



## First Quarter 2012 Supplemental Financial Report

*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, and with trends in the real estate industry; competitive market conditions; the ability to complete potential acquisitions and dispositions on announced terms; the ability to successfully operate acquired properties; the availability of cash for debt service and exposure of risk of default under debt obligations; 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 risk factors that could 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, 2011 and Kilroy Realty Corporation's 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 it is required to do so in connection with its ongoing requirements under Federal securities laws.*

# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

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# Kilroy Realty Corporation

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### Company Background

Kilroy Realty Corporation (NYSE: **KRC**), a member of the S&P Small Cap 600 Index, is a real estate investment trust active in the premier office and industrial 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, greater Seattle, and the San Francisco Bay Area. As of March 31, 2012, the Company's stabilized portfolio consisted of 111 office buildings and 39 industrial buildings, which encompassed an aggregate of 11.8 million and 3.4 million rentable square feet, respectively, and was 91.6% occupied.

#### Board of Directors

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

#### Senior Management

John B. 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>
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>
Justin W. Smart	<i>Sr. VP, Development</i>

#### Investor Relations

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

### Equity Research Coverage

#### Bank of America Merrill Lynch

James Feldman (646) 855-5808

#### Cantor Fitzgerald & Company

Sri Nagarajan (267) 977-9620

#### Citigroup Investment Research

Michael Bilerman (212) 816-1383

#### Cowen and Company

James Sullivan (646) 562-1380

#### Deutsche Bank Securities, Inc.

John N. Perry (212) 250-4912

#### Green Street Advisors

Michael Knott (949) 640-8780

#### ISI Group

Steve Sakwa (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

Chris Caton (415) 576-2637

#### RBC Capital Markets

Dave Rodgers (440) 715-2647

#### Robert W. Baird & Company

David Aubuchon (314) 863-4235

#### Stifel, Nicolaus & Company

John W. Guinee III (443) 224-1307

#### UBS Investment Research

Ross T. Nussbaum (212) 713-2484

*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.*

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### Financial Highlights

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

	Three Months Ended				
	3/31/2012 <sup>(1)</sup>	12/31/2011 <sup>(2)</sup>	9/30/2011	6/30/2011	3/31/2011
<b>INCOME ITEMS (Including Discontinued Operations):</b>					
Revenues	\$ 100,413	\$ 105,138	\$ 97,806	\$ 92,064	\$ 88,125
Lease Termination Fees	106	596	280	280	280
Net Operating Income <sup>(3)</sup>	73,588	76,590	69,525	65,524	61,902
Acquisition-related Costs	1,528	1,224	1,163	1,194	472
Capitalized Interest and Debt Costs	3,831	2,688	2,398	2,065	1,979
Net Income (Loss) Available to Common Stockholders <sup>(4)</sup>	67,540	39,910	10,195	(317)	1,034
EBITDA <sup>(3)(5)</sup>	63,777	67,872	62,037	56,948	55,054
Funds From Operations <sup>(3)(6)(7)</sup>	32,990	40,528	33,878	31,643	30,127
Funds Available for Distribution <sup>(3)(6)(7)</sup>	26,818	22,578	18,854	18,048	19,843
Net Income (Loss) Available to Common Stockholders per common share - diluted <sup>(4)</sup>	\$ 1.06	\$ 0.68	\$ 0.17	\$ (0.01)	\$ 0.01
Funds From Operations per common share - diluted	\$ 0.49	\$ 0.66	\$ 0.56	\$ 0.52	\$ 0.55
Dividends per common share	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35
<b>RATIOS (Including Discontinued Operations):</b>					
Operating Margins	73.3%	72.8%	71.1%	71.2%	70.2%
Interest Coverage Ratio <sup>(8)</sup>	3.0x	3.1x	2.7x	2.9x	2.9x
Fixed Charge Coverage Ratio <sup>(9)</sup>	2.5x	2.6x	2.3x	2.4x	2.4x
FFO Payout Ratio <sup>(10)</sup>	74.3%	52.3%	62.2%	66.6%	62.9%
FAD Payout Ratio <sup>(11)</sup>	91.4%	93.8%	111.7%	116.7%	95.5%
<b>ASSETS:</b>					
Real Estate Held for Investment before Depreciation	\$ 3,993,637	\$ 3,798,690	\$ 3,748,262	\$ 3,652,846	\$ 3,266,197
Total Assets	3,959,341	3,446,795	3,367,684	3,264,787	2,841,933
<b>CAPITALIZATION <sup>(12):</sup></b>					
Total Debt	\$ 1,654,983	\$ 1,836,529	\$ 1,776,900	\$ 1,698,791	\$ 1,482,553
Total Preferred Equity and Noncontrolling Interests	175,000	201,500	201,500	201,500	201,500
Total Common Equity and Noncontrolling Interests	3,265,635	2,304,676	1,883,714	2,376,609	2,102,354
Total Market Capitalization	5,095,618	4,342,705	3,862,114	4,276,900	3,786,407
Total Debt / Total Market Capitalization	32.5%	42.4%	46.0%	39.6%	39.2%
Total Debt and Preferred / Total Market Capitalization	36.0%	47.0%	51.1%	44.3%	44.6%

(1) 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 was called for redemption on March 16, 2012.

(2) Results for the three months ended December 31, 2011 include the receipt of a \$3.7 million cash payment under a bankruptcy claim related to a 2009 tenant default.

(3) Please refer to pages 32 and 33 for Management Statements on Net Operating Income, EBITDA, Funds From Operations and Funds Available for Distribution.

(4) Net Income (Loss) Available to Common Stockholders includes a net gain on dispositions of discontinued operations of \$72.8 million, \$39.0 million and \$12.6 million for the three months ended March 31, 2012, December 31, 2011 and September 30, 2011, respectively.

(5) EBITDA for all periods presented includes the impact of acquisition-related expenses.

(6) Please refer to page 6 for a reconciliation of GAAP Net Income Available to Common Stockholders to Funds From Operations and Funds Available for Distribution.

(7) Reported amounts are attributable to common stockholders and common unitholders.

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

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

(10) 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.

(11) 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.

(12) Excludes the 3.25% Unsecured Exchangeable Senior Notes due 2012 which we repaid in April 2012 upon maturity and excludes the 7.80% Series E and 7.50% Series F Cumulative Redeemable Preferred Stock that were called for redemption on March 16, 2012 and redeemed on April 16, 2012. Please refer to "Capital Structure" on page 28.

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**Common Stock Data (NYSE: KRC)**

	Three Months Ended				
	3/31/2012	12/31/2011	9/30/2011	6/30/2011	3/31/2011
High Price	\$ 46.61	\$ 38.57	\$ 41.58	\$ 41.94	\$ 39.24
Low Price	\$ 37.92	\$ 29.25	\$ 30.01	\$ 38.04	\$ 36.61
Closing Price	\$ 46.61	\$ 38.07	\$ 31.30	\$ 39.49	\$ 38.83
Dividends per share - annualized	\$ 1.40	\$ 1.40	\$ 1.40	\$ 1.40	\$ 1.40
Closing common shares (in 000's) <sup>(1)(2)</sup>	68,350	58,820	58,464	58,464	52,419
Closing common partnership units (in 000's) <sup>(1)</sup>	1,718	1,718	1,718	1,718	1,723
	<u>70,068</u>	<u>60,538</u>	<u>60,182</u>	<u>60,182</u>	<u>54,142</u>

(1) As of the end of the period.

(2) In February 2012, the Company completed an underwritten public offering of 9,487,500 shares of its common stock at \$42.00 per share.

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### Consolidated Balance Sheets

(unaudited, \$ in thousands)

	3/31/2012	12/31/2011	9/30/2011	6/30/2011	3/31/2011
<b>ASSETS:</b>					
Land and improvements	\$ 576,433	\$ 537,574	\$ 537,973	\$ 528,082	\$ 498,963
Buildings and improvements	2,970,967	2,830,310	2,881,504	2,820,766	2,470,989
Undeveloped land and construction in progress	446,237	430,806	328,785	303,998	296,245
Total real estate held for investment	3,993,637	3,798,690	3,748,262	3,652,846	3,266,197
Accumulated depreciation and amortization	(770,688)	(742,503)	(732,162)	(720,864)	(695,548)
Total real estate held for investment, net	3,222,949	3,056,187	3,016,100	2,931,982	2,570,649
Real estate assets and other assets held for sale, net	—	84,156	—	—	—
Cash and cash equivalents	374,368	4,777	15,481	25,412	6,708
Restricted cash	43,140	358	25,436	1,349	1,899
Marketable securities	6,459	5,691	5,213	5,654	5,425
Current receivables, net	6,990	8,395	6,860	4,732	4,816
Deferred rent receivables, net	106,309	101,142	103,668	97,958	93,392
Deferred leasing costs and acquisition-related intangible assets, net	158,132	155,522	155,757	153,231	129,578
Deferred financing costs, net	19,060	18,368	19,638	18,910	15,742
Prepaid expenses and other assets, net	21,934	12,199	19,531	25,559	13,724
<b>TOTAL ASSETS</b>	<b>\$ 3,959,341</b>	<b>\$ 3,446,795</b>	<b>\$ 3,367,684</b>	<b>\$ 3,264,787</b>	<b>\$ 2,841,933</b>
<b>LIABILITIES, NONCONTROLLING INTEREST AND EQUITY:</b>					
<b>Liabilities:</b>					
Secured debt, net	\$ 350,219	\$ 351,825	\$ 473,997	\$ 475,820	\$ 446,539
Exchangeable senior notes, net	308,689	306,892	305,115	303,374	301,652
Unsecured debt, net	1,130,651	980,569	980,487	655,929	655,866
Unsecured line of credit	—	182,000	—	245,000	57,000
Accounts payable, accrued expenses and other liabilities	92,574	81,713	93,050	66,664	78,847
Accrued distributions	26,622	22,692	22,565	22,563	20,443
Deferred revenue and acquisition-related intangible liabilities, net	90,206	79,781	95,120	90,149	78,992
Rents received in advance and tenant security deposits	30,392	26,917	29,369	28,117	26,433
Liabilities and deferred revenue of real estate assets held for sale	—	13,286	—	—	—
7.80% Series E and 7.50% Series F Cumulative Redeemable Preferred stock, called for redemption	126,500	—	—	—	—
Total liabilities	2,155,853	2,045,675	1,999,703	1,887,616	1,665,772
<b>Noncontrolling Interest:</b>					
7.45% Series A Cumulative Redeemable Preferred units of the Operating Partnership	73,638	73,638	73,638	73,638	73,638
<b>Equity:</b>					
<i>Stockholders' Equity</i>					
7.80% Series E Cumulative Redeemable Preferred stock	—	38,425	38,425	38,425	38,425
7.50% Series F Cumulative Redeemable Preferred stock	—	83,157	83,157	83,157	83,157
6.875% Series G Cumulative Redeemable Preferred stock	96,155	—	—	—	—
Common stock	683	588	585	585	524
Additional paid-in capital	1,827,676	1,448,997	1,435,580	1,433,951	1,214,463
Distributions in excess of earnings	(234,199)	(277,450)	(296,476)	(285,916)	(264,848)
Total stockholders' equity	1,690,315	1,293,717	1,261,271	1,270,202	1,071,721
<i>Noncontrolling Interest</i>					
Common units of the Operating Partnership	39,535	33,765	33,072	33,331	30,802
Total equity	1,729,850	1,327,482	1,294,343	1,303,533	1,102,523
<b>TOTAL LIABILITIES, NONCONTROLLING INTEREST AND EQUITY</b>	<b>\$ 3,959,341</b>	<b>\$ 3,446,795</b>	<b>\$ 3,367,684</b>	<b>\$ 3,264,787</b>	<b>\$ 2,841,933</b>

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### Consolidated Statements of Operations

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

	Three Months Ended March 31,	
	2012	2011
<b>REVENUES:</b>		
Rental income	\$ 90,219	\$ 76,997
Tenant reimbursements	8,304	6,022
Other property income	887	754
Total revenues	99,410	83,773
<b>EXPENSES:</b>		
Property expenses	17,535	17,509
Real estate taxes	8,389	7,890
Provision for bad debts	2	26
Ground leases	802	339
General and administrative expenses	8,767	6,560
Acquisition-related expenses	1,528	472
Depreciation and amortization	36,746	28,441
Total expenses	73,769	61,237
<b>OTHER (EXPENSES) INCOME:</b>		
Interest income and other net investment gains	484	184
Interest expense	(21,163)	(20,876)
Total other (expenses) income	(20,679)	(20,692)
<b>INCOME FROM CONTINUING OPERATIONS</b>	4,962	1,844
<b>DISCONTINUED OPERATIONS:</b>		
Income from discontinued operations	900	3,023
Net gain on dispositions of discontinued operations	72,809	—
Total income from discontinued operations	73,709	3,023
<b>NET INCOME</b>	78,671	4,867
Net income attributable to noncontrolling common units of the Operating Partnership	(1,795)	(34)
<b>NET INCOME ATTRIBUTABLE TO KILROY REALTY CORPORATION</b>	76,876	4,833
<b>PREFERRED DISTRIBUTIONS AND DIVIDENDS:</b>		
Distributions on noncontrolling cumulative redeemable preferred units of the Operating Partnership	(1,397)	(1,397)
Preferred dividends	(3,021)	(2,402)
Original issuance costs of preferred stock called for redemption	(4,918)	—
Total preferred distributions and dividends	(9,336)	(3,799)
<b>NET INCOME AVAILABLE TO COMMON STOCKHOLDERS</b>	\$ 67,540	\$ 1,034
Weighted average common shares outstanding - basic	63,649	52,302
Weighted average common shares outstanding - diluted	63,649	52,302
<b>NET INCOME AVAILABLE TO COMMON STOCKHOLDERS PER SHARE</b>		
Net income available to common stockholders per share - basic	\$ 1.06	\$ 0.01
Net income available to common stockholders per share - diluted	\$ 1.06	\$ 0.01

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### Funds From Operations and Funds Available for Distribution (unaudited, \$ in thousands, except per share amounts)

	Three Months Ended March 31,	
	2012	2011
<b>FUNDS FROM OPERATIONS:</b> <sup>(1)</sup>		
Net income available to common stockholders	\$ 67,540	\$ 1,034
Adjustments:		
Net income attributable to noncontrolling common units of the Operating Partnership	1,795	34
Depreciation and amortization of real estate assets	36,464	29,059
Net gain on dispositions of discontinued operations	(72,809)	—
Funds From Operations <sup>(2)</sup>	<u>\$ 32,990</u>	<u>\$ 30,127</u>
Weighted average common shares/units outstanding - basic <sup>(3)</sup>	66,371	54,902
Weighted average common shares/units outstanding - diluted <sup>(3)</sup>	67,156	55,173
FFO per common share/unit - basic <sup>(2)</sup>	<u>\$ 0.50</u>	<u>\$ 0.55</u>
FFO per common share/unit - diluted <sup>(2)</sup>	<u>\$ 0.49</u>	<u>\$ 0.55</u>
<b>FUNDS AVAILABLE FOR DISTRIBUTION:</b> <sup>(4)</sup>		
Funds From Operations <sup>(2)</sup>	\$ 32,990	\$ 30,127
Adjustments:		
Tenant improvements, leasing commissions and recurring capital expenditures	(7,008)	(7,971)
Amortization of deferred revenue related to tenant improvements <sup>(4)</sup>	(2,261)	(2,326)
Net effect of straight-line rents <sup>(5)</sup>	(5,487)	(4,340)
Amortization of other deferred revenue, net <sup>(6)</sup>	407	(119)
Amortization of net (below) above market rents <sup>(7)</sup>	(525)	653
Noncash amortization of exchangeable debt discount, net <sup>(8)</sup>	1,405	1,436
Amortization of deferred financing costs and debt discounts/premiums	1,092	1,277
Noncash amortization of share-based compensation awards	1,287	1,106
Original issuance costs of preferred stock called for redemption	4,918	—
Funds Available for Distribution <sup>(2)</sup>	<u>\$ 26,818</u>	<u>\$ 19,843</u>

(1) See page 33 for Management Statements on Funds From Operations and Funds Available for Distribution.

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

(3) 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.)

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

(5) 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.

(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 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.



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### Same Store Analysis <sup>(1)</sup> (unaudited, \$ in thousands)

Same Store Analysis (GAAP Basis) <sup>(2)</sup>			
	Three Months Ended March 31,		
	2012	2011	% Change
<b>Total Same Store Portfolio</b>			
Number of properties	133	133	
Square Feet	13,268,088	13,268,088	
Percent of Stabilized Portfolio	87.2%	99.4%	
Average Occupancy	92.0%	91.3%	
<b>Operating Revenues:</b>			
Rental income	\$ 77,319	\$ 76,119	1.6 %
Tenant reimbursements	5,993	5,943	0.8 %
Other property income	880	723	21.7 %
Total operating revenues	<u>84,192</u>	<u>82,785</u>	1.7 %
<b>Operating Expenses:</b>			
Property expenses	14,786	17,090	(13.5)%
Real estate taxes	6,769	7,399	(8.5)%
Provision for bad debts	2	26	(92.3)%
Ground leases	225	302	(25.5)%
Total operating expenses	<u>21,782</u>	<u>24,817</u>	(12.2)%
<b>GAAP Net Operating Income</b>	<u>\$ 62,410</u>	<u>\$ 57,968</u>	7.7 %
<b>Same Store Analysis (Cash Basis) <sup>(2)</sup></b>			
	Three Months Ended March 31,		
	2012	2011	% Change
Total operating revenues	\$ 78,281	\$ 76,708	2.1 %
Total operating expenses	21,780	24,791	(12.1)%
<b>Cash Net Operating Income</b>	<u>\$ 56,501</u>	<u>\$ 51,917</u>	8.8 %

(1) Same store defined as all stabilized properties owned as of January 1, 2011 and still owned and in the stabilized portfolio as of March 31, 2012.

(2) Please refer to page 34 for a reconciliation of the Same Store measures on this page to Net Income Available to Common Stockholders.

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### Stabilized Portfolio Occupancy Overview

	Portfolio Breakdown				Occupancy at: <sup>(1)</sup>		
	# of Buildings	Year-to-Date NOI <sup>(2)</sup>	Sq. Ft.	Total Square Feet	3/31/2012	12/31/2011	9/30/2011
<b>STABILIZED PORTFOLIO:</b>							
<b>OCCUPANCY BY PRODUCT TYPE:</b>							
<i>Office:</i>							
Los Angeles and Ventura Counties	28	21.4%	19.6%	2,981,473	87.0%	83.5%	84.1%
San Diego County	59	43.6%	34.0%	5,184,287	91.7%	92.5%	92.6%
Orange County	5	3.4%	3.6%	540,656	93.3%	93.4%	91.4%
San Francisco Bay Area	13	16.8%	14.5%	2,200,905	89.2%	93.3%	95.4%
Greater Seattle	6	8.0%	5.9%	890,497	90.3%	89.9%	90.2%
Subtotal	111	93.2%	77.6%	11,797,818	90.0%	90.1%	90.6%
<i>Industrial:</i>							
Orange County	39	6.8%	22.4%	3,413,354	97.0%	100.0%	100.0%
Subtotal	39	6.8%	22.4%	3,413,354	97.0%	100.0%	100.0%
<b>OCCUPANCY BY REGION:</b>							
Los Angeles and Ventura Counties	28	21.4%	19.6%	2,981,473	87.0%	83.5%	85.1%
San Diego County	59	43.6%	34.0%	5,184,287	91.7%	92.5%	92.6%
Orange County	44	10.2%	26.0%	3,954,010	96.5%	99.1%	98.8%
San Francisco Bay Area	13	16.8%	14.5%	2,200,905	89.2%	93.3%	95.4%
Greater Seattle	6	8.0%	5.9%	890,497	90.3%	89.9%	90.2%
<b>TOTAL STABILIZED PORTFOLIO</b>	<b>150</b>	<b>100.0%</b>	<b>100.0%</b>	<b>15,211,172</b>	<b>91.6%</b>	<b>92.4%</b>	<b>92.8%</b>

Average Occupancy - Stabilized Portfolio			
	Office	Industrial	Total
Quarter-to-Date	89.9%	96.9%	91.5%

Average Occupancy - Same Store Portfolio			
	Office	Industrial	Total
Quarter-to-Date	90.4%	96.9%	92.0%

(1) Occupancy percentages reported are based on the Company's stabilized portfolio for the period presented.

(2) Percentage of year-to-date Net Operating Income excluding Other Property Income and net operating income from discontinued operations.

# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

### Stabilized Portfolio Occupancy Overview

<i>Office:</i>	<u>City/ Submarket</u>	<u>Square Feet</u>	<u>Occupancy</u>
<b>Los Angeles and Ventura, California</b>			
23925 Park Sorrento	Calabasas	11,789	100.0%
23975 Park Sorrento	Calabasas	100,592	93.1%
24025 Park Sorrento	Calabasas	102,264	64.6%
26541 Agoura Road	Calabasas	90,156	100.0%
5151 Camino Ruiz	Camarillo	187,861	0.0%
5153 Camino Ruiz	Camarillo	38,655	51.7%
5155 Camino Ruiz	Camarillo	38,856	51.4%
2240 E. Imperial Highway	El Segundo	122,870	100.0%
2250 E. Imperial Highway	El Segundo	298,728	99.6%
909 N. Sepulveda Boulevard	El Segundo	241,607	84.7%
999 N. Sepulveda Boulevard	El Segundo	128,504	98.9%
3750 Kilroy Airport Way	Long Beach	10,457	86.1%
3760 Kilroy Airport Way	Long Beach	165,278	94.5%
3780 Kilroy Airport Way	Long Beach	219,745	88.6%
3800 Kilroy Airport Way	Long Beach	192,476	93.6%
3840 Kilroy Airport Way	Long Beach	136,026	100.0%
3900 Kilroy Airport Way	Long Beach	126,840	91.8%
12100 W. Olympic Boulevard	Los Angeles	150,167	97.9%
12200 W. Olympic Boulevard	Los Angeles	150,302	99.7%
12312 W. Olympic Boulevard	Los Angeles	78,000	100.0%
1633 26th Street	Santa Monica	44,915	100.0%
2100 Colorado Avenue	Santa Monica	102,864	100.0%
3130 Wilshire Boulevard	Santa Monica	88,339	91.2%
501 Santa Monica Boulevard	Santa Monica	73,115	97.5%
2829 Townsgate Road	Thousand Oaks	81,067	90.6%
<b>Total Los Angeles and Ventura Counties Office</b>		<b>2,981,473</b>	<b>87.0%</b>

# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

### Stabilized Portfolio Occupancy Overview

<i>Office:</i>	<u>City/ Submarket</u>	<u>Square Feet</u>	<u>Occupancy</u>
<b>San Diego, California</b>			
12225 El Camino Real	Del Mar	60,148	97.8%
12235 El Camino Real	Del Mar	54,673	90.4%
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	100.0%
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	95.6%
3661 Valley Center Drive	Del Mar	129,752	99.4%
3721 Valley Centre Drive	Del Mar	114,780	100.0%
3811 Valley Centre Drive	Del Mar	112,067	100.0%
6200 Greenwich Drive	Governor Park	71,000	100.0%
6220 Greenwich Drive	Governor Park	141,214	100.0%
15051 Avenue of Science	I-15 Corridor	70,617	100.0%
15073 Avenue of Science	I-15 Corridor	46,759	100.0%
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	46.4%
15378 Avenue of Science	I-15 Corridor	68,910	100.0%
15435 Innovation Drive	I-15 Corridor	51,500	63.5%
15445 Innovation Drive	I-15 Corridor	51,500	100.0%
13280 Evening Creek Drive South	I-15 Corridor	42,971	49.5%
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	141,368	92.2%
7525 Torrey Santa Fe	56 Corridor	103,979	100.0%
7535 Torrey Santa Fe	56 Corridor	130,243	100.0%
7545 Torrey Santa Fe	56 Corridor	130,354	100.0%
7555 Torrey Santa Fe	56 Corridor	101,236	100.0%

# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

### Stabilized Portfolio Occupancy Overview

<i>Office:</i>	<u>City/ Submarket</u>	<u>Square Feet</u>	<u>Occupancy</u>
<b>San Diego, California (Continued)</b>			
2355 Northside Drive	Mission Valley	50,425	84.5%
2365 Northside Drive	Mission Valley	91,260	82.4%
2375 Northside Drive	Mission Valley	51,516	100.0%
2385 Northside Drive	Mission Valley	88,795	76.5%
2305 Historic Decatur Road	Point Loma	103,900	95.3%
10020 Pacific Mesa Boulevard	Sorrento Mesa	318,000	100.0%
4910 Directors Place	Sorrento Mesa	50,925	44.2%
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%
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	0.0%
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%
9455 Towne Center Drive	University Towne Center	45,195	0.0%
9785 Towne Center Drive	University Towne Center	75,534	100.0%
9791 Towne Center Drive	University Towne Center	50,466	100.0%
<b>Total San Diego County Office</b>		<b>5,184,287</b>	<b>91.7%</b>

# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

### Stabilized Portfolio Occupancy Overview

	City/ Submarket	Square Feet	Occupancy
<i>Office:</i>			
<b>Orange County, California</b>			
4175 E. La Palma Avenue	Anaheim	43,263	79.5 %
8101 Kaiser Boulevard	Anaheim	59,790	94.9 %
2211 Michelson Drive	Irvine	271,556	91.0 %
111 Pacifica	Irvine Spectrum	67,496	100.0 %
999 Town & Country	Orange	98,551	100.0 %
<b>Total Orange County Office</b>		<b>540,656</b>	<b>93.3%</b>
<b>San Francisco Bay Area, California</b>			
4100 Bohannon Drive	Menlo Park	46,614	100.0 %
4200 Bohannon Drive	Menlo Park	46,255	69.1 %
4300 Bohannon Drive	Menlo Park	62,920	62.1 %
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	37.6 %
4700 Bohannon Drive	Menlo Park	62,920	100.0 %
303 Second Street	San Francisco	734,035	94.7 %
100 First Street	San Francisco	466,490	90.8 %
250 Brannan Street	San Francisco	92,948	100.0 %
201 Third Street	San Francisco	332,076	85.9 %
301 Brannan Street	San Francisco	74,430	66.1 %
4040 Civic Center	San Rafael	126,787	93.1 %
<b>Total San Francisco Bay Area Office</b>		<b>2,200,905</b>	<b>89.2%</b>
<b>Greater Seattle, Washington</b>			
601 108th Avenue NE	Bellevue	488,470	88.8 %
10220 NE Points Drive	Kirkland	49,851	89.5 %
10230 NE Points Drive	Kirkland	98,982	83.4 %
10210 NE Points Drive	Kirkland	84,641	87.5 %
3933 Lake Washington Blvd NE	Kirkland	46,450	100.0 %
15050 NE 36th Street	Redmond	122,103	100.0 %
<b>Total Greater Seattle Office</b>		<b>890,497</b>	<b>90.3%</b>
<b>Total Office</b>		<b>11,797,818</b>	<b>90.0%</b>

# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

### Stabilized Portfolio Occupancy Overview

	City/ Submarket	Square Feet	Occupancy
<i>Industrial:</i>			
<b>Orange County, California</b>			
1000 E. Ball Road	Anaheim	100,000	100.0%
1230 S. Lewis Street	Anaheim	57,730	100.0%
1250 N. Tustin Avenue	Anaheim	84,185	100.0%
3125 E. Coronado Street	Anaheim	144,000	100.0%
3130/3150 Miraloma Avenue	Anaheim	144,000	100.0%
3250 E. Carpenter Avenue	Anaheim	41,225	100.0%
3340 E. La Palma Avenue	Anaheim	153,320	100.0%
3355 E. La Palma Avenue	Anaheim	98,200	100.0%
4123 E. La Palma Avenue	Anaheim	70,863	100.0%
4155 E. La Palma Avenue	Anaheim	74,618	100.0%
5115 E. La Palma Avenue	Anaheim	286,139	100.0%
5325 E. Hunter Avenue	Anaheim	110,487	100.0%
1145 N. Ocean Boulevard	Anaheim	67,500	100.0%
1201 N. Miller Street	Anaheim	119,612	100.0%
1211 N. Miller Street	Anaheim	200,646	100.0%
1231 N. Miller Street	Anaheim	113,700	100.0%
950 W. Central Avenue	Brea	24,000	100.0%
1050 W. Central Avenue	Brea	30,000	100.0%
1150 W. Central Avenue	Brea	30,000	73.3%
895 Beacon Street	Brea	54,795	100.0%
955 Beacon Street	Brea	37,916	100.0%
1125 Beacon Street	Brea	49,178	100.0%
925 Lambert Road	Brea	80,000	100.0%
1075 Lambert Road	Brea	98,811	100.0%
1675 MacArthur Boulevard	Costa Mesa	50,842	100.0%
25202 Towne Center Drive	Foothill Ranch	309,685	74.6%
12681/12691 Pala Drive	Garden Grove	84,700	100.0%

# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

### Stabilized Portfolio Occupancy Overview

	City/ Submarket	Square Feet	Occupancy
<i>Industrial:</i>			
<b>Orange County, California (Continued)</b>			
7421 Orangewood Avenue	Garden Grove	82,602	100.0%
7091 Belgrave Avenue	Garden Grove	70,000	100.0%
12271 Industry Street	Garden Grove	20,000	100.0%
12311 Industry Street	Garden Grove	25,000	40.0%
7261 Lampson Avenue	Garden Grove	47,092	100.0%
12472 Edison Way	Garden Grove	55,576	100.0%
12442 Knott Street	Garden Grove	58,303	100.0%
2055 S.E. Main Street	Irvine	47,583	100.0%
1951 E. Carnegie Avenue	Santa Ana	100,000	100.0%
2525 Pullman Street	Santa Ana	103,380	100.0%
14831 Franklin Avenue	Tustin	36,256	100.0%
2911 Dow Avenue	Tustin	51,410	100.0%
<b>Total Orange County Industrial</b>		<b>3,413,354</b>	<b>97.0%</b>
<b>Total Industrial</b>			
		<b>3,413,354</b>	<b>97.0%</b>



# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

### Submarket Statistics as of March 31, 2012

<b>Submarket</b>	<b>Market Direct Vacancy <sup>(1)</sup></b>	<b>Market Total Vacancy <sup>(1)</sup></b>	<b>KRC Percentage Occupied</b>	<b>KRC Percentage Leased</b>
<b><u>SAN DIEGO</u></b>				
Del Mar	13.4%	17.3%	97.7%	97.7%
Sorrento Mesa <i>Two- Three Story Corporate</i>	10.1%	10.3%	92.2%	94.8%
University Towne Center / Governor Park <i>Two- Three Story Corporate</i>	11.4%	18.2%	89.5%	89.5%
I-15 Corridor <i>Class A Office Market</i>	15.3%	15.5%	97.5%	97.5%
<i>Two- Three Story Corporate</i>	16.6%	17.3%	75.0%	75.0%
Mission Valley	17.2%	18.2%	84.2%	85.6%
Point Loma	10.7%	11.5%	95.3%	95.3%
<b><u>ORANGE COUNTY</u></b>				
Office	15.3%	19.1%	93.3%	93.6%
Industrial	4.9%	8.1%	97.0%	97.0%
<b><u>LOS ANGELES</u></b>				
Westside	15.2%	18.6%	98.1%	98.1%
El Segundo (Class A)	16.5%	17.2%	95.0%	95.1%
Long Beach Airport (Class A)	9.3%	9.6%	93.1%	94.5%
101 Corridor (Class A)	18.8%	19.8%	57.6%	58.7%
<b><u>SAN FRANCISCO BAY AREA</u></b>				
South Financial District	9.3%	9.7%	90.9%	94.7%
Marin County	11.2%	14.3%	93.1%	93.1%
Menlo Park	11.2%	12.6%	80.1%	82.9%
<b><u>GREATER SEATTLE</u></b>				
Eastside	13.9%	14.5%	90.3%	92.9%
<b>TOTAL</b>			<b>91.6%</b>	<b>92.7%</b>

(1) Market direct and market total vacancy data was obtained from market research data from third parties. Kilroy Realty Corporation uses market research data from third parties to analyze the current and projected real estate fundamentals in each of its existing submarkets as well as potential acquisition submarkets. Recent market research data from third parties suggests improvement in real estate fundamentals in each of Kilroy Realty's primary submarkets over the next few years. Please note that Kilroy Realty Corporation does not verify the market research data from third parties and further that such data does not represent views or forecasts of Kilroy Realty Corporation or its management.

# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

### Information on Leases Commenced

For Leases That Commenced During the Three Months Ended March 31, 2012

	1st & 2nd Generation				2nd Generation				Weighted Average Lease Term (Mo.)
	# of Leases <sup>(1)</sup>		Square Feet <sup>(1)</sup>		TI/LC Per Sq.Ft. <sup>(2)</sup>	Changes in Rents <sup>(3)</sup>	Changes in Cash Rents <sup>(4)</sup>	Retention Rates <sup>(5)</sup>	
	New	Renewal	New	Renewal					
Office	19	18	165,329	190,992	\$ 26.39	2.8 %	(3.1)%	61.1%	63
Industrial	1	2	5,000	65,681	0.62	(18.9)%	(22.3)%	40.0%	43
Total	20	20	170,329	256,673	\$ 21.60	0.2 %	(5.4)%	53.8%	59

- (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) Amounts exclude tenant-funded tenant improvements.
- (3) Calculated as the change between GAAP rents for new/renewed leases and the expiring GAAP 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.
- (4) Calculated as the change between stated rents for new/renewed leases and the expiring stated 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.
- (5) Calculated as the percentage of space either renewed or expanded into by existing tenants or subtenants at lease expiration.

# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

### Information on Leases Executed

For Leases Signed During the Three Months Ended March 31, 2012<sup>(1)</sup>

	1st & 2nd Generation				2nd Generation			
	# of Leases <sup>(2)</sup>		Square Feet <sup>(2)</sup>		TI/LC <sup>(3)</sup> Per Sq.Ft.	Changes in Rents <sup>(4)</sup>	Changes in Cash <sup>(5)</sup> Rents	Weighted Average Lease Term (Mo.)
	New	Renewal	New	Renewal				
Office	17	13	166,750	65,570	\$ 29.29	9.7 %	0.7 %	65
Industrial	1	—	5,000	—	5.76	(28.1)%	(29.5)%	36
<b>Total</b>	<b>18</b>	<b>13</b>	<b>171,750</b>	<b>65,570</b>	<b>\$ 28.74</b>	<b>9.3 %</b>	<b>0.4 %</b>	<b>65</b>

(1) During the first quarter, 10 leases totaling 133,600 square feet were signed but not commenced as of March 31, 2012.

(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) Amounts exclude tenant-funded tenant improvements.

(4) Calculated as the change between GAAP rents for signed leases and the expiring GAAP 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.

(5) Calculated as the change between stated rents for signed leases and the expiring stated 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.

# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

### Stabilized Portfolio Capital Expenditures (*\$ in thousands*)

<b>1st Generation (Nonrecurring) Capital Expenditures<sup>(1)</sup>:</b>		<u>Q1 2012</u>
Capital Improvements	\$	5,143
Tenant Improvements & Leasing Commissions		2,609
Total	\$	<u><u>7,752</u></u>

<b>2nd Generation (Recurring) Capital Expenditures:</b>		<u>Q1 2012</u>
Capital Improvements		
Office	\$	3,353
Industrial		99
		<u>3,452</u>
Tenant Improvements & Leasing Commissions <sup>(2)</sup>		
Office		3,551
Industrial		5
		<u>3,556</u>
Total		
Office		6,904
Industrial		104
	\$	<u><u>7,008</u></u>

(1) We generally categorize capital expenditures for newly acquired space, newly developed or redeveloped space, or change in use as 1st Generation. These costs are not subtracted in our calculation of Funds Available for Distribution.

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

# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

### Lease Expiration Summary Schedule <sup>(1)</sup> (*\$ in thousands*)

Year of Expiration	# of Expiring Leases	Total Square Feet	% of Total Leased Sq. Ft.	Annualized Base Rent <sup>(2)</sup>	% of Total Annualized Base Rent <sup>(2)</sup>	Annualized Rent per Sq. Ft. <sup>(2)</sup>
<b>OFFICE:</b>						
Remainder of 2012	61	630,985	4.6%	\$18,556	5.3%	\$29.41
2013	94	1,191,434	8.7%	34,480	10.1%	28.94
2014	87	1,101,931	8.0%	30,062	8.7%	27.28
2015	126	1,953,698	14.2%	59,826	17.3%	30.62
2016	63	712,265	5.2%	18,317	5.3%	25.72
2017	70	1,648,244	12.0%	48,854	14.1%	29.64
2018	17	835,325	6.1%	35,246	10.2%	42.19
2019	21	601,952	4.4%	20,777	6.0%	34.52
2020	21	830,869	6.0%	25,142	7.2%	30.26
2021	10	331,164	2.4%	11,866	3.4%	35.83
2022 and beyond	12	607,400	4.4%	20,260	5.9%	33.36
Subtotal	582	10,445,267	76.0%	\$323,386	93.5%	\$30.96
<b>INDUSTRIAL:</b>						
Remainder of 2012	5	220,133	1.6%	\$1,295	0.4%	\$5.88
2013	9	657,357	4.7%	4,800	1.3%	7.30
2014	20	610,642	4.4%	4,828	1.4%	7.91
2015	12	660,351	4.8%	4,347	1.3%	6.58
2016	5	139,845	1.0%	823	0.2%	5.89
2017	4	149,482	1.1%	888	0.3%	5.94
2018	3	186,878	1.4%	1,189	0.3%	6.36
2019	3	196,910	1.4%	1,664	0.5%	8.45
2020	1	50,842	0.4%	577	0.2%	11.35
2021	3	371,633	2.7%	1,681	0.5%	4.52
2022 and beyond	1	67,500	0.5%	358	0.1%	5.30
Subtotal	66	3,311,573	24.0%	\$22,450	6.5%	\$6.78
<b>TOTAL PORTFOLIO:</b>						
Remainder of 2012	66	851,118	6.2%	\$19,851	5.7%	\$23.32
2013	103	1,848,791	13.4%	39,280	11.4%	21.25
2014	107	1,712,573	12.4%	34,890	10.1%	20.37
2015	138	2,614,049	19.0%	64,173	18.6%	24.55
2016	68	852,110	6.2%	19,140	5.5%	22.46
2017	74	1,797,726	13.1%	49,742	14.4%	27.67
2018	20	1,022,203	7.5%	36,435	10.5%	35.64
2019	24	798,862	5.8%	22,441	6.5%	28.09
2020	22	881,711	6.4%	25,719	7.4%	29.17
2021	13	702,797	5.1%	13,547	3.9%	19.28
2022 and beyond	13	674,900	4.9%	20,618	6.0%	30.55
Total	648	13,756,840	100.0%	\$345,836	100.0%	\$25.14

- (1) The information presented for all lease expiration activity reflects leasing activity through March 31, 2012. 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 and vacant space as of March 31, 2012.
- (2) Reflects annualized contractual base rent calculated on a straight-line basis in accordance with GAAP excluding the amortization of deferred revenue related to tenant-funded tenant improvements 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.

# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

### Lease Expiration Schedule Detail by Region <sup>(1)</sup> (\$ in thousands)

Year of Expiration	Los Angeles/Ventura Counties						Orange County					
	# of Expiring Leases	Total Square Feet	% of Total Leased Sq. Ft.	Annualized Base Rent <sup>(2)</sup>	% of Total Annualized Base Rent <sup>(2)</sup>	Annualized Rent per Sq. Ft. <sup>(2)</sup>	# of Expiring Leases	Total Square Feet	% of Total Leased Sq. Ft.	Annualized Base Rent <sup>(2)</sup>	% of Total Annualized Base Rent <sup>(2)</sup>	Annualized Rent per Sq. Ft. <sup>(2)</sup>
<b>OFFICE:</b>												
Remainder of 2012	33	150,011	1.1%	\$4,810	1.4%	\$32.06	7	32,723	0.2%	\$640	0.2%	\$19.56
2013	33	300,144	2.2%	8,043	2.3%	26.80	16	59,355	0.4%	1,627	0.5%	27.41
2014	43	301,541	2.2%	8,641	2.5%	28.66	10	51,796	0.4%	1,390	0.4%	26.84
2015	37	343,359	2.5%	10,633	3.1%	30.97	9	48,122	0.3%	1,239	0.4%	25.75
2016	28	210,241	1.5%	6,900	2.0%	32.82	9	40,417	0.3%	1,153	0.3%	28.53
2017	32	313,731	2.3%	10,170	2.9%	32.42	9	79,512	0.6%	2,901	0.8%	36.49
2018	2	33,363	0.2%	1,149	0.3%	34.44	2	106,935	0.8%	3,307	1.0%	30.93
2019	4	210,924	1.5%	7,313	2.1%	34.67	1	61,885	0.4%	2,775	0.8%	44.84
2020	4	92,374	0.7%	2,145	0.6%	23.22	1	13,397	0.1%	438	0.1%	32.69
2021	4	154,821	1.1%	4,397	1.3%	28.40	—	—	—	—	—	—
2022 and beyond	4	380,402	2.8%	13,337	3.9%	35.06	—	—	—	—	—	—
Subtotal	224	2,490,911	18.1%	\$77,538	22.4%	\$31.13	64	494,142	3.5%	\$15,470	4.5%	\$31.31
<b>INDUSTRIAL:</b>												
Remainder of 2012	—	—	—	—	—	—	5	220,133	1.6%	\$1,295	0.4%	\$5.88
2013	—	—	—	—	—	—	9	657,357	4.8%	4,800	1.4%	7.30
2014	—	—	—	—	—	—	20	610,642	4.4%	4,828	1.4%	7.91
2015	—	—	—	—	—	—	12	660,351	4.8%	4,347	1.2%	6.58
2016	—	—	—	—	—	—	5	139,845	1.0%	823	0.3%	5.89
2017	—	—	—	—	—	—	4	149,482	1.0%	888	0.3%	5.94
2018	—	—	—	—	—	—	3	186,878	1.4%	1,189	0.3%	6.36
2019	—	—	—	—	—	—	3	196,910	1.5%	1,664	0.5%	8.45
2020	—	—	—	—	—	—	1	50,842	0.4%	577	0.2%	11.35
2021	—	—	—	—	—	—	3	371,633	2.7%	1,681	0.5%	4.52
2022 and beyond	—	—	—	—	—	—	1	67,500	0.5%	358	0.1%	5.30
Subtotal	—	—	—	—	—	—	66	3,311,573	24.1%	\$22,450	6.6%	\$6.78
<b>TOTAL PORTFOLIO:</b>												
Remainder of 2012	33	150,011	1.1%	\$4,810	1.4%	\$32.06	12	252,856	1.8%	\$1,935	0.6%	\$7.65
2013	33	300,144	2.2%	8,043	2.3%	26.80	25	716,712	5.2%	6,427	1.9%	8.97
2014	43	301,541	2.2%	8,641	2.5%	28.66	30	662,438	4.8%	6,218	1.8%	9.39
2015	37	343,359	2.5%	10,633	3.1%	30.97	21	708,473	5.1%	5,586	1.6%	7.88
2016	28	210,241	1.5%	6,900	2.0%	32.82	14	180,262	1.3%	1,976	0.6%	10.96
2017	32	313,731	2.3%	10,170	2.9%	32.42	13	228,994	1.7%	3,789	1.1%	16.55
2018	2	33,363	0.2%	1,149	0.3%	34.44	5	293,813	2.1%	4,496	1.3%	15.30
2019	4	210,924	1.5%	7,313	2.1%	34.67	4	258,795	1.9%	4,439	1.3%	17.15
2020	4	92,374	0.7%	2,145	0.6%	23.22	2	64,239	0.5%	1,015	0.3%	15.80
2021	4	154,821	1.1%	4,397	1.3%	28.40	3	371,633	2.7%	1,681	0.5%	4.52
2022 and beyond	4	380,402	2.8%	13,337	3.9%	35.06	1	67,500	0.5%	358	0.1%	5.30
Total	224	2,490,911	18.1%	\$77,538	22.4%	\$31.13	130	3,805,715	27.6%	\$37,920	11.1%	\$9.96

(1) The information presented for all lease expiration activity reflects leasing activity through March 31, 2012. 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 and vacant space as of March 31, 2012.

(2) Reflects annualized contractual base rent calculated on a straight-line basis in accordance with GAAP excluding the amortization of deferred revenue related to tenant-funded tenant improvements 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.

# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

### Lease Expiration Schedule Detail by Region <sup>(1)</sup> (\$ in thousands)

Year of Expiration	San Diego						San Francisco Bay Area					
	# of Expiring Leases	Total Square Feet	% of Total Leased Sq. Ft.	Annualized Base Rent <sup>(2)</sup>	% of Total Annualized Base Rent <sup>(2)</sup>	Annualized Rent per Sq. Ft. <sup>(2)</sup>	# of Expiring Leases	Total Square Feet	% of Total Leased Sq. Ft.	Annualized Base Rent <sup>(2)</sup>	% of Total Annualized Base Rent <sup>(2)</sup>	Annualized Rent per Sq. Ft. <sup>(2)</sup>
<b>OFFICE TOTAL:</b>												
Remainder of 2012	12	351,160	2.6%	\$9,923	2.9%	\$28.26	6	68,408	0.5%	\$2,502	0.7%	\$36.57
2013	14	384,440	2.8%	9,327	2.7%	24.26	23	306,147	2.2%	11,536	3.3%	37.68
2014	12	480,026	3.5%	10,857	3.1%	22.62	17	227,951	1.7%	8,057	2.3%	35.35
2015	21	636,963	4.6%	15,663	4.5%	24.59	35	551,022	4.0%	22,311	6.5%	40.49
2016	17	352,089	2.6%	6,759	2.0%	19.20	3	32,425	0.2%	1,563	0.5%	48.20
2017	19	1,147,317	8.3%	32,160	9.3%	28.03	7	74,029	0.5%	2,839	0.8%	38.35
2018	10	635,304	4.6%	28,975	8.4%	45.61	1	11,046	0.1%	444	0.1%	40.20
2019	5	124,853	0.9%	3,977	1.1%	31.85	8	163,982	1.2%	5,594	1.6%	34.11
2020	7	350,284	2.5%	10,680	3.1%	30.49	9	374,814	2.7%	11,879	3.4%	31.69
2021	4	131,080	1.0%	5,940	1.7%	45.32	1	36,620	0.3%	1,315	0.4%	35.91
2022 and beyond	1	141,214	1.0%	4,286	1.2%	30.35	6	83,677	0.6%	2,578	0.7%	30.81
Total	122	4,734,730	34.4%	\$138,547	40.0%	\$29.26	116	1,930,121	14.0%	\$70,618	20.3%	\$36.59

Year of Expiration	Greater Seattle					
	# of Expiring Leases	Total Square Feet	% of Total Leased Sq. Ft.	Annualized Base Rent <sup>(2)</sup>	% of Total Annualized Base Rent <sup>(2)</sup>	Annualized Rent per Sq. Ft. <sup>(2)</sup>
<b>OFFICE TOTAL:</b>						
Remainder of 2012	3	28,683	0.2%	\$681	0.2%	\$23.74
2013	8	141,348	1.0%	3,947	1.1%	27.92
2014	5	40,617	0.3%	1,117	0.3%	27.50
2015	24	374,232	2.7%	9,980	2.9%	26.67
2016	6	77,093	0.6%	1,942	0.6%	25.19
2017	3	33,655	0.2%	784	0.2%	23.30
2018	2	48,677	0.4%	1,371	0.4%	28.17
2019	3	40,308	0.3%	1,118	0.3%	27.74
2020	—	—	—	—	—	—
2021	1	8,643	0.1%	214	0.1%	24.76
2022 and beyond	1	2,107	0.0%	59	0.0%	28.00
Total	56	795,363	5.8%	\$21,213	6.1%	\$26.67

(1) The information presented for all lease expiration activity reflects leasing activity through March 31, 2012. 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 and vacant space as of March 31, 2012.

(2) Reflects annualized contractual base rent calculated on a straight-line basis in accordance with GAAP excluding the amortization of deferred revenue related to tenant-funded tenant improvements 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.

# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

### Quarterly Lease Expirations for 2012<sup>(1)</sup> (\$ in thousands)

	# of Expiring Leases	Total Square Feet	% of Total Leased Sq. Ft.	Annualized Base Rent <sup>(2)</sup>	% of Total Annualized Base Rent <sup>(2)</sup>	Annualized Rent per Sq. Ft. <sup>(2)</sup>
<b>OFFICE:</b>						
Q2 2012	24	408,496	3.0%	\$11,570	3.3%	\$28.32
Q3 2012	15	74,534	0.5%	2,304	0.6%	30.91
Q4 2012	22	147,955	1.1%	4,682	1.4%	31.64
Subtotal 2012	61	630,985	4.6%	\$18,556	5.3%	\$29.41
<b>INDUSTRIAL:</b>						
Q2 2012	1	12,000	0.1%	\$128	0.0%	\$10.67
Q3 2012	1	40,000	0.3%	196	0.1%	4.90
Q4 2012	3	168,133	1.2%	971	0.3%	5.78
Subtotal 2012	5	220,133	1.6%	\$1,295	0.4%	\$5.88
<b>TOTAL PORTFOLIO:</b>						
Q2 2012	25	420,496	3.1%	\$11,698	3.3%	\$27.82
Q3 2012	16	114,534	0.8%	2,500	0.7%	21.83
Q4 2012	25	316,088	2.3%	5,653	1.7%	17.88
Subtotal 2012	66	851,118	6.2%	\$19,851	5.7%	\$23.32

(1) The information presented reflects leasing activity through March 31, 2012. 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 and vacant space as of March 31, 2012.

(2) Reflects annualized contractual base rent calculated on a straight-line basis in accordance with GAAP excluding the amortization of deferred revenue related to tenant-funded tenant improvements 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.



# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

### Top Fifteen Tenants <sup>(1)</sup> (*\$ in thousands*)

Tenant Name	Product Type	Annualized Base Rental Revenue <sup>(2)</sup>	Rentable Square Feet	Percentage of Total Annualized Base Rental Revenue <sup>(2)</sup>	Percentage of Total Rentable Square Feet
Intuit, Inc.	Office	\$ 15,126	536,812	4.4 %	3.5 %
Bridgepoint Education, Inc.	Office	15,105	317,678	4.4 %	2.1 %
DIRECTV, LLC <sup>(3)</sup>	Office	11,966	332,595	3.5 %	2.2 %
Delta Dental of California	Office	10,278	230,467	3.0 %	1.5 %
CareFusion Corporation <sup>(4)</sup>	Office	9,256	411,000	2.7 %	2.7 %
AMN Healthcare, Inc.	Office	8,192	175,672	2.4 %	1.2 %
Wells Fargo <sup>(4)</sup>	Office	6,852	197,546	2.0 %	1.3 %
Hewlett-Packard Company	Office	6,187	171,921	1.8 %	1.1 %
Fish & Richardson P.C.	Office	6,071	139,538	1.8 %	0.9 %
Scripps Health	Office	5,199	112,067	1.5 %	0.7 %
BP Biofuels	Office	5,128	136,908	1.5 %	0.9 %
Epson America, Inc.	Office	4,915	136,026	1.4 %	0.9 %
Avnet, Inc.	Office	4,163	132,929	1.2 %	0.9 %
Lucile Salter Packard Children's Hospital at Stanford <sup>(5)</sup>	Office	3,994	109,534	1.2 %	0.7 %
Mitchell International, Inc.	Office	3,775	141,214	1.1 %	0.9 %
<b>Total Top Fifteen Tenants</b>		<b>\$ 116,207</b>	<b>3,281,907</b>	<b>33.9%</b>	<b>21.5%</b>

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

(2) Based upon annualized contractual base rental revenue, which is calculated on a straight-line basis in accordance with GAAP, for leases for which rental revenue is being recognized by the Company as of March 31, 2012.

(3) In November 2011, the Company executed a new lease with DIRECTV, LLC ("DIRECTV") for approximately 299,000 rentable square feet at 2260 E. Imperial Highway in Los Angeles, CA. This lease will increase the Company's annualized base rental revenue and percentage of total annualized base rental revenue from DIRECTV to approximately \$22.3 million and 6.3%, respectively, and is expected to commence in the fourth quarter of 2012. DIRECTV will become the Company's largest tenant upon commencement of this lease.

(4) The Company has entered into leases with various affiliates of the tenant name listed above.

(5) In March 2012, the Company executed a new lease with Lucile Salter Packard Children's Hospital at Stanford for 10,256 rentable square feet at 4200 Bohannon Drive in Menlo Park, CA. This lease will increase the Company's annualized base rental revenue and percentage of total annualized base rental revenue from Lucile Salter Packard Children's Hospital at Stanford to approximately \$4.4 million and 1.3%, respectively, and is expected to commence in the third quarter of 2012.

# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

### 2012 Acquisitions (*\$ in millions*)

<b>COMPLETED ACQUISITIONS</b>						
<u>Property</u>	<u>City/Submarket</u>	<u>Type</u>	<u>Month of Acquisition</u>	<u>No. of Buildings</u>	<u>Rentable Square Feet</u>	<u>Purchase Price</u>
<b>1st Quarter:</b>						
4100-4700 Bohannon Drive Menlo Park, CA	Menlo Park	Office	February	7	374,139	\$ 162.5
<b>TOTAL</b>				<u>7</u>	<u>374,139</u>	<u>\$ 162.5</u>

**Kilroy Realty Corporation**  
**First Quarter 2012 Supplemental Financial Report**

**2012 Dispositions**  
*(\$ in millions)*

<b>COMPLETED DISPOSITIONS</b>						
<b>Property</b>	<b>City / Submarket</b>	<b>Type</b>	<b>Month of Disposition</b>	<b>No. of Buildings</b>	<b>Rentable Square Feet</b>	<b>Sales Price</b>
<b>1st Quarter</b>						
15004 Innovation Drive and 10243 Genetic Center <sup>(1)</sup> San Diego, CA	I-15 Corridor and Sorrento Mesa	Office	January	2	253,676	\$ 146.1
<b>TOTAL DISPOSITIONS</b>				2	253,676	\$ 146.1

*(1) These properties were classified as held for sale at December 31, 2011.*

# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

### In-Process Redevelopment Projects (*\$ in millions*)

Redevelopment Project	Location	Estimated Construction Period		Estimated Stabilization Date <sup>(1)</sup>	Estimated Rentable Square Feet	Existing Investment <sup>(2)</sup>	Estimated Redevelopment Costs	Total Estimated Investment	Total Costs as of 3/31/2012 <sup>(3)</sup>	% Leased
		Start Date	Compl. Date							
<b>UNDER CONSTRUCTION:</b>										
2260 E. Imperial Highway <sup>(4)</sup>	El Segundo	3Q 2010	4Q 2012	4Q 2012	299,000	\$9.1	\$50.6	\$59.7	\$30.0	100%
3880 Kilroy Airport Way <sup>(5)</sup>	Long Beach	3Q 2011	2Q 2012	2Q 2013	98,000	6.3	13.5	19.8	12.3	50%
5010 Wateridge Vista Drive <sup>(6)</sup>	Sorrento Mesa	3Q 2011	3Q 2012	3Q 2012	111,000	22.2	16.5	38.7	26.4	100%
370 Third Street <sup>(7)</sup>	San Francisco	4Q 2011	4Q 2012	4Q 2013	410,000	88.5	59.8	148.3	94.9	37%
					918,000	\$126.1	\$140.4	\$266.5	\$163.6	67%

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

(2) Represents the depreciated carrying value at the commencement of redevelopment for the space being redeveloped.

(3) Represents cash paid and costs incurred as of March 31, 2012. Includes existing investment at the commencement of redevelopment.

(4) The tenant is obligated to begin paying cash rent in December 2012, however, completion of tenant improvements and physical occupancy may occur in phases.

(5) The redevelopment will occur in two phases and the existing tenant will occupy approximately 50% during both redevelopment phases. Capitalized carry costs will be prorated based on occupancy during redevelopment.

(6) The existing investment for this redevelopment project includes the cost basis of one of the Company's undeveloped land parcels, Sorrento Gateway Lot 7.

(7) This building was acquired by the Company in December 2011 and is subject to a ground lease. Approximately 9% of the project is currently leased and occupied by an existing tenant and will not be redeveloped. Costs will be capitalized on the approximately 91% of the project that is being redeveloped.

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**First Quarter 2012 Supplemental Financial Report**

**Future Development Pipeline and Other Land Holdings**  
*(\$ in millions)*

<b>Future Development Pipeline</b>			<b>Gross Site Acreage</b>	<b>Estimated Rentable Square Feet</b>	<b>Total Investment as of 3/31/2012 <sup>(1)</sup></b>
<b>Project</b>	<b>Location</b>	<b>Type</b>			
<b>SAN DIEGO, CALIFORNIA</b>					
Carlsbad Oaks - Lots 4, 5, 7 & 8	Carlsbad	Office	32.0	288,000	\$ 18.3
Pacific Corporate Center - Lot 8	Sorrento Mesa	Office	5.0	170,000	11.3
Rancho Bernardo Corporate Center	I-15 Corridor	Office	21.0	320,000 - 1,000,000	27.2
One Paseo <sup>(2)</sup>	Del Mar	Office	23.0	500,000	124.8
Santa Fe Summit - Phase II and III	56 Corridor	Office	21.8	600,000	77.4
Sorrento Gateway - Lot 2	Sorrento Mesa	Office	6.3	80,000	11.4
<b>SUBTOTAL</b>			109.1	1,958,000 - 2,638,000	\$ 270.4
<b>GREATER SEATTLE, WASHINGTON</b>					
Plaza at Yarrow Bay - Building 5	Kirkland	Office	1.1	74,000	\$ 2.7
<b>TOTAL FUTURE DEVELOPMENT PIPELINE</b>			110.2	2,032,000 - 2,712,000	\$ 273.1

<b>Other Land Holdings</b>			<b>Gross Site Acreage</b>	<b>Estimated Rentable Square Feet</b>	<b>Total Investment as of 3/31/2012 <sup>(1)</sup></b>
<b>Project</b>	<b>Location</b>	<b>Type</b>			
<b>IRVINE, CALIFORNIA</b>					
17150 Von Karman <sup>(3)</sup>	Irvine	N/A	8.5	N/A	\$ 7.3

(1) Represents cost incurred and includes existing investment as of March 31, 2012.

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

(3) During the fourth quarter of 2011, the Company completed demolition of the industrial building at this site to prepare for the possible sale of the land since the Company successfully obtained entitlements to reposition this site for residential use. The Company's ultimate decision to sell this site and the timing of any potential future sale will depend upon market conditions and other factors.

# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

### Capital Structure <sup>(1)</sup> As of March 31, 2012 (\$ in thousands)

	Shares/Units As of March 31, 2012	Aggregate Principal Amount or \$ Value Equivalent	% of Total Market Capitalization
<b>DEBT:</b>			
Unsecured Line of Credit		\$ —	—%
Unsecured Term Loan Facility		150,000	2.9%
Unsecured Exchangeable Senior Notes due 2014 <sup>(2)</sup>		172,500	3.4%
Unsecured Senior Notes due 2014		83,000	1.6%
Unsecured Senior Notes due 2015 <sup>(2)</sup>		325,000	6.4%
Unsecured Senior Notes due 2018 <sup>(2)</sup>		325,000	6.4%
Unsecured Senior Notes due 2020 <sup>(2)</sup>		250,000	4.9%
Secured Debt <sup>(2)</sup>		349,483	6.9%
Total Debt		1,654,983	32.5%
<b>EQUITY AND NONCONTROLLING INTERESTS:</b>			
7.450% Series A Cumulative Redeemable Preferred units <sup>(3)</sup>	1,500,000	\$ 75,000	1.5%
6.875% Series G Cumulative Redeemable Preferred stock <sup>(4)</sup>	4,000,000	100,000	2.0%
Common units outstanding <sup>(5)</sup>	1,718,131	79,849	1.6%
Common shares outstanding <sup>(5)</sup>	68,349,843	3,185,786	62.4%
Total Equity and Noncontrolling Interests		\$ 3,440,635	67.5%
<b>TOTAL MARKET CAPITALIZATION</b>		\$ 5,095,618	100.0%

(1) Excludes the 7.80% Series E and 7.50% Series F Cumulative Redeemable Preferred Stock with a redemption value of \$126.5 million that was called for redemption in March 2012 and redeemed on April 16, 2012. Also excludes the 3.25% Unsecured Exchangeable Senior Notes due 2012 with an aggregate principal amount of \$148.0 million at March 31, 2012 which we repaid in April 2012 upon maturity. As of April 27, 2012, the Company had an outstanding cash balance of \$44.2 million, an outstanding restricted cash balance of \$42.5 million, and no outstanding borrowings under our Unsecured Line of Credit.

(2) Represents gross aggregate principal amount due at maturity before the effect of the unamortized discounts and premiums as of March 31, 2012.

(3) Value based on \$50.00 per unit liquidation preference.

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

(5) Value based on closing share price of \$46.61 as of March 31, 2012.

# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

### Debt Analysis As of March 31, 2012 (\$ in millions)

TOTAL DEBT COMPOSITION <sup>(1)</sup>			
	% of Total Debt	<u>Weighted Average</u>	
		Interest Rate	Maturity
<b>Secured vs. Unsecured Debt:</b>			
Unsecured Debt <sup>(2)</sup>	78.9%	4.9%	5.0
Secured Debt	21.1%	5.2%	3.9
<b>Floating vs. Fixed-Rate Debt:</b>			
Floating-Rate Debt	9.1%	2.0%	4.0
Fixed-Rate Debt <sup>(2)</sup>	90.9%	5.3%	4.8
<b>Stated Rate <sup>(2)</sup></b>		5.0%	4.7
<b>GAAP Effective Rate <sup>(3)</sup></b>		5.3%	
<b>GAAP Effective Rate Including Debt Issuance Costs</b>		5.6%	

<b>CAPITALIZED INTEREST, LOAN FEES, AND DEBT DISCOUNTS</b>
<b>Year-to-Date</b>
\$3.8

- (1) Excludes the impact of the 3.25% Unsecured Exchangeable Senior Notes due 2012 with an aggregate principal amount of \$148.0 million at March 31, 2012 which we repaid in April 2012 upon maturity.
- (2) Excludes the impact of the amortization of any debt discounts/premiums.
- (3) Includes the impact of the amortization of any debt discounts/premiums, excluding debt issuance costs.

# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

### Debt Analysis <sup>(1)</sup> As of March 31, 2012 (\$ in thousands)

DEBT MATURITY SCHEDULE										
Floating/ Fixed Rate	Stated Rate	GAAP Effective Rate <sup>(2)</sup>	Maturity Date	2012	2013	2014	2015	2016	After 2016	Total <sup>(3)</sup>
<b>Unsecured</b>										
Floating <sup>(4)</sup>	2.00%	2.00%	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
				—	—	255,500	325,000	150,000	575,000	1,305,500
<b>Secured Debt:</b>										
Fixed	5.57%	5.57%	8/1/2012	71,120						71,120
Fixed	4.95%	4.95%	8/1/2012	29,577						29,577
Fixed	4.94%	4.00%	4/15/2015	764	1,062	1,116	26,205			29,147
Fixed	6.51%	6.51%	2/1/2017	675	952	1,016	1,084	1,157	64,406	69,290
Fixed	7.15%	7.15%	5/1/2017	1,577	2,238	2,404	2,581	2,772	1,215	12,787
Fixed	4.27%	4.27%	2/1/2018		2,075	2,358	2,461	2,568	125,538	135,000
Fixed	Various	Various	Various	45	46	49	51	54	2,317	2,562 <sup>(5)</sup>
				103,758	6,373	6,943	32,382	6,551	193,476	349,483
<b>Total</b>				<b>\$ 103,758</b>	<b>\$ 6,373</b>	<b>\$ 262,443</b>	<b>\$ 357,382</b>	<b>\$ 156,551</b>	<b>\$ 768,476</b>	<b>\$ 1,654,983</b>

- (1) Excludes the 3.25% Unsecured Exchangeable Senior Notes due 2012 with an aggregate principal amount of \$148.0 million at March 31, 2012 which we repaid in April 2012 upon maturity.
- (2) The rate at which interest expense is recorded for financial reporting purposes, which reflects the amortization of any discounts/premiums, excluding debt issuance costs.
- (3) Amounts presented reflect the gross principal balances before the effect of any unamortized discounts/premiums. As of March 31, 2012, the aggregate net unamortized discounts totaled approximately \$13.3 million.
- (4) Floating rate debt is calculated at an annual rate of LIBOR plus 1.75% at March 31, 2012.
- (5) 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, 2012 through September 1, 2038, with interest rates ranging from 4.60% to 6.20%.



# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

### Debt Covenants

*As of March 31, 2012*  
*(\$ in millions)*

<b>KEY DEBT COVENANTS</b>		
<b><i>Credit Facility and Unsecured Term Loan Facility (as defined per Credit Agreements):</i></b>	<b>Covenant</b>	<b>Actual Performance as of March 31, 2012 <sup>(1)</sup></b>
Total debt to total asset value	less than 60%	34%
Fixed charge coverage ratio	greater than 1.5x	2.3x
Unsecured debt ratio	greater than 1.67x	2.37x
Unencumbered asset pool debt service coverage	greater than 2.0x	3.3x
<b><i>Unsecured Senior Notes due 2015, 2018 and 2020 (as defined per Indentures):</i></b>		
Total debt to total asset value	less than 60%	40%
Interest coverage	greater than 1.5x	3.0x
Secured debt to total asset value	less than 40%	8%
Unencumbered asset pool value to unsecured debt	greater than 150%	264%

(1) In March 2012, we amended the Credit Facility to reduce the FMV Cap Rate (as defined in the Credit Facility), which is used to calculate the fair value of our assets for certain covenants under the Credit Facility, from 7.50% to 6.75%.

# Kilroy Realty Corporation

## First Quarter 2012 Supplemental Financial Report

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### 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, 2012 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 the stabilized properties that were operational for two comparable reporting periods. Because Same Store NOI excludes the change in NOI from developed, redeveloped, acquired and disposed of 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 2012 Supplemental Financial Report

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### 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 preferred stock called for redemption, 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.

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, share-based compensation awards and original issuance costs on preferred stock called for redemption, 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**  
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**Reconciliation of Same Store Net Operating Income to Net Income Available to Common Stockholders**  
*(unaudited, \$ in thousands)*

	Three Months Ended March 31,	
	2012	2011
<b>Same Store Cash Net Operating Income</b>	\$ 56,501	\$ 51,917
Adjustments:		
GAAP Operating Revenues Adjustments, net	5,911	6,077
GAAP Operating Expenses Adjustments, net	(2)	(26)
<b>Same Store GAAP Net Operating Income</b>	<b>62,410</b>	<b>57,968</b>
Non-Same Store GAAP Net Operating Income	10,272	41
<b>Net Operating Income excluding discontinued operations</b>	<b>72,682</b>	<b>58,009</b>
<b>Net Operating Income from discontinued operations</b>	906	3,893
<b>Net Operating Income, as defined<sup>(1)</sup></b>	<b>73,588</b>	<b>61,902</b>
Adjustments:		
General and administrative expenses	(8,767)	(6,560)
Acquisition-related expenses	(1,528)	(472)
Depreciation and amortization (including discontinued operations)	(36,752)	(29,311)
Interest income and other net investment gains	484	184
Interest expense	(21,163)	(20,876)
Net gain on dispositions of discontinued operations	72,809	—
<b>Net Income</b>	<b>78,671</b>	<b>4,867</b>
Net income attributable to noncontrolling common units of the Operating Partnership	(1,795)	(34)
Preferred distributions and dividends	(9,336)	(3,799)
<b>Net Income Available to Common Stockholders</b>	<b>\$ 67,540</b>	<b>\$ 1,034</b>

(1) Please refer to page 32 for Management Statements on Net Operating Income and Same Store Net Operating Income.

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

	<b>Three Months Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>Net Income Available to Common Stockholders</b>	\$ 67,540	\$ 1,034
Interest expense	21,163	20,876
Depreciation and amortization (including discontinued operations)	36,752	29,311
Net income attributable to noncontrolling common units of the Operating Partnership	1,795	34
Net gain on dispositions of discontinued operations	(72,809)	—
Preferred distributions and dividends	9,336	3,799
<b>EBITDA <sup>(1)</sup></b>	<b>\$ 63,777</b>	<b>\$ 55,054</b>

(1) Please refer to page 33 for a Management Statement on EBITDA.

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

	Three Months Ended March 31,	
	2012	2011
<b>Funds Available for Distribution <sup>(1)</sup></b>	\$ 26,818	\$ 19,843
Adjustments:		
Tenant improvements, leasing commissions and recurring capital expenditures	7,008	7,971
Depreciation for furniture, fixtures and equipment	288	252
Preferred distributions and dividends	4,418	3,799
Provision for uncollectible tenant receivables	2	26
Changes in operating assets and liabilities and other adjustments, net <sup>(2)</sup>	10,208	11,906
<b>GAAP Net Cash Provided by Operating Activities</b>	<b>\$ 48,742</b>	<b>\$ 43,797</b>

(1) Please refer to page 33 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 other.