



**NAREIT Annual Convention**  
**November 8-10, 2006**

Some of the enclosed information presented is forward-looking in nature. Although the information is based on the company's current best judgment, actual results could vary from expectations stated here. Development plans are by their very nature preliminary and subject to change. As development plans are refined, the Company expects that results related to its development projects will change, including returns, investment and timing. Numerous factors will affect KRC's actual results, some of which are beyond the company's control. These include the timing and strength of regional economic growth, the strength of commercial and industrial real estate markets, competitive market conditions, future interest rate levels and capital market conditions.

# Company Overview

- KRC has the premier development franchise in Southern California
- Local economies continue to generate job growth
- Stabilized portfolio is 96% occupied
- \$377 million of development under construction – 87% preleased
- Strong balance sheet

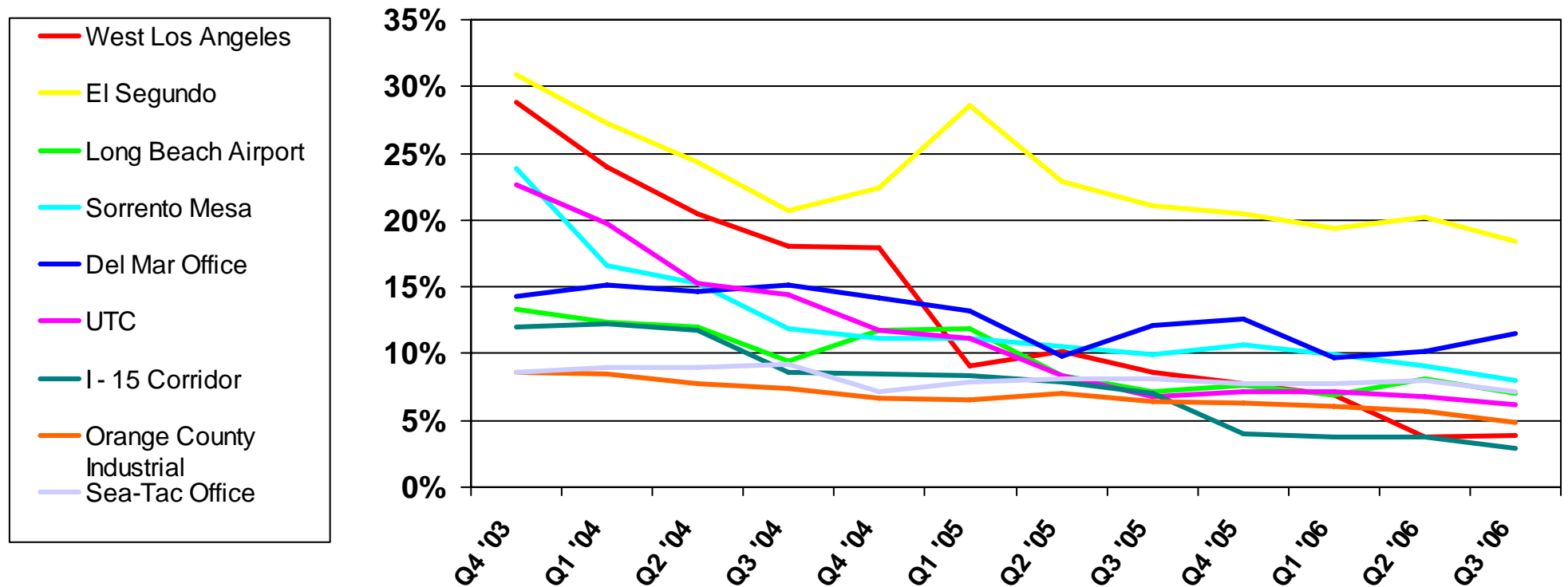


*12200 West Olympic Boulevard, Los Angeles*

## Recent Developments

- Signed 767,000 square feet of leases in El Segundo with Boeing, DirecTV and Mattel
- Achieved cash and GAAP rent growth in third quarter of 6% and 12%, respectively
- Signed 18.5-year lease with Scripps for new 146,000 square foot building in Rancho Bernardo
- In escrow to purchase land sites along 56-Corridor and in Carlsbad to expand future development pipeline
- Sold Orange County industrial project for \$45 million

# Market Vacancy Trends Improving



# \$377 Million of Development Underway

- \$377 million of new office development under construction
  - 1.3 million square feet
  - 87% preleased
  - 9% and 10% cash and GAAP returns, respectively
- Future pipeline in San Diego of \$500 million to \$800 million
  - 1.5 million to 2.2 million square feet
- In escrow to purchase two additional San Diego land sites
  - Would add approximately 500,000 square feet to future pipeline



*Santa Fe Summit – Phase I, 56 Corridor, San Diego  
466,000 s.f., 100% preleased to Intuit*

# 2006 Year-to-Date Development Starts

- \$286 million
- 945,000 square feet
- 82% preleased
- 9% cash returns
- 10% GAAP returns



*Cardinal Health Campus, Sorrento Mesa, San Diego  
318,000 s.f. currently under construction*

# Committed and Future Development: Santa Fe Summit

- Four-building, 466,000 sq. ft. campus on Phase I
  - 100% preleased to Intuit
  - \$147 million total estimated investment
- Phase II ready to accommodate second campus of approximately 340,000 sq. ft.
- Phase III in escrow
  - In planning for 200,000 sq. ft. office building, plus restaurant, retail and possible hotel
- Located on new 56 Freeway between I-5 and I-15 Freeways; easterly extension of Del Mar sub-market





# Committed Development: Kilroy Sabre Springs – Phase III

- Existing 282,000 square foot, two-building campus 98% occupied
- Under construction with third, 143,000 square foot office building
- Total estimated investment for Phase III building of approximately \$66 million



13500/13520 Evening Creek Drive North, I-15 Corridor

# Construction in Progress

(sq. ft. in 000s; \$ in millions)

	<u>Sq. Ft.</u>	<u>Tenant</u>	<u>Estimated Investment</u>	<u>% Committed</u>
ICC - 15333 Avenue of Science	77	Acc Home Lenders	\$21	100%
Santa Fe Summit - Phase I	466	Intuit	147	100%
PCC – Lots 3, 4 & 6	318	Cardinal Health	78	100%
Kilroy Sabre Springs – Phase III	143	TBD	66	0%
ICC – 15004 Innovation Drive	146	Scripps Health	52	100%
2240 E. Imperial Highway – Kilroy Airport Center	<u>107</u>	DirecTV	<u>13</u>	<u>77%</u>
Total	<u>1,257</u>		<u>\$377</u>	87%

Upon completion of current development, 60% of KRC NOI will come from properties developed since 1997

# Future Development Summary

(sq. ft. in 000s; \$ in millions)

	<u>Sq. Ft.</u>	<u>Estimated Investment</u>
<b>Future Development – 100% Owned</b>		
Kilroy Centre Rancho Bernardo	800 – 1,500	\$250 – 563
Pacific Corporate Center – Lot 8	95	30
Santa Fe Summit – Phase II	340	142
Sorrento Gateway – Lot 1	54	19
Sorrento Gateway – Lot 2	80	37
Sorrento Gateway – Lot 3	57	22
Sorrento Gateway – Lot 7	<u>57</u>	<u>23</u>
Total	<u>1,483 – 2,183</u>	<u>\$523 – 836</u>
<b>Future Development – In Escrow</b>		
Carlsbad Land Parcel	300	TBD
Santa Fe Summit – Phase III	200	TBD

Including properties in escrow, total future development pipeline would total approximately \$700 million to \$1 billion

# Outlook

- Southern California outperforming other regions
- High-quality portfolio in key coastal sub-markets
- Optimistic about future development opportunities
- Balance sheet flexibility
- 59 years of experience in managing through cycles



*3721 Valley Centre Drive, Del Mar*

**KILROY**

**REALTY**

**CORPORATION**