



Fourth Quarter 2000 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, 1999. In light of these risks, uncertainties and assumptions, the forward-looking events contained in this supplement information might not occur.

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Financial Highlights

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

	Three Months Ended December 31,			Year Ended December 31,		
	2000	1999	% Change	2000	1999	% Change
INCOME ITEMS:						
Revenues	\$50,769	\$42,647	19.0%	\$187,113	\$159,700	17.2%
Net Operating Income	38,513	33,385	15.4%	142,930	124,090	15.2%
Net Income	8,786	8,278	6.1%	46,846	39,895	17.4%
Funds From Operations	21,572	20,945	3.0%	83,471	80,631	3.5%
Funds Available for Distribution	16,704	16,968	(1.6%)	68,861	69,634	(1.1%)
Funds From Operations per share – diluted	\$0.71	\$0.65	9.2%	\$2.73	\$2.50	9.2%
Funds Available for Distribution per share – diluted	0.55	0.53	3.8%	2.25	2.16	4.2%
Dividend per share	\$0.45	\$0.42	7.1%	\$1.80	\$1.68	7.1%
RATIOS:						
Interest Coverage Ratio(1)	3.3x	4.0x		3.5x	4.4x	
Fixed Charge Coverage Ratio(2)	2.5x	3.0x		2.6x	3.2x	
FFO Payout Ratio(3)	63.0%	64.2%	(1.2%)	65.0%	67.2%	(2.2%)
FAD Payout Ratio(4)	81.4%	79.3%	2.1%	78.8%	77.8%	1.0%

	Dec. 31, 2000	Dec. 31, 1999	% Change
ASSETS:			
Investments in Real Estate before Depreciation	\$1,496,477	\$1,410,238	6.1%
Total Assets	1,457,169	1,320,501	10.3%
CAPITALIZATION:			
Total Debt	\$723,688	\$553,516	30.7%
Total Preferred Stock (5)	155,000	155,000	--
Total Market Equity Value (5)	848,162	716,831	18.3%
Total Market Capitalization (5)	1,726,850	1,425,347	21.2%
Total Debt / Total Market Capitalization	41.9%	38.8%	3.1%

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

(2) Calculated as earnings 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)

	December 31, 2000	December 31, 1999
ASSETS:		
Land and improvements	\$266,444	\$274,463
Buildings and improvements	1,054,995	946,130
Undeveloped land and construction in progress, net	162,633	189,645
Investment in unconsolidated real estate	12,405	
Total investment in real estate	1,496,477	1,410,238
Accumulated depreciation and amortization	<u>(205,332)</u>	<u>(174,427)</u>
Investment in real estate, net	1,291,145	1,235,811
Cash and cash equivalents	17,600	26,116
Restricted cash	35,014	6,636
Tenant receivables, net	32,521	22,078
Note receivable from related party	33,274	
Deferred financing and leasing costs, net	39,674	27,840
Prepaid expenses and other assets	<u>7,941</u>	<u>2,020</u>
TOTAL ASSETS	<u>\$1,457,169</u>	<u>\$1,320,501</u>
LIABILITIES AND STOCKHOLDERS' EQUITY:		
<i>Liabilities:</i>		
Secured debt	\$432,688	\$325,516
Unsecured line of credit	191,000	228,000
Unsecured term facility	100,000	
Accounts payable and accrued expenses	33,911	26,260
Accrued distributions	13,601	13,456
Rents received in advance and tenant security deposits	<u>17,810</u>	<u>20,287</u>
Total liabilities	<u>789,010</u>	<u>613,519</u>
<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	44,022
Common unitholders of the Operating Partnership	62,485	71,920
Minority interest in Development LLCs	<u>11,748</u>	<u>9,931</u>
Total minority interests	<u>226,734</u>	<u>234,053</u>
<i>Stockholders' Equity:</i>		
Common stock	265	278
Additional paid-in capital	460,390	491,204
Distributions in excess of earnings	<u>(19,230)</u>	<u>(18,553)</u>
Total stockholders' equity	<u>441,425</u>	<u>472,929</u>
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	<u>\$1,457,169</u>	<u>\$1,320,501</u>

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Consolidated Statements of Operations

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

	Three Months Ended December 31,			Year Ended December 31,		
	2000	1999	% Change	2000	1999	% Change
REVENUES:						
Rental income	\$43,609	\$38,241	14.0%	\$161,236	\$140,182	15.0%
Tenant reimbursements	5,405	3,786	42.8%	19,441	16,316	19.2%
Interest income	1,594	315	406.0%	4,602	1,175	291.7%
Other income	161	305	(47.2%)	1,834	2,027	(9.5%)
Total revenues	<u>50,769</u>	<u>42,647</u>	19.0%	<u>187,113</u>	<u>159,700</u>	17.2%
EXPENSES:						
Property expenses	5,598	5,152	8.7%	23,347	20,669	13.0%
Real estate taxes	4,632	3,400	36.2%	14,591	12,369	18.0%
General and administrative expenses	3,037	2,310	31.5%	11,114	9,091	22.3%
Ground leases	432	395	9.4%	1,643	1,397	17.6%
Interest expense	11,309	7,889	43.4%	39,109	26,309	48.7%
Depreciation and amortization	<u>12,216</u>	<u>11,217</u>	8.9%	<u>41,125</u>	<u>33,794</u>	21.7%
Total expenses	<u>37,224</u>	<u>30,363</u>	22.6%	<u>130,929</u>	<u>103,629</u>	26.3%
INCOME FROM OPERATIONS BEFORE NET (LOSSES)						
GAINS ON DISPOSITIONS OF OPERATING PROPERTIES,						
EQUITY IN (LOSS) INCOME OF UNCONSOLIDATED						
SUBSIDIARY AND MINORITY INTERESTS						
Net (losses) gains on dispositions of operating properties	13,545	12,284	10.3%	56,184	56,071	0.2%
Equity in (loss) income of unconsolidated subsidiary	(1)	39	(102.6%)	10	17	(41.2%)
INCOME BEFORE MINORITY INTERESTS	<u>13,544</u>	<u>12,294</u>	10.2%	<u>67,450</u>	<u>56,134</u>	20.2%
MINORITY INTERESTS:						
Distributions on Cumulative Redeemable Preferred units	(3,375)	(2,557)	32.0%	(13,500)	(9,560)	41.2%
Minority interest in earnings of Operating Partnership	(1,241)	(1,294)	(4.1%)	(6,683)	(6,480)	3.1%
Minority interest in earnings of Development LLCs	(142)	(165)	(13.9%)	(421)	(199)	111.6%
Total minority interests	<u>(4,758)</u>	<u>(4,016)</u>	18.5%	<u>(20,604)</u>	<u>(16,239)</u>	26.9%
NET INCOME	<u>\$8,786</u>	<u>\$8,278</u>	6.1%	<u>\$46,846</u>	<u>\$39,895</u>	17.4%
Weighted average shares outstanding - basic	26,456	27,884		26,599	27,701	
Weighted average shares outstanding - diluted	26,747	27,884		26,755	27,727	
NET INCOME PER COMMON SHARE:						
Income per common share - basic	<u>\$0.33</u>	<u>\$0.30</u>	10.0%	<u>\$1.76</u>	<u>\$1.44</u>	22.2%
Income per common share - diluted	<u>\$0.33</u>	<u>\$0.30</u>	10.0%	<u>\$1.75</u>	<u>\$1.44</u>	21.5%

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Funds From Operations and Funds Available for Distribution

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

	Three Months Ended December 31,			Year Ended December 31,		
	2000	1999	% Change	2000	1999	% Change
FUNDS FROM OPERATIONS:						
Net income	\$8,786	\$8,278	6.1%	\$46,846	\$39,895	17.4%
Adjustments:						
Minority interest in earnings of Operating Partnership	1,241	1,294	(4.1%)	6,683	6,480	3.1%
Depreciation and amortization	11,037	11,217	(1.6%)	39,946	33,794	18.2%
Net losses (gains) on dispositions of operating properties		29	(100.0%)	(11,256)	(46)	24369.6%
Non-cash amortization of restricted stock grants ⁽¹⁾	508	127	300.0%	1,252	508	146.5%
Funds From Operations	<u>\$21,572</u>	<u>\$20,945</u>	3.0%	<u>\$83,471</u>	<u>\$80,631</u>	3.5%
Weighted average common shares/units outstanding - basic	30,205	32,284		30,394	32,201	
Weighted average common shares/units outstanding - diluted	30,495	32,284		30,550	32,227	
Funds From Operations per common share/unit - basic	<u>\$0.71</u>	<u>\$0.65</u>	9.2%	<u>\$2.75</u>	<u>\$2.50</u>	10.0%
Funds From Operations per common share/unit - diluted	<u>\$0.71</u>	<u>\$0.65</u>	9.2%	<u>\$2.73</u>	<u>\$2.50</u>	9.2%
FUNDS AVAILABLE FOR DISTRIBUTION:						
Funds From Operations	\$21,572	\$20,945	3.0%	\$83,471	\$80,631	3.5%
Adjustments:						
Amortization of deferred financing costs	369	645	(42.8%)	1,488	1,465	1.6%
Tenant improvements, leasing commissions and recurring capital expenditures	(3,237)	(2,322)	39.4%	(8,430)	(5,596)	50.6%
Net effect of straight-line rents	(2,000)	(2,300)	(13.0%)	(7,668)	(6,866)	11.7%
Funds Available for Distribution	<u>\$16,704</u>	<u>\$16,968</u>	(1.6%)	<u>\$68,861</u>	<u>\$69,634</u>	(1.1%)
Funds Available for Distribution per common share/unit - basic	<u>\$0.55</u>	<u>\$0.53</u>	3.8%	<u>\$2.27</u>	<u>\$2.16</u>	5.1%
Funds Available for Distribution per common share/unit - diluted	<u>\$0.55</u>	<u>\$0.53</u>	3.8%	<u>\$2.25</u>	<u>\$2.16</u>	4.2%

(1) On June 23, 2000, the Company granted 175,000 shares of restricted stock to certain key employees, the grantees. The shares of restricted stock contain cliff-vesting provisions such that the shares vest 100% on March 1, 2003. Compensation expense for the restricted shares is calculated based upon the Company's closing per share price of \$24.94 on the June 23, 2000 grant date and is amortized on a straight-line basis over the vesting period and included in general and administrative expenses. In the event all of the grantees remain with the Company until the March 1, 2003 cliff-vesting date, non-cash compensation expense related to this grant will be recorded by the Company at a rate of approximately \$1.6 million per year. The restricted shares are included in the Company's outstanding shares at December 31, 2000.

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Net Operating Income Breakdown

	As of <u>December 31, 2000 (1)</u>
% OF TOTAL NOI BY PRODUCT TYPE:	
<i>Office:</i>	
Los Angeles	38.8%
Orange County	3.5%
San Diego	26.8%
Other	<u>5.7%</u>
Subtotal	<u>74.8%</u>
<i>Industrial:</i>	
Los Angeles	3.4%
Orange County	18.0%
San Diego	0.6%
Other	<u>3.2%</u>
Subtotal	<u>25.2%</u>
% OF TOTAL NOI BY REGION:	
Los Angeles	42.2%
Orange County	21.5%
San Diego	27.4%
Other	<u>8.9%</u>
Total	<u>100.0%</u>

(1) Based on Net Operating Income for the quarter ended December 31, 2000.

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Same Store Analysis ⁽¹⁾

(\$ in thousands)

	Three Months Ended December 31,				Year Ended December 31,			
	2000	1999	\$ Change	% Change	2000	1999	\$ Change	% Change
TOTAL SAME STORE PORTFOLIO								
Operating Revenues:								
Rental income	\$31,869	\$30,287	\$1,582	5.2%	\$128,503	\$121,785	\$6,718	5.5%
Tenant reimbursements	4,317	3,020	1,297	42.9%	16,577	14,458	2,119	14.7%
Other income	44	222	(178)	(80.2%)	1,573	1,329	244	18.4%
Total operating revenues	<u>\$36,230</u>	<u>\$33,529</u>	<u>\$2,701</u>	8.1%	<u>\$146,653</u>	<u>\$137,572</u>	<u>\$9,081</u>	6.6%
Operating Expenses:								
Property expenses	\$4,355	\$4,544	(\$189)	(4.2%)	\$19,638	\$19,094	\$544	2.8%
Real estate taxes ⁽²⁾	3,595	2,499	1,096	43.9%	11,569	10,627	942	8.9%
Ground leases	345	364	(19)	(5.2%)	1,390	1,336	54	5.9%
Total operating expenses	<u>\$8,295</u>	<u>\$7,407</u>	<u>\$888</u>	12.0%	<u>\$32,597</u>	<u>\$31,057</u>	<u>\$1,540</u>	5.0%
Net Operating Income	<u>\$27,935</u>	<u>\$26,122</u>	<u>\$1,813</u>	6.9%	<u>\$114,056</u>	<u>\$106,515</u>	<u>\$7,541</u>	7.1%

(1) Same store defined as all stabilized properties owned at January 1, 1999 and still owned at December 31, 2000.

(2) The results for the three and twelve months ended December 31, 2000 include a one-time \$1.1 million adjustment for potential supplemental real estate taxes. The Company also recorded Tenant Reimbursements of \$0.8 million which represents an estimate of the amount of supplemental real estate collectible from tenants. Net of these adjustments the increase in total operating revenues, operating expenses and net operating income for the three and twelve months ended would have been as follows:

	<u>Three Months Ended</u>	<u>Twelve Months Ended</u>
Total Operating Revenues	5.5%	6.0%
Total Operating Expenses	(2.2%)	1.6%
Net Operating Income	7.8%	7.3%

Average Occupancy - Same Store Portfolio						
	Three Months Ended December 31,			Year Ended December 31,		
	2000	1999	% Change	2000	1999	% Change
Office	94.7%	94.9%	(0.2%)	95.4%	93.8%	1.6%
Industrial	<u>96.6%</u>	<u>96.6%</u>	<u>0.0%</u>	<u>97.9%</u>	<u>97.2%</u>	<u>0.7%</u>
Total	<u>95.6%</u>	<u>95.8%</u>	<u>(0.2%)</u>	<u>96.7%</u>	<u>95.5%</u>	<u>1.2%</u>

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Stabilized Portfolio and Occupancy Overview

	# of Buildings	Square Feet			Occupancy at:		
		Total	Leased	Available	12/31/00	9/30/00	12/31/99
OCCUPANCY BY PRODUCT TYPE:							
<i>Office:</i>							
Los Angeles	29	2,759,362	2,685,349	74,013	97.3%	95.9%	97.4%
Orange County	13	625,893	460,590	165,303	73.6%	80.7%	85.9%
San Diego	35	2,529,613	2,529,613	-	100.0%	97.8%	99.1%
Other	<u>6</u>	<u>709,575</u>	<u>696,550</u>	<u>13,025</u>	98.2%	97.0%	98.7%
Subtotal	<u>83</u>	<u>6,624,443</u>	<u>6,372,102</u>	<u>252,341</u>	96.2%	95.3%	96.4%
<i>Industrial:</i>							
Los Angeles	7	554,225	553,370	855	99.8%	99.4%	99.2%
Orange County	62	4,393,537	4,268,033	125,504	97.1%	98.3%	96.4%
San Diego	1	39,669	39,669	-	100.0%	100.0%	100.0%
Other	<u>8</u>	<u>820,124</u>	<u>820,124</u>	-	100.0%	100.0%	97.2%
Subtotal	<u>78</u>	<u>5,807,555</u>	<u>5,681,196</u>	<u>126,359</u>	97.8%	98.7%	96.9%
OCCUPANCY BY REGION:							
Los Angeles	36	3,313,587	3,238,719	74,868	97.7%	96.6%	97.7%
Orange County	75	5,019,430	4,728,623	290,807	94.2%	96.1%	94.7%
San Diego	36	2,569,282	2,569,282	-	100.0%	97.8%	99.2%
Other	<u>14</u>	<u>1,529,699</u>	<u>1,516,674</u>	<u>13,025</u>	99.1%	98.6%	97.8%
TOTAL PORTFOLIO	<u>161</u>	<u>12,431,998</u>	<u>12,053,298</u>	<u>378,700</u>	97.0%	96.9%	96.7%

AVERAGE OCCUPANCY - STABILIZED PORTFOLIO			
	<u>Office</u>	<u>Industrial</u>	<u>Total</u>
Quarter-to-Date	95.7%	98.3%	96.9%
Year-to-Date	96.1%	97.8%	96.9%

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Leasing Activity

Quarter to Date

	# of Leases ⁽¹⁾		Square Feet ⁽¹⁾		2nd Generation					Weighted Average Lease Term (Mo.)
					Maintenance					
	<u>New</u>	<u>Renewal</u>	<u>New</u>	<u>Renewal</u>	<u>TI/LC Per Sq.Ft.</u>	<u>Capex Per Sq.Ft.⁽²⁾</u>	<u>Changes in Rents⁽³⁾</u>	<u>Changes in Cash Rents⁽⁴⁾</u>	<u>Retention Rates⁽⁵⁾</u>	
Office	11	13	133,296	50,734	\$8.43	\$0.06	19.8%	14.2%	39.1%	60
Industrial	<u>10</u>	<u>8</u>	<u>326,576</u>	<u>224,134</u>	<u>\$0.73</u>	<u>\$0.00</u>	<u>31.7%</u>	<u>3.9%</u>	<u>50.9%</u>	<u>56</u>
Total	<u>21</u>	<u>21</u>	<u>459,872</u>	<u>274,868</u>	<u>\$3.21</u>	<u>\$0.03</u>	<u>24.3%</u>	<u>9.8%</u>	<u>47.6%</u>	<u>57</u>

Year to Date

	# of Leases ⁽¹⁾		Square Feet ⁽¹⁾		2nd Generation					Weighted Average Lease Term (Mo.)
					Maintenance					
	<u>New</u>	<u>Renewal</u>	<u>New</u>	<u>Renewal</u>	<u>TI/LC Per Sq.Ft.</u>	<u>Capex Per Sq.Ft.⁽²⁾</u>	<u>Changes in Rents⁽³⁾</u>	<u>Changes in Cash Rents⁽⁴⁾</u>	<u>Retention Rates⁽⁵⁾</u>	
Office	54	49	393,461	244,221	\$7.34	\$0.14	21.6%	15.9%	52.0%	47
Industrial	<u>42</u>	<u>35</u>	<u>729,533</u>	<u>604,492</u>	<u>\$1.37</u>	<u>\$0.05</u>	<u>27.4%</u>	<u>13.1%</u>	<u>50.4%</u>	<u>60</u>
Total	<u>96</u>	<u>84</u>	<u>1,122,994</u>	<u>848,713</u>	<u>\$3.64</u>	<u>\$0.09</u>	<u>23.7%</u>	<u>14.9%</u>	<u>50.9%</u>	<u>55</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:					
2001	68	879,677	14.1%	\$14,734	\$16.75
2002	57	407,110	6.5%	6,974	17.13
2003	51	271,549	4.4%	5,323	19.60
2004	50	772,479	12.4%	17,364	22.48
2005	50	915,230	14.7%	16,722	18.27
2006	24	530,948	8.5%	12,112	22.81
2007	15	630,304	10.1%	12,097	19.19
2008	6	313,092	5.0%	6,225	19.88
2009	10	772,982	12.4%	18,260	23.62
2010 and beyond	<u>12</u>	<u>745,127</u>	<u>11.9%</u>	<u>26,255</u>	35.24
Subtotal	<u>343</u>	<u>6,238,498</u>	<u>100.0%</u>	<u>\$136,066</u>	\$21.81
INDUSTRIAL:					
2001	74	799,932	14.2%	\$5,674	\$7.09
2002	50	316,658	5.6%	2,929	9.25
2003	40	735,605	13.1%	5,158	7.01
2004	15	535,472	9.5%	3,825	7.14
2005	15	746,635	13.3%	5,586	7.48
2006	6	457,336	8.1%	3,249	7.10
2007	3	164,595	2.9%	1,397	8.49
2008	5	839,712	14.9%	6,268	7.46
2009	9	530,066	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>222</u>	<u>5,629,989</u>	<u>100.0%</u>	<u>\$44,571</u>	\$7.92
TOTAL PORTFOLIO:					
2001	142	1,679,609	14.2%	\$20,408	\$12.15
2002	107	723,768	6.1%	9,903	13.68
2003	91	1,007,154	8.5%	10,481	10.41
2004	65	1,307,951	11.0%	21,189	16.20
2005	65	1,661,865	14.0%	22,308	13.42
2006	30	988,284	8.3%	15,361	15.54
2007	18	794,899	6.7%	13,494	16.98
2008	11	1,152,804	9.7%	12,493	10.84
2009	19	1,303,048	11.0%	22,256	17.08
2010 and beyond	<u>17</u>	<u>1,249,105</u>	<u>10.5%</u>	<u>32,744</u>	26.21
Total	<u>565</u>	<u>11,868,487</u> ⁽¹⁾	<u>100.0%</u>	<u>\$180,637</u>	\$15.22

(1) Excludes space leased under month-to-month leases at December 31, 2000.

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2000 Dispositions (*\$ in thousands*)

Project	Location	Type	Month of Disposition	Square Feet	Sales Price
1st QUARTER:					
26212 - 26242 Dimension Drive	Lake Forest, CA	Industrial	January	<u>45,300</u>	<u>\$3,350</u>
2nd QUARTER:					
12691 Monarch St/12700 Pala Dr.	Garden Grove, CA	Industrial	April	110,200	\$6,300
5759 Fleet Street	Carlsbad, CA	Industrial	June	82,900	12,550
Pacific Park Plaza	Aliso Viejo, CA	Office	June	<u>134,700</u>	<u>18,000</u>
				<u>327,800</u>	<u>\$36,850</u>
3rd QUARTER:					
1961 Concourse, 1710 Fortune Dr. and Fortune Business Park	San Jose, CA	Industrial	July	431,400	\$62,400
1501 - 1561 Orangethorpe Ave.	Fullerton, CA	Office	August	<u>152,000</u>	<u>11,000</u>
				<u>583,400</u>	<u>\$73,400</u>
4th QUARTER:					
NONE					
TOTAL YEAR-TO-DATE DISPOSITIONS				<u>956,500</u>	<u>\$113,600</u>

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Stabilized Development (*\$ in thousands*)

<u>Project</u>	<u>Location</u>	<u>Type</u>	<u>Start Date</u>	<u>Completion Date</u>	<u>Rentable Square Feet</u>	<u>Total Est. Investment</u>	<u>Occupancy</u>
1st QUARTER:							
Brobeck, Phleger & Harrison	Del Mar, CA	Office	1Q 1999	1Q 2000	<u>72,332</u>	<u>\$15,525</u>	100%
2nd QUARTER:							
Peregrine Systems - Bld 2 ⁽¹⁾	Del Mar, CA	Office	2Q 1999	2Q 2000	129,680	\$25,740	100%
Peregrine Systems - Bld 5 ⁽¹⁾	Del Mar, CA	Office	3Q 1999	2Q 2000	<u>112,067</u>	<u>21,568</u>	100%
					<u>241,747</u>	<u>\$47,308</u>	100%
3rd QUARTER:							
Innovation Corporate Center - Lot 1 & Lot A	San Diego, CA	Office	4Q 1999	3Q 2000	103,000	\$17,841	100%
Sorrento Rim Parcel C	San Diego, CA	Office	1Q 2000	3Q 2000	62,415	8,086	100%
Westside Media Center - Phase II	West LA, CA	Office	3Q 1999	3Q 2000	<u>151,000</u>	<u>43,807</u>	100%
					<u>316,415</u>	<u>\$69,734</u>	100%
4th QUARTER							
Calabasas Park Centre - Phase I	Calabasas, CA	Office	3Q 1999	2Q 2000	102,264	\$18,666	97%
Kilroy Airport Center, Long Beach - 7 Story	Long Beach, CA	Office	2Q 1999	2Q 2000	197,334	32,407	99% ⁽²⁾
Sorrento Gateway Lot 5 ⁽¹⁾	San Diego, CA	Office	1Q 2000	4Q 2000	<u>76,246</u>	<u>18,869</u>	100%
					<u>375,844</u>	<u>\$69,942</u>	99%
TOTAL YEAR-TO-DATE STABILIZED DEVELOPMENT					<u>1,006,338</u>	<u>\$202,509</u>	99%

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

(2) This project reached 99% occupancy at January 15, 2000 and was 89% occupied at December 31, 2000.

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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:										
None										
PROJECTS UNDER CONSTRUCTION:										
Calabasas Park Centre - Phase II	Calabasas, CA	Office	2Q 2000	1Q 2001	1Q 2002	98,706	\$19,656	10%	57%	67%
Calabasas Park Centre - Phase III	Calabasas, CA	Office	3Q 2000	1Q 2001	1Q 2002	11,744	2,381	0%	0%	0%
Innovation Corporate Center - Lot 8	San Diego, CA	Office	2Q 2000	2Q 2001	2Q 2002	48,833	8,358	0%	50%	50%
Innovation Corporate Center - Lot 12	San Diego, CA	Office	2Q 2000	2Q 2001	2Q 2002	70,617	11,510	0%	0%	0%
Pacific Technology Center	San Diego, CA	Office	1Q 2000	2Q 2001	2Q 2001	67,995	12,001	100%	0%	100%
Peregrine Systems Corporate Ctr - Bld 3 ⁽¹⁾	Del Mar, CA	Office	2Q 2000	2Q 2001	2Q 2002	129,752	27,209	100%	0%	100%
Sorrento Rim Business Park II	San Diego, CA	Office	2Q 2000	2Q 2001	2Q 2001	102,875	25,055	100%	0%	100%
Westside Media Center - Phase III	West LA, CA	Office	4Q 2000	1Q 2002	1Q 2003	<u>151,000</u>	<u>53,457</u>	0%	0%	0%
Subtotal						<u>681,522</u>	<u>\$159,627</u>	46%	12%	57%
TOTAL PROJECTS IN LEASE UP AND UNDER CONSTRUCTION						<u>681,522</u>	<u>\$159,627</u>	46%	12%	57%
COMMITTED DEVELOPMENT:										
Brobeck, Phleger & Harrison Expansion	Del Mar, CA	Office	2Q 2001	2Q 2002	2Q 2002	89,168	\$22,880	100%	0%	100%
Imperial & Sepulveda ⁽⁴⁾	El Segundo, CA	Office	1Q 2001	4Q 2001	4Q 2002	133,678	34,397	0%	0%	0%
Sorrento Gateway - Lot 4 ⁽¹⁾	San Diego, CA	Office	2Q 2001	1Q 2002	1Q 2002	<u>60,060</u>	<u>15,485</u>	100%	0%	100%
Subtotal						<u>282,906</u>	<u>\$72,762</u>	53%	0%	53%
TOTAL IN-PROCESS AND COMMITTED DEVELOPMENT PROJECTS:						<u>964,428</u>	<u>\$232,389</u>	48%	8%	56%

(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 as of December 31, 2000 and acquired the remaining 75% tenancy-in-common interest on January 9, 2000.

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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	\$9,298
Innovation Corporate Center - Lot 4	San Diego, CA	Office	75,000	12,490
Innovation Corporate Center - Lot 9	San Diego, CA	Office	65,867	11,142
Innovation Corporate Center - Lot 10	San Diego, CA	Office	37,405	7,136
Pacific Corporate Center - Lots 3, 4 & 6	San Diego, CA	Office	225,000	40,144
Pacific Corporate Center - Lot 8	San Diego, CA	Office	116,157	23,734
Pacific Corporate Center - Lots 25 & 27	San Diego, CA	Office	68,400	13,349
Peregrine Systems Corporate Ctr - Bld. 4 ⁽¹⁾	Del Mar, CA	Office	118,061	26,546
Santa Fe Summit - Phase I	San Diego, CA	Office	150,000	31,848
Santa Fe Summit - Phase II	San Diego, CA	Office	150,000	32,670
Sorrento Gateway - Lot 1	San Diego, CA	Office	54,878	11,201
Sorrento Gateway - Lot 2 ⁽¹⁾	San Diego, CA	Office	70,000	13,024
Sorrento Gateway - Lot 3 ⁽¹⁾	San Diego, CA	Office	56,800	10,514
Sorrento Gateway - Lot 7 ⁽¹⁾	San Diego, CA	Office	<u>57,000</u>	<u>10,671</u>
Subtotal			<u>1,295,755</u>	<u>\$253,767</u>
TOTAL FUTURE DEVELOPMENT PIPELINE			<u>1,295,755</u>	<u>\$253,767</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.

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, 1999. In light of these risks, uncertainties and assumptions, the forward-looking events contained in this supplement information might not occur.

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Capital Structure At December 31, 2000 (\$ in thousands)

	Shares/Units at December 31, 2000	Aggregate Principal Amount or \$ Value Equivalent	% of Total Market Capitalization
DEBT:			
Secured Debt		\$432,688	25.0%
Unsecured Line of Credit		191,000	11.1%
Unsecured Term Facility		<u>100,000</u>	<u>5.8%</u>
Total Debt		<u>\$723,688</u>	<u>41.9%</u>
EQUITY:			
8.075% Series A Cumulative Redeemable Preferred Units ⁽¹⁾	1,500,000	\$75,000	4.4%
9.375% Series C Cumulative Redeemable Preferred Units ⁽¹⁾	700,000	35,000	2.0%
9.250% Series D Cumulative Redeemable Preferred Units ⁽¹⁾	900,000	45,000	2.6%
Common Units Outstanding ⁽²⁾	3,748,545	105,194	6.1%
Common Shares Outstanding ⁽²⁾	26,475,470	<u>742,968</u>	<u>43.0%</u>
Total Equity		<u>\$1,003,162</u>	<u>58.1%</u>
TOTAL MARKET CAPITALIZATION		<u>\$1,726,850</u>	<u>100.0%</u>

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

(2) Valued based on closing share price of \$28 1/16 at December 31, 2000.

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Share Repurchase Program Summary
(\$ in thousands except per share information)

	Number of Shares	Average Price per Share	Total Value of Purchases
4th QUARTER 1999:	<u>265,000</u>	<u>\$20.19</u>	<u>\$5,350</u>
1st QUARTER 2000:	<u>1,999,300</u>	<u>\$20.58</u>	<u>\$41,151</u>
2nd QUARTER 2000:	NONE		
3rd QUARTER 2000:	NONE		
4TH QUARTER 2000:	NONE		
TOTAL PROGRAM -TO-DATE SHARE REPURCHASES	<u>2,264,300</u>	<u>\$20.54</u>	<u>\$46,501</u>

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Debt Analysis

At December 31, 2000
(\$ in thousands)

SECURED DEBT AND UNSECURED TERM FACILITY PRINCIPAL REPAYMENT SCHEDULE						
2001	2002	2003	2004	2005	Thereafter	Total
\$5,675	\$81,709	\$98,358	\$127,719	\$16,965	\$202,262	\$532,688

TOTAL DEBT COMPOSITION			
	% of	<u>Weighted Average</u>	
	<u>Total Debt</u>	<u>Interest Rate</u>	<u>Maturity</u>
Secured vs. Unsecured Debt:			
Secured Debt	59.8%	8.2%	5.7
Unsecured Debt	40.2%	8.3%	5.4
Floating vs. Fixed Rate Debt:			
Fixed Rate Debt ^{(1),(5)}	55.6%	8.1%	5.8
Floating Rate Debt ^{(2),(3),(4)}	44.4%	<u>8.4%</u>	<u>2.1</u>
Total Debt		<u>8.2%</u>	<u>4.2</u>

UNSECURED LINE OF CREDIT		
Total Line	Outstanding Balance	Expiration Date
\$400,000	\$191,000	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) At December 31, 2000, the Company had an interest-rate cap agreement to cap LIBOR on \$150 million of its floating rate debt at 6.5%. The Company terminated this interest-rate cap agreement in January 2001.
- (3) 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.
- (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 December 31, 2000, the notional amount of the cap agreement was approximately \$42.0 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 agreements. Including the effects of the interest-rate cap agreements, the Company had fixed or capped approximately 82.1% of its total outstanding debt at December 31, 2000.