong market fundamentals**
 - ~8% Class A vacancy (as defined by brokers) in downtown San Diego
 - ~500K SF of inventory in Little Italy with no Class A product



2100 KETTNER

Project Site



WEST COAST MARKET FUNDAMENTALS



MARKET CATALYSTS

Big Tech & Life Science Continue to Grow
Major Tenants Driving Market Growth

SAN FRANCISCO BAY AREA



Market Highlight: Tenants committing to pre-development / pre-entitlement sites due to lack of quality new supply

LOS ANGELES



Market Highlight: ~16,500 new film / digital media jobs expected over next three years

SEATTLE



Market Highlight: Continued migration from Bay Area technology firms

One of the highest rent growth markets in nation

SAN DIEGO



Market Highlight: Key life science cluster market with limited supply

Emerging technology hub; accelerated footprint driven by Amazon, Apple & Google

STRONG BALANCE SHEET

Conservative &
Consistent



FUNDING & FLEXIBILITY

Phasing Optionality

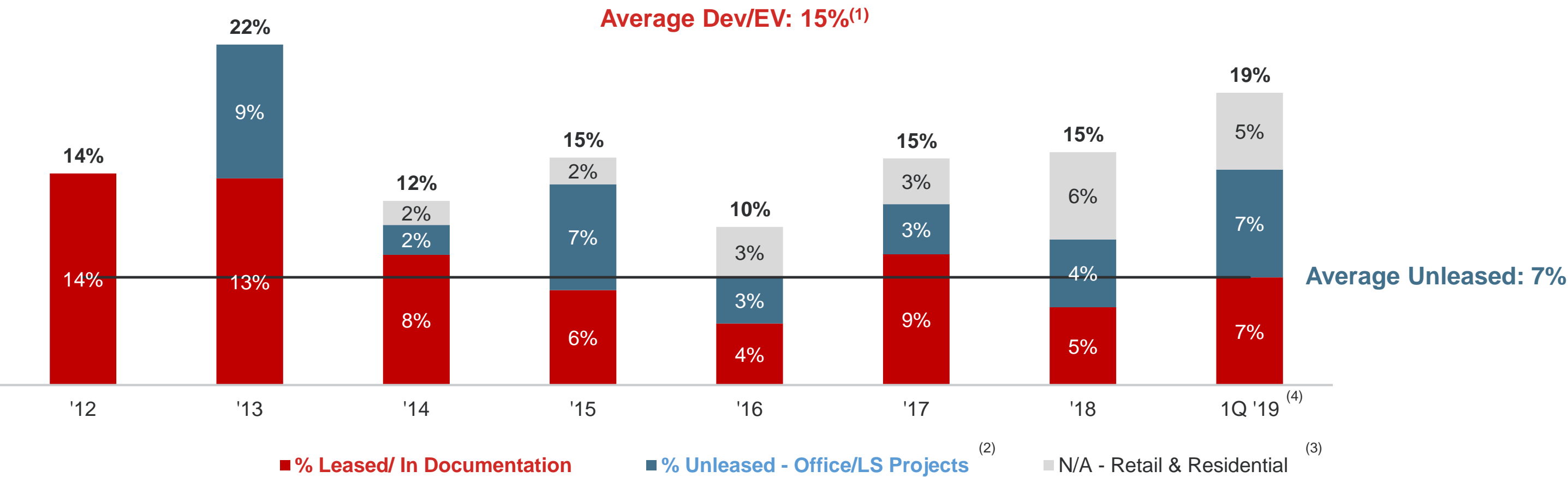
Development spending can be flexible and subject to market demand

Category	Projects	2Q19E – 2021E	Diverse Capital Sources
Under Construction / Tenant Improvement	The Exchange 100 Hooper 333 Dexter One Paseo (All Phases) Netflix // On Vine & Living // On Vine 9455 Towne Centre Drive Kilroy Oyster Point – Phase I	~\$1.15 BN	<ul style="list-style-type: none"> • \$1.5BN bank line • Dispositions • Joint ventures • Equity & ATM • Public / private debt
Future Projects	2100 Kettner The Flower Mart Kilroy Oyster Point – Phase II – IV	~\$0 to ~\$800 M	2019 Fully Funded <ul style="list-style-type: none"> • ~\$450M equity / ATM forwards • ~\$150M to \$350M in dispositions • ~\$1.1BN bank line availability
TOTAL		~\$1 BN to ~\$2BN	

STRONG TRACK RECORD

Programmatic Approach to Development De-Risk with Leasing

Development Pipeline / Enterprise Value



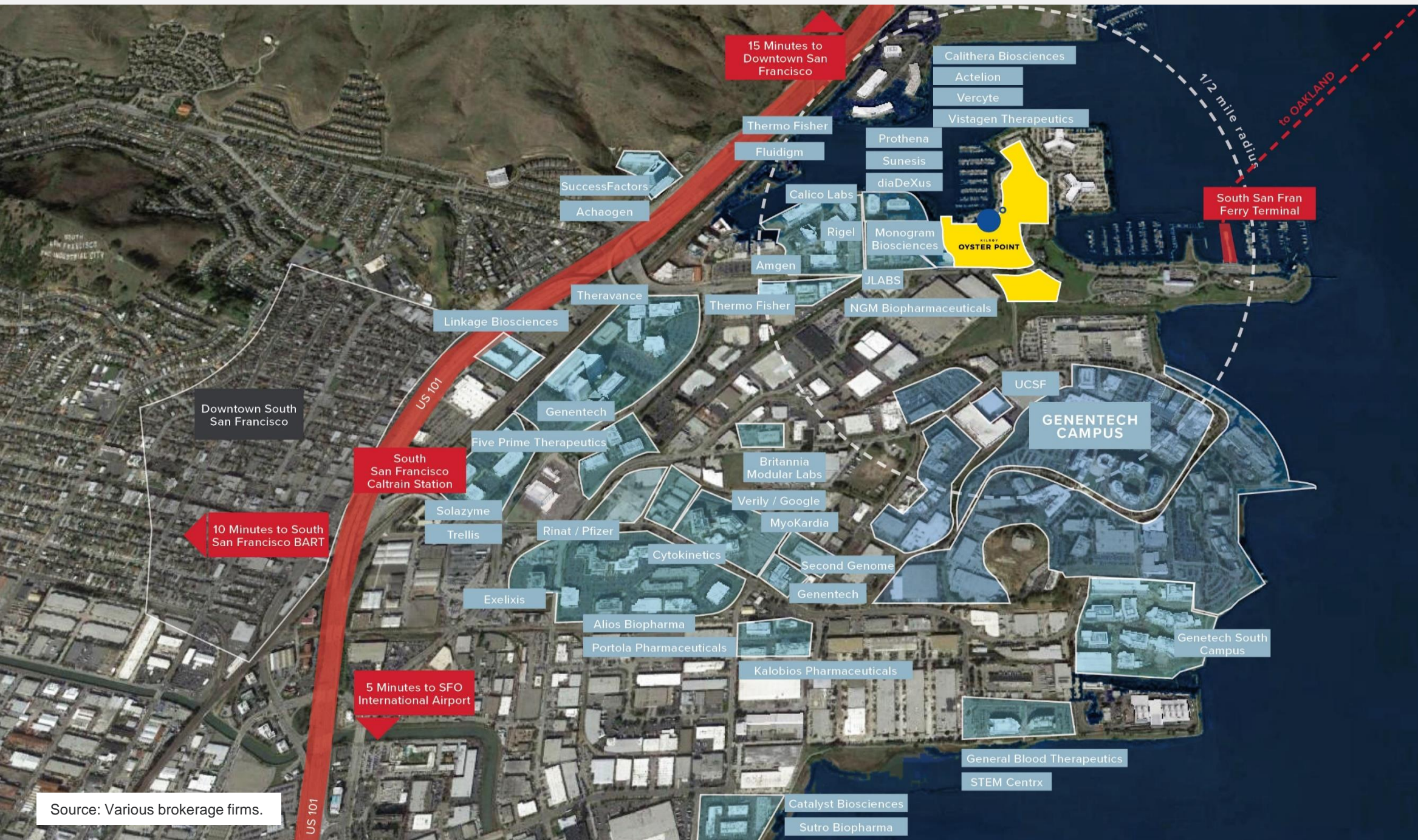
(1) Reflects total estimated investment for projects under construction as a percentage of total capitalization at the end of each reporting period.
(2) Reflects the unleased portion of total estimated investment for office projects under construction as a percentage of total capitalization at the end of each reporting period.
(3) Reflects the unleased portion of total estimated investment for retail & residential projects under construction as a percentage of total capitalization at the end of each reporting period.
(4) Reflects a lease currently in documentation at 333 Dexter.

LIFE SCIENCE PLATFORM



SOUTH SAN FRANCISCO

Market Dynamics



~12MM SF
Life Science Inventory

~\$65.00
(NNN) Class-A
Asking Rents

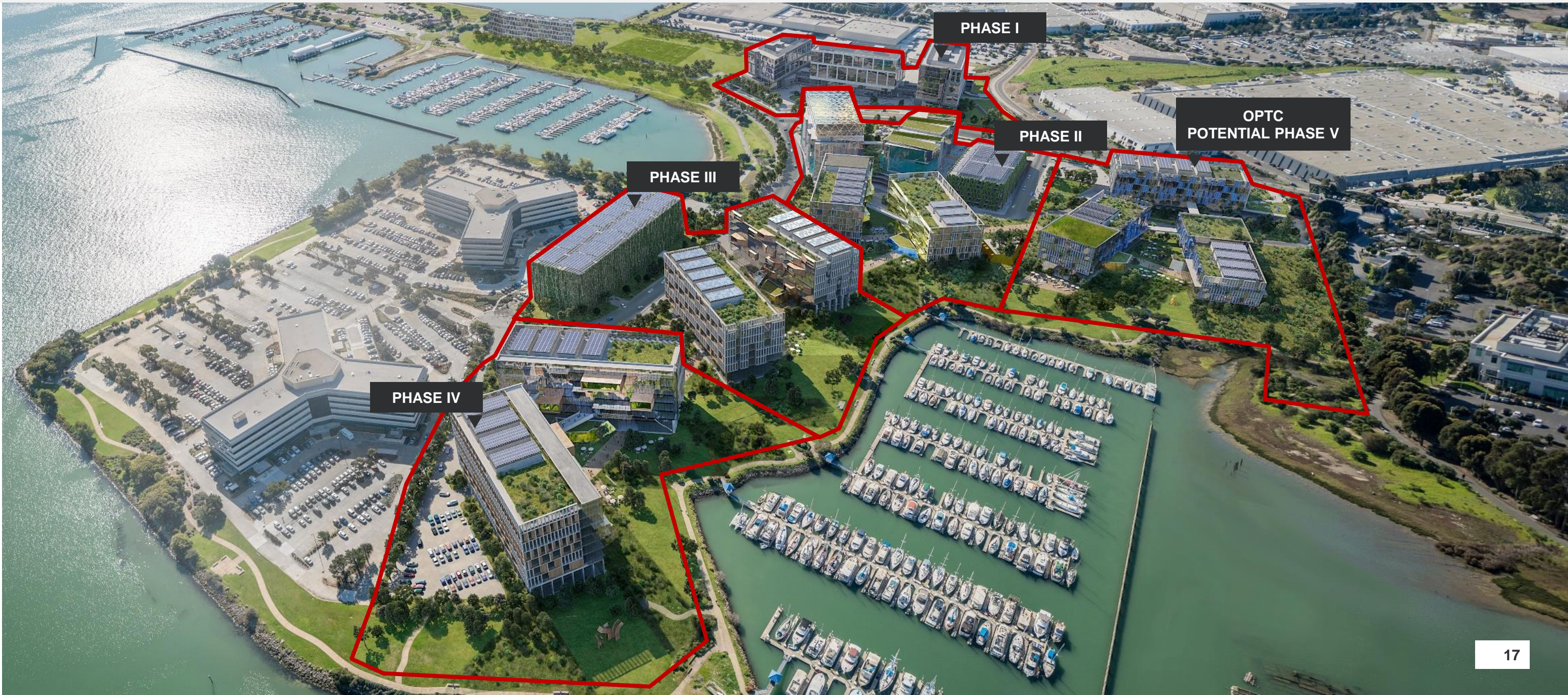
~15%
SSF Share of Global
Biotech Industry

~2.5%
Vacancy Rate

~2 MM SF
Active Demand

Source: Various brokerage firms.

KILROY OYSTER POINT, SOUTH SAN FRANCISCO



KILROY OYSTER POINT, SOUTH SAN FRANCISCO



Front Door to Ferry

- Round trips many times/day
- Wifi, food, bar, and affordable

1.5 miles to new Caltrain Station

- Delivery mid-2019

Driving Times

- 5 minutes to Highway 101
- 10 minutes to I-280 and SFO

All New Bay Trails and Park

New Hotel Adjacent

K I L R O Y

Where Innovation Works

