



Third 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.

Kilroy Realty Corporation

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Financial Highlights

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2000	1999	% Change	2000	1999	% Change
INCOME ITEMS:						
Revenues	\$47,221	\$40,202	17.5%	\$136,344	\$117,053	16.5%
Net Operating Income	35,352	31,470	12.3%	104,417	90,705	15.1%
Net Income	15,679	10,911	43.7%	38,060	31,617	20.4%
Funds From Operations	21,067	20,693	1.8%	61,899	59,686	3.7%
Funds Available for Distribution	16,420	17,669	(7.1%)	52,157	52,666	(1.0%)
Funds From Operations per share – diluted	\$0.69	\$0.64	7.8%	\$2.02	\$1.85	9.2%
Funds Available for Distribution per share – diluted	0.54	0.55	(1.8%)	1.71	1.64	4.3%
Dividend per share	\$0.45	\$0.42	7.1%	\$1.35	\$1.26	7.1%
RATIOS:						
Interest Coverage Ratio (1)	3.4x	4.5x		3.6x	4.6x	
Fixed Charge Coverage Ratio (2)	2.5x	3.3x		2.6x	3.3x	
FFO Payout Ratio (3)	64.5%	65.6%	(1.1%)	65.7%	68.2%	(2.5%)
FAD Payout Ratio (4)	82.8%	76.8%	6.0%	78.0%	77.3%	0.7%

	Sept. 30, 2000	Dec. 31, 1999	% Change
ASSETS:			
Investments in Real Estate before Depreciation	\$1,449,457	\$1,410,238	2.8%
Total Assets	1,414,052	1,320,501	7.1%
CAPITALIZATION:			
Total Debt	\$673,556	\$553,516	21.7%
Total Preferred Stock (5)	155,000	155,000	--
Total Market Equity Value (5)	806,037	716,831	12.4%
Total Market Capitalization (5)	1,634,593	1,425,347	14.7%
Total Debt / Total Market Capitalization	41.2%	38.8%	2.4%

(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)

	<u>September 30,</u> <u>2000</u>	<u>December 31,</u> <u>1999</u>
ASSETS:		
Land and improvements	\$263,923	\$274,463
Buildings and improvements	1,034,081	946,130
Undeveloped land and construction in progress, net	<u>151,453</u>	<u>189,645</u>
Total investment in real estate	1,449,457	1,410,238
Accumulated depreciation and amortization	<u>(194,563)</u>	<u>(174,427)</u>
Investment in real estate, net	1,254,894	1,235,811
Cash and cash equivalents	12,801	26,116
Restricted cash	35,506	6,636
Tenant receivables, net	25,181	22,078
Note receivable from related party	45,278	
Deferred financing and leasing costs, net	34,657	27,840
Prepaid expenses and other assets	<u>5,735</u>	<u>2,020</u>
TOTAL ASSETS	<u><u>\$1,414,052</u></u>	<u><u>\$1,320,501</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY:		
<i>Liabilities:</i>		
Secured debt	\$387,556	\$325,516
Unsecured line of credit	186,000	228,000
Unsecured term facility	100,000	
Accounts payable and accrued expenses	39,177	26,260
Accrued distributions	13,591	13,456
Rents received in advance and tenant security deposits	<u>16,773</u>	<u>20,287</u>
Total liabilities	<u>743,097</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	62,900	71,920
Minority interest in Development LLCs	<u>11,606</u>	<u>9,931</u>
Total minority interests	<u>227,007</u>	<u>234,053</u>
<i>Stockholders' Equity:</i>		
Common stock	265	278
Additional paid-in capital	459,785	491,204
Distributions in excess of earnings	<u>(16,102)</u>	<u>(18,553)</u>
Total stockholders' equity	<u>443,948</u>	<u>472,929</u>
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	<u><u>\$1,414,052</u></u>	<u><u>\$1,320,501</u></u>

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Consolidated Statements of Operations

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

	<u>Three Months Ended September 30,</u>			<u>Nine Months Ended September 30,</u>		
	<u>2000</u>	<u>1999</u>	<u>% Change</u>	<u>2000</u>	<u>1999</u>	<u>% Change</u>
REVENUES:						
Rental income	\$40,555	\$34,959	16.0%	\$117,627	\$101,941	15.4%
Tenant reimbursements	4,748	4,214	12.7%	14,036	12,530	12.0%
Interest income	1,706	239	613.8%	3,008	860	249.8%
Other income	<u>212</u>	<u>790</u>	(73.2%)	<u>1,673</u>	<u>1,722</u>	(2.8%)
Total revenues	<u>47,221</u>	<u>40,202</u>	17.5%	<u>136,344</u>	<u>117,053</u>	16.5%
EXPENSES:						
Property expenses	6,217	5,054	23.0%	17,749	15,517	14.4%
Real estate taxes	3,523	3,108	13.4%	9,959	8,969	11.0%
General and administrative expenses	2,890	2,266	27.5%	8,077	6,781	19.1%
Ground leases	423	331	27.8%	1,211	1,002	20.9%
Interest expense	10,024	6,501	54.2%	27,800	18,420	50.9%
Depreciation and amortization	<u>9,941</u>	<u>7,900</u>	25.8%	<u>28,909</u>	<u>22,577</u>	28.0%
Total expenses	<u>33,018</u>	<u>25,160</u>	31.2%	<u>93,705</u>	<u>73,266</u>	27.9%
INCOME BEFORE NET GAINS ON DISPOSITIONS OF OPERATING PROPERTIES, EQUITY IN INCOME (LOSS) OF UNCONSOLIDATED SUBSIDIARY AND MINORITY INTERESTS						
	14,203	15,042	(5.6%)	42,639	43,787	(2.6%)
Net gains on dispositions of operating properties	7,288	75	9617.3%	11,256	75	14908.0%
Equity in income (loss) of unconsolidated subsidiary	<u>28</u>	<u>(8)</u>	(450.0%)	<u>11</u>	<u>(22)</u>	(150.0%)
INCOME BEFORE MINORITY INTERESTS	<u>21,519</u>	<u>15,109</u>	42.4%	<u>53,906</u>	<u>43,840</u>	23.0%
MINORITY INTERESTS:						
Distributions on Cumulative Redeemable						
Preferred units	(3,375)	(2,334)	44.6%	(10,125)	(7,003)	44.6%
Minority interest in earnings of Operating Partnership	(2,227)	(1,830)	21.7%	(5,442)	(5,186)	4.9%
Minority interest in earnings of Development LLCs	(238)	(34)	600.0%	(279)	(34)	720.6%
Total minority interests	<u>(5,840)</u>	<u>(4,198)</u>	39.1%	<u>(15,846)</u>	<u>(12,223)</u>	29.6%
NET INCOME	<u>\$15,679</u>	<u>\$10,911</u>	43.7%	<u>\$38,060</u>	<u>\$31,617</u>	20.4%
Weighted average shares outstanding - basic	26,455	27,658		26,647	27,640	
Weighted average shares outstanding - diluted	26,697	27,677		26,758	27,675	
NET INCOME PER COMMON SHARE:						
Income per common share - basic	<u>\$0.59</u>	<u>\$0.39</u>	51.3%	<u>\$1.43</u>	<u>\$1.14</u>	25.4%
Income per common share - diluted	<u>\$0.59</u>	<u>\$0.39</u>	51.3%	<u>\$1.42</u>	<u>\$1.14</u>	24.6%

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

	<u>Three Months Ended September 30,</u>			<u>Nine Months Ended September 30,</u>		
	<u>2000</u>	<u>1999</u>	<u>% Change</u>	<u>2000</u>	<u>1999</u>	<u>% Change</u>
FUNDS FROM OPERATIONS:						
Net income	\$15,679	\$10,911	43.7%	\$38,060	\$31,617	20.4%
Add:						
Minority interest in earnings of Operating Partnership	2,227	1,830	21.7%	5,442	5,186	4.9%
Depreciation and amortization	9,941	7,900	25.8%	28,909	22,577	28.0%
Net gains on dispositions of operating properties	(7,288)	(75)	9617.3%	(11,256)	(75)	14908.0%
Non-cash amortization of restricted stock grants ⁽¹⁾	508	127	300.0%	744	381	95.3%
Funds From Operations	<u>\$21,067</u>	<u>\$20,693</u>	1.8%	<u>\$61,899</u>	<u>\$59,686</u>	3.7%
Weighted average common shares/units outstanding - basic	30,203	32,302		30,457	32,174	
Weighted average common shares/units outstanding - diluted	30,444	32,321		30,568	32,208	
Funds From Operations per common share/unit - basic	<u>\$0.70</u>	<u>\$0.64</u>	9.4%	<u>\$2.03</u>	<u>\$1.86</u>	9.1%
Funds From Operations per common share/unit - diluted	<u>\$0.69</u>	<u>\$0.64</u>	7.8%	<u>\$2.02</u>	<u>\$1.85</u>	9.2%
FUNDS AVAILABLE FOR DISTRIBUTION:						
Funds From Operations	\$21,067	\$20,693	1.8%	\$61,899	\$59,686	3.7%
Adjustments:						
Amortization of deferred financing costs	426	257	65.8%	1,119	820	36.5%
Tenant improvements, leasing commissions and recurring capital expenditures	(2,462)	(1,324)	86.0%	(5,193)	(3,274)	58.6%
Net effect of straight-line rents	(2,611)	(1,957)	33.4%	(5,668)	(4,566)	24.1%
Funds Available for Distribution	<u>\$16,420</u>	<u>\$17,669</u>	(7.1%)	<u>\$52,157</u>	<u>\$52,666</u>	(1.0%)
Funds Available for Distribution per common share/unit - basic	<u>\$0.54</u>	<u>\$0.55</u>	(1.8%)	<u>\$1.71</u>	<u>\$1.64</u>	4.3%
Funds Available for Distribution per common share/unit - diluted	<u>\$0.54</u>	<u>\$0.55</u>	(1.8%)	<u>\$1.71</u>	<u>\$1.64</u>	4.3%

(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 September 30, 2000.

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Net Operating Income Breakdown

	<u>As of</u> <u>September 30, 2000 (1)</u>
% OF TOTAL NOI BY SEGMENT TYPE:	
<i>Office:</i>	
Los Angeles	37.5%
Orange County	4.3%
San Diego	25.9%
Other	<u>5.9%</u>
Subtotal	<u>73.6%</u>
 <i>Industrial:</i>	
Los Angeles	3.5%
Orange County	19.0%
San Diego	0.6%
Other	<u>3.3%</u>
Subtotal	<u>26.4%</u>
 % OF TOTAL NOI BY REGION:	
Los Angeles	41.0%
Orange County	23.3%
San Diego	26.5%
Other	<u>9.2%</u>
Total Portfolio	<u>100.0%</u>

(1) Based on Net Operating Income for the quarter ended September 30, 2000.

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Same Store Analysis ⁽¹⁾ (\$ in thousands)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2000	1999	\$ Change	% Change	2000	1999	\$ Change	% Change
TOTAL SAME STORE PORTFOLIO								
<i>Operating Revenues:</i>								
Rental income	\$30,882	\$29,319	\$1,563	5.3%	\$96,634	\$91,498	\$5,136	5.6%
Tenant reimbursements	4,209	3,505	704	20.1%	12,428	11,437	991	8.7%
Other income	146	734	(588)	(80.1%)	1,361	1,107	254	22.9%
Total operating revenues	<u>\$35,237</u>	<u>\$33,558</u>	<u>\$1,679</u>	5.0%	<u>\$110,423</u>	<u>\$104,042</u>	<u>\$6,381</u>	6.1%
<i>Operating Expenses:</i>								
Property expenses	\$4,851	\$4,634	\$217	4.7%	\$15,284	\$14,550	\$734	5.0%
Real estate taxes	2,591	2,638	(47)	(1.8%)	7,974	8,127	(153)	(1.9%)
Ground leases	333	327	6	1.8%	1,045	972	73	7.5%
Total operating expenses	<u>\$7,775</u>	<u>\$7,599</u>	<u>\$176</u>	2.3%	<u>\$24,303</u>	<u>\$23,649</u>	<u>\$654</u>	2.8%
<i>Net Operating Income</i>	<u>\$27,462</u>	<u>\$25,959</u>	<u>\$1,503</u>	5.8%	<u>\$86,120</u>	<u>\$80,393</u>	<u>\$5,727</u>	7.1%

Average Occupancy - Same Store Portfolio						
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2000	1999	% Change	2000	1999	% Change
Office	94.4%	91.8%	2.6%	95.5%	93.0%	2.5%
Industrial	<u>99.7%</u>	<u>98.8%</u>	<u>0.9%</u>	<u>98.6%</u>	<u>97.5%</u>	<u>1.1%</u>
Total	<u>97.0%</u>	<u>95.3%</u>	<u>1.7%</u>	<u>97.1%</u>	<u>95.3%</u>	<u>1.8%</u>

(1) Same store defined as all stabilized properties owned at January 1, 1999 and still owned at September 30, 2000.

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Stabilized Portfolio Occupancy Overview

	# of Buildings	Square Feet			Occupancy at:		
		Total	Leased	Available	9/30/00	6/30/00	12/31/99
OCCUPANCY BY SEGMENT TYPE:							
<i>Office:</i>							
Los Angeles	27	2,506,098	2,404,492	101,606	95.9%	97.8%	97.4%
Orange County	13	625,893	505,245	120,648	80.7%	86.6%	85.9%
San Diego	34	2,452,429	2,397,962	54,467	97.8%	97.5%	99.1%
Other	<u>6</u>	709,575	688,133	21,442	97.0%	96.7%	98.7%
Subtotal	<u>80</u>	<u>6,293,995</u>	<u>5,995,832</u>	<u>298,163</u>	95.3%	96.2%	96.4%
<i>Industrial:</i>							
Los Angeles	7	554,225	551,055	3,170	99.4%	97.3%	99.2%
Orange County	62	4,393,470	4,320,579	72,891	98.3%	98.0%	96.4%
San Diego	1	39,669	39,669	-	100.0%	100.0%	100.0%
Other	<u>8</u>	820,124	820,124	-	100.0%	100.0%	97.2%
Subtotal	<u>78</u>	<u>5,807,488</u>	<u>5,731,427</u>	<u>76,061</u>	98.7%	98.4%	96.9%
OCCUPANCY BY REGION:							
Los Angeles	34	3,060,323	2,955,547	104,776	96.6%	97.7%	97.7%
Orange County	75	5,019,363	4,825,824	193,539	96.1%	96.3%	94.7%
San Diego	35	2,492,098	2,437,631	54,467	97.8%	97.6%	99.2%
Other	<u>14</u>	<u>1,529,699</u>	<u>1,508,257</u>	<u>21,442</u>	98.6%	98.8%	97.8%
TOTAL PORTFOLIO	<u>158</u>	<u>12,101,483</u>	<u>11,727,259</u>	<u>374,224</u>	96.9%	97.3%	96.7%

AVERAGE OCCUPANCY - STABILIZED PORTFOLIO			
	<u>Office</u>	<u>Industrial</u>	<u>Total</u>
3rd Quarter	95.7%	98.5%	97.1%
Year-to-date	96.0%	98.0%	97.0%

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Leasing Activity

	Quarter to Date									Weighted Average Lease Term (Mo.)
	# of Leases ⁽¹⁾		Square Feet ⁽¹⁾		2nd Generation				Retention Rates ⁽⁵⁾	
					Maintenance					
	<u>New</u>	<u>Renewal</u>	<u>New</u>	<u>Renewal</u>	TI/LC <u>Per Sq.Ft.</u>	Capex <u>Per Sq.Ft.</u> ⁽²⁾	Changes in <u>Rents</u> ⁽³⁾	Changes in <u>Cash Rents</u> ⁽⁴⁾		
Office	22	14	174,542	75,723	\$8.39	\$0.01	21.3%	16.0%	54.2%	51
Industrial	<u>12</u>	<u>8</u>	<u>81,671</u>	<u>27,105</u>	<u>\$1.73</u>	<u>\$0.00</u>	<u>13.9%</u>	<u>10.9%</u>	<u>58.8%</u>	<u>59</u>
Total	<u>34</u>	<u>22</u>	<u>256,213</u>	<u>102,828</u>	<u>\$6.19</u>	<u>\$0.01</u>	<u>20.5%</u>	<u>15.4%</u>	<u>55.5%</u>	<u>53</u>

	Year to Date									Weighted Average Lease Term (Mo.)
	# of Leases ⁽¹⁾		Square Feet ⁽¹⁾		2nd Generation				Retention Rates ⁽⁵⁾	
					Maintenance					
	<u>New</u>	<u>Renewal</u>	<u>New</u>	<u>Renewal</u>	TI/LC <u>Per Sq.Ft.</u>	Capex <u>Per Sq.Ft.</u> ⁽²⁾	Changes in <u>Rents</u> ⁽³⁾	Changes in <u>Cash Rents</u> ⁽⁴⁾		
Office	43	36	260,165	193,487	\$6.94	\$0.08	22.4%	18.1%	55.0%	42
Industrial	<u>32</u>	<u>27</u>	<u>402,957</u>	<u>380,358</u>	<u>\$1.71</u>	<u>\$0.05</u>	<u>24.2%</u>	<u>19.3%</u>	<u>61.4%</u>	<u>62</u>
Total	<u>75</u>	<u>63</u>	<u>663,122</u>	<u>573,845</u>	<u>\$3.84</u>	<u>\$0.06</u>	<u>23.0%</u>	<u>18.5%</u>	<u>58.8%</u>	<u>54</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</u>	<u>% of Total Leased Sq. Ft.</u>	<u>Annual Base Rent</u>	<u>Annual Rent per Sq. Ft.</u>
OFFICE:					
Remaining 2000	16	61,057	1.1%	\$1,407	\$23.04
2001	71	900,381	15.5%	15,361	17.06
2002	57	403,440	7.0%	7,231	17.92
2003	46	258,500	4.5%	5,048	19.53
2004	49	788,505	13.6%	17,999	22.83
2005	47	923,201	15.9%	15,363	16.64
2006	19	480,445	8.3%	10,516	21.89
2007	13	563,914	9.7%	10,917	19.36
2008	6	313,092	5.4%	6,225	19.88
2009 and Beyond	<u>16</u>	<u>1,099,049</u>	<u>19.0%</u>	<u>29,187</u>	26.56
Subtotal	<u>340</u>	<u>5,791,584</u>	<u>100.0%</u>	<u>\$119,254</u>	\$20.59
INDUSTRIAL:					
Remaining 2000	18	376,817	6.6%	\$3,141	\$8.34
2001	73	800,345	14.1%	5,670	7.08
2002	48	331,473	5.8%	3,031	9.14
2003	34	713,293	12.6%	4,958	6.95
2004	14	529,130	9.3%	3,769	7.12
2005	14	681,255	12.0%	5,115	7.51
2006	6	457,336	8.0%	3,250	7.11
2007	3	164,595	2.9%	1,396	8.48
2008	5	839,712	14.8%	6,268	7.46
2009 and Beyond	<u>13</u>	<u>789,214</u>	<u>13.9%</u>	<u>7,405</u>	9.38
Subtotal	<u>228</u>	<u>5,683,170</u>	<u>100.0%</u>	<u>\$44,003</u>	\$7.74
TOTAL PORTFOLIO:					
Remaining 2000	34	437,874	3.8%	\$4,548	\$10.36
2001	144	1,700,726	14.8%	21,031	12.37
2002	105	734,913	6.4%	10,262	13.96
2003	80	971,793	8.5%	10,006	10.30
2004	63	1,317,635	11.5%	21,768	16.52
2005	61	1,604,456	14.0%	20,478	12.76
2006	25	937,781	8.2%	13,766	14.68
2007	16	728,509	6.3%	12,313	16.90
2008	11	1,152,804	10.0%	12,493	10.84
2009 and Beyond	<u>29</u>	<u>1,888,263</u>	<u>16.5%</u>	<u>36,592</u>	19.38
Total Portfolio	<u>568</u>	<u>11,474,754</u>	<u>100.0%</u>	<u>\$163,257</u>	\$14.23

Kilroy Realty Corporation
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2000 Dispositions
(\$ in thousands)

Property	Location	Type	Month Of Disposition	Rentable 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 & 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>
TOTAL YEAR-TO-DATE DISPOSITIONS				<u>956,500</u>	<u>\$113,600</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:							
Brobeck, Phleger & Harrison	Del Mar, CA	Office	1Q 1999	1Q 2000	<u>72,332</u>	<u>\$15,519</u>	100%
2nd QUARTER:							
Peregrine Systems - Bldg 2 ⁽¹⁾	Del Mar, CA	Office	2Q 1999	2Q 2000	129,680	\$25,436	100%
Peregrine Systems - Bldg 5 ⁽¹⁾	Del Mar, CA	Office	3Q 1999	2Q 2000	<u>112,067</u>	<u>21,902</u>	100%
					<u>241,747</u>	<u>\$47,338</u>	100%
3rd QUARTER:							
Innovation Corporate Center - Lot 1 & Lot A	San Diego, CA	Office	4Q 1999	3Q 2000	103,000	\$17,739	100%
Sorrento Rim Parcel C	San Diego, CA	Office	1Q 2000	3Q 2000	62,415	8,100	100%
Westside Media Center - Phase II	West LA, CA	Office	3Q 1999	3Q 2000	<u>151,000</u>	<u>43,826</u>	100%
					<u>316,415</u>	<u>\$69,665</u>	100%
TOTAL YEAR-TO-DATE DEVELOPMENTS STABILIZED					<u>630,494</u>	<u>\$132,522</u>	100%

(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.

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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:										
Kilroy Airport Center, Long Beach - 7 Story ⁽⁴⁾	Long Beach, CA	Office	2Q 1999	2Q 2000	4Q 2000	192,476	\$32,364	87%	12%	99%
Calabasas Park Centre - Phase I ⁽⁵⁾	Calabasas, CA	Office	3Q 1999	2Q 2000	4Q 2000	<u>102,264</u>	<u>18,060</u>	97%	3%	100%
Subtotal						<u>294,740</u>	<u>\$50,424</u>	90%	9%	99%
PROJECTS UNDER CONSTRUCTION:										
Calabasas Park Centre - Phase II	Calabasas, CA	Office	2Q 2000	1Q 2001	1Q 2002	98,706	\$18,964	0%	19%	19%
Calabasas Park Centre - Phase III	Calabasas, CA	Office	3Q 2000	1Q 2001	1Q 2002	11,744	2,295	0%	0%	0%
Innovation Corporate Center - Lot 8	San Diego, CA	Office	2Q 2000	1Q 2001	1Q 2002	48,833	7,726	0%	100%	100%
Innovation Corporate Center - Lot 12	San Diego, CA	Office	2Q 2000	2Q 2001	2Q 2002	70,617	10,690	0%	100%	100%
Pacific Technology Center	San Diego, CA	Office	1Q 2000	1Q 2001	1Q 2002	67,995	11,501	0%	100%	100%
Peregrine Systems Corporate Center - Bldg. 3 ⁽¹⁾	Del Mar, CA	Office	2Q 2000	2Q 2001	2Q 2002	129,752	27,230	100%	0%	100%
Sorrento Gateway - Lot 5 ⁽¹⁾	San Diego, CA	Office	1Q 2000	4Q 2000	4Q 2000	75,520	18,738	100%	0%	100%
Sorrento Business Park II	San Diego, CA	Office	2Q 2000	2Q 2001	2Q 2001	<u>102,875</u>	<u>25,241</u>	100%	0%	100%
Subtotal						<u>606,042</u>	<u>\$122,385</u>	51%	34%	85%
TOTAL PROJECTS IN LEASE-UP AND UNDER CONSTRUCTION						<u>900,782</u>	<u>\$172,809</u>	64%	26%	90%
COMMITTED DEVELOPMENT:										
Brobeck, Phleger & Harrison Expansion	Del Mar, CA	Office	2Q 2001	2Q 2002	2Q 2002	89,168	\$22,283	0%	100%	100%
Sorrento Gateway - Lot 4 ⁽¹⁾	San Diego, CA	Office	1Q 2001	4Q 2001	4Q 2001	<u>60,060</u>	<u>15,450</u>	100%	0%	100%
Subtotal						<u>149,228</u>	<u>\$37,733</u>	40%	60%	100%
TOTAL IN-PROCESS AND COMMITTED DEVELOPMENT PROJECTS						<u>1,050,010</u>	<u>\$210,542</u>	60%	31%	91%

(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) This project was 87% occupied at September 30, 2000.

(5) This project was 81% occupied at September 30, 2000.

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Future Development Pipeline (*\$ in thousands*)

Project	Location	Type	Rentable Square Feet	Total Estimated Investment
LOS ANGELES COUNTY:				
Westside Media Center - Phase III	West LA, CA	Office	<u>151,000</u>	<u>\$53,457</u>
SAN DIEGO COUNTY:				
Innovation Corporate Center - Lot 2	San Diego, CA	Office	52,000	\$8,389
Innovation Corporate Center - Lot 4	San Diego, CA	Office	75,000	11,122
Innovation Corporate Center - Lot 9	San Diego, CA	Office	65,400	9,946
Innovation Corporate Center - Lot 10	San Diego, CA	Office	37,300	6,091
Pacific Corporate Center - Lots 3, 4 & 6	San Diego, CA	Office	218,250	39,250
Pacific Corporate Center - Lot 8	San Diego, CA	Office	116,379	21,830
Pacific Corporate Center - Lots 25 & 27	San Diego, CA	Office	68,400	10,920
Peregrine Systems Corporate Center - Bldg. 4 ⁽¹⁾	San Diego, CA	Office	118,061	26,558
Santa Fe Summit - Phase 1	San Diego, CA	Office	150,000	29,759
Santa Fe Summit - Phase 2	San Diego, CA	Office	150,000	30,594
Sorrento Gateway - Lot 1	San Diego, CA	Office	54,878	10,598
Sorrento Gateway - Lot 2 ⁽¹⁾	San Diego, CA	Office	125,000	23,004
Sorrento Gateway - Lot 3 ⁽¹⁾	San Diego, CA	Office	56,800	10,221
Sorrento Gateway - Lot 7 ⁽¹⁾	San Diego, CA	Office	<u>57,000</u>	<u>10,657</u>
			<u>1,344,468</u>	<u>\$248,939</u>
TOTAL FUTURE DEVELOPMENT PIPELINE			<u>1,495,468</u>	<u>\$302,396</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 September 30, 2000 (\$ in thousands)

	Shares/Units at Sept. 30, 2000	Aggregate Principal Amount or \$ Value Equivalent	% of Total Market Capitalization
DEBT:			
Secured Debt		\$387,556	23.7%
Unsecured Line of Credit		186,000	11.4%
Unsecured Term Facility		<u>100,000</u>	<u>6.1%</u>
Total Debt		<u>\$673,556</u>	<u>41.2%</u>
EQUITY:			
8.075% Series A Cumulative Redeemable Preferred units ⁽¹⁾	1,500,000	\$75,000	4.6%
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	2.8%
Common Units outstanding ⁽²⁾	3,747,412	100,009	6.1%
Common Shares outstanding ⁽²⁾	26,455,400	<u>706,028</u>	<u>43.2%</u>
Total Equity		<u>\$961,037</u>	<u>58.8%</u>
TOTAL MARKET CAPITALIZATION		<u>\$1,634,593</u>	<u>100.0%</u>

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

(2) Valued based on closing share price of \$26 11/16 at September 30, 2000.

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

	Number of Shares	Average Price per Share	Total Aggregate Repurchases
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		
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 September 30, 2000 (\$ in thousands)

UNSECURED DEBT AND SECURED TERM FACILITY PRINCIPAL REPAYMENT SCHEDULE						
2000	2001	2002	2003	2004	Thereafter	Total
\$1,308	\$5,525	\$47,932	\$98,167	\$127,511	\$207,113	\$487,556

TOTAL DEBT COMPOSITION			
	% of <u>Total Debt</u>	<u>Interest Rate</u>	<u>Weighted Average Maturity</u>
Secured vs. Unsecured Debt:			
Secured Debt	57.5%	8.1%	6.1
Unsecured Debt	42.5%	8.3%	6.2
Floating vs. Fixed Rate Debt:			
Fixed Rate Debt ⁽¹⁾⁽⁴⁾	58.0%	8.1%	5.8
Floating Rate Debt ⁽²⁾⁽³⁾	42.0%	8.3%	1.7
Total Debt		8.2%	4.2

UNSECURED LINE OF CREDIT		
<u>Total Line</u>	<u>Outstanding Balance</u>	<u>Expiration Date</u>
\$400,000	\$186,000	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) The Company currently has an interest-rate cap agreement to cap LIBOR on \$150 million of its floating rate debt at 6.5% which expires in January 2002.
- (3) 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 September 30, 2000, the notional amount of the cap agreement was approximately \$38.9 million.
- (4) 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 86.0% of its total outstanding debt at September 30, 2000.