



Fourth Quarter 2009 Supplemental Financial Report

Some of the enclosed information presented in this supplemental and on the Company's January 26, 2010 conference call is forward-looking in nature, including information concerning project 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, except to the extent it is required to do so in connection with its ongoing requirements under Federal securities laws to disclose material information. 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 "Risk Factors" in Kilroy Realty Corporation's annual report on Form 10-K for the year ended December 31, 2008. In light of these risks, uncertainties and assumptions, the forward-looking events contained in this supplemental information and on the Company's January 26, 2010 conference call might not occur.

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Table of Contents

	Page
Corporate Data and Financial Highlights	
Company Background	1
Financial Highlights	2
Common Stock Data	3
Consolidated Balance Sheets	4
Consolidated Statements of Operations	5
Funds From Operations and Funds Available for Distribution	6
Portfolio Data	
Same Store Analysis	7
Stabilized Portfolio Occupancy Overview	8-12
Lease Commencement Information by Segment	13
Stabilized Portfolio Capital Expenditures	14
Lease Expiration Summary and Lease Expirations by Region	15-18
Top Fifteen Tenants	19
Dispositions	20
Development	
Stabilized Development Projects	21
Future Development Pipeline	22
Debt and Capitalization Data	
Capital Structure	23
Debt Analysis	24-25
Non-GAAP Supplemental Measures	26-30

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Company Background

Kilroy Realty Corporation (NYSE: **KRC**) owns, develops, and operates office and industrial real estate in Southern California. The Company operates as a self-administered real estate investment trust. As of December 31, 2009, the Company's stabilized portfolio consisted of 93 office buildings and 41 industrial buildings, which encompassed an aggregate of 8.7 million and 3.7 million rentable square feet, respectively, and was 82.8% occupied.

Board of Directors

John B. Kilroy, Sr.
Edward F. Brennan, Ph.D.
William P. Dickey
Scott S. Ingraham
John B. Kilroy, Jr.
Dale F. Kinsella

Chairman

Senior Management

John B. Kilroy, Jr.
Chris Corpuz
Jeffrey C. Hawken
Tyler H. Rose
John T. Fucci
Heidi R. Roth
Steve Scott
Justin W. Smart

President and CEO
Executive VP, Acquisitions and Strategic Initiatives
Executive VP and COO
Executive VP and CFO
Sr. VP, Asset Management
Sr. VP and Controller
Sr. VP, San Diego
Sr. VP, Development

Investor Relations

12200 W. Olympic Blvd., Suite 200
Los Angeles, CA 90064
(310) 481-8400
Web: www.kilroyrealty.com
E-mail: investorrelations@kilroyrealty.com

Equity Research Coverage

Bank of America Merrill Lynch

James Feldman (646) 855-5808

JMP Securities

Mitch Germain (212) 906-3546

Citigroup Investment Research

Michael Bilerman (212) 816-1383

J.P. Morgan

Anthony Paolone (212) 622-6682

Credit Suisse Group

Steven Benyik (212) 538-0239

RBC Capital Markets

Dave Rodgers (440) 715-2647

Friedman, Billings, Ramsey & Co., Inc.

Wilkes Graham (703) 312-9737

Robert W. Baird & Company

David Aubuchon (314) 863-4235

Green Street Advisors

Michael Knott (949) 640-8780

Stifel, Nicolaus & Company

John W. Guinee III (443) 224-1307

ISI Group

Steve Sakwa (212) 446-9462

UBS Investment Research

Ross T. Nussbaum (212) 713-2484

Kilroy Realty Corporation is followed by the analysts listed above. Please note that any opinions, estimates or forecasts regarding Kilroy Realty Corporation's performance made by these analysts are theirs alone and do not represent opinions, forecasts or predictions of Kilroy Realty Corporation or its management. Kilroy Realty Corporation does not by its reference above or distribution imply its endorsement of or concurrence with such information, conclusions or recommendations.

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Financial Highlights

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

	Three Months Ended				
	12/31/2009	9/30/2009	6/30/2009	3/31/2009	12/31/2008 ⁽¹⁾
INCOME ITEMS (Including Discontinued Operations):					
Revenues	\$67,379	\$68,494	\$71,050	\$72,512	\$72,437
Lease Termination Fees	177	94	983	612	242
Net Operating Income ⁽²⁾	48,667	49,166	53,040	52,159	53,149
Capitalized Interest and Debt Costs	2,733	2,614	2,273	2,063	3,117
Net (Loss) Income Available to Common Stockholders ⁽¹¹⁾	(3,009)	8,111	9,117	7,577	4,522
EBITDA ⁽²⁾⁽³⁾⁽¹¹⁾	30,978	42,005	46,235	45,176	42,654
Funds From Operations ⁽²⁾⁽⁴⁾⁽⁵⁾⁽¹¹⁾	17,679	30,190	30,331	28,961	25,737
Funds Available for Distribution ⁽²⁾⁽⁴⁾⁽⁵⁾⁽¹¹⁾	12,921	23,920	25,068	23,979	20,076
Net (Loss) Income Available to Common Stockholders per common share – diluted ⁽¹¹⁾	(\$0.08)	\$0.17	\$0.25	\$0.23	\$0.14
Funds From Operations per common share – diluted ⁽¹¹⁾	\$0.39	\$0.66	\$0.79	\$0.82	\$0.73
Dividends per share	\$0.35	\$0.35	\$0.35	\$0.58	\$0.58
RATIOS (Including Discontinued Operations):					
Operating Margins	72.2%	71.8%	74.7%	71.9%	73.4%
Interest Coverage Ratio ⁽⁶⁾⁽¹¹⁾	2.9x	4.0x	4.2x	4.0x	3.2x
Fixed Charge Coverage Ratio ⁽⁷⁾⁽¹¹⁾	2.2x	3.0x	3.1x	3.0x	2.5x
FFO Payout Ratio ⁽⁸⁾⁽¹¹⁾	88.8%	52.0%	51.8%	69.7%	78.5%
FAD Payout Ratio ⁽⁹⁾⁽¹¹⁾	121.5%	65.7%	62.7%	84.2%	100.7%
ASSETS:					
Real Estate Held for Investment before Depreciation	\$2,520,083	\$2,504,916	\$2,492,814	\$2,485,427	\$2,475,596
Total Assets	2,084,281	2,079,002	2,087,582	2,103,498	2,102,918
CAPITALIZATION:					
Total Debt ⁽¹⁰⁾	\$1,006,074	\$986,788	\$998,944	\$1,191,886	\$1,172,456
Total Preferred Equity and Noncontrolling Interests ⁽¹⁰⁾	201,500	201,500	201,500	201,500	201,500
Total Common Equity and Noncontrolling Interests ⁽¹⁰⁾	1,376,221	1,244,747	921,669	598,289	1,165,743
Total Market Capitalization ⁽¹⁰⁾	2,583,795	2,433,035	2,122,113	1,991,675	2,539,699
Total Debt / Total Market Capitalization	39.0%	40.6%	47.1%	59.9%	46.1%
Total Debt and Preferred / Total Market Capitalization	46.8%	48.9%	56.6%	70.0%	54.1%

(1) Results for December 31, 2008 have been adjusted for the retroactive application of the new accounting pronouncements adopted by the Company on January 1, 2009.

(2) Please refer to pages 26 and 27 for Management Statements on Net Operating Income, EBITDA, Funds From Operations and Funds Available for Distribution.

(3) Please refer to page 29 for a reconciliation of GAAP Net Income Available to Common Stockholders to EBITDA.

(4) Please refer to page 6 for a reconciliation of GAAP Net Income Available to Common Stockholders to Funds From Operations and Funds Available for Distribution.

(5) Reported amounts are attributable to common stockholders and common unitholders.

(6) Calculated as EBITDA divided by interest expense, excluding the noncash amortization of convertible debt discount.

(7) Calculated as EBITDA divided by interest expense, excluding the noncash amortization of convertible debt discount, current year accrued preferred dividends and distributions on Cumulative Redeemable Preferred units.

(8) Calculated as current-quarter dividends accrued to common stockholders and common unitholders (excluding dividend equivalents accrued to restricted stock unitholders) divided by Funds From Operations.

(9) Calculated as current-quarter dividends accrued to common stockholders and common unitholders (excluding dividend equivalents accrued to restricted stock unitholders) divided by Funds Available for Distribution.

(10) See "Capital Structure" on page 23.

(11) Amounts reported for the three months ended December 31, 2009 include a previously announced one-time \$7.0 million charge for separation payments related to the resignation for personal reasons of the Company's former Chief Financial Officer in December 2009.

Kilroy Realty Corporation
Fourth Quarter 2009 Supplemental Financial Report
Common Stock Data (NYSE: KRC)

	Three Months Ended				
	12/31/2009	9/30/2009	6/30/2009	3/31/2009	12/31/2008
High Price	\$31.99	\$30.75	\$23.35	\$32.83	\$45.97
Low Price	\$26.00	\$18.67	\$16.16	\$15.40	\$21.71
Closing Price	\$30.67	\$27.74	\$20.54	\$17.19	\$33.46
Dividends per share - annualized	\$1.40	\$1.40	\$1.40	\$2.32	\$2.32
Closing common shares (in 000's) ^{(1) (2)}	43,149	43,149	43,149	33,050	33,086
Closing common partnership units (in 000's) ⁽¹⁾	1,723	1,723	1,723	1,754	1,754
	<u>44,872</u>	<u>44,872</u>	<u>44,872</u>	<u>34,804</u>	<u>34,840</u>

(1) As of the end of the period.

(2) In June 2009, the Company completed a public offering of 10,062,500 shares of its common stock.

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Consolidated Balance Sheets (unaudited, \$ in thousands)

	12/31/2009	9/30/2009	6/30/2009	3/31/2009	12/31/2008 ⁽¹⁾
ASSETS:					
Land and improvements	\$335,932	\$335,932	\$335,932	\$336,874	\$336,874
Buildings and improvements	1,920,543	1,909,876	1,901,647	1,896,972	1,889,833
Undeveloped land and construction in progress	263,608	259,108	255,235	251,581	248,889
Total real estate held for investment	2,520,083	2,504,916	2,492,814	2,485,427	2,475,596
Accumulated depreciation and amortization	(605,976)	(587,968)	(568,877)	(550,868)	(532,769)
Total real estate assets, net	1,914,107	1,916,948	1,923,937	1,934,559	1,942,827
Cash and cash equivalents	9,883	9,265	13,348	16,256	9,553
Restricted cash	2,059	2,936	591	728	672
Marketable securities	3,452	3,229	2,801	2,392	1,888
Current receivables, net	3,236	3,139	2,945	3,915	5,753
Deferred rent receivables, net	74,392	72,623	71,355	68,693	67,144
Notes receivable	10,679	10,716	10,753	10,789	10,824
Deferred leasing costs and acquisition-related intangibles, net	51,832	49,627	49,803	52,151	53,539
Deferred financing costs, net	8,334	4,393	5,250	5,281	5,883
Prepaid expenses and other assets, net	6,307	6,126	6,799	8,734	4,835
TOTAL ASSETS	\$2,084,281	\$2,079,002	\$2,087,582	\$2,103,498	\$2,102,918
LIABILITIES, NONCONTROLLING INTERESTS AND EQUITY:					
<i>Liabilities:</i>					
Secured debt	\$294,574	\$296,788	\$300,944	\$312,886	\$316,456
Exchangeable senior notes, net	436,442	398,347	434,132	431,988	429,892
Unsecured senior notes	144,000	144,000	144,000	144,000	144,000
Unsecured line of credit	97,000	126,000	94,000	275,000	252,000
Accounts payable, accrued expenses and other liabilities	52,533	42,565	32,365	41,506	55,066
Accrued distributions	17,136	17,133	17,129	21,732	21,421
Deferred revenue and acquisition-related liabilities	66,890	69,252	71,333	74,088	76,219
Rents received in advance and tenant security deposits	18,230	18,381	22,038	19,146	19,340
Total liabilities	1,126,805	1,112,466	1,115,941	1,320,346	1,314,394
<i>Noncontrolling Interest:</i>					
7.45% Series A cumulative redeemable preferred units of the Operating Partnership	73,638	73,638	73,638	73,638	73,638
<i>Equity:</i>					
<i>Stockholders' Equity</i>					
7.80% Series E Cumulative Redeemable Preferred stock	38,425	38,425	38,425	38,425	38,425
7.50% Series F Cumulative Redeemable Preferred stock	83,157	83,157	83,157	83,157	83,157
Common stock	431	431	431	331	331
Additional paid-in capital	913,657	904,043	901,747	707,421	700,122
Distributions in excess of earnings	(180,722)	(162,391)	(155,183)	(148,982)	(137,052)
Total stockholders' equity	854,948	863,665	868,577	680,352	684,983
<i>Noncontrolling Interest</i>					
Common units of the Operating Partnership	28,890	29,233	29,426	29,162	29,903
Total equity	883,838	892,898	898,003	709,514	714,886
TOTAL LIABILITIES, NONCONTROLLING INTERESTS AND EQUITY	\$2,084,281	\$2,079,002	\$2,087,582	\$2,103,498	\$2,102,918

(1) Results for December 31, 2008 have been adjusted for the retroactive application of the new accounting pronouncements adopted by the Company on January 1, 2009.

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Consolidated Statements of Operations ⁽¹⁾

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

	Three Months Ended December 31,			Year Ended December 31,		
	2009	2008	% Change	2009	2008	% Change
REVENUES:						
Rental income	\$60,690	\$63,606	(4.6%)	\$247,649	\$251,520	(1.5%)
Tenant reimbursements	6,177	7,875	(21.6%)	28,075	30,986	(9.4%)
Other property income	512	803	(36.2%)	3,710	6,849	(45.8%)
Total revenues	<u>67,379</u>	<u>72,284</u>	(6.8%)	<u>279,434</u>	<u>289,355</u>	(3.4%)
EXPENSES:						
Property expenses	12,099	12,682	(4.6%)	49,709	48,861	1.7%
Real estate taxes	6,069	5,948	2.0%	24,330	22,063	10.3%
Provision for bad debts	174	383	(54.6%)	569	4,051	(86.0%)
Ground leases	370	391	(5.4%)	1,597	1,617	(1.2%)
General and administrative expenses	17,915	10,210	75.5%	39,938	38,260	4.4%
Interest expense	11,078	12,923	(14.3%)	46,119	45,346	1.7%
Depreciation and amortization	21,019	21,197	(0.8%)	87,627	83,215	5.3%
Total expenses	<u>68,724</u>	<u>63,734</u>	7.8%	<u>249,889</u>	<u>243,413</u>	2.7%
OTHER INCOME (LOSS):						
Interest income and other net investment gains (losses)	226	(285)	179.3%	1,300	(93)	1497.8%
Gain on early extinguishment of debt	1,790	-	100.0%	4,909	-	100.0%
Total other income (loss)	<u>2,016</u>	<u>(285)</u>	807.4%	<u>6,209</u>	<u>(93)</u>	6776.3%
INCOME FROM CONTINUING OPERATIONS	671	8,265	(91.9%)	35,754	45,849	(22.0%)
DISCONTINUED OPERATIONS:						
Revenues from discontinued operations	-	153	(100.0%)	-	812	(100.0%)
Expenses from discontinued operations	-	101	(100.0%)	(224)	16	(1500.0%)
Net gain on dispositions of discontinued operations	-	-	0.0%	2,485	234	962.0%
Total income from discontinued operations	<u>-</u>	<u>254</u>	(100.0%)	<u>2,261</u>	<u>1,062</u>	112.9%
NET INCOME	671	8,519	(92.1%)	38,015	46,911	(19.0%)
Net loss (income) attributable to noncontrolling common units of the Operating Partnership	<u>119</u>	<u>(198)</u>	160.1%	<u>(1,025)</u>	<u>(1,886)</u>	(45.7%)
NET INCOME ATTRIBUTABLE TO KILROY REALTY CORPORATION	790	8,321	(90.5%)	36,990	45,025	(17.8%)
PREFERRED DISTRIBUTIONS AND DIVIDENDS:						
Distributions on noncontrolling cumulative redeemable preferred units of the Operating Partnership	(1,397)	(1,397)	0.0%	(5,588)	(5,588)	0.0%
Preferred dividends	(2,402)	(2,402)	0.0%	(9,608)	(9,608)	0.0%
Total preferred distributions and dividends	<u>(3,799)</u>	<u>(3,799)</u>	0.0%	<u>(15,196)</u>	<u>(15,196)</u>	0.0%
NET (LOSS) INCOME AVAILABLE TO COMMON STOCKHOLDERS ⁽²⁾	<u>(\$3,009)</u>	<u>\$4,522</u>	(166.5%)	<u>\$21,794</u>	<u>\$29,829</u>	(26.9%)
Weighted average common shares outstanding - basic	42,936	32,719	31.2%	38,705	32,467	19.2%
Weighted average common shares outstanding - diluted	42,936	32,929	30.4%	38,732	32,541	19.0%
NET (LOSS) INCOME AVAILABLE TO COMMON STOCKHOLDERS PER SHARE ⁽²⁾						
Net (loss) income available to common stockholders per share - basic	<u>(\$0.08)</u>	<u>\$0.14</u>	(157.1%)	<u>\$0.53</u>	<u>\$0.91</u>	(41.8%)
Net (loss) income available to common stockholders per share - diluted	<u>(\$0.08)</u>	<u>\$0.14</u>	(157.1%)	<u>\$0.53</u>	<u>\$0.91</u>	(41.8%)

(1) Results for the three months and year ended December 31, 2008 have been adjusted for the retroactive application of the new accounting pronouncements adopted by the Company on January 1, 2009.

(2) Net (loss) income available to common stockholders for the three months and year ended December 31, 2009 includes a previously announced one-time \$7.0 million charge for separation payments related to the resignation for personal reasons of the Company's former Chief Financial Officer in December 2009.

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Funds From Operations and Funds Available for Distribution ⁽¹⁾

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

	Three Months Ended December 31,			Year Ended December 31,		
	2009	2008	% Change	2009	2008	% Change
FUNDS FROM OPERATIONS: ⁽²⁾						
Net (loss) income available to common stockholders	(\$3,009)	\$4,522	(166.5%)	\$21,794	\$29,829	(26.9%)
Adjustments:						
Net (loss) income attributable to noncontrolling common units of the Operating Partnership	(119)	198	(160.1%)	1,025	1,886	(45.7%)
Depreciation and amortization of real estate assets	20,807	21,017	(1.0%)	86,825	82,491	5.3%
Net gain on dispositions of discontinued operations	-	-	0.0%	(2,485)	(234)	962.0%
Funds From Operations ⁽³⁾	<u>\$17,679</u>	<u>\$25,737</u>	(31.3%)	<u>\$107,159</u>	<u>\$113,972</u>	(6.0%)
Weighted average common shares/units outstanding - basic ⁽⁴⁾	45,502	34,848	30.6%	41,222	34,904	18.1%
Weighted average common shares/units outstanding - diluted ⁽⁴⁾	45,557	35,058	29.9%	41,249	34,979	17.9%
FFO per common share/unit - basic ⁽³⁾	<u>\$0.39</u>	<u>\$0.74</u>	(47.4%)	<u>\$2.60</u>	<u>\$3.27</u>	(20.4%)
FFO per common share/unit - diluted ⁽³⁾	<u>\$0.39</u>	<u>\$0.73</u>	(47.1%)	<u>\$2.60</u>	<u>\$3.26</u>	(20.3%)
FUNDS AVAILABLE FOR DISTRIBUTION: ⁽²⁾						
Funds From Operations ⁽³⁾	\$17,679	\$25,737	(31.3%)	\$107,159	\$113,972	(6.0%)
Adjustments:						
Tenant improvements, leasing commissions and recurring capital expenditures	(12,434)	(7,228)	72.0%	(31,131)	(26,620)	16.9%
Amortization of deferred revenue related to tenant improvements ⁽⁵⁾	(2,326)	(2,403)	(3.2%)	(9,757)	(11,310)	(13.7%)
Net effect of straight-line rents ⁽⁶⁾	(1,769)	(2,700)	(34.5%)	(7,248)	202	(3688.1%)
Amortization of other deferred revenue, net ⁽⁷⁾	(50)	875	(105.7%)	(1,001)	1,058	(194.6%)
Amortization of above/below market rents ⁽⁸⁾	(10)	(149)	(93.3%)	(359)	(633)	(43.3%)
Noncash amortization of exchangeable debt discount, net ⁽⁹⁾	1,537	1,473	4.3%	6,166	5,098	20.9%
Additional cash gain on early extinguishment of debt ⁽¹⁰⁾	5,129	-	100.0%	6,678	-	100.0%
Amortization of deferred financing costs and debt discount	826	658	25.5%	3,126	2,304	35.7%
Noncash amortization of share-based compensation awards	4,339	3,813	13.8%	12,253	15,185	(19.3%)
Funds Available for Distribution ⁽³⁾	<u>\$12,921</u>	<u>\$20,076</u>	(35.6%)	<u>\$85,886</u>	<u>\$99,256</u>	(13.5%)

(1) Results for the three months and year ended December 31, 2008 have been adjusted for the retroactive application of new accounting pronouncements which were adopted by the Company on January 1, 2009.

(2) See page 27 for Management Statements on Funds From Operations and Funds Available for Distribution.

(3) Reported amounts are attributable to common shareholders and unitholders.

(4) Calculated based on weighted average shares outstanding including participating share-based awards and assuming the exchange of all common limited partnership units outstanding.

(5) Represents revenue recognized during the period as a result of the amortization of deferred revenue recorded for tenant-funded tenant improvements.

(6) Represents the straight-line rent income recognized during the period offset by cash received during the period that was applied to deferred rents receivable balances for terminated leases and the provision for bad debts recorded for deferred rent receivable balances.

(7) Represents amortization of deferred revenue related to cash received prior to revenue recognition in connection with tenants' contractual lease obligations, net of such amounts received.

(8) Represents the adjustment related to the acquisition of buildings with above/below market rents.

(9) Represents the amortization of the noncash debt discount on the Company's exchangeable senior notes due to the adoption of the new convertible debt accounting pronouncement on January 1, 2009, net of amounts capitalized.

(10) Represents the difference for the three months and year ended December 31, 2009 between the cash gain of approximately \$6.9 million and \$11.6 million, respectively, and the GAAP gain on early extinguishment of debt of approximately \$1.8 million \$4.9 million, respectively, related to the Company's repurchase of its exchangeable senior notes.

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Same Store Analysis ⁽¹⁾

(unaudited, \$ in thousands)

Same Store Analysis (GAAP Basis)						
	Three Months Ended December 31,			Year Ended December 31,		
	2009	2008	% Change	2009	2008	% Change
Total Same Store Portfolio						
Number of properties	127	127		127	127	
Square Feet	11,744,588	11,744,588		11,744,588	11,744,588	
Percent of Stabilized Portfolio	95.0%	94.9%		95.0%	94.9%	
Average Occupancy	83.6%	90.4%		85.8%	93.3%	
Operating Revenues:						
Rental income	\$55,513	\$58,942	(5.8%)	\$226,862	\$243,157	(6.7%)
Tenant reimbursements	5,798	7,579	(23.5%)	26,011	29,864	(12.9%)
Other property income	509	802	(36.5%)	3,668	6,795	(46.0%)
Total operating revenues	<u>61,820</u>	<u>67,323</u>	(8.2%)	<u>256,541</u>	<u>279,816</u>	(8.3%)
Operating Expenses:						
Property expenses	11,269	12,090	(6.8%)	46,790	48,028	(2.6%)
Real estate taxes	5,214	5,323	(2.0%)	21,273	20,940	1.6%
Provision for bad debts	174	383	(54.6%)	569	4,051	(86.0%)
Ground leases	368	390	(5.6%)	1,591	1,612	(1.3%)
Total operating expenses	<u>17,025</u>	<u>18,186</u>	(6.4%)	<u>70,223</u>	<u>74,631</u>	(5.9%)
GAAP Net Operating Income	<u><u>\$44,795</u></u>	<u><u>\$49,137</u></u>	(8.8%)	<u><u>\$186,318</u></u>	<u><u>\$205,185</u></u>	(9.2%)

Same Store Analysis (Cash Basis) ⁽²⁾						
	Three Months Ended December 31,			Year Ended December 31,		
	2009	2008	% Change	2009	2008	% Change
Total operating revenues	\$58,633	\$64,769	(9.5%)	\$243,766	\$268,592	(9.2%)
Total operating expenses	16,851	17,803	(5.3%)	69,654	70,580	(1.3%)
Cash Net Operating Income	<u><u>\$41,782</u></u>	<u><u>\$46,966</u></u>	(11.0%)	<u><u>\$174,112</u></u>	<u><u>\$198,012</u></u>	(12.1%)

(1) Same store defined as all stabilized properties owned as of January 1, 2008 and still owned and in the stabilized portfolio as of December 31, 2009.

(2) Please refer to page 28 for a reconciliation of the Same Store measures on this page to Net income Available to Common Stockholders.

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Stabilized Portfolio Occupancy Overview

	# of Buildings	Portfolio Breakdown		Total Square Feet	Occupancy at: ⁽¹⁾		
		NOI ⁽²⁾	Sq. Ft.		12/31/2009	9/30/2009	12/31/2008
STABILIZED PORTFOLIO:							
OCCUPANCY BY PRODUCT TYPE:							
<i>Office:</i>							
Los Angeles	25	28.4%	24.3%	3,006,509	88.2%	88.7%	92.1%
San Diego	58	56.3%	41.1%	5,078,178	76.8%	78.2%	83.1%
Orange County	5	0.8%	2.2%	277,340	49.8%	52.5%	67.9%
Other	<u>5</u>	<u>2.5%</u>	<u>2.8%</u>	<u>346,439</u>	93.9%	93.8%	94.2%
Subtotal	<u>93</u>	<u>88.0%</u>	<u>70.4%</u>	<u>8,708,466</u>	80.6%	81.6%	86.2%
<i>Industrial:</i>							
Los Angeles	1	1.3%	1.6%	192,053	100.0%	100.0%	100.0%
Orange County	<u>40</u>	<u>10.7%</u>	<u>28.0%</u>	<u>3,462,410</u>	87.6%	83.7%	96.1%
Subtotal	<u>41</u>	<u>12.0%</u>	<u>29.6%</u>	<u>3,654,463</u>	88.2%	84.6%	96.3%
OCCUPANCY BY REGION:							
Los Angeles	26	29.7%	25.9%	3,198,562	88.9%	89.4%	92.6%
San Diego	58	56.3%	41.1%	5,078,178	76.8%	78.2%	83.1%
Orange County	45	11.5%	30.2%	3,739,750	84.8%	81.4%	94.1%
Other	<u>5</u>	<u>2.5%</u>	<u>2.8%</u>	<u>346,439</u>	93.9%	93.8%	94.2%
TOTAL STABILIZED PORTFOLIO	<u>134</u>	<u>100.0%</u>	<u>100.0%</u>	<u>12,362,929</u>	<u>82.8%</u>	<u>82.5%</u>	<u>89.2%</u>
REENTITLEMENT PROPERTY:							
<i>Industrial:</i>							
Orange County (17150 Von Karman)	<u>1</u>			<u>157,458</u>			
TOTAL PORTFOLIO	<u>135</u>			<u>12,520,387</u>			

AVERAGE OCCUPANCY - STABILIZED PORTFOLIO			
	Office	Industrial	Total
Quarter-to-Date	81.0%	88.2%	83.1%
Year-to-Date	83.3%	89.8%	85.3%

AVERAGE OCCUPANCY - SAME STORE PORTFOLIO			
	Office	Industrial	Total
Quarter-to-Date	81.6%	88.2%	83.6%
Year-to-Date	84.0%	89.8%	85.8%

(1) Occupancy percentages reported are based on the Company's stabilized portfolio for the period presented.

(2) Percentage of year-to-date Net Operating Income excluding Other Property Income.

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Stabilized Portfolio Occupancy Overview

<i>Office:</i>	City/ Submarket	Square Feet	Occupancy
Los Angeles, California			
23925 Park Sorrento	Calabasas	11,789	100.0%
23975 Park Sorrento	Calabasas	100,592	72.9%
24025 Park Sorrento	Calabasas	102,264	100.0%
26541 Agoura Road	Calabasas	91,327	0.0%
2240 E. Imperial Highway	El Segundo	122,870	100.0%
2250 E. Imperial Highway	El Segundo	293,261	88.3%
2260 E. Imperial Highway	El Segundo	286,151	100.0%
909 Sepulveda Boulevard	El Segundo	241,607	97.2%
999 Sepulveda Boulevard	El Segundo	127,901	100.0%
3750 Kilroy Airport Way	Long Beach	10,457	100.0%
3760 Kilroy Airport Way	Long Beach	165,278	100.0%
3780 Kilroy Airport Way	Long Beach	219,745	89.8%
3800 Kilroy Airport Way	Long Beach	192,476	100.0%
3840 Kilroy Airport Way	Long Beach	136,026	100.0%
3880 Kilroy Airport Way	Long Beach	98,243	100.0%
3900 Kilroy Airport Way	Long Beach	126,840	66.2%
12100 W. Olympic Boulevard	Los Angeles	150,167	100.0%
12200 W. Olympic Boulevard	Los Angeles	150,302	94.7%
12312 W. Olympic Boulevard	Los Angeles	78,000	100.0%
1633 26th Street	Santa Monica	44,915	100.0%
2100 Colorado Avenue	Santa Monica	94,844	0.0%
3130 Wilshire Boulevard	Santa Monica	88,339	80.3%
501 Santa Monica Boulevard	Santa Monica	<u>73,115</u>	<u>86.3%</u>
Total Los Angeles Office		3,006,509	88.2%

Kilroy Realty Corporation
Fourth Quarter 2009 Supplemental Financial Report
Stabilized Portfolio Occupancy Overview

<i>Office:</i>	City/ Submarket	Square Feet	Occupancy
San Diego, California			
12225 El Camino Real	Del Mar	60,148	24.5%
12235 El Camino Real	Del Mar	54,673	100.0%
12340 El Camino Real	Del Mar	87,405	100.0%
12390 El Camino Real	Del Mar	72,332	100.0%
12348 High Bluff Drive	Del Mar	38,710	100.0%
12400 High Bluff Drive	Del Mar	208,464	100.0%
3579 Valley Centre Drive	Del Mar	52,375	0.0%
3611 Valley Centre Drive	Del Mar	130,178	100.0%
3661 Valley Centre Drive	Del Mar	129,752	100.0%
3721 Valley Centre Drive	Del Mar	114,780	100.0%
3811 Valley Centre Drive	Del Mar	112,067	100.0%
6200 Greenwich Drive	Governor Park	71,000	100.0%
6220 Greenwich Drive	Governor Park	141,214	0.0%
15051 Avenue of Science	I-15 Corridor	70,617	100.0%
15073 Avenue of Science	I-15 Corridor	46,759	100.0%
15231 Avenue of Science	I-15 Corridor	65,638	0.0%
15253 Avenue of Science	I-15 Corridor	37,437	0.0%
15333 Avenue of Science	I-15 Corridor	78,880	0.0%
15378 Avenue of Science	I-15 Corridor	68,910	100.0%
15004 Innovation Drive	I-15 Corridor	150,801	100.0%
15435 Innovation Drive	I-15 Corridor	51,500	0.0%
15445 Innovation Drive	I-15 Corridor	51,500	0.0%
13280 S. Evening Creek Drive	I-15 Corridor	42,971	46.5%
13290 S. Evening Creek Drive	I-15 Corridor	61,176	0.0%
13480 Evening Creek Drive North	I-15 Corridor	149,817	100.0%
13500 Evening Creek Drive North	I-15 Corridor	142,742	97.6%
13520 Evening Creek Drive North	I-15 Corridor	141,368	93.0%
7525 Torrey Santa Fe	56 Corridor	103,979	100.0%
7535 Torrey Santa Fe	56 Corridor	130,243	100.0%
7545 Torrey Santa Fe	56 Corridor	130,354	100.0%
7555 Torrey Santa Fe	56 Corridor	101,236	100.0%
10020 Pacific Mesa Boulevard	Sorrento Mesa	318,000	100.0%
4910 Directors Place	Sorrento Mesa	50,925	0.0%
4921 Directors Place	Sorrento Mesa	55,500	0.0%
4939 Directors Place	Sorrento Mesa	60,662	100.0%
4955 Directors Place	Sorrento Mesa	76,246	100.0%
5005 Wateridge Vista Drive	Sorrento Mesa	61,460	0.0%
5010 Wateridge Vista Drive	Sorrento Mesa	111,318	0.0%
10243 Genetic Center Drive	Sorrento Mesa	102,875	0.0%
6055 Lusk Avenue	Sorrento Mesa	93,000	100.0%
6260 Sequence Drive	Sorrento Mesa	130,536	100.0%
6290 Sequence Drive	Sorrento Mesa	90,000	100.0%
6310 Sequence Drive	Sorrento Mesa	62,415	100.0%
6340 Sequence Drive	Sorrento Mesa	66,400	100.0%
6350 Sequence Drive	Sorrento Mesa	132,600	100.0%
10390 Pacific Center Court	Sorrento Mesa	68,400	100.0%
10394 Pacific Center Court	Sorrento Mesa	59,630	100.0%
10398 Pacific Center Court	Sorrento Mesa	43,645	0.0%
10421 Pacific Center Court	Sorrento Mesa	79,871	0.0%
10445 Pacific Center Court	Sorrento Mesa	48,709	100.0%
10455 Pacific Center Court	Sorrento Mesa	90,000	100.0%
10350 Barnes Canyon	Sorrento Mesa	38,018	100.0%
10120 Pacific Heights	Sorrento Mesa	52,540	100.0%
5717 Pacific Center Boulevard	Sorrento Mesa	67,995	100.0%
4690 Executive Drive	University Towne Center	47,212	88.3%
9455 Towne Center Drive	University Towne Center	45,195	0.0%
9785 Towne Center Drive	University Towne Center	75,534	100.0%
9791 Towne Center Drive	University Towne Center	<u>50,466</u>	<u>100.0%</u>
Total San Diego Office		5,078,178	76.8%

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Stabilized Portfolio Occupancy Overview

	City/ Submarket	Square Feet	Occupancy
<i>Office:</i>			
Orange County, California			
4175 E. La Palma Avenue	Anaheim	43,263	91.7%
8101 Kaiser Boulevard	Anaheim	59,790	88.0%
601 Valencia Avenue	Brea	60,891	0.0%
603 Valencia Avenue	Brea	45,900	10.1%
111 Pacifica	Irvine Spectrum	<u>67,496</u>	<u>61.2%</u>
Total Orange County Office		277,340	49.8%
Other			
5151 Camino Ruiz	Camarillo	187,861	89.4%
5153 Camino Ruiz	Camarillo	38,655	100.0%
5155 Camino Ruiz	Camarillo	38,856	100.0%
2829 Townsgate Road	Thousand Oaks	<u>81,067</u>	<u>98.4%</u>
Total Other Office		346,439	93.9%
Total Office		8,708,466	80.6%
<i>Industrial:</i>			
Los Angeles, California			
2031 E. Mariposa Avenue	El Segundo	<u>192,053</u>	<u>100.0%</u>
Total Los Angeles Industrial		192,053	100.0%

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Stabilized Portfolio Occupancy Overview

<i>Industrial:</i>	City/ Submarket	Square Feet	Occupancy
Orange County, California			
1000 E. Ball Road	Anaheim	100,000	100.0%
1230 S. Lewis Road	Anaheim	57,730	100.0%
1250 N. Tustin Avenue	Anaheim	84,185	100.0%
3125 E. Coronado Street	Anaheim	144,000	0.0%
3130/3150 Miraloma Avenue	Anaheim	144,000	100.0%
3250 E. Carpenter Avenue	Anaheim	41,225	100.0%
3340 E. La Palma Avenue	Anaheim	153,320	0.0%
3355 E. La Palma Avenue	Anaheim	98,200	100.0%
4123 E. La Palma Avenue	Anaheim	70,863	100.0%
4155 E. La Palma Avenue	Anaheim	74,618	88.8%
5115 E. La Palma Avenue	Anaheim	286,139	100.0%
5325 E. Hunter Avenue	Anaheim	110,487	100.0%
1145 N. Ocean Boulevard	Anaheim	65,447	100.0%
1201 N. Miller Street	Anaheim	119,612	100.0%
1211 N. Miller Street	Anaheim	200,646	100.0%
1231 N. Miller Street	Anaheim	113,242	0.0%
660 N. Puente Street	Brea	51,567	100.0%
950 W. Central Avenue	Brea	24,000	75.0%
1050 W. Central Avenue	Brea	30,000	100.0%
1150 W. Central Avenue	Brea	30,000	100.0%
895 Beacon Street	Brea	54,795	100.0%
955 Beacon Street	Brea	37,916	100.0%
1125 Beacon Street	Brea	49,178	100.0%
925 Lambert Road	Brea	80,000	100.0%
1075 Lambert Road	Brea	98,811	100.0%
1675 MacArthur Boulevard	Costa Mesa	50,842	100.0%
25902 Towne Center Drive	Foothill Ranch	309,685	100.0%
12681 / 12691 Pala Drive	Garden Grove	84,700	100.0%
7421 Oranewood Avenue	Garden Grove	82,602	100.0%
7091 Belgrave Avenue	Garden Grove	70,000	100.0%
12271 Industry Street	Garden Grove	20,000	75.0%
12311 Industry Street	Garden Grove	25,000	100.0%
7261 Lampson Avenue	Garden Grove	47,092	100.0%
12472 Edison Way	Garden Grove	55,576	100.0%
12442 Knott Street	Garden Grove	58,303	100.0%
2055 S.E. Main Street	Irvine	47,583	100.0%
1951 E. Carnegie Avenue	Santa Ana	100,000	100.0%
2525 Pullman Street	Santa Ana	103,380	100.0%
14831 Franklin Avenue	Tustin	36,256	100.0%
2911 Dow Avenue	Tustin	51,410	100.0%
Total Orange County Industrial		3,462,410	87.6%
Total Industrial		3,654,463	88.2%

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Lease Commencement Information by Segment

For Leases That Commenced During the Three Months Ended December 31, 2009

	1st & 2nd Generation				2nd Generation					
	# of Leases ⁽¹⁾		Square Feet ⁽¹⁾		TI/LC Per Sq.Ft. ⁽²⁾	Maintenance Capex Per Sq.Ft. ⁽³⁾	Changes in Rents ⁽⁴⁾	Changes in Cash Rents ⁽⁵⁾	Retention Rates ⁽⁶⁾	Weighted Average Lease Term (Mo.)
	New	Renewal	New	Renewal						
Office	12	11	65,873	207,661	\$ 23.90	\$ 0.39	21.9%	7.3%	75.0%	89
Industrial	<u>3</u>	<u>4</u>	<u>139,380</u>	<u>108,408</u>	6.58	0.51	(7.9%)	(18.6%)	100.0%	65
Total	<u>15</u>	<u>15</u>	<u>205,253</u>	<u>316,069</u>	\$ 15.67	\$ 0.42	15.8%	1.7%	82.0%	77

For Leases That Commenced During the Year Ended December 31, 2009

	1st & 2nd Generation				2nd Generation					
	# of Leases ⁽¹⁾		Square Feet ⁽¹⁾		TI/LC Per Sq.Ft. ⁽²⁾	Maintenance Capex Per Sq.Ft. ⁽³⁾	Changes in Rents ⁽⁴⁾	Changes in Cash Rents ⁽⁵⁾	Retention Rates ⁽⁶⁾	Weighted Average Lease Term (Mo.)
	New	Renewal	New	Renewal						
Office	37	45	221,229	680,977	\$ 22.97	\$ 0.86	15.1%	6.5%	59.5%	66
Industrial	<u>6</u>	<u>9</u>	<u>248,380</u>	<u>545,143</u>	4.58	0.85	9.1%	(5.4%)	60.5%	74
Total	<u>43</u>	<u>54</u>	<u>469,609</u>	<u>1,226,120</u>	\$ 14.36	\$ 0.86	13.8%	3.8%	60.0%	70

(1) Represents leasing activity for leases that commenced during the period shown, including first and second generation space, net of month-to-month leases. Excludes leasing on new construction.

(2) Amounts exclude tenant-funded tenant improvements.

(3) Calculated over entire stabilized portfolio.

(4) Calculated as the change between GAAP rents for new/renewed leases and the expiring GAAP rents for the same space. Excludes leases for which the space was vacant longer than one year.

(5) Calculated as the change between stated rents for new/renewed leases and the expiring stated rents for the same space. Excludes leases for which the space was vacant longer than one year.

(6) Calculated as the percentage of space either renewed or expanded into by existing tenants or subtenants at lease expiration.

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Stabilized Portfolio Capital Expenditures

(\$ in thousands)

<u>Nonrecurring Capital Expenditures:</u>					
	<u>Q1 2009</u>	<u>Q2 2009</u>	<u>Q3 2009</u>	<u>Q4 2009</u>	<u>Total 2009</u>
Capital Improvements	\$ 1,404	\$ 2,968	\$ 881	\$ 1,409	\$ 6,662
Tenant Improvements & Leasing Commissions	-	-	-	801	801
Total	<u>\$ 1,404</u>	<u>\$ 2,968</u>	<u>\$ 881</u>	<u>\$ 2,210</u>	<u>\$ 7,463</u>

<u>Recurring Capital Expenditures:</u>					
	<u>Q1 2009</u>	<u>Q2 2009</u>	<u>Q3 2009</u>	<u>Q4 2009</u>	<u>Total 2009</u>
Capital Improvements					
Office	\$ 1,522	\$ 1,416	\$ 1,127	\$ 3,391	\$ 7,456
Industrial	425	12	854	1,857	3,148
	<u>1,947</u>	<u>1,428</u>	<u>1,981</u>	<u>5,248</u>	<u>10,604</u>
Tenant Improvements & Leasing Commissions ⁽¹⁾					
Office	1,764	3,161	7,021	6,239	18,185
Industrial	1,148	232	15	947	2,342
	<u>2,912</u>	<u>3,393</u>	<u>7,036</u>	<u>7,186</u>	<u>20,527</u>
Total					
Office	3,286	4,577	8,148	9,630	25,641
Industrial	1,573	244	869	2,804	5,490
	<u>\$ 4,859</u>	<u>\$ 4,821</u>	<u>\$ 9,017</u>	<u>\$ 12,434</u>	<u>\$ 31,131</u>

(1) Represents costs incurred for leasing activity during the period shown. Amounts exclude tenant-funded tenant improvements.

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Lease Expiration Summary Schedule ⁽¹⁾

(\$ in thousands)

Year of Expiration	# of Expiring Leases	Total Square Feet	% of Total Leased Sq. Ft.	Annualized Base Rent ⁽²⁾	% of Total Annualized Base Rent ⁽²⁾	Annualized Rent per Sq. Ft. ⁽²⁾
OFFICE:						
2010	70	843,916	12.2%	\$20,301	10.2%	\$24.06
2011	58	537,893	7.8%	11,485	5.7%	21.35
2012	58	758,736	11.0%	19,973	10.0%	26.32
2013	45	579,059	8.4%	14,426	7.2%	24.91
2014	41	1,019,348	14.8%	25,918	13.0%	25.43
2015	30	616,477	8.9%	18,308	9.2%	29.70
2016	7	159,552	2.3%	3,709	1.9%	23.25
2017	17	1,186,858	17.2%	33,527	16.8%	28.25
2018	13	639,502	9.3%	28,982	14.5%	45.32
2019	4	215,375	3.1%	7,987	4.0%	37.08
2020 and beyond	4	<u>342,868</u>	<u>5.0%</u>	<u>15,352</u>	<u>7.5%</u>	44.78
Subtotal	<u>347</u>	<u>6,899,584</u>	<u>100.0%</u>	<u>\$199,968</u>	<u>100.0%</u>	\$28.98
INDUSTRIAL:						
2010	10	243,060	7.5%	\$1,941	7.5%	\$7.99
2011	12	376,658	11.7%	3,345	13.0%	8.88
2012	12	511,805	15.9%	3,224	12.5%	6.30
2013	7	602,455	18.7%	4,410	17.1%	7.32
2014	9	466,578	14.5%	3,743	14.5%	8.02
2015	9	539,864	16.7%	3,777	14.6%	7.00
2016	1	41,225	1.3%	314	1.2%	7.62
2017	1	192,053	6.0%	2,960	11.5%	15.41
2018	1	82,602	2.6%	643	2.5%	7.78
2019	2	168,200	5.1%	1,467	5.6%	8.72
2020 and beyond	-	-	-	-	-	-
Subtotal	<u>64</u>	<u>3,224,500</u>	<u>100.0%</u>	<u>\$25,824</u>	<u>100.0%</u>	\$8.01
TOTAL PORTFOLIO:						
2010	80	1,086,976	10.7%	\$22,242	9.9%	\$20.46
2011	70	914,551	9.0%	14,830	6.6%	16.22
2012	70	1,270,541	12.5%	23,197	10.3%	18.26
2013	52	1,181,514	11.7%	18,836	8.3%	15.94
2014	50	1,485,926	14.7%	29,661	13.1%	19.96
2015	39	1,156,341	11.4%	22,085	9.8%	19.10
2016	8	200,777	2.0%	4,023	1.8%	20.04
2017	18	1,378,911	13.6%	36,487	16.2%	26.46
2018	14	722,104	7.1%	29,625	13.1%	41.03
2019	6	383,575	3.8%	9,454	4.2%	24.65
2020 and beyond	4	<u>342,868</u>	<u>3.5%</u>	<u>15,352</u>	<u>6.7%</u>	44.78
Total	<u>411</u>	<u>10,124,084</u>	<u>100.0%</u>	<u>\$225,792</u>	<u>100.0%</u>	\$22.30

(1) The information presented reflects leasing activity through December 31, 2009. For leases that have been renewed early or space that has been released to a new tenant, the expiration date and annual base rent information presented takes into consideration the renewed or released lease terms. Excludes space leased under month-to-month leases and vacant space as of December 31, 2009.

(2) Reflects annualized contractual base rent calculated on a straight-line basis.

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Lease Expiration Schedule Detail by Region ⁽¹⁾

(\$ in thousands)

Year of Expiration	Los Angeles County						Orange County					
	# of Expiring Leases	Total Square Feet	% of Total Regional Sq. Ft.	Annualized Base Rent ⁽²⁾	% of Total Annualized Base Rent ⁽²⁾	Annualized Rent per Sq. Ft. ⁽²⁾	# of Expiring Leases	Total Square Feet	% of Total Regional Sq. Ft.	Annualized Base Rent ⁽²⁾	% of Total Annualized Base Rent ⁽²⁾	Annualized Rent per Sq. Ft. ⁽²⁾
OFFICE:												
2010	44	602,474	23.4%	\$13,370	18.5%	\$22.19	7	16,669	12.7%	\$393	13.4%	\$23.58
2011	40	240,304	9.3%	7,121	9.8%	29.63	6	17,179	13.1%	400	13.6%	23.28
2012	37	269,546	10.5%	7,148	9.9%	26.52	9	44,686	34.0%	1,083	36.8%	24.24
2013	36	297,431	11.5%	7,783	10.8%	26.17	3	8,540	6.5%	193	6.6%	22.60
2014	28	564,561	21.9%	15,891	22.0%	28.15	5	13,991	10.6%	247	8.4%	17.65
2015	15	232,091	9.0%	7,413	10.2%	31.94	2	30,397	23.1%	624	21.2%	20.53
2016	6	69,552	2.7%	2,597	3.6%	37.34	-	-	-	-	-	-
2017	5	95,936	3.7%	3,463	4.8%	36.10	-	-	-	-	-	-
2018	3	35,140	1.4%	1,196	1.7%	34.04	-	-	-	-	-	-
2019	2	170,596	6.6%	6,348	8.7%	37.21	-	-	-	-	-	-
2020 and beyond	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>216</u>	<u>2,577,631</u>	<u>100.0%</u>	<u>\$72,330</u>	<u>100.0%</u>	<u>\$28.06</u>	<u>32</u>	<u>131,462</u>	<u>100.0%</u>	<u>\$2,940</u>	<u>100.0%</u>	<u>\$22.36</u>
INDUSTRIAL:												
2010	-	-	-	-	-	-	10	243,060	8.0%	\$1,941	8.5%	\$7.99
2011	-	-	-	-	-	-	12	376,658	12.4%	3,345	14.6%	8.88
2012	-	-	-	-	-	-	12	511,805	16.9%	3,224	14.1%	6.30
2013	-	-	-	-	-	-	7	602,455	19.9%	4,410	19.3%	7.32
2014	-	-	-	-	-	-	9	466,578	15.4%	3,743	16.4%	8.02
2015	-	-	-	-	-	-	9	539,864	17.8%	3,777	16.5%	7.00
2016	-	-	-	-	-	-	1	41,225	1.4%	314	1.4%	7.62
2017	1	192,053	100.0%	2,960	100.0%	15.41	-	-	-	-	-	-
2018	-	-	-	-	-	-	1	82,602	2.7%	643	2.8%	7.78
2019	-	-	-	-	-	-	2	168,200	5.5%	1,467	6.4%	8.72
2020 and beyond	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>1</u>	<u>192,053</u>	<u>100.0%</u>	<u>\$2,960</u>	<u>100.0%</u>	<u>\$15.41</u>	<u>63</u>	<u>3,032,447</u>	<u>100.0%</u>	<u>\$22,864</u>	<u>100.0%</u>	<u>\$7.54</u>
TOTAL PORTFOLIO:												
2010	44	602,474	21.8%	\$13,370	17.8%	\$22.19	17	259,729	8.2%	\$2,334	9.0%	\$8.99
2011	40	240,304	8.7%	7,121	9.5%	29.63	18	393,837	12.4%	3,745	14.5%	9.51
2012	37	269,546	9.7%	7,148	9.5%	26.52	21	556,491	17.6%	4,307	16.7%	7.74
2013	36	297,431	10.7%	7,783	10.3%	26.17	10	610,995	19.3%	4,603	17.8%	7.53
2014	28	564,561	20.4%	15,891	21.1%	28.15	14	480,569	15.2%	3,990	15.5%	8.30
2015	15	232,091	8.4%	7,413	9.8%	31.94	11	570,261	18.0%	4,401	17.1%	7.72
2016	6	69,552	2.5%	2,597	3.4%	37.34	1	41,225	1.3%	314	1.2%	7.62
2017	6	287,989	10.4%	6,423	8.5%	22.30	-	-	-	-	-	-
2018	3	35,140	1.3%	1,196	1.6%	34.04	1	82,602	2.6%	643	2.5%	7.78
2019	2	170,596	6.1%	6,348	8.5%	37.21	2	168,200	5.4%	1,467	5.7%	8.72
2020 and beyond	-	-	-	-	-	-	-	-	-	-	-	-
Total	<u>217</u>	<u>2,769,684</u>	<u>100.0%</u>	<u>\$75,290</u>	<u>100.0%</u>	<u>\$27.18</u>	<u>95</u>	<u>3,163,909</u>	<u>100.0%</u>	<u>\$25,804</u>	<u>100.0%</u>	<u>\$8.16</u>

(1) The information presented reflects leasing activity through December 31, 2009. For leases that have been renewed early or space that has been released to a new tenant, the expiration date and annual base rent information presented takes into consideration the renewed or released lease terms. Excludes space leased under month-to-month leases and vacant space as of December 31, 2009.

(2) Reflects annualized contractual base rent calculated on a straight-line basis.

Kilroy Realty Corporation
Fourth Quarter 2009 Supplemental Financial Report

Lease Expiration Schedule Detail by Region ⁽¹⁾

(\$ in thousands)

Year of Expiration	San Diego County						Other					
	# of Expiring Leases	Total Square Feet	% of Total Regional Sq. Ft.	Annualized Base Rent ⁽²⁾	% of Total Annualized Base Rent ⁽²⁾	Annualized Rent per Sq. Ft. ⁽²⁾	# of Expiring Leases	Total Square Feet	% of Total Regional Sq. Ft.	Annualized Base Rent ⁽²⁾	% of Total Annualized Base Rent ⁽²⁾	Annualized Rent per Sq. Ft. ⁽²⁾
OFFICE:												
2010	16	191,034	4.9%	\$5,732	4.8%	\$30.01	3	33,739	10.4%	\$806	14.7%	\$23.89
2011	4	68,744	1.8%	1,464	1.2%	21.30	8	211,666	65.4%	2,500	45.5%	11.81
2012	11	438,954	11.4%	11,548	9.7%	26.31	1	5,550	1.7%	194	3.5%	34.95
2013	6	273,088	7.1%	6,450	5.4%	23.62	-	-	-	-	-	-
2014	7	434,037	11.2%	9,559	8.0%	22.02	1	6,759	2.1%	221	4.0%	32.70
2015	6	288,065	7.4%	8,495	7.1%	29.49	7	65,924	20.4%	1,776	32.3%	26.94
2016	1	90,000	2.3%	1,112	0.9%	12.36	-	-	-	-	-	-
2017	12	1,090,922	28.2%	30,064	25.2%	27.56	-	-	-	-	-	-
2018	10	604,362	15.6%	27,786	23.3%	45.98	-	-	-	-	-	-
2019	2	44,779	1.2%	1,639	1.4%	36.60	-	-	-	-	-	-
2020 and beyond	4	342,868	8.9%	15,352	13.0%	44.78	-	-	-	-	-	-
Subtotal	79	3,866,853	100.0%	\$119,201	100.0%	\$30.83	20	323,638	100.0%	\$5,497	100.0%	\$16.99
INDUSTRIAL:												
2010	-	-	-	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-
2020 and beyond	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PORTFOLIO:												
2010	16	191,034	4.9%	\$5,732	4.8%	\$30.01	3	33,739	10.4%	\$806	14.7%	\$23.89
2011	4	68,744	1.8%	1,464	1.2%	21.30	8	211,666	65.4%	2,500	45.5%	11.81
2012	11	438,954	11.4%	11,548	9.7%	26.31	1	5,550	1.7%	194	3.5%	34.95
2013	6	273,088	7.1%	6,450	5.4%	23.62	-	-	-	-	-	-
2014	7	434,037	11.2%	9,559	8.0%	22.02	1	6,759	2.1%	221	4.0%	32.70
2015	6	288,065	7.4%	8,495	7.1%	29.49	7	65,924	20.4%	1,776	32.3%	26.94
2016	1	90,000	2.3%	1,112	0.9%	12.36	-	-	-	-	-	-
2017	12	1,090,922	28.2%	30,064	25.2%	27.56	-	-	-	-	-	-
2018	10	604,362	15.6%	27,786	23.3%	45.98	-	-	-	-	-	-
2019	2	44,779	1.2%	1,639	1.4%	36.60	-	-	-	-	-	-
2020 and beyond	4	342,868	8.9%	15,352	13.0%	44.78	-	-	-	-	-	-
Total	79	3,866,853	100.0%	\$119,201	100.0%	\$30.83	20	323,638	100.0%	\$5,497	100.0%	\$16.99

(1) The information presented reflects leasing activity through December 31, 2009. For leases that have been renewed early or space that has been released to a new tenant, the expiration date and annual base rent information presented takes into consideration the renewed or released lease terms. Excludes space leased under month-to-month leases and vacant space as of December 31, 2009.

(2) Reflects annualized contractual base rent calculated on a straight-line basis.

KILROY REALTY CORPORATION

Fourth Quarter 2009 Supplemental Financial Report

Quarterly Lease Expirations for 2010 ⁽¹⁾ (\$ in thousands)

	<u># of Expiring Leases</u>	<u>Total Square Feet</u>	<u>% of Total Leased Sq. Ft.</u>	<u>Annualized Base Rent ⁽²⁾</u>	<u>% of Total Annualized Base Rent ⁽²⁾</u>	<u>Annualized Rent per Sq. Ft. ⁽²⁾</u>
OFFICE:						
Q1 2010	10	131,113	1.9%	\$2,906	1.5%	\$22.16
Q2 2010	15	51,933	0.8%	1,577	0.8%	30.37
Q3 2010	27	538,544	7.8%	12,770	6.4%	23.71
Q4 2010	<u>18</u>	<u>122,326</u>	<u>1.7%</u>	<u>3,048</u>	<u>1.5%</u>	24.92
Subtotal 2010	<u>70</u>	<u>843,916</u>	<u>12.2%</u>	<u>\$20,301</u>	<u>10.2%</u>	\$24.06
INDUSTRIAL:						
Q1 2010	4	108,446	3.4%	\$706	2.7%	\$6.51
Q2 2010	2	38,130	1.2%	331	1.3%	8.68
Q3 2010	-	-	-	-	-	-
Q4 2010	<u>4</u>	<u>96,484</u>	<u>2.9%</u>	<u>904</u>	<u>3.5%</u>	9.37
Subtotal 2010	<u>10</u>	<u>243,060</u>	<u>7.5%</u>	<u>\$1,941</u>	<u>7.5%</u>	\$7.99
TOTAL PORTFOLIO:						
Q1 2010	14	239,559	2.4%	\$3,612	1.6%	\$15.08
Q2 2010	17	90,063	0.9%	1,908	0.8%	21.19
Q3 2010	27	538,544	5.3%	12,770	5.7%	23.71
Q4 2010	<u>22</u>	<u>218,810</u>	<u>2.1%</u>	<u>3,952</u>	<u>1.8%</u>	18.06
Total 2010	<u>80</u>	<u>1,086,976</u>	<u>10.7%</u>	<u>\$22,242</u>	<u>9.9%</u>	\$20.46

(1) The information presented reflects leasing activity through December 31, 2009. For leases that have been renewed early or space that has been released to a new tenant, the expiration date and annual base rent information presented takes into consideration the renewed or released lease terms. Excludes space leased under month-to-month leases and vacant space as of December 31, 2009.

(2) Reflects annualized contractual base rent calculated on a straight-line basis.

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Top Fifteen Tenants ⁽¹⁾ (\$ in thousands)

Tenant Name	Product Type	Annualized Base Rental Revenues ⁽²⁾	Rentable Square Feet	Percentage of Total Annualized Base Rental Revenues ⁽²⁾	Percentage of Total Rentable Square Feet
Intuit, Inc.	Office	\$15,126	536,812	6.7%	4.3%
Bridgepoint Education, Inc.	Office	14,257	302,078	6.3%	2.4%
Scripps Health	Office	12,562	262,868	5.6%	2.1%
CareFusion Corporation	Office	10,087	459,709	4.5%	3.7%
DIRECTV, Inc.	Office	8,540	314,207	3.8%	2.5%
AMN Healthcare, Inc.	Office	8,341	175,672	3.7%	1.4%
Fish & Richardson P.C.	Office	6,071	139,538	2.7%	1.1%
The Boeing Company	Office / Industrial	5,905	351,598	2.6%	2.8%
Verenium Corporation	Office	5,158	136,908	2.3%	1.1%
Epson America, Inc.	Office	4,915	136,026	2.2%	1.1%
Hewlett-Packard Company	Office	4,348	117,948	1.9%	1.0%
Scan Health Plan	Office	3,810	130,137	1.7%	1.1%
Avnet, Inc.	Office	3,768	114,780	1.7%	0.9%
Comcast Corporation	Office	3,308	116,881	1.5%	0.9%
Northrup Grumman Corporation	Office	<u>3,268</u>	<u>117,376</u>	<u>1.4%</u>	<u>0.9%</u>
Total Top Fifteen Tenants		<u>\$109,464</u>	<u>3,412,538</u>	<u>48.6%</u>	<u>27.3%</u>

(1) The information presented is as of December 31, 2009.

(2) Based upon annualized contractual base rental revenue, which is calculated on a straight-line basis in accordance with GAAP, for leases for which rental revenue is being recognized by the Company as of December 31, 2009.

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

2009 Dispositions (*\$ in millions*)

<u>Property</u>	<u>City / Region</u>	<u>Type</u>	<u>Month of Disposition</u>	<u>Rentable Square Feet</u>	<u>Sales Price</u>
1st QUARTER:					
NONE					
2nd QUARTER:					
12400 Industry Street	Garden Grove / Orange County	Industrial	June	64,200	\$5.1
3rd QUARTER:					
NONE					
4th QUARTER:					
NONE					

Kilroy Realty Corporation
Fourth Quarter 2009 Supplemental Financial Report

Stabilized Development Projects
(\$ in millions)

<u>DEVELOPMENT PROJECTS:</u>								
Project	Location	Type	Start Date	Compl. Date	Rentable Square Feet	Total Estimated Investment	Total Costs as of 12/31/09 ⁽¹⁾	% Leased
1st QUARTER: NONE								
2nd QUARTER: NONE								
3rd QUARTER: NONE								
4th QUARTER								
Sorrento Gateway - Lot 1 4910 Directors Place	Sorrento Mesa	Medical Office	4Q 2007	4Q 2008	50,925	\$22.7	\$17.2	25%

(1) Represents cash paid and costs incurred as of December 31, 2009.

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Future Development Pipeline

(\$ in millions)

Project	Location	Type	Gross Site Acreage	Estimated Rentable Square Feet	Total Costs as of 12/31/2009 ⁽¹⁾
SAN DIEGO, CALIFORNIA					
Carlsbad Oaks - Lots 4, 5, 7 & 8	Carlsbad	Office	32.0	288,000	\$18.1
Pacific Corporate Center - Lot 8	Sorrento Mesa	Office	5.0	170,000	11.3
Rancho Bernardo Corporate Center	I-15 Corridor	Office	21.0	320,000 - 1,000,000	27.2
San Diego Corporate Center - Phase I and II	Del Mar	Office	23.0	500,000	102.6
Santa Fe Summit - Phase II and III	56 Corridor	Office	21.8	600,000	73.7
Sorrento Gateway - Lot 2	Sorrento Mesa	Office	6.3	80,000	11.1
Sorrento Gateway - Lot 7	Sorrento Mesa	Office	<u>7.6</u>	<u>57,000</u>	<u>10.0</u>
TOTAL FUTURE DEVELOPMENT PIPELINE			<u>116.7</u>	<u>2,015,000 - 2,695,000</u>	<u>\$254.0</u>

(1) Represents cash paid and costs incurred as of December 31, 2009.

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Capital Structure

As of December 31, 2009
(\$ in thousands)

	Shares/Units As of December 31, 2009	Aggregate Principal Amount or \$ Value Equivalent	% of Total Market Capitalization
DEBT:			
Unsecured Line of Credit		\$97,000	3.8%
Unsecured Exchangeable Senior Notes due 2012 ⁽¹⁾		298,000	11.5%
Unsecured Exchangeable Senior Notes due 2014 ⁽²⁾		172,500	6.7%
Unsecured Senior Notes due 2010		61,000	2.4%
Unsecured Senior Notes due 2014		83,000	3.2%
Secured Debt		<u>294,574</u>	<u>11.4%</u>
Total Debt		<u>\$1,006,074</u>	<u>39.0%</u>
EQUITY AND NONCONTROLLING INTERESTS:			
7.450% Series A Cumulative Redeemable Preferred Units ⁽³⁾	1,500,000	\$75,000	2.9%
7.800% Series E Cumulative Redeemable Preferred Stock ⁽⁴⁾	1,610,000	40,250	1.6%
7.500% Series F Cumulative Redeemable Preferred Stock ⁽⁴⁾	3,450,000	86,250	3.3%
Common Units Outstanding ⁽⁵⁾	1,723,131	52,848	2.0%
Common Shares Outstanding ⁽⁵⁾	43,148,762	<u>1,323,373</u>	<u>51.2%</u>
Total Equity and Noncontrolling Interests		<u>\$1,577,721</u>	<u>61.0%</u>
TOTAL MARKET CAPITALIZATION		<u>\$2,583,795</u>	<u>100.0%</u>

(1) Represents gross aggregate principal amount before the effect of the unamortized discount of approximately \$13.9 million as of December 31, 2009. During the third and fourth quarters of 2009, the Company repurchased exchangeable senior notes with an aggregate gross stated principal amount of \$162.0 million for approximately \$150.4 million in cash.

(2) Represents gross aggregate principal amount before the effect of the unamortized discount of approximately \$20.1 million as of December 31, 2009.

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

(4) Value based on \$25.00 per share liquidation preference.

(5) Value based on closing share price of \$30.67 on December 31, 2009.

Kilroy Realty Corporation
Fourth Quarter 2009 Supplemental Financial Report

Debt Analysis
As of December 31, 2009
(\$ in millions)

TOTAL DEBT COMPOSITION			
	<u>% of</u> <u>Total Debt</u>	<u>Weighted Average</u>	
		<u>Interest Rate</u>	<u>Maturity</u>
Secured vs. Unsecured Debt:			
Unsecured Debt ⁽¹⁾⁽²⁾	70.7%	3.8%	2.8
Secured Debt	29.3%	5.7%	2.1
Floating- vs. Fixed-Rate Debt:			
Floating-Rate Debt ⁽²⁾	13.0%	1.1%	0.3
Fixed-Rate Debt ⁽¹⁾	87.0%	<u>4.8%</u>	<u>2.9</u>
Total Debt ⁽¹⁾⁽²⁾		<u>4.3%</u>	<u>2.6</u>
Total Debt Including Loan Fees ⁽¹⁾		<u>4.8%</u>	
GAAP Effective Interest Rate ⁽³⁾		<u>5.9%</u>	

UNSECURED LINE OF CREDIT		
<u>Total Line</u>	<u>Outstanding Balance</u>	<u>Expiration Date</u>
\$550.0	\$97.0	April 2010 ⁽²⁾

DEBT COVENANTS		
Key Financial Covenants (as defined per Credit Agreement):	<u>Covenant</u>	<u>Actual Performance</u> <u>as of December 31, 2009</u>
Total debt to total asset value ⁽⁴⁾	< 60%	36%
Fixed charge coverage ratio	> 1.5x	2.4x
Minimum consolidated tangible net worth	> \$700 million + 75% of all Net Offering Proceeds ⁽⁵⁾	\$1.8 billion
Dividend coverage ratio	< 95% of FFO	63% of FFO
Unsecured debt ratio ⁽⁴⁾⁽⁶⁾	> 1.67x	3.09x
Unencumbered asset pool debt service coverage ⁽⁷⁾	≥ 2.0x	5.7x

CAPITALIZED INTEREST, LOAN FEES, AND DEBT DISCOUNT	
<u>Quarter-to-Date</u>	<u>Year-to-Date</u>
\$2.7	\$9.7

- (1) Excludes the impact of the amortization of the noncash debt discount on the Company's exchangeable senior notes.
- (2) The maturity does not reflect the Company's option to extend the maturity of the unsecured line of credit by one year.
- (3) Represents the GAAP effective interest rate for total debt, which includes the impact of the amortization of the noncash debt discount related to the accounting for the Company's exchangeable senior notes.
- (4) In the event of an acquisition of one or more properties for \$150 million or more, the total debt to total asset value may exceed 60% for up to two consecutive quarters but in no event exceed 65%, and the unsecured debt ratio may be less than 1.67x for up to two consecutive quarters but in no event be less than 1.54x.
- (5) This covenant level was calculated at \$974 million as of December 31, 2009.
- (6) The unsecured debt ratio is calculated by dividing the unsecured asset pool value by the amount of unsecured senior debt.
- (7) The unencumbered asset pool debt service coverage is calculated by dividing the unencumbered asset pool net operating cash flow by the unsecured debt service.

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Debt Analysis As of December 31, 2009 (\$ in thousands)

DEBT MATURITY SCHEDULE									
Floating/ Fixed Rate	Rate	Maturity Date	2010	2011	2012	2013	2014	After 2014	Total
Unsecured Debt:									
Floating	1.11%	4/26/2010 ⁽¹⁾	\$97,000						\$97,000
Fixed	3.25%	4/15/2012			298,000				298,000 ⁽²⁾
Fixed	4.25%	11/15/2014					172,500		172,500 ⁽³⁾
Fixed	5.72%	8/4/2010	61,000						61,000
Fixed	6.45%	8/4/2014					83,000		83,000
			158,000		298,000		255,500		711,500
Secured Debt:									
Floating	1.00%	4/26/2010	33,500						33,500
Fixed	7.20%	4/1/2010	63,170						63,170
Fixed	6.70%	12/27/2011	1,453	69,980					71,433
Fixed	5.57%	8/1/2012	1,448	1,532	71,517				74,497
Fixed	4.95%	8/1/2012	653	687	29,754				31,094
Fixed	8.13%	11/1/2014	516						516
Fixed	7.15%	5/1/2017	1,807	1,941	2,084	2,238	2,404	6,569	17,043
Fixed	Various ⁽⁴⁾	Various ⁽⁴⁾	40	52	55	58	59	3,057	3,321
			102,587	74,192	103,410	2,296	2,463	9,626	294,574
Total	4.35%		\$260,587	\$74,192	\$401,410	\$2,296	\$257,963	\$9,626	\$1,006,074

(1) The maturity date does not reflect the Company's option to extend the maturity by one year.

(2) Represents gross aggregate principal amount before the effect of the unamortized discount of approximately \$13.9 million as of December 31, 2009.

(3) Represents gross aggregate principal amount before the effect of the unamortized discount of approximately \$20.1 million as of December 31, 2009.

(4) Represents balance outstanding related to public facility bonds (the "Bonds") issued in February 2008 by the City of Carlsbad. The Bonds have annual maturities beginning on September 1, 2010 through September 1, 2038, with interest rates ranging from 4.00% to 6.20%.

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Management Statements on Non-GAAP Supplemental Measures

Included in this section are management's statements regarding certain non-GAAP financial measures provided in this supplemental financial report and, with respect to Funds From Operations ("FFO"), in the Company's earnings release on January 25, 2010, and the reasons why management believes that these measures provide useful information to investors about the Company's financial condition and results of operations.

Net Operating Income:

Management believes that Net Operating Income ("NOI") is a useful supplemental measure of the Company's operating performance. The Company defines NOI as operating revenues (rental income, tenant reimbursements and other property income) less property and related expenses (property expenses, real estate taxes, provision for bad debts and ground leases). Other real estate investment trusts ("REITs") may use different methodologies for calculating NOI, and accordingly, the Company's NOI may not be comparable to other REITs.

Because NOI excludes general and administrative expenses, interest expense, depreciation and amortization, other nonproperty income and losses, gains and losses from property dispositions, and extraordinary items, it provides a performance measure that, when compared year over year, reflects the revenues and expenses directly associated with owning and operating commercial real estate and the impact to operations from trends in occupancy rates, rental rates, and operating costs, providing a perspective on operations not immediately apparent from net income. The Company uses NOI to evaluate its operating performance on a segment basis since NOI allows the Company to evaluate the impact that factors such as occupancy levels, lease structure, rental rates, and tenant base, which vary by segment type, have on the Company's results, margins and returns. In addition, management believes that NOI provides useful information to the investment community about the Company's financial and operating performance when compared to other REITs since NOI is generally recognized as a standard measure of performance in the real estate industry.

However, NOI should not be viewed as an alternative measure of the Company's financial performance since it does not reflect general and administrative expenses, interest expense, depreciation and amortization costs, other nonproperty income and losses, the level of capital expenditures and leasing costs necessary to maintain the operating performance of the Company's properties, or trends in development and construction activities which are significant economic costs and activities that could materially impact the Company's results from operations.

Same Store Net Operating Income:

Management believes that Same Store NOI is a useful supplemental measure of the Company's operating performance. Same Store NOI represents the NOI for the stabilized properties that were operational for two comparable reporting periods. Because Same Store NOI excludes the change in NOI from properties developed, redeveloped, acquired and disposed of, it highlights operating trends such as occupancy levels, rental rates and operating costs on properties that were operational for two comparable periods. Other REITs may use different methodologies for calculating Same Store NOI, and accordingly, the Company's Same Store NOI may not be comparable to other REITs.

However, Same Store NOI should not be viewed as an alternative measure of the Company's financial performance since it does not reflect the operations of the Company's entire portfolio, nor does it reflect the impact of general and administrative expenses, interest expense, depreciation and amortization costs, other nonproperty income and losses, the level of capital expenditures and leasing costs necessary to maintain the operating performance of the Company's properties, or trends in development and construction activities which are significant economic costs and activities that could materially impact the Company's results from operations.

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Management Statements on Non-GAAP Supplemental Measures

EBITDA:

Management believes that earnings before interest expense, depreciation and amortization, gain on early extinguishment of debt, net gains and losses on disposition of discontinued operations, net income attributable to noncontrolling interests, preferred dividends and distributions, and impairment losses ("EBITDA") is a useful supplemental measure of the Company's operating performance. When considered with other GAAP measures and FFO, management believes EBITDA gives the investment community a more complete understanding of the Company's operating results, including the impact of general and administrative expenses, before the impact of investing and financing transactions and facilitates comparisons with competitors. Management also believes it is appropriate to present EBITDA as it is used in several of the Company's financial covenants for both its secured and unsecured debt. However, EBITDA should not be viewed as an alternative measure of the Company's operating performance since it excludes financing costs as well as depreciation and amortization costs which are significant economic costs that could materially impact the Company's results of operations and liquidity. Other REITs may use different methodologies for calculating EBITDA and, accordingly, the Company's EBITDA may not be comparable to other REITs.

Funds From Operations:

The Company calculates FFO in accordance with the White Paper on FFO approved by the Board of Governors of NAREIT. The White Paper defines FFO as net income or loss calculated in accordance with GAAP, excluding extraordinary items, as defined by GAAP, and gains and losses from sales of depreciable operating property, plus real estate-related depreciation and amortization (excluding amortization of deferred financing costs and depreciation of non-real estate assets), and after adjustment for unconsolidated partnerships and joint ventures.

Management believes that FFO is a useful supplemental measure of the Company's operating performance. The exclusion from FFO of gains and losses from the sale of operating real estate assets allows investors and analysts to readily identify the operating results of the assets that form the core of the Company's activity and assists in comparing those operating results between periods. Also, because FFO is generally recognized as the industry standard for reporting the operations of REITs, it facilitates comparisons of operating performance to other REITs. However, other REITs may use different methodologies to calculate FFO, and accordingly, the Company's FFO may not be comparable to all other REITs.

Implicit in historical cost accounting for real estate assets in accordance with GAAP is the assumption that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered presentations of operating results for real estate companies using historical cost accounting alone to be insufficient. Because FFO excludes depreciation and amortization of real estate assets, management believes that FFO along with the required GAAP presentations provides a more complete measurement of the Company's performance relative to its competitors and a more appropriate basis on which to make decisions involving operating, financing and investing activities than the required GAAP presentations alone would provide.

However, FFO should not be viewed as an alternative measure of the Company's operating performance since it does not reflect either depreciation and amortization costs or the level of capital expenditures and leasing costs necessary to maintain the operating performance of the Company's properties, which are significant economic costs and could materially impact the Company's results from operations.

Funds Available for Distribution:

Management believes that Funds Available for Distribution ("FAD") is a useful supplemental measure of the Company's liquidity. The Company computes FAD by adding to FFO the noncash amortization of deferred financing costs, debt discount and share-based compensation awards, additional cash gain on early extinguishment of debt and contractual cash rents received in advance of revenue recognition, then subtracting tenant improvements, leasing commissions and recurring capital expenditures, and eliminating the net effect of straight-line rents, amortization of deferred revenue related to tenant improvements and cash received prior to revenue recognition and amortization of above (below) market rents for acquisition properties. FAD provides an additional perspective on the Company's ability to fund cash needs and make distributions to stockholders by adjusting FFO for the impact of certain cash and noncash items, as well as adjusting FFO for recurring capital expenditures and leasing costs. Management also believes that FAD provides useful information to the investment community about the Company's financial position as compared to other REITs since FAD is a liquidity measure used by other REITs. However, other REITs may use different methodologies for calculating FAD and, accordingly, the Company's FAD may not be comparable to other REITs.

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Reconciliation of Same Store Net Operating Income to Net Income Available to Common Stockholders (unaudited, \$ in thousands)

	<u>Three Months Ended December 31,</u>		<u>Year Ended December 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Same Store Cash Net Operating Income	\$41,782	\$46,966	\$174,112	\$198,012
Adjustments:				
GAAP Operating Revenues Adjustments, net	3,187	2,554	12,775	11,224
GAAP Operating Expenses Adjustments, net	(174)	(383)	(569)	(4,051)
Same Store GAAP Net Operating Income	44,795	49,137	186,318	205,185
Non-Same Store GAAP Net Operating Income	3,872	3,743	16,911	7,578
Net Operating Income excluding discontinued operations	48,667	52,880	203,229	212,763
Adjustment:				
Net Operating Income (Loss) from discontinued operations	-	269	(199)	888
Net Operating Income, as defined ⁽¹⁾	48,667	53,149	203,030	213,651
Adjustments:				
General and administrative expenses	(17,915)	(10,210)	(39,938)	(38,260)
Interest expense	(11,078)	(12,923)	(46,119)	(45,346)
Depreciation and amortization (including discontinued operations)	(21,019)	(21,212)	(87,652)	(83,275)
Interest income and other net investment gains (losses)	226	(285)	1,300	(93)
Gain on early extinguishment of debt	1,790	-	4,909	-
Net gain on dispositions of discontinued operations	-	-	2,485	234
Net Income	671	8,519	38,015	46,911
Net loss (income) attributable to noncontrolling common units of the Operating Partnership	119	(198)	(1,025)	(1,886)
Preferred distributions and dividends	(3,799)	(3,799)	(15,196)	(15,196)
Net (Loss) Income Available to Common Stockholders	(\$3,009)	\$4,522	\$21,794	\$29,829

(1) Please refer to page 26 for Management Statements on Net Operating Income and Same Store Net Operating Income.

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Reconciliation of EBITDA to Net Income Available to Common Stockholders (unaudited, \$ in thousands)

	<u>Three Months Ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Net (Loss) Income Available to Common Stockholders	(\$3,009)	\$4,522
Interest expense	11,078	12,923
Depreciation and amortization	21,019	21,197
Gain on early extinguishment of debt	(1,790)	-
Net (loss) income attributable to noncontrolling common units of the Operating Partnership	(119)	198
Preferred distributions and dividends	3,799	3,799
Adjustments for Discontinued Operations:		
Depreciation and amortization	-	15
EBITDA ⁽¹⁾	<u><u>\$30,978</u></u>	<u><u>\$42,654</u></u>

(1) Please refer to page 27 for a Management Statement on EBITDA.

Kilroy Realty Corporation

Fourth Quarter 2009 Supplemental Financial Report

Reconciliation of Funds Available for Distribution to GAAP Net Cash Provided by Operating Activities (unaudited, \$ in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2009	2008	2009	2008
Funds Available for Distribution ⁽¹⁾	\$12,921	\$20,076	\$85,886	\$99,256
Adjustments:				
Tenant improvements, leasing commissions and recurring capital expenditures	12,434	7,228	31,131	26,620
Gain on early extinguishment of debt	(1,790)	-	(4,909)	-
Additional cash gain on early extinguishment of debt	(5,129)	-	(6,678)	-
Depreciation for furniture, fixtures and equipment	212	195	827	784
Preferred distributions and dividends	3,799	3,799	15,196	15,196
Provision for uncollectible tenant receivables	174	384	575	675
Changes in assets and liabilities and other adjustments, net ⁽²⁾	4,344	(2,643)	2,937	1,950
GAAP Net Cash Provided by Operating Activities	\$26,965	\$29,039	\$124,965	\$144,481

(1) Please refer to page 27 for a Management Statement on Funds Available for Distribution.

(2) Primarily includes changes in the following assets and liabilities: marketable securities; current receivables; deferred leasing costs; prepaid expenses and other assets; accounts payable, accrued expenses and other liabilities; and rents received in advance and tenant security deposits.