



## **Fourth Quarter 2010 Supplemental Financial Report**

*Some of the enclosed information presented in this supplemental and on the Company's February 1, 2011 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, our ability to complete and successfully integrate pending and recent acquisitions, 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, 2009. In light of these risks, uncertainties and assumptions, the forward-looking events contained in this supplemental information and on the Company's February 1, 2011 conference call might not occur.*

# Kilroy Realty Corporation

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### Company Background

Kilroy Realty Corporation (NYSE: **KRC**), a member of the S&P Small Cap 600 Index, is a real estate investment trust active in the premier office and industrial submarkets along the West Coast. The Company owns, develops, acquires and manages real estate assets primarily in the coastal regions of Los Angeles, Orange County, San Diego, greater Seattle, and the San Francisco Bay Area. As of December 31, 2010, the Company's stabilized portfolio consisted of 100 office buildings and 40 industrial buildings, which encompassed an aggregate of 10.4 million and 3.6 million rentable square feet, respectively, and was 89.1% occupied.

#### Board of Directors

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

#### Senior Management

John B. Kilroy, Jr.	<i>President and CEO</i>
Chris Corpuz	<i>Executive VP, Strategic Initiatives</i>
Jeffrey C. Hawken	<i>Executive VP and COO</i>
Tyler H. Rose	<i>Executive VP and CFO</i>
John T. Fucci	<i>Sr. VP, Asset Management</i>
Heidi R. Roth	<i>Sr. VP and Controller</i>
Steve Scott	<i>Sr. VP, San Diego</i>
Justin W. Smart	<i>Sr. VP, Development</i>

#### Investor Relations

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*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.*

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### Financial Highlights

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

	Three Months Ended				
	12/31/2010	9/30/2010	6/30/2010	3/31/2010	12/31/2009
<b>INCOME ITEMS (Including Discontinued Operations):</b>					
Revenues	\$ 82,941	\$ 79,804	\$ 72,416	\$ 66,819	\$ 67,379
Lease Termination Fees	277	186	303	192	177
Net Operating Income <sup>(1)</sup>	59,804	56,866	51,033	48,795	48,667
Capitalized Interest and Debt Costs	1,932	2,690	2,810	2,584	2,733
Net Income (Loss) Available to Common Stockholders	1,535	(126)	(1,783)	4,886	(3,009)
EBITDA <sup>(1)(2)</sup>	52,574	49,576	43,330	41,771	30,978
Funds From Operations <sup>(1)(3)(4)</sup>	29,485	29,690	21,658	25,806	17,679
Funds Available for Distribution <sup>(1)(3)(4)</sup>	15,919	14,760	10,695	13,791	12,921
Net Income (Loss) Available to Common Stockholders per common share - diluted	\$ 0.02	\$ (0.01)	\$ (0.04)	\$ 0.11	\$ (0.08)
Funds From Operations per common share - diluted	\$ 0.54	\$ 0.54	\$ 0.41	\$ 0.57	\$ 0.39
Dividends per share	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35
<b>RATIOS (Including Discontinued Operations):</b>					
Operating Margins	72.1%	71.3%	70.5%	73.0%	72.2%
Interest Coverage Ratio <sup>(5)</sup>	3.1x	3.4x	3.5x	3.8x	2.9x
Fixed Charge Coverage Ratio <sup>(6)</sup>	2.5x	2.7x	2.7x	2.8x	2.2x
FFO Payout Ratio <sup>(7)</sup>	64.2%	63.7%	87.3%	60.8%	88.8%
FAD Payout Ratio <sup>(8)</sup>	118.9%	128.0%	176.8%	113.7%	121.5%
<b>ASSETS:</b>					
Real Estate Held for Investment before Depreciation	\$ 3,216,871	\$ 2,964,429	\$ 2,953,609	\$ 2,556,303	\$ 2,520,083
Total Assets	2,816,565	2,535,684	2,556,509	2,112,242	2,084,281
<b>CAPITALIZATION:</b>					
Total Debt <sup>(9)</sup>	\$ 1,451,152	\$ 1,174,421	\$ 1,181,970	\$ 1,031,514	\$ 1,006,074
Total Preferred Equity and Noncontrolling Interests <sup>(9)</sup>	201,500	201,500	201,500	201,500	201,500
Total Common Equity and Noncontrolling Interests <sup>(9)</sup>	1,972,035	1,791,973	1,605,996	1,382,129	1,376,221
Total Market Capitalization <sup>(9)</sup>	3,624,687	3,167,894	2,989,466	2,615,143	2,583,795
Total Debt / Total Market Capitalization <sup>(9)</sup>	40.2%	37.1%	39.6%	39.4%	39.0%
Total Debt and Preferred / Total Market Capitalization <sup>(9)</sup>	45.8%	43.5%	46.3%	47.1%	46.8%

(1) Please refer to pages 31 and 32 for Management Statements on Net Operating Income, EBITDA, Funds From Operations and Funds Available for Distribution.

(2) Please refer to page 34 for a reconciliation of GAAP Net Income Available to Common Stockholders to EBITDA.

(3) 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.

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

(5) Calculated as EBITDA divided by interest expense (excluding amortization of deferred debt costs and debt discounts).

(6) Calculated as EBITDA divided by interest expense (excluding amortization of deferred debt costs and debt discounts), current year accrued preferred dividends and distributions on Cumulative Redeemable Preferred units.

(7) 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.

(8) 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.

(9) See "Capital Structure" on page 27.

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**Common Stock Data (NYSE: KRC)**

	<b>Three Months Ended</b>				
	<b>12/31/2010</b>	<b>9/30/2010</b>	<b>6/30/2010</b>	<b>3/31/2010</b>	<b>12/31/2009</b>
High Price <sup>(3)</sup>	\$ 36.72	\$ 34.39	\$ 36.72	\$ 32.60	\$ 31.99
Low Price <sup>(3)</sup>	\$ 32.64	\$ 27.54	\$ 29.73	\$ 26.75	\$ 26.00
Closing Price	\$ 36.47	\$ 33.14	\$ 29.73	\$ 30.84	\$ 30.67
Dividends per share - annualized	\$ 1.40	\$ 1.40	\$ 1.40	\$ 1.40	\$ 1.40
Closing common shares (in 000's) <sup>(1)(2)</sup>	52,350	52,350	52,296	43,093	43,149
Closing common partnership units (in 000's) <sup>(1)</sup>	1,723	1,723	1,723	1,723	1,723
	<u>54,073</u>	<u>54,073</u>	<u>54,019</u>	<u>44,816</u>	<u>44,872</u>

(1) As of the end of the period.

(2) In April 2010, the Company completed an underwritten public offering of 9,200,000 shares of its common stock.

(3) The high price for the three months ended June 30, 2010 and the low price for the three months ended September 30, 2010 and December 31, 2010 were updated subsequent to January 31, 2011, the date this Supplemental Financial Report was furnished to the Securities and Exchange Commission.

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### Consolidated Balance Sheets

(unaudited, \$ in thousands)

	12/31/2010	9/30/2010	6/30/2010	3/31/2010	12/31/2009
<b>ASSETS:</b>					
Land and improvements	\$ 491,333	\$ 432,289	\$ 434,792	\$ 338,684	\$ 335,932
Buildings and improvements	2,435,173	2,245,618	2,247,549	1,950,408	1,920,543
Undeveloped land and construction in progress	290,365	286,522	271,268	267,211	263,608
Total real estate held for investment	3,216,871	2,964,429	2,953,609	2,556,303	2,520,083
Accumulated depreciation and amortization	(672,429)	(652,675)	(644,246)	(623,981)	(605,976)
Total real estate assets, net	2,544,442	2,311,754	2,309,363	1,932,322	1,914,107
Cash and cash equivalents	14,840	8,313	29,428	10,736	9,883
Restricted cash	1,461	3,265	3,485	32	2,059
Marketable securities	4,902	4,481	4,087	4,226	3,452
Current receivables, net	6,258	4,055	3,739	2,913	3,236
Deferred rent receivables, net	89,052	83,563	79,813	76,406	74,392
Note receivable	—	—	10,603	10,641	10,679
Deferred leasing costs and acquisition-related intangible assets, net	131,066	96,691	98,466	56,570	51,832
Deferred financing costs, net	16,447	14,574	10,078	7,651	8,334
Prepaid expenses and other assets, net	8,097	8,988	7,447	10,745	6,307
<b>TOTAL ASSETS</b>	<b>\$ 2,816,565</b>	<b>\$ 2,535,684</b>	<b>\$ 2,556,509</b>	<b>\$ 2,112,242</b>	<b>\$ 2,084,281</b>
<b>LIABILITIES, NONCONTROLLING INTEREST AND EQUITY:</b>					
<i>Liabilities:</i>					
Secured debt, net	\$ 313,009	\$ 315,150	\$ 316,570	\$ 267,014	\$ 294,574
Exchangeable senior notes, net	299,964	298,295	296,660	438,749	436,442
Unsecured senior notes, net	655,803	330,941	391,888	144,000	144,000
Unsecured line of credit	159,000	205,000	150,000	150,000	97,000
Accounts payable, accrued expenses and other liabilities	68,525	66,814	57,792	58,333	52,533
Accrued distributions	20,385	20,383	20,395	17,167	17,136
Deferred revenue and acquisition-related intangible liabilities, net	79,322	68,251	71,651	65,655	66,890
Rents received in advance and tenant security deposits	29,189	23,776	25,849	23,654	18,230
Total liabilities	1,625,197	1,328,610	1,330,805	1,164,572	1,126,805
<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	523	523	523	431	431
Additional paid-in capital	1,211,498	1,209,673	1,208,716	914,766	913,657
Distributions in excess of earnings	(247,252)	(230,215)	(211,555)	(191,190)	(180,722)
Total stockholders' equity	1,086,351	1,101,563	1,119,266	845,589	854,948
<i>Noncontrolling Interest</i>					
Common units of the Operating Partnership	31,379	31,873	32,800	28,443	28,890
Total equity	1,117,730	1,133,436	1,152,066	874,032	883,838
<b>TOTAL LIABILITIES, NONCONTROLLING INTEREST AND EQUITY</b>	<b>\$ 2,816,565</b>	<b>\$ 2,535,684</b>	<b>\$ 2,556,509</b>	<b>\$ 2,112,242</b>	<b>\$ 2,084,281</b>

# Kilroy Realty Corporation

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### Consolidated Statements of Operations

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

	Three Months Ended December 31,			Year Ended December 31,		
	2010	2009	% Change	2010	2009	% Change
<b>REVENUES:</b>						
Rental income	\$ 76,406	\$ 60,690	25.9 %	\$ 274,708	\$ 247,649	10.9 %
Tenant reimbursements	5,914	6,177	(4.3)%	24,326	28,075	(13.4)%
Other property income	621	512	21.3 %	2,946	3,710	(20.6)%
Total revenues	<u>82,941</u>	<u>67,379</u>	23.1 %	<u>301,980</u>	<u>279,434</u>	8.1 %
<b>EXPENSES:</b>						
Property expenses	15,659	12,099	29.4 %	58,067	49,709	16.8 %
Real estate taxes	7,362	6,069	21.3 %	27,494	24,330	13.0 %
Provision for bad debts	(220)	174	(226.4)%	(1,063)	569	(286.8)%
Ground leases	336	370	(9.2)%	984	1,597	(38.4)%
General and administrative expenses	6,867	17,915	(61.7)%	27,963	39,938	(30.0)%
Acquisition-related expenses	624	—	100.0 %	2,248	—	100.0 %
Depreciation and amortization	29,095	21,019	38.4 %	103,809	87,627	18.5 %
Total expenses	<u>59,723</u>	<u>57,646</u>	3.6 %	<u>219,502</u>	<u>203,770</u>	7.7 %
<b>OTHER (EXPENSES) INCOME:</b>						
Interest income and other net investment gains	261	226	15.5 %	964	1,300	(25.8)%
Interest expense	(19,044)	(11,078)	71.9 %	(59,941)	(46,119)	30.0 %
Gain (loss) on early extinguishment of debt	—	1,790	(100.0)%	(4,564)	4,909	(193.0)%
Total other (expenses) income	<u>(18,783)</u>	<u>(9,062)</u>	107.3 %	<u>(63,541)</u>	<u>(39,910)</u>	59.2 %
<b>INCOME FROM CONTINUING OPERATIONS</b>	4,435	671	561.0 %	18,937	35,754	(47.0)%
<b>DISCONTINUED OPERATIONS</b>						
Loss from discontinued operations	—	—	—	—	(224)	(100.0)%
Net gain on dispositions of discontinued operations	949	—	100.0 %	949	2,485	(61.8)%
Total income from discontinued operations	<u>949</u>	<u>—</u>	100.0 %	<u>949</u>	<u>2,261</u>	(58.0)%
<b>NET INCOME</b>	5,384	671	702.4 %	19,886	38,015	(47.7)%
Net (income) loss attributable to noncontrolling common units of the Operating Partnership	(50)	119	(142.0)%	(178)	(1,025)	82.6 %
<b>NET INCOME ATTRIBUTABLE TO KILROY REALTY CORPORATION</b>	5,334	790	575.2 %	19,708	36,990	(46.7)%
<b>PREFERRED DISTRIBUTIONS AND DIVIDENDS:</b>						
Distributions on noncontrolling cumulative redeemable preferred units of the Operating	(1,397)	(1,397)	—	(5,588)	(5,588)	—
Preferred dividends	(2,402)	(2,402)	—	(9,608)	(9,608)	—
Total preferred distributions and dividends	<u>(3,799)</u>	<u>(3,799)</u>	—	<u>(15,196)</u>	<u>(15,196)</u>	—
<b>NET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS</b>	<u>\$ 1,535</u>	<u>\$ (3,009)</u>	151.0 %	<u>\$ 4,512</u>	<u>\$ 21,794</u>	(79.3)%
Weighted average common shares outstanding - basic	52,275	42,936	21.8 %	49,497	38,705	27.9 %
Weighted average common shares outstanding - diluted	52,291	42,936	21.8 %	49,513	38,732	27.8 %
<b>NET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS PER SHARE</b>						
Net income (loss) available to common stockholders per share - basic	<u>\$ 0.02</u>	<u>\$ (0.08)</u>	131.8 %	<u>\$ 0.07</u>	<u>\$ 0.53</u>	(87.2)%
Net income (loss) available to common stockholders per share - diluted	<u>\$ 0.02</u>	<u>\$ (0.08)</u>	131.8 %	<u>\$ 0.07</u>	<u>\$ 0.53</u>	(87.2)%

# Kilroy Realty Corporation

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### Funds From Operations and Funds Available for Distribution

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

	Three Months Ended December 31,			Year Ended December 31,		
	2010	2009	% Change	2010	2009	% Change
<b>FUNDS FROM OPERATIONS: <sup>(1)</sup></b>						
Net income (loss) available to common stockholders	\$ 1,535	\$ (3,009)	151.0 %	\$ 4,512	\$ 21,794	(79.3) %
Adjustments:						
Net income (loss) attributable to noncontrolling common units of the Operating Partnership	50	(119)	142.0 %	178	1,025	(82.6) %
Depreciation and amortization of real estate assets	28,849	20,807	38.7 %	102,898	86,825	18.5 %
Net gain on dispositions of discontinued operations	(949)	—	(100.0) %	(949)	(2,485)	(61.8) %
Funds From Operations <sup>(2)</sup>	\$ 29,485	\$ 17,679	66.8 %	\$ 106,639	\$ 107,159	(0.5) %
Weighted average common shares/units outstanding - basic <sup>(3)</sup>	54,786	45,502	20.4 %	52,033	41,222	26.2 %
Weighted average common shares/units outstanding - diluted <sup>(3)</sup>	54,802	45,557	20.3 %	52,049	41,249	26.2 %
FFO per common share/unit - basic <sup>(2)</sup>	\$ 0.54	\$ 0.39	38.5 %	\$ 2.05	\$ 2.60	(21.2) %
FFO per common share/unit - diluted <sup>(2)</sup>	\$ 0.54	\$ 0.39	38.6 %	\$ 2.05	\$ 2.60	(21.1) %
<b>FUNDS AVAILABLE FOR DISTRIBUTION: <sup>(1)</sup></b>						
Funds From Operations <sup>(2)</sup>	\$ 29,485	\$ 17,679	66.8 %	\$ 106,639	\$ 107,159	(0.5) %
Adjustments:						
Tenant improvements, leasing commissions and recurring capital expenditures	(10,058)	(12,434)	(19.1) %	(51,053)	(31,131)	64.0 %
Amortization of deferred revenue related to tenant improvements <sup>(4)</sup>	(2,581)	(2,326)	11.0 %	(9,689)	(9,757)	(0.7) %
Net effect of straight-line rents <sup>(5)</sup>	(5,524)	(1,769)	212.3 %	(14,015)	(7,248)	93.4 %
Amortization of other deferred revenue, net <sup>(6)</sup>	555	(50)	1,210.0 %	638	(1,001)	163.7 %
Amortization of net above (below) market rents <sup>(7)</sup>	681	(10)	6,910.0 %	1,377	(359)	483.6 %
Noncash amortization of exchangeable debt discount, net <sup>(8)</sup>	1,409	1,537	(8.3) %	6,172	6,166	0.1 %
Adjustments to GAAP loss/gain on early extinguishment on debt	—	5,129	(100.0) %	4,564	6,678	(31.7) %
Amortization of deferred financing costs and debt discounts	1,249	826	51.2 %	4,501	3,126	44.0 %
Noncash amortization of share-based compensation awards	703	4,339	(83.8) %	6,031	12,253	(50.8) %
Funds Available for Distribution <sup>(2)</sup>	\$ 15,919	\$ 12,921	23.2 %	\$ 55,165	\$ 85,886	(35.8) %

(1) See page 32 for Management Statements on Funds From Operations and Funds Available for Distribution.

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

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

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

(5) 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.

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

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

(8) Represents the amortization of the noncash debt discounts on the Company's exchangeable senior notes, net of amounts capitalized.



# Kilroy Realty Corporation

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

<b>Same Store Analysis (GAAP Basis) <sup>(2)</sup></b>						
	<b>Three Months Ended December 31,</b>			<b>Year Ended December 31,</b>		
	<b>2010</b>	<b>2009</b>	<b>% Change</b>	<b>2010</b>	<b>2009</b>	<b>% Change</b>
<b>Total Same Store Portfolio</b>						
Number of properties	129	129		129	129	
Square Feet	11,871,115	11,871,115		11,871,115	11,871,115	
Percent of Stabilized Portfolio	84.8%	99.6%		84.8%	99.6%	
Average Occupancy	88.9%	83.5%		85.6%	85.6%	
<b>Operating Revenues:</b>						
Rental income	\$ 61,913	\$ 59,171	4.6 %	\$ 242,083	\$ 241,072	0.4 %
Tenant reimbursements	5,661	5,714	(0.9)%	22,698	25,733	(11.8)%
Other property income	600	511	17.4 %	2,540	3,703	(31.4)%
Total operating revenues	<u>68,174</u>	<u>65,396</u>	4.2 %	<u>267,321</u>	<u>270,508</u>	(1.2)%
<b>Operating Expenses:</b>						
Property expenses	11,785	11,374	3.6 %	48,787	47,121	3.5 %
Real estate taxes	5,559	5,763	(3.5)%	22,742	22,876	(0.6)%
Provision for bad debts	(220)	174	(226.4)%	(1,063)	569	(286.8)%
Ground leases	333	366	(9.0)%	971	1,584	(38.7)%
Total operating expenses	<u>17,457</u>	<u>17,677</u>	(1.2)%	<u>71,437</u>	<u>72,150</u>	(1.0)%
<b>GAAP Net Operating Income</b>	<u>\$ 50,717</u>	<u>\$ 47,719</u>	6.3 %	<u>\$ 195,884</u>	<u>\$ 198,358</u>	(1.2)%
<b>Same Store Analysis (Cash Basis) <sup>(2)</sup></b>						
	<b>Three Months Ended December 31,</b>			<b>Year Ended December 31,</b>		
	<b>2010</b>	<b>2009</b>	<b>% Change</b>	<b>2010</b>	<b>2009</b>	<b>% Change</b>
Total operating revenues	\$ 61,974	\$ 61,218	1.2 %	\$ 247,647	\$ 252,292	(1.8)%
Total operating expenses	<u>17,677</u>	<u>17,503</u>	1.0 %	<u>72,500</u>	<u>71,581</u>	1.3 %
<b>Cash Net Operating Income</b>	<u>\$ 44,297</u>	<u>\$ 43,715</u>	1.3 %	<u>\$ 175,147</u>	<u>\$ 180,711</u>	(3.1)%

(1) Same store defined as all stabilized properties owned as of January 1, 2009 and still owned and in the stabilized portfolio as of December 31, 2010.

(2) Please refer to page 33 for a reconciliation of the Same Store measures on this page to Net Income Available to Common Stockholders.

# Kilroy Realty Corporation

## Fourth Quarter 2010 Supplemental Financial Report

### Stabilized Portfolio Occupancy Overview

	Portfolio Breakdown				Occupancy at: <sup>(1)</sup>		
	# of Buildings	Year-to-Date NOI <sup>(2)</sup>	Sq. Ft.	Total Square Feet	12/31/2010	9/30/2010	12/31/2009
<b>STABILIZED PORTFOLIO:</b>							
<b>OCCUPANCY BY PRODUCT TYPE:</b>							
<i>Office:</i>							
Los Angeles and Ventura Counties	29	25.9 %	21.9 %	3,065,626	89.3 %	89.6 %	88.8 %
San Diego County	63	55.7 %	39.0 %	5,466,298	86.4 %	82.2 %	76.8 %
Orange County	5	2.7 %	3.9 %	540,656	93.1 %	78.7 %	49.8 %
San Francisco	2	5.1 %	8.6 %	1,200,525	84.3 %	89.4 %	—
Greater Seattle	1	0.3 %	0.9 %	122,103	100.0 %	—	—
Subtotal	<u>100</u>	<u>89.7 %</u>	<u>74.3 %</u>	<u>10,395,208</u>	87.5 %	84.8 %	80.6 %
<i>Industrial:</i>							
Los Angeles County	1	1.4 %	1.4 %	192,053	100.0 %	100.0 %	100.0 %
Orange County	39	8.9 %	24.3 %	3,410,843	93.5 %	90.0 %	87.6 %
Subtotal	<u>40</u>	<u>10.3 %</u>	<u>25.7 %</u>	<u>3,602,896</u>	93.9 %	90.6 %	88.2 %
<b>OCCUPANCY BY REGION:</b>							
Los Angeles and Ventura Counties	30	27.3 %	23.3 %	3,257,679	89.9 %	90.2 %	89.4 %
San Diego County	63	55.7 %	39.0 %	5,466,298	86.4 %	82.2 %	76.8 %
Orange County	44	11.6 %	28.2 %	3,951,499	93.5 %	88.3 %	84.8 %
San Francisco	2	5.1 %	8.6 %	1,200,525	84.3 %	89.4 %	—
Greater Seattle	1	0.3 %	0.9 %	122,103	100.0 %	—	—
<b>TOTAL STABILIZED PORTFOLIO</b>	<b><u>140</u></b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>13,998,104</u></b>	<b>89.1%</b>	<b>86.4%</b>	<b>82.8%</b>
<b>REENTITLEMENT PROPERTY:</b>							
<i>Industrial:</i>							
Orange County (17150 Von Karman)	1			157,458			
<b>TOTAL PORTFOLIO</b>	<b><u>141</u></b>			<b><u>14,155,562</u></b>			

Average Occupancy - Stabilized Portfolio			
	Office	Industrial	Total
Quarter-to-Date	86.5%	92.3%	88.0%
Year-to-Date	84.2%	87.3%	85.1%

Average Occupancy - Same Store Portfolio			
	Office	Industrial	Total
Quarter-to-Date	87.4%	92.3%	88.9%
Year-to-Date	85.0%	87.2%	85.6%

(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 and discontinued operations.

# Kilroy Realty Corporation

## Fourth Quarter 2010 Supplemental Financial Report

### Stabilized Portfolio Occupancy Overview

<i>Office:</i>	<u>City/ Submarket</u>	<u>Square Feet</u>	<u>Occupancy</u>
<b>Los Angeles and Ventura, California</b>			
23925 Park Sorrento	Calabasas	11,789	100.0 %
23975 Park Sorrento	Calabasas	100,592	86.8 %
24025 Park Sorrento	Calabasas	102,264	96.8 %
26541 Agoura Road	Calabasas	90,156	100.0 %
5151 Camino Ruiz	Camarillo	187,861	89.4 %
5153 Camino Ruiz	Camarillo	38,655	100.0 %
5155 Camino Ruiz	Camarillo	38,856	100.0 %
2240 E. Imperial Highway	El Segundo	122,870	100.0 %
2250 E Imperial Highway	El Segundo	293,261	90.5 %
909 N. Sepulveda Boulevard	El Segundo	241,607	98.7 %
999 N. 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	96.1 %
3780 Kilroy Airport Way	Long Beach	219,745	81.5 %
3800 Kilroy Airport Way	Long Beach	192,476	93.6 %
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	65.2 %
12100 W. Olympic Boulevard	Los Angeles	150,167	65.1 %
12200 W. Olympic Boulevard	Los Angeles	150,302	92.2 %
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	58.9 %
3130 Wilshire Boulevard	Santa Monica	88,339	80.3 %
501 Santa Monica Boulevard	Santa Monica	73,115	69.0 %
2829 Townsgate Road	Thousand Oaks	81,067	82.3 %
<b>Total Los Angeles and Ventura Counties Office</b>		<b>3,065,626</b>	<b>89.3%</b>

# Kilroy Realty Corporation

## Fourth Quarter 2010 Supplemental Financial Report

### Stabilized Portfolio Occupancy Overview

<i>Office:</i>	City/ Submarket	Square Feet	Occupancy
<b>San Diego, California</b>			
12225 El Camino Real	Del Mar	60,148	24.5%
12235 El Camino Real	Del Mar	54,673	81.0%
12340 El Camino Real	Del Mar	87,405	80.2%
12390 El Camino Real	Del Mar	72,332	100.0%
12348 High Bluff Drive	Del Mar	38,710	93.5%
12400 High Bluff Drive	Del Mar	208,464	100.0%
3579 Valley Center Drive	Del Mar	52,375	79.0%
3611 Valley Center Drive	Del Mar	130,178	100.0%
3661 Valley Center Drive	Del Mar	129,752	96.9%
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	100.0%
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	72.3%
15253 Avenue of Science	I-15 Corridor	37,437	100.0%
15333 Avenue of Science	I-15 Corridor	78,880	36.3%
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	63.5%
15445 Innovation Drive	I-15 Corridor	51,500	100.0%
13280 Evening Creek Drive South	I-15 Corridor	42,971	46.5%
13290 Evening Creek Drive South	I-15 Corridor	61,176	—
13480 Evening Creek Drive North	I-15 Corridor	149,817	100.0%
13500 Evening Creek Drive North	I-15 Corridor	147,533	100.0%
13520 Evening Creek Drive North	I-15 Corridor	141,368	97.7%
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%

# Kilroy Realty Corporation

## Fourth Quarter 2010 Supplemental Financial Report

### Stabilized Portfolio Occupancy Overview

<i>Office:</i>	<u>City/ Submarket</u>	<u>Square Feet</u>	<u>Occupancy</u>
<b>San Diego, California (Continued)</b>			
2355 Northside Drive	Mission Valley	50,425	59.4 %
2365 Northside Drive	Mission Valley	91,260	82.4 %
2375 Northside Drive	Mission Valley	48,949	78.6 %
2385 Northside Drive	Mission Valley	88,795	71.8 %
2305 Historic Decatur Road	Point Loma	103,900	95.4 %
10020 Pacific Mesa Boulevard	Sorrento Mesa	318,000	100.0 %
4910 Directors Place	Sorrento Mesa	50,925	24.5 %
4921 Directors Place	Sorrento Mesa	55,500	85.9 %
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	—
5010 Wateridge Vista Drive	Sorrento Mesa	111,318	—
10243 Genetic Center Drive	Sorrento Mesa	102,875	—
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	100.0 %
10421 Pacific Center Court	Sorrento Mesa	79,871	63.0 %
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	—
9785 Towne Center Drive	University Towne Center	75,534	100.0 %
9791 Towne Center Drive	University Towne Center	50,466	100.0 %
<b>Total San Diego County Office</b>		<b>5,466,298</b>	<b>86.4%</b>

# Kilroy Realty Corporation

## Fourth Quarter 2010 Supplemental Financial Report

### Stabilized Portfolio Occupancy Overview

	City/ Submarket	Square Feet	Occupancy
<i>Office:</i>			
<b>Orange County, California</b>			
4175 E. La Palma Avenue	Anaheim	43,263	96.6 %
8101 Kaiser Boulevard	Anaheim	59,790	100.0 %
2211 Michelson Drive	Irvine	271,556	93.7 %
111 Pacifica	Irvine Spectrum	67,496	72.3 %
999 Town & Country	Orange	98,551	100.0 %
<b>Total Orange County Office</b>		<b>540,656</b>	<b>93.1%</b>
<b>San Francisco, California</b>			
303 Second Street	San Francisco	734,035	89.4 %
100 First Street	San Francisco	466,490	76.2 %
<b>Total San Francisco Office</b>		<b>1,200,525</b>	<b>84.3%</b>
<b>Greater Seattle, Washington</b>			
15050 NE 36th Street	Redmond	122,103	100.0 %
<b>Total Greater Seattle Office</b>		<b>122,103</b>	<b>100.0%</b>
<b>Total Office</b>		<b>10,395,208</b>	<b>87.5%</b>
<i>Industrial:</i>			
<b>Los Angeles, California</b>			
2031 E. Mariposa Avenue	El Segundo	192,053	100.0 %
<b>Total Los Angeles County Industrial</b>		<b>192,053</b>	<b>100.0%</b>

# Kilroy Realty Corporation

## Fourth Quarter 2010 Supplemental Financial Report

### Stabilized Portfolio Occupancy Overview

<i>Industrial:</i>	<u>City/ Submarket</u>	<u>Square Feet</u>	<u>Occupancy</u>
<b>Orange County, California</b>			
1000 E. Ball Road	Anaheim	100,000	100.0%
1230 S. Lewis Street	Anaheim	57,730	100.0%
1250 N. Tustin Avenue	Anaheim	84,185	100.0%
3125 E. Coronado Street	Anaheim	144,000	100.0%
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	100.0%
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	85.8%
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	—
1201 N. Miller Street	Anaheim	119,612	37.9%
1211 N. Miller Street	Anaheim	200,646	100.0%
1231 N. Miller Street	Anaheim	113,242	56.7%
950 W. Central Avenue	Brea	24,000	100.0%
1050 W. Central Avenue	Brea	30,000	80.0%
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%
25202 Towne Center Drive	Foothill Ranch	309,685	100.0%
12681/12691 Pala Drive	Garden Grove	84,700	82.6%
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	100.0%
12311 Industry Street	Garden Grove	25,000	100.0%
7261 Lampson Avenue	Garden Grove	47,092	100.0%

# Kilroy Realty Corporation

## Fourth Quarter 2010 Supplemental Financial Report

### Stabilized Portfolio Occupancy Overview

	City/ Submarket	Square Feet	Occupancy
<i>Industrial:</i>			
<b>Orange County, California (Continued)</b>			
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 %
<b>Total Orange County Industrial</b>		<b>3,410,843</b>	<b>93.5%</b>
<b>Total Industrial</b>		<b>3,602,896</b>	<b>93.9%</b>



# Kilroy Realty Corporation

## Fourth Quarter 2010 Supplemental Financial Report

### Submarket Statistics as of December 31, 2010

Submarket	Market Direct Vacancy <sup>(1), (2)</sup>	Market Total Vacancy <sup>(1), (2)</sup>	KRC Percentage Occupied <sup>(2)</sup>	KRC Percentage Leased <sup>(2)</sup>
<b><u>SAN DIEGO</u></b>				
Del Mar	14.9%	19.3%	94.1%	97.1%
Sorrento Mesa				
<i>Two- Three Story Corporate</i>	11.1%	11.8%	82.1%	87.7%
University Towne Center / Governor Park				
<i>Two- Three Story Corporate</i>	11.3%	20.1%	88.2%	88.2%
I-15 Corridor				
<i>Class A Office Market</i>	14.5%	14.9%	99.2%	99.2%
<i>Two- Three Story Corporate</i>	18.5%	19.7%	76.4%	78.1%
Mission Valley	18.9%	19.4%	74.2%	74.2%
Point Loma	4.2%	4.2%	95.4%	95.4%
<b><u>ORANGE COUNTY</u></b>				
Office	16.6%	17.4%	93.1%	93.7%
Industrial	5.7%	9.6%	93.5%	96.9%
<b><u>LOS ANGELES</u></b>				
Westside	16.3%	20.2%	78.9%	78.9%
El Segundo (Class A)	23.4%	23.9%	96.0%	96.0%
Long Beach Airport (Class A)	16.8%	17.0%	89.1%	90.1%
101 Corridor (Class A)	18.3%	18.5%	92.2%	92.8%
<b><u>SAN FRANCISCO</u></b>				
South Financial District	10.8%	11.7%	84.3%	95.1%
<b><u>GREATER SEATTLE</u></b>				
Eastside	16.0%	18.0%	100.0%	100.0%

- (1) Market direct and market total vacancy data was obtained from market research data from third parties. Kilroy Realty Corporation uses market research data from third parties to analyze the current and projected real estate fundamentals in each of its existing submarkets as well as potential acquisition submarkets. Recent market research data from third parties suggests improvement in real estate fundamentals in each of Kilroy Realty's primary submarkets over the next few years. Please note that Kilroy Realty Corporation does not verify the market research data from third parties and further that such data does not represent views or forecasts of Kilroy Realty Corporation or its management.
- (2) All information is presented for office properties with the exception of Orange County Industrial.

# Kilroy Realty Corporation

## Fourth Quarter 2010 Supplemental Financial Report

### Lease Commencement Information by Segment

For Leases That Commenced During the Three Months Ended December 31, 2010

	1st & 2nd Generation				2nd Generation						
	# of Leases <sup>(1)</sup>		Square Feet <sup>(1)</sup>		TI/LC Per Sq.Ft. <sup>(2)</sup>	Maintenance Capex Per Sq. Ft. <sup>(3)</sup>	Changes in Rents <sup>(4)</sup>	Changes in Cash Rents <sup>(5)</sup>	Retention Rates <sup>(6)</sup>	Weighted Average Lease Term (Mo.)	
	New	Renewal	New	Renewal							
Office	16	16	272,224	162,098	\$ 24.44	\$ 0.42	(4.1)%	(10.1)%	80.9%	67	
Industrial	2	3	208,219	60,702	5.28	0.01	(35.3)%	(38.4)%	45.2%	108	
<b>Total</b>	<b>18</b>	<b>19</b>	<b>480,443</b>	<b>222,800</b>	<b>\$ 14.39</b>	<b>\$ 0.30</b>	<b>(12.8)%</b>	<b>(17.8)%</b>	<b>66.6%</b>	<b>91</b>	

For Leases That Commenced During the Year Ended December 31, 2010

	1st & 2nd Generation				2nd Generation						
	# of Leases <sup>(1)</sup>		Square Feet <sup>(1)</sup>		TI/LC Per Sq.Ft. <sup>(2)</sup>	Maintenance Capex Per Sq. Ft. <sup>(3)</sup>	Changes in Rents <sup>(4)</sup>	Changes in Cash Rents <sup>(5)</sup>	Retention Rates <sup>(6)</sup>	Weighted Average Lease Term (Mo.)	
	New	Renewal	New	Renewal							
Office	57	53	898,090	740,652	\$ 28.82	\$ 1.36	(2.3)%	(9.5)%	56.7%	63	
Industrial	11	8	508,105	278,700	6.47	0.41	(26.5)%	(31.7)%	54.8%	81	
<b>Total</b>	<b>68</b>	<b>61</b>	<b>1,406,195</b>	<b>1,019,352</b>	<b>\$ 20.51</b>	<b>\$ 1.08</b>	<b>(6.1)%</b>	<b>(12.9)%</b>	<b>56.1%</b>	<b>70</b>	

- (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, or vacant when the property was acquired by the Company.
- (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, or vacant when the property was acquired by the Company.
- (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 2010 Supplemental Financial Report

### Stabilized Portfolio Capital Expenditures

(\$ in thousands)

#### Nonrecurring Capital Expenditures:

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Total 2010
Capital Improvements	\$ 1,873	\$ 1,562	\$ 1,113	\$ 1,548	\$ 6,096
Tenant Improvements & Leasing Commissions	3,980	3,290	5,788	1,394	14,452
<b>Total</b>	<b>\$ 5,853</b>	<b>\$ 4,852</b>	<b>\$ 6,901</b>	<b>\$ 2,942</b>	<b>\$ 20,548</b>

#### Recurring Capital Expenditures:

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Total 2010
Capital Improvements					
Office	\$ 2,445	\$ 3,339	\$ 2,453	\$ 3,649	\$ 11,886
Industrial	887	239	320	35	1,481
	3,332	3,578	2,773	3,684	13,367
Tenant Improvements & Leasing Commissions <sup>(1)</sup>					
Office	8,170	9,501	9,814	5,303	32,788
Industrial	459	878	2,490	1,071	4,898
	8,629	10,379	12,304	6,374	37,686
<b>Total</b>					
Office	10,615	12,840	12,267	8,952	44,674
Industrial	1,346	1,117	2,810	1,106	6,379
	<b>\$ 11,961</b>	<b>\$ 13,957</b>	<b>\$ 15,077</b>	<b>\$ 10,058</b>	<b>\$ 51,053</b>

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

# Kilroy Realty Corporation

## Fourth Quarter 2010 Supplemental Financial Report

### Lease Expiration Summary Schedule <sup>(1)</sup> (\$ in thousands)

Year of Expiration	# of Expiring Leases	Total Square Feet	% of Total Leased Sq. Ft.	Annualized Base Rent <sup>(2)</sup>	% of Total Annualized Base Rent <sup>(2)</sup>	Annualized Rent per Sq. Ft. <sup>(2)</sup>
<b>OFFICE:</b>						
2011	72	565,860	6.3%	\$13,111	4.8%	\$23.17
2012	75	816,845	9.1%	22,808	8.3%	27.92
2013	72	861,486	9.6%	23,451	8.5%	27.22
2014	57	1,139,710	12.7%	30,298	11.0%	26.58
2015	87	1,501,743	16.7%	49,544	18.0%	32.99
2016	31	454,198	5.1%	10,977	4.0%	24.17
2017	30	1,387,122	15.5%	40,375	14.7%	29.11
2018	15	765,681	8.5%	33,609	12.2%	43.89
2019	9	357,541	4.0%	13,477	4.9%	37.69
2020	11	460,774	5.1%	14,507	5.3%	31.48
2021 and beyond	9	660,878	7.4%	22,771	8.3%	34.46
Subtotal	468	8,971,838	100.0%	\$274,928	100.0%	\$30.64
<b>INDUSTRIAL:</b>						
2011	6	149,852	4.4%	\$1,393	5.5%	\$9.30
2012	11	452,557	13.4%	2,647	10.4%	5.85
2013	9	628,386	18.6%	4,671	18.4%	7.43
2014	13	501,364	14.8%	4,088	16.1%	8.15
2015	10	544,864	16.1%	3,839	15.1%	7.05
2016	3	297,497	8.8%	3,576	14.1%	12.02
2017	4	149,482	4.4%	888	3.5%	5.94
2018	2	137,397	4.1%	1,043	4.1%	7.59
2019	2	168,200	5.0%	1,467	5.8%	8.72
2020	1	50,842	1.5%	577	2.3%	11.35
2021 and beyond	2	297,320	8.9%	1,259	4.7%	4.23
Subtotal	63	3,377,761	100.0%	\$25,448	100.0%	\$7.53
<b>TOTAL PORTFOLIO:</b>						
2011	78	715,712	5.8%	\$14,504	4.8%	\$20.27
2012	86	1,269,402	10.3%	25,455	8.5%	20.05
2013	81	1,489,872	12.1%	28,122	9.4%	18.88
2014	70	1,641,074	13.3%	34,386	11.4%	20.95
2015	97	2,046,607	16.6%	53,383	17.8%	26.08
2016	34	751,695	6.1%	14,553	4.8%	19.36
2017	34	1,536,604	12.4%	41,263	13.7%	26.85
2018	17	903,078	7.3%	34,652	11.5%	38.37
2019	11	525,741	4.3%	14,944	5.0%	28.42
2020	12	511,616	4.1%	15,084	5.0%	29.48
2021 and beyond	11	958,198	7.7%	24,030	8.1%	25.08
Total	531	12,349,599	100.0%	\$300,376	100.0%	\$24.32

(1) The information presented for all lease expiration activity reflects leasing activity through December 31, 2010. 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, 2010.

(2) Reflects annualized contractual base rent calculated on a straight-line basis in accordance with GAAP excluding the amortization of deferred revenue related to tenant-funded tenant improvements and expense reimbursement revenue. Additionally, the underlying leases contain various expense structures including full service gross, modified gross and triple net.

# Kilroy Realty Corporation

## Fourth Quarter 2010 Supplemental Financial Report

### Lease Expiration Schedule Detail by Region <sup>(1)</sup>

(\$ in thousands)

Year of Expiration	Los Angeles/Ventura Counties					Orange County						
	# of Expiring Leases	Total Square Feet	% of Total Regional Sq. Ft.	Annualized Base Rent <sup>(2)</sup>	% of Total Annualized Base Rent <sup>(2)</sup>	Annualized Rent per Sq. Ft. <sup>(2)</sup>	# of Expiring Leases	Total Square Feet	% of Total Regional Sq. Ft.	Annualized Base Rent <sup>(2)</sup>	% of Total Annualized Base Rent <sup>(2)</sup>	Annualized Rent per Sq. Ft. <sup>(2)</sup>
<b>OFFICE:</b>												
2011	51	435,269	16.4%	\$8,988	12.2%	\$20.65	8	23,897	4.8%	596	3.7%	\$24.94
2012	40	215,167	8.1%	6,391	8.7%	29.70	15	58,166	11.8%	1,420	8.9%	24.41
2013	39	389,903	14.7%	10,245	14.0%	26.28	14	55,206	11.2%	1,673	10.5%	30.30
2014	32	570,361	21.5%	15,961	21.7%	27.98	13	55,303	11.2%	1,682	10.5%	30.41
2015	31	332,211	12.5%	10,357	14.1%	31.18	7	56,652	11.5%	1,434	9.0%	25.31
2016	15	113,281	4.3%	3,368	4.6%	29.73	2	8,229	1.7%	309	1.9%	37.55
2017	10	148,115	5.6%	5,240	7.1%	35.38	3	55,101	11.1%	2,339	14.6%	42.45
2018	3	35,140	1.3%	1,196	1.6%	34.04	2	106,935	21.6%	3,307	20.7%	30.93
2019	2	170,596	6.4%	6,348	8.6%	37.21	1	61,885	12.5%	2,775	17.4%	44.84
2020	—	—	—	—	—	—	1	13,397	2.6%	438	2.8%	32.69
2021 and beyond	4	244,296	9.2%	5,330	7.4%	21.82	—	—	—	—	—	—
Subtotal	227	2,654,339	100.0%	\$73,424	100.0%	\$27.66	66	494,771	100.0%	\$15,973	100.0%	\$32.28
<b>INDUSTRIAL:</b>												
2011	—	—	—	—	—	—	6	149,852	4.7%	\$1,393	6.2%	\$9.30
2012	—	—	—	—	—	—	11	452,557	14.2%	2,647	11.8%	5.85
2013	—	—	—	—	—	—	9	628,386	19.7%	4,671	20.8%	7.43
2014	—	—	—	—	—	—	13	501,364	15.7%	4,088	18.2%	8.15
2015	—	—	—	—	—	—	10	544,864	17.1%	3,839	17.1%	7.05
2016	1	192,053	100.0%	2,960	100.0%	15.41	2	105,444	3.3%	616	2.7%	5.84
2017	—	—	—	—	—	—	4	149,482	4.7%	888	3.9%	5.94
2018	—	—	—	—	—	—	2	137,397	4.3%	1,043	4.6%	7.59
2019	—	—	—	—	—	—	2	168,200	5.3%	1,467	6.5%	8.72
2020	—	—	—	—	—	—	1	50,842	1.6%	577	2.6%	11.35
2021 and beyond	—	—	—	—	—	—	2	297,320	9.4%	1,259	5.6%	4.23
Subtotal	1	192,053	100.0%	\$2,960	100.0%	\$15.41	62	3,185,708	100.0%	\$22,488	100.0%	\$7.06
<b>TOTAL PORTFOLIO:</b>												
2011	51	435,269	15.3%	\$8,988	11.8%	\$20.65	14	173,749	4.7%	\$1,989	5.2%	\$11.45
2012	40	215,167	7.6%	6,391	8.4%	29.70	26	510,723	13.9%	4,067	10.6%	7.96
2013	39	389,903	13.7%	10,245	13.4%	26.28	23	683,592	18.6%	6,344	16.5%	9.28
2014	32	570,361	20.0%	15,961	20.9%	27.98	26	556,667	15.1%	5,770	15.0%	10.37
2015	31	332,211	11.7%	10,357	13.6%	31.18	17	601,516	16.3%	5,273	13.7%	8.77
2016	16	305,334	10.7%	6,328	8.3%	20.72	4	113,673	3.1%	925	2.4%	8.14
2017	10	148,115	5.2%	5,240	6.9%	35.38	7	204,583	5.6%	3,227	8.4%	15.77
2018	3	35,140	1.2%	1,196	1.6%	34.04	4	244,332	6.6%	4,350	11.3%	17.80
2019	2	170,596	6.0%	6,348	8.3%	37.21	3	230,085	6.3%	4,242	11.0%	18.44
2020	—	—	—	—	—	—	2	64,239	1.7%	1,015	2.6%	15.80
2021 and beyond	4	244,296	8.6%	5,330	6.8%	21.82	2	297,320	8.1%	1,259	3.3%	4.23
Total	228	2,846,392	100.0%	\$76,384	100.0%	\$26.84	128	3,680,479	100.0%	\$38,461	100.0%	\$10.45

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(2) Reflects annualized contractual base rent calculated on a straight-line basis in accordance with GAAP excluding the amortization of deferred revenue related to tenant-funded tenant improvements and expense reimbursement revenue. Additionally, the underlying leases contain various expense structures including full service gross, modified gross and triple net.

# Kilroy Realty Corporation

## Fourth Quarter 2010 Supplemental Financial Report

### Lease Expiration Schedule Detail by Region <sup>(1)</sup>

(\$ in thousands)

Year of Expiration	San Diego						San Francisco					
	# of Expiring Leases	Total Square Feet	% of Total Regional Sq. Ft.	Annualized Base Rent <sup>(2)</sup>	% of Total Annualized Base Rent <sup>(2)</sup>	Annualized Rent per Sq. Ft. <sup>(2)</sup>	# of Expiring Leases	Total Square Feet	% of Total Regional Sq. Ft.	Annualized Base Rent <sup>(2)</sup>	% of Total Annualized Base Rent <sup>(2)</sup>	Annualized Rent per Sq. Ft. <sup>(2)</sup>
<b>OFFICE TOTAL:</b>												
2011	8	76,594	1.6%	\$2,565	1.8%	\$33.49	5	30,100	3.0%	962	2.4%	\$31.96
2012	13	463,179	9.9%	12,395	8.7%	26.76	7	80,333	8.0%	2,602	6.5%	32.39
2013	7	275,990	5.9%	6,547	4.6%	23.72	12	140,387	14.0%	4,986	12.5%	35.52
2014	9	438,768	9.3%	9,859	6.9%	22.47	3	75,278	7.5%	2,796	7.0%	37.14
2015	18	504,679	10.7%	13,600	9.5%	26.95	30	486,098	48.5%	21,023	52.9%	43.25
2016	11	301,069	6.4%	5,843	4.1%	19.41	3	31,619	3.2%	1,457	3.7%	46.08
2017	16	1,180,625	25.1%	32,679	22.9%	27.68	1	3,281	0.3%	117	0.3%	35.66
2018	9	612,560	13.0%	28,662	20.1%	46.79	1	11,046	1.1%	444	1.1%	40.20
2019	3	77,465	1.6%	2,371	1.7%	30.61	3	47,595	4.7%	1,983	5.0%	41.66
2020	7	350,174	7.5%	10,678	7.5%	30.49	3	97,203	9.7%	3,391	8.6%	34.89
2021 and beyond	5	416,582	9.0%	17,441	12.2%	41.87	—	—	—	—	—	—
Total	106	4,697,685	100.0%	\$142,640	100.0%	\$30.36	68	1,002,940	100.0%	\$39,761	100.0%	\$39.64

Year of Expiration	Greater Seattle					
	# of Expiring Leases	Total Square Feet	% of Total Regional Sq. Ft.	Annualized Base Rent <sup>(2)</sup>	% of Total Annualized Base Rent <sup>(2)</sup>	Annualized Rent per Sq. Ft. <sup>(2)</sup>
<b>OFFICE TOTAL:</b>						
2011	—	—	—	—	—	—
2012	—	—	—	—	—	—
2013	—	—	—	—	—	—
2014	—	—	—	—	—	—
2015	1	122,103	100.0%	3,130	100.0%	25.63
2016	—	—	—	—	—	—
2017	—	—	—	—	—	—
2018	—	—	—	—	—	—
2019	—	—	—	—	—	—
2020	—	—	—	—	—	—
2021 and beyond	—	—	—	—	—	—
Total	1	122,103	100.0%	3,130	100.0%	\$25.63

- (1) The information presented for all lease expiration activity reflects leasing activity through December 31, 2010. 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, 2010.
- (2) Reflects annualized contractual base rent calculated on a straight-line basis in accordance with GAAP excluding the amortization of deferred revenue related to tenant-funded tenant improvements and expense reimbursement revenue. Additionally, the underlying leases contain various expense structures including full service gross, modified gross and triple net.

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**Quarterly Lease Expirations for 2011<sup>(1)</sup>**  
*(\$ in thousands)*

	# of Expiring Leases	Total Square Feet	% of Total Leased Sq. Ft.	Annualized Base Rent <sup>(2)</sup>	% of Total Annualized Base Rent <sup>(2)</sup>	Annualized Rent per Sq. Ft. <sup>(2)</sup>
<b>OFFICE:</b>						
Q1 2011	14	76,927	0.9%	\$2,369	0.9%	\$30.80
Q2 2011	26	319,151	3.6%	5,473	2.0%	17.15
Q3 2011	22	119,212	1.3%	3,822	1.4%	32.06
Q4 2011	10	50,570	0.5%	1,447	0.5%	28.61
Subtotal 2011	72	565,860	6.3%	\$13,111	4.8%	\$23.17
<b>INDUSTRIAL:</b>						
Q1 2011	1	6,000	0.2%	\$62	0.2%	\$10.33
Q2 2011	1	19,585	0.6%	128	0.5%	6.54
Q3 2011	3	45,662	1.4%	470	1.8%	10.29
Q4 2011	1	78,605	2.2%	733	3.0%	9.33
Subtotal 2011	6	149,852	4.4%	\$1,393	5.5%	\$9.30
<b>TOTAL PORTFOLIO:</b>						
Q1 2011	15	82,927	0.7%	\$2,431	0.8%	\$29.31
Q2 2011	27	338,736	2.7%	5,601	1.9%	16.54
Q3 2011	25	164,874	1.3%	4,292	1.4%	26.03
Q4 2011	11	129,175	1.1%	2,180	0.7%	16.88
Total 2011	78	715,712	5.8%	\$14,504	4.8%	\$20.27

(1) The information presented reflects leasing activity through December 31, 2010. 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, 2010.

(2) Reflects annualized contractual base rent calculated on a straight-line basis in accordance with GAAP excluding the amortization of deferred revenue related to tenant-funded tenant improvements and expense reimbursement revenue. Additionally, the underlying leases contain various expense structures including full service gross, modified gross and triple net.

# Kilroy Realty Corporation

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### Top Fifteen Tenants<sup>(1)</sup> (*\$ in thousands*)

Tenant Name	Product Type	Annualized Base Rental Revenue <sup>(2)</sup>	Rentable Square Feet	Percentage of Total Annualized Base Rental Revenue <sup>(2)</sup>	Percentage of Total Rentable Square Feet
Intuit, Inc.	Office	\$ 15,126	536,812	5.0 %	3.8 %
Bridgepoint Education, Inc.	Office	15,099	317,678	5.0 %	2.3 %
Scripps Health	Office	12,562	262,868	4.2 %	1.9 %
Delta Dental of California	Office	10,834	249,363	3.6 %	1.8 %
CareFusion Corporation <sup>(3)</sup>	Office	10,087	459,709	3.4 %	3.3 %
DIRECTV, Inc.	Office	8,540	314,207	2.8 %	2.2 %
AMN Healthcare, Inc.	Office	8,192	175,672	2.7 %	1.3 %
Fish & Richardson P.C.	Office	6,071	139,538	2.0 %	1.0 %
Hewlett-Packard Company	Office	5,803	162,017	1.9 %	1.2 %
Wells Fargo <sup>(3)</sup>	Office	5,346	137,149	1.8 %	1.0 %
BP Biofuels North America LLC	Office	5,128	136,908	1.7 %	1.0 %
Epson America, Inc.	Office	4,915	136,026	1.6 %	1.0 %
Mitchell International, Inc.	Office	3,775	141,214	1.3 %	1.0 %
Avnet, Inc.	Office	3,768	114,780	1.3 %	0.8 %
Scan Health Plan <sup>(3)</sup>	Office	3,626	124,598	1.2 %	0.9 %
<b>Total Top Fifteen Tenants</b>		<b>\$ 118,872</b>	<b>3,408,539</b>	<b>39.5%</b>	<b>24.5%</b>

(1) The information presented is as of the date of this filing.

(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, 2010.

(3) The Company has entered into leases with various affiliates of the tenant name listed above.



# Kilroy Realty Corporation

## Fourth Quarter 2010 Supplemental Financial Report

### 2010 Acquisitions <sup>(1)</sup> (\$ in millions)

Property	Submarket	Type	Month of Acquisition	Rentable Square	Purchase Price
<b>1st Quarter:</b>					
2385 Northside Drive San Diego, CA	Mission Valley	Office	March	88,795	\$ 18.0
<b>2nd Quarter:</b>					
303 Second Street San Francisco, CA	South Financial District	Office	May	734,035	233.3
999 Town & Country Orange, CA	Orange	Office	June	98,551	22.3
2211 Michelson Irvine, CA	Airport Area	Office	June	271,556	103.2
2355, 2365, and 2375 Northside Drive San Diego, CA	Mission Valley	Office	June	190,634	52.6
<b>3rd Quarter:</b>					
NONE					
<b>4th Quarter:</b>					
15050 NE 36th Street Redmond, WA	Eastside	Office	October	122,103	46.0
100 First Street San Francisco, CA	South Financial District	Office	November	466,490	191.5
2305 Historic Decatur Road San Diego, CA	Point Loma	Office	November	103,900	30.9
<b>TOTAL</b>				<u>2,076,064</u>	<u>\$ 697.8</u>

(1) Acquisitions were added to the Company's stabilized portfolio upon acquisition.

# Kilroy Realty Corporation

## Fourth Quarter 2010 Supplemental Financial Report

### 2010 Dispositions (*\$ in millions*)

Property	City / Submarket	Type	Month of Disposition	Rentable Square	Sales Price
<b>1st Quarter:</b>					
NONE					
<b>2nd Quarter:</b>					
NONE					
<b>3rd Quarter:</b>					
NONE					
<b>4th Quarter:</b>					
660 N. Puente Street Brea, CA	Brea	Industrial	October	51,567	\$ 5.0
601 Valencia Avenue Brea, CA	Brea	Office	December	60,891	5.4
603 Valencia Avenue Brea, CA	Brea	Office	December	45,900	5.4
<b>TOTAL</b>				<u>158,358</u>	<u>\$ 15.8</u>

**Kilroy Realty Corporation**  
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**In-Process Redevelopment Project**  
*(\$ in millions)*

Redevelopment Project	Location	Estimated Construction Period		Estimated Stabilization Date <sup>(1)</sup>	Estimated Rentable Square Feet	Existing Investment <sup>(2)</sup>	Estimated Redevelopment Costs	Total Estimated Investment	Total Costs as of 12/31/10 <sup>(3)</sup>	% Leased
		Start Date	Compl. Date							
2260 E. Imperial Highway	El Segundo	3Q 2010	3Q 2011	3Q 2012	300,000	\$9.1	\$40.1	\$49.2	\$15.2	0%

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

(2) Represents the depreciated carrying value at the commencement of redevelopment for the space being redeveloped.

(3) Represents cash paid and costs incurred as of December 31, 2010. Includes existing investment at the commencement of redevelopment.

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**Future Development Pipeline**  
*(\$ in millions)*

Project	Location	Type	Gross Site Acreage	Estimated Rentable Square Feet	Total Costs as of 12/31/2010 <sup>(1)</sup>
<b>SAN DIEGO, CALIFORNIA</b>					
Carlsbad Oaks - Lots 4, 5, 7 & 8	Carlsbad	Office	32.0	288,000	\$ 18.2
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
One Paseo (San Diego Corporate Center) <sup>(2)</sup>	Del Mar	Office	23.0	500,000	111.6
Santa Fe Summit - Phase II and III	56 Corridor	Office	21.8	600,000	77.3
Sorrento Gateway - Lot 2	Sorrento Mesa	Office	6.3	80,000	11.1
Sorrento Gateway - Lot 7	Sorrento Mesa	Office	7.6	57,000	10.0
<b>TOTAL FUTURE DEVELOPMENT PIPELINE</b>			<u>116.7</u>	<u>2,015,000 - 2,695,000</u>	<u>\$ 266.7</u>

(1) Represents cash paid and costs incurred as of December 31, 2010.

(2) Estimated rentable square feet reflects existing office entitlements. The Company is currently pursuing mixed-use entitlements for this project which if successfully obtained, would increase the estimated rentable square feet.

# Kilroy Realty Corporation

## Fourth Quarter 2010 Supplemental Financial Report

### Capital Structure

*As of December 31, 2010*  
(\$ in thousands)

	Shares/Units As of December 31, 2010	Aggregate Principal Amount or \$ Value Equivalent	% of Total Market Capitalization
<b>DEBT:</b>			
Unsecured Line of Credit		\$ 159,000	4.4%
Unsecured Exchangeable Senior Notes due 2012 <sup>(1)</sup>		148,000	4.1%
Unsecured Exchangeable Senior Notes due 2014 <sup>(1)</sup>		172,500	4.8%
Unsecured Senior Notes due 2014		83,000	2.3%
Unsecured Senior Notes due 2015 <sup>(1)</sup>		325,000	9.0%
Unsecured Senior Notes due 2020 <sup>(1)</sup>		250,000	6.9%
Secured Debt <sup>(1)</sup>		313,652	8.7%
Total Debt		\$ 1,451,152	40.2%
<b>EQUITY AND NONCONTROLLING INTERESTS:</b>			
7.450% Series A Cumulative Redeemable Preferred Units <sup>(2)</sup>	1,500,000	\$ 75,000	2.1%
7.800% Series E Cumulative Redeemable Preferred Stock <sup>(3)</sup>	1,610,000	40,250	1.1%
7.500% Series F Cumulative Redeemable Preferred Stock <sup>(3)</sup>	3,450,000	86,250	2.4%
Common Units Outstanding <sup>(4)</sup>	1,723,131	62,843	1.7%
Common Shares Outstanding <sup>(4)</sup>	52,349,670	1,909,192	52.5%
Total Equity and Noncontrolling Interests		\$ 2,173,535	59.8%
<b>TOTAL MARKET CAPITALIZATION</b>		<b>\$ 3,624,687</b>	<b>100.0%</b>

(1) Represents gross aggregate principal amount before the effect of the unamortized discounts as of December 31, 2010.

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

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

(4) Value based on closing share price of \$36.47 on December 31, 2010.

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**Debt Analysis**  
*As of December 31, 2010*  
*(\$ in millions)*

<b>TOTAL DEBT COMPOSITION</b>				
	<b>% of Total Debt</b>	<b>Weighted Average</b>		
		<b>Interest Rate</b>	<b>Maturity</b>	
<b><i>Secured vs. Unsecured Debt:</i></b>				
Unsecured Debt <sup>(1)</sup>	78.4%	4.8%		4.8
Secured Debt	21.6%	6.0%		2.8
<b><i>Floating vs. Fixed-Rate Debt:</i></b>				
Floating-Rate Debt	11.0%	2.9%		2.6
Fixed-Rate Debt <sup>(1)</sup>	89.0%	5.3%		4.6
<b><i>Total</i></b> <sup>(1)</sup>		5.1%		4.4
<b><i>Total Including Debt Issuance Costs</i></b> <sup>(1)</sup>		5.7%		
<b><i>Total GAAP Effective Rate</i></b> <sup>(2)</sup>		6.3%		

<b>CAPITALIZED INTEREST, LOAN FEES, AND DEBT DISCOUNTS</b>	
<b>Quarter-to-Date</b>	<b>Year-to-Date</b>
\$1.9	\$10.0

(1) Excludes the impact of the amortization of the noncash debt discount related to the accounting required for the Company's exchangeable senior notes.

(2) Includes the impact of the amortization of the noncash debt discount related to the accounting required for the Company's exchangeable senior notes.

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## Fourth Quarter 2010 Supplemental Financial Report

### Debt Analysis

*As of December 31, 2010*  
(\$ in thousands)

DEBT MATURITY SCHEDULE									
Floating/ Fixed Rate	Stated Rate	Maturity Date	2011	2012	2013	2014	2015	After 2015	Total
<b>Unsecured Debt:</b>									
Floating	2.99 %	8/10/2013			\$ 159,000				\$ 159,000
Fixed	3.25 %	4/15/2012		148,000					148,000 <sup>(1)</sup>
Fixed	4.25 %	11/15/2014				172,500			172,500 <sup>(2)</sup>
Fixed	6.45 %	8/4/2014				83,000			83,000
Fixed	5.00 %	11/3/2015					325,000		325,000 <sup>(3)</sup>
Fixed	6.63 %	6/1/2020						250,000	250,000 <sup>(4)</sup>
			—	148,000	159,000	255,500	325,000	250,000	1,137,500
<b>Secured Debt:</b>									
Fixed	6.70 %	12/27/2011	69,980						69,980
Fixed	5.10 %	4/1/2012		52,000					52,000 <sup>(5)</sup>
Fixed	5.57 %	8/1/2012	1,531	71,517					73,048
Fixed	4.95 %	8/1/2012	687	29,754					30,441
Fixed	6.51 %	2/1/2017	837	892	952	1,016	1,084	65,563	70,344
Fixed	7.15 %	5/1/2017	1,940	2,084	2,238	2,404	2,581	3,988	15,235
Fixed	Various	Various	42	45	46	49	51	2,371	2,604 <sup>(6)</sup>
			75,017	156,292	3,236	3,469	3,716	71,922	313,652
<b>Total</b>	<b>5.09%</b>		<b>\$ 75,017</b>	<b>\$ 304,292</b>	<b>\$ 162,236</b>	<b>\$ 258,969</b>	<b>328,716</b>	<b>\$ 321,922</b>	<b>\$ 1,451,152</b>

(1) Represents gross aggregate principal amount before the effect of the unamortized discount of approximately \$4.0 million as of December 31, 2010.

(2) Represents gross aggregate principal amount before the effect of the unamortized discount of approximately \$16.5 million as of December 31, 2010.

(3) Represents gross aggregate principal amount before the effect of the unamortized discount of approximately \$0.2 million as of December 31, 2010.

(4) Represents gross aggregate principal amount before the effect of the unamortized discount of approximately \$2.0 million as of December 31, 2010.

(5) Represents gross aggregate principal amount before the effect of the unamortized discount of approximately \$0.6 million as of December 31, 2010.

(6) 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, 2011 through September 1, 2038, with interest rates ranging from 4.40% to 6.20%.

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### Debt Covenants

*As of December 31, 2010*  
(\$ in millions)

<b>KEY DEBT COVENANTS</b>		
<i>Unsecured Line of Credit (as defined per Credit Agreement):</i>	<b>Covenant</b>	<b>Actual Performance as of December 31, 2010</b>
Total debt to total asset value	less than 60%	37%
Fixed charge coverage ratio	greater than 1.5x	2.8x
Unsecured debt ratio	greater than 1.67x	2.48x
Unencumbered asset pool debt service coverage	greater than 2.0x	4.9x
Unencumbered debt yield	greater than 12%	16%
<i>Unsecured Senior Notes due 2015 and 2020 (as defined per Indenture):</i>		
Total debt/total asset value	less than 60%	43%
Interest coverage	greater than 1.5x	3.4x
Secured debt/total asset value	less than 40%	9%
Unencumbered asset pool value to unsecured debt	greater than 150%	248%



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### 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 31, 2011 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, acquisition-related expenses, other nonproperty income and losses, and gains and losses from property dispositions, 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, acquisition-related 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, acquisition-related 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 2010 Supplemental Financial Report

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### Management Statements on Non-GAAP Supplemental Measures

#### **EBITDA:**

Management believes that earnings before interest expense, depreciation and amortization, gain/loss 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 and acquisition-related 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 discounts and share-based compensation awards, adjustment to GAAP gain/loss on early extinguishment of debt, amortization of above (below) market rents for acquisition properties and contractual cash rents received in advance of revenue recognition, then subtracting recurring tenant improvements, leasing commissions and 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. 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.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2010	2009	2010	2009
<b>Same Store Cash Net Operating Income</b>	\$ 44,297	\$ 43,715	\$ 175,147	\$ 180,711
Adjustments:				
GAAP Operating Revenues Adjustments, net	6,200	4,178	19,674	18,216
GAAP Operating Expenses Adjustments, net	220	(174)	1,063	(569)
<b>Same Store GAAP Net Operating Income</b>	<b>50,717</b>	<b>47,719</b>	<b>195,884</b>	<b>198,358</b>
Non-Same Store GAAP Net Operating Income	9,087	948	20,614	4,871
<b>Net Operating Income excluding discontinued operations</b>	<b>59,804</b>	<b>48,667</b>	<b>216,498</b>	<b>203,229</b>
<b>Net Operating Loss from discontinued operations</b>	—	—	—	(199)
<b>Net Operating Income, as defined <sup>(1)</sup></b>	<b>59,804</b>	<b>48,667</b>	<b>216,498</b>	<b>203,030</b>
Adjustments:				
General and administrative expenses	(6,867)	(17,915)	(27,963)	(39,938)
Acquisition-related expenses	(624)	—	(2,248)	—
Depreciation and amortization (including discontinued operations)	(29,095)	(21,019)	(103,809)	(87,652)
Interest income and other net investment gains	261	226	964	1,300
Interest expense	(19,044)	(11,078)	(59,941)	(46,119)
Gain (loss) on early extinguishment of debt	—	1,790	(4,564)	4,909
Net gain on dispositions of discontinued operations	949	—	949	2,485
<b>Net Income</b>	<b>5,384</b>	<b>671</b>	<b>19,886</b>	<b>38,015</b>
Net (income) loss attributable to noncontrolling common units of the Operating Partnership	(50)	119	(178)	(1,025)
Preferred distributions and dividends	(3,799)	(3,799)	(15,196)	(15,196)
<b>Net Income (Loss) Available to Common Stockholders</b>	<b>\$ 1,535</b>	<b>\$ (3,009)</b>	<b>\$ 4,512</b>	<b>\$ 21,794</b>

(1) Please refer to page 31 for Management Statements on Net Operating Income and Same Store Net Operating Income.

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

	<b>Three Months Ended December 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Net Income (Loss) Available to Common Stockholders</b>	\$ 1,535	\$ (3,009)
Interest expense	19,044	11,078
Depreciation and amortization	29,095	21,019
Gain on early extinguishment of debt	—	(1,790)
Net gain on discontinued operations	(949)	
Net income (loss) attributable to noncontrolling common units of the Operating Partnership	50	(119)
Preferred distributions and dividends	3,799	3,799
<b>EBITDA <sup>(1)</sup></b>	<b>\$ 52,574</b>	<b>\$ 30,978</b>

(1) Please refer to page 32 for a Management Statement on EBITDA.

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

	<b>Three Months Ended December 31,</b>		<b>Year Ended December 31,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Funds Available for Distribution</b> <sup>(1)</sup>	\$ 15,919	\$ 12,921	\$ 55,165	\$ 85,886
Adjustments:				
Tenant improvements, leasing commissions and recurring capital expenditures	10,058	12,434	51,053	31,131
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	245	212	911	827
Preferred distributions and dividends	3,799	3,799	15,196	15,196
Provision for uncollectible tenant receivables	129	174	16	575
Changes in assets and liabilities and other adjustments, net <sup>(2)</sup>	(5,251)	4,344	(2,514)	2,937
<b>GAAP Net Cash Provided by Operating Activities</b>	<b>\$ 24,899</b>	<b>\$ 26,965</b>	<b>\$ 119,827</b>	<b>\$ 124,965</b>

(1) Please refer to page 32 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.