



Third Quarter 1999 Supplemental Financial Report

	<u>Page</u>
Financial Highlights	1
Consolidated Balance Sheets	2
Consolidated Statements of Operations	3
Funds from Operations and Funds Available for Distribution	4
Net Operating Income Breakdown	5
Same Store Analysis	6
Stabilized Portfolio and Occupancy Overview	7
Leasing Activity	8
Lease Expiration Schedule	9
Acquisitions	10
Dispositions	11
Stabilized Development	12
In-Process and Committed Development Projects	13
Future Development Pipeline	14
Capital Structure	15
Debt Analysis	16

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

Third Quarter 1999 Supplemental Financial Report

Financial Highlights

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	1999	1998	% Change	1999	1998	% Change
INCOME ITEMS:						
Revenues	\$40,202	\$34,519	16.5%	\$117,053	\$97,794	19.7%
Net Operating Income	31,470	26,377	19.3%	90,705	74,579	21.6%
Net Income	10,911	9,985	9.3%	31,617	28,649	10.4%
Funds From Operations	20,693	18,351	12.8%	59,686	52,306	14.1%
Funds Available for Distribution	17,669	16,317	8.3%	52,666	47,783	10.2%
Funds From Operations per share – diluted	\$0.64	\$0.58	10.3%	\$1.85	\$1.71	8.2%
Funds Available for Distribution per share – diluted	0.55	0.52	5.8%	1.64	1.56	5.1%
Dividend per share	\$0.420	\$0.405	3.7%	\$1.260	\$1.215	3.7%
RATIOS:						
Interest Coverage Ratio (1)	3.1x	3.4x		3.3x	3.5x	
Fixed Charge Coverage Ratio (2)	2.5x	2.9x		2.6x	2.9x	
FFO Payout Ratio (3)	65.6%	69.8%	(4.2%)	68.2%	72.7%	(4.5%)
FAD Payout Ratio (4)	76.8%	78.5%	(1.7%)	77.3%	79.6%	(2.3%)

	Sept. 30, 1999	Dec. 31, 1998	% Change
ASSETS:			
Investments in Real Estate before Depreciation	\$1,354,043	\$1,194,284	13.4%
Total Assets	1,244,920	1,105,928	12.6%
CAPITALIZATION:			
Total Debt	\$526,667	\$405,383	29.9%
Total Preferred Stock (5)	110,000	110,000	--
Total Market Equity Value (5)	682,382	732,322	(6.8%)
Total Market Capitalization (5)	1,319,049	1,247,705	5.7%
Total Debt / Total Market Capitalization	39.9%	32.5%	7.3%

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

(2) Calculated as earnings before gross interest expense and depreciation and amortization divided by gross 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 15.

Kilroy Realty Corporation

Third Quarter 1999 Supplemental Financial Report

Consolidated Balance Sheets

(unaudited, \$ in thousands)

	<u>September 30,</u> <u>1999</u>	<u>December 31,</u> <u>1998</u>
ASSETS:		
Land and improvements	\$279,499	\$253,500
Buildings and improvements	935,152	828,425
Undeveloped land and construction in progress, net	<u>139,392</u>	<u>112,359</u>
Total investment in real estate	1,354,043	1,194,284
Accumulated depreciation and amortization	<u>(165,000)</u>	<u>(145,437)</u>
Investment in real estate, net	1,189,043	1,048,847
Cash and cash equivalents	6,857	6,443
Restricted cash	7,451	6,896
Tenant receivables, net	17,006	15,630
Notes receivable from related parties	--	8,798
Deferred financing and leasing costs, net	22,160	16,168
Prepaid expenses and other assets	<u>2,403</u>	<u>3,146</u>
TOTAL ASSETS	<u>\$1,244,920</u>	<u>\$1,105,928</u>
LIABILITIES AND STOCKHOLDERS' EQUITY:		
<i>Liabilities:</i>		
Mortgage debt	\$236,667	\$133,383
Unsecured line of credit	290,000	272,000
Accounts payable and accrued expenses	16,334	16,791
Accrued distributions	13,567	12,895
Rents received in advance and tenant security deposits	<u>16,222</u>	<u>14,460</u>
Total liabilities	572,790	449,529
<i>Minority Interests:</i>		
8.075% Series A Cumulative Redeemable Preferred unitholders	73,716	73,718
9.375% Series C Cumulative Redeemable Preferred unitholders	34,464	34,410
Common unitholders	75,646	72,372
Development LLCs	<u>9,766</u>	<u>--</u>
Total minority interests	193,592	180,500
<i>Stockholders' Equity:</i>		
Common stock	279	276
Additional paid-in capital	493,409	487,467
Distributions in excess of earnings	<u>(15,150)</u>	<u>(11,844)</u>
Total stockholders' equity	478,538	475,899
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	<u>\$1,244,920</u>	<u>\$1,105,928</u>

Kilroy Realty Corporation

Third Quarter 1999 Supplemental Financial Report

Consolidated Statements of Operations

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	1999	1998	% Change	1999	1998	% Change
REVENUES:						
Rental income	\$34,959	\$30,369	15.1%	\$101,941	\$84,817	20.2%
Tenant reimbursements	4,214	3,768	11.8%	12,530	10,845	15.5%
Interest income	239	308	(22.4%)	860	1,191	(27.8%)
Other income	<u>790</u>	<u>74</u>	967.6%	<u>1,722</u>	<u>941</u>	83.0%
Total revenues	<u>40,202</u>	<u>34,519</u>	16.5%	<u>117,053</u>	<u>97,794</u>	19.7%
EXPENSES:						
Property expenses	5,054	4,732	6.8%	15,517	13,769	12.7%
Real estate taxes	3,108	2,800	11.0%	8,969	7,358	21.9%
General and administrative expenses	2,266	1,797	26.1%	6,781	5,499	23.3%
Ground leases	331	302	9.6%	1,002	897	11.7%
Interest expense	6,501	5,263	23.5%	18,420	14,642	25.8%
Depreciation and amortization	<u>7,900</u>	<u>6,740</u>	17.2%	<u>22,577</u>	<u>19,159</u>	17.8%
Total expenses	<u>25,160</u>	<u>21,634</u>	16.3%	<u>73,266</u>	<u>61,324</u>	19.5%
INCOME BEFORE GAIN ON SALE OF OPERATING PROPERTIES, EQUITY IN (LOSS) INCOME OF UNCONSOLIDATED SUBSIDIARY AND MINORITY INTERESTS						
	15,042	12,885	16.7%	43,787	36,470	20.1%
Gain on sale of operating properties	75	--	100.0%	75	--	100.0%
Equity in (loss) income of unconsolidated subsidiary	<u>(8)</u>	<u>1</u>	(900.0%)	<u>(22)</u>	<u>(24)</u>	(8.3%)
INCOME BEFORE MINORITY INTERESTS	<u>15,109</u>	<u>12,886</u>	17.3%	<u>43,840</u>	<u>36,446</u>	20.3%
MINORITY INTERESTS:						
Distributions on Cumulative Redeemable Preferred units	(2,334)	(1,450)	61.0%	(7,003)	(3,704)	89.1%
Minority interest in earnings	(1,830)	(1,451)	26.1%	(5,186)	(4,093)	26.7%
Minority interest in earnings of Development LLCs	<u>(34)</u>	<u>--</u>	100.0%	<u>(34)</u>	<u>--</u>	100.0%
Total minority interests	<u>(4,198)</u>	<u>(2,901)</u>	44.7%	<u>(12,223)</u>	<u>(7,797)</u>	56.8%
NET INCOME	<u>\$10,911</u>	<u>\$9,985</u>	9.3%	<u>\$31,617</u>	<u>\$28,649</u>	10.4%
Weighted average shares outstanding - basic	27,658	27,648		27,640	26,770	
Weighted average shares outstanding - diluted	27,677	27,648		27,675	26,865	
NET INCOME PER COMMON SHARE:						
Income per common share - basic	<u>\$0.39</u>	<u>\$0.36</u>	8.3%	<u>\$1.14</u>	<u>\$1.07</u>	6.5%
Income per common share - diluted	<u>\$0.39</u>	<u>\$0.36</u>	8.3%	<u>\$1.14</u>	<u>\$1.07</u>	6.5%

Kilroy Realty Corporation

Third Quarter 1999 Supplemental Financial Report

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	1999	1998	% Change	1999	1998	% Change
FUNDS FROM OPERATIONS:						
Net income	\$10,911	\$9,985	9.3%	\$31,617	\$28,649	10.4%
Adjustments:						
Minority interest in earnings	1,830	1,451	26.1%	5,186	4,093	26.7%
Depreciation and amortization	7,900	6,740	17.2%	22,577	19,159	17.8%
Gain on sale of operating properties	(75)	--	100.0%	(75)	--	100.0%
Other	<u>127</u>	<u>175</u>	(27.4%)	<u>381</u>	<u>405</u>	(5.9%)
Funds From Operations	<u>\$20,693</u>	<u>\$18,351</u>	12.8%	<u>\$59,686</u>	<u>\$52,306</u>	14.1%
Weighted average common shares/units outstanding - basic	32,302	31,641		32,174	30,579	
Weighted average common shares/units outstanding - diluted	32,321	31,641		32,208	30,673	
Funds From Operations per common share/unit - basic	<u>\$0.64</u>	<u>\$0.58</u>	10.3%	<u>\$1.86</u>	<u>\$1.71</u>	8.8%
Funds From Operations per common share/unit - diluted	<u>\$0.64</u>	<u>\$0.58</u>	10.3%	<u>\$1.85</u>	<u>\$1.71</u>	8.2%
FUNDS AVAILABLE FOR DISTRIBUTION:						
Funds From Operations	\$20,693	\$18,351	12.8%	\$59,686	\$52,306	14.1%
Adjustments:						
Amortization of deferred financing costs	257	203	26.6%	820	708	15.8%
Tenant improvements, leasing commissions and recurring capital expenditures	(1,324)	(826)	60.3%	(3,274)	(2,248)	45.6%
Net effect of straight-line rents	<u>(1,957)</u>	<u>(1,411)</u>	38.7%	<u>(4,566)</u>	<u>(2,983)</u>	53.1%
Funds Available for Distribution	<u>\$17,669</u>	<u>\$16,317</u>	8.3%	<u>\$52,666</u>	<u>\$47,783</u>	10.2%
Funds Available for Distribution per common share/unit - basic	<u>\$0.55</u>	<u>\$0.52</u>	5.8%	<u>\$1.64</u>	<u>\$1.56</u>	5.1%
Funds Available for Distribution per common share/unit - diluted	<u>\$0.55</u>	<u>\$0.52</u>	5.8%	<u>\$1.64</u>	<u>\$1.56</u>	5.1%

Kilroy Realty Corporation
Third Quarter 1999 Supplemental Financial Report

Net Operating Income Breakdown

	Nine Months <u>Ended September 30, 1999</u>
% OF TOTAL NOI BY PRODUCT TYPE:	
<i>Office:</i>	
Los Angeles	35.0%
Orange County	7.9%
San Diego	17.1%
Other	<u>7.1%</u>
Subtotal	<u>67.1%</u>
 <i>Industrial:</i>	
Los Angeles	3.7%
Orange County	19.3%
San Diego	2.0%
Other	<u>7.9%</u>
Subtotal	<u>32.9%</u>
 % OF TOTAL NOI BY REGION:	
Los Angeles	38.7%
Orange County	27.2%
San Diego	19.1%
Other	<u>15.0%</u>
Total	<u>100.0%</u>

Kilroy Realty Corporation

Third Quarter 1999 Supplemental Financial Report

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

	Three Months Ended September 30,				Nine Months Ended September 30,			
	1999	1998	\$ Change	% Change	1999	1998	\$ Change	% Change
TOTAL SAME STORE PORTFOLIO:								
<i>Operating Revenues:</i>								
Rental income	\$24,045	\$23,816	\$229	1.0%	\$72,772	\$70,786	\$1,986	2.8%
Tenant reimbursements	3,188	3,184	4	0.1%	9,793	9,591	202	2.1%
Other property income	<u>711</u>	<u>22</u>	<u>689</u>	3131.8%	<u>1,033</u>	<u>272</u>	<u>761</u>	279.8%
Total operating revenues	<u>27,944</u>	<u>27,022</u>	<u>922</u>	3.4%	<u>83,598</u>	<u>80,649</u>	<u>2,949</u>	3.7%
<i>Operating Expenses:</i>								
Property expenses	3,621	3,685	(64)	(1.7%)	11,025	11,135	(110)	(1.0%)
Real estate taxes	2,103	2,042	61	3.0%	6,240	5,885	355	6.0%
Ground leases	<u>282</u>	<u>266</u>	<u>16</u>	6.0%	<u>852</u>	<u>840</u>	<u>12</u>	1.4%
Total operating expenses	<u>6,006</u>	<u>5,993</u>	<u>13</u>	0.2%	<u>18,117</u>	<u>17,860</u>	<u>257</u>	1.4%
<i>Net Operating Income</i>	<u>\$21,938</u>	<u>\$21,029</u>	<u>\$909</u>	4.3%	<u>\$65,481</u>	<u>\$62,789</u>	<u>\$2,692</u>	4.3%
<i>Average Occupancy</i>	<u>95.0%</u>				<u>95.3%</u>			

(1) Same stores defined as all stabilized properties owned at January 1, 1998 and still owned at September 30, 1999.

Kilroy Realty Corporation

Third Quarter 1999 Supplemental Financial Report

Stabilized Portfolio Occupancy Overview

	# of Buildings	Square Feet			Occupancy at:		
		Total	Leased	Available	9/30/99	6/30/99	12/31/98
OCCUPANCY BY PRODUCT TYPE:							
<i>Office:</i>							
Los Angeles	28	2,554,365	2,362,882	191,483	92.5%	95.0%	95.6%
Orange County	27	1,021,882	823,990	197,892	80.6%	79.7%	92.9%
San Diego	27	1,923,395	1,905,174	18,221	99.1%	96.7%	100.0%
Other	<u>6</u>	<u>709,614</u>	<u>696,310</u>	<u>13,304</u>	98.1%	97.1%	91.1%
Subtotal	<u>88</u>	<u>6,209,256</u>	<u>5,788,356</u>	<u>420,900</u>	93.2%	93.1%	95.7%
<i>Industrial:</i>							
Los Angeles	7	554,225	539,723	14,502	97.4%	98.1%	99.0%
Orange County	66	4,423,353	4,307,719	115,634	97.4%	97.2%	95.4%
San Diego	3	199,351	199,351	-	100.0%	100.0%	100.0%
Other	<u>12</u>	<u>1,173,925</u>	<u>1,153,986</u>	<u>19,939</u>	98.3%	99.9%	95.6%
Subtotal	<u>88</u>	<u>6,350,854</u>	<u>6,200,779</u>	<u>150,075</u>	97.6%	98.0%	96.0%
OCCUPANCY BY REGION:							
Los Angeles	35	3,108,590	2,902,605	205,985	93.4%	95.7%	96.4%
Orange County	93	5,445,235	5,131,709	313,526	94.2%	93.6%	94.9%
San Diego	30	2,122,746	2,104,525	18,221	99.1%	97.1%	100.0%
Other	<u>18</u>	<u>1,883,539</u>	<u>1,850,296</u>	<u>33,243</u>	98.2%	98.9%	94.0%
TOTAL PORTFOLIO	<u>176</u>	<u>12,560,110</u>	<u>11,989,135</u>	<u>570,975</u>	95.5%	95.6%	95.9%

AVERAGE OCCUPANCY - STABILIZED PORTFOLIO			
	<u>Office</u>	<u>Industrial</u>	<u>Total</u>
3rd Quarter	93.2%	97.8%	95.6%
Year-to-Date	94.5%	96.8%	95.7%

Kilroy Realty Corporation

Third Quarter 1999 Supplemental Financial Report

Leasing Activity

3rd Quarter

	# 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>	<u>TI/LC Per Sq.Ft.</u>	<u>Capex Per Sq. Ft.⁽²⁾</u>				
Office	26	17	157,842	56,833	\$12.96	\$0.00	16.5%	11.2%	34.3%	59
Industrial	<u>15</u>	<u>9</u>	<u>54,596</u>	<u>68,542</u>	<u>\$1.19</u>	<u>\$0.02</u>	<u>15.0%</u>	<u>11.0%</u>	<u>79.0%</u>	<u>54</u>
Total	<u>41</u>	<u>26</u>	<u>212,438</u>	<u>125,375</u>	<u>\$7.21</u>	<u>\$0.01</u>	<u>16.2%</u>	<u>11.1%</u>	<u>49.7%</u>	<u>57</u>

Year 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>	<u>TI/LC Per Sq.Ft.</u>	<u>Capex Per Sq. Ft.⁽²⁾</u>				
Office	64	55	492,917	375,287	\$5.46	\$0.06	34.7%	19.1%	43.0%	68
Industrial	<u>58</u>	<u>38</u>	<u>442,787</u>	<u>305,774</u>	<u>\$1.75</u>	<u>\$0.02</u>	<u>16.5%</u>	<u>11.8%</u>	<u>55.5%</u>	<u>53</u>
Total	<u>122</u>	<u>93</u>	<u>935,704</u>	<u>681,061</u>	<u>\$3.64</u>	<u>\$0.03</u>	<u>29.2%</u>	<u>16.9%</u>	<u>47.8%</u>	<u>61</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.

Kilroy Realty Corporation
Third Quarter 1999 Supplemental Financial Report

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 1999	18	101,507	1.8%	\$1,647	\$16.23
2000	104	433,901	7.7%	7,644	17.62
2001	98	1,079,395	19.1%	15,221	14.10
2002	66	608,176	10.7%	9,063	14.90
2003	36	219,551	3.9%	3,827	17.43
2004	41	736,421	13.0%	16,448	22.34
2005	17	680,102	12.0%	9,640	14.17
2006	11	347,610	6.1%	6,145	17.68
2007	10	513,899	9.1%	8,026	15.62
2008 and Beyond	<u>17</u>	<u>944,132</u>	<u>16.7%</u>	<u>18,499</u>	<u>19.59</u>
Subtotal	<u>418</u>	<u>5,664,694</u>	<u>100.0%</u>	<u>\$96,160</u>	<u>\$16.98</u>
INDUSTRIAL:					
Remaining 1999	21	198,101	3.3%	\$1,064	\$5.37
2000	79	933,681	15.7%	6,981	7.48
2001	67	661,567	11.1%	4,752	7.18
2002	32	205,735	3.5%	1,844	8.96
2003	30	782,275	13.1%	5,624	7.19
2004	14	660,432	11.1%	4,779	7.24
2005	5	327,757	5.5%	2,394	7.30
2006	8	657,680	11.0%	5,416	8.24
2007	2	135,885	2.3%	1,081	7.96
2008 and Beyond	<u>15</u>	<u>1,389,733</u>	<u>23.3%</u>	<u>10,150</u>	<u>7.30</u>
Subtotal	<u>273</u>	<u>5,952,846</u>	<u>100.0%</u>	<u>\$44,085</u>	<u>\$7.41</u>
TOTAL PORTFOLIO:					
Remaining 1999	39	299,608	2.6%	\$2,711	\$9.05
2000	183	1,367,582	11.8%	14,625	10.69
2001	165	1,740,962	15.0%	19,973	11.47
2002	98	813,911	7.0%	10,907	13.40
2003	66	1,001,826	8.6%	9,451	9.43
2004	55	1,396,853	12.0%	21,227	15.20
2005	22	1,007,859	8.7%	12,034	11.94
2006	19	1,005,290	8.7%	11,561	11.50
2007	12	649,784	5.6%	9,107	14.02
2008 and Beyond	<u>32</u>	<u>2,333,865</u>	<u>20.1%</u>	<u>28,649</u>	<u>12.28</u>
Total	<u>691</u>	<u>11,617,540</u>	<u>100.0%</u>	<u>\$140,245</u>	<u>\$12.07</u>

Kilroy Realty Corporation

Third Quarter 1999 Supplemental Financial Report

1999 Acquisitions (*\$ in thousands*)

Property	Location	Type	Month of Acquisition	Square Feet	Estimated Investment	Occupancy
1st QUARTER:						
9785 & 9791 Towne Center Drive	San Diego, CA	Office	March	<u>126,000</u>	<u>\$21,090</u>	<u>100%</u>
2nd QUARTER:						
None						
3rd QUARTER:						
4690 Executive Drive	San Diego, CA	Office	July	<u>50,900</u>	<u>\$9,520</u>	<u>100%</u>
TOTAL YEAR-TO-DATE ACQUISITIONS				<u>176,900</u>	<u>\$30,610</u>	<u>100%</u>

Kilroy Realty Corporation

Third Quarter 1999 Supplemental Financial Report

1999 Dispositions (*\$ in thousands*)

Property	Location	Type	Month Of Disposition	Square Feet	Sales Price	Net Gain on Sale
1st QUARTER:						
None						
2nd QUARTER:						
None						
3rd QUARTER:						
4880 Colt Street	Ventura, CA	Industrial	August	125,500	\$5,400	\$32
821 South Rockefeller Avenue	Ontario, CA	Industrial	August	<u>153,600</u>	<u>5,600</u>	<u>43</u>
				<u>279,100</u>	<u>\$11,000</u>	<u>\$75</u>
TOTAL YEAR-TO-DATE DISPOSITIONS				<u>279,100</u>	<u>\$11,000</u>	<u>\$75</u>

Kilroy Realty Corporation

Third Quarter 1999 Supplemental Financial Report

Stabilized Development (*\$ in thousands*)

Project	Location	Type	Start Date	Completion Date	Rentable Square Feet	Total Est. Investment	Occupancy
1st QUARTER:							
None							
2nd QUARTER:							
Intuit Expansion	San Diego, CA	Office	3Q 1998	2Q 1999	<u>71,000</u>	<u>\$8,536</u>	100%
3rd QUARTER:							
Anaheim Technology Center - Phase II	Anaheim, CA	Industrial	4Q 1998	2Q 1999	211,442	\$14,501	100%
Kilroy Airport Center Long Beach - 5 Story	Long Beach, CA	Office	1Q 1998	1Q 1999	136,026	22,144	100%
San Diego Corporate Center	Del Mar, CA	Office	4Q 1998	2Q 1999	39,965	6,089	100%
Sorrento Gateway - Epicor-Phase I ⁽¹⁾	San Diego, CA	Office	4Q 1998	3Q 1999	<u>172,778</u>	<u>25,069</u>	100%
					<u>560,211</u>	<u>\$67,803</u>	100%
TOTAL YEAR-TO-DATE STABILIZED DEVELOPMENT					<u>631,211</u>	<u>\$76,339</u>	100%

(1) Project was developed by an 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.

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

Third Quarter 1999 Supplemental Financial Report

In-Process and Committed Development Projects

(\$ in thousands)

Project	Location	Type	Est. Construction Period		Est. Stabilization Date ⁽²⁾	Square Feet	Estimated Investment	% Committed ⁽³⁾
			Start Date	Finish Date				
PROJECTS IN LEASE-UP:								
Anaheim Technology Center - Phase I	Anaheim, CA	Industrial	3Q 1997	4Q 1998	4Q 1999	379,278	\$22,007	100%
Brea Industrial Complex	Brea, CA	Industrial	3Q 1998	1Q 1999	1Q 2000	<u>178,811</u>	<u>12,366</u>	90%
Subtotal						<u>558,089</u>	<u>\$34,373</u>	97%
PROJECTS UNDER CONSTRUCTION:								
Kilroy Airport Center, Long Beach - 7 Story	Long Beach, CA	Office	2Q 1999	3Q 2000	3Q 2001	191,762	\$31,656	77%
Westside Media Center - Phase II	West LA, CA	Office	2Q 1999	3Q 2000	3Q 2001	151,000	42,227	0%
Calabasas Park Centre - Phase I	Calabasas, CA	Office	3Q 1999	2Q 2000	4Q 2000	101,646	18,004	51%
Brobeck, Phleger & Harrison	Del Mar, CA	Office	1Q 1999	1Q 2000	1Q 2000	72,332	15,474	100%
Peregrine Systems Corporate Ctr - Bld. 1 ⁽¹⁾	Del Mar, CA	Office	4Q 1998	4Q 1999	4Q 1999	52,375	10,383	100%
Peregrine Systems Corporate Ctr - Bld. 2 ⁽¹⁾	Del Mar, CA	Office	2Q 1999	2Q 2000	2Q 2000	129,680	26,415	100%
Peregrine Systems Corporate Ctr - Bld. 5 ⁽¹⁾	Del Mar, CA	Office	3Q 1999	3Q 2000	3Q 2000	<u>112,067</u>	<u>22,710</u>	100%
Subtotal						<u>810,862</u>	<u>\$166,869</u>	70%
TOTAL PROJECTS IN LEASE UP AND UNDER CONSTRUCTION						<u>1,368,951</u>	<u>\$201,242</u>	81%
COMMITTED DEVELOPMENT:								
Carmel Mountain Technology Center	San Diego, CA	Office	4Q 1999	3Q 2000	1Q 2001	103,000	\$16,496	50%
Peregrine Systems Corporate Ctr - Bld. 3 ⁽¹⁾	Del Mar, CA	Office	2Q 2000	2Q 2001	2Q 2002	127,853	27,512	100%
Sorrento Rim - Parcel C	San Diego, CA	Office	3Q 2000	2Q 2001	2Q 2001	<u>58,000</u>	<u>8,397</u>	100%
Subtotal						<u>288,853</u>	<u>\$52,405</u>	82%
TOTAL IN-PROCESS AND COMMITTED DEVELOPMENT PROJECTS						<u>1,657,804</u>	<u>\$253,647</u>	81%

(1) Project is being developed by an 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.

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

Third Quarter 1999 Supplemental Financial Report

Future Development Pipeline (\$ in thousands)

Project	Location	Type	Square Feet	Estimated Investment
LOS ANGELES COUNTY:				
Westside Media Center - Phase III	West LA, CA	Office	151,000	\$44,227
Calabasas Park Centre - Phase II	Calabasas, CA	Office	98,630	18,150
Calabasas Park Centre - Phase III	Calabasas, CA	Office	<u>6,942</u>	<u>1,322</u>
Subtotal			<u>256,572</u>	<u>\$63,699</u>
SAN DIEGO COUNTY:				
Peregrine Systems Corporate Ctr - Bld. 4 ⁽¹⁾	San Diego, CA	Office	118,061	\$27,295
McKellar Corporate Center	San Diego, CA	Office	65,000	8,493
Pacific Corporate Center - Lots 25 & 27	San Diego, CA	Office	63,620	9,777
Pacific Corporate Center - Lots 3, 4 & 6	San Diego, CA	Office	220,000	30,521
Pacific Corporate Center - Lot 8	San Diego, CA	Office	115,192	20,167
Sorrento Gateway - Lot 7 ⁽¹⁾	San Diego, CA	Office	57,000	9,598
Sorrento Gateway - Lot 1	San Diego, CA	Office	50,000	8,112
Sorrento Gateway - Lot 2 ⁽¹⁾	San Diego, CA	Office	63,355	10,409
Sorrento Gateway - Lot 3 ⁽¹⁾	San Diego, CA	Office	48,956	8,356
Sorrento Gateway - Lots 4 & 5 ⁽¹⁾	San Diego, CA	Office	97,911	16,229
Sorrento Rim Business Park II	San Diego, CA	Office	<u>123,700</u>	<u>17,472</u>
			<u>1,022,795</u>	<u>\$166,429</u>
TOTAL FUTURE DEVELOPMENT PIPELINE			<u>1,279,367</u>	<u>\$230,128</u>

(1) Project is being developed by an 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 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

Third Quarter 1999 Supplemental Financial Report

Capital Structure At September 30, 1999 (*\$ in thousands*)

	Shares/Units at Sept. 30, 1999	Aggregate Principal Amount or \$ Value Equivalent	% of Total Market Capitalization
DEBT:			
Line of Credit		\$290,000	22.0%
Mortgage Loans		<u>236,667</u>	<u>17.9%</u>
Total Debt		<u>\$526,667</u>	<u>39.9%</u>
EQUITY:			
8.075% Series A Cumulative Redeemable Preferred Units ⁽¹⁾	1,500,000	\$75,000	5.7%
9.375% Series C Cumulative Redeemable Preferred Units ⁽¹⁾	700,000	35,000	2.7%
Common Units Outstanding ⁽²⁾	4,407,902	93,117	7.1%
Common Shares Outstanding ⁽²⁾	27,894,210	<u>589,265</u>	<u>44.7%</u>
Total Equity		<u>\$792,382</u>	<u>60.1%</u>
TOTAL MARKET CAPITALIZATION		<u>\$1,319,049</u>	<u>100.0%</u>

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

(2) Valued based on closing share price of \$21 1/8 at September 30, 1999.

Kilroy Realty Corporation

Third Quarter 1999 Supplemental Financial Report

Debt Analysis At September 30, 1999 (\$ in thousands)

MORTGAGE DEBT MATURITY SCHEDULE						
1999	2000	2001	2002	2003	Thereafter	Total
\$1,032	\$4,825	\$5,115	\$5,637	\$6,092	\$213,966	\$236,667

DEBT COMPOSITION			
	% of	<u>Weighted Average</u>	
	<u>Total Debt</u>	<u>Interest Rate</u>	<u>Maturity</u>
<i>Secured vs. Unsecured Debt:</i>			
Secured Debt	44.9%	7.7%	9.3
Unsecured Debt	55.1%	6.7%	0.3
<i>Floating vs. Fixed Rate Debt:</i>			
Fixed Rate Debt	44.9%	7.7%	9.3
Floating Rate Debt ⁽¹⁾	55.1%	6.7%	0.3
Total Debt		7.2%	4.4

UNSECURED LINE OF CREDIT		
<u>Total Line</u>	<u>Outstanding Balance</u>	<u>Expiration Date</u>
\$350,000	\$290,000	February 2000

(1) The Company currently has a \$150 million interest rate cap on its floating rate debt.