



## First Quarter 1999 Supplemental Financial Report

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# Kilroy Realty Corporation

## First Quarter 1999 Supplemental Financial Report

### Financial Highlights

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

	Three Months Ended March 31,		% Change
	1999	1998	
<b>INCOME ITEMS:</b>			
Revenues	\$37,550	\$28,951	29.7%
Net Operating Income	28,861	22,795	26.6%
Net Income	9,910	8,879	11.6%
Funds From Operations	18,790	16,061	17.0%
Funds Available for Distribution	16,594	15,125	9.7%
Funds From Operations per share – diluted	\$0.59	\$0.56	5.4%
Funds Available for Distribution per share – diluted	0.52	0.52	--
Dividend per share	\$0.420	\$0.405	3.7%
<b>RATIOS:</b>			
Interest Coverage Ratio <sup>(1)</sup>	3.5x	3.5x	
Fixed Charge Coverage Ratio <sup>(2)</sup>	2.7x	3.1x	
FFO Payout Ratio <sup>(3)</sup>	72.2%	77.3%	(5.1%)
FAD Payout Ratio <sup>(4)</sup>	81.9%	82.1%	(0.2%)

	March 31, 1999	Dec. 31, 1998	% Change
<b>ASSETS:</b>			
Investments in Real Estate before Depreciation	\$1,283,228	\$1,194,284	7.4%
Total Assets	1,178,821	1,105,928	6.6%
<b>CAPITALIZATION:</b>			
Total Debt	\$459,836	\$405,383	13.4%
Total Preferred Stock <sup>(5)</sup>	110,000	110,000	--
Total Market Equity Value <sup>(5)</sup>	658,577	732,322	(10.1%)
Total Market Capitalization	1,228,413	1,247,703	(1.5%)
Total Debt / Total Market Capitalization	37.4%	32.5%	4.9%

(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 13.

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### Consolidated Balance Sheets (unaudited, \$ in thousands)

	<u>March 31, 1999</u>	<u>Dec. 31, 1998</u>
<b>ASSETS:</b>		
Land and improvements	\$258,062	\$253,500
Buildings and improvements	849,155	828,425
Undeveloped land and construction in progress, net	<u>176,011</u>	<u>112,359</u>
Total investment in real estate	\$1,283,228	\$1,194,284
Accumulated depreciation and amortization	<u>(151,939)</u>	<u>(145,437)</u>
Investment in real estate, net	\$1,131,289	\$1,048,847
Cash and cash equivalents	2,463	6,443
Restricted cash	7,457	6,896
Tenant receivables, net	15,814	15,630
Notes receivable from related parties	--	8,798
Deferred financing and leasing costs, net	17,375	16,168
Prepaid expenses and other assets	<u>4,423</u>	<u>3,146</u>
<b>TOTAL ASSETS</b>	<b><u>\$1,178,821</u></b>	<b><u>\$1,105,928</u></b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY:</b>		
<i>Liabilities:</i>		
Mortgage debt	\$227,836	\$133,383
Unsecured line of credit	232,000	272,000
Accounts payable and accrued expenses	18,718	18,091
Accrued distributions	13,567	12,895
Rents received in advance and tenant security deposits	<u>13,065</u>	<u>13,160</u>
Total liabilities	<u>\$505,186</u>	<u>\$449,529</u>
<i>Minority Interests:</i>		
8.075% Series A Cumulative Redeemable Preferred unitholders	\$73,716	\$73,718
9.375% Series C Cumulative Redeemable Preferred unitholders	34,471	34,410
Common unitholders	80,412	72,372
Development LLC joint venture partners	<u>9,733</u>	--
Total minority interests	<u>\$198,332</u>	<u>\$180,500</u>
<i>Stockholders' Equity:</i>		
Common stock	\$276	\$276
Additional paid-in capital	488,565	487,467
Distributions in excess of earnings	<u>(13,538)</u>	<u>(11,844)</u>
Total stockholders' equity	<u>\$475,303</u>	<u>\$475,623</u>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b><u>\$1,178,821</u></b>	<b><u>\$1,105,928</u></b>

# Kilroy Realty Corporation

## First Quarter 1999 Supplemental Financial Report

### Consolidated Statements of Operations

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

	Three Months Ended March 31,		% Change
	1999	1998	
<b>REVENUES:</b>			
Rental income	\$32,818	\$25,460	28.9%
Tenant reimbursements	4,123	2,823	46.1%
Interest income	400	474	(15.8%)
Other income	<u>209</u>	<u>194</u>	<u>7.7%</u>
Total revenues	\$37,550	\$28,951	29.7%
<b>EXPENSES:</b>			
Property expenses	\$5,134	\$3,971	29.3%
Real estate taxes	3,009	1,686	78.4%
General and administrative	2,314	1,559	48.4%
Ground leases	337	305	10.4%
Interest expense	5,759	4,786	20.3%
Depreciation and amortization	<u>7,217</u>	<u>5,854</u>	<u>23.3%</u>
Total expenses	<u>\$23,770</u>	<u>\$18,161</u>	<u>30.9%</u>
<b>INCOME BEFORE EQUITY IN LOSS OF UNCONSOLIDATED SUBSIDIARY AND MINORITY INTERESTS</b>			
	\$13,780	\$10,790	27.7%
Equity in loss of unconsolidated subsidiary	--	(1)	100.0%
<b>MINORITY INTERESTS:</b>			
Dividends on Cumulative Redeemable Preferred units	(2,334)	(700)	233.5%
Minority interest in earnings	<u>(1,536)</u>	<u>(1,210)</u>	<u>26.9%</u>
<b>NET INCOME</b>	<u>\$9,910</u>	<u>\$8,879</u>	<u>11.6%</u>
Weighted average shares outstanding – basic	27,633	25,230	
Weighted average shares outstanding – diluted	27,633	25,400	
<b>INCOME PER COMMON SHARE:</b>			
Income per common share – basic	<u>\$0.36</u>	<u>\$0.35</u>	<u>2.9%</u>
Income per common share – diluted	<u>\$0.36</u>	<u>\$0.35</u>	<u>2.9%</u>

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

	Three Months Ended March 31,		% Change
	1999	1998	
<b>FUNDS FROM OPERATIONS:</b>			
Net income	\$9,910	\$8,879	11.6%
Add:			
Minority interest in earnings	1,536	1,210	26.9%
Depreciation and amortization	7,217	5,854	23.3%
Other	<u>127</u>	<u>118</u>	<u>7.6%</u>
Funds from operations	<u>\$18,790</u>	<u>\$16,061</u>	<u>17.0%</u>
Weighted average common shares/units outstanding – basic	31,913	28,679	
Weighted average common shares/units outstanding – diluted	31,913	28,849	
Funds from operations per common share/unit – basic	<u>\$0.59</u>	<u>\$0.56</u>	<u>5.4%</u>
Funds from operations per common share/unit – diluted	<u>\$0.59</u>	<u>\$0.56</u>	<u>5.4%</u>
<b>FUNDS AVAILABLE FOR DISTRIBUTION:</b>			
Funds from operations	\$18,790	\$16,061	17.0%
Adjustments:			
Amortization of deferred financing costs	294	206	42.7%
Tenant improvements, leasing commissions and recurring capital expenditures	(1,101)	(485)	127.0%
Net effect of straight-line rents	<u>(1,389)</u>	<u>(657)</u>	<u>111.4%</u>
Funds available for distribution	<u>\$16,594</u>	<u>\$15,125</u>	<u>9.7%</u>
Funds available for distribution per common share/unit – basic	<u>\$0.52</u>	<u>\$0.53</u>	<u>(1.9%)</u>
Funds available for distribution per common share/unit – diluted	<u>\$0.52</u>	<u>\$0.52</u>	<u>0.0%</u>

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### Net Operating Income Breakdown

	<u>1<sup>st</sup> Quarter</u>
<b>% OF TOTAL NOI BY PRODUCT TYPE:</b>	
<i>Office:</i>	
Los Angeles	36.5%
Orange County	8.4%
San Diego	15.1%
Other	<u>7.0%</u>
Subtotal	67.0%
<i>Industrial:</i>	
Los Angeles	3.9%
Orange County	20.3%
San Diego	2.0%
Other	<u>6.8%</u>
Subtotal	33.0%
<b>% OF TOTAL NOI BY REGION:</b>	
Los Angeles	40.4%
Orange County	28.7%
San Diego	17.1%
Other	13.8%

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### Same Store Analysis<sup>(1)</sup> (\$ in thousands)

	Three Months Ended March 31,		\$ Change	% Change
	1999	1998		
<b>TOTAL SAME STORE PORTFOLIO:</b>				
<i>Operating Revenues:</i>				
Rental revenues	\$24,643	\$23,846	\$797	3.3%
Tenant reimbursements	3,446	3,136	310	9.9%
Other property income	<u>41</u>	<u>131</u>	<u>(90)</u>	<u>(68.8%)</u>
Total operating revenues	\$28,130	\$27,113	\$1,017	3.8%
<i>Operating Expenses:</i>				
Property expense	\$3,709	\$3,668	\$41	1.1%
Real estate taxes	2,118	1,887	231	12.2%
Ground rent	<u>279</u>	<u>296</u>	<u>(17)</u>	<u>(5.7%)</u>
Total operating expenses	<u>\$6,106</u>	<u>\$5,851</u>	<u>\$255</u>	<u>4.4%</u>
<i>Net Operating Income</i>	<u>\$22,024</u>	<u>\$21,262</u>	<u>\$762</u>	<u>3.6%</u>
<i>Average Occupancy</i>	96.0%	96.2%		(0.2%)

COMPOSITION OF INCREASE IN OPERATING EXPENSES		
	\$ Change	% Change
<i>Increase in Operating Expenses:</i>		
Real estate tax increases <sup>(2)</sup> :		
Triple net leases	\$165	2.8%
Other leases	<u>66</u>	<u>1.1%</u>
Total real estate tax increases	231	3.9%
Other, net	<u>24</u>	<u>0.5%</u>
Total increase in operating expenses	<u>\$255</u>	<u>4.4%</u>

(1) Same store defined as all stabilized properties owned at January 1, 1998.

(2) Real estate tax increases are due to a combination of regular annual increases and acquisition-related increases on properties acquired by the Company in 1997 and 1998. All real estate tax increases on triple net leases are reimbursable. A portion of real estate tax increases on other leases is reimbursable.

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### Stabilized Portfolio and Occupancy Overview

	# of Buildings	Square Feet			Occupancy at:	
		Total	Leased	Available	3/31/99	12/31/98
<b>OCCUPANCY BY PRODUCT TYPE:</b>						
<i>Office:</i>						
Los Angeles	27	2,418,339	2,304,466	113,873	95.3%	95.6%
Orange County	27	1,010,983	914,657	96,326	90.5%	92.9%
San Diego	22	1,587,580	1,535,040	52,540	96.7%	100.0%
Other	<u>6</u>	<u>709,614</u>	<u>671,872</u>	<u>37,742</u>	<u>94.7%</u>	<u>91.1%</u>
Subtotal	82	5,726,516	5,426,035	300,481	94.8%	95.7%
<i>Industrial:</i>						
Los Angeles	8	679,736	679,561	175	100.0%	99.0%
Orange County	62	3,946,456	3,808,447	138,009	96.5%	95.4%
San Diego	3	199,351	199,351	--	100.0%	100.0%
Other	<u>13</u>	<u>1,326,557</u>	<u>1,181,799</u>	<u>144,758</u>	<u>89.1%</u>	<u>95.6%</u>
Subtotal	86	6,152,100	5,869,158	282,942	95.4%	96.0%
<b>OCCUPANCY BY REGION:</b>						
Los Angeles	35	3,098,075	2,984,027	114,048	96.3%	96.4%
Orange County	89	4,957,439	4,723,104	234,335	95.3%	94.9%
San Diego	25	1,786,931	1,734,391	52,540	97.1%	100.0%
Other	19	2,036,171	1,853,671	182,500	91.0%	94.0%
<b>TOTAL PORTFOLIO</b>	<u>168</u>	<u>11,878,616</u>	<u>11,295,193</u>	<u>583,423</u>	<u>95.1%</u>	<u>95.9%</u>

AVERAGE OCCUPANCY – TOTAL PORTFOLIO			
	Office	Industrial	Total
1 <sup>st</sup> Quarter	94.4%	95.5%	95.0%



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### Leasing Activity

	# of Leases <sup>(1)</sup>		Square Feet <sup>(1)</sup>		2 <sup>nd</sup> Gen. TI/LC	Maintenance Capex	2 <sup>nd</sup> Gen. Change in Rents <sup>(3)</sup>	Retention Rate <sup>(4)</sup>	Weighted Average Lease Term (Mo.)
	New	Renewal	New	Renewal	Per Sq. Ft.	Per Sq. Ft. <sup>(2)</sup>			
<b>1<sup>st</sup> QUARTER:</b>									
Office	18	21	212,506	260,585	\$3.11	\$0.06	44.4%	66.8%	68
Industrial	24	15	109,802	150,269	1.23	--	13.9%	51.9%	49
Total	<u>42</u>	<u>36</u>	<u>322,308</u>	<u>410,854</u>	<u>\$2.35</u>	<u>\$0.03</u>	<u>36.7%</u>	<u>60.4%</u>	<u>61</u>

(1) Includes first and second generation space, net of month-to-month leases. 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 on new/renewed leases and the expiring GAAP rents on the same space.

(4) 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.
<b>OFFICE:</b>					
Remaining 1999	80	524,016	9.4%	\$9,435	\$18.01
2000	91	394,472	7.1%	7,317	18.55
2001	93	1,062,137	19.0%	14,891	14.02
2002	46	534,873	9.6%	7,745	14.48
2003	35	218,753	3.9%	3,736	17.08
2004	27	801,467	14.3%	15,825	19.75
2005	19	668,936	12.0%	9,323	13.94
2006	11	343,096	6.1%	5,941	17.32
2007	8	298,989	5.3%	4,828	16.15
2008 and Beyond	<u>14</u>	<u>742,097</u>	<u>13.3%</u>	<u>14,230</u>	<u>19.18</u>
Subtotal	<u>424</u>	<u>5,588,836</u>	<u>100.0%</u>	<u>\$93,271</u>	<u>\$16.69</u>
<b>INDUSTRIAL:</b>					
Remaining 1999	67	391,289	6.8%	\$2,475	\$6.33
2000	82	952,556	16.5%	7,128	7.48
2001	51	870,845	15.1%	5,172	5.94
2002	21	184,885	3.2%	1,813	9.81
2003	27	735,333	12.7%	4,759	6.47
2004	8	458,262	7.9%	3,394	7.41
2005	6	327,757	5.7%	2,394	7.30
2006	6	534,900	9.2%	3,518	6.58
2007	2	135,885	2.3%	1,081	7.96
2008 and Beyond	<u>13</u>	<u>1,192,243</u>	<u>20.6%</u>	<u>8,718</u>	<u>7.31</u>
Subtotal	<u>283</u>	<u>5,783,955</u>	<u>100.0%</u>	<u>\$40,452</u>	<u>\$6.99</u>
<b>TOTAL PORTFOLIO:</b>					
Remaining 1999	147	915,305	8.0%	\$11,910	\$13.01
2000	173	1,347,028	11.8%	14,445	10.72
2001	144	1,932,982	17.0%	20,063	10.38
2002	67	719,758	6.3%	9,558	13.28
2003	62	954,086	8.4%	8,495	8.90
2004	35	1,259,729	11.1%	19,219	15.26
2005	25	996,693	8.8%	11,717	11.76
2006	17	877,996	7.7%	9,459	10.77
2007	10	434,874	3.8%	5,909	13.59
2008 and Beyond	<u>27</u>	<u>1,934,340</u>	<u>17.0%</u>	<u>22,948</u>	<u>11.86</u>
Total	<u>707</u>	<u>11,372,791</u>	<u>100.0%</u>	<u>\$133,723</u>	<u>\$11.76</u>

# Kilroy Realty Corporation

## First Quarter 1999 Supplemental Financial Report

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### 1999 Acquisitions (*\$ in thousands*)

<u>Project</u>	<u>Location</u>	<u>Type</u>	<u>Month of Acquisition</u>	<u>Square Feet</u>	<u>Estimated Investment</u>	<u>Occupancy</u>
<b>1<sup>st</sup> QUARTER:</b>						
9785 & 9791 Towne Center Drive	San Diego, CA	Office	March	<u>126,000</u>	<u>\$21,070</u>	<u>100%</u>
<b>TOTAL ACQUISITIONS</b>				<u>126,000</u>	<u>\$21,070</u>	<u>100%</u>

# Kilroy Realty Corporation

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### In-Process and Committed Development Projects (\$ in thousands)

Project	Location	Type	Est. Construction Period		Est. Stabilized Date <sup>(1)</sup>	Square Feet	Estimated Investment	% Committed <sup>(2)</sup>
			Start Date	Finish Date				
<b>PROJECTS IN LEASE-UP:</b>								
Anaheim Technology Center – Phase I	Anaheim, CA	Industrial	3Q 1997	4Q 1998	3Q 1999	379,278	\$21,148	100%
Kilroy Airport Center, Long Beach – Bld. 8	Long Beach, CA	Office	1Q 1998	1Q 1999	4Q 1999	136,026	22,250	100%
Brea Industrial Complex	Brea, CA	Industrial	3Q 1998	1Q 1999	4Q 1999	<u>178,500</u>	<u>11,443</u>	<u>41%</u>
Subtotal						693,804	\$54,841	85%
<b>PROJECTS UNDER CONSTRUCTION:</b>								
Intuit Expansion BTS	San Diego, CA	Office	3Q 1998	2Q 1999	2Q 1999	71,000	\$8,705	100%
Anaheim Technology Center – Phase II	Anaheim, CA	Industrial	4Q 1998	2Q 1999	3Q 1999	211,442	15,662	100%
San Diego Corporate Center	Del Mar, CA	Office	4Q 1998	2Q 1999	3Q 1999	39,336	6,047	100%
Sorrento Gateway – Dataworks Phase I <sup>(3)</sup>	San Diego, CA	Office	4Q 1998	4Q 1999	4Q 1999	172,778	28,932	100%
Kilroy Carmel Center – Bld. 1 <sup>(3)</sup>	Del Mar, CA	Office	4Q 1998	4Q 1999	3Q 2000	52,937	10,500	--
Brobeck, Phleger & Harrison BTS	Del Mar, CA	Office	1Q 1999	1Q 2000	1Q 2000	<u>72,332</u>	<u>15,612</u>	<u>100%</u>
Subtotal						619,825	\$85,459	91%
<b>TOTAL PROJECTS IN LEASE UP AND UNDER CONSTRUCTION</b>						1,313,629	\$140,300	88%
<b>COMMITTED DEVELOPMENT:</b>								
Calabasas – Phase I	Calabasas, CA	Office	3Q 1999	3Q 2000	1Q 2001	101,646	\$17,665	46%
Kilroy Airport Center, Long Beach – Bld. 7	Long Beach, CA	Office	2Q 1999	3Q 2000	3Q 2001	191,762	30,995	56%
Sorrento Rim – Parcel C	San Diego, CA	Office	3Q 2000	2Q 2001	2Q 2001	<u>58,000</u>	<u>8,438</u>	<u>100%</u>
Subtotal						351,408	\$57,098	61%
<b>TOTAL IN-PROCESS AND COMMITTED DEVELOPMENT PROJECTS</b>						<u>1,665,037</u>	<u>\$197,398</u>	<u>82%</u>

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

(2) Includes executed leases and signed letters of intent.

(3) Project is being developed by an LLC in which the Company holds a 50% interest. The estimated investment figures include the capital required to buy out 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 March 31, 1999. Kilroy Realty Corporation does not undertake any 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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### Future Development Pipeline (*\$ in thousands*)

Project	Location	Type	Square Feet	Estimated Investment
<b>LOS ANGELES COUNTY:</b>				
Westside Media Center – Phase II	West L.A., CA	Office	151,000	\$42,024
Westside Media Center – Phase III	West L.A., CA	Office	151,000	43,937
Calabasas – Phase II	Calabasas, CA	Office	98,630	18,038
Calabasas – Phase III	Calabasas, CA	Office	<u>6,942</u>	<u>1,322</u>
Subtotal			407,572	\$105,321
<b>SAN DIEGO COUNTY:</b>				
Kilroy Carmel Center – Bld. 2 <sup>(1)</sup>	Del Mar, CA	Office	129,859	\$27,806
Sorrento Gateway – Lot 1	San Diego, CA	Office	50,000	6,913
Carmel Mountain Technology Center	San Diego, CA	Office	103,000	15,378
McKellar Corporate Center	San Diego, CA	Office	65,000	8,462
Pacific Corporate Center – Lots 25 & 27	San Diego, CA	Office	63,620	9,701
Sorrento Gateway – Lot 2 <sup>(1)</sup>	San Diego, CA	Office	71,000	11,320
Sorrento Gateway – Dataworks Phase II <sup>(1)</sup>	San Diego, CA	Office	57,000	10,055
Kilroy Carmel Center – Bld. 3 <sup>(1)</sup>	Del Mar, CA	Office	125,173	28,036
Pacific Corporate Center – Lots 3,4 & 6	San Diego, CA	Office	220,000	30,350
Pacific Corporate Center – Lot 8	San Diego, CA	Office	82,700	12,296
Sorrento Gateway – Lots 4 & 5 <sup>(1)</sup>	San Diego, CA	Office	109,000	17,524
Sorrento Gateway – Lot 3 <sup>(1)</sup>	San Diego, CA	Office	54,600	9,054
Sorrento Rim Business Park II	San Diego, CA	Office	123,700	17,414
Kilroy Carmel Center – Bld. 4 <sup>(1)</sup>	Del Mar, CA	Office	118,061	27,770
Kilroy Carmel Center – Bld. 5 <sup>(1)</sup>	Del Mar, CA	Office	<u>106,393</u>	<u>26,304</u>
			1,479,106	\$258,383
<b>TOTAL FUTURE DEVELOPMENT PIPELINE</b>			<u>1,886,678</u>	<u>\$363,704</u>

(1) Project is being developed by an LLC in which the Company holds a 50% interest. The estimated investment figures include the capital required to buy out 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 March 31, 1999. Kilroy Realty Corporation does not undertake any 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

## First Quarter 1999 Supplemental Financial Report

### Capital Structure

*At March 31, 1999*

*(\$ in thousands)*

	<u>Shares/Units at March 31, 1999</u>	<u>Aggregate Principal Amount or \$ Value Equivalent<sup>(1)</sup></u>	<u>% of Total Market Capitalization</u>
<b>DEBT:</b>			
Line of Credit		\$232,000	18.9%
Mortgage Loans		<u>227,836</u>	<u>18.5%</u>
Total Debt		<u>\$459,836</u>	<u>37.4%</u>
<b>EQUITY:</b>			
8.075% Series A Cumulative Redeemable Preferred Units <sup>(2)</sup>	1,500,000	\$75,000	6.1%
9.375% Series C Cumulative Redeemable Preferred Units <sup>(2)</sup>	700,000	35,000	2.9%
Common Units Outstanding	4,496,501	92,178	7.5%
Common Shares Outstanding	27,629,210	<u>566,399</u>	<u>46.1%</u>
Total Equity		<u>\$768,577</u>	<u>62.6%</u>
<b>TOTAL MARKET CAPITALIZATION</b>		<u>\$1,228,413</u>	<u>100.0%</u>

(1) Value based on closing share price of \$20.50 at March 31, 1999, unless otherwise noted.

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

# Kilroy Realty Corporation

## First Quarter 1999 Supplemental Financial Report

### Debt Analysis At March 31, 1999 (\$ in thousands)

<b>MORTGAGE DEBT MATURITY SCHEDULE</b>						
<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>Thereafter</b>	<b>Total</b>
\$2,641	\$22,934	\$4,158	\$4,609	\$4,988	\$188,506	\$227,836

<b>DEBT COMPOSITION</b>			
	<u>% of Total Debt</u>	<u>Weighted Average</u>	
		<u>Interest Rate</u>	<u>Maturity</u>
<i>Secured vs. Unsecured Debt:</i>			
Secured Debt	49.6%	7.7%	8.1 years
Unsecured Debt	50.4%	<u>6.2%</u>	<u>0.9 years</u>
<i>Floating vs. Fixed Rate Debt:</i>			
Floating Rate Debt <sup>(1)</sup>	54.6%	6.3%	0.9 years
Fixed Rate Debt	45.4%	<u>7.8%</u>	<u>8.8 years</u>
<b>Total Debt</b>		<u>7.0%</u>	<u>4.4 years</u>

<b>UNSECURED LINE OF CREDIT</b>		
<u>Total Size</u>	<u>Outstanding Balance</u>	<u>Expiration Date</u>
\$350,000	\$232,000	February 2000

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