



Second 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 does not undertake responsibility to update this information for any unanticipated events which may cause actual results to differ from those expressed or implied by this information.

Kilroy Realty Corporation

Second Quarter 2000 Supplemental Financial Report

Financial Highlights

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2000	1999	% Change	2000	1999	% Change
INCOME ITEMS:						
Revenues	\$45,360	\$39,301	15.4%	\$89,123	\$76,851	16.0%
Net Operating Income	34,822	30,565	13.9%	69,065	59,235	16.6%
Net Income	12,804	10,796	18.6%	22,381	20,706	8.1%
Funds From Operations	20,153	20,203	(0.2%)	40,832	38,993	4.7%
Funds Available for Distribution	17,264	18,403	(6.2%)	35,737	34,997	2.1%
Funds From Operations per share – diluted	\$0.67	\$0.62	8.1%	\$1.33	\$1.21	9.9%
Funds Available for Distribution per share – diluted	0.57	0.57	--	1.17	1.09	7.3%
Dividend per share	\$0.45	\$0.42	7.1%	\$0.90	\$0.84	7.1%
RATIOS:						
Interest Coverage Ratio(1)	3.4x	4.6x		3.7x	4.6x	
Fixed Charge Coverage Ratio(2)	2.5x	3.4x		2.7x	3.3x	
FFO Payout Ratio(3)	67.4%	67.2%	0.2%	66.4%	69.6%	(3.2%)
FAD Payout Ratio(4)	78.7%	73.7%	5.0%	75.8%	77.5%	(1.7%)

	June 30, 2000	Dec. 31, 1999	% Change
ASSETS:			
Investments in Real Estate before Depreciation	\$1,467,565	\$1,410,238	4.1%
Total Assets	1,423,063	1,320,501	7.8%
CAPITALIZATION:			
Total Debt	\$691,034	\$553,516	24.8%
Total Preferred Stock (5)	155,000	155,000	--
Total Market Equity Value (5)	783,385	716,831	9.3%
Total Market Capitalization (5)	1,629,419	1,425,347	14.3%
Total Debt / Total Market Capitalization	42.4%	38.8%	3.6%

(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>June 30,</u> <u>2000</u>	<u>December 31,</u> <u>1999</u>
ASSETS:		
Land and improvements	\$274,541	\$274,463
Buildings and improvements	1,016,166	946,130
Undeveloped land and construction in progress, net	<u>176,858</u>	<u>189,645</u>
Total investment in real estate	1,467,565	1,410,238
Accumulated depreciation and amortization	<u>(189,410)</u>	<u>(174,427)</u>
Investment in real estate, net	1,278,155	1,235,811
Cash and cash equivalents	16,518	26,116
Restricted cash	6,322	6,636
Tenant receivables, net	25,621	22,078
Notes receivable from related party	45,278	
Deferred financing and leasing costs, net	32,997	27,840
Prepaid expenses and other assets	<u>18,172</u>	<u>2,020</u>
TOTAL ASSETS	<u>\$1,423,063</u>	<u>\$1,320,501</u>
LIABILITIES AND STOCKHOLDERS' EQUITY:		
<i>Liabilities:</i>		
Mortgage debt	\$386,034	\$325,516
Unsecured line of credit	305,000	228,000
Accounts payable and accrued expenses	32,165	26,260
Accrued distributions	13,591	13,456
Rents received in advance and tenant security deposits	<u>20,664</u>	<u>20,287</u>
Total liabilities	<u>757,454</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	62,315	71,920
Minority interest in Development LLCs	<u>10,969</u>	<u>9,931</u>
Total minority interests	<u>225,785</u>	<u>234,053</u>
<i>Stockholders' Equity:</i>		
Common stock	265	278
Additional paid-in capital	459,436	491,204
Distributions in excess of earnings	<u>(19,877)</u>	<u>(18,553)</u>
Total stockholders' equity	<u>439,824</u>	<u>472,929</u>
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	<u>\$1,423,063</u>	<u>\$1,320,501</u>

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Consolidated Statements of Operations

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

	<u>Three Months Ended June 30,</u>			<u>Six Months Ended June 30,</u>		
	<u>2000</u>	<u>1999</u>	<u>% Change</u>	<u>2000</u>	<u>1999</u>	<u>% Change</u>
REVENUES:						
Rental income	\$39,370	\$34,164	15.2%	\$77,072	\$66,982	15.1%
Tenant reimbursements	4,594	4,193	9.6%	9,288	8,316	11.7%
Interest income	1,016	221	359.7%	1,302	621	109.7%
Other income	<u>380</u>	<u>723</u>	(47.4%)	<u>1,461</u>	<u>932</u>	56.8%
Total revenues	<u>45,360</u>	<u>39,301</u>	15.4%	<u>89,123</u>	<u>76,851</u>	16.0%
EXPENSES:						
Property expenses	6,074	5,329	14.0%	11,532	10,463	10.2%
Real estate taxes	3,049	2,852	6.9%	6,436	5,861	9.8%
General and administrative expenses	2,555	2,201	16.1%	5,187	4,515	14.9%
Ground leases	399	334	19.5%	788	671	17.4%
Interest expense	9,948	6,160	61.5%	17,776	11,919	49.1%
Depreciation and amortization	<u>9,645</u>	<u>7,460</u>	29.3%	<u>18,968</u>	<u>14,677</u>	29.2%
Total expenses	<u>31,670</u>	<u>24,336</u>	30.1%	<u>60,687</u>	<u>48,106</u>	26.2%
INCOME BEFORE GAINS ON DISPOSITIONS OF OPERATING PROPERTIES, EQUITY IN LOSS OF UNCONSOLIDATED SUBSIDIARY AND MINORITY INTERESTS						
	13,690	14,965	(8.5%)	28,436	28,745	(1.1%)
Gains on dispositions of operating properties	4,273		100.0%	3,968		100.0%
Equity in loss of unconsolidated subsidiary	<u>(24)</u>	<u>(14)</u>	71.4%	<u>(17)</u>	<u>(14)</u>	21.4%
INCOME BEFORE MINORITY INTERESTS	<u>17,939</u>	<u>14,951</u>	20.0%	<u>32,387</u>	<u>28,731</u>	12.7%
MINORITY INTERESTS:						
Distributions on Cumulative Redeemable						
Preferred units	(3,375)	(2,335)	44.5%	(6,750)	(4,669)	44.6%
Minority interest in earnings of Operating Partnership	(1,843)	(1,820)	1.3%	(3,215)	(3,356)	(4.2%)
Minority interest in earnings of Development LLCs	83		100.0%	(41)		100.0%
Total minority interests	<u>(5,135)</u>	<u>(4,155)</u>	23.6%	<u>(10,006)</u>	<u>(8,025)</u>	24.7%
NET INCOME	<u>\$12,804</u>	<u>\$10,796</u>	18.6%	<u>\$22,381</u>	<u>\$20,706</u>	8.1%
Weighted average shares outstanding - basic	26,259	27,629		26,744	27,631	
Weighted average shares outstanding - diluted	26,348	27,713		26,788	27,674	
NET INCOME PER COMMON SHARE:						
Income per common share - basic	<u>\$0.49</u>	<u>\$0.39</u>	25.6%	<u>\$0.84</u>	<u>\$0.75</u>	12.0%
Income per common share - diluted	<u>\$0.49</u>	<u>\$0.39</u>	25.6%	<u>\$0.84</u>	<u>\$0.75</u>	12.0%

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2000	1999	% Change	2000	1999	% Change
FUNDS FROM OPERATIONS:						
Net income	\$12,804	\$10,796	18.6%	\$22,381	\$20,706	8.1%
Add:						
Minority interest in earnings of Operating Partnership	1,843	1,820	1.3%	3,215	3,356	(4.2%)
Depreciation and amortization	9,645	7,460	29.3%	18,968	14,677	29.2%
Gains on dispositions of operating properties	(4,273)		100.0%	(3,968)		100.0%
Non-cash amortization of restricted stock grants ⁽¹⁾	134	127	5.5%	236	254	(7.1%)
Funds From Operations	<u>\$20,153</u>	<u>\$20,203</u>	(0.2%)	<u>\$40,832</u>	<u>\$38,993</u>	4.7%
Weighted average common shares/units outstanding - basic	30,041	32,302		30,586	32,109	
Weighted average common shares/units outstanding - diluted	30,131	32,386		30,630	32,151	
Funds From Operations per common share/unit - basic	<u>\$0.67</u>	<u>\$0.63</u>	6.3%	<u>\$1.33</u>	<u>\$1.21</u>	9.9%
Funds From Operations per common share/unit - diluted	<u>\$0.67</u>	<u>\$0.62</u>	8.1%	<u>\$1.33</u>	<u>\$1.21</u>	9.9%
FUNDS AVAILABLE FOR DISTRIBUTION:						
Funds From Operations	\$20,153	\$20,203	(0.2%)	\$40,832	\$38,993	4.7%
Adjustments:						
Amortization of deferred financing costs	487	269	81.0%	693	563	23.1%
Tenant improvements, leasing commissions and recurring capital expenditures	(1,827)	(849)	115.2%	(2,731)	(1,950)	40.1%
Net effect of straight-line rents	(1,549)	(1,220)	27.0%	(3,057)	(2,609)	17.2%
Funds Available for Distribution	<u>\$17,264</u>	<u>\$18,403</u>	(6.2%)	<u>\$35,737</u>	<u>\$34,997</u>	2.1%
Funds Available for Distribution per common share/unit - basic	<u>\$0.57</u>	<u>\$0.57</u>	--	<u>\$1.17</u>	<u>\$1.09</u>	7.3%
Funds Available for Distribution per common share/unit - diluted	<u>\$0.57</u>	<u>\$0.57</u>	--	<u>\$1.17</u>	<u>\$1.09</u>	7.3%

(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 June 30, 2000.

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Net Operating Income Breakdown

	Six Months Ended <u>June 30, 2000</u>
% OF TOTAL NOI BY SEGMENT TYPE:	
<i>Office:</i>	
Los Angeles	35.5%
Orange County	4.6%
San Diego	21.0%
Other	<u>6.4%</u>
Subtotal	<u>67.5%</u>
 <i>Industrial:</i>	
Los Angeles	3.9%
Orange County	19.8%
San Diego	0.7%
Other	<u>8.1%</u>
Subtotal	<u>32.5%</u>
 % OF TOTAL NOI BY REGION:	
Los Angeles	39.4%
Orange County	24.4%
San Diego	21.7%
Other	<u>14.5%</u>
Total Portfolio	<u>100.0%</u>

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2000	1999	\$ Change	% Change	2000	1999	\$ Change	% Change
TOTAL SAME STORE PORTFOLIO								
<i>Operating Revenues:</i>								
Rental revenues	\$32,847	\$30,671	\$2,176	7.1%	\$64,725	\$61,152	\$3,573	5.8%
Tenant reimbursements	4,045	3,878	167	4.3%	8,143	7,869	274	3.5%
Other property income	145	294	(149)	(50.7%)	1,213	372	841	226.1%
Total operating revenues	<u>\$37,037</u>	<u>\$34,843</u>	<u>\$2,194</u>	6.3%	<u>\$74,081</u>	<u>\$69,393</u>	<u>\$4,688</u>	6.8%
<i>Operating Expenses:</i>								
Property expenses	\$5,409	\$4,931	\$478	9.7%	\$10,333	\$9,828	\$505	5.1%
Real estate taxes	2,491	2,598	(107)	(4.1%)	5,278	5,371	(93)	(1.7%)
Ground leases	360	320	40	12.5%	712	644	68	10.6%
Total operating expenses	<u>\$8,260</u>	<u>\$7,849</u>	<u>\$411</u>	5.2%	<u>\$16,323</u>	<u>\$15,843</u>	<u>\$480</u>	3.0%
Net Operating Income	<u>\$28,777</u>	<u>\$26,994</u>	<u>\$1,783</u>	6.6%	<u>\$57,758</u>	<u>\$53,550</u>	<u>\$4,208</u>	7.9%

Average Occupancy - Same Store Portfolio						
	Three Months Ended June 30,			Six Months Ended June 30,		
	2000	1999	% Change	2000	1999	% Change
Office	96.0%	93.2%	2.8%	96.8%	94.2%	2.6%
Industrial	99.5%	97.6%	1.9%	99.7%	98.6%	1.1%
Total	<u>97.8%</u>	<u>95.4%</u>	<u>2.4%</u>	<u>98.2%</u>	<u>96.4%</u>	<u>1.8%</u>

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

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Stabilized Portfolio Occupancy Overview

	# of Buildings	Square Feet			Occupancy at:		
		Total	Leased	Available	6/30/00	3/31/00	12/31/99
OCCUPANCY BY SEGMENT TYPE:							
<i>Office:</i>							
Los Angeles	28	2,554,453	2,497,491	56,962	97.8%	97.6%	97.4%
Orange County	17	778,837	674,660	104,177	86.6%	86.0%	85.9%
San Diego	31	2,289,849	2,233,547	56,302	97.5%	99.1%	99.1%
Other	<u>6</u>	709,615	686,275	23,340	96.7%	98.3%	98.7%
Subtotal	<u>82</u>	<u>6,332,754</u>	<u>6,091,973</u>	<u>240,781</u>	96.2%	96.5%	96.4%
<i>Industrial:</i>							
Los Angeles	7	554,225	539,537	14,688	97.3%	78.6%	99.2%
Orange County	62	4,392,965	4,306,063	86,902	98.0%	98.6%	96.4%
San Diego	1	39,669	39,669	-	100.0%	100.0%	100.0%
Other	<u>13</u>	1,251,507	1,251,507	-	100.0%	100.0%	97.2%
Subtotal	<u>83</u>	<u>6,238,366</u>	<u>6,136,776</u>	<u>101,590</u>	98.4%	97.2%	96.9%
OCCUPANCY BY REGION:							
Los Angeles	35	3,108,678	3,037,028	71,650	97.7%	94.2%	97.7%
Orange County	79	5,171,802	4,980,723	191,079	96.3%	96.5%	94.7%
San Diego	32	2,329,518	2,273,216	56,302	97.6%	99.2%	99.2%
Other	<u>19</u>	<u>1,961,122</u>	<u>1,937,782</u>	<u>23,340</u>	98.8%	99.4%	97.8%
TOTAL PORTFOLIO	<u>165</u>	<u>12,571,120</u>	<u>12,228,749</u>	<u>342,371</u>	97.3%	96.8%	96.7%

AVERAGE OCCUPANCY - STABILIZED PORTFOLIO			
	<u>Office</u>	<u>Industrial</u>	<u>Total</u>
2nd Quarter	96.3%	97.8%	97.0%
Year-to-date	96.3%	97.6%	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	12	7	67,296	28,060	\$8.68	\$0.06	30.8%	26.8%	67.5%	50
Industrial	<u>7</u>	<u>4</u>	<u>124,446</u>	<u>28,426</u>	<u>\$1.19</u>	<u>\$0.05</u>	<u>7.7%</u>	<u>4.6%</u>	<u>20.7%</u>	<u>148</u>
Total	<u>19</u>	<u>11</u>	<u>191,742</u>	<u>56,486</u>	<u>\$5.95</u>	<u>\$0.05</u>	<u>26.3%</u>	<u>22.5%</u>	<u>42.3%</u>	<u>112</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	21	22	85,623	117,765	\$5.08	\$0.07	24.7%	21.9%	65.3%	36
Industrial	<u>20</u>	<u>19</u>	<u>321,286</u>	<u>353,253</u>	<u>\$2.01</u>	<u>\$0.05</u>	<u>33.3%</u>	<u>28.2%</u>	<u>55.3%</u>	<u>86</u>
Total	<u>41</u>	<u>41</u>	<u>406,909</u>	<u>471,018</u>	<u>\$2.84</u>	<u>\$0.06</u>	<u>28.6%</u>	<u>24.8%</u>	<u>58.2%</u>	<u>74</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)

Year of Expiration	# of Expiring Leases	Total Square Feet	% of Total Leased Sq. Ft.	Annual Base Rent	Annual Rent per Sq. Ft.
OFFICE:					
Remaining 2000	41	151,494	2.6%	\$3,143	\$20.75
2001	75	940,932	16.4%	15,773	16.76
2002	60	456,051	7.9%	7,571	16.60
2003	47	251,124	4.4%	4,914	19.57
2004	51	825,277	14.4%	18,589	22.52
2005	33	810,286	14.1%	12,556	15.50
2006	16	419,941	7.3%	8,354	19.89
2007	11	542,419	9.4%	10,262	18.92
2008	6	313,092	5.4%	6,225	19.88
2009 and Beyond	<u>15</u>	<u>1,039,463</u>	<u>18.1%</u>	<u>27,472</u>	26.43
Subtotal	<u>355</u>	<u>5,750,079</u>	<u>100.0%</u>	<u>\$114,859</u>	\$19.98
INDUSTRIAL:					
Remaining 2000	32	708,986	11.3%	\$6,979	\$9.84
2001	70	798,374	12.7%	5,620	7.04
2002	44	325,195	5.2%	2,962	9.11
2003	36	817,838	13.0%	6,731	8.23
2004	16	556,705	8.9%	4,251	7.64
2005	15	709,924	11.3%	5,692	8.02
2006	8	580,116	9.3%	5,290	9.12
2007	4	235,703	3.8%	2,719	11.54
2008	6	749,566	12.0%	5,779	7.71
2009 and Beyond	<u>13</u>	<u>788,915</u>	<u>12.5%</u>	<u>7,405</u>	9.39
Subtotal	<u>244</u>	<u>6,271,322</u>	<u>100.0%</u>	<u>\$53,428</u>	\$8.52
TOTAL PORTFOLIO:					
Remaining 2000	73	860,480	7.2%	\$10,122	\$11.76
2001	145	1,739,306	14.5%	21,393	12.30
2002	104	781,246	6.5%	10,533	13.48
2003	83	1,068,962	8.9%	11,645	10.89
2004	67	1,381,982	11.5%	22,840	16.53
2005	48	1,520,210	12.6%	18,248	12.00
2006	24	1,000,057	8.3%	13,644	13.64
2007	15	778,122	6.5%	12,981	16.68
2008	12	1,062,658	8.8%	12,004	11.30
2009 and Beyond	<u>28</u>	<u>1,828,378</u>	<u>15.2%</u>	<u>34,877</u>	19.08
Total Portfolio	<u>599</u>	<u>12,021,401</u>	<u>100.0%</u>	<u>\$168,287</u>	\$14.00

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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>
TOTAL YEAR-TO-DATE DISPOSITIONS				<u>373,100</u>	<u>\$40,200</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	Office	1Q 1999	1Q 2000	<u>72,332</u>	<u>\$15,701</u>	100%
2nd QUARTER:							
Peregrine Systems - Bldg 2 ⁽¹⁾	Del Mar	Office	2Q 1999	2Q 2000	129,680	\$26,127	100%
Peregrine Systems - Bldg 5 ⁽¹⁾	Del Mar	Office	3Q 1999	2Q 2000	<u>112,067</u>	<u>22,686</u>	100%
					<u>241,747</u>	<u>\$48,813</u>	100%
TOTAL YEAR-TO-DATE DEVELOPMENTS STABILIZED					<u>314,079</u>	<u>\$64,514</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.

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 does not undertake responsibility to update this information for any unanticipated events which may cause actual results to differ from those expressed or implied by this information.

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In-Process and Committed Development Projects

(\$ in thousands)

Project	Location	Type	Est. Construction Period		Est. Stabilization Date ⁽²⁾	Rentable Square Feet	Total Est. Investment	% Committed ⁽³⁾
			Start Date	Completion Date				
PROJECTS IN LEASE-UP:								
Kilroy Airport Center, Long Beach - 7 Story	Long Beach, CA	Office	2Q 1999	2Q 2000	4Q 2000	192,399	\$31,951	89%
Calabasas Park Centre - Phase I	Calabasas, CA	Office	3Q 1999	2Q 2000	4Q 2000	<u>101,373</u>	<u>18,036</u>	98%
Subtotal						<u>293,772</u>	<u>\$49,987</u>	92%
PROJECTS UNDER CONSTRUCTION:								
Calabasas Park Centre - Phase II	Calabasas, CA	Office	2Q 2000	1Q 2001	1Q 2002	98,706	\$18,595	0%
Innovation Corporate Center - Lot 1 & Lot A	San Diego, CA	Office	4Q 1999	3Q 2000	3Q 2000	103,000	17,637	100%
Innovation Corporate Center - Lot 8	San Diego, CA	Office	2Q 2000	1Q 2001	1Q 2002	48,833	7,642	0%
Innovation Corporate Center - Lot 12	San Diego, CA	Office	2Q 2000	1Q 2001	1Q 2002	70,617	10,927	0%
Pacific Technology Center	San Diego, CA	Office	1Q 2000	4Q 2000	4Q 2001	65,671	10,974	0%
Peregrine Systems Corporate Center - Bldg. 3 ⁽¹⁾	Del Mar, CA	Office	2Q 2000	2Q 2001	2Q 2002	127,853	27,831	100%
Sorrento Gateway - Lot 5 ⁽¹⁾	San Diego, CA	Office	1Q 2000	4Q 2000	4Q 2000	75,520	18,275	100%
Sorrento Business Park II	San Diego, CA	Office	2Q 2000	2Q 2001	2Q 2001	102,875	25,262	100%
Sorrento Rim - Parcel C	San Diego, CA	Office	1Q 2000	3Q 2000	3Q 2000	62,415	8,256	100%
Westside Media Center - Phase II	West LA, CA	Office	3Q 1999	4Q 2000	4Q 2000	<u>151,000</u>	<u>42,799</u>	100%
Subtotal						<u>906,490</u>	<u>\$188,198</u>	69%
TOTAL PROJECTS IN LEASE-UP AND UNDER CONSTRUCTION						<u>1,200,262</u>	<u>\$238,185</u>	74%
COMMITTED DEVELOPMENT:								
Calabasas Park Centre - Phase III	Calabasas, CA	Office	3Q 2000	1Q 2001	1Q 2002	11,744	\$2,187	0%
Sorrento Gateway - Lot 4 ⁽¹⁾	San Diego, CA	Office	1Q 2001	4Q 2001	4Q 2001	<u>60,060</u>	<u>15,193</u>	100%
Subtotal						<u>71,804</u>	<u>\$17,380</u>	84%
TOTAL IN-PROCESS AND COMMITTED DEVELOPMENT PROJECTS						<u>1,272,066</u>	<u>\$255,565</u>	75%

(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.

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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>\$47,256</u>
SAN DIEGO COUNTY:				
Innovation Corporate Center - Lot 2	San Diego, CA	Office	52,000	\$8,587
Innovation Corporate Center - Lot 4	San Diego, CA	Office	75,000	11,023
Innovation Corporate Center - Lot 9	San Diego, CA	Office	65,500	9,869
Innovation Corporate Center - Lot 10	San Diego, CA	Office	36,500	5,961
Pacific Corporate Center - Lots 3, 4 & 6	San Diego, CA	Office	218,250	37,293
Pacific Corporate Center - Lot 8	San Diego, CA	Office	116,379	20,919
Pacific Corporate Center - Lots 25 & 27	San Diego, CA	Office	63,620	10,439
Peregrine Systems Corporate Center - Bldg. 4 ⁽¹⁾	San Diego, CA	Office	118,061	27,709
Santa Fe Summit - Phase 1	San Diego, CA	Office	150,000	29,044
Santa Fe Summit - Phase 2	San Diego, CA	Office	150,000	29,850
Sorrento Gateway - Lot 1	San Diego, CA	Office	54,878	10,167
Sorrento Gateway - Lot 2 ⁽¹⁾	San Diego, CA	Office	125,000	22,554
Sorrento Gateway - Lot 3 ⁽¹⁾	San Diego, CA	Office	56,000	10,311
Sorrento Gateway - Lot 7 ⁽¹⁾	San Diego, CA	Office	<u>57,000</u>	<u>10,574</u>
			<u>1,338,188</u>	<u>\$244,300</u>
TOTAL FUTURE DEVELOPMENT PIPELINE			<u>1,489,188</u>	<u>\$291,556</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 June 30, 2000 (\$ in thousands)

	Shares/Units at June 30, 2000	Aggregate Principal Amount or \$ Value Equivalent	% of Total Market Capitalization
DEBT:			
Unsecured Line of Credit		\$305,000	18.7%
Mortgage Loans		<u>386,034</u>	<u>23.7%</u>
Total Debt		<u>\$691,034</u>	<u>42.4%</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	97,198	6.0%
Common Shares outstanding ⁽²⁾	26,455,400	<u>686,187</u>	<u>42.1%</u>
Total Equity		<u>\$938,385</u>	<u>57.6%</u>
TOTAL MARKET CAPITALIZATION		<u>\$1,629,419</u>	<u>100.0%</u>

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

(2) Valued based on closing share price of \$25 15/16 at June 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		
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 June 30, 2000 (\$ in thousands)

MORTGAGE DEBT PRINCIPAL REPAYMENT SCHEDULE						
2000	2001	2002	2003	2004	Thereafter	Total
\$2,557	\$5,477	\$38,310	\$104,902	\$6,922	\$227,866	\$386,034

DEBT COMPOSITION			
	<u>% of</u>	<u>Weighted Average</u>	
	<u>Total Debt</u>	<u>Interest Rate</u>	<u>Maturity</u>
Secured vs. Unsecured Debt:			
Secured Debt	55.9%	8.1%	6.4
Unsecured Debt	44.1%	8.3%	4.7
Floating vs. Fixed Rate Debt:			
Fixed Rate Debt ^{(1) (5)}	56.7%	8.1%	6.1
Floating Rate Debt ^{(2) (3) (4)}	43.3%	8.3%	2.7
Total Debt		8.2%	4.5

UNSECURED LINE OF CREDIT		
<u>Total Line</u>	<u>Outstanding Balance</u>	<u>Expiration Date</u>
\$400,000	\$305,000	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 June 30, 2000, the Company had an interest-rate cap agreement to cap LIBOR on \$150 million of its floating rate debt at 6.5% which expires in July 2000.
- (3) The Company has entered into an 18-month interest-rate cap agreement to cap LIBOR on \$150 million of its floating rate debt at 6.5% starting in July 2000 and expiring in January 2002.
- (4) The Company, through one of its Development LLCs, has entered into an 24-month interest-rate cap agreement to cap LIBOR on its floating rate construction debt at 8.5%. The notional amount of the cap will increase over the 24-month period as the balance of the construction loan increases. At June 30, 2000 the notional amount of the cap was approximately \$31.2 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 82.9% of its total outstanding debt at June 30, 2000.