Kilroy Realty Signs Leases on 890,000 Square Feet of Space in First Four Months of 2017

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West Coast Market Fundamentals Remain Healthy Evidenced by Strong Leasing Spreads

LOS ANGELES--(BUSINESS WIRE)--Apr. 26, 2017-- Kilroy Realty Corporation ***(NYSE:KRC)*** today said that it has signed new or renewing leases on more than 890,000 square feet of space across the company's portfolio during the first four months of the year. Rents on these leases were up 19% on a cash basis and 36% on a GAAP basis.

This robust leasing activity, in addition to the leases signed in 2016 that have not yet commenced, has reduced the company's 2017 expirations of 757,000 square feet to approximately 355,000 square feet or less than 3% of total expirations.

The strong leasing performance spanned all four major markets of the company's West Coast portfolio that include Seattle, San Francisco, Los Angeles and San Diego.

For the quarter ended March 31, 2017, the company executed 747,000 square feet of leases at rents that were up 15% on a cash basis and up 29% on a GAAP basis. The leases signed during this period included a renewal by Expedia of its 112,000 square-foot lease at the company's Skyline Tower in the Bellevue CBD submarket of greater Seattle. The renewal terms extended half the square footage to 2020 and the other half to 2023. In San Francisco, at the company's 303 Second Street property, App/Dynamics, recently acquired by Cisco, renewed and expanded its lease by 67,000 square feet or 76% to take a total of just under 150,000 square feet for a term of five and a half years. And in San Diego, the company signed multiple leases totaling 157,000 square feet of space in several different projects.

In April, Riot Games, whose majority owner is Tencent, China's largest internet company, more than doubled its position at KRC's Westside Media Center in Los Angeles.

As of April 26, 2017, KRC's stabilized portfolio was 95.7% leased.

"Our real estate markets are among the most dynamic in the United States today," said John Kilroy, the company's chairman, president and chief executive officer. "They are the breeding grounds for some of the most innovative companies in the world, and magnets for new creative talent. Large, established companies continue to expand their presence here, while enterprising start-ups seek to establish a foothold. Our portfolio of well-located and well-designed contemporary, sustainable work environments is in constant demand."

About Kilroy Realty Corporation. Kilroy Realty Corporation (KRC), a publicly traded real estate investment trust and member of the S&P MidCap 400 Index, is one of the West Coast's premier landlords. The company has over 70 years of experience developing, acquiring and managing office and mixed-use real estate assets. The company provides physical work environments that foster creativity and productivity and serves a broad roster of dynamic, innovation-driven tenants, including technology, entertainment, digital media and health care companies.

At March 31, 2017, the company's stabilized portfolio totaled approximately 14.4 million square feet of office space and 200 residential units located in the coastal regions of Los Angeles, Orange County, San Diego, the San Francisco Bay Area and Greater Seattle. In addition, KRC had two office projects totaling approximately 1.2 million square feet, 237 residential units and 96,000 square feet of retail space under construction.

The company is recognized by GRESB as the North American leader in sustainability and was ranked first among 178 North American participants across all asset types. At the end of the first quarter, the company's stabilized portfolio was 52% LEED certified and 71% of eligible properties were ENERGY STAR certified. More information is available at http://www.kilroyrealty.com.

Forward-Looking Statements. This press release 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 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 implementations of, applicable laws, regulations or legislation; 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, 2016 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 date on which they are made. We assume no obligation to update any forward-looking statement made in this press release 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.

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