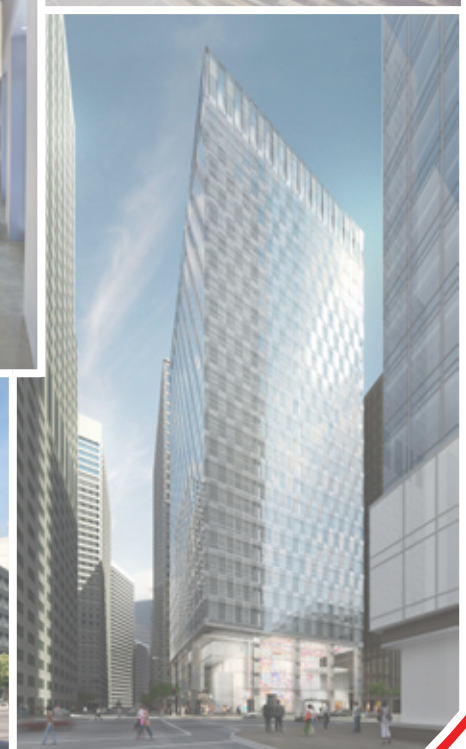




Sustainability Report

Prepared by Sara Neff



Introduction

[1.1] Sustainability is fundamental to how we do business at Kilroy Realty Corporation (KRC), and in 2012 we continued to demonstrate both responsible corporate citizenship and good business sense by investing in high performance green buildings. This is because we share our tenants' interest in work environments that optimize resource use, minimize environmental impact, and embody best practices in their operation and management.



(San Diego, California)

Santa Fe Summit - Intuit Campus

KRC is a leading proponent of the industry-driven Leadership in Energy and Environmental Design (LEED) certification program for commercial real estate. KRC is the premier developer and operator of LEED properties on the West Coast, and, with 29% of our office portfolio certified under LEED, we have emerged as a leader among public office REITs in LEED performance. Not only do we build all of our new development with the goal of LEED Gold and major renovation projects with the goal of LEED Silver, but we are currently pursuing LEED certifications for over 3.2 million square feet of office space. We continue to be on the cutting-edge of LEED: we certified the first LEED for Core & Shell building in El Segundo this year, building on our success in certifying the first LEED for Core & Shell project in San Diego and developing One Paseo, one of the world's first LEED for Neighborhood Development projects. Next year, we will build the first ground-up LEED Platinum office building in San Francisco.

In our existing portfolio, we executed an impressive array of energy and water efficiency projects, LEED certifications for new development, recycling and composting revitalizations, electric vehicle charging station installations, and corporate philanthropy projects this year. These projects demonstrate our company-wide commitment to sustainability and build on the momentum created by the formal launch of our sustainability programs in 2010. We exceeded our goal of reducing energy use by 2% by achieving a 2.4% reduction, and met our goals with respect to recycling revitalizations and electric vehicle charging station installations, but fell short of our goal to reduce water use by 2%. We helped our nonprofit partner, the Rozalia Project, bring its waterway cleanup programs to the West Coast, and were proud to sponsor additional weeks of its summer trash tour, during which it picked nearly 300% more trash than during our sponsored week in 2011.

Our efforts in this area were recognized this year by two influential standard-setters. The California Sustainability Alliance, an organization dedicated to fostering achievement of the state's ambitious climate, resource and environmental goals, selected KRC as the winner of its 2011 Sustainability Showcase Award in the Commercial Buildings category. Also, the Building Owners and Managers Association (BOMA), a commercial real estate trade association, awarded KRC's 303 Second Street, 100 First ST, 4040 Civic Center and Key Center properties with its BOMA 360 certification, which identifies commercial properties that exemplify the industry's best practices in building management and operations. We achieved LEED certifications for two additional projects, and ENERGY STAR certified 27



Introduction

of our buildings, spanning 45% of our office portfolio.

Over the next five years, we will be expanding and formalizing our existing programs by pursuing LEED for Existing Buildings certification for many of our properties via the LEED Volume Program. LEED for Existing buildings will help us look at our buildings holistically to discover opportunities for additional efficiencies and savings, and pursuing these certifications demonstrates to our tenants that we understand how to maintain excellence in operating high-performing buildings. We will continue to pursue LEED certification for all new development projects. This is because we believe that our tenants want to lease space in buildings that have shown a clear commitment to sustainability in their construction and operations.



(San Francisco, California)

350 Mission - Media Wall

Our challenges over the next five years will be staying far ahead of our peers in sustainable building construction and operations given California's more stringent building codes, and the fact that the rest of the market is discovering the value of sustainable real estate. In addition, we have successfully accomplished most of the 'low hanging fruit' energy projects in our portfolio. However, we are well positioned to meet these challenges because we know how to aggressively pursue high-performance environmental building initiatives that create economic value. For example, we pursued a demand response optimization project with an ROI of 2157% this year, and we are partnering with our utilities to discover and test new cutting-edge energy saving technologies.

Despite the tremendous macroeconomic uncertainty created by the recession, KRC has leveraged its experience, financial strength and operating disciplines to build a larger, stronger and more sustainable real estate enterprise. Our commitment to sustainability helps us improve the performance of our existing portfolio and achieve success in new development projects. We are pursuing all of these opportunities in a thoughtful, disciplined manner, for the long-term to benefit of our shareholders, tenants and employees.



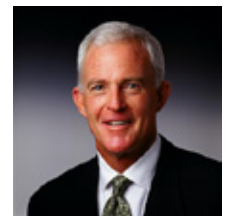
(San Francisco, California)

350 Mission - Lobby (left), Exterior (right)

Sincerely,

A handwritten signature in black ink, appearing to read "John Kilroy, Jr.".

John Kilroy, Jr.



Framework

Our sustainability programs are comprised of three interacting divisions: Existing Buildings, New Development, and Community Outreach. Our Existing Buildings program spans all of our energy projects, water projects, recycling revitalizations, installations of electric vehicle charging stations, and tenant trainings. The New Development program focuses on LEED certification for all of our ground up construction and major renovations. Finally, our Community Outreach program is comprised of our partnerships with sustainability-focused organizations, our participation in industry sustainability challenges, our industry outreach efforts, our awards, our partnership with the waterway-cleanup nonprofit the Rozalia Project, and the creation of this report.

Kilroy Realty Sustainability Programs Framework

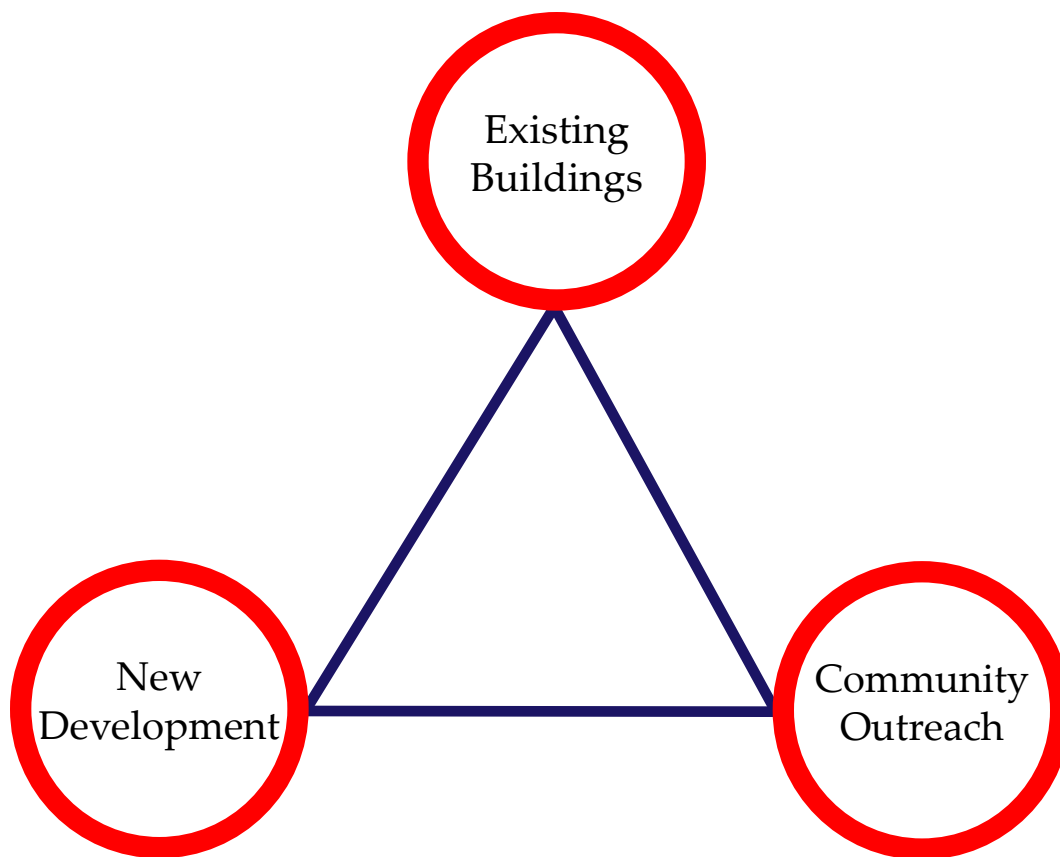


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Existing Buildings

Energy Efficiency and ENERGY STAR

[EN5, EN6, EN26] KRC continued its longstanding commitment to energy efficiency in 2012. Our success in reducing building energy use is evident in our impressive energy efficiency results: 27 of our office buildings, representing 45% of our office portfolio by square footage, is ENERGY STAR certified, an improvement of 10 buildings over last year. We received the ENERGY STAR Leaders 2011 Top Performer Award, and are hoping to earn the 2012 Top Performer Award as well.



(San Francisco, California)

303 Second - Plaza at Night

The energy management projects we implemented in 2012 will save nearly 5 million kilowatt-hours annually. This is equivalent to taking 661 cars off the road for a year, providing a year of electricity to 420 homes, planting 86,392 trees and letting them grow for 10 years, or avoiding burning over 18 railcars' worth of coal. We were able to achieve these results via the implementation of both traditional and innovative energy efficiency projects, including piloting innovative demand response strategies, installation of HVAC oil fouling removal technologies, lighting systems retrofits, installation of Variable Frequency Drives, elevator modernization projects, retrocommissioning and energy auditing. More information on these projects appears below:

Demand Response: Gridium and Clean Urban Energy

In late 2011 we began partnering with Gridium, which uses historical weather data to predict when a building's demand charge will be assessed. With this information, a building with an existing demand response program can actively manage these demand charges by running its demand response program on additional days of the month.

We piloted Gridium in our two largest San Francisco buildings in 2011, and then extended it to the rest of our eligible San Francisco properties in early 2012. In all buildings we realized immediate financial savings from the demand charge reductions, and discovered additional opportunities for energy reductions from the load profile information Gridium provides us. The total savings from our San Francisco deployment of Gridium has been 402,407 kwh and \$77,642; the project has an impressive ROI of 2157%. Later in 2012, when Gridium began working with Southern California Edison, we extended the technology to three of our Southern California properties, and are planning to add more in 2013. Partnering with Gridium is important because commercial buildings' participation in Demand Response is still extremely poor. Gridium dramatically increases the financial savings for participation in Demand Response, which encourages buildings to participate, reducing strain on the grid.

In addition, this year we partnered with Clean Urban Energy, an emerging technology company endorsed by San Diego Gas & Electric, to pilot a program in which our buildings undergo operational changes that allow them to provide their own thermal cooling. In September 2012, our



Our 303 2nd St property saved over 187,000 kilowatt hours in its first four months with Gridium. The greenhouse gas savings are equivalent to taking 28 cars off the road for a year.

Existing Buildings

13520 Evening Creek property in San Diego underwent the pilot, and successfully retained nighttime cooling into daytime hours to reduce daytime HVAC loads. During the initial 30 days of the pilot program, the building realized \$3,200 in boiler savings and \$2,400 in electrical savings, totaling \$5,600 and nearly 33,000 kwh in overall savings. Unfortunately, Clean Urban Energy has since closed their operations and is seeking a new buyer to continue their program.

Finally, we launched demand response protocols in two of our El Segundo buildings. Because of the nature of the mechanical design in these buildings, they will only be able to save 3200 kwh annually, but even this reduction will reduce strain on the grid during peak demand days.

IceCOLD

IceCOLD is an innovative technology that removes oil fouling build-up from HVAC equipment, allowing it to run more efficiently. We piloted this technology in 2011, and did two additional installations in 2012 after an extensive Measurement & Verification process. The two additional installations should save 84,883 kwh per year.

Lighting Retrofits

We did extensive lighting retrofits in 2012, which included LED retrofits in parking lots, bilevel stairwell lighting installations, relamping of 32W T8s to 25W T8s, and adding occupancy sensors. These retrofits should save over 2.8 million kwh and nearly \$350,000 annually.

Retrocommissioning

In 2012 we launched our retrocommissioning program, and took two of our Santa Monica buildings through the process in partnership with Southern California Edison. While no major building operations issues were uncovered, the process revealed several strategies for optimizing existing building operations, especially concerning precooling. We estimate that the annual savings from the setpoint changes and start/stop operations adjustments of 114,541 kwh (\$22,878) between the two buildings annually.

HVAC Upgrades

We installed several VFDs in our existing portfolio as well as in new construction projects in 2012. The installations we did in our existing buildings should save 853,419 kwh and \$102,411 annually, and we are currently in the process of modeling the savings from the VFDs we installed on the chilled water system in our new LEED Silver building.



(San Diego, California)

10770 Wateridge Circle - Entrance (top), parking (bottom left), aerial (bottom right)



Our San Diego Wateridge Campus installed LED parking lot lighting with motion sensors, our most advanced exterior lighting retrofit.

Existing Buildings

Controls Upgrades

We did an extensive controls upgrade to our entire Long Beach campus and many of our San Diego buildings in 2012 to allow our engineers more control of the thermal comfort in these spaces, as well as enable the buildings to participate in Demand Response for the 2013 season. We added DDC controls to two of our Long Beach properties, which should generate a savings of 142,579 and \$22,316 annually. Many of the San Diego projects involved a DDC Bacnet controls upgrade, and we were able to replace the outdated pneumatic controls in several buildings. In addition, we installed metering equipment in San Diego so that tenants can better understand their energy use.

Window Film

We installed window film at our 4040 Civic Center property, which will reduce the building's carbon emissions by over 130 tons per year.

Water Efficiency

We continued to expand our water reduction efforts in 2012. Major projects included pilots of a number of cutting-edge irrigation technologies in our Anaheim, El Segundo and Calabasas portfolios. In addition, we reduced domestic water use by continuing to install low-flow lavatories, low-flow faucets and waterless urinals in our new development projects. These programs have added to our existing impressive reclaimed water infrastructure, which saved nearly 10 million gallons of water in Calabasas, Irvine, and San Diego in 2012. We are particularly proud of our system in our Kilroy Sabre Springs portfolio, in which we use the groundwater from our parking structure de-watering system to provide for the irrigation needs of the campus. While we are proud of these accomplishments, our 2012 Sustainability Plan called for even more water projects, so water will be a major focus in 2013.

Recycling and Composting

We have continued to revitalize the recycling programs in more of our buildings by training our tenants to throw away only recyclable materials at their desks and take their non-recyclable waste to common area bins. As in 2011, this program typically results in a diversion rate of 50% or better in participating buildings. In 2012, the revitalizations spanned an additional 1 million square feet in Calabasas, San Diego, and Los Angeles, including our corporate headquarters. Trainings are done in person with tenants, and our property managers make the events fun by, for example in our Kilroy Sabre Springs portfolio, providing pizza to tenants for participation. Some buildings work with all tenants at the same time, while others add two additional tenants every month to monitor the program launches more closely. These programs save



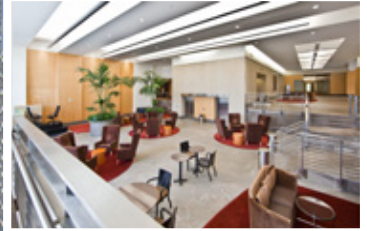
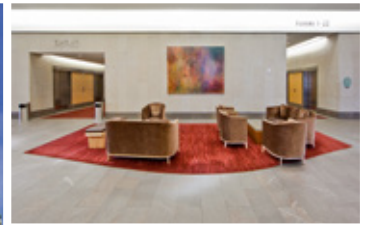
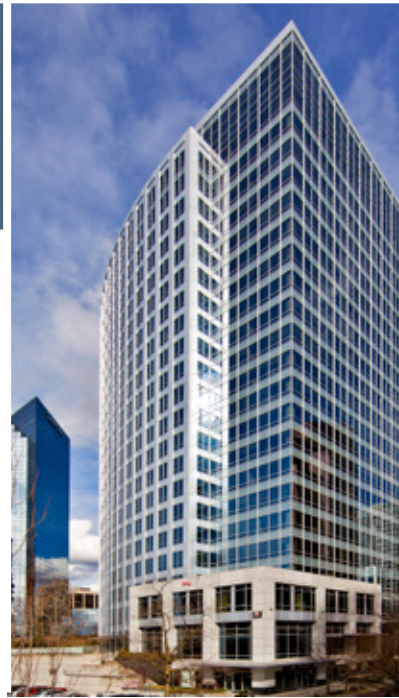
(San Rafael, California)

4040 Civic Center - Exterior (top), Balcony (lower left) & Parking (lower right)



4040 Civic Center installed low-flow aerators in all of its restrooms, which will save 172,700 gallons of water per year, enough for 13,815 five-minute showers.

Existing Buildings



(Bellevue, Washington)

Key Center - Exterior (left) & Lobby (right)

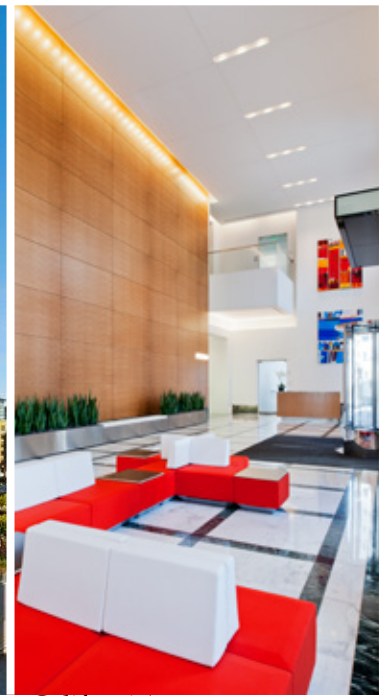
KILROY
REALTY
CORPORATION

Our Key Center property had a particularly successful e-waste program, recycling over 6,000 lbs of electronic waste this year.

Existing Buildings

extended our successful Green Cleaning Program to properties we acquired this year and focused on reducing paper use via the installation of paper towel inserts and increased switching to coreless restroom tissue rolls.

As we have done since our Green Cleaning Program launched in 2010, we continued to ensure that all cleaning products we use meet the relevant LEED environmental standard, either GreenSeal or the California VOC limit. Our vacuums achieve the Carpet and Rug Institute Seal of Approval, and we use microfiber cloths and rags to capture additional dirt to improve air quality. Finally, we continue to replace many of our traditional plastic trash bags with a biodegradable product, others with a compostable product in conjunction with an extension of our composting program.



(San Francisco, California)

100 First Street - Exterior (left) & Lobby (right)

EV Charging Stations

We support the mainstream adoption of electric cars, so in 2012 we expanded our network of electric vehicle charging stations by adding an additional seven stations to our portfolio in both San Diego, at Kilroy Center Del Mar and Kilroy Sabre Springs, and in El Segundo at 909/999 N Sepulveda. We are planning additional installations in 2013 in Los Angeles, Long Beach, and Seattle.

Tenant Participation

Our tenants continue to impress us with their commitment to sustainability and their innovative strategies for reducing their energy and water use. A particularly impressive sustainability-focused tenant in 2012 was Intuit, our tenant in our LEED Gold Santa Fe Summit campus in San Diego. Intuit installed fuel cells on the campus this year to decrease their dependence on non-renewable sources of energy. The company installed enough fuel cells to meet approximately two thirds of their energy needs on this campus, and 75% of this power is generated from biogas, a renewable resource. Additional tenant projects in 2012 have included battery recycling programs, shuttle service initiatives to reduce automobile use, installation of electric vehicle charging stations, and the pursuit of LEED for Commercial Interiors for tenant improvements.

To encourage our tenants to participate in



Fuel cells that Intuit installed on our Santa Fe Summit campus in San Diego.

KILROY
REALTY
CORPORATION

Our San Diego Electric Vehicle Charging Station installations are part of The EV Project, in which we share data with the Department of Energy to enable the streamlined deployment of the next generation of electric vehicles.

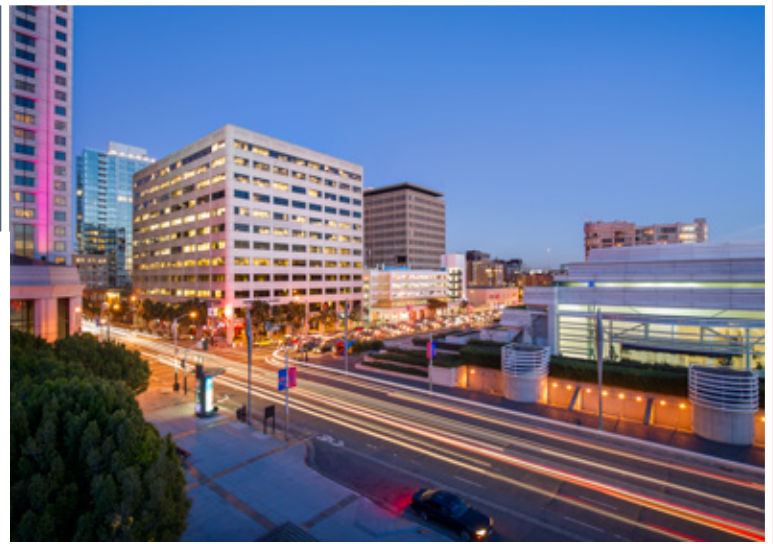
Existing Buildings

greening their office environment, we continued to send out tenant sustainability communications at least quarterly portfolio-wide, and we conducted in-person recycling revitalization tenant programs in one million square feet of our space this year.

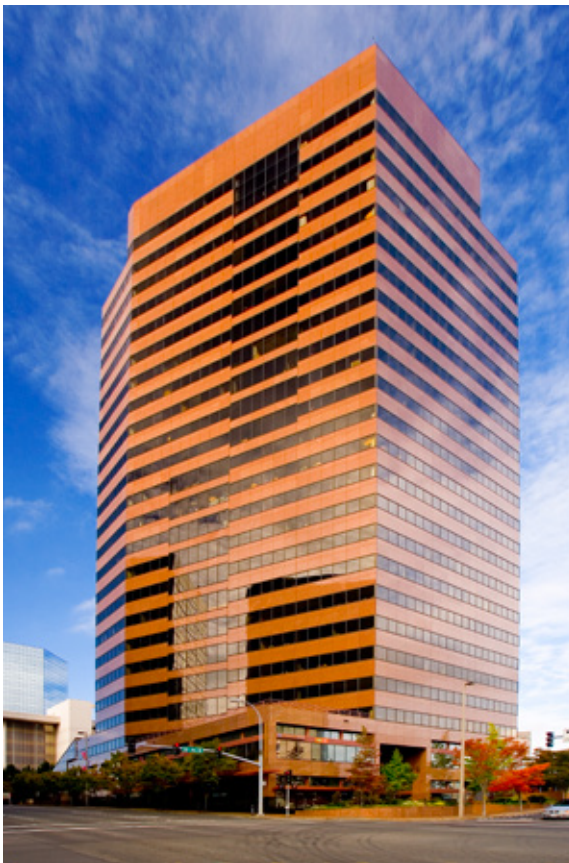
LEED for Existing Buildings

We are excited to announce that, in anticipation of taking much of our existing portfolio through LEED for Existing Buildings: Operations &

Maintenance certification and recertification, we are going to enroll in the USGBC LEED Volume program for Existing Buildings. LEED for Existing Buildings certification demonstrates to our tenants and investors that we understand how to run high-performing buildings, and that we can maintain excellence in building operations over time.



(San Francisco, California)
201 Third Street - Exterior



(Bellevue, Washington)
Skyline Tower - Exterior (left),
Tenant space (right)



KILROY
REALTY
CORPORATION

Skyline Tower and 201 Third Street will be two of the five buildings undergoing LEED recertification starting in 2013.

New Development



(San Francisco, California)
333 Brannan Street - Exterior

LEED certification is the goal of every KRC ground up construction and major renovation project. At end of year 2012, 29% of our office portfolio had achieved LEED certification, and we have an additional 3.2 million square feet registered for certification in our development pipeline. In 2012, we were pleased to achieve LEED certification for two projects. 2260 E Imperial Hwy achieved LEED Silver for Core & Shell certification, the first LEED Core & Shell building in the city of El Segundo. In addition, we achieved LEED Gold certification for Commercial Interiors for our Northern California Regional Office in San Francisco. Two additional projects, 3880 Kilroy Airport Way in Long Beach and our office of the building at Sunset Media Tower in Hollywood, have submitted their LEED documentation and expect to achieve certification in early 2013. Also this year, we hired two additional LEED APs, bringing our number on staff to four. Finally, our Director of Sustainability Programs earned two additional LEED credentials in 2012, in Neighborhood Development and Existing Buildings.

These projects add to KRC's already-impressive history with LEED. We built the first LEED for Core & Shell building in San Diego and are developing one of the world's first LEED for Neighborhood Development projects. Building and operating our buildings to LEED standards demonstrates to current and prospective tenants and investors that we have a high-performing team that knows how to build and operate best-in-class buildings. Typical features of our LEED development projects include enhanced commissioning, high levels of recycled content and FSC wood, measurement & verification protocols, water reduction both in irrigation and domestic use, low-emitting materials, and a mechanical design that emphasizes thermal comfort. We are looking forward to making impressive strides in LEED certified new construction in 2013. Our 2013 projects include the first LEED platinum ground-up commercial building in San Francisco at 350 Mission and Columbia Square, a major renovation of the historic Sunset Gower studios in Hollywood, which is targeting LEED Gold and will feature our first green roofs.

2012 LEED Development Projects

1. 2260 E Imperial Hwy (LEED for Core & Shell)
2. 100 First ST Management Office (LEED for Commercial Interiors)
3. 3880 Kilroy Airport Way (pending) (LEED for New Construction)
4. Sunset Media (pending) (LEED for Commercial Interiors)

Total certified square feet: 3.7 million

Total square feet in development pipeline: 3.2 Million + 26 acres

Total LEED APs on staff: 4

2013 LEED Development Projects

1. 350 Mission (LEED for Core & Shell)
2. One Paseo (LEED for Neighborhood Development)
3. 15333 Ave of Science (LEED for Commercial Interiors)



Our new development project at 350 Mission will be the first ground-up LEED Platinum office building in downtown San Francisco.

New Development

2013 LEED Development Projects (continued)

5. 333 Brannan (LEED for Core & Shell)
6. Greater Seattle Regional Office (LEED for Commercial Interiors)
7. 360 3rd ST (LEED for Core & Shell)
8. Columbia Square (LEED for Core & Shell)
9. 4930 Directors Place (LEED for Core & Shell)
10. 555 Mathilda (LEED for Core & Shell)

KRC Certified Projects

1. 303 Second Street (LEED Gold, Existing Buildings)
2. 2211 Michelson (LEED Silver, Core & Shell)
3. Kilroy Sabre Springs (LEED Silver, Core & Shell)
4. Santa Fe Summit (LEED Gold, Commercial Interiors)
5. 100 First ST (LEED Gold, Existing Buildings)
6. 2305 Historic Decatur Rd (LEED Silver, Core & Shell)
7. Key Center (LEED Gold, Existing Buildings)
8. 2260 E Imperial Hwy (LEED Silver, Core & Shell)
9. 201 3rd St (LEED Gold, Existing Buildings)
10. Skyline Tower (LEED Silver, Existing Buildings)
11. Northern California Management Office (LEED Gold, Commercial Interiors)



(San Diego, California)

One Paseo - Plaza at Night



(San Diego, California)

One Paseo - Plaza Rendering



(Hollywood, California)
Sunset Media Tower



(San Francisco, California)

360 Third Street - Exterior Rendering

KILROY
REALTY
CORPORATION

One Paseo was one of the first four projects in the world to pass Smart Location and Linkages Prerequisite Review under LEED for Neighborhood Development.

Community Outreach

Cochrane Springs Restoration Project

(content provided by Nancy Way of the Watershed Company)

In a unique public-private partnership, the City of Kirkland and KRC worked together to restore a spawning creek that has some of the best water quality in the Kirkland, Washington Area.

Cochran Springs Creek, originally the drinking water supply for Kirkland, flows next to KRC's Yarrow Bay Office Park in South Kirkland. For the past 40 years, it has been plugged with silt, making salmon and trout access impossible and creating flooding.

Problems for the creek, which headwaters in Kirkland's bucolic Watershed Park, were created as a result of a major landslide that occurred when the City closed its water works and hooked to the regional water supply in 1972. A saturated hill slope from the closed facility caused a massive bank failure, sending water, mud and tons of sand down the creek and blocking fish access from Lake Washington. The creek has been trying to work its way free ever since. In the process, water levels increased as much as six feet over the years. As a result, the parking area of the Yarrow Bay complex, built in 1987, was below the creek, resulting in troublesome flooding.

Repair of Cochran Springs Creek and a culvert beneath Lake Washington Boulevard has been on the City's agenda for 20 years, but it always took a backseat to more pressing items. When KRC stepped forward to make the \$130,000 repairs, it was a positive resolution. "KRC is committed to being a good steward of the environment while we build and manage the highest quality environments for our tenants. This work, which we accomplished in partnership with the City of Kirkland, is a clear example of our commitment in the Puget Sound Region," says Kilroy senior vice president Mike Shields. Kilroy purchased the Yarrow Bay property in 2011.

Work on the creek included construction of a sediment-catching trap and excavation of 800 new feet of channel with spawning gravels for adults and resting areas for juveniles, including habitat logs and rootwads. New native vegetation will be planted this winter. Over the next several years, the City will be replacing the culvert beneath Lake Washington Boulevard and installing permanent sediment trapping facilities to protect the restored channel.



(Kirkwood Washington)
Plaza at Yarrow Bay



"The Cochran Springs project gives another lift to salmon recovery in Puget Sound. And it proves what can happen when business and government work together." -- Kirkland Mayor Joan McBride.

Community Outreach



(Irvine, California)

2011 Michelson Drive - Exterior

Partnerships

Kilroy expanded its partnerships and challenge participations in 2012 in order to share our best practices and learn from our peers. In 2012, we worked with the following organizations and initiatives to meet our sustainability goals:

ENERGY STAR

We continue to be an ENERGY STAR partner, and as such we have benchmarked the energy use of all of our buildings in ENERGY STAR's Portfolio Manager. Our average score is 78 out of 100, a 2 point improvement over 2011.



USGBC

We joined the US Green Building Council in 2011 to demonstrate our commitment to LEED and sustainability in building design, construction, and operations. Our Director of Sustainability Programs serves on both the USGBC-LA LEED for Existing Buildings and the Westside Branch Steering Committees.



BOMA

KRC is very active in the Building Owners and Managers Association, and in 2011 we endorsed BOMA's 7-Point Challenge. This is a voluntary commitment to report and reduce energy use, which we continued to do in 2012. In addition, our Director of Sustainability Programs serves on the BOMA of Greater Los Angeles Sustainability Committee.



Better Buildings Challenge

The Better Buildings Challenge is a voluntary Department of Energy leadership initiative that asks CEOs, university presidents, and state and local leaders to make a public commitment to energy efficiency. The challenge highlights leaders who have committed to upgrading buildings and plants across their portfolios, and to providing their energy savings data and strategies as models for others to follow. In 2012 we decided to participate in the Los Angeles Department of Water and Power's portion of the Better Buildings Challenge by enrolling our Sunset Media Tower building. This means we have agreed to



Community Outreach

reduce that building's energy use at least 20% by 2020 and develop a holistic plan for achieving that goal, with a schedule and milestones to achieve. In addition, we will be sharing our energy consumption data with the Better Buildings Challenge to measure our progress and information about our energy efficiency implementation models (including the tools, technologies, and processes) we will be using to reach our pledge goal.



(Hollywood, California)
Tribeca West - Exterior



BOMA STARS

The BOMA STARS campaign recognizes those companies that see the value in benchmarking their energy usage in Portfolio Manager as a means to effectively show that market transformation is working. Because we believe strongly in benchmarking our performance, we are advocates for this program and have shared our energy data with BOMA International.

[2.10] Awards

California Sustainability Alliance

This year we were honored with the California Sustainability Alliance's 2011 Sustainability Showcase Award in the Commercial Buildings category. The showcase recognizes one winner in each category who demonstrates exemplary leadership in advancing sustainability goals in their operations and communities.



California
Sustainability
Alliance

The California Sustainability Alliance highlighted our innovative partnership with the Rozalia Project, a nonprofit focused on waterway cleanup, and our efforts to remain on the cutting edge of LEED, especially our LEED for Neighborhood Development project, in addition to our energy and water efficiency and recycling programs, as reasons it chose us as its 2011 Commercial Buildings winner.



Community Outreach

Awards (continued)

BOMA 360

The BOMA 360 Performance Program, sponsored by BOMA International, evaluates buildings against industry best practices in six major areas: building operations and management; life safety, security and risk management; training and education; energy; environmental/sustainability; and tenant relations/community involvement. Individual buildings that satisfy the requirements in all six areas are awarded the BOMA 360 designation. We had four buildings, totaling over 1.8 million square feet, earn the designation in 2012 in part for their excellence in maintaining sustainable operations.



BOMA 360 Buildings

1. 100 First, San Francisco, CA
2. 303 2nd ST, San Francisco, CA
3. 4040 Civic Center, San Rafael CA
4. Key Center, Bellevue, WA

USGBC Individual Award

Our Director of Sustainability Programs was honored with the USGBC Los Angeles Chapter 2012 Exceptional Volunteer Award in the Greenspeak category. The USGBC-LA Volunteer Awards are awarded based on peer nominations and community voting, and our Director of Sustainability Programs was honored for the many speaking events she participated in this year, including the USGBC Municipal Green Conference and Expo, the BOMA Sustainability Seminar, an Electric Vehicle Charging Station event, and the Waste Management Executive Sustainability Forum.



Community Outreach

Corporate Philanthropy

The Rozalia Project

We continued our partnership with the Rozalia Project in 2012. The Rozalia Project is a high-performing nonprofit dedicated to water stewardship and research, and this year we sponsored two weeks of their 2012 Summer Trash Tour. On this tour, the Rozalia Project conducted both waterway cleanup and educational events aimed at increasing public awareness of water pollution. In addition, we helped the Rozalia Project expand its operations to California.

During our sponsored weeks in 2012, the Rozalia Project picked up 6959 pieces of trash out of the ocean, a 296% increase over last year's haul during our sponsored week, and had 2,688 participants of all ages, a 572% increase in outreach. They cleaned 12 miles of ocean during these two weeks, and their programs were featured in the Boston Globe and the Huffington Post and on Fox (Boston), ABC (San Francisco), and CBS (San Diego). Their overall haul from the summer, during which they visited 72 organizations in 17 states, was 86 tons of trash and 10,529 participants. We look forward to sponsoring their 2013 Summer Trash Tour and helping them expand their projects even further in 2013.

LA Waterkeeper

In 2012 we also began sponsoring LA Waterkeeper. Founded in 1993, LA Waterkeeper's mission is to protect and restore Santa Monica Bay, San Pedro Bay, and adjacent waters through enforcement, fieldwork, and community action. We decided to sponsor this organization because of our longstanding interest in clean waterways and LA Waterkeeper's proven track record in protecting and restoring waters in our area of business.



Rozalia Project - Trash removed from the ocean (top left), underwater robot used to sight trash (top right), and the Rozalia Project volunteers (bottom).



Conclusion

Thank you for reading our second annual sustainability report. We made great strides in our sustainability programs in 2012, and look forward to pushing ourselves even farther in 2013. As in 2011, our goal is to deliver a steady stream of high quality, adaptable and productive work environments for the wide range of industries attracted to the vibrant economic centers dotting the west coast of the United States. Because a high quality work environment is one that is sustainably built and operated, our sustainability programs are critical in enabling us to deliver premium product to our rapidly evolving market. We want to be the standard against which other real estate developers, owners and operators are judged on their sustainability performance, and we will do so by having the most rigorous and comprehensive sustainability programs in the market.



Rozalia Project - Restored sailboat used to cleanup trash out of the ocean

Prepared by: Sara Neff, Director, Sustainability Programs

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GRI Introduction

For the first time this year, KRC has decided to adopt the reporting guidelines of the Global Reporting Initiative (GRI). GRI's Sustainability Reporting Framework enables all companies and organizations to measure and report their sustainability performance, and is the global standard for sustainability reporting. Throughout this sustainability report you will see index numbers that correspond to mandatory and voluntary GRI disclosures. We were required to provide certain information about our company and reporting methodology, and also to report on at least ten performance indicators of our choosing. We believe that by holding ourselves to a higher level of transparency, we will increase the trust that our stakeholders have in us.

Organizational Profile

[2.1, 2.2, 2.7, 2.8] Kilroy Realty Corporation, a member of the S&P Small Cap 600 Index, is a real estate investment trust (REIT) active in the office and industrial submarkets along the West Coast. For over 60 years, KRC has owned, developed, acquired and managed real estate assets, consisting primarily of Class A real estate properties in the coastal regions of Los Angeles, Orange County, San Diego County, the San Francisco Bay Area and greater Seattle. These properties are leased to 578 tenants, which span sectors such as technology, legal services, pharmaceutical manufacturing, education, marketing, and the public sector. As of November 1st, 2012, KRC owned approximately 13.2 million rentable square feet of commercial office space and 2.3 million rentable square feet of industrial space. As of September 30th, 2012 KRC had assets under management of approximately 4.2 billion and 202 employees.

[2.3, 2.6] Kilroy Realty Corporation is a publicly-traded REIT, and it is the general partner of Kilroy Realty, LP. Kilroy Realty, LP owns property throughout the west coast, as do its subsidiaries. Kilroy Realty Corporation is the sole owner of Kilroy Realty Finance, Inc, which is the general partner of Kilroy Realty Finance Partnership, LP. Kilroy Realty Finance Partnership, LP and its subsidiaries also own West Coast properties. All of KRC's properties are on the West Coast of the United States.

[2.4, 2.5] KRC's corporate headquarters are located in Los Angeles, California, and other principal office locations are Seattle, San Francisco, Long Beach and San Diego. KRC operates only in the United States.

[2.8] Information on the company's financial performance, dividend and market capitalization can be found by visiting: <http://phx.corporate-ir.net/phoenix.zhtml?c=79637&p=irol-reportsannual>

[3.1, 3.2, 3.3, 3.4, 3.10, 3.11] This is KRC's second corporate sustainability report and its first developed in line with GRI guidelines. The report covers all of KRC's activities, all of which are located in the United States, during calendar year 2012. KRC publishes a corporate sustainability report on an annual basis. The last KRC corporate sustainability report was published in December 2011 and covered calendar year 2011. Since our last report, there have been no re-statements of information relating to that disclosure. The only major change from the previous report is that for the first time we have decided to adopt the GRI reporting methodology, which has increased the scope of this report to include governance, economic, and social areas.



If you have questions or feedback regarding our report, please contact Sara Neff, Director of Sustainability Programs, at sneff@kilroyrealty.com or 310-481-8449.

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[2.9] In 2012, KRC purchased 4.2 million square feet of property and sold 4 million square feet of property during this reporting period. There were no other significant changes to the company.

[3.5, 3.6, 3.7, 3.8] KRC has applied GRI's Guidance on Defining Report Content to identify topics that reflect economic, environmental and social impacts that we believe are relevant to our stakeholders. The basis for reporting on other matters specific to the operations of our business is in KRC's Annual Report and Form 10-K, which is filed with the Securities and Exchange Commission and also is available in the SEC Filings section of KRC's website at: <http://phx.corporate-ir.net/phoenix.zhtml?c=79637&p=irol-reportsAnnual>.

Limitations on the boundaries of this report include the operations of office occupants in our triple net properties and certain occupants in our full service gross properties who have chosen not to share consumption data with us, as well as all information regarding the operations of our industrial properties, which are outside of KRC's control. We strive to work with these parties on sustainability matters but their activities fall outside our boundary for performance data reporting. We do not have full information on our waste and water use, and where estimates have been made this is noted; we are hoping to have full water and waste data by the end of 2013. KRC's does not report on the business activities of entities where we do not have direct operational control: our service providers, customers, contractors, suppliers and vendors.

Our report is prioritized by relevance to KRC's business activities. We report on the topics that relate directly to our business activities that could impact our stakeholders in order to ensure that our report has value and relevance. Our intended audience is the stakeholders identified in Section 4.15 of this report.

The key topics that fall within our reporting framework include:

- Existing Buildings Programs
- New Development
- Community Outreach

[4.1, 4.2] Our highest governance body is the Board of Directors, followed by our senior officers. John Kilroy, Sr is the Chairman of the Board. John Kilroy, Sr is not an executive officer of KRC. John Kilroy, Jr is CEO.

[4.1] Our Board Committees include:

- Audit Committee
- Executive Committee
- Executive Compensation Committee
- Independent Committee
- Nominating/Corporate Governance Committee

[4.1, 4.3, 4.6, 4.7] The KRC Board comprises 6 members who are elected annually, four of whom are independent. KRC requires that a majority of our Board be independent in accordance with the applicable provisions of the Securities Act of 1934 and the standards adopted by the NYSE. Additionally, the Audit Committee, Executive Compensation Committee and the Nominating/Corporate Governance Committee consist entirely of independent directors as required by law and



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under the rules of the New York Stock Exchange. Of the 6 members of the Board, all are white men between the ages of 58 and 89.

[4.4] Interested parties may communicate with any of the directors, individually or as a group, by writing to them in care of Tyler Rose as follows:

Tyler Rose
Chief Financial Officer and Company Secretary
Kilroy Realty Corporation
12200 W Olympic Blvd, Suite 200
Los Angeles, CA 90064

All communications should prominently indicate on the outside of the envelope that they are intended for the full Board, for outside directors only or for any particular group or member of the Board.

A stockholder seeking to have a proposal included in KRC's proxy statement for the 2013 annual meeting of stockholders must comply with the applicable rules and regulations of the Securities and Exchange Commission, including that any such proposal must be received by the Company's Secretary at the Company's principal executive offices by December 6, 2012.

For a complete description of KRC's corporate governance practices, please visit: <http://phx.corporate-ir.net/phoenix.zhtml?c=79637&p=irol-govhighlights>

There are several mechanisms available for employees to report issues to governing bodies at KRC. These include speaking to Designated Officers or reporting to the Audit Committee of the Board of Directors through KRC's anonymous and confidential Conduct Hotline, which is hosted by Global Compliance, an independent third-party provider.

[4.14, 4.15] KRC identifies its stakeholders as any person or group of persons who may affect or be affected by our business operations. This includes customers, employees, investors, contractors, communities, associations, brokers, governments, vendors and suppliers.

Performance Indicators

Economic

[EC2] KRC is well-positioned among office REITs to minimize the financial risk of climate change and to capitalize on business opportunities that may result. Because we have been proactive on sustainability, both developing and operating buildings that meet high industry standards for environmental performance, we will be able to meet the increased tenant demand for sustainable buildings that we think will result from climate change. By addressing customer and community sustainability objectives, we can be more successful in our development efforts and win more business.

Being proactive on sustainability also protects our reputation in our industry. Our Director of Sustainability Programs speaks frequently at industry events on sustainability topics and contributes articles to relevant trade publications, and we have incorporated sustainability into the KRC brand. In addition, we have comprehensive risk management procedures and disaster recovery plans in place



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in the event of a disruption to our business or our properties. Also, because we recognize that as a result of climate change our stakeholders are asking for increased transparency, we are improving our voluntary disclosure efforts, which include this report, many survey and questionnaire responses, participating in the Global Real Estate Sustainability Benchmark (GRESB), and the information available on our website.

We see the following as possible consequences of climate change:

1) Higher costs for energy and water

We manage rising costs for energy and water through our efficiency programs to protect our tenants, but it is possible that as a result of climate change these costs could increase faster than we can reduce our energy and water use. While we believe we will remain an attractive landlord in comparison to other West Coast landlords, tenants could decide to leave our area entirely for parts of the country where utility costs are lower. To mitigate this risk, we are aggressively pursuing projects designed to decrease energy costs in our buildings.

2) Increased energy regulation

We strive to implement sustainability measures far before they are required by code, so we have mitigated this risk, and in the event that even stricter regulations than anticipated are implemented, we are well positioned to respond quickly. This could, however, cause increased costs that motivate some tenants to leave California entirely.

We do not currently anticipate that the office real estate industry will be regulated by carbon emissions legislation in the short term, though the effects of this legislation on other industries may indirectly affect us through higher energy costs, higher raw materials costs, and increased tenant demand for sustainable properties. In this case, we believe that the market will reward our energy conservation efforts because our highly energy efficient buildings will be increasingly attractive to future tenants.

In addition, there may be increased government incentives for energy conservation, and we are well positioned to take advantage of these opportunities.

3) Higher costs and more regulation on development activities

As a result of climate change, sourcing materials for our buildings could become increasingly expensive, and there could be increased permitting restrictions around new construction. We have an experienced development team who will be able to mitigate these increases as much as possible. In addition, by committing to sustainable building, we have experienced expedited approvals and community support.

4) Increased attractiveness of West Coast properties

We believe that the increased number of severe weather events and temperature fluctuations predicted by the scientific community will make our properties increase in attractiveness to potential tenants who may, for example, want to avoid the hurricane-prone eastern seaboard. Our office locations are in temperate climates that will experience relatively fewer extreme temperature fluctuations as elsewhere in the country, especially our northern California and Washington properties.



Because we proactively address climate change risk, we minimize financial risk,

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especially regarding new regulation, take advantage of opportunities in our portfolio, and increase our success in undertaking new development projects.

[EN3, EN4] As of September 2012, according to ENERGY STAR's Portfolio Manager, the direct energy consumption of the 90 buildings for which we have complete data is 688,878.4 Mbtu per year. The indirect energy consumption is approximately 1,998,720 Mbtu per year.

[EN10] In 2012, we used 9,921,244.3 gallons of reclaimed water.

[EN16, EN17] As of September 2012, according to ENERGY STAR's Portfolio Manager, the direct greenhouse gas emissions of the 90 buildings for which we have complete data is 89,959 metric tons of CO2 equivalent per year, and the indirect energy consumption is approximately 734,240 metric tons of CO2 equivalent per year.

[EN22] We believe that in 2012 our office properties generated 7045 tons of waste. Of this, 33% was recycled, 1% was composted, and 66% went to landfill. This is an improvement over 2011, during which we recycled 28% of our waste and did not achieve the 1% threshold in composting. However, this is a conservative estimate. We do not have full waste data because not all of our waste vendors are able to provide diversion information, a process we are constantly in the process of improving and we hope will be complete by the end of 2013. As such, we assumed that any building for which we did not have data recycles 10% of its waste, which is the worst case scenario we have seen for a building prior to a recycling revitalization. In 2013, we will be pushing for increased transparency from our waste vendors so that we can get more complete information on tonnages and diversion information. We will also be pursuing further recycling revitalizations.

[LA1] Employee Breakdown by Region, Gender and Status

| Region | Female | Male | Total |
|-----------------------|--------|------|-------|
| Calabasas | 3 | 1 | 4 |
| El Segundo | 4 | 8 | 12 |
| Irvine | 6 | 1 | 7 |
| Long Beach | 6 | 4 | 10 |
| San Diego | 20 | 8 | 28 |
| Seattle | 6 | 6 | 12 |
| San Francisco | 17 | 14 | 31 |
| Sunset Media Center | 1 | 3 | 4 |
| Tribeca West | 3 | 0 | 3 |
| Westside Media Center | 46 | 45 | 91 |
| Total | 112 | 90 | 202 |

| | |
|------------|-----|
| Exempt | 116 |
| Non-Exempt | 86 |
| Total | 202 |