

KILROY
REALTY
CORPORATION

Q1 2013 Supplemental Financial Report



Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Table of Contents

	Page
Corporate Data and Financial Highlights	
Company Background	1
Executive Summary	2
Financial Highlights	3
Common Stock Data	4
Consolidated Balance Sheets	5
Consolidated Statements of Operations	6
Funds From Operations and Funds Available for Distribution	7
Portfolio Data	
Same Store Analysis	8
Stabilized Portfolio Occupancy Overview by Region	9-13
Information on Leases Commenced & Leases Executed	14
Stabilized Portfolio Capital Expenditures	15
Stabilized Portfolio Lease Expirations	16-18
Top Fifteen Tenants	19
2013 Operating Property Acquisitions	20
Development	
In-Process Redevelopment Projects and Other Land Holdings	21
In-Process and Future Development Pipeline	22
Debt and Capitalization Data	
Capital Structure	23
Debt Analysis	24-25
Non-GAAP Supplemental Measures	26-27
Definitions	28-29
Reconciliations	30-32

This Supplemental Financial Report 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. These statements include, among other things, information concerning lease expirations, debt maturity, potential investments, development and redevelopment activity, projected construction costs, dispositions and other forward-looking financial data. In some instances, forward-looking statements can be identified by the use of forward-looking terminology such as “expect,” “future,” “will,” “would,” “pursue,” or “project” and variations of such words and similar expressions that do not relate to historical matters. Forward-looking statements are based on Kilroy Realty Corporation's current expectations, beliefs and assumptions, and are not guarantees of future performance, results or events. 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 Kilroy Realty Corporation's control. Accordingly, actual performance, results and events may vary materially from those indicated in forward-looking statements, and you should not rely on 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 forward-looking statements, including, among others, risks associated with: investment in real estate assets, which are illiquid; trends in the real estate industry; significant competition, which may decrease the occupancy and rental rates of properties; the ability to successfully complete acquisitions and dispositions on announced terms; the ability to successfully operate acquired properties; the availability of cash for distribution and debt service and exposure of risk of default under debt obligations; adverse changes to, or implementations of, applicable laws, regulations or legislation; and the ability to successfully complete development and redevelopment projects on schedule and within budgeted amounts. These factors are not exhaustive. For a discussion of additional factors that could materially adversely affect Kilroy Realty Corporation's business and financial performance, see the factors included under the caption “Risk Factors” in Kilroy Realty Corporation's annual report on Form 10-K for the year ended December 31, 2012, and its 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. Kilroy Realty Corporation assumes no obligation to update any forward-looking statement made in this Supplemental Financial Report that becomes untrue because of subsequent events, new information or otherwise, except to the extent required in connection with ongoing requirements under Federal securities laws.

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Company Background

Kilroy Realty Corporation (NYSE: **KRC**), a member of the S&P MidCap 400 Index, is a real estate investment trust active in premier office submarkets along the West Coast. The Company owns, develops, acquires and manages real estate assets primarily in the coastal regions of Los Angeles, Orange County, San Diego County, the San Francisco Bay Area and greater Seattle. As of March 31, 2013, the Company's stabilized portfolio consisted of 116 office buildings, which encompassed an aggregate of 13.6 million rentable square feet and was 90.3% occupied.

Board of Directors

John Kilroy, Jr.	<i>Chairman</i>
Edward F. Brennan, Ph.D.	
William P. Dickey	
Scott S. Ingraham	
Dale F. Kinsella	

Senior Management

John Kilroy, Jr.	<i>President and CEO</i>
Jeffrey C. Hawken	<i>Executive VP and COO</i>
Eli Khouri	<i>Executive VP and CIO</i>
Tyler H. Rose	<i>Executive VP and CFO</i>
David Simon	<i>Executive VP</i>
Justin W. Smart	<i>Executive VP, Development and Construction Services</i>
John T. Fucci	<i>Sr. VP, Asset Management</i>
Heidi R. Roth	<i>Sr. VP, CAO and Controller</i>
Steve Scott	<i>Sr. VP, San Diego</i>

Investor Relations

12200 W. Olympic Blvd., Suite 200
 Los Angeles, CA 90064
 (310) 481-8400
 Web: www.kilroyrealty.com
 E-mail: investorrelations@kilroyrealty.com

Equity Research Coverage

Bank of America Merrill Lynch

James Feldman (646) 855-5808

Cantor Fitzgerald & Company

Evan Smith (212) 915-1220

Citigroup Investment Research

Michael Bilerman (212) 816-1383

Cowen and Company

James Sullivan (646) 562-1380

Deutsche Bank Securities, Inc.

Vincent Chao (212) 250-6799

Green Street Advisors

Michael Knott (949) 640-8780

ISI Group

George Auerbach (212) 446-9462

JMP Securities

Mitch Germain (212) 906-3546

J.P. Morgan

Anthony Paolone (212) 622-6682

KeyBanc Capital Markets

Craig Mailman (917) 368-2316

Morgan Stanley

Vance Edelson (212) 761-0078

RBC Capital Markets

Richard Moore (440) 715-2646

Robert W. Baird & Co.

David B. Rodgers (216) 737-7341

Stifel, Nicolaus & Company

John W. Guinee III (443) 224-1307

UBS Investment Research

Ross T. Nussbaum (212) 713-2484

Wells Fargo

Brendan Maiorana (443) 263-6516

Kilroy Realty Corporation is followed by the analysts listed above. Please note that any opinions, estimates or forecasts regarding Kilroy Realty Corporation's performance made by these analysts are theirs alone and do not represent opinions, forecasts or predictions of Kilroy Realty Corporation or its management. Kilroy Realty Corporation does not by its reference above or distribution imply its endorsement of or concurrence with such information, conclusions or recommendations.

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Executive Summary

Financial Highlights

- FFO per share of \$0.62
- Net loss available to common stockholders per share of \$0.02
- Revenues from continuing operations of \$117.5 million
- Same-store GAAP net operating income ("NOI") decreased 4.0%; adjusted for one-time items GAAP NOI decreased 0.6%
- Same-store cash NOI decreased 1.0%; adjusted for one-time items cash NOI increased 2.9%

Operating Highlights

- Quarter-end occupancy of 90.3%
- Same-store average occupancy of 90.6%
- 291,544 square feet of leases commenced during the quarter
- 433,597 square feet of leases executed during the quarter

Capital Markets Highlights

- Raised \$300 million of 10-year senior unsecured notes at 3.80%
- Paid down \$185 million outstanding balance on bank line
- Raised \$23.4 million of equity through the at-the-market stock offering program
- Paid off \$83 million of 6.37% mortgage notes
- Assumed an \$84 million mortgage in connection with the acquisition of Westlake Terry

Strategic Highlights

- Acquired Westlake Terry in South Lake Union submarket of Seattle for \$170 million

Note: Definitions for commonly used terms in this Supplemental Financial Report are on pages 28 through 29 'Definitions Included in Supplemental'.

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Financial Highlights

(unaudited, \$ in thousands, except per share amounts)

	Three Months Ended				
	3/31/2013	12/31/2012 ⁽¹⁾⁽²⁾	9/30/2012 ⁽³⁾	6/30/2012	3/31/2012 ⁽¹⁾⁽³⁾
INCOME ITEMS (Including Discontinued Operations):					
Revenues	\$ 117,497	\$ 115,763	\$ 111,375	\$ 103,922	\$ 100,413
Lease Termination Fees	15	350	261	401	106
Net Operating Income	82,445	82,725	77,603	73,230	73,588
Acquisition-related Costs	655	1,040	556	1,813	1,528
Capitalized Interest and Debt Costs	7,732	6,638	4,989	4,334	3,831
Net (Loss) Income Available to Common Stockholders	(903)	185,838	(2,753)	(800)	67,540
EBITDA	72,513	72,387	68,650	62,056	63,777
Funds From Operations ⁽⁴⁾⁽⁵⁾	49,086	49,816	43,142	39,508	32,990
Funds Available for Distribution ⁽⁴⁾⁽⁵⁾	28,103	29,523	32,366	21,099	26,818
Net (Loss) Income Available to Common Stockholders per common share - diluted	\$ (0.02)	\$ 2.45	\$ (0.04)	\$ (0.02)	\$ 1.06
Funds From Operations per common share - diluted	\$ 0.62	\$ 0.63	\$ 0.57	\$ 0.55	\$ 0.49
Dividends per common share	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35
RATIOS (Including Discontinued Operations):					
Operating Margins	70.2%	71.5%	69.7%	70.5%	73.3%
Interest Coverage Ratio	2.8x	3.0x	3.0x	3.0x	3.0x
Fixed Charge Coverage Ratio	2.5x	2.7x	2.6x	2.6x	2.5x
FFO Payout Ratio	55.0%	53.9%	62.1%	62.6%	74.3%
FAD Payout Ratio	96.1%	91.0%	82.7%	117.2%	91.4%
ASSETS:					
Real Estate Held for Investment before Depreciation	\$ 5,016,590	\$ 4,757,394	\$ 4,399,353	\$ 4,271,755	\$ 3,993,637
Total Assets	4,755,287	4,616,084	4,215,841	3,847,522	3,959,341
CAPITALIZATION:					
Total Debt	\$ 2,158,386	\$ 2,044,419	\$ 1,847,439	\$ 1,786,276	\$ 1,654,983
Total Preferred Equity and Noncontrolling Interests	200,000	200,000	200,000	175,000	175,000
Total Common Equity and Noncontrolling Interests	4,044,034	3,635,812	3,426,541	3,419,966	3,265,635
Total Market Capitalization	6,402,420	5,880,231	5,473,980	5,381,242	5,095,618
Total Debt / Total Market Capitalization	33.7%	34.7%	33.7%	33.0%	32.5%
Total Debt and Preferred / Total Market Capitalization	36.9%	38.1%	37.3%	36.3%	36.0%

Note: Definitions for commonly used terms in this Supplemental Financial Report are on pages 28 through 29 'Definitions Included in Supplemental'.

- (1) Net (Loss) Income Available to Common Stockholders includes a net gain on dispositions of discontinued operations of \$186.4 million and \$72.8 million for the three months ended December 31, 2012 and March 31, 2012, respectively.
- (2) Results for the three months ended December 31, 2012 include the receipt of a \$0.9 million cash payment related to a 2009 tenant default.
- (3) Results for the three months ended September 30, 2012 include a non-cash charge of \$2.1 million related to the original issuance costs of the Series A Preferred Units that were redeemed on August 15, 2012. Results for the three months ended March 31, 2012 include a non-cash charge of \$4.9 million related to the original issuance costs of the Series E and Series F Preferred Stock that were redeemed on April 16, 2012.
- (4) Please refer to page 7 for a reconciliation of GAAP Net (Loss) Income Available to Common Stockholders to Funds From Operations and Funds Available for Distribution.
- (5) Reported amounts are attributable to common stockholders and common unitholders.

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Common Stock Data (NYSE: KRC)

	Three Months Ended				
	3/31/2013	12/31/2012	9/30/2012	6/30/2012	3/31/2012
High Price	\$ 53.99	\$ 47.52	\$ 49.88	\$ 48.58	\$ 46.61
Low Price	\$ 47.86	\$ 42.47	\$ 44.78	\$ 44.84	\$ 37.92
Closing Price	\$ 52.40	\$ 47.37	\$ 44.78	\$ 48.41	\$ 46.61
Dividends per share - annualized	\$ 1.40	\$ 1.40	\$ 1.40	\$ 1.40	\$ 1.40
Closing common shares (in 000's) ⁽¹⁾⁽²⁾	75,350	74,927	74,693	68,928	68,350
Closing common partnership units (in 000's) ⁽¹⁾	1,827	1,827	1,827	1,718	1,718
	<u>77,177</u>	<u>76,754</u>	<u>76,520</u>	<u>70,646</u>	<u>70,068</u>

(1) As of the end of the period.

(2) In the first quarter of 2013, the Company issued 453,679 common shares under its at-the-market stock offering program at a weighted average price of \$52.65 per share before selling commissions.

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Consolidated Balance Sheets

(unaudited, \$ in thousands)

	3/31/2013	12/31/2012	9/30/2012	6/30/2012	3/31/2012
ASSETS:					
Land and improvements	\$ 637,854	\$ 612,714	\$ 562,071	\$ 576,433	\$ 576,433
Buildings and improvements	3,631,057	3,335,026	3,169,224	3,137,665	2,970,967
Undeveloped land and construction in progress	747,679	809,654	668,058	557,657	446,237
Total real estate held for investment	5,016,590	4,757,394	4,399,353	4,271,755	3,993,637
Accumulated depreciation and amortization	(790,878)	(756,515)	(725,728)	(801,083)	(770,688)
Total real estate held for investment, net	4,225,712	4,000,879	3,673,625	3,470,672	3,222,949
Real estate assets and other assets held for sale, net	—	—	166,019	—	—
Cash and cash equivalents	135,676	16,700	16,113	18,111	374,368
Restricted cash	19,465	247,544	5,884	97	43,140
Marketable securities	8,029	7,435	6,812	6,546	6,459
Current receivables, net	10,666	9,220	7,113	7,643	6,990
Deferred rent receivables, net	122,142	115,418	110,128	110,689	106,309
Deferred leasing costs and acquisition-related intangible assets, net	196,525	189,968	187,307	168,488	158,132
Deferred financing costs, net	20,501	18,971	18,442	18,919	19,060
Prepaid expenses and other assets, net	16,571	9,949	24,398	46,357	21,934
TOTAL ASSETS	\$ 4,755,287	\$ 4,616,084	\$ 4,215,841	\$ 3,847,522	\$ 3,959,341
LIABILITIES, NONCONTROLLING INTEREST AND EQUITY:					
<i>Liabilities:</i>					
Secured debt	\$ 570,676	\$ 561,096	\$ 520,867	\$ 381,097	\$ 350,219
Exchangeable senior notes, net	165,022	163,944	162,885	161,844	308,689
Unsecured debt, net	1,430,880	1,130,895	1,130,814	1,130,732	1,130,651
Unsecured line of credit	—	185,000	27,000	102,000	—
Accounts payable, accrued expenses and other liabilities	171,694	154,734	127,472	98,940	92,574
Accrued distributions	29,106	28,924	28,845	25,975	26,622
Deferred revenue and acquisition-related intangible liabilities, net	118,118	117,904	120,407	108,462	90,206
Rents received in advance and tenant security deposits	37,251	37,654	31,728	31,768	30,392
Liabilities and deferred revenue of real estate assets held for sale	—	—	4,455	—	—
7.80% Series E and 7.50% Series F Cumulative Redeemable Preferred stock, called for redemption	—	—	—	—	126,500
Total liabilities	2,522,747	2,380,151	2,154,473	2,040,818	2,155,853
<i>Noncontrolling Interest:</i>					
7.45% Series A Cumulative Redeemable Preferred units of the Operating Partnership	—	—	—	73,638	73,638
<i>Equity:</i>					
<i>Stockholders' Equity</i>					
6.875% Series G Cumulative Redeemable Preferred stock	96,155	96,155	96,155	96,155	96,155
6.375% Series H Cumulative Redeemable Preferred stock	96,256	96,256	96,256	—	—
Common stock	753	749	747	689	683
Additional paid-in capital	2,149,052	2,126,005	2,114,774	1,856,431	1,827,676
Distributions in excess of earnings	(157,211)	(129,535)	(288,765)	(259,495)	(234,199)
Total stockholders' equity	2,185,005	2,189,630	2,019,167	1,693,780	1,690,315
<i>Noncontrolling Interest</i>					
Common units of the Operating Partnership	47,535	46,303	42,201	39,286	39,535
Total equity	2,232,540	2,235,933	2,061,368	1,733,066	1,729,850
TOTAL LIABILITIES, NONCONTROLLING INTEREST AND EQUITY	\$ 4,755,287	\$ 4,616,084	\$ 4,215,841	\$ 3,847,522	\$ 3,959,341

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Consolidated Statements of Operations

(unaudited, \$ in thousands, except per share amounts)

	Three Months Ended March 31,	
	2013	2012
REVENUES:		
Rental income	\$ 107,380	\$ 84,349
Tenant reimbursements	9,887	7,180
Other property income	230	868
Total revenues	<u>117,497</u>	<u>92,397</u>
EXPENSES:		
Property expenses	23,773	16,132
Real estate taxes	10,337	7,665
Provision for bad debts	95	2
Ground leases	847	807
General and administrative expenses	9,669	8,767
Acquisition-related expenses	655	1,528
Depreciation and amortization	50,391	34,652
Total expenses	<u>95,767</u>	<u>69,553</u>
OTHER (EXPENSES) INCOME:		
Interest income and other net investment gains	392	484
Interest expense	(19,734)	(21,163)
Total other (expenses) income	<u>(19,342)</u>	<u>(20,679)</u>
INCOME FROM CONTINUING OPERATIONS	2,388	2,165
DISCONTINUED OPERATIONS:		
Income from discontinued operations	—	3,697
Net gain on dispositions of discontinued operations	—	72,809
Total income from discontinued operations	<u>—</u>	<u>76,506</u>
NET INCOME	2,388	78,671
Net loss (income) attributable to noncontrolling common units of the Operating Partnership	22	(1,795)
NET INCOME ATTRIBUTABLE TO KILROY REALTY CORPORATION	2,410	76,876
PREFERRED DISTRIBUTIONS AND DIVIDENDS:		
Distributions on noncontrolling cumulative redeemable preferred units of the Operating Partnership	—	(1,397)
Preferred dividends	(3,313)	(3,021)
Original issuance costs of redeemed preferred stock	—	(4,918)
Total preferred distributions and dividends	<u>(3,313)</u>	<u>(9,336)</u>
NET (LOSS) INCOME AVAILABLE TO COMMON STOCKHOLDERS	<u>\$ (903)</u>	<u>\$ 67,540</u>
Weighted average common shares outstanding - basic	74,977	63,649
Weighted average common shares outstanding - diluted	74,977	63,649
NET (LOSS) INCOME AVAILABLE TO COMMON STOCKHOLDERS PER SHARE		
Net (loss) income available to common stockholders per share - basic	<u>\$ (0.02)</u>	<u>\$ 1.06</u>
Net (loss) income available to common stockholders per share - diluted	<u>\$ (0.02)</u>	<u>\$ 1.06</u>

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Funds From Operations and Funds Available for Distribution

(unaudited, \$ in thousands, except per share amounts)

	Three Months Ended March 31,	
	2013	2012
FUNDS FROM OPERATIONS: ⁽¹⁾		
Net (loss) income available to common stockholders	\$ (903)	\$ 67,540
Adjustments:		
Net (loss) income attributable to noncontrolling common units of the Operating Partnership	(22)	1,795
Depreciation and amortization of real estate assets	50,011	36,464
Net gain on dispositions of discontinued operations	—	(72,809)
Funds From Operations ⁽²⁾⁽³⁾	<u>\$ 49,086</u>	<u>\$ 32,990</u>
Weighted average common shares/units outstanding - basic ⁽⁴⁾	78,039	66,371
Weighted average common shares/units outstanding - diluted ⁽⁴⁾	79,725	67,156
FFO per common share/unit - basic ⁽²⁾	<u>\$ 0.63</u>	<u>\$ 0.50</u>
FFO per common share/unit - diluted ⁽²⁾	<u>\$ 0.62</u>	<u>\$ 0.49</u>
FUNDS AVAILABLE FOR DISTRIBUTION: ⁽¹⁾		
Funds From Operations ⁽²⁾	\$ 49,086	\$ 32,990
Adjustments:		
Tenant improvements, leasing commissions and recurring capital expenditures	(14,450)	(7,008)
Amortization of deferred revenue related to tenant-funded tenant improvements ⁽³⁾⁽⁵⁾	(2,442)	(2,261)
Net effect of straight-line rents	(6,724)	(5,487)
Amortization of other deferred revenue, net ⁽⁶⁾	1,432	407
Amortization of net below market rents ⁽⁷⁾	(2,047)	(525)
Noncash amortization of exchangeable debt discount, net ⁽⁸⁾	722	1,405
Amortization of deferred financing costs and net debt discounts/(premiums)	292	1,092
Noncash amortization of share-based compensation awards	2,234	1,287
Original issuance costs of redeemed preferred stock	—	4,918
Funds Available for Distribution ⁽¹⁾	<u>\$ 28,103</u>	<u>\$ 26,818</u>

(1) See page 27 for Management Statements on Funds From Operation and Funds Available for Distribution.

(2) Reported amounts are attributable to common shareholders and unitholders.

(3) FFO includes amortization of deferred revenue related to tenant-funded tenant improvements of \$2.4 million and \$2.3 million for the three months ended March 31, 2013 and 2012 respectively. These amounts are adjusted out of FFO in our calculation of FAD.

(4) Calculated based on weighted average shares outstanding including participating share-based awards (i.e. nonvested stock and time based restricted stock units), dilutive impact of stock options and contingently issuable shares and assuming the exchange of all common limited partnership units outstanding.

(5) Represents revenue recognized during the period as a result of the amortization of deferred revenue recorded for tenant-funded tenant improvements.

(6) Represents amortization of deferred revenue related to cash received prior to or during the revenue recognition period in connection with tenants' contractual lease obligations, net of such amounts received.

(7) Represents the non-cash adjustment related to the acquisition of buildings with above and/or below market rents.

(8) Represents the amortization of the noncash debt discounts on the Company's exchangeable senior notes, net of amounts capitalized.

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Same Store Analysis (unaudited, \$ in thousands)

Same Store Analysis (GAAP Basis) ⁽¹⁾			
	Three Months Ended March 31,		
	2013	2012	% Change
Total Same Store Portfolio			
Number of properties	98	98	
Square Feet	11,080,012	11,080,012	
Percent of Stabilized Portfolio	81.7%	96.8%	
Average Occupancy	90.6%	92.4%	
Operating Revenues:			
Rental income	\$ 84,110	\$ 82,625	1.8 %
Tenant reimbursements	7,256	6,864	5.7 %
Other property income	91	867	(89.5)%
Total operating revenues	<u>91,457</u>	<u>90,356</u>	1.2 %
Operating Expenses:			
Property expenses	18,672	15,786	18.3 %
Real estate taxes	7,998	7,215	10.9 %
Provision for bad debts	95	2	4,650.0 %
Ground leases	417	417	— %
Total operating expenses	<u>27,182</u>	<u>23,420</u>	16.1 %
GAAP Net Operating Income	<u>\$ 64,275</u>	<u>\$ 66,936</u>	(4.0)%

Same Store Analysis (Cash Basis) ⁽¹⁾			
	Three Months Ended March 31,		
	2013	2012	% Change
Total operating revenues	\$ 86,347	\$ 83,267	3.7 %
Total operating expenses	27,087	23,419	15.7 %
Cash Net Operating Income	<u>\$ 59,260</u>	<u>\$ 59,848</u>	(1.0)%

(1) Please refer to page 30 for a reconciliation of the Same Store measures on this page to Net (Loss) Income Available to Common Stockholders.

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Stabilized Portfolio Occupancy Overview by Region

	Buildings	Portfolio Breakdown		Total SF	Occupied at		Leased at
		YTD NOI %	SF %		3/31/2013	12/31/2012	3/31/2013
<i>Los Angeles and Ventura Counties</i>							
101 Corridor	5	2.1%	2.8%	385,868	91.5%	89.6%	92.2%
El Segundo	5	7.2%	8.0%	1,090,437	97.8%	97.1%	98.0%
Hollywood	1	2.0%	2.4%	321,883	78.3%	85.2%	83.8%
Long Beach	6	4.8%	6.3%	850,822	95.9%	95.1%	96.1%
West Los Angeles	10	6.8%	6.1%	838,731	91.7%	94.2%	91.7%
Total Los Angeles and Ventura Counties	27	22.9%	25.6%	3,487,741	93.4%	94.0%	94.1%
Total Orange County	4	3.1%	3.7%	497,393	90.0%	92.0%	90.9%
<i>San Diego County</i>							
Del Mar	15	14.9%	11.2%	1,526,696	86.8%	94.6%	94.6%
I-15 Corridor	13	6.1%	7.4%	1,010,805	76.1%	73.1%	77.0%
Mission Valley	4	1.1%	2.1%	285,181	77.1%	85.5%	85.5%
Point Loma	1	0.9%	0.8%	103,900	100.0%	100.0%	100.0%
Sorrento Mesa	21	12.8%	14.3%	1,938,286	95.3%	95.3%	98.7%
University Towne Center	5	1.7%	2.8%	385,426	81.6%	100.0%	81.6%
Total San Diego County	59	37.5%	38.6%	5,250,294	87.2%	90.7%	91.4%
<i>San Francisco Bay Area</i>							
Menlo Park	7	3.3%	2.8%	374,139	85.8%	84.7%	85.8%
San Francisco	5	15.6%	12.5%	1,706,808	95.9%	97.5%	96.6%
San Rafael	1	0.6%	1.0%	130,237	98.1%	98.1%	98.1%
Sunnyvale	1	0.6%	0.6%	75,810	100.0%	100.0%	100.0%
Total San Francisco Bay Area	14	20.1%	16.9%	2,286,994	94.5%	95.5%	95.0%
<i>Greater Seattle</i>							
Bellevue	2	6.4%	6.7%	905,225	77.6%	90.4%	91.2%
Kirkland	4	2.1%	2.1%	279,924	90.0%	90.0%	99.3%
Lake Union	5	6.9%	5.5%	740,385	99.7%	99.6%	99.7%
Redmond	1	1.0%	0.9%	122,103	100.0%	100.0%	100.0%
Total Greater Seattle	12	16.4%	15.2%	2,047,637	88.7%	93.3%	95.9%
TOTAL STABILIZED PORTFOLIO	116	100.0%	100.0%	13,570,059	90.3%	92.8%	93.4%

Average Occupancy	
Quarter-to-Date	Year-to-Date
91.0%	91.0%

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Stabilized Portfolio Occupancy Overview by Region

	Submarket	Square Feet	Occupied
Los Angeles and Ventura, California			
23925 Park Sorrento	101 Corridor	11,789	100.0%
23975 Park Sorrento	101 Corridor	100,592	92.5%
24025 Park Sorrento	101 Corridor	102,264	82.8%
26541 Agoura Road	101 Corridor	90,156	100.0%
2829 Townsgate Road	101 Corridor	81,067	90.6%
2240 E. Imperial Highway	El Segundo	122,870	100.0%
2250 E. Imperial Highway	El Segundo	298,728	100.0%
2260 E. Imperial Highway	El Segundo	298,728	100.0%
909 N. Sepulveda Boulevard	El Segundo	241,607	93.2%
999 N. Sepulveda Boulevard	El Segundo	128,504	94.4%
6255 W. Sunset Blvd.	Hollywood	321,883	78.3%
3750 Kilroy Airport Way	Long Beach	10,457	86.1%
3760 Kilroy Airport Way	Long Beach	165,278	98.2%
3780 Kilroy Airport Way	Long Beach	219,745	91.3%
3800 Kilroy Airport Way	Long Beach	192,476	100.0%
3840 Kilroy Airport Way	Long Beach	136,026	100.0%
3900 Kilroy Airport Way	Long Beach	126,840	90.9%
12100 W. Olympic Boulevard	West Los Angeles	150,167	92.3%
12200 W. Olympic Boulevard	West Los Angeles	150,302	99.7%
12233 W. Olympic Boulevard	West Los Angeles	151,029	100.0%
12312 W. Olympic Boulevard	West Los Angeles	78,000	47.0%
1633 26th Street	West Los Angeles	44,915	100.0%
2100/2110 Colorado Avenue	West Los Angeles	102,864	100.0%
3130 Wilshire Boulevard	West Los Angeles	88,339	93.8%
501 Santa Monica Boulevard	West Los Angeles	73,115	84.9%
Total Los Angeles and Ventura Counties		3,487,741	93.4%
Orange County, California			
8101 Kaiser Boulevard	Anaheim	59,790	55.1%
2211 Michelson Drive	Irvine	271,556	94.0%
111 Pacifica	Irvine Spectrum	67,496	90.6%
999 Town & Country	Orange	98,551	100.0%
Total Orange County		497,393	90.0%

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Stabilized Portfolio Occupancy Overview by Region

	Submarket	Square Feet	Occupied
San Diego, California			
12225 El Camino Real	Del Mar	60,148	73.4%
12235 El Camino Real	Del Mar	54,673	81.0%
12340 El Camino Real	Del Mar	87,405	86.9%
12390 El Camino Real	Del Mar	72,332	100.0%
12348 High Bluff Drive	Del Mar	38,710	68.5%
12400 High Bluff Drive	Del Mar	208,464	100.0%
3579 Valley Center Drive	Del Mar	52,375	79.0%
3611 Valley Center Drive	Del Mar	130,178	80.5%
3661 Valley Center Drive	Del Mar	129,752	99.4%
3721 Valley Center Drive	Del Mar	114,780	0.0%
3811 Valley Center Drive	Del Mar	112,067	100.0%
7525 Torrey Santa Fe	Del Mar	103,979	100.0%
7535 Torrey Santa Fe	Del Mar	130,243	100.0%
7545 Torrey Santa Fe	Del Mar	130,354	100.0%
7555 Torrey Santa Fe	Del Mar	101,236	100.0%
15051 Avenue of Science	I-15 Corridor	70,617	0.0%
15073 Avenue of Science	I-15 Corridor	46,759	0.0%
15231 Avenue of Science	I-15 Corridor	65,638	100.0%
15253 Avenue of Science	I-15 Corridor	37,437	100.0%
15333 Avenue of Science	I-15 Corridor	78,880	84.5%
15378 Avenue of Science	I-15 Corridor	68,791	62.3%
15435 Innovation Drive	I-15 Corridor	49,863	100.0%
15445 Innovation Drive	I-15 Corridor	51,500	100.0%
13280 Evening Creek Drive South	I-15 Corridor	41,665	67.0%
13290 Evening Creek Drive South	I-15 Corridor	61,176	0.0%
13480 Evening Creek Drive North	I-15 Corridor	149,817	100.0%
13500 Evening Creek Drive North	I-15 Corridor	147,533	100.0%
13520 Evening Creek Drive North	I-15 Corridor	141,129	92.4%
2355 Northside Drive	Mission Valley	53,610	84.5%
2365 Northside Drive	Mission Valley	91,260	86.8%
2375 Northside Drive	Mission Valley	51,516	53.5%
2385 Northside Drive	Mission Valley	88,795	76.5%

Kilroy Realty Corporation
First Quarter 2013 Supplemental Financial Report

Stabilized Portfolio Occupancy Overview by Region

	Submarket	Square Feet	Occupied
San Diego, California (Continued)			
2305 Historic Decatur Road	Point Loma	103,900	100.0 %
10020 Pacific Mesa Boulevard	Sorrento Mesa	318,000	100.0 %
4910 Directors Place	Sorrento Mesa	50,925	49.9 %
4921 Directors Place	Sorrento Mesa	56,136	100.0 %
4939 Directors Place	Sorrento Mesa	60,662	100.0 %
4955 Directors Place	Sorrento Mesa	76,246	100.0 %
5010 Wateridge Vista Drive	Sorrento Mesa	111,318	100.0 %
5005 Wateridge Vista Drive	Sorrento Mesa	61,460	0.0 %
10770 Wateridge Circle	Sorrento Mesa	174,310	97.5 %
6055 Lusk Avenue	Sorrento Mesa	93,000	100.0 %
6260 Sequence Drive	Sorrento Mesa	130,536	100.0 %
6290 Sequence Drive	Sorrento Mesa	90,000	100.0 %
6310 Sequence Drive	Sorrento Mesa	62,415	100.0 %
6340 Sequence Drive	Sorrento Mesa	66,400	100.0 %
6350 Sequence Drive	Sorrento Mesa	132,600	100.0 %
10390 Pacific Center Court	Sorrento Mesa	68,400	100.0 %
10394 Pacific Center Court	Sorrento Mesa	59,630	100.0 %
10398 Pacific Center Court	Sorrento Mesa	43,645	100.0 %
10421 Pacific Center Court	Sorrento Mesa	75,899	100.0 %
10445 Pacific Center Court	Sorrento Mesa	48,709	100.0 %
10455 Pacific Center Court	Sorrento Mesa	90,000	100.0 %
5717 Pacific Center Boulevard	Sorrento Mesa	67,995	100.0 %
4690 Executive Drive	University Towne Center	47,212	100.0 %
6200 Greenwich Drive	University Towne Center	71,000	0.0 %
6220 Greenwich Drive	University Towne Center	141,214	100.0 %
9785 Towne Center Drive	University Towne Center	75,534	100.0 %
9791 Towne Center Drive	University Towne Center	50,466	100.0 %
Total San Diego County		5,250,294	87.2%

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

	Submarket	Square Feet	Occupancy
San Francisco Bay Area, California			
4100 Bohannon Drive	Menlo Park	46,614	100.0%
4200 Bohannon Drive	Menlo Park	46,255	100.0%
4300 Bohannon Drive	Menlo Park	62,920	48.4%
4400 Bohannon Drive	Menlo Park	46,255	84.2%
4500 Bohannon Drive	Menlo Park	62,920	100.0%
4600 Bohannon Drive	Menlo Park	46,255	71.2%
4700 Bohannon Drive	Menlo Park	62,920	100.0%
303 Second Street	San Francisco	740,047	94.4%
100 First Street	San Francisco	466,490	96.8%
250 Brannan Street	San Francisco	92,948	100.0%
201 Third Street	San Francisco	332,893	95.7%
301 Brannan Street	San Francisco	74,430	100.0%
4040 Civic Center	San Rafael	130,237	98.1%
599 Mathilda	Sunnyvale	75,810	100.0%
Total San Francisco Bay Area		2,286,994	94.5%
Greater Seattle, Washington			
601 108th Avenue NE	Bellevue	488,470	67.1%
10900 NE 4th Street	Bellevue	416,755	90.0%
10220 NE Points Drive	Kirkland	49,851	96.3%
10230 NE Points Drive	Kirkland	98,982	100.0%
10210 NE Points Drive	Kirkland	84,641	69.2%
3933 Lake Washington Blvd NE	Kirkland	46,450	100.0%
837 N. 34th Street	Lake Union	111,580	100.0%
701 N. 34th Street	Lake Union	138,995	98.6%
801 N. 34th Street	Lake Union	169,412	100.0%
320 Westlake Terry Ave. N.	Lake Union	184,643	100.0%
321 Terry Ave. N.	Lake Union	135,755	100.0%
15050 NE 36th Street	Redmond	122,103	100.0%
Total Greater Seattle, Washington		2,047,637	88.7%
TOTAL		13,570,059	90.3%

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Information on Leases Commenced

	1st & 2nd Generation				2nd Generation				Weighted Average Lease Term (Mo.)
	# of Leases ⁽¹⁾		Square Feet ⁽¹⁾		TI/LC Per Sq.Ft.	Changes in Rents	Changes in Cash Rents	Retention Rates	
	New	Renewal	New	Renewal					
Quarter-to-Date	19	16	124,538	167,006	\$ 22.31	15.4%	11.2%	25.2%	63

Information on Leases Executed

	1st & 2nd Generation				2nd Generation				Weighted Average Lease Term (Mo.)
	# of Leases ⁽²⁾		Square Feet ⁽²⁾		TI/LC Per Sq.Ft.	Changes in Rents	Changes in Cash Rents	Retention Rates	
	New	Renewal	New	Renewal					
Quarter to Date ⁽³⁾	30	10	296,818	105,312	\$ 21.92	15.5%	10.7%	25.2%	55

(1) Represents leasing activity for leases that commenced during the period shown, including first and second generation space, net of month-to-month leases.

(2) Represents leasing activity for leases signed at properties in the stabilized portfolio during the period shown, including first and second generation space, net of month-to-month leases.

(3) During the three months ended March 31, 2013, 13 new leases totaling 66,000 square feet were signed but not commenced as of March 31, 2013.

Kilroy Realty Corporation
First Quarter 2013 Supplemental Financial Report

Stabilized Portfolio Capital Expenditures
(\$ in thousands)

1st Generation (Nonrecurring) Capital Expenditures:	
	<u>Q1 2013</u>
Capital Improvements	\$ 6,983
Tenant Improvements & Leasing Commissions ⁽¹⁾	1,229
Total	<u>\$ 8,212</u>

2nd Generation (Recurring) Capital Expenditures:	
	<u>Q1 2013</u>
Capital Improvements	\$ 1,773
Tenant Improvements & Leasing Commissions ⁽¹⁾	12,677
Total	<u>\$ 14,450</u>

(1) Represents costs incurred for leasing activity during the periods shown. Amounts exclude tenant-funded tenant improvements.

Kilroy Realty Corporation
First Quarter 2013 Supplemental Financial Report

Stabilized Portfolio Lease Expiration Summary Schedule
(\$ in thousands, except for annualized rent per sq. ft.)

Year of Expiration	# of Expiring Leases	Total Square Feet	% of Total Leased Sq. Ft.	Annualized Base Rent	% of Total Annualized Base Rent	Annualized Rent per Sq. Ft.
2013	70	532,364	4.4%	\$14,231	3.7%	\$26.73
2014	128	1,349,188	11.3%	39,730	10.5%	29.45
2015	149	2,112,008	17.6%	64,948	17.1%	30.75
2016	85	921,058	7.7%	25,447	6.7%	27.63
2017	103	2,137,606	17.8%	64,733	17.0%	30.28
2018	56	1,294,335	10.8%	50,223	13.2%	38.80
2019	31	902,258	7.5%	31,341	8.3%	34.74
2020	32	1,224,438	10.2%	36,914	9.7%	30.15
2021	19	452,953	3.8%	15,157	4.0%	33.46
2022	9	140,367	1.2%	5,535	1.5%	39.43
2023 and beyond	13	920,365	7.7%	31,518	8.3%	34.25
Total ⁽¹⁾	695	11,986,940	100.0%	\$379,777	100.0%	\$31.68

(1) The information presented for all lease expiration activity reflects leasing activity through March 31, 2013 for our stabilized portfolio. For leases that have been renewed early or space that has been re-leased to a new tenant, the expiration date and annualized base rent information presented takes into consideration the renewed or re-leased lease terms. Excludes space leased under month-to-month leases, vacant space, and lease renewal options not executed as of March 31, 2013.

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Lease Expiration Schedule by Region (*\$ in thousands, except for annualized rent per sq. ft.*)

Year	Region	# of Expirations	Total Square Feet	% of Total Leased Sq. Ft.	Annualized Base Rent	% of Total Annualized Base Rent	Annualized Rent per Sq. Ft.
2013	Los Angeles	35	168,769	1.4%	\$5,836	1.4%	\$34.58
	Orange County	9	35,330	0.3%	1,014	0.3%	28.70
	San Diego	10	183,406	1.5%	2,664	0.7%	14.53
	San Francisco Bay Area	11	106,179	0.9%	3,629	1.0%	34.18
	Greater Seattle	5	38,680	0.3%	1,088	0.3%	28.13
	Total	70	532,364	4.4%	\$14,231	3.7%	\$26.73
2014	Los Angeles	70	384,034	3.2%	\$12,456	3.3%	\$32.43
	Orange County	12	61,878	0.5%	1,593	0.4%	25.74
	San Diego	12	461,949	3.9%	10,204	2.7%	22.09
	San Francisco Bay Area	19	237,756	2.0%	8,758	2.3%	36.84
	Greater Seattle	15	203,571	1.7%	6,719	1.8%	33.01
	Total	128	1,349,188	11.3%	\$39,730	10.5%	\$29.45
2015	Los Angeles	49	411,843	3.4%	\$12,751	3.4%	\$30.96
	Orange County	5	34,277	0.3%	956	0.3%	27.89
	San Diego	24	649,915	5.4%	15,959	4.2%	24.56
	San Francisco Bay Area	37	569,556	4.8%	23,265	6.1%	40.85
	Greater Seattle	34	446,417	3.7%	12,017	3.2%	26.92
	Total	149	2,112,008	17.6%	\$64,948	17.2%	\$30.75
2016	Los Angeles	39	298,977	2.5%	\$10,259	2.7%	\$34.31
	Orange County	7	34,574	0.3%	1,068	0.3%	30.89
	San Diego	20	375,534	3.1%	7,720	2.0%	20.56
	San Francisco Bay Area	7	78,551	0.7%	3,223	0.8%	41.03
	Greater Seattle	12	133,422	1.1%	3,177	0.8%	23.81
	Total	85	921,058	7.7%	\$25,447	6.6%	\$27.63
2017	Los Angeles	45	397,377	3.3%	\$12,673	3.3%	\$31.89
	Orange County	11	83,359	0.7%	3,185	0.8%	38.21
	San Diego	20	1,141,999	9.5%	31,688	8.3%	27.75
	San Francisco Bay Area	15	203,399	1.7%	8,248	2.2%	40.55
	Greater Seattle	12	311,472	2.6%	8,939	2.4%	28.70
	Total	103	2,137,606	17.8%	\$64,733	17.0%	\$30.28
2018 and Beyond	Los Angeles	40	1,402,804	11.7%	\$46,069	12.1%	\$32.84
	Orange County	5	191,006	1.6%	6,845	1.8%	35.84
	San Diego	37	1,744,781	14.6%	65,561	17.3%	37.58
	San Francisco Bay Area	37	920,430	7.7%	32,540	8.6%	35.35
	Greater Seattle	41	675,695	5.6%	19,673	5.2%	29.12
	Total	160	4,934,716	41.2%	\$170,688	45.0%	\$34.59

Kilroy Realty Corporation
First Quarter 2013 Supplemental Financial Report

Quarterly Lease Expirations for 2013 and 2014
(\$ in thousands, except for annualized rent per sq. ft.)

	# of Expiring Leases	Total Square Feet	% of Total Leased Sq. Ft.	Annualized Base Rent	% of Total Annualized Base Rent	Annualized Rent per Sq. Ft.
2013:						
Q2 2013	28	196,218	1.6%	\$6,388	1.7%	\$32.56
Q3 2013	26	251,689	2.1%	5,242	1.4%	20.83
Q4 2013	16	84,457	0.7%	2,601	0.6%	30.80
Total 2013	<u>70</u>	<u>532,364</u>	<u>4.4%</u>	<u>\$14,231</u>	<u>3.7%</u>	<u>\$26.73</u>
2014:						
Q1 2014	35	498,900	4.2%	\$12,730	3.4%	\$25.52
Q2 2014	16	131,408	1.1%	3,682	1.0%	28.02
Q3 2014	32	399,967	3.3%	11,758	3.1%	29.40
Q4 2014	45	318,913	2.7%	11,560	3.0%	36.25
Total 2014	<u>128</u>	<u>1,349,188</u>	<u>11.3%</u>	<u>\$39,730</u>	<u>10.5%</u>	<u>\$29.45</u>

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Top Fifteen Tenants ⁽¹⁾ (*\$ in thousands*)

Tenant Name	Annualized Base Rental Revenue	Rentable Square Feet	Percentage of Total Annualized Base Rental Revenue	Percentage of Total Rentable Square Feet
DIRECTV, LLC ⁽²⁾	\$ 23,339	660,579	6.2 %	4.9 %
Bridgepoint Education, Inc	15,105	322,994	4.0 %	2.4 %
Intuit, Inc.	13,489	465,812	3.6 %	3.4 %
Delta Dental of California	10,275	230,389	2.7 %	1.7 %
CareFusion Corporation ⁽³⁾	9,256	411,000	2.4 %	3.0 %
AMN Healthcare, Inc.	8,192	175,672	2.2 %	1.3 %
Adobe Systems, Inc. ⁽³⁾	6,557	224,550	1.7 %	1.7 %
Group Health Cooperative	6,381	183,422	1.7 %	1.4 %
Microsoft Corporation	6,293	215,997	1.7 %	1.6 %
Fish & Richardson P.C.	6,071	139,538	1.6 %	1.0 %
Scripps Health	5,199	112,067	1.4 %	0.8 %
Wells Fargo ⁽³⁾	5,196	140,161	1.4 %	1.0 %
BP Biofuels	5,128	136,908	1.4 %	1.0 %
Lucile Salter Packard Children's Hospital at Stanford	5,111	137,807	1.4 %	1.0 %
Epson America, Inc.	4,915	136,026	1.3 %	1.0 %
Total Top Fifteen Tenants	\$ 130,507	3,692,922	34.7%	27.2%

(1) The information presented is as of the date of this filing.

(2) In December 2012, DIRECTV, LLC began paying cash rent on the entire building at 2260 E. Imperial Highway in Los Angeles, CA. However, completion of tenant improvements and physical occupancy of the space will occur in phases from December 2012 through June 2013. Rental revenue will be deferred for financial reporting purposes on the unoccupied space and will be recognized as tenant improvements are substantially complete. The annualized base rental revenue presented above includes the projected annualized base rental revenue at stabilization for the lease at 2260 E. Imperial Highway.

(3) The Company has entered into leases with various affiliates of the tenant.

Kilroy Realty Corporation
First Quarter 2013 Supplemental Financial Report

2013 Operating Property Acquisitions
(\$ in millions)

COMPLETED ACQUISITIONS					
Property	City/Submarket	Month of Acquisition	No. of Buildings	Rentable Square Feet	Purchase Price
<u>1st Quarter:</u>					
320 Westlake Ave. N. and 321 Terry Ave. N. Seattle, WA	Lake Union	January	2	320,398	\$ 170.0
TOTAL			<u>2</u>	<u>320,398</u>	<u>\$ 170.0</u>

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

In-Process Redevelopment Projects and Other Land Holdings (*\$ in millions*)

In-Process Redevelopment Projects	Location	Estimated Construction Period		Estimated Stabilization Date	Estimated Rentable Square Feet	Existing Investment ⁽¹⁾	Estimated Redevelopment Costs	Total Estimated Investment	Total Costs as of 3/31/2013 ⁽²⁾	% Leased
		Start Date	Compl. Date							
PROJECTS IN LEASE-UP:										
3880 Kilroy Airport Way ⁽³⁾	Long Beach	3Q 2011	4Q 2012	4Q 2013	98,000	\$6.3	\$13.6	\$19.9	\$16.2	50%
360 Third Street ^(4,5)	San Francisco	4Q 2011	1Q 2013	1Q 2014	410,000	88.5	89.8	178.3	131.3	80%
TOTAL IN-PROCESS REDEVELOPMENT PROJECTS:					508,000	\$94.8	\$103.4	\$198.2	\$147.5	74%

<u>Other Land Holdings</u>	Gross Site	Estimated Rentable	Total Costs
Project	Acreage	Square Feet	as of 3/31/2013 ⁽²⁾
IRVINE, CALIFORNIA 17150 Von Karman	8.5	N/A	\$7.7

- (1) Represents the depreciated carrying value at the commencement of redevelopment for the space being redeveloped.
- (2) Represents cash paid and costs incurred as of March 31, 2013. Includes existing investment at the commencement of redevelopment.
- (3) This property was 50% leased prior to any redevelopment activity, which occurred in two phases. Redevelopment on the first half was completed during the second quarter of 2012 and the tenant has taken occupancy of this space. Redevelopment on the second half was completed in the fourth quarter of 2012.
- (4) At the time of acquisition, approximately 9% of the building was leased and occupied. Redevelopment commenced on the remaining 91%. As of March 31, 2013, the building improvements were substantially complete and the building occupancy was 44%. During lease-up, costs continue to be capitalized on the portion of the building that is vacant or unleased until the building reaches stabilization.
- (5) During the fourth quarter of 2012, the Company exercised its option to acquire the land underlying the current ground lease for \$27.5 million. The transaction will close during fiscal year 2013.

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

In-Process and Future Development Pipeline (*\$ in millions*)

	Location	Estimated Construction Period		Estimated Stabilization Date	Estimated Rentable Square Feet	Total Estimated Investment	Total Costs as of 3/31/2013 ⁽¹⁾	% Leased
		Start Date	Compl. Date					
UNDER CONSTRUCTION:								
San Francisco Bay Area								
690 E. Middlefield Road	Mountain View	2Q 2012	1Q 2015	1Q 2015	341,000	\$ 196.7	\$ 119.1	100%
331 Fairchild Drive	Mountain View	4Q 2012	4Q 2013	4Q 2013	88,000	45.2	29.4	100%
350 Mission Street ⁽²⁾	San Francisco	4Q 2012	1Q 2015	4Q 2015	400,000	254.8	63.3	100%
555 N. Mathilda Avenue	Sunnyvale	4Q 2012	3Q 2014	3Q 2014	587,000	312.8	131.9	100%
SUBTOTAL:					1,416,000	\$ 809.5	\$ 343.7	100%
FUTURE DEVELOPMENT PIPELINE:								
Los Angeles								
Columbia Square ⁽³⁾	Hollywood	2Q 2013	TBD	TBD	675,000	\$ 375.0	\$ 71.6	N/A
San Diego								
9455 Towne Centre Drive ⁽⁴⁾	San Diego	TBD	TBD	TBD	150,000	TBD	\$ 3.5	N/A
Carlsbad Oaks - Lots 4, 5, 7 & 8	Carlsbad	TBD	TBD	TBD	288,000	TBD	18.3	N/A
Pacific Corporate Center - Lot 8	Sorrento Mesa	TBD	TBD	TBD	170,000	TBD	11.4	N/A
Rancho Bernardo Corporate Center	I-15 Corridor	TBD	TBD	TBD	320,000 - 1,000,000	TBD	27.2	N/A
One Paseo ⁽⁵⁾	Del Mar	TBD	TBD	TBD	500,000	TBD	137.7	N/A
Santa Fe Summit - Phase II and III	56 Corridor	TBD	TBD	TBD	600,000	TBD	77.5	N/A
Sorrento Gateway - Lot 2	Sorrento Mesa	TBD	TBD	TBD	80,000	TBD	12.1	N/A
SUBTOTAL:					2,108,000 - 2,788,000	TBD	\$ 287.7	N/A
San Francisco Bay Area								
333 Brannan Street	San Francisco	4Q 2013	1Q 2015	1Q 2016	170,000	\$ 85.0	\$ 20.1	N/A
POTENTIAL FUTURE DEVELOPMENT PIPELINE: ⁽⁶⁾								
Redwood Towers	Redwood City	TBD	TBD	TBD	300,000	\$ 160.0	N/A	N/A

(1) Represents cash paid and costs incurred as of March 31, 2013.

(2) Estimated rentable square feet and total estimated investment reflects existing entitlements for 27-story office tower. The Company is currently pursuing entitlements to increase this project to a 30-story office tower, which would increase the estimated rentable square feet and total estimated investment.

(3) The Company has commenced redevelopment of the historic buildings encompassing approximately 100,000 rentable square feet and is planning to develop a mixed-use project on the undeveloped land encompassing approximately 575,000 rentable square feet, which will include office, multi-family and retail components.

(4) The Company is planning to demolish the existing 2-story 45,195 rentable square foot office building and is currently pursuing entitlements to build a new 5-story 150,000 rentable square foot building.

(5) Estimated rentable square feet reflects existing office entitlements. The Company is currently pursuing mixed-use entitlements for this project, which would increase the estimated rentable square feet.

(6) Represents potential future development pipeline acquisition that the Company has not yet closed as of the date of this report.

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Capital Structure As of March 31, 2013 (\$ in thousands)

	Shares/Units As of March 31, 2013	Aggregate Principal Amount or \$ Value Equivalent	% of Total Market Capitalization
DEBT:			
Unsecured Line of Credit		\$ —	—%
Unsecured Term Loan Facility		150,000	2.3%
Unsecured Exchangeable Senior Notes due 2014 ⁽¹⁾		172,500	2.7%
Unsecured Senior Notes due 2014		83,000	1.3%
Unsecured Senior Notes due 2015 ⁽¹⁾		325,000	5.1%
Unsecured Senior Notes due 2018 ⁽¹⁾		325,000	5.1%
Unsecured Senior Notes due 2020 ⁽¹⁾		250,000	3.9%
Unsecured Senior Notes due 2023 ⁽¹⁾		300,000	4.7%
Secured Debt ⁽¹⁾		552,886	8.6%
Total Debt		\$ 2,158,386	33.7%
EQUITY AND NONCONTROLLING INTERESTS:			
6.875% Series G Cumulative Redeemable Preferred stock ⁽²⁾	4,000,000	100,000	1.6%
6.375% Series H Cumulative Redeemable Preferred stock ⁽²⁾	4,000,000	100,000	1.6%
Common limited partnership units outstanding ⁽³⁾	1,826,503	95,709	1.5%
Common shares outstanding ⁽³⁾	75,349,705	3,948,325	61.6%
Total Equity and Noncontrolling Interests		\$ 4,244,034	66.3%
TOTAL MARKET CAPITALIZATION		\$ 6,402,420	100.0%

(1) Represents gross aggregate principal amount due at maturity before the effect of the unamortized discounts and premiums as of March 31, 2013.

(2) Value based on \$25.00 per share liquidation preference.

(3) Value based on closing share price of \$52.40 as of March 31, 2013.

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Debt Analysis

As of March 31, 2013 (\$ in millions)

TOTAL DEBT COMPOSITION			
	% of Total Debt	Weighted Average	
		Interest Rate	Maturity
<i>Secured vs. Unsecured Debt:</i>			
Unsecured Debt	74.4%	4.7%	5.1
Secured Debt	25.6%	5.2%	6.0
<i>Floating vs. Fixed-Rate Debt:</i>			
Floating-Rate Debt	7.0%	2.0%	3.0
Fixed-Rate Debt	93.0%	5.0%	5.5
<i>Stated Rate</i>		4.8%	5.3
<i>GAAP Effective Rate</i>		4.8%	
<i>GAAP Effective Rate Including Debt Issuance Costs</i>		5.1%	

KEY DEBT COVENANTS		
<i>Unsecured Credit Facility and Term Loan Facility (as defined in the Credit Agreements):</i>	Covenant	Actual Performance as of March 31, 2013
Total debt to total asset value	less than 60%	38%
Fixed charge coverage ratio	greater than 1.5x	2.4x
Unsecured debt ratio	greater than 1.67x	2.34x
Unencumbered asset pool debt service coverage	greater than 2.0x	3.4x
<i>Unsecured Senior Notes due 2015, 2018, 2020 and 2023 (as defined in the Indentures):</i>		
Total debt to total asset value	less than 60%	42%
Interest coverage	greater than 1.5x	3.7x
Secured debt to total asset value	less than 40%	11%
Unencumbered asset pool value to unsecured debt	greater than 150%	252%

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Debt Analysis As of March 31, 2013 (\$ in thousands)

DEBT MATURITY SCHEDULE										
Floating/ Fixed Rate	Stated Rate	GAAP Effective Rate	Maturity Date	2013	2014	2015	2016	2017	After 2017	Total ⁽¹⁾
Unsecured Debt:										
Floating ⁽²⁾	1.96%	1.96%	3/29/2016				150,000			150,000
Fixed	4.25%	7.13%	11/15/2014		172,500					172,500
Fixed	6.45%	6.45%	8/4/2014		83,000					83,000
Fixed	5.00%	5.01%	11/3/2015			325,000				325,000
Fixed	4.80%	4.83%	7/15/2018						325,000	325,000
Fixed	6.63%	6.74%	6/1/2020						250,000	250,000
Fixed	3.80%	3.80%	1/15/2023						300,000	300,000
				—	255,500	325,000	150,000	—	875,000	1,605,500
Secured Debt:										
Fixed ⁽³⁾	4.94%	4.00%	4/15/2015	801	1,116	26,206				28,123
Fixed ⁽³⁾	5.09%	3.50%	8/7/2015			34,000				34,000
Fixed ⁽³⁾	5.23%	3.50%	1/1/2016	606	861	908	50,969			53,344
Fixed ⁽³⁾	5.57%	3.25%	2/11/2016	427	609	645	38,694			40,375
Fixed	6.51%	6.51%	2/1/2017	720	1,016	1,084	1,157	64,406		68,383
Fixed	7.15%	7.15%	5/1/2017	1,693	2,404	2,581	2,772	1,215		10,665
Fixed	4.27%	4.27%	2/1/2018	1,698	2,350	2,452	2,559	2,671	123,085	134,815
Fixed ⁽³⁾	6.05%	3.50%	6/1/2019	1,025	1,441	1,531	1,626	1,727	76,314	83,664
Fixed	4.48%	4.48%	7/1/2027			646	1,600	1,673	93,081	97,000
Fixed ⁽⁴⁾	Various	Various	Various	46	49	51	54	56	2,261	2,517
				7,016	9,846	70,104	99,431	71,748	294,741	552,886
Total	4.82%	4.83%		\$ 7,016	\$ 265,346	\$ 395,104	\$ 249,431	\$ 71,748	\$ 1,169,741	\$ 2,158,386

(1) Amounts presented reflect the gross principal balances before the effect of any unamortized discounts/premiums. As of March 31, 2013, the aggregate net unamortized premiums totaled approximately \$8.2 million.

(2) Interest for this loan is calculated at an annual rate of LIBOR plus 1.750% at March 31, 2013.

(3) Represents secured debt assumed in connection with an operating property acquisition.

(4) Represents balance outstanding related to public facility bonds (the "Bonds") issued in February 2008 by the City of Carlsbad. The Bonds have annual maturities beginning on September 1, 2013 through September 1, 2038, with interest rates ranging from 4.74% to 6.19%.

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Management Statements on Non-GAAP Supplemental Measures

Included in this section are management's statements regarding certain non-GAAP financial measures provided in this supplemental financial report and, with respect to Funds From Operations ("FFO"), in the Company's earnings release on April 30, 2013 and the reasons why management believes that these measures provide useful information to investors about the Company's financial condition and results of operations.

Net Operating Income:

Management believes that Net Operating Income ("NOI") is a useful supplemental measure of the Company's operating performance. The Company defines NOI as operating revenues (rental income, tenant reimbursements and other property income) less property and related expenses (property expenses, real estate taxes, provision for bad debts and ground leases). Other real estate investment trusts ("REITs") may use different methodologies for calculating NOI, and accordingly, the Company's NOI may not be comparable to other REITs.

Because NOI excludes general and administrative expenses, interest expense, depreciation and amortization, acquisition-related expenses, other nonproperty income and losses, and gains and losses from property dispositions, it provides a performance measure that, when compared year over year, reflects the revenues and expenses directly associated with owning and operating commercial real estate and the impact to operations from trends in occupancy rates, rental rates, and operating costs, providing a perspective on operations not immediately apparent from net income. The Company uses NOI to evaluate its operating performance on a segment basis since NOI allows the Company to evaluate the impact that factors such as occupancy levels, lease structure, rental rates, and tenant base, which vary by segment type, have on the Company's results, margins and returns. In addition, management believes that NOI provides useful information to the investment community about the Company's financial and operating performance when compared to other REITs since NOI is generally recognized as a standard measure of performance in the real estate industry.

However, NOI should not be viewed as an alternative measure of the Company's financial performance since it does not reflect general and administrative expenses, acquisition-related expenses, interest expense, depreciation and amortization costs, other nonproperty income and losses, the level of capital expenditures and leasing costs necessary to maintain the operating performance of the Company's properties, or trends in development and construction activities which are significant economic costs and activities that could materially impact the Company's results from operations.

Same Store Net Operating Income:

Management believes that Same Store NOI is a useful supplemental measure of the Company's operating performance. Same Store NOI represents the NOI for all of the properties that were owned and included in our stabilized portfolio for two comparable reporting periods. Because Same Store NOI excludes the change in NOI from developed, redeveloped, acquired and disposed of and held for sale properties that were operational for two comparable periods, it highlights operating trends such as occupancy levels, rental rates and operating costs on properties. Other REITs may use different methodologies for calculating Same Store NOI, and accordingly, the Company's Same Store NOI may not be comparable to other REITs.

However, Same Store NOI should not be viewed as an alternative measure of the Company's financial performance since it does not reflect the operations of the Company's entire portfolio, nor does it reflect the impact of general and administrative expenses, acquisition-related expenses, interest expense, depreciation and amortization costs, other nonproperty income and losses, the level of capital expenditures and leasing costs necessary to maintain the operating performance of the Company's properties, or trends in development and construction activities which are significant economic costs and activities that could materially impact the Company's results from operations.

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Management Statements on Non-GAAP Supplemental Measures

EBITDA:

Management believes that earnings before interest expense, depreciation and amortization, gain/loss on early extinguishment of debt, net gains and losses on disposition of discontinued operations, net income attributable to noncontrolling interests, preferred dividends and distributions, original issuance costs of redeemed preferred stock and preferred units, and impairment losses (“EBITDA”) is a useful supplemental measure of the Company's operating performance. When considered with other GAAP measures and FFO, management believes EBITDA gives the investment community a more complete understanding of the Company's operating results, including the impact of general and administrative expenses and acquisition-related expenses, before the impact of investing and financing transactions and facilitates comparisons with competitors. Management also believes it is appropriate to present EBITDA as it is used in several of the Company's financial covenants for both its secured and unsecured debt. However, EBITDA should not be viewed as an alternative measure of the Company's operating performance since it excludes financing costs as well as depreciation and amortization costs which are significant economic costs that could materially impact the Company's results of operations and liquidity. Other REITs may use different methodologies for calculating EBITDA and, accordingly, the Company's EBITDA may not be comparable to other REITs.

Funds From Operations:

The Company calculates FFO in accordance with the White Paper on FFO approved by the Board of Governors of NAREIT. The White Paper defines FFO as net income or loss calculated in accordance with GAAP, excluding extraordinary items, as defined by GAAP, gains and losses from sales of depreciable real estate and impairment write-downs associated with depreciable real estate, plus real estate-related depreciation and amortization (excluding amortization of deferred financing costs and depreciation of non-real estate assets), and after adjustment for unconsolidated partnerships and joint ventures. Our calculation of FFO includes the amortization of deferred revenue related to tenant-funded tenant improvements and excludes the depreciation of the related tenant improvement assets.

Management believes that FFO is a useful supplemental measure of the Company's operating performance. The exclusion from FFO of gains and losses from the sale of operating real estate assets allows investors and analysts to readily identify the operating results of the assets that form the core of the Company's activity and assists in comparing those operating results between periods. Also, because FFO is generally recognized as the industry standard for reporting the operations of REITs, it facilitates comparisons of operating performance to other REITs. However, other REITs may use different methodologies to calculate FFO, and accordingly, the Company's FFO may not be comparable to all other REITs.

Implicit in historical cost accounting for real estate assets in accordance with GAAP is the assumption that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered presentations of operating results for real estate companies using historical cost accounting alone to be insufficient. Because FFO excludes depreciation and amortization of real estate assets, management believes that FFO along with the required GAAP presentations provides a more complete measurement of the Company's performance relative to its competitors and a more appropriate basis on which to make decisions involving operating, financing and investing activities than the required GAAP presentations alone would provide.

However, FFO should not be viewed as an alternative measure of the Company's operating performance since it does not reflect either depreciation and amortization costs or the level of capital expenditures and leasing costs necessary to maintain the operating performance of the Company's properties, which are significant economic costs and could materially impact the Company's results from operations.

Funds Available for Distribution:

Management believes that Funds Available for Distribution (“FAD”) is a useful supplemental measure of the Company's liquidity. The Company computes FAD by adding to FFO the noncash amortization of deferred financing costs, debt discounts and premiums, share-based compensation awards and original issuance costs on redeemed preferred stock and preferred units, amortization of above (below) market rents for acquisition properties and contractual cash rents received in advance of revenue recognition, then subtracting recurring tenant improvements, leasing commissions and capital expenditures, and eliminating the net effect of straight-line rents, amortization of deferred revenue related to tenant improvements and cash received prior to revenue recognition. FAD provides an additional perspective on the Company's ability to fund cash needs and make distributions to stockholders by adjusting FFO for the impact of certain cash and noncash items, as well as adjusting FFO for recurring capital expenditures and leasing costs. Management also believes that FAD provides useful information to the investment community about the Company's financial position as compared to other REITs since FAD is a liquidity measure used by other REITs. However, other REITs may use different methodologies for calculating FAD and, accordingly, the Company's FAD may not be comparable to other REITs.

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Definitions Included in Supplemental

Annualized Base Rent:

Includes the impact of straight-lining rent escalations and the amortization of free rent periods and excludes the impact of the following: amortization of deferred revenue related tenant-funded tenant improvements, amortization of above/below market rents, amortization for lease incentives due under existing leases, and expense reimbursement revenue. Additionally, the underlying leases contain various expense structures including full service gross, modified gross and triple net. Amounts represent percentage of total portfolio annualized contractual base rental revenue.

Change in GAAP/ Cash Rents (Leases Commenced):

Calculated as the change between GAAP/cash rents for new/renewed leases and the expiring GAAP/cash rents for the same space. Excludes leases for which the space was vacant longer than one year, or vacant when the property was acquired by the Company.

Change in GAAP/Cash Rents (Leases Executed):

Calculated as the change between GAAP/cash rents for signed leases and the expiring GAAP/cash rents for the same space. Excludes leases for which the space was vacant longer than one year, or vacant when the property was acquired by the Company.

Estimated Stabilization Date (Development):

Management's estimation of the earlier of stabilized occupancy (95%) or one year from the date of substantial completion.

FAD Payout Ratio:

Calculated as current-quarter dividends accrued to common stockholders and common unitholders (excluding dividend equivalents accrued to restricted stock unitholders) divided by Funds Available for Distribution.

First Generation Capital Expenditures:

Capital expenditures for newly acquired space, newly developed or redeveloped space, or change in use. These costs are not subtracted in our calculation of Funds Available for Distribution.

Fixed Charge Coverage Ratio:

Calculated as EBITDA divided by interest expense (excluding amortization of deferred debt costs and debt discounts/premiums), current year accrued preferred dividends and distributions on Cumulative Redeemable Preferred units.

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Definitions Included in Supplemental

FFO Payout Ratio:

Calculated as current-quarter dividends accrued to common stockholders and common unitholders (excluding dividend equivalents accrued to restricted stock unitholders) divided by Funds From Operations.

GAAP Effective Rate:

The rate at which interest expense is recorded for financial reporting purposes, which reflects the amortization of any discounts/premiums, excluding debt issuance costs.

Interest Coverage Ratio:

Calculated as EBITDA divided by interest expense (excluding amortization of deferred debt costs and debt discounts/premiums).

Lease-up Properties:

Properties recently redeveloped that have not reached 95% occupancy and are within one year following cessation of major construction activities.

Net Effect of Straight-Line Rents:

Represents the straight-line rent income recognized during the period offset by cash received during the period that was applied to deferred rents receivable balances for terminated leases and the provision for bad debts recorded for deferred rent receivable balances.

Operating Margins:

Calculated as Net Operating Income divided by total revenues, including discontinued operations.

Retention Rates (Leases Commenced):

Calculated as the percentage of space either renewed or expanded into by existing tenants or subtenants at lease expiration.

Same Store Portfolio:

Defined as all of the properties owned and included in our stabilized portfolio as of January 1, 2012 and still owned and included in the stabilized portfolio as of March 31, 2013.

Stated Interest Rate:

The rate at which interest expense is recorded per the respective loan documents, excluding the impact of the amortization of any debt discounts/premiums.

Kilroy Realty Corporation

First Quarter 2013 Supplemental Financial Report

Reconciliation of Same Store Net Operating Income to Net (Loss) Income Available to Common Stockholders (unaudited, \$ in thousands)

	Three Months Ended March 31,	
	2013	2012
Adjusted Same Store Cash Net Operating Income	\$ 59,260	\$ 57,591
Adjustments to Q1 2012:		
Adjustments - property related insurance proceeds and property tax refunds	—	2,257
Same Store Cash Net Operating Income	\$ 59,260	\$ 59,848
Cash to GAAP Adjustments:		
GAAP Operating Revenues Adjustments, net	5,110	7,089
GAAP Operating Expenses Adjustments, net	(95)	(1)
Same Store GAAP Net Operating Income⁽¹⁾	64,275	66,936
Non-Same Store GAAP Net Operating Income	18,170	855
Net Operating Income excluding discontinued operations	82,445	67,791
Net Operating Income from discontinued operations	—	5,797
Net Operating Income, as defined⁽²⁾	82,445	73,588
Adjustments:		
General and administrative expenses	(9,669)	(8,767)
Acquisition-related expenses	(655)	(1,528)
Depreciation and amortization (including discontinued operations)	(50,391)	(36,752)
Interest income and other net investment gains	392	484
Interest expense (including discontinued operations)	(19,734)	(21,163)
Net gain on dispositions of discontinued operations	—	72,809
Net Income	2,388	78,671
Net income attributable to noncontrolling common units of the Operating Partnership	22	(1,795)
Preferred distributions and dividends	(3,313)	(9,336)
Net (Loss) Income Available to Common Stockholders	\$ (903)	\$ 67,540

(1) Adjusted Same Store GAAP Net Operating Income for the three months ended March 31, 2012 was \$64,679 after the impact of the Q1 2012 adjustments above.

(2) Please refer to page 26 for Management Statements on Net Operating Income and Same Store Net Operating Income.

Kilroy Realty Corporation
First Quarter 2013 Supplemental Financial Report

Reconciliation of Net (Loss) Income Available to Common Stockholders to EBITDA
(unaudited, \$ in thousands)

	Three Months Ended March 31,	
	2013	2012
Net (Loss) Income Available to Common Stockholders	\$ (903)	\$ 67,540
Interest expense (including discontinued operations)	19,734	21,163
Depreciation and amortization (including discontinued operations)	50,391	36,752
Net income attributable to noncontrolling common units of the Operating Partnership	(22)	1,795
Net gain on dispositions of discontinued operations	—	(72,809)
Preferred distributions and dividends	3,313	9,336
EBITDA ⁽¹⁾	\$ 72,513	\$ 63,777

(1) Please refer to page 28 for a Management Statement on EBITDA.

Kilroy Realty Corporation
First Quarter 2013 Supplemental Financial Report

Reconciliation of Funds Available for Distribution to GAAP Net Cash Provided by Operating Activities
(unaudited, \$ in thousands)

	Three Months Ended March 31,	
	2013	2012
Funds Available for Distribution ⁽¹⁾	\$ 28,103	\$ 26,818
Adjustments:		
Tenant improvements, leasing commissions and recurring capital expenditures	14,450	7,008
Depreciation for furniture, fixtures and equipment	380	288
Preferred distributions and dividends	3,313	4,418
Provision for uncollectible tenant receivables	95	2
Net changes in operating assets and liabilities and other adjustments ⁽²⁾	10,158	10,208
GAAP Net Cash Provided by Operating Activities	\$ 56,499	\$ 48,742

(1) Please refer to page 28 for a Management Statement on Funds Available for Distribution.

(2) Primarily includes changes in the following assets and liabilities: marketable securities; current receivables; other deferred leasing costs; prepaid expenses and other assets; accounts payable, accrued expenses and other liabilities; rents received in advance and tenant security deposits and insurance proceeds received for property damage.