

KILROY REALTY CORP
Form 424B5
July 26, 2011
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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
Kilroy Realty Corporation Common Stock, par value \$0.01 per share	\$200,000,000	\$23,220

(1) The filing fee of \$23,220 is calculated in accordance with Rule 457(o) under the Securities Act of 1933, as amended, or the Securities Act, based on the proposed maximum aggregate offering price, and Rule 457(r) under the Securities Act. In accordance with Rules 456(b) and 457(r) under the Securities Act, the registrant initially deferred payment of all of the registration fee for Registration Statement No. 333-172560.

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**Filed Pursuant to Rule 424(b)(5)
Registration No. 333-172560**

PROSPECTUS SUPPLEMENT

(To Prospectus dated March 1, 2011)

\$200,000,000

Kilroy Realty Corporation

Common Stock

We have entered into separate sales agreements with each of Barclays Capital Inc., Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC (collectively, the Agents) relating to the shares of our common stock offered by this prospectus supplement and the accompanying prospectus. In accordance with the terms of the sales agreements, we may offer and sell shares of our common stock having an aggregate gross sales price of up to \$200,000,000 from time to time through the Agents, as our sales agents, or directly to the Agents acting as principal.

Sales of the shares, if any, made through the Agents, as our sales agents, as contemplated by this prospectus supplement and the accompanying prospectus, may be made by means of ordinary brokers' transactions on the New York Stock Exchange at market prices prevailing at the time of sale, in negotiated transactions or as otherwise agreed by the Company, the applicable Agent and the applicable investor. We will pay each of the Agents a commission that will not (except as provided below) exceed, but may be lower than, 2.0% of the gross sales price per share of our common stock sold through such Agent, as our sales agent, under the applicable sales agreement. We may also agree with the applicable Agent to sell Shares other than through ordinary brokers' transactions using sales efforts and methods that may constitute distributions within the meaning of Rule 100 of Regulation M under the Securities Exchange Act of 1934, as amended, and for which we may agree to pay the applicable Agent a commission that may exceed 2.0% of the gross sales price.

None of the Agents is required to sell any specific number or dollar amount of shares of our common stock but each has agreed to use its reasonable efforts, as our sales agent and on the terms and subject to the conditions of the applicable sales agreement, to sell the shares offered on terms agreed upon by such Agent and us. The shares of our common stock offered and sold through the Agents, as our sales agents, pursuant to this prospectus supplement and the accompanying prospectus will be offered and sold through only one Agent on any given day.

Under the terms of the sales agreements, we may also sell shares of our common stock to any of the Agents, as principal, at a price per share to be agreed upon at the time of sale. If we sell shares to an Agent as principal, we will enter into a separate terms agreement with that Agent and we will describe the terms of the offering of those shares in a separate prospectus supplement.

Shares of our common stock are subject to certain restrictions on ownership and transfer designed to preserve our qualification as a real estate investment trust for federal income tax purposes. See Description of Capital Stock Restrictions on Ownership and Transfer of the Company's Capital Stock in the accompanying prospectus.

Our common stock is listed on the New York Stock Exchange under the symbol KRC. The last reported sale price of our common stock on the New York Stock Exchange on July 22, 2011 was \$41.58 per share.

An investment in our common stock involves various risks and prospective investors should carefully consider the matters discussed under Risk Factors beginning on page S-3 of this prospectus supplement and the matters discussed in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Barclays Capital

Wells Fargo Securities

BofA Merrill Lynch

J.P. Morgan

The date of this prospectus supplement is July 25, 2011.

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Kilroy Realty Corporation, or the Company, is the sole general partner of Kilroy Realty, L.P., or the operating partnership. Unless otherwise expressly stated or the context otherwise requires, in this prospectus supplement and the accompanying prospectus, we, us, and our refer collectively to Kilroy Realty Corporation and its subsidiaries, including the operating partnership.

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus, any document incorporated or deemed to be incorporated by reference herein and in the accompanying prospectus and any free writing prospectus that we may prepare in connection with this offering. Neither we nor the Agents have authorized anyone to provide you with any additional or different information. If anyone provides you with any additional or different information, you should not rely on it. Neither this prospectus supplement nor the accompanying prospectus nor any such free writing prospectus is an offer to sell or a solicitation of an offer to buy any securities other than the common stock to which it relates or an offer to sell or the solicitation of an offer to buy securities in any jurisdiction where, or to any person to whom, it is unlawful to make an offer or solicitation. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus, any document incorporated or deemed to be incorporated by reference herein or in the accompanying

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prospectus or any free writing prospectus that we may prepare in connection with this offering is correct on any date after their respective dates. Our business, financial condition, liquidity, results of operations, funds from operations and prospects may have changed since those respective dates.

Industry and Market Data

In the documents incorporated and deemed to be incorporated by reference in this prospectus supplement and the accompanying prospectus, we refer to information and statistics regarding, among other things, the industry, markets, submarkets and sectors in which we operate. We obtained this information and these statistics from various third-party sources and our own internal estimates. We believe that these sources and estimates are reliable, but have not independently verified them and cannot guarantee their accuracy or completeness.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary does not contain all the information important to you in deciding whether to invest in our common stock. You should read the entire prospectus supplement and the accompanying prospectus and the documents incorporated and deemed to be incorporated by reference herein and therein, including the financial statements and related notes, before making an investment decision.

THE COMPANY

We own, develop, acquire and manage real estate assets, consisting primarily of Class A properties, in the coastal regions of Los Angeles, Orange County, San Diego, greater Seattle and the San Francisco Bay Area, which we believe have strategic advantages and strong barriers to entry. Class A real estate encompasses attractive and efficient buildings of high quality that are attractive to tenants, are well-designed and constructed with above-average material, workmanship and finishes and are well-maintained and managed.

As of March 31, 2011, our stabilized portfolio of operating properties was comprised of 101 office buildings and 40 industrial buildings, which encompassed an aggregate of approximately 10.5 million and 3.6 million rentable square feet, respectively. As of March 31, 2011, the office properties were approximately 89% occupied by 374 tenants and the industrial properties were approximately 96% occupied by 59 tenants. As of March 31, 2011, all but one of our properties were located in California. Our stabilized portfolio excludes undeveloped land, development and redevelopment properties currently under construction, lease-up properties, and one industrial property that we are in the process of repositioning for residential use. We define lease-up properties as properties we recently developed or redeveloped that have not yet reached 95% occupancy and are within one year following cessation of major construction activities. As of March 31, 2011, we had no properties that were in the lease-up phase. We are currently redeveloping one of our office properties that was previously occupied by a single tenant for over 25 years and expect to complete the redevelopment in the third quarter of 2011. This redevelopment property encompasses approximately 300,000 rentable square feet of office space and is located in the El Segundo submarket of Los Angeles county. As of March 31, 2011, we also had one industrial property that we are currently in the process of repositioning for residential use and we are currently evaluating strategic opportunities for this property.

Kilroy Realty Corporation is a Maryland corporation organized to qualify as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Code, which owns its interests in all of its properties through Kilroy Realty, L.P., or the operating partnership, and Kilroy Realty Finance Partnership, L.P., or the finance partnership, both of which are Delaware limited partnerships. We conduct substantially all of our operations through the operating partnership of which, as of March 31, 2011, the Company owned an approximate 96.8% general partnership interest. The remaining 3.2% common limited partnership interests in the operating partnership as of March 31, 2011 were owned by non-affiliated investors and certain directors and officers of the Company. Kilroy Realty Finance, Inc., one of the Company's wholly-owned subsidiaries, is the sole general partner of the finance partnership and, as of March 31, 2011, owned a 1.0% general partnership interest. As of March 31, 2011, the operating partnership owned the remaining 99.0% limited partnership interest in the finance partnership. We conduct substantially all of our development activities through Kilroy Services, LLC, which is a wholly-owned subsidiary of the operating partnership. With the exception of the operating partnership, as of March 31, 2011 all of the Company's subsidiaries were wholly-owned.

As a key component of our growth strategy, we continually evaluate property acquisition opportunities as they arise. As a result, at any point of time we may have one or more potential acquisitions under consideration that are in varying stages of evaluation, negotiation or due diligence review, including potential acquisitions under contract. Although, as of the date of this prospectus supplement, we are a party to agreements to acquire properties, and in the future may enter into additional agreements to acquire properties, those agreements are and typically will be subject to the satisfaction of closing conditions. We cannot provide assurance that we will enter into any additional agreements to acquire properties or that the potential acquisitions contemplated by the agreements to which we were a party as of the date of this prospectus supplement or by any additional agreements we may enter

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into in the future will be completed. Costs associated with acquisitions are expensed as incurred and we may be unable to complete an acquisition after making a nonrefundable deposit or incurring acquisition-related costs. In addition, acquisitions are subject to various other risks and uncertainties. For additional information, see the information appearing under the caption "Risk Factors - Risks Related to our Business and Operations" We may be unable to complete acquisitions and successfully operate acquired properties (or a similar caption) in the Company's and the operating partnership's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission, or SEC.

The Company's outstanding common stock and preferred stock are listed on the New York Stock Exchange. The Company's common stock is listed under the symbol "KRC", the Company's 7.80% Series E Cumulative Redeemable Preferred Stock is listed under the symbol "KRC-PE" and the Company's 7.50% Series F Cumulative Redeemable Preferred Stock is listed under the symbol "KRC-PF". Our principal executive offices are located at 12200 West Olympic Boulevard, Suite 200, Los Angeles, California 90064. Our telephone number is (310) 481-8400.

THE OFFERING

Issuer	Kilroy Realty Corporation, a Maryland corporation
Common stock to be offered by us	Shares with an aggregate gross sales price of up to \$200,000,000.
Use of proceeds	As required by the operating partnership's partnership agreement, we will contribute the net proceeds from this offering to our operating partnership, which will subsequently use the net proceeds for general corporate purposes, which may include acquiring properties, funding development and redevelopment opportunities and repaying outstanding debt, including borrowings under the operating partnership's unsecured revolving credit facility, or the credit facility. Pending application of the net proceeds, the operating partnership may use the net proceeds to temporarily repay borrowings under the credit facility and/or temporarily invest such net proceeds in marketable securities. Any borrowings under the credit facility that are repaid with the net proceeds may be reborrowed, subject to customary conditions. See "Use of Proceeds."
Restrictions on ownership and transfer	Shares of our common stock are subject to certain restrictions on ownership and transfer designed to preserve our qualification as a REIT for federal income tax purposes. See "Description of Capital Stock - Restrictions on Ownership and Transfer of the Company's Capital Stock" in the accompanying prospectus.
NYSE Listing	Our common stock is listed on the New York Stock Exchange under the symbol "KRC".
Risk factors	An investment in our common stock involves various risks, and prospective investors should carefully consider the matters discussed under the caption entitled "Risk Factors" beginning on page S-3 of this prospectus supplement and in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus before making a decision to invest in our common stock.
Transfer Agent and Registrar	BNY Mellon Shareowner Services LLC

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RISK FACTORS

Investing in our common stock involves risks. Before acquiring any common stock pursuant to this prospectus supplement and the accompanying prospectus, you should carefully consider the information contained in this prospectus supplement, the accompanying prospectus, the documents incorporated and deemed to be incorporated by reference herein and in the accompanying prospectus and any free writing prospectus that we may prepare in connection with this offering, including, without limitation, the risks of an investment in our common stock set forth under the captions (or similar captions) Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's and the operating partnership's most recent Annual Report on Form 10-K and under the caption Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation in the Company's and operating partnership's subsequent Quarterly Reports on Form 10-Q filed with the SEC, and as described in the Company's and the operating partnership's other filings with the SEC. The occurrence of any of these risks could materially and adversely affect our business, financial condition, liquidity, results of operations, funds from operations and prospects, as well as the trading price of our common stock, and might cause you to lose all or a part of your investment in our common stock. Please also refer to the section in this prospectus supplement entitled Forward-Looking Statements.

Risks Related to this Offering

The market price of our common stock may be adversely affected by this offering and future offerings of our common stock.

Giving effect to the issuance of common stock in this offering, the receipt of the expected net proceeds and the use of those net proceeds, we expect that this offering could have a dilutive effect on our expected earnings per share and expected funds from operations per share. Additional issuances of our common stock, including in connection with acquisitions, if any, could also be dilutive to our expected earnings per share and expected funds from operations per share. The issuance and sale of our common stock, including the sale of shares in this offering, in connection with acquisitions, if any, or in the secondary market, or the perception that such issuances or sales could occur, could also adversely affect the trading price of our common stock and our ability to raise capital through future offerings of equity or equity-related securities.

The trading price of our common stock may fluctuate significantly.

The trading price of our common stock may fluctuate significantly in response to many factors, including:

actual or anticipated variations in our operating results, funds from operations, cash flows, liquidity or distributions;

our ability to successfully complete acquisitions and operate acquired properties;

earthquakes;

changes in our earnings estimates or those of analysts;

publication of research reports about us, the real estate industry generally or the office and industrial sectors in which we operate;

the failure to maintain our current credit ratings or comply with our debt covenants;

increases in market interest rates that lead purchasers of our common stock to demand a higher dividend yield;

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changes in market valuations of similar companies;

adverse market reaction to any debt or equity securities we may issue or additional debt we incur in the future;

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additions or departures of key management personnel;

actions by institutional stockholders;

speculation in the press or investment community;

high levels of volatility in the credit markets;

general market and economic conditions; and

the realization of any of the other risk factors included in or incorporated by reference in this prospectus supplement and the accompanying prospectus.

Many of the factors listed above are beyond our control. These factors may cause the trading price of our common stock to decline, regardless of our financial condition, results of operations, business or prospects. It is impossible to provide any assurance that the future trading price of our common stock will not decline from the prices at which shares are sold in this offering, and it may be difficult for holders to resell shares of our common stock at prices they find attractive, or at all.

The covenants in the operating partnership's unsecured revolving credit facility may limit our ability to make distributions to the holders of our common stock.

The operating partnership has a \$500 million unsecured revolving credit facility, or the credit facility, that contains financial covenants that could limit the amount of distributions payable by the Company on its common stock and preferred stock. The Company, which is the issuer of the common stock in this offering, relies on cash distributions it receives from the operating partnership to pay distributions on its common stock and preferred stock and to satisfy its other cash needs, and the credit facility provides that the operating partnership may not, in any year, make partnership distributions to the Company or other holders of its partnership interests in an aggregate amount in excess of the greater of:

95% of the operating partnership's consolidated funds from operations (as defined in the credit facility) for such year and

an amount which results in distributions to the Company (excluding any preferred partnership distributions to the extent the same have been deducted from consolidated funds from operations for such year) in an amount sufficient to permit the Company to pay dividends to its stockholders which it reasonably believes are necessary to (a) maintain its qualification as a REIT for federal and state income tax purposes and (b) avoid the payment of federal or state income or excise tax.

In addition, the credit facility provides that if the operating partnership fails to pay any principal of or interest on any borrowings under the credit facility when due, then the operating partnership may make only those partnership distributions to the Company and other holders of its partnership interests necessary to enable the Company to make distributions to its stockholders which it reasonably believes are necessary to maintain its status as a REIT for federal and state income tax purposes. Any limitation on the Company's ability to make distributions to its stockholders, whether as a result of these provisions in the credit facility or otherwise, could have a material adverse effect on the market value of its common stock.

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The market price of our common stock may be adversely affected by future offerings of debt and equity securities by the operating partnership, which would be structurally senior to our common stock for purposes of interest and principal payments on those debt securities and distributions on those equity securities and, in each case, distributions upon our liquidation, and future offerings of debt securities and preferred stock by the Company, which would be senior to our common stock for purposes of dividend distributions on such preferred stock, and, in each case, distributions upon our liquidation.

In the future, we may increase our capital resources by making offerings of debt securities and preferred stock of the Company, and debt securities and equity securities of the operating partnership. Upon our liquidation, dissolution or winding-up, holders of these debt securities, Company preferred stock and operating partnership equity securities, and lenders with respect to other borrowings, will receive distributions of our available assets prior to the holders of our common stock and it is possible that, after making distributions on these other securities, no assets would be available for distribution to holders of our common stock. In addition, the debt and equity securities of the operating partnership are structurally senior to our common stock, and the Company's outstanding preferred stock has and any preferred stock the Company may issue in the future may have a preference over our common stock, and all payments (including dividend and interest) and liquidating distributions thereon could limit our ability to pay a dividend or make another distribution to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors, some of which may be beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of our common stock bear the risk of our future offerings reducing the market price of our common stock.

A downgrade in our credit ratings could materially adversely affect our business and financial condition.

The credit ratings assigned to the debt securities of the operating partnership and the Company could change based upon, among other things, our results of operations and financial condition. These ratings are subject to ongoing evaluation by credit rating agencies, and we cannot assure you that any rating will not be changed or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant. Moreover, these credit ratings do not apply to our common stock and are not recommendations to buy, sell or hold any other securities. If any of the credit rating agencies that have rated the debt securities of the operating partnership or the Company downgrades or lowers its credit rating, or if any credit rating agency indicates that it has placed any such rating on a so-called "watch list" for a possible downgrading or lowering or otherwise indicates that its outlook for that rating is negative, it could have a material adverse effect on our costs and availability of capital, which could in turn have a material adverse effect on our financial condition, results of operations, cash flows and our ability to satisfy our debt service obligations and to make dividends and distributions on our common stock and preferred stock.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and in the accompanying prospectus, contain certain forward-looking statements within the meaning of federal securities law. Additionally, documents we subsequently file with the SEC and incorporate by reference herein and in the accompanying prospectus will contain forward-looking statements. In particular, statements pertaining to our capital resources, portfolio performance, results of operations, pending, potential or proposed acquisitions and the anticipated use of proceeds from this offering contain forward-looking statements. Likewise, all of our statements, if any, regarding anticipated growth in our funds from operations and anticipated market conditions, demographics, results of operations and similar matters are forward-looking statements. Forward-looking statements involve numerous risks and uncertainties, and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise, and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). You can identify forward-looking statements by the use of forward-looking terminology such as believes, expects, projects, may, will, should, seeks, approximately, intends, plans, pro forma, estimates or anticipates or the negative of these or similar words or phrases. You can also identify forward-looking statements by discussions of strategies, plans or intentions. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

global market and general economic conditions and their effect on our liquidity and financial conditions and those of our tenants;

adverse economic or real estate conditions in California and Washington, including with respect to California's budget deficits;

risks associated with our investment in real estate assets, which are illiquid, and with trends in the real estate industry;

defaults on or non-renewal of leases by tenants, particularly any of our largest office tenants and our largest industrial tenants;

any significant downturn in our tenants' businesses;

our ability to re-lease property at or above current market rates;

costs to comply with government regulations;

the availability of cash for distribution and exposure of risk of default under our debt obligations;

significant competition, which may decrease the occupancy and rental rates of properties;

potential losses that may not be covered by insurance;

our ability to successfully complete acquisitions and operate acquired properties;

our ability to successfully complete development and redevelopment properties on schedule and within budgeted amounts;

defaults on leases for land on which some of our properties are located;

adverse changes to, or implementations of, income tax laws, environmental laws or other governmental regulations or legislation;

environmental uncertainties and risks related to natural disasters; and

the Company's ability to maintain its status as a REIT.

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You are cautioned not to unduly rely on the forward-looking statements contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. These risks and uncertainties are discussed in more detail under the caption "Risk Factors" in this prospectus supplement, under the captions (or similar captions) "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's and the operating partnership's most recent Annual Report on Form 10-K, under the caption "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's and the operating partnership's subsequent Quarterly Reports on Form 10-Q, and as described in other filings by the Company and the operating partnership with the SEC.

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USE OF PROCEEDS

As required by the operating partnership's partnership agreement, we will contribute the net proceeds from this offering to our operating partnership, which will subsequently use the net proceeds for general corporate purposes, which may include acquiring properties, funding development and redevelopment opportunities and repaying outstanding debt, including borrowings under the operating partnership's unsecured revolving credit facility, or the credit facility. Pending application of the net proceeds, the operating partnership may use the net proceeds to temporarily repay borrowings under the credit facility and/or temporarily invest such net proceeds in marketable securities. Any borrowings under the credit facility that are repaid with the net proceeds may be reborrowed, subject to customary conditions. As of July 22, 2011, there were no amounts outstanding under the credit facility.

J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated are joint lead arrangers and joint bookrunners, JPMorgan Chase Bank, N.A., an affiliate of J.P. Morgan Securities LLC, is the administrative agent, Barclays Bank PLC, an affiliate of Barclays Capital Inc., is a documentation agent, Bank of America, N.A., an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated, is the syndication agent and affiliates of Barclays Capital Inc., Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC are lenders under the operating partnership's unsecured revolving credit facility. As described above, net proceeds of this offering may be used to repay borrowings under the operating partnership's credit facility. Because affiliates of all of the Agents are lenders under that credit facility, to the extent that net proceeds from this offering are applied to repay borrowings under the operating partnership's credit facility, such affiliates will receive proceeds of this offering through the repayment of those borrowings and the amount of those repayments may exceed 5% of the proceeds of this offering (not including the Agents' discounts, if any, and commissions). Nonetheless, in accordance with Rule 5121 of the Financial Industry Regulatory Authority Inc., or FINRA, the appointment of a qualified independent underwriter is not necessary in connection with this offering because, under FINRA Rule 5121, REITs are excluded from that requirement.

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SUPPLEMENTAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

For a discussion of certain material United States federal income tax consequences related to the acquisition, ownership and disposition of our common stock offered by this prospectus supplement, please see United States Federal Income Tax Considerations (the 8-K Disclosure) in Exhibit 99.1 to our Current Report on Form 8-K filed with the SEC on March 2, 2011, which was filed with respect to Item 8.01 of Form 8-K and is incorporated herein by reference, as supplemented by the discussion in the paragraphs below, and which supersedes in its entirety the discussion under the heading United States Federal Income Tax Considerations in the accompanying prospectus. In addition, the 8-K Disclosure and the discussion in the paragraphs below may be supplemented and, if applicable, superseded by information in documents filed with the SEC after the date hereof that are incorporated and deemed incorporated by reference into this prospectus supplement and the accompanying prospectus.

Taxation of the Company General

Latham & Watkins LLP has rendered an opinion to us to the effect that, commencing with our taxable year ended December 31, 1997, we have been organized and have operated in conformity with the requirements for qualification and taxation as a REIT, and that our proposed method of operation will enable us to continue to meet the requirements for qualification and taxation as a REIT, under the Code. It must be emphasized that this opinion was based on various assumptions and representations as to factual matters, including representations made by us in a factual certificate provided by one of our officers. In addition, this opinion was based upon our factual representations set forth in this prospectus supplement and the incorporated documents. Moreover, our qualification and taxation as a REIT depend upon our ability to meet the various qualification tests imposed under the Code which are discussed in more detail in the 8-K Disclosure, including through actual annual operating results, asset composition, distribution levels and diversity of stock ownership, the results of which have not been and will not be reviewed by Latham & Watkins LLP. Accordingly, no assurance can be given that our actual results of operation for any particular taxable year have satisfied or will satisfy those requirements. See Failure to Qualify in the 8-K Disclosure referenced above. Further, the U.S. federal income tax consequences related to the acquisition, ownership and disposition of our common stock described in this prospectus supplement and in the 8-K Disclosure may be changed, perhaps retroactively, by legislative, administrative or judicial action at any time. Latham & Watkins LLP has no obligation to update its opinion subsequent to its date.

Foreign Accounts

The Internal Revenue Service, or the IRS, recently issued Notice 2011-53 which indicates, among other things, that the implementation of some or all of the rules discussed in the 8-K Disclosure regarding withholding taxes with respect to certain types of payments made to foreign financial institutions or certain other non-U.S. entities may be delayed. Prospective investors should consult their tax advisors regarding these withholding provisions, including this new IRS guidance.

Prospective investors in our common stock should consult their tax advisors regarding the U.S. federal income and other tax consequences to them of the acquisition, ownership and disposition of our common stock offered by this prospectus supplement.

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PLAN OF DISTRIBUTION (CONFLICTS OF INTEREST)

We have entered into separate sales agreements with each of Barclays Capital Inc., Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC under which we may offer and sell shares of our common stock having an aggregate gross sales price of up to \$200,000,000 from time to time through the Agents, as our sales agents, or directly to the Agents acting as principal.

The sales, if any, of common stock made through the Agents, as our sales agents, may be made by means of ordinary brokers' transactions on the New York Stock Exchange at market prices prevailing at the time of sale, in negotiated transactions or as otherwise agreed with the Company, the applicable Agent and the applicable investor.

Upon its acceptance of instructions from us, each Agent has agreed to use its reasonable efforts to sell shares of our common stock, as our sales agent, on the terms and subject to the conditions set forth in the applicable sales agreement. We will instruct each Agent as to the amount of common stock to be sold by it as our sales agent. We may instruct an Agent not to sell our common stock as our sales agent if the sales cannot be effected at or above a price designated by us. Our common stock offered and sold through the Agents, as our sales agents, pursuant to the sales agreements will be offered and sold through only one of the Agents on any given day. We or any of the Agents may suspend the offering of common stock by such Agent, as our sales agent, upon notice to the other party.

Each Agent will provide written confirmation to us following the close of trading on the New York Stock Exchange on each day on which shares of our common stock are sold by it, as our sales agent, under the sales agreement to which it is a party. Each confirmation will include the number of shares of common stock sold on that day, the gross sales price per share, the aggregate gross sales price of the shares of common stock sold, the net proceeds to us and the compensation payable by us to such Agent in connection with the sales. We will report at least quarterly the number of shares of common stock sold through the Agents, as our sales agents, under the sales agreements, the net proceeds to us (before expenses) and the compensation paid by us to the Agents in connection with those sales of the common stock.

We will pay each Agent a commission that will not (except as provided below) exceed, but may be lower than, 2.0% of the gross sales price per share of our common stock sold through such Agent, as our sales agent, under the sales agreement to which it is a party. We may also agree with the applicable Agent to sell Shares other than through ordinary brokers' transactions using sales efforts and methods that may constitute distributions within the meaning of Rule 100 of Regulation M under the Securities Exchange Act of 1934, as amended, and for which we may agree to pay the applicable Agent a commission that may exceed 2.0% of the gross sales price. We estimate that the total expenses of the offering payable by us, excluding commissions payable to the Agents, will be approximately \$700,000. The remaining sales proceeds, after deducting any transaction fees imposed by any governmental or self-regulatory organization in connection with the sales, will be our net proceeds for the sale of the common stock.

Under the terms of the sales agreements, we may also sell shares of our common stock to any of the Agents, as principal, at a price per share to be agreed upon at the time of sale. If we sell shares to an Agent as principal, we will enter into a separate terms agreement with that Agent and we will describe the terms of the offering of those shares in a separate prospectus supplement.

Settlement for sales of our common stock will occur on the third business day (or on such other date as may be agreed upon by us and the applicable Agent) following the respective dates on which any such sales are made in return for payment of the net proceeds to us. There is no arrangement for funds to be received in an escrow, trust or similar arrangement.

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The offering of shares of our common stock pursuant to the sales agreements will terminate upon the earlier of (1) the sale of shares of our common stock having an aggregate gross sales price of \$200,000,000 pursuant to the sales agreements and (2) the termination of all of the sales agreements by us or the Agents.

We have agreed to provide indemnification and contribution to the Agents against certain liabilities, including liabilities under the Securities Act.

The Agents have determined that our common stock is an actively-traded security excepted from the requirements of Rule 101 of Regulation M under the Securities Exchange Act of 1934, as amended, or the Exchange Act, by Rule 101(c)(1) of Regulation M. If an Agent or we has reason to believe that the exemptive provisions set forth in Rule 101(c)(1) of Regulation M under the Exchange Act are not satisfied, that party will promptly notify the other party and sales of common stock under the sales agreements will be suspended until that or other exemptive provisions have been satisfied in the judgment of the Agents and us.

Selling Restrictions

No action has been taken in any jurisdiction (except in the United States) that would permit a public offering of the shares of common stock, or the possession, circulation or distribution of this prospectus supplement, the accompanying prospectus or any other material relating to us or the shares where action for that purpose is required. Accordingly, the shares may not be offered or sold, directly or indirectly, and neither this prospectus supplement, the accompanying prospectus nor any other offering material or advertisements in connection with the shares may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each of the Agents may arrange to sell the shares offered by this prospectus supplement and the accompanying prospectus in certain jurisdictions outside the United States, either directly or through affiliates, where they are permitted to do so.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each Agent has severally represented and agreed that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date), it has not made and will not make an offer of shares of common stock which are the subject of the offering contemplated by this prospectus supplement and the accompanying prospectus to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such shares of common stock in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Agent or Agents designated from time to time by the Company for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares of common stock referred to in (a) to (c) above shall require the Company or any Agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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For the purposes of this provision, the expression an offer of shares of common stock to the public in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares of common stock to be offered so as to enable an investor to decide to purchase or subscribe to the shares of common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State; and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

United Kingdom

Each Agent has severally represented and agreed that:

- (a) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any common stock other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the common stock would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the FSMA) by the Company;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any common stock in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the common stock in, from or otherwise involving the United Kingdom.

Conflicts of Interest

J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated are joint lead arrangers and joint bookrunners, JPMorgan Chase Bank, N.A., an affiliate of J.P. Morgan Securities LLC, is the administrative agent, Barclays Bank PLC, an affiliate of Barclays Capital Inc., is a documentation agent, Bank of America, N.A., an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated, is the syndication agent and affiliates of Barclays Capital Inc., Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC are lenders under the operating partnership's unsecured revolving credit facility. As described above, net proceeds of this offering may be used to repay borrowings under the operating partnership's credit facility. Because affiliates of all of the Agents are lenders under that credit facility, to the extent that net proceeds from this offering are applied to repay borrowings under the operating partnership's credit facility, such affiliates will receive proceeds of this offering through the repayment of those borrowings and the amount of those repayments may exceed 5% of the proceeds of this offering (not including the Agents' discounts, if any, and commissions). Nonetheless, in accordance with Rule 5121 of the Financial Industry Regulatory Authority Inc., or FINRA, the appointment of a qualified independent underwriter is not necessary in connection with this offering because, under FINRA Rule 5121, REITs are excluded from that requirement.

Other Relationships

In addition to the matters discussed above under Conflicts of Interest, some or all of the Agents and/or their respective affiliates have engaged in, and/or may in the future engage in, investment banking, commercial banking, financial advisory and other commercial dealings in the ordinary course of business with us. They have received and may in the future receive customary fees and commissions for these transactions.

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In addition, in the ordinary course of their various business activities, the Agents and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and such investment and securities activities may involve securities and/or instruments of the Company or the operating partnership. Certain of the Agents or their affiliates that may have a lending relationship with us may also choose to hedge their credit exposure to us consistent with their customary risk management policies. Typically, those Agents and their affiliates would hedge such exposure by entering into transactions, which consist of either the purchase of credit default swaps or the creation of short positions in securities of the Company or the operating partnership. The Agents and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to incorporate by reference the information we file with the SEC, which means that we can disclose important information to you by referring to those documents. The information incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus. Any statement contained in a document which is incorporated by reference in this prospectus supplement or the accompanying prospectus is automatically updated and superseded if information contained in this prospectus supplement or the accompanying prospectus, or information that we later file with the SEC, modifies or replaces this information. We incorporate by reference the following documents we filed with the SEC:

Kilroy Realty Corporation's and Kilroy Realty, L.P.'s Annual Report on Form 10-K for the year ended December 31, 2010;

Kilroy Realty Corporation's and Kilroy Realty, L.P.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2011; and

Kilroy Realty Corporation's Current Report on Form 8-K filed on May 27, 2010, as amended by that Current Report on Form 8-K/A filed on June 11, 2010; Kilroy Realty Corporation's and Kilroy Realty, L.P.'s Current Report on Form 8-K filed on January 13, 2011 relating to Items 1.01, 2.03 and 9.01 of such Form 8-K; Kilroy Realty Corporation's Current Report on Form 8-K filed on March 2, 2011 relating to Items 8.01 and 9.01 of such Form 8-K; Kilroy Realty Corporation's and Kilroy Realty, L.P.'s Current Report on Form 8-K filed on April 5, 2011 (but we are incorporating by reference only the information appearing under Item 8.01 of such Form 8-K); Kilroy Realty Corporation's and Kilroy Realty, L.P.'s Current Report on Form 8-K filed on April 11, 2011 (but we are incorporating by reference only the information appearing under Item 8.01 and Exhibits 1.1, 5.1, 8.1, 23.1 and 23.2 of such Form 8-K); Kilroy Realty Corporation's Current Report on Form 8-K filed on May 27, 2011; Kilroy Realty Corporation's and Kilroy Realty, L.P.'s Current Report on Form 8-K filed on June 23, 2011; Kilroy Realty Corporation's and Kilroy Realty, L.P.'s Current Report on Form 8-K filed on June 27, 2011; Kilroy Realty Corporation's and Kilroy Realty, L.P.'s Current Report on Form 8-K filed on June 30, 2011; and Kilroy Realty Corporation's and Kilroy Realty, L.P.'s Current Report on Form 8-K filed on July 6, 2011.

We are also incorporating by reference any additional documents that we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act from and including the date of this prospectus supplement until the termination of the offering described in this prospectus supplement. We are not, however, incorporating by reference any documents or portions thereof or exhibits thereto, whether specifically listed above or filed in the future, that are deemed not filed with the SEC, including our compensation committee reports and performance graph included in any proxy statement or incorporated by reference in any Annual Report on Form 10-K or any information or related exhibits furnished pursuant to Items 2.02 or 7.01 of Form 8-K or any exhibits pursuant to Item 9.01 of Form 8-K that are not deemed filed with the SEC (including, without limitation, the following reports of Kilroy Realty Corporation and/or Kilroy Realty, L.P.: Current Report on Form 8-K filed on January 13, 2011 relating to Items 2.02 and 9.01 of such Form 8-K; Current Report on Form 8-K filed on February 1, 2011 relating to Items 2.02 and 9.01 of such Form 8-K; Current Report on Form 8-K filed on April 5, 2011 relating to Items 7.01 and 9.01 of such Form 8-K; Current Report on Form 8-K filed on April 11, 2011 relating to Item 7.01 and Exhibits 99.1 and 99.2 of such Form 8-K; and Current Report on Form 8-K filed on May 3, 2011 relating to Items 2.02 and 9.01 of such Form 8-K).

To receive a free copy of any of the documents incorporated by reference in this prospectus supplement, including exhibits, if they are specifically incorporated by reference in the documents, call or write Investor Relations, Kilroy Realty Corporation, 12200 W. Olympic Boulevard, Suite 200, Los Angeles, California 90064, (310) 481-8400.

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LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for us by Latham & Watkins LLP, Los Angeles, California. Certain legal matters relating to Maryland law, including the validity of the issuance of the shares of common stock offered by this prospectus supplement and the accompanying prospectus will be passed upon for us by Ballard Spahr LLP, Baltimore, Maryland. Sidley Austin LLP, San Francisco, California, will act as counsel to the Agents.

EXPERTS

The financial statements, and the related financial statement schedules, incorporated in this prospectus supplement by reference from Kilroy Realty Corporation's and Kilroy Realty, L.P.'s Annual Report on Form 10-K for the year ended December 31, 2010, and the effectiveness of Kilroy Realty Corporation's and Kilroy Realty, L.P.'s internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such financial statements and financial statement schedules have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The statement of revenues and certain expenses for the year ended December 31, 2009 of 303 Second Street property, incorporated by reference in this prospectus supplement, has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report incorporated by reference herein (which report expresses an unqualified opinion on the statement of revenues and certain expenses and includes an explanatory paragraph referring to the purpose of the statement). Such statement of revenues and certain expenses has been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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PROSPECTUS

KILROY REALTY CORPORATION

Common Stock, Preferred Stock, Depositary Shares, Warrants and Guarantees

KILROY REALTY, L.P.

Debt Securities

We may offer from time to time in one or more series or classes (i) debt securities of Kilroy Realty, L.P. which may be fully and unconditionally guaranteed by Kilroy Realty Corporation, (ii) shares of Kilroy Realty Corporation's common stock, par value \$.01 per share, (iii) shares or fractional shares of Kilroy Realty Corporation's preferred stock, par value \$.01 per share, (iv) shares of Kilroy Realty Corporation's preferred stock represented by depositary shares and (v) warrants to purchase preferred stock or common stock, referred to collectively in this prospectus as the offered securities, separately or together, in separate series in amounts, at prices and on terms to be set forth in one or more supplements to this prospectus.

The specific terms of the offered securities with respect to which this prospectus is being delivered will be set forth in the applicable prospectus supplement, along with any applicable modifications of or additions to the general terms of the debt securities as described in this prospectus, and will include, where applicable (i) in the case of debt securities and, as applicable, related guarantees, the specific terms of such debt securities, which may be either senior or subordinated, secured or unsecured, and related guarantees, (ii) in the case of common stock, the number of shares and any initial public offering price; (iii) in the case of preferred stock, the specific title and any dividend, liquidation, redemption, conversion, voting and other rights and any initial public offering price; (iv) in the case of depositary shares, the fractional or multiple shares of preferred stock represented by each such depositary share; and (v) in the case of warrants, the duration, offering price, exercise price and detachability. In addition, such specific terms may include limitations on actual or constructive ownership and restrictions on transfer of the offered securities, in each case as may be appropriate to preserve Kilroy Realty Corporation's status as a real estate investment trust, or REIT, for federal income tax purposes.

The applicable prospectus supplement will also contain information, where applicable, about (i) certain United States federal income tax consequences relating to, and (ii) any listing on a securities exchange of, the offered securities covered by such prospectus supplement.

The offered securities may be offered directly, through agents we may designate from time to time or by, to or through underwriters or dealers. If any agents or underwriters are involved in the sale of any of the offered securities, their names, and any applicable purchase price, fee, commission or discount arrangement between or among them, will be set forth in, or will be calculable from the information set forth in, the applicable prospectus supplement. See Plan of Distribution. No offered securities may be sold without delivery of this prospectus and the applicable prospectus supplement describing the method and terms of the offering of such series of offered securities.

Kilroy Realty Corporation's common stock is listed on the New York Stock Exchange, or NYSE, under the symbol KRC. On February 28, 2011, the last reported sales price of Kilroy Realty Corporation's common stock on the NYSE was \$38.75 per share.

Before you invest in the offered securities, you should consider the risks discussed in Risk Factors on page 1.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or completeness of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is March 1, 2011.

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