



Second Quarter 2003 Supplemental Financial Report

Some of the enclosed information presented in this supplemental and on the Company's July 29, 2003 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 "Business Risks" in Kilroy Realty Corporation's annual report on Form 10-K for the year ended December 31, 2002. In light of these risks, uncertainties and assumptions, the forward-looking events contained in this supplemental information and on the Company's July 29, 2003 conference call might not occur.

Kilroy Realty Corporation

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Company Background

Kilroy Realty Corporation (NYSE: **KRC**) owns, develops, and operates office and industrial real estate, primarily in Southern California. The Company operates as a self-administered real estate investment trust. As of June 30, 2003, the Company's stabilized portfolio consisted of 79 office buildings and 50 industrial buildings, which encompassed an aggregate of 6.9 million and 4.9 million square feet, respectively, and was 90.9% occupied.

Board of Directors

John B. Kilroy, Sr. *Chairman*
 Edward F. Brennan
 John R. D'Eathe
 William P. Dickey
 Matthew J. Hart
 John B. Kilroy, Jr.
 Dale F. Kinsella

Senior Management

John B. Kilroy, Jr. *President and CEO*
 Jeffrey C. Hawken *Executive VP and COO*
 Richard E. Moran Jr. *Executive VP and CFO*
 Kathy M. Delgado *Sr. VP Marketing and Leasing*
 John T. Fucci *Sr. VP Asset Management*
 Tyler H. Rose *Sr. VP and Treasurer*
 Steven R. Scott *Sr. VP San Diego Development*
 Justin Smart *Sr. VP Los Angeles Development*
 Ann Marie Whitney *Sr. VP and Controller*

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Financial Highlights

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

	Three Months Ended				
	6/30/2003	3/31/2003	12/31/2002	9/30/2002	6/30/2002
INCOME ITEMS (Including Discontinued Operations):					
Revenues	\$51,930	\$54,581	\$52,408	\$51,031	\$51,179
Net Straight Line Rent	3,420	1,101	1,260	1,948	(97)
Lease Termination Fees	11	4,344	872	51	0
Net Operating Income (1), (3)	40,081	41,494	39,519	38,669	39,254
Capitalized Interest and Loan Fees	3,874	3,397	3,359	3,451	3,359
Net Income	13,360	10,929	13,965	7,885	4,957
Funds From Operations (2), (3)	24,893	26,320	24,262	23,170	23,358
Funds Available for Distribution (2), (3), (4)	17,984	22,633	17,843	20,246	23,519
Net Income per share – diluted	\$0.49	\$0.40	\$0.50	\$0.28	\$0.18
Funds From Operations per share – diluted	\$0.78	\$0.83	\$0.76	\$0.72	\$0.73
Dividend per share	\$0.495	\$0.495	\$0.495	\$0.495	\$0.495
RATIOS (Including Discontinued Operations):					
Operating Margins	77.2%	74.7%	74.4%	75.2%	76.2%
Interest Coverage Ratio (5)	4.8x	4.9x	4.2x	4.0x	4.1x
Fixed Charge Coverage Ratio (6)	3.3x	3.4x	3.0x	2.9x	2.9x
FFO Payout Ratio (7)	63.2%	59.9%	64.6%	68.7%	68.0%
FAD Payout Ratio (8)	87.5%	69.7%	87.8%	78.6%	67.6%
ASSETS:					
Investments in Real Estate before Depreciation	\$1,698,357	\$1,706,969	\$1,686,218	\$1,697,580	\$1,678,839
Total Assets	1,497,814	1,511,197	1,506,602	1,518,313	1,510,577
CAPITALIZATION:					
Total Debt	\$765,501	\$776,615	\$762,037	\$773,268	\$761,302
Total Preferred Stock (9)	155,000	155,000	155,000	155,000	155,000
Total Market Equity Value (9)	874,046	700,498	729,685	762,628	860,409
Total Market Capitalization (9)	1,794,547	1,632,113	1,646,722	1,690,896	1,776,711
Total Debt / Total Market Capitalization	42.6%	47.6%	46.3%	45.7%	42.8%
Total Debt and Preferred / Total Market Capitalization	51.3%	57.1%	55.7%	54.9%	51.6%

(1) Net Operating Income is defined as operating revenues (rental income, tenant reimbursements and other property income) less property and related expenses (property expenses, real estate taxes and ground leases) and excludes interest income and expense, depreciation and amortization, and corporate general and administrative expenses. Please refer to page 28 for a reconciliation of Net Operating Income to GAAP Net Income.

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

(3) Please refer to page 27 for Management Statements on Net Operating Income, Funds From Operations and Funds Available for Distribution.

(4) Please refer to page 29 for Reconciliation of Funds Available for Distribution to GAAP Net Cash Provided by Operating Activities.

(5) Calculated as income from operations before interest expense and depreciation and amortization divided by interest expense plus loan cost amortization.

(6) Calculated as income from operations before interest expense and depreciation and amortization divided by interest expense plus loan cost amortization and current year paid and accrued preferred dividends.

(7) Calculated as current year dividends paid and accrued to common shareholders divided by Funds From Operations.

(8) Calculated as current year dividends paid and accrued to common shareholders divided by Funds Available for Distribution.

(9) See "Capital Structure" on page 24.

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Common Stock Data (NYSE: KRC)

	For the Three Months Ended				
	<u>6/30/2003</u>	<u>3/31/2003</u>	<u>12/31/2002</u>	<u>9/30/2002</u>	<u>6/30/2002</u>
High Price	\$27.87	\$23.76	\$23.64	\$26.65	\$29.64
Low Price	\$21.70	\$20.74	\$20.25	\$22.05	\$26.30
Closing Price	\$27.50	\$22.10	\$23.05	\$23.71	\$26.75
Dividend per share - annualized	\$1.98	\$1.98	\$1.98	\$1.98	\$1.98
Closing common shares (in 000's) ⁽¹⁾	27,565	27,475	27,420	27,928	27,744
Closing partnership units (in 000's) ⁽¹⁾	4,219	4,222	4,237	4,237	4,421
	<u>31,784</u>	<u>31,697</u>	<u>31,657</u>	<u>32,165</u>	<u>32,165</u>

⁽¹⁾ As of the end of the period.

Kilroy Realty Corporation
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Consolidated Balance Sheets
(unaudited, \$ in thousands)

	<u>6/30/2003</u>	<u>3/31/2003</u>	<u>12/31/2002</u>	<u>9/30/2002</u>	<u>6/30/2002</u>
ASSETS:					
Land and improvements	\$275,328	\$282,030	\$288,228	\$297,305	\$285,585
Buildings and improvements, net	1,244,711	1,258,593	1,289,525	1,290,575	1,220,923
Undeveloped land and construction in progress, net	<u>178,318</u>	<u>166,346</u>	<u>108,465</u>	<u>109,700</u>	<u>172,331</u>
Total investment in real estate	1,698,357	1,706,969	1,686,218	1,697,580	1,678,839
Accumulated depreciation and amortization	<u>(297,050)</u>	<u>(290,365)</u>	<u>(278,503)</u>	<u>(270,951)</u>	<u>(259,676)</u>
Investment in real estate, net	1,401,307	1,416,604	1,407,715	1,426,629	1,419,163
Cash and cash equivalents	6,865	7,787	15,777	9,878	12,663
Restricted cash	7,588	7,479	6,814	7,348	5,811
Current receivables, net	2,604	2,821	3,074	2,779	3,041
Deferred rent receivables, net	33,575	30,567	29,466	28,422	26,470
Deferred leasing costs, net	32,548	32,145	31,427	30,532	30,313
Deferred financing costs, net	6,291	5,394	6,221	6,873	7,596
Prepaid expenses and other assets	<u>7,036</u>	<u>8,400</u>	<u>6,108</u>	<u>5,852</u>	<u>5,520</u>
TOTAL ASSETS	<u>\$1,497,814</u>	<u>\$1,511,197</u>	<u>\$1,506,602</u>	<u>\$1,518,313</u>	<u>\$1,510,577</u>
LIABILITIES AND STOCKHOLDERS' EQUITY:					
<i>Liabilities:</i>					
Secured debt	\$510,501	\$514,115	\$507,037	\$473,268	\$455,302
Unsecured line of credit	255,000	262,500	255,000	300,000	306,000
Accounts payable, accrued expenses and other liabilities	41,022	43,110	43,917	37,766	39,016
Accrued distributions	15,733	15,776	15,670	15,922	15,891
Rents received in advance, tenant security deposits and deferred revenue	<u>19,491</u>	<u>19,434</u>	<u>24,310</u>	<u>20,143</u>	<u>16,737</u>
Total liabilities	<u>841,747</u>	<u>854,935</u>	<u>845,934</u>	<u>847,099</u>	<u>832,946</u>
<i>Minority Interests:</i>					
8.075% Series A Cumulative Redeemable Preferred unitholders	73,716	73,716	73,716	73,716	73,716
9.375% Series C Cumulative Redeemable Preferred unitholders	34,464	34,464	34,464	34,464	34,464
9.250% Series D Cumulative Redeemable Preferred unitholders	44,321	44,321	44,321	44,321	44,321
Common unitholders of the Operating Partnership	<u>66,874</u>	<u>67,000</u>	<u>68,196</u>	<u>68,522</u>	<u>72,415</u>
Total minority interests	<u>219,375</u>	<u>219,501</u>	<u>220,697</u>	<u>221,023</u>	<u>224,916</u>
<i>Stockholders' Equity:</i>					
Common stock	274	273	273	278	277
Additional paid-in capital	494,421	493,244	493,116	503,184	499,196
Distributions in excess of earnings	(50,587)	(50,384)	(47,629)	(48,020)	(42,079)
Accumulated net other comprehensive loss	<u>(7,416)</u>	<u>(6,372)</u>	<u>(5,789)</u>	<u>(5,251)</u>	<u>(4,679)</u>
Total stockholders' equity	<u>436,692</u>	<u>436,761</u>	<u>439,971</u>	<u>450,191</u>	<u>452,715</u>
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	<u>\$1,497,814</u>	<u>\$1,511,197</u>	<u>\$1,506,602</u>	<u>\$1,518,313</u>	<u>\$1,510,577</u>

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Consolidated Statements of Operations (unaudited, \$ in thousands, except per share amounts)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2003	2002	% Change	2003	2002	% Change
REVENUES:						
Rental income, net	\$45,703	\$42,275	8.1%	\$89,152	\$85,396	4.4%
Tenant reimbursements	5,249	6,356	(17.4%)	10,932	11,694	(6.5%)
Other income	<u>345</u>	<u>29</u>	1089.7%	<u>4,871</u>	<u>1,459</u>	233.9%
Total revenues	<u>51,297</u>	<u>48,660</u>	5.4%	<u>104,955</u>	<u>98,549</u>	6.5%
EXPENSES:						
Property expenses	7,703	7,192	7.1%	16,382	14,470	13.2%
Real estate taxes	3,662	3,852	(4.9%)	7,510	7,482	0.4%
General and administrative expenses	4,011	3,648	10.0%	7,869	6,616	18.9%
Ground leases	324	333	(2.7%)	644	716	(10.1%)
Interest expense	7,585	8,668	(12.5%)	15,274	17,927	(14.8%)
Depreciation and amortization	<u>13,230</u>	<u>18,021</u>	(26.6%)	<u>26,969</u>	<u>30,389</u>	(11.3%)
Total expenses	<u>36,515</u>	<u>41,714</u>	(12.5%)	<u>74,648</u>	<u>77,600</u>	(3.8%)
OTHER INCOME:						
Interest income	<u>48</u>	<u>86</u>	(44.2%)	<u>94</u>	<u>371</u>	(74.7%)
Total other income	<u>48</u>	<u>86</u>	(44.2%)	<u>94</u>	<u>371</u>	(74.7%)
INCOME FROM CONTINUING OPERATIONS BEFORE NET GAINS ON DISPOSITIONS						
	14,830	7,032	110.9%	30,401	21,320	42.6%
Net gains on dispositions of operating properties ⁽¹⁾	—	<u>896</u>		—	<u>896</u>	
INCOME FROM CONTINUING OPERATIONS BEFORE MINORITY INTERESTS						
	<u>14,830</u>	<u>7,928</u>	87.1%	<u>30,401</u>	<u>22,216</u>	36.8%
MINORITY INTERESTS:						
Distributions on Cumulative Redeemable Preferred units	(3,375)	(3,375)	0.0%	(6,750)	(6,750)	0.0%
Minority interest in earnings of Operating Partnership attributable to continuing operations	(1,527)	(798)	91.4%	(3,158)	(2,185)	44.5%
Recognition of previously reserved Development LLC preferred return					3,908	(100.0%)
Minority interest in earnings of Development LLCs					(1,024)	(100.0%)
Total minority interests	<u>(4,902)</u>	<u>(4,173)</u>	17.5%	<u>(9,908)</u>	<u>(6,051)</u>	63.7%
INCOME FROM CONTINUING OPERATIONS						
	9,928	3,755	164.4%	20,493	16,165	26.8%
DISCONTINUED OPERATIONS: ⁽¹⁾						
Revenues from discontinued operations	633	2,519	(74.9%)	1,555	4,980	(68.8%)
Expenses from discontinued operations	(362)	(1,129)	(67.9%)	(868)	(2,370)	(63.4%)
Net gain on disposition of discontinued operations	3,690			3,690		
Minority interest attributable to discontinued operations	<u>(529)</u>	<u>(188)</u>	181.4%	<u>(584)</u>	<u>(311)</u>	87.8%
Total discontinued operations	<u>3,432</u>	<u>1,202</u>	185.5%	<u>3,793</u>	<u>2,299</u>	65.0%
NET INCOME						
	<u>\$13,360</u>	<u>\$4,957</u>	169.5%	<u>\$24,286</u>	<u>\$18,464</u>	31.5%
Weighted average shares outstanding - basic	27,351	27,463	(0.4%)	27,287	27,360	(0.3%)
Weighted average shares outstanding - diluted	27,545	27,805	(0.9%)	27,488	27,678	(0.7%)
NET INCOME PER COMMON SHARE:						
Net income per common share - basic	<u>\$0.49</u>	<u>\$0.18</u>	172.2%	<u>\$0.89</u>	<u>\$0.67</u>	32.8%
Net income per common share - diluted	<u>\$0.49</u>	<u>\$0.18</u>	172.2%	<u>\$0.88</u>	<u>\$0.67</u>	31.3%

(1) In accordance with SFAS 144 "Accounting for the Impairment or Disposal of Long-Lived Assets", the net income and the net gain on disposition of properties sold subsequent to January 1, 2002 are reflected in the consolidated statement of operations as discontinued operations for all periods presented. The net gains on dispositions of operating properties for the year ended December 31, 2002 relates to the disposition of an office property the Company sold in the fourth quarter of 2001. This additional gain had previously been reserved for financial reporting purposes until certain litigation associated with the disposition was resolved in the second quarter of 2002.

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2003	2002	% Change	2003	2002	% Change
FUNDS FROM OPERATIONS: ⁽¹⁾						
Net Income	\$13,360	\$4,957	169.5%	\$24,286	\$18,464	31.5%
Adjustments:						
Minority interest in earnings of Operating Partnership	2,056	986	108.5%	3,742	2,496	49.9%
Depreciation and amortization ⁽²⁾	13,167	18,311	(28.1%)	26,872	30,446	(11.7%)
Net gains on dispositions of operating properties	(3,690)	(896)	311.8%	(3,690)	(896)	311.8%
Funds From Operations	<u>\$24,893</u>	<u>\$23,358</u>	6.6%	<u>\$51,210</u>	<u>\$50,510</u>	1.4%
Weighted average common shares/units outstanding - basic	31,572	31,827		31,513	31,076	
Weighted average common shares/units outstanding - diluted	31,766	32,169		31,714	31,394	
FFO per common share/unit - basic	<u>\$0.79</u>	<u>\$0.73</u>	8.2%	<u>\$1.63</u>	<u>\$1.63</u>	0.0%
FFO per common share/unit - diluted	<u>\$0.78</u>	<u>\$0.73</u>	6.8%	<u>\$1.61</u>	<u>\$1.61</u>	0.0%
FUNDS AVAILABLE FOR DISTRIBUTION: ^{(1), (3)}						
Funds From Operations	\$24,893	\$23,358	6.6%	\$51,210	\$50,510	1.4%
Adjustments:						
Amortization of deferred financing costs	593	442	34.2%	1,101	1,220	(9.8%)
Non-cash amortization of restricted stock grants ⁽⁴⁾	686	924	(25.8%)	1,680	1,510	11.3%
Tenant improvements, leasing commissions and recurring capital expenditures	(4,768)	(1,302)	266.2%	(8,855)	(1,637)	440.9%
Net effect of straight-line rents ⁽⁵⁾	(3,420)	97	(3625.8%)	(4,521)	(1,131)	299.7%
Funds Available for Distribution	<u>\$17,984</u>	<u>\$23,519</u>	(23.5%)	<u>\$40,615</u>	<u>\$50,472</u>	(19.5%)

⁽¹⁾ See page 27 for Management Statements on Funds From Operations and Funds Available for Distribution.

⁽²⁾ Includes depreciation and amortization related to real estate.

⁽³⁾ See page 29 for Reconciliation of Funds Available for Distribution to GAAP Net Cash Provided by Operating Activities.

⁽⁴⁾ Beginning January 1, 2003, non-cash amortization of restricted stock grants is added back for purposes of calculating FAD. Prior year FAD amounts have been restated to conform to current year presentation.

⁽⁵⁾ Represents the straight-line rent income recognized during the period net of a reserve for bad debts.

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Stabilized Portfolio Occupancy Overview

	# of Buildings	Portfolio Breakdown		Total Square Feet	Occupancy at:		
		NOI	Sq. Ft.		6/30/2003	3/31/2003	12/31/2002
STABILIZED PORTFOLIO:							
OCCUPANCY BY PRODUCT TYPE:							
<i>Office:</i>							
Los Angeles	30	35.5%	26.2%	3,093,361	82.7%	85.7%	88.3%
Orange County	6	2.8%	2.6%	310,811	88.6%	88.1%	88.5%
San Diego	38	33.4%	24.1%	2,850,890	89.4%	89.6%	93.1%
Other	<u>5</u>	<u>6.1%</u>	<u>5.8%</u>	<u>687,997</u>	94.9%	96.1%	96.3%
Subtotal	<u>79</u>	<u>77.8%</u>	<u>58.7%</u>	<u>6,943,059</u>	86.9%	88.5%	91.1%
<i>Industrial:</i>							
Los Angeles	4	1.2%	3.3%	388,805	70.7%	70.7%	70.7%
Orange County	44	19.7%	35.5%	4,192,991	98.6%	99.9%	100.0%
Other	<u>2</u>	<u>1.3%</u>	<u>2.5%</u>	<u>295,417</u>	100.0%	100.0%	100.0%
Subtotal	<u>50</u>	<u>22.2%</u>	<u>41.3%</u>	<u>4,877,213</u>	96.5%	97.6%	97.7%
OCCUPANCY BY REGION:							
Los Angeles	34	36.7%	29.5%	3,482,166	81.4%	83.9%	86.4%
Orange County	50	22.5%	38.1%	4,503,802	97.9%	98.7%	98.8%
San Diego	38	33.4%	24.1%	2,850,890	89.4%	89.6%	93.1%
Other	<u>7</u>	<u>7.4%</u>	<u>8.3%</u>	<u>983,414</u>	96.4%	97.2%	97.4%
TOTAL STABILIZED PORTFOLIO	<u>129</u>	<u>100.0%</u>	<u>100.0%</u>	<u>11,820,272</u>	90.9%	92.2%	93.7%

AVERAGE OCCUPANCY - STABILIZED PORTFOLIO			
	Office	Industrial	Total
Quarter-to-Date	88.3%	97.1%	92.0%
Year-to-Date	88.5%	97.4%	92.1%

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Stabilized Portfolio Occupancy Overview

<i>Office:</i>	<u>City/ Submarket</u>	<u># of Buildings</u>	<u>Square Feet</u>	<u>Occupancy</u>
Los Angeles, California				
23925 Park Sorrento	Calabasas	1	11,789	100.0%
23975 Park Sorrento	Calabasas	1	100,592	100.0%
24025 Park Sorrento	Calabasas	1	102,264	100.0%
26541 Agoura Road	Calabasas	1	90,878	100.0%
5151 - 5155 Camino Ruiz	Camarillo	4	265,372	79.8%
185 S. Douglas Street	El Segundo	1	61,604	29.5%
Kilroy Airport Center, El Segundo	El Segundo	3	706,302	99.5%
525 N. Brand Blvd.	Glendale	1	46,043	100.0%
Kilroy Airport Center, Long Beach	Long Beach	7	949,198	83.4%
12200 W. Olympic Blvd.	Los Angeles	1	151,019	50.6%
12100 W. Olympic Blvd.	Los Angeles	1	151,000	0.0%
12312 W. Olympic Blvd.	Los Angeles	1	78,000	100.0%
1633 26th Street	Santa Monica	1	44,915	100.0%
2100 Colorado Avenue	Santa Monica	3	94,844	100.0%
3130 Wilshire Blvd.	Santa Monica	1	88,338	67.3%
501 Santa Monica Blvd.	Santa Monica	1	70,045	90.6%
2829 Townsgate Road	Thousand Oaks	<u>1</u>	<u>81,158</u>	<u>79.2%</u>
Total Los Angeles Office		30	3,093,361	82.7%
Orange County, California				
4175 E. La Palma Avenue	Anaheim	1	43,263	50.1%
8101 Kaiser Blvd.	Anaheim	1	60,177	82.4%
601 Valencia	Brea	1	60,891	100.0%
9451 Toledo Way	Irvine	1	27,200	100.0%
111 Pacifica	Irvine Spectrum	1	67,530	95.0%
2501 Pullman	Santa Ana	<u>1</u>	<u>51,750</u>	<u>100.0%</u>
Total Orange County Office		6	310,811	88.6%

Kilroy Realty Corporation
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Stabilized Portfolio Occupancy Overview

	<u>City/ Submarket</u>	<u># of Buildings</u>	<u>Square Feet</u>	<u>Occupancy</u>
<i>Office:</i>				
San Diego, California				
12340 El Camino Real	Del Mar	1	89,168	0.0%
12348 High Bluff Drive	Del Mar	1	38,461	18.1%
12390 El Camino Real	Del Mar	1	72,332	100.0%
3579 / 3611 / 3661 / 3811 Valley Centre Drive	Del Mar	4	423,874	57.0%
12225 / 12235 El Camino Real	Del Mar	2	115,513	100.0%
6215 / 6220 Greenwich Drive	Governor Park	2	212,214	100.0%
15051 Ave of Science	Rancho Bernardo	1	70,617	100.0%
15073 Ave of Science	Rancho Bernardo	1	46,759	100.0%
15378 Ave of the Science	Rancho Bernardo	1	68,910	100.0%
15435 / 15445 Innovation Drive	Rancho Bernardo	2	103,000	100.0%
4939 / 4955 Directors Place	Sorrento Mesa	2	136,908	100.0%
5005 / 5010 Wateridge Vista Drive	Sorrento Mesa	2	172,778	100.0%
10243 Genetic Center	Sorrento Mesa	1	102,875	100.0%
10390 Pacific Center Court	Sorrento Mesa	1	68,400	100.0%
6055 Lusk Avenue	Sorrento Mesa	1	93,000	100.0%
6260 Sequence Drive	Sorrento Mesa	1	130,000	100.0%
6290 Sequence Drive	Sorrento Mesa	2	152,415	100.0%
6340 / 6350 Sequence Drive	Sorrento Mesa	2	199,000	100.0%
Pacific Corporate Center	Sorrento Mesa	6	332,542	100.0%
4690 Executive Drive	University Towne Center	1	50,929	100.0%
9455 Towne Center Drive	University Towne Center	1	45,195	100.0%
9785 / 9791 Towne Center Drive	University Towne Center	2	<u>126,000</u>	<u>100.0%</u>
Total San Diego Office		38	2,850,890	89.4%
Other				
3750 University Avenue	Riverside, CA	1	124,986	93.8%
4361 Latham Avenue	Riverside, CA	1	30,581	100.0%
Kilroy Airport Center, Sea-Tac	Seattle, WA	3	<u>532,430</u>	<u>94.9%</u>
Total Other Office		5	687,997	94.9%
Total Office		79	6,943,059	86.9%

Kilroy Realty Corporation
Second Quarter 2003 Supplemental Financial Report
Stabilized Portfolio Occupancy Overview

	<u>City/ Submarket</u>	<u># of Buildings</u>	<u>Square Feet</u>	<u>Occupancy</u>
Industrial				
Los Angeles, California				
2031 E. Mariposa Avenue	El Segundo	1	192,053	100.0%
2260 E. El Segundo Blvd.	El Segundo	1	113,820	0.0%
2265 E. El Segundo Blvd.	El Segundo	1	76,570	100.0%
2270 E. El Segundo Blvd.	El Segundo	<u>1</u>	<u>6,362</u>	<u>100.0%</u>
Total Los Angeles Industrial		4	388,805	70.7%
Orange County, California				
1000 E. Ball Road	Anaheim	1	100,000	100.0%
1230 S. Lewis Road	Anaheim	1	57,730	100.0%
1250 N. Tustin Avenue	Anaheim	1	84,185	100.0%
3125 E. Coronado Street	Anaheim	1	144,000	100.0%
3130 - 3150 Miraloma	Anaheim	1	144,000	100.0%
3250 E. Carpenter	Anaheim	1	41,225	100.0%
3340 E. La Palma Avenue	Anaheim	1	153,320	100.0%
5115 E. La Palma Avenue	Anaheim	1	286,139	100.0%
5325 E. Hunter Avenue	Anaheim	1	109,449	100.0%
Anaheim Tech Center	Anaheim	5	593,992	100.0%
La Palma Business Center	Anaheim	2	144,090	69.6%
Brea Industrial Complex	Brea	7	276,278	94.9%
Brea Industrial-Lambert Road	Brea	2	178,811	100.0%
1675 MacArthur	Costa Mesa	1	50,842	100.0%
25202 Towne Center Drive	Foothill Ranch	1	303,533	100.0%
12400 Industry Street	Garden Grove	1	64,200	100.0%
12681 / 12691 Pala Drive	Garden Grove	1	84,700	100.0%
12752-12822 Monarch Street	Garden Grove	1	277,037	100.0%
7421 Orangewood Avenue	Garden Grove	1	82,602	100.0%
Garden Grove Industrial Complex	Garden Grove	6	275,971	100.0%
17150 Von Karman	Irvine	1	157,458	100.0%
2055 S.E. Main Street	Irvine	1	47,583	100.0%
9401 Toledo Way	Irvine	1	244,800	100.0%
1951 E. Carnegie Avenue	Santa Ana	1	100,000	100.0%
2525 Pullman	Santa Ana	1	103,380	100.0%
14831 Franklin Avenue	Tustin	1	36,256	100.0%
2911 Dow Avenue	Tustin	<u>1</u>	<u>51,410</u>	<u>100.0%</u>
Total Orange County Industrial		44	4,192,991	98.6%
Other				
5115 N. 27th Avenue	Phoenix, AZ	1	130,877	100.0%
3735 Imperial Highway	Stockton, CA	<u>1</u>	<u>164,540</u>	<u>100.0%</u>
Total Other Industrial		2	295,417	100.0%
Total Industrial		50	4,877,213	96.5%

Kilroy Realty Corporation

Second Quarter 2003 Supplemental Financial Report

Same Store Analysis ⁽¹⁾

(\$ in thousands)

Same Store Analysis (GAAP Basis)						
	Three Months Ended June 30,			Six Months Ended June 30,		
	2003	2002	% Change	2003	2002	% Change
Total Same Store Portfolio						
Number of properties	121	121		121	121	
Square Feet	11,128,896	11,128,896		11,128,896	11,128,896	
Percent of Stabilized Portfolio	94.2%	87.9%		94.2%	87.9%	
Average Occupancy	92.2%	94.0%		92.3%	94.7%	
Operating Revenues:						
Rental income	\$41,670	\$39,182	6.3%	\$81,109	\$79,814	1.6%
Tenant reimbursements	4,558	5,703	(20.1%)	9,765	10,498	(7.0%)
Other income	<u>342</u>	<u>27</u>	1166.7%	<u>602</u>	<u>1,353</u>	(55.5%)
Total operating revenues	<u>46,570</u>	<u>44,912</u>	3.7%	<u>91,476</u>	<u>91,665</u>	(0.2%)
Operating Expenses:						
Property expenses	7,311	6,469	13.0%	15,137	13,354	13.4%
Real estate taxes	3,126	3,557	(12.1%)	6,549	6,990	(6.3%)
Ground leases	<u>321</u>	<u>332</u>	(3.3%)	<u>630</u>	<u>716</u>	(12.0%)
Total operating expenses	<u>10,758</u>	<u>10,358</u>	3.9%	<u>22,316</u>	<u>21,060</u>	6.0%
GAAP Net Operating Income	<u>\$35,812</u>	<u>\$34,554</u>	3.6%	<u>\$69,160</u>	<u>\$70,605</u>	(2.0%)

Same Store Analysis (Cash Basis)						
	Three Months Ended June 30,			Six Months Ended June 30,		
	2003	2002	% Change	2003	2002	% Change
Total operating revenues	\$43,591	\$45,184	(3.5%)	\$87,278	\$90,135	(3.2%)
Total operating expenses	<u>10,758</u>	<u>10,358</u>	3.9%	<u>22,316</u>	<u>21,060</u>	6.0%
Cash Net Operating Income	<u>\$32,833</u>	<u>\$34,826</u>	(5.7%)	<u>\$64,962</u>	<u>\$69,075</u>	(6.0%)

(1) Same store defined as all stabilized properties owned at January 1, 2002 and still owned at June 30, 2003.

Kilroy Realty Corporation

Second Quarter 2003 Supplemental Financial Report

Leasing Activity

Quarter-to-Date

	<u># of Leases⁽¹⁾</u>		<u>Square Feet⁽¹⁾</u>		Maintenance		<u>Changes in Rents⁽³⁾</u>	<u>Changes in Cash Rents⁽⁴⁾</u>	<u>Retention Rates⁽⁵⁾</u>	<u>Weighted Average Lease Term (Mo.)</u>
	<u>New</u>	<u>Renewal</u>	<u>New</u>	<u>Renewal</u>	<u>TI/LC</u>	<u>Capex</u>				
					<u>Per Sq.Ft.</u>	<u>Per Sq.Ft.⁽²⁾</u>				
Office	17	3	81,572	7,997	\$23.21	\$0.10	3.5%	(3.0%)	49.6%	54
Industrial	<u>2</u>	<u>1</u>	<u>108,380</u>	<u>12,000</u>	<u>\$6.61</u>	<u>\$0.00</u>	<u>(12.8%)</u>	<u>(9.8%)</u>	<u>17.2%</u>	<u>61</u>
Total	<u>19</u>	<u>4</u>	<u>189,952</u>	<u>19,997</u>	<u>\$13.70</u>	<u>\$0.06</u>	<u>(2.3%)</u>	<u>(4.8%)</u>	<u>23.3%</u>	<u>58</u>

Year-to-Date

	<u># of Leases⁽¹⁾</u>		<u>Square Feet⁽¹⁾</u>		Maintenance		<u>Changes in Rents⁽³⁾</u>	<u>Changes in Cash Rents⁽⁴⁾</u>	<u>Retention Rates⁽⁵⁾</u>	<u>Weighted Average Lease Term (Mo.)</u>
	<u>New</u>	<u>Renewal</u>	<u>New</u>	<u>Renewal</u>	<u>TI/LC</u>	<u>Capex</u>				
					<u>Per Sq.Ft.</u>	<u>Per Sq.Ft.⁽²⁾</u>				
Office	27	10	210,295	249,475	\$13.54	\$0.11	5.6%	(0.3%)	70.9%	43
Industrial	<u>3</u>	<u>2</u>	<u>113,380</u>	<u>37,718</u>	<u>\$6.22</u>	<u>\$0.00</u>	<u>0.8%</u>	<u>1.2%</u>	<u>35.8%</u>	<u>52</u>
Total	<u>30</u>	<u>12</u>	<u>323,675</u>	<u>287,193</u>	<u>\$11.73</u>	<u>\$0.06</u>	<u>5.1%</u>	<u>0.3%</u>	<u>62.8%</u>	<u>45</u>

(1) Represents leasing activity for leases commencing during the period shown, net of month-to-month leases. Excludes leasing on new construction.

(2) Calculated over entire stabilized portfolio.

(3) Calculated as the change between GAAP rents for new/renewed leases and the expiring GAAP rents for the same space.

(4) Calculated as the change between stated rents for new/renewed leases and the expiring stated rents for the same space.

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

Kilroy Realty Corporation

Second Quarter 2003 Supplemental Financial Report

Stabilized Portfolio Capital Expenditures (*\$ in thousands*)

Non-Recurring Capital Expenditures:			
	<u>Q1 2003</u>	<u>Q2 2003</u>	<u>Year-to-Date</u>
Capital Improvements	\$0	\$0	\$0
Tenant Improvements & Leasing Commissions	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Recurring Capital Expenditures:			
	<u>Q1 2003</u>	<u>Q2 2003</u>	<u>Year-to-Date</u>
Capital Improvements			
Office	\$46	\$750	\$796
Industrial	<u>0</u>	<u>0</u>	<u>0</u>
	46	750	796
Tenant Improvements & Leasing Commissions ⁽¹⁾			
Office	4,016	3,183	7,199
Industrial	<u>25</u>	<u>835</u>	<u>860</u>
	4,041	4,018	8,059
Total			
Office	4,062	3,933	7,995
Industrial	<u>25</u>	<u>835</u>	<u>860</u>
	<u>\$4,087</u>	<u>\$4,768</u>	<u>\$8,855</u>

(1) Represents cash paid and leasing costs incurred for leases commencing during the period shown.

Kilroy Realty Corporation

Second Quarter 2003 Supplemental Financial Report

Lease Expiration Summary Schedule

(\$ in thousands)

<u>Year of Expiration</u>	<u># of Expiring Leases</u>	<u>Total Square Feet⁽¹⁾</u>	<u>% of Total Leased Sq. Ft.</u>	<u>Annual Base Rent</u>	<u>Annual Rent per Sq. Ft.⁽²⁾</u>
OFFICE:					
Remaining 2003	26	268,624	4.5%	\$6,609	\$24.60
2004	49	544,377	9.1%	13,104	24.07
2005	57	575,119	9.6%	11,437	19.89
2006	48	694,120	11.6%	15,800	22.76
2007	46	851,140	14.2%	14,895	17.50
2008	28	871,530	14.6%	17,351	19.91
2009	13	742,943	12.5%	16,019	21.56
2010	8	176,214	3.0%	3,910	22.19
2011	8	397,583	6.6%	7,555	19.00
2012 and beyond	<u>13</u>	<u>857,657</u>	<u>14.3%</u>	<u>25,253</u>	<u>29.44</u>
Subtotal	<u>296</u>	<u>5,979,307</u>	<u>100.0%</u>	<u>\$131,933</u>	<u>\$22.06</u>
INDUSTRIAL:					
Remaining 2003	5	202,981	4.3%	\$911	\$4.49
2004	16	524,504	11.1%	3,692	7.04
2005	14	691,060	14.7%	5,156	7.46
2006	9	578,802	12.3%	4,360	7.53
2007	9	496,391	10.5%	3,401	6.85
2008	8	855,407	18.2%	5,924	6.93
2009	8	609,356	13.0%	3,775	6.20
2010	1	33,130	0.7%	283	8.54
2011	4	386,606	8.2%	2,592	6.70
2012 and beyond	<u>2</u>	<u>327,402</u>	<u>7.0%</u>	<u>3,101</u>	<u>9.47</u>
Subtotal	<u>76</u>	<u>4,705,639</u>	<u>100.0%</u>	<u>\$33,195</u>	<u>\$7.05</u>
TOTAL PORTFOLIO:					
Remaining 2003	31	471,605	4.4%	\$7,520	\$15.95
2004	65	1,068,881	10.0%	16,796	15.71
2005	71	1,266,179	11.8%	16,593	13.10
2006	57	1,272,922	11.9%	20,160	15.84
2007	55	1,347,531	12.6%	18,296	13.58
2008	36	1,726,937	16.2%	23,275	13.48
2009	21	1,352,299	12.7%	19,794	14.64
2010	9	209,344	2.0%	4,193	20.03
2011	12	784,189	7.3%	10,147	12.94
2012 and beyond	<u>15</u>	<u>1,185,059</u>	<u>11.1%</u>	<u>28,354</u>	<u>23.93</u>
Total	<u>372</u>	<u>10,684,946</u>	<u>100.0%</u>	<u>\$165,128</u>	<u>\$15.45</u>

(1) Excludes space leased under month-to-month leases and vacant space at June 30, 2003.

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

Kilroy Realty Corporation

Second Quarter 2003 Supplemental Financial Report

Lease Expiration Schedule Detail by Region

(\$ in thousands)

Year of Expiration	Los Angeles County					Orange County				
	# of Expiring	Total	% of Total	Annual	Annual Rent	# of Expiring	Total	% of Total	Annual	Annual Rent
	Leases	Square Feet ⁽¹⁾	Regional Sq. Ft.	Base Rent	per Sq. Ft. ⁽²⁾	Leases	Square Feet ⁽¹⁾	Regional Sq. Ft.	Base Rent	per Sq. Ft. ⁽²⁾
OFFICE:										
Remaining 2003	12	128,902	5.2%	\$3,003	\$23.30	4	17,826	6.5%	\$353	\$19.80
2004	33	436,559	17.4%	10,992	25.18	2	26,403	9.7%	527	19.96
2005	29	196,464	7.8%	5,436	27.67	9	51,652	19.0%	1,034	20.02
2006	34	354,477	14.1%	9,384	26.47	2	22,034	8.1%	530	24.05
2007	21	156,331	6.2%	3,996	25.56	5	11,976	4.4%	307	25.63
2008	15	362,759	14.4%	10,018	27.62	7	129,358	47.4%	2,336	18.06
2009	9	432,102	17.2%	10,354	23.96	-	-	-	-	-
2010	6	70,154	2.8%	2,027	28.89	-	-	-	-	-
2011	5	203,225	8.1%	2,665	13.11	1	13,381	4.9%	305	22.79
2012 and beyond	<u>5</u>	<u>170,637</u>	<u>6.8%</u>	<u>4,577</u>	<u>26.82</u>	-	-	-	-	-
Subtotal	<u>169</u>	<u>2,511,610</u>	<u>100.0%</u>	<u>\$62,452</u>	<u>\$24.87</u>	<u>30</u>	<u>272,630</u>	<u>100.0%</u>	<u>\$5,392</u>	<u>\$19.78</u>
INDUSTRIAL:										
Remaining 2003	-	-	-	-	-	5	202,981	4.9%	\$911	\$4.49
2004	1	76,570	27.9%	554	7.24	15	447,934	10.8%	3,138	7.01
2005	1	192,053	69.8%	2,067	10.76	13	499,007	12.1%	3,089	6.19
2006	-	-	-	-	-	8	414,262	10.0%	3,180	7.68
2007	-	-	-	-	-	9	496,391	12.0%	3,401	6.85
2008	-	-	-	-	-	8	855,407	20.7%	5,924	6.93
2009	1	6,362	2.3%	101	15.88	7	602,994	14.6%	3,674	6.09
2010	-	-	-	-	-	1	33,130	0.8%	283	8.54
2011	-	-	-	-	-	3	255,729	6.2%	1,800	7.04
2012 and beyond	-	-	-	-	-	<u>2</u>	<u>327,402</u>	<u>7.9%</u>	<u>3,101</u>	<u>9.47</u>
Subtotal	<u>3</u>	<u>274,985</u>	<u>100.0%</u>	<u>\$2,722</u>	<u>\$9.90</u>	<u>71</u>	<u>4,135,237</u>	<u>100.0%</u>	<u>\$28,501</u>	<u>\$6.89</u>
TOTAL PORTFOLIO:										
Remaining 2003	12	128,902	4.6%	\$3,003	\$23.30	9	220,807	5.0%	\$1,264	\$5.72
2004	34	513,129	18.4%	11,546	22.50	17	474,337	10.8%	3,665	7.73
2005	30	388,517	14.0%	7,503	19.31	22	550,659	12.5%	4,123	7.49
2006	34	354,477	12.7%	9,384	26.47	10	436,296	9.9%	3,710	8.50
2007	21	156,331	5.6%	3,996	25.56	14	508,367	11.5%	3,708	7.29
2008	15	362,759	13.0%	10,018	27.62	15	984,765	22.3%	8,260	8.39
2009	10	438,464	15.8%	10,455	23.84	7	602,994	13.7%	3,674	6.09
2010	6	70,154	2.5%	2,027	28.89	1	33,130	0.8%	283	8.54
2011	5	203,225	7.3%	2,665	13.11	4	269,110	6.1%	2,105	7.82
2012 and beyond	<u>5</u>	<u>170,637</u>	<u>6.1%</u>	<u>4,577</u>	<u>26.82</u>	<u>2</u>	<u>327,402</u>	<u>7.4%</u>	<u>3,101</u>	<u>9.47</u>
Total	<u>172</u>	<u>2,786,595</u>	<u>100.0%</u>	<u>\$65,174</u>	<u>\$23.39</u>	<u>101</u>	<u>4,407,867</u>	<u>100.0%</u>	<u>\$33,893</u>	<u>\$7.69</u>

(1) Excludes space leased under month-to-month leases and vacant space at June 30, 2003.

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

Kilroy Realty Corporation

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Lease Expiration Schedule Detail by Region (*\$ in thousands*)

Year of Expiration	San Diego County					Other				
	# of Expiring	Total	% of Total	Annual	Annual Rent	# of Expiring	Total	% of Total	Annual	Annual Rent
	Leases	Square Feet ⁽¹⁾	Regional Sq. Ft.	Base Rent	per Sq. Ft. ⁽²⁾	Leases	Square Feet ⁽¹⁾	Regional Sq. Ft.	Base Rent	per Sq. Ft. ⁽²⁾
OFFICE:										
Remaining 2003	2	100,663	4.0%	\$2,803	\$27.85	8	21,233	3.3%	\$450	\$21.19
2004	1	50,929	2.0%	960	18.85	13	30,486	4.7%	625	20.50
2005	3	222,742	8.7%	2,739	12.30	16	104,261	16.1%	2,228	21.37
2006	3	190,209	7.4%	3,209	16.87	9	127,400	19.7%	2,677	21.01
2007	7	538,463	21.1%	7,744	14.38	13	144,370	22.3%	2,848	19.73
2008	3	165,665	6.5%	2,708	16.35	3	213,748	33.1%	2,289	10.71
2009	3	305,378	12.0%	5,530	18.11	1	5,463	0.8%	135	24.71
2010	2	106,060	4.2%	1,883	17.75	-	-	-	-	-
2011	2	180,977	7.1%	4,585	25.33	-	-	-	-	-
2012 and beyond	8	687,020	27.0%	20,676	30.10	-	-	-	-	-
Subtotal	34	2,548,106	100.0%	\$52,837	\$20.74	63	646,961	100.0%	\$11,252	\$17.39
INDUSTRIAL:										
Remaining 2003	-	-	-	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	1	164,540	55.7%	1,180	7.17
2007	-	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	1	130,877	44.3%	792	6.05
2012 and beyond	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	2	295,417	100.0%	\$1,972	\$6.68
TOTAL PORTFOLIO:										
Remaining 2003	2	100,663	4.0%	\$2,803	\$27.85	8	21,233	2.2%	\$450	\$21.19
2004	1	50,929	2.0%	960	18.85	13	30,486	3.2%	625	20.50
2005	3	222,742	8.7%	2,739	12.30	16	104,261	11.1%	2,228	21.37
2006	3	190,209	7.4%	3,209	16.87	10	291,940	31.0%	3,857	13.21
2007	7	538,463	21.1%	7,744	14.38	13	144,370	15.3%	2,848	19.73
2008	3	165,665	6.5%	2,708	16.35	3	213,748	22.7%	2,289	10.71
2009	3	305,378	12.0%	5,530	18.11	1	5,463	0.6%	135	24.71
2010	2	106,060	4.2%	1,883	17.75	-	-	-	-	-
2011	2	180,977	7.1%	4,585	25.33	1	130,877	13.9%	792	6.05
2012 and beyond	8	687,020	27.0%	20,676	30.10	-	-	-	-	-
Total	34	2,548,106	100.0%	\$52,837	\$20.74	65	942,378	100.0%	\$13,224	\$14.03

(1) Excludes space leased under month-to-month leases and vacant space at June 30, 2003.

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

Kilroy Realty Corporation Second Quarter 2003 Supplemental Financial Report

Top Ten Office and Top Ten Industrial Tenants (*\$ in thousands*)

<u>Tenant Name</u>	<u>Annual Base Rental Revenues</u> ⁽¹⁾	<u>Rentable Square Feet</u>	<u>Percentage of Total Annual Base Rental Revenues</u>	<u>Percentage of Total Rentable Square Feet</u>
Office Properties: ⁽²⁾				
The Boeing Company	\$14,387	846,805	8.4%	7.1%
DirecTV, Inc.	6,686	182,463	3.9%	1.5%
Diversa Corporation	4,702	136,908	2.7%	1.2%
Epson America, Inc.	4,251	166,575	2.5%	1.4%
Epicor Software Corporation	3,438	172,778	2.0%	1.5%
Newgen Results Corporation	3,465	102,875	2.0%	0.9%
Scan Health Plan	3,430	119,219	2.0%	1.0%
Intuit, Inc.	3,218	215,171	1.9%	1.8%
TRW, Inc.	3,053	117,406	1.8%	1.0%
Memec, LLC	<u>2,959</u>	<u>91,765</u>	<u>1.7%</u>	<u>0.8%</u>
Total Office Properties	<u>\$49,589</u>	<u>2,151,965</u>	<u>28.9%</u>	<u>18.2%</u>
Industrial Properties:				
Celestica California, Inc.	\$2,506	303,533	1.5%	2.5%
Qwest Communications Corporation	2,428	244,800	1.4%	2.1%
Mattel, Inc.	2,032	192,053	1.2%	1.6%
Packard Hughes Interconnect	1,705	157,458	1.0%	1.3%
NBTY Manufacturing, LLC	1,384	286,139	0.8%	2.4%
United Plastics Group, Inc.	1,221	188,000	0.7%	1.6%
Kraft Foods, Inc.	1,184	164,540	0.7%	1.4%
Targus, Inc.	1,051	200,646	0.6%	1.7%
Extron Electronics	960	157,730	0.6%	1.3%
Ricoh Electronics	<u>809</u>	<u>100,000</u>	<u>0.5%</u>	<u>0.8%</u>
Total Industrial Properties	<u>\$15,280</u>	<u>1,994,899</u>	<u>9.0%</u>	<u>16.7%</u>

⁽¹⁾ Reflects annualized rent calculated on a straight-line basis.

⁽²⁾ As of June 30, 2003, Peregrine Systems, Inc. represented approximately \$7.0 million, or 4.1% of the Company's annual base rental revenues. Subsequent to June 30, 2003, under the revised terms of the remaining lease Peregrine has with the Company, Peregrine will represent approximately \$2.3 million, or 1.3% of the Company's annual base rental revenues. See additional disclosure of Peregrine leases in "Summary of Available Space at Kilroy Centre Del Mar" on page 19.

Kilroy Realty Corporation

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Summary of Tenants Representing 5.0% or Greater of Annual Base Rental Revenue (*\$ in thousands*)

<u>The Boeing Company</u>	<u>Rentable Square Feet</u>	<u>Annual Base Rental Revenues ⁽¹⁾</u>	<u>Lease Expiration Date</u>
<u>Boeing Satellite Systems</u>			
2260 E. Imperial Highway, El Segundo	293,261	\$7,499	July 31, 2004
1231 N. Miller Street, Anaheim	113,242	688	March 31, 2009
2240 E. Imperial Highway, El Segundo	101,564	1,730	January 31, 2006
1145 N. Ocean Blvd., Anaheim	65,447	433	October 31, 2005
2250 E. Imperial Highway, El Segundo	<u>7,791</u>	<u>272</u>	November 30, 2004
	<u>581,305</u>	<u>10,622</u>	
<u>Boeing Airplane-on-Ground Division</u>			
17930 Pacific Highway, Seattle	<u>211,139</u>	<u>2,232</u>	December 31, 2007
<u>Boeing Capital Corporation</u>			
3780 Kilroy Airport Way, Long Beach	<u>43,636</u>	<u>1,231</u>	September 30, 2005
<u>Boeing Realty Corporation</u>			
3760 Kilroy Airport Way, Long Beach	<u>10,725</u>	<u>302</u>	August 31, 2005
Total	<u>846,805</u>	<u>\$14,387</u>	

(1) Reflects annualized rent calculated on a straight-line basis.

Kilroy Realty Corporation
Second Quarter 2003 Supplemental Financial Report

Summary of Available Space at Kilroy Centre Del Mar
(\$ in thousands)

	Rentable Square Feet	As of June 30, 2003			Adjusted for Expected Peregrine Outcome				
		% Leased by Peregrine	% Leased by Other Tenants	Total % Leased	Annual Base Rental Revenues ⁽¹⁾	% Leased by Peregrine	% Leased by Other Tenants	Total % Leased	Annual Base Rental Revenues ⁽¹⁾
Building 1 - 3579 Valley Centre Drive ⁽²⁾	52,375		100%	100%	\$1,608		100%	100%	\$1,608
Building 2 - 3611 Valley Centre Drive	129,680	100%		100%	3,779	60%		60%	2,267
Building 3 - 3661 Valley Centre Drive ⁽²⁾	129,752		100%	100%	3,854		100%	100%	3,854
Building 4 - 3721 Valley Centre Drive ⁽³⁾	114,780		100%	100%	2,994		100%	100%	2,994
Building 5 - 3811 Valley Centre Drive	112,067	42%	58%	100%	3,265		58%	58%	1,698
Total	538,654	33%	67%	100%	\$15,500	15%	67%	82%	\$12,421

(1) Reflects annualized rent calculated on a straight-line basis.

(2) This lease is scheduled to commence when tenant improvements are complete, which is estimated to be in the third quarter of 2003.

(3) The annual base rental revenues shown reflect the revenue for the 80% of the building that Memec currently occupies. This building is currently in the Company's development lease-up portfolio.

Kilroy Realty Corporation

Second Quarter 2003 Supplemental Financial Report

2003 Acquisitions & Dispositions (*\$ in thousands*)

<u>ACQUISITIONS:</u>					
Property	Location	Type	Month of Acquisition	Square Feet	Purchase Price
1st QUARTER: NONE					
2nd QUARTER: NONE					

<u>DISPOSITIONS:</u>					
Property	Location	Type	Month of Disposition	Square Feet	Sales Price
1st QUARTER: NONE					
2nd QUARTER:					
4351 Latham Avenue	Riverside, CA	Office	April	21,357	\$2,750
5770 Armada Drive	Carlsbad, CA	Office	May	81,712	14,382
Anaheim Corporate Center	Anaheim, CA	Office	June	<u>157,758</u>	<u>13,850</u>
Subtotal				<u>260,827</u>	<u>30,982</u>
TOTAL YEAR TO DATE DISPOSITIONS				<u>260,827</u>	<u>\$30,982</u>

Kilroy Realty Corporation

Second Quarter 2003 Supplemental Financial Report

Stabilized Development (*\$ in thousands*)

Project	Location	Type	Start Date	Completion Date	Rentable Square Feet	Total Est. Investment	% Committed ⁽¹⁾
1st QUARTER:							
NONE							
2nd QUARTER:							
12100 W. Olympic Blvd.	West LA, CA	Office	4Q 2000	2Q 2002	<u>151,000</u>	<u>\$61,061</u>	61% ⁽²⁾
Subtotal					<u>151,000</u>	<u>61,061</u>	61%
TOTAL YEAR-TO-DATE STABILIZED DEVELOPMENT					<u>151,000</u>	<u>\$61,061</u>	61%

(1) Percentage committed includes executed leases and signed letters of intent, calculated on a square footage basis.

(2) 61% committed comprised of 48% executed leases and 13% letters of intent.

Kilroy Realty Corporation
Second Quarter 2003 Supplemental Financial Report
In-Process and Committed Development and Redevelopment Projects
(\$ in thousands)

DEVELOPMENT PROJECTS:			Estimated Construction Period		Est. Stabilization	Rentable Square	Total Estimated	Total Spent as of	% Leased	% LOI	% Committed ⁽²⁾
Project	Location	Type	Start Date	Compl. Date	Date ⁽¹⁾	Feet	Investment	6/30/2003			
PROJECTS IN LEASE-UP:											
999 Sepulveda Blvd.	El Segundo, CA	Office	1Q 2001	3Q 2002	3Q 2003	133,678	\$44,648	\$37,847	0%	14%	14%
3721 Valley Centre Drive	Del Mar, CA	Office	3Q 2001	3Q 2002	3Q 2003	<u>114,780</u>	<u>30,229</u>	<u>29,492</u>	100%	0%	100%
Subtotal						<u>248,458</u>	<u>74,877</u>	<u>67,339</u>	46%	8%	54%
PROJECTS UNDER CONSTRUCTION:											
12400 High Bluff	Del Mar, CA	Office	2Q 2002	3Q 2003	3Q 2004	<u>208,961</u>	<u>61,818</u>	<u>56,354</u>	84%	0%	84%
Subtotal						<u>208,961</u>	<u>61,818</u>	<u>56,354</u>	84%	0%	84%
TOTAL PROJECTS IN LEASE UP AND UNDER CONSTRUCTION						<u>457,419</u>	<u>136,695</u>	<u>123,693</u>	64%	4%	68%
COMMITTED PROJECTS:											
None											
TOTAL IN-PROCESS AND COMMITTED PROJECTS:						<u>457,419</u>	<u>\$136,695</u>	<u>\$123,693</u>	64%	4%	68%

REDEVELOPMENT PROJECTS:			Pre and Post Redevelopment	Estimated Construction Period		Est. Stabilization	Rentable Square	Existing Investment ⁽³⁾	Estimated Redevelopment Costs	Total Estimated Investment	Total Spent as of	% Leased
Project	Location	Type	Start Date	Compl. Date	Date ⁽¹⁾	Feet					6/30/2003	
PROJECTS IN LEASE-UP:												
1700 Carnegie	Santa Ana, CA	R&D to Office	4Q 2001	3Q 2002	3Q 2003	<u>76,516</u>	<u>\$9,051</u>	<u>\$6,734</u>	<u>\$15,785</u>	<u>\$13,666</u>		17%
Subtotal						<u>76,516</u>	<u>9,051</u>	<u>6,734</u>	<u>15,785</u>	<u>13,666</u>		17%
PROJECTS UNDER CONSTRUCTION:												
5717 Pacific Center Blvd.	Sorrento Mesa, CA	Office to Life Science	1Q 2003	4Q 2003	4Q 2004	67,995	8,790	10,726	19,516	9,059		0%
10421 Pacific Science Center ^{(4), (5)}	Sorrento Mesa, CA	Office to Life Science	1Q 2003	3Q 2003	3Q 2003	78,797	10,501	7,082	17,583	10,853		100%
909 Sepulveda Blvd.	El Segundo, CA	Office	1Q 2003	1Q 2004	1Q 2005	<u>248,148</u>	<u>37,799</u>	<u>25,510</u>	<u>63,309</u>	<u>40,052</u>		0%
Subtotal						<u>394,940</u>	<u>57,090</u>	<u>43,318</u>	<u>100,408</u>	<u>59,964</u>		20%
TOTAL PROJECTS IN LEASE UP AND UNDER CONSTRUCTION						<u>471,456</u>	<u>66,141</u>	<u>50,052</u>	<u>116,193</u>	<u>73,630</u>		19%
COMMITTED PROJECTS:												
None												
TOTAL IN-PROCESS AND COMMITTED PROJECTS:						<u>471,456</u>	<u>\$66,141</u>	<u>\$50,052</u>	<u>\$116,193</u>	<u>\$73,630</u>		19%

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

⁽²⁾ Percentage committed includes executed leases and signed letters of intent, calculated on a square footage basis.

⁽³⁾ Represents total capitalized costs at the commencement of redevelopment.

⁽⁴⁾ The costs for this project are included in land and improvements and building and improvements on the consolidated balance sheets. The property is currently 100% leased and will continue to generate revenue during the redevelopment process.

⁽⁵⁾ The Company is currently converting approximately 48,500 square feet of this building to life science space at the request of the tenant. The remainder of the space is leased to another tenant through November 2003.

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Future Development Pipeline (*\$ in thousands*)

Project	Location	Type	Total Site Acreage	Estimated Rentable Square Feet	Total Estimated Investment	Total Spent as of 6/30/2003
SAN DIEGO COUNTY:						
Innovation Corporate Center - Lot 2	Rancho Bernardo, CA	Office	3.0	51,187	\$10,588	\$3,028
Innovation Corporate Center - Lot 4	Rancho Bernardo, CA	Office	3.4	75,000	14,182	3,654
Innovation Corporate Center - Lot 9	Rancho Bernardo, CA	Office	3.2	65,867	13,376	3,608
Innovation Corporate Center - Lot 10	Rancho Bernardo, CA	Office	2.2	37,405	8,523	2,476
Pacific Corporate Center - Lots 3, 4 & 6	Sorrento Mesa, CA	Office	10.9	225,000	51,841	13,962
Pacific Corporate Center - Lot 8	Sorrento Mesa, CA	Office	5.0	95,000	27,682	7,086
Santa Fe Summit - Phase I	56-Corridor, CA	Office	7.6	150,000	34,849	7,046
Santa Fe Summit - Phase II	56-Corridor, CA	Office	7.6	150,000	33,684	7,046
Sorrento Gateway - Lot 1	Sorrento Mesa, CA	Office	3.4	61,000	17,449	3,947
Sorrento Gateway - Lot 2	Sorrento Mesa, CA	Office	4.4	80,000	25,613	7,278
Sorrento Gateway - Lot 3	Sorrento Mesa, CA	Office	3.4	60,000	20,136	5,121
Sorrento Gateway - Lot 7	Sorrento Mesa, CA	Office	<u>4.1</u>	<u>57,000</u>	<u>19,723</u>	<u>6,574</u>
TOTAL FUTURE DEVELOPMENT PIPELINE			<u>58.2</u>	<u>1,107,459</u>	<u>\$277,646</u>	<u>\$70,826</u>

Kilroy Realty Corporation

Second Quarter 2003 Supplemental Financial Report

Capital Structure

At June 30, 2003

(\$ in thousands)

	<u>Shares/Units at June 30, 2003</u>	<u>Aggregate Principal Amount or \$ Value Equivalent</u>	<u>% of Total Market Capitalization</u>
DEBT:			
Secured Debt		\$510,501	28.4%
Unsecured Line of Credit		<u>255,000</u>	<u>14.2%</u>
Total Debt		<u>\$765,501</u>	<u>42.6%</u>
EQUITY:			
8.075% Series A Cumulative Redeemable Preferred Units ⁽¹⁾	1,500,000	\$75,000	4.2%
9.375% Series C Cumulative Redeemable Preferred Units ⁽¹⁾	700,000	35,000	2.0%
9.250% Series D Cumulative Redeemable Preferred Units ⁽¹⁾	900,000	45,000	2.5%
Common Units Outstanding ⁽²⁾	4,218,752	116,016	6.5%
Common Shares Outstanding ⁽²⁾	27,564,739	<u>758,030</u>	<u>42.2%</u>
Total Equity		<u>\$1,029,046</u>	<u>57.4%</u>
TOTAL MARKET CAPITALIZATION		<u>\$1,794,547</u>	<u>100.0%</u>

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

(2) Valued based on closing share price of \$27.50 at June 30, 2003.

Kilroy Realty Corporation

Second Quarter 2003 Supplemental Financial Report

Debt Analysis

At June 30, 2003

(\$ in thousands)

TOTAL DEBT COMPOSITION			
	<u>% of</u>	<u>Weighted Average</u>	
	<u>Total Debt</u>	<u>Interest Rate</u>	<u>Maturity</u>
<i>Secured vs. Unsecured Debt:</i>			
Secured Debt	66.7%	6.1%	4.5
Unsecured Debt	33.3%	3.6%	1.7
<i>Floating vs. Fixed Rate Debt:</i>			
Fixed Rate Debt ^{(1),(2)}	62.5%	6.7%	4.7
Floating Rate Debt	37.5%	<u>2.9%</u>	<u>1.7</u>
Total Debt		<u>5.3%</u>	<u>3.6</u>
Total Debt Including Loan Fees		<u>5.8%</u>	

UNSECURED LINE OF CREDIT		
<u>Total Line</u>	<u>Outstanding Balance</u>	<u>Expiration Date</u>
\$425,000	\$255,000	March 2005

CAPITALIZED INTEREST & LOAN FEES	
<u>Quarter-to-Date</u>	<u>Year-to-Date</u>
\$3.9	\$7.3

(1) Includes the impact of the interest-rate swap agreements listed on page 26.

(2) The percentage of fixed rate debt to total debt does not take into consideration the portion of floating rate debt capped by the Company's interest-rate cap agreements listed on page 26. Including the effects of the interest-rate cap agreements, the Company had fixed or capped approximately 75.6% of its total outstanding debt at June 30, 2003.

Kilroy Realty Corporation
Second Quarter 2003 Supplemental Financial Report

Debt Analysis
At June 30, 2003
(\$ in thousands)

DEBT MATURITY SCHEDULE										
	Floating/ Fixed Rate	Effective Rate	Maturity Date	Remaining 2003	2004	2005	2006	2007	After 2007	Total
Unsecured Debt:										
	Floating	2.93%	3/15/2005			\$255,000				\$255,000
Secured Debt:										
	Floating	2.94%	10/29/2003	67,650						67,650
	Floating	3.07%	6/29/2004	124	20,463					20,587
	Floating	3.17%	9/29/2004 (1)		33,753					33,753
	Fixed	8.35%	1/31/2005	863	1,837	72,982				75,682
	Fixed	8.45%	12/1/2005	293	625	10,349				11,267
	Floating	2.58%	12/23/2005 (2)			29,000				29,000
	Floating	2.93%	1/1/2006				31,000			31,000
	Fixed	6.51%	8/12/2007	103	218	232	248	17,049		17,850
	Fixed	7.21%	8/12/2007	72	154	166	178	4,325		4,895
	Fixed	7.20%	4/1/2009	926	1,954	2,099	2,256	2,423	78,079	87,737
	Fixed	6.70%	1/10/2012	462	973	1,040	1,112	1,189	74,063	78,839
	Fixed	8.21%	10/1/2013	196	416	452	490	532	3,324	5,410
	Fixed	8.26%	11/1/2014	351	748	813	883	960	16,962	20,717
	Fixed	7.15%	5/1/2017	559	1,178	1,266	1,359	1,459	20,293	26,114
		4.86%		71,599	62,319	118,399	37,526	27,937	192,721	510,501
Effect of SWAPS		0.42%								
Total		5.28%		\$71,599	\$62,319	\$373,399	\$37,526	\$27,937	\$192,721	\$765,501

(1) = Maturity date does not reflect the one-year extension option.

(2) = Maturity date does not reflect the two one-year extension options.

HEDGING INSTRUMENTS			
Notional Amount	Instrument	Rate	Maturity
50,000	Cap	4.25%	01/2005
50,000	Cap	4.25%	01/2005
50,000	Swap	4.46%	01/2005
50,000	Swap	2.57%	11/2005
25,000	Swap	2.98%	12/2006
25,000	Swap	2.98%	12/2006
\$250,000			

Kilroy Realty Corporation

Second Quarter 2003 Supplemental Financial Report

Management Statements on Non-GAAP Supplemental Measures

Included on this page 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 July 28, 2003, 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 income) less property and related expenses (property expenses, real estate taxes and ground leases). Other 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, gains and losses from property dispositions, discontinued operations, 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 properties and the impact to operations from trends in occupancy rates, rental rates, and operating costs, providing perspective 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, lease 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, 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.

Funds From Operations:

Management believes that FFO is a useful supplemental measure of the Company's operating performance. The Company computes FFO in accordance with the White Paper on FFO approved by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"). The White Paper defines FFO as net income or loss computed in accordance with generally accepted accounting principles ("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. Other real estate investment trusts ("REITs") may use different methodologies for calculating FFO and, accordingly, the Company's FFO may not be comparable to other REITs.

Because FFO excludes depreciation and amortization, gains and losses from property dispositions, and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, development activities, general and administrative expenses, and interest costs, providing perspective not immediately apparent from net income. In addition, management believes that FFO provides useful information to the investment community about the Company's financial performance when compared to other REITs since FFO is generally recognized as the industry standard for reporting the operations of REITs.

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 that could materially impact the Company's results of 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 non-cash amortization of deferred financing costs and restricted stock compensation, and then subtracting tenant improvements, leasing commissions, and recurring capital expenditures, and eliminating the net effect of straight-line rents. FAD provides an additional perspective on the Company's ability to fund cash needs and make distributions to shareholders by adjusting for the effect of these non-cash items included in FFO, as well as 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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Second Quarter 2003 Supplemental Financial Report

Reconciliation of Net Operating Income to Net Income
(\$ in thousands)

	Three Months Ended June 30,	
	<u>2003</u>	<u>2002</u>
Net Operating Income, as defined	\$40,081	\$39,254
Adjustments:		
Net Operating Income from discontinued operations	(473)	(1,971)
Other Expenses:		
General and administrative expenses	(4,011)	(3,648)
Interest expense	(7,585)	(8,668)
Depreciation and amortization	(13,230)	(18,021)
Other Income:		
Interest income	<u>48</u>	<u>86</u>
Income from Continuing Operations Before Net Gains on Dispositions	14,830	7,032
Net gain on disposition of operating properties		896
Minority interests	(4,902)	(4,173)
Income from discontinued operations	<u>3,432</u>	<u>1,202</u>
Net Income	<u>\$13,360</u>	<u>\$4,957</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Funds Available for Distribution	\$17,984	\$23,519	\$40,615	\$50,472
Adjustments:				
Tenant improvements, leasing commissions and recurring capital expenditures	4,768	1,302	8,855	1,637
Depreciation for furniture, fixtures and equipment	239	192	482	383
Increase/(decrease) in provision for uncollectible tenant receivables	302	(75)	(45)	360
Changes in assets and liabilities ⁽¹⁾	(3,159)	(8,231)	(11,369)	(13,976)
Adjustments related to the minority interest in Development LLCs ⁽²⁾				
Minority interest in earnings of Development LLCs				(2,884)
Depreciation and amortization of building and improvements and leasing costs				539
Net effect of straight-line rents and deferred rent receivables				1,781
Non-cash amortization of deferred financing costs				36
Net cash provided by operating activities	<u>\$20,134</u>	<u>\$16,707</u>	<u>\$38,538</u>	<u>\$38,348</u>

⁽¹⁾ Includes changes in the following assets and liabilities: current receivables; deferred leasing costs; prepaid expenses and other assets; accounts payable, accrued expenses and other liabilities; rents received in advance, security deposits and deferred revenue; and other.

⁽²⁾ FFO and FAD do not reflect the minority interest in Development LLCs share of these adjustments. The Company acquired the minority interest in the Development LLCs in March 2002.