



First Quarter 2001 Supplemental Financial Report

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Some of the enclosed information presented is forward-looking in nature, including information concerning development timing and investment amounts. Although the information is based on Kilroy Realty Corporation's current expectations, actual results could vary from expectations stated here. Numerous factors will affect Kilroy Realty Corporation's actual results, some of which are beyond its control. These include the timing and strength of regional economic growth, the strength of commercial and industrial real estate markets, competitive market conditions, future interest rate levels and capital market conditions. You are cautioned not to place undue reliance on this information, which speaks only as of the date of this report. Kilroy Realty Corporation assumes no obligation to update publicly any forward-looking information, whether as a result of new information, future events or otherwise. For a discussion of important risks related to Kilroy Realty Corporation's business, and an investment in its securities, including risks that could cause actual results and events to differ materially from results and events referred to in the forward-looking information, see the discussion under the caption "Business Risks" in Kilroy Realty Corporation's annual report on Form 10-K for the year ended December 31, 2000. In light of these risks, uncertainties and assumptions, the forward-looking events contained in this supplemental information might not occur.

Kilroy Realty Corporation

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Financial Highlights

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

	Three Months Ended March 31,		
	2001	2000	% Change
INCOME ITEMS:			
Revenues	\$50,367	\$43,771	15.1%
Net Operating Income	39,009	34,243	13.9%
Net Income	6,426	9,578	(32.9%)
Funds From Operations	21,876	20,680	5.8%
Funds Available for Distribution	19,532	18,474	5.7%
Funds From Operations per share – diluted	\$0.72	\$0.66	9.1%
Funds Available for Distribution per share – diluted	0.64	0.59	8.5%
Dividend per share	\$0.48	\$0.45	6.7%
RATIOS:			
Interest Coverage Ratio(1)	3.3x	4.0x	
Fixed Charge Coverage Ratio(2)	2.5x	2.8x	
FFO Payout Ratio(3)	66.4%	65.3%	1.1%
FAD Payout Ratio(4)	74.4%	73.1%	1.3%

	Mar. 31, 2001	Dec. 31, 2000	% Change
ASSETS:			
Investments in Real Estate before Depreciation	\$1,559,766	\$1,496,477	4.2%
Total Assets	1,444,475	1,457,169	(0.9%)
CAPITALIZATION:			
Total Debt	\$702,541	\$723,688	(2.9%)
Total Preferred Stock (5)	155,000	155,000	--
Total Market Equity Value (5)	811,186	848,162	(4.4%)
Total Market Capitalization (5)	1,668,727	1,726,850	(3.4%)
Total Debt / Total Market Capitalization	42.1%	41.9%	0.2%

(1) Calculated as income from operations before interest expense and depreciation and amortization divided by interest expense plus loan cost amortization.

(2) Calculated as income from operations before interest expense and depreciation and amortization divided by interest expense plus loan cost amortization and current year paid and accrued preferred dividends.

(3) Calculated as current year dividends paid and accrued to common shareholders divided by Funds From Operations.

(4) Calculated as current year dividends paid and accrued to common shareholders divided by Funds Available for Distribution.

(5) See "Capital Structure" on page 14.

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Consolidated Balance Sheets (unaudited, \$ in thousands)

	March 31, 2001	December 31, 2000
ASSETS:		
Land and improvements	\$272,013	\$266,444
Buildings and improvements	1,106,079	1,054,995
Undeveloped land and construction in progress, net	181,674	162,633
Investment in unconsolidated real estate		12,405
Total investment in real estate	1,559,766	1,496,477
Accumulated depreciation and amortization	(215,176)	(205,332)
Investment in real estate, net	1,344,590	1,291,145
Cash and cash equivalents	19,669	17,600
Restricted cash	6,662	35,014
Tenant receivables, net	28,695	32,521
Note receivable from related party		33,274
Deferred financing and leasing costs, net	35,633	39,674
Prepaid expenses and other assets	9,226	7,941
TOTAL ASSETS	<u>\$1,444,475</u>	<u>\$1,457,169</u>
LIABILITIES AND STOCKHOLDERS' EQUITY:		
<i>Liabilities:</i>		
Secured debt	\$440,541	\$432,688
Unsecured line of credit	162,000	191,000
Unsecured term facility	100,000	100,000
Accounts payable and accrued expenses	39,752	33,911
Accrued distributions	14,523	13,601
Rents received in advance, tenant security deposits and deferred re	30,909	17,810
Total liabilities	787,725	789,010
<i>Minority Interests:</i>		
8.075% Series A Cumulative Redeemable Preferred unitholders	73,716	73,716
9.375% Series C Cumulative Redeemable Preferred unitholders	34,464	34,464
9.250% Series D Cumulative Redeemable Preferred unitholders	44,321	44,321
Common unitholders of the Operating Partnership	53,440	62,485
Minority interest in Development LLCs	11,707	11,748
Total minority interests	217,648	226,734
<i>Stockholders' Equity:</i>		
Common stock	270	265
Additional paid-in capital	470,077	460,390
Distributions in excess of earnings	(25,751)	(19,230)
Accumulated other comprehensive loss	(5,494)	
Total stockholders' equity	439,102	441,425
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	<u>\$1,444,475</u>	<u>\$1,457,169</u>

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Consolidated Statements of Operations

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

	Three Months Ended March 31,		
	2001	2000	% Change
REVENUES:			
Rental income	\$44,379	\$37,702	17.7%
Tenant reimbursements	5,520	4,694	17.6%
Interest income	436	294	48.3%
Other income	<u>32</u>	<u>1,081</u>	(97.0%)
Total revenues	<u>50,367</u>	<u>43,771</u>	15.1%
EXPENSES:			
Property expenses	6,895	5,458	26.3%
Real estate taxes	3,635	3,387	7.3%
General and administrative expenses	3,354	2,632	27.4%
Ground leases	392	389	0.8%
Interest expense	10,791	7,828	37.9%
Depreciation and amortization	<u>13,433</u>	<u>9,323</u>	44.1%
Total expenses	<u>38,500</u>	<u>29,017</u>	32.7%
INCOME FROM OPERATIONS	11,867	14,754	(19.6%)
Net gains (losses) on dispositions of operating properties	<u>305</u>	<u>(305)</u>	(200.0%)
INCOME BEFORE MINORITY INTERESTS AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	<u>12,172</u>	<u>14,449</u>	(15.8%)
MINORITY INTERESTS:			
Distributions on Cumulative Redeemable Preferred units	(3,375)	(3,375)	0.0%
Minority interest in earnings of Operating Partnership	(845)	(1,372)	(38.4%)
Minority interest in earnings of Development LLCs	<u>(134)</u>	<u>(124)</u>	8.1%
Total minority interests	<u>(4,354)</u>	<u>(4,871)</u>	(10.6%)
NET INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	7,818	9,578	(18.4%)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	<u>(1,392)</u>	<u> </u>	(100%)
NET INCOME	<u>\$6,426</u>	<u>\$9,578</u>	(32.9%)
Weighted average shares outstanding - basic	26,713	27,228	
Weighted average shares outstanding - diluted	26,971	27,229	
NET INCOME PER COMMON SHARE:			
Income per common share - basic	<u>\$0.24</u>	<u>\$0.35</u>	(31.4%)
Income per common share - diluted	<u>\$0.24</u>	<u>\$0.35</u>	(31.4%)

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

	Three Months Ended March 31,		
	2001	2000	% Change
FUNDS FROM OPERATIONS:			
Net income	\$6,426	\$9,578	(32.9%)
Adjustments:			
Minority interest in earnings of Operating Partnership	845	1,372	(38.4%)
Depreciation and amortization	12,970	9,323	39.1%
Net (gains) losses on dispositions of operating properties	(305)	305	(200.0%)
Cumulative effect of change in accounting principle	1,392		100.0%
Non cash amortization of restricted stock grants	<u>548</u>	<u>102</u>	437.3%
Funds From Operations	<u>\$21,876</u>	<u>\$20,680</u>	5.8%
Weighted average common shares/units outstanding - basic	30,225	31,130	
Weighted average common shares/units outstanding - diluted	30,484	31,130	
Funds From Operations per common share/unit - basic	<u>\$0.72</u>	<u>\$0.66</u>	9.1%
Funds From Operations per common share/unit - diluted	<u>\$0.72</u>	<u>\$0.66</u>	9.1%
FUNDS AVAILABLE FOR DISTRIBUTION:			
Funds From Operations	\$21,876	\$20,680	5.8%
Adjustments:			
Amortization of deferred financing costs	381	206	85.0%
Tenant improvements, leasing commissions and recurring capital expenditures	(1,011)	(904)	11.8%
Net effect of straight-line rents	<u>(1,714)</u>	<u>(1,508)</u>	13.7%
Funds Available for Distribution	<u>\$19,532</u>	<u>\$18,474</u>	5.7%
Funds Available for Distribution per common share/unit - basic	<u>\$0.65</u>	<u>\$0.59</u>	9.5%
Funds Available for Distribution per common share/unit - diluted	<u>\$0.64</u>	<u>\$0.59</u>	8.5%

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Net Operating Income Breakdown

	<u>As of</u> <u>March 31, 2001 (1)</u>
% OF TOTAL NOI BY PRODUCT TYPE:	
<i>Office:</i>	
Los Angeles	38.4%
Orange County	3.3%
San Diego	27.8%
Other	<u>5.6%</u>
Subtotal	<u>75.1%</u>
 <i>Industrial:</i>	
Los Angeles	3.0%
Orange County	18.4%
Other	<u>3.5%</u>
Subtotal	<u>24.9%</u>
 % OF TOTAL NOI BY REGION:	
Los Angeles	41.4%
Orange County	21.7%
San Diego	27.8%
Other	<u>9.1%</u>
Total	<u>100.0%</u>

(1) Based on Net Operating Income for the quarter ended March 31, 2001.

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Same Store Analysis ⁽²⁾

(\$ in thousands)

TOTAL SAME STORE PORTFOLIO	Three Months Ended March 31,			
	2001	2000	\$ Change	% Change
Operating Revenues:				
Rental income	\$36,245	\$34,830	\$1,415	4.1%
Tenant reimbursements	4,602	4,323	279	6.5%
Other income	<u>54</u>	<u>1,073</u>	<u>(1,019)</u>	(95.0%)
Total operating revenues ⁽¹⁾	<u>\$40,901</u>	<u>\$40,226</u>	<u>\$675</u>	1.7%
Operating Expenses:				
Property expenses ⁽¹⁾	\$5,297	\$5,012	\$285	5.7%
Real estate taxes	3,049	3,074	(25)	(0.8%)
Ground leases	<u>332</u>	<u>381</u>	<u>(49)</u>	(12.9%)
Total operating expenses	<u>\$8,678</u>	<u>\$8,467</u>	<u>\$211</u>	2.5%
Net Operating Income	<u><u>\$32,223</u></u>	<u><u>\$31,759</u></u>	<u><u>\$464</u></u>	1.5%

(1) The results for the three months ended March 31, 2000 include a net lease termination fee of \$0.5 million after the write off of the accrued straight-line rent on the old lease. The results for the three months ended March 31, 2001 include a \$140,000 accrual for estimated repairs at the Sea Tac Office Center due to damage resulting from the Seattle earthquake. Net of these non-recurring revenues and expenses, the increase in total operating revenues, total operating expenses and net operating income would have been as follows:

	Three Months Ended March 31,
	Total operating revenues
Total operating expenses	0.8%
Net Operating Income	3.5%

(2) Same store defined as all stabilized properties owned at January 1, 2000 and still owned at March 31, 2001.

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Stabilized Portfolio and Occupancy Overview

	# of Buildings	Square Feet			Occupancy at:		
		Total	Leased	Available	3/31/01	12/31/00	12/31/99
OCCUPANCY BY PRODUCT TYPE:							
<i>Office:</i>							
Los Angeles	31	3,199,985	3,091,586	108,399	96.6%	97.3%	97.4%
Orange County	13	624,866	444,856	180,010	71.2%	73.6%	85.9%
San Diego	35	2,529,613	2,529,613		100.0%	100.0%	99.1%
Other	<u>6</u>	<u>709,575</u>	<u>696,550</u>	<u>13,025</u>	98.2%	98.2%	98.7%
Subtotal	<u>85</u>	<u>7,064,039</u>	<u>6,762,605</u>	<u>301,434</u>	95.7%	96.2%	96.4%
<i>Industrial:</i>							
Los Angeles	7	554,490	553,904	586	99.9%	99.8%	99.2%
Orange County	62	4,393,537	4,263,032	130,505	97.0%	97.1%	96.4%
Other	<u>8</u>	<u>820,124</u>	<u>820,124</u>		100.0%	100.0%	97.2%
Subtotal	<u>77</u>	<u>5,768,151</u>	<u>5,637,060</u>	<u>131,091</u>	97.7%	97.8%	96.9%
OCCUPANCY BY REGION:							
Los Angeles	38	3,754,475	3,645,490	108,985	97.1%	97.7%	97.7%
Orange County	75	5,018,403	4,707,888	310,515	93.8%	94.2%	94.7%
San Diego	35	2,529,613	2,529,613		100.0%	100.0%	99.2%
Other	<u>14</u>	<u>1,529,699</u>	<u>1,516,674</u>	<u>13,025</u>	99.1%	99.1%	97.8%
TOTAL PORTFOLIO	<u>162</u>	<u>12,832,190</u>	<u>12,399,665</u>	<u>432,525</u>	96.6%	97.0%	96.7%

AVERAGE OCCUPANCY - STABILIZED PORTFOLIO ⁽¹⁾			
	Three Months Ended March 31,		
	2001	2000	% Change
Office	96.0%	96.5%	(0.5%)
Industrial	<u>97.8%</u>	<u>97.1%</u>	<u>0.7%</u>
Total	<u>96.8%</u>	<u>96.8%</u>	<u>0.0%</u>

AVERAGE OCCUPANCY - SAME STORE PORTFOLIO			
	Three Months Ended March 31,		
	2001	2000	% Change
Office	95.1%	96.6%	(1.5%)
Industrial	<u>97.9%</u>	<u>97.6%</u>	<u>0.3%</u>
Total	<u>96.5%</u>	<u>97.1%</u>	<u>(0.6%)</u>

(1) Represents the average occupancy for the properties in the stabilized portfolio for each period, respectively.

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Leasing Activity

	Quarter to Date									
	# of Leases ⁽¹⁾		Square Feet ⁽¹⁾		2nd Generation				Retention Rates ⁽⁵⁾	Weighted Average Lease Term (Mo.)
					Maintenance		Changes in Rents ⁽³⁾	Changes in Cash Rents ⁽⁴⁾		
	<u>New</u>	<u>Renewal</u>	<u>New</u>	<u>Renewal</u>	TI/LC Per Sq.Ft.	Capex Per Sq.Ft. ⁽²⁾				
Office	6	8	36,318	86,555	\$2.42	\$0.03	23.0%	16.8%	36.1%	34
Industrial	<u>7</u>	<u>8</u>	<u>23,930</u>	<u>169,268</u>	<u>\$2.26</u>	<u>\$0.01</u>	<u>63.8%</u>	<u>40.2%</u>	<u>88.5%</u>	<u>55</u>
Total	<u>13</u>	<u>16</u>	<u>60,248</u>	<u>255,823</u>	<u>\$2.31</u>	<u>\$0.02</u>	<u>47.2%</u>	<u>30.7%</u>	<u>59.3%</u>	<u>47</u>

(1) Includes first and second generation space, net of month-to-month leases. Excludes leasing on new construction. First generation space is defined as the space first leased by the Company.

(2) Calculated over entire stabilized portfolio.

(3) Calculated as the change between GAAP rents for new/renewed leases and the expiring GAAP rents for the same space.

(4) Calculated as the change between stated rents for new/renewed leases and the expiring stated rents for the same space.

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

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Lease Expiration Schedule
(\$ in thousands)

<u>Year of Expiration</u>	<u># of Expiring Leases</u>	<u>Total Square Feet⁽¹⁾</u>	<u>% of Total Leased Sq. Ft.</u>	<u>Annual Base Rent</u>	<u>Annual Rent per Sq. Ft.</u>
OFFICE:					
Remaining 2001	50	654,785	10.6%	\$9,318	\$14.23
2002	59	472,594	7.6%	8,756	18.53
2003	53	365,557	5.9%	7,463	20.42
2004	50	771,081	12.4%	17,313	22.45
2005	52	919,251	14.8%	16,890	18.37
2006	29	573,446	9.3%	13,604	23.72
2007	15	630,304	10.2%	12,097	19.19
2008	8	391,302	6.3%	8,661	22.13
2009	9	682,104	11.0%	16,155	23.68
2010 and beyond	<u>12</u>	<u>733,706</u>	<u>11.8%</u>	<u>27,945</u>	38.09
Subtotal	<u>337</u>	<u>6,194,130</u>	<u>100.0%</u>	<u>\$138,202</u>	\$22.31
INDUSTRIAL:					
Remaining 2001	59	576,754	10.3%	\$4,084	\$7.08
2002	54	323,788	5.8%	3,019	9.32
2003	48	760,939	13.6%	5,455	7.17
2004	17	542,795	9.7%	3,917	7.22
2005	15	746,635	13.3%	5,676	7.60
2006	8	621,390	11.1%	4,930	7.93
2007	3	164,595	2.9%	1,396	8.48
2008	5	839,712	15.0%	6,268	7.46
2009	9	530,036	9.4%	3,996	7.54
2010 and beyond	<u>5</u>	<u>503,978</u>	<u>9.0%</u>	<u>6,489</u>	12.88
Subtotal	<u>223</u>	<u>5,610,622</u>	<u>100.0%</u>	<u>\$45,230</u>	\$8.06
TOTAL PORTFOLIO:					
Remaining 2001	109	1,231,539	10.4%	\$13,402	\$10.88
2002	113	796,382	6.7%	11,775	14.79
2003	101	1,126,496	9.5%	12,918	11.47
2004	67	1,313,876	11.1%	21,230	16.16
2005	67	1,665,886	14.1%	22,566	13.55
2006	37	1,194,836	10.1%	18,534	15.51
2007	18	794,899	6.7%	13,493	16.97
2008	13	1,231,014	10.4%	14,929	12.13
2009	18	1,212,140	10.3%	20,151	16.62
2010 and beyond	<u>17</u>	<u>1,237,684</u>	<u>10.5%</u>	<u>34,434</u>	27.82
Total	<u>560</u>	<u>11,804,752</u> ⁽¹⁾	<u>100.0%</u>	<u>\$183,432</u>	\$15.54

(1) Excludes space leased under month-to-month leases at March 31, 2001.

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2001 Dispositions
(\$ in thousands)

Project	Location	Type	Month of Disposition	Square Feet	Sales Price
1st QUARTER:					
6828 Nancy Ridge Drive	San Diego, CA	Industrial	February	<u>39,669</u>	<u>\$3,300</u>
TOTAL YEAR-TO-DATE DISPOSITIONS				<u>39,669</u>	<u>\$3,300</u>

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Stabilized Development (*\$ in thousands*)

Project	Location	Type	Start Date	Completion Date	Rentable Square Feet	Total Est. Investment	Occupancy
1st QUARTER:							
None							
 TOTAL YEAR-TO-DATE STABILIZED DEVELOPMENT							

Some of the enclosed information presented is forward-looking in nature, including information concerning development timing and investment amounts. Although the information is based on Kilroy Realty Corporation's current expectations, actual results could vary from expectations stated here. Numerous factors will affect Kilroy Realty Corporation's actual results, some of which are beyond its control. These include the timing and strength of regional economic growth, the strength of commercial and industrial real estate markets, competitive market conditions, future interest rate levels and capital market conditions. You are cautioned not to place undue reliance on this information, which speaks only as of the date of this report. Kilroy Realty Corporation assumes no obligation to update publicly any forward-looking information, whether as a result of new information, future events or otherwise. For a discussion of important risks related to Kilroy Realty Corporation's business, and an investment in its securities, including risks that could cause actual results and events to differ materially from results and events referred to in the forward-looking information, see the discussion under the caption "Business Risks" in Kilroy Realty Corporation's annual report on Form 10-K for the year ended December 31, 2000. In light of these risks, uncertainties and assumptions, the forward-looking events contained in this supplemental information might not occur.

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In-Process and Committed Development Projects

(\$ in thousands)

Project	Location	Type	Estimated Construction Period		Est. Stabilization Date ⁽²⁾	Rentable Square Feet	Total Estimated Investment	% Committed ⁽³⁾		
			Start Date	Compl. Date				% Leased	% LOI	Total
			PROJECTS IN LEASE-UP:							
Calabasas Park Centre - Phase II	Calabasas, CA	Office	2Q 2000	1Q 2001	1Q 2002	98,706	\$20,844	19%	30%	49%
Calabasas Park Centre - Phase III	Calabasas, CA	Office	3Q 2000	1Q 2001	1Q 2002	<u>11,789</u>	<u>2,498</u>	100%	0%	100%
Subtotal						<u>110,495</u>	<u>\$23,342</u>	28%	27%	54%
PROJECTS UNDER CONSTRUCTION:										
Imperial & Sepulveda ⁽⁴⁾	El Segundo, CA	Office	1Q 2001	4Q 2001	4Q 2002	133,678	\$35,263	0%	0%	0%
Innovation Corporate Center - Lot 8	San Diego, CA	Office	2Q 2000	2Q 2001	2Q 2002	46,759	8,853	51%	0%	51%
Innovation Corporate Center - Lot 12	San Diego, CA	Office	2Q 2000	2Q 2001	2Q 2002	70,617	11,694	0%	0%	0%
Pacific Technology Center	San Diego, CA	Office	1Q 2000	2Q 2001	2Q 2001	67,995	12,068	100%	0%	100%
Peregrine Systems Corporate Ctr - Bld 3 ⁽¹⁾	Del Mar, CA	Office	2Q 2000	2Q 2001	4Q 2001	129,752	27,389	100%	0%	100%
Sorrento Rim Business Park II	San Diego, CA	Office	2Q 2000	2Q 2001	2Q 2001	102,875	25,290	100%	0%	100%
Westside Media Center - Phase III	West LA, CA	Office	4Q 2000	1Q 2002	1Q 2003	<u>151,000</u>	<u>53,449</u>	0%	0%	0%
Subtotal						<u>702,676</u>	<u>\$174,006</u>	46%	0%	46%
TOTAL PROJECTS IN LEASE UP AND UNDER CONSTRUCTION						<u>813,171</u>	<u>\$197,348</u>	44%	4%	47%
COMMITTED DEVELOPMENT:										
Brobeck, Phleger & Harrison Expansion	Del Mar, CA	Office	3Q 2001	3Q 2002	3Q 2002	89,168	\$22,819	100%	0%	100%
Pacific Corporate Center - Lots 25 & 27	San Diego, CA	Office	2Q 2001	1Q 2002	1Q 2003	68,400	14,085	0%	0%	0%
Sorrento Gateway - Lot 4 ⁽¹⁾	San Diego, CA	Office	2Q 2001	2Q 2002	2Q 2002	<u>60,662</u>	<u>15,835</u>	100%	0%	100%
Subtotal						<u>218,230</u>	<u>\$52,739</u>	69%	0%	69%
TOTAL IN-PROCESS AND COMMITTED DEVELOPMENT PROJECTS:						<u>1,031,401</u>	<u>\$250,087</u>	49%	3%	52%

(1) Project is being developed by a Development LLC in which the Company holds a 50% managing interest. The estimated investment figure includes the capital required to purchase the remaining 50% interest in the project.

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

(3) Includes executed leases and signed letters of intent, calculated on a square footage basis.

(4) The Company owned a 25% tenancy in common interest in this project through January 9, 2001 and acquired the remaining 75% interest in this project on January 9, 2001.

Some of the enclosed information presented is forward-looking in nature, including information concerning development timing and investment amounts. Although the information is based on Kilroy Realty Corporation's current expectations, actual results could vary from expectations stated here. Numerous factors will affect Kilroy Realty Corporation's actual results, some of which are beyond its control. These include the timing and strength of regional economic growth, the strength of commercial and industrial real estate markets, competitive market conditions, future interest rate levels and capital market conditions. You are cautioned not to place undue reliance on this information, which speaks only as of the date of this report. Kilroy Realty Corporation assumes no obligation to update publicly any forward-looking information, whether as a result of new information, future events or otherwise. For a discussion of important risks related to Kilroy Realty Corporation's business, and an investment in its securities, including risks that could cause actual results and events to differ materially from results and events referred to in the forward-looking information, see the discussion under the caption "Business Risks" in Kilroy Realty Corporation's annual report on Form 10-K for the year ended December 31, 2000. In light of these risks, uncertainties and assumptions the forward-looking events contained in this supplemental information might not occur.

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Future Development Pipeline (*\$ in thousands*)

Project	Location	Type	Rentable Square Feet	Total Estimated Investment
SAN DIEGO COUNTY:				
Innovation Corporate Center - Lot 2	San Diego, CA	Office	51,187	\$9,568
Innovation Corporate Center - Lot 4	San Diego, CA	Office	75,000	12,880
Innovation Corporate Center - Lot 9	San Diego, CA	Office	65,867	11,519
Innovation Corporate Center - Lot 10	San Diego, CA	Office	37,405	7,405
Pacific Corporate Center - Lots 3, 4 & 6	San Diego, CA	Office	225,000	43,220
Pacific Corporate Center - Lot 8	San Diego, CA	Office	116,157	23,815
Peregrine Systems Corporate Ctr - Bld. 4 ⁽¹⁾	Del Mar, CA	Office	118,061	26,907
Santa Fe Summit - Phase I	San Diego, CA	Office	150,000	31,764
Santa Fe Summit - Phase II	San Diego, CA	Office	150,000	33,056
Sorrento Gateway - Lot 1	San Diego, CA	Office	54,878	11,075
Sorrento Gateway - Lot 2 ⁽¹⁾	San Diego, CA	Office	70,000	13,752
Sorrento Gateway - Lot 3 ⁽¹⁾	San Diego, CA	Office	56,800	11,125
Sorrento Gateway - Lot 7 ⁽¹⁾	San Diego, CA	Office	<u>57,000</u>	<u>11,334</u>
Subtotal			<u>1,227,355</u>	<u>\$247,420</u>
TOTAL FUTURE DEVELOPMENT PIPELINE			<u>1,227,355</u>	<u>\$247,420</u>

(1) Project is being developed by a Development LLC in which the Company holds a 50% interest. The estimated investment figure includes the capital required to purchase the remaining 50% interest in the project.

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Capital Structure

At March 31, 2001

(\$ in thousands)

	Shares/Units at March 31, 2001	Aggregate Principal Amount or \$ Value Equivalent	% of Total Market Capitalization
DEBT:			
Secured Debt		\$440,541	26.4%
Unsecured Line of Credit		162,000	9.7%
Unsecured Term Facility		<u>100,000</u>	<u>6.0%</u>
Total Debt		<u>\$702,541</u>	<u>42.1%</u>
EQUITY:			
8.075% Series A Cumulative Redeemable Preferred Units ⁽¹⁾	1,500,000	\$75,000	4.5%
9.375% Series C Cumulative Redeemable Preferred Units ⁽¹⁾	700,000	35,000	2.1%
9.250% Series D Cumulative Redeemable Preferred Units ⁽¹⁾	900,000	45,000	2.7%
Common Units Outstanding ⁽²⁾	3,282,309	87,999	5.3%
Common Shares Outstanding ⁽²⁾	26,974,526	<u>723,187</u>	<u>43.3%</u>
Total Equity		<u>\$966,186</u>	<u>57.9%</u>
TOTAL MARKET CAPITALIZATION		<u>\$1,668,727</u>	<u>100.0%</u>

(1) Value based on \$50.00 per share liquidation preference.

(2) Valued based on closing share price of \$26.81 at March 31, 2001.

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Debt Analysis At March 31, 2001 (\$ in thousands)

SECURED DEBT AND UNSECURED TERM FACILITY PRINCIPAL REPAYMENT SCHEDULE						
2001	2002	2003	2004	2005	Thereafter	Total
\$4,302	\$6,148	\$183,145	\$127,719	\$16,965	\$202,262	\$540,541

TOTAL DEBT COMPOSITION			
	% of <u>Total Debt</u>	<u>Weighted Average</u>	
		<u>Interest Rate</u>	<u>Maturity</u>
Secured vs. Unsecured Debt:			
Secured Debt	62.7%	7.4%	5.6
Unsecured Debt	37.3%	7.8%	2.3
Floating vs. Fixed Rate Debt:			
Fixed Rate Debt ^{(1),(2)}	78.4%	7.6%	4.9
Floating Rate Debt ^{(3),(4),(5)}	21.6%	<u>7.2%</u>	<u>2.4</u>
Total Debt		<u>7.6%</u>	<u>4.4</u>

UNSECURED LINE OF CREDIT		
Total Line	Outstanding Balance	Expiration Date
\$400,000	\$162,000	November 2002

- (1) The Company currently has an interest-rate swap agreement to fix LIBOR on \$150 million of its floating rate debt at 6.95% which expires in February 2002.
- (2) In January 2001, the Company entered into an interest-rate swap agreement to fix LIBOR on \$150 million of its floating rate debt at 5.48% starting in January 2001 and expiring in November 2002.
- (3) In January 2001, the Company terminated an interest rate cap agreement which had capped LIBOR on \$150M of its floating rate debt at 6.5%.
- (4) The Company, through one of its Development LLCs, currently has an interest-rate cap agreement to cap LIBOR on its floating rate construction debt at 8.5% which expires in April 2002. The notional amount of the cap increases over the life of the agreement as the balance of the related construction loan increases. At March 31, 2001, the notional amount of the cap agreement was approximately \$48.1 million.
- (5) The percentage of fixed rate debt to total debt does not take into consideration the portion of floating rate debt capped by the Company's interest-rate cap agreement. Including the effects of the interest-rate cap agreement, the Company had fixed or capped approximately 85.2% of its total outstanding debt at March 31, 2001.