

KILROY REALTY CORP
Form 424B5
September 11, 2013
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-172560

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities, and we are not soliciting an offer to buy these securities, in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated September 11, 2013

PROSPECTUS SUPPLEMENT

(To Prospectus dated March 1, 2011)

4,500,000 Shares

Common Stock

We are selling 4,500,000 shares of our common stock. Our common stock is listed on the New York Stock Exchange, or NYSE, under the symbol KRC. The last reported sale price of our common stock on the NYSE on September 10, 2013 was \$51.11 per share.

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 in this prospectus supplement.

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-5 of this prospectus supplement and under Risk Factors in our and our operating partnership's Annual Report on Form 10-K for the year ended December 31, 2012 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2013, as well as the other risks described in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference in each, before making a decision to invest in our common stock.

	Per Share	Total
Public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to Kilroy Realty Corporation	\$	\$

We have granted the underwriters an option to purchase a maximum of 675,000 additional shares of our common stock exercisable at any time until 30 days after the date of this prospectus supplement.

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

The shares of common stock will be ready for delivery through The Depository Trust Company on or about September , 2013.

Joint Book-Running Managers

Barclays

BofA Merrill Lynch

J.P. Morgan

Wells Fargo Securities

Prospectus Supplement dated September , 2013

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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 accompany 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 in each and any free writing prospectus that we may prepare in connection with this offering. Neither we nor the underwriters 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 in each, 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 or 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 may not contain all the information that may be important to you in deciding whether to invest in our common stock. You should read the entire prospectus supplement, the accompanying prospectus and the documents incorporated or deemed to be incorporated by reference in each, including the financial statements and related notes, before making an investment decision.

The Company

We are a self-administered real estate investment trust, or REIT, active in office submarkets along the West Coast. We own, develop, acquire and manage 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, 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 June 30, 2013, our stabilized portfolio of operating properties was comprised of 115 office buildings, which encompassed an aggregate of approximately 13.5 million rentable square feet. As of June 30, 2013, these properties were approximately 90.7% occupied by 545 tenants. Our stabilized portfolio includes all of our properties with the exception of undeveloped land, development and redevelopment properties currently under construction or committed for construction, lease-up properties, and properties held-for-sale. We define redevelopment properties as those projects for which we expect to spend significant development and construction costs on existing or acquired buildings pursuant to a formal plan, the intended result of which is higher economic return on the property. As of June 30, 2013, we had five office property developments under construction that are expected to encompass approximately 1.5 million aggregate rentable square feet upon completion. 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 June 30, 2013, we had two lease-up properties, which encompassed an aggregate of approximately 508,000 rentable square feet.

Kilroy Realty Corporation is a Maryland corporation organized to qualify as a 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 in which, as of June 30, 2013, Kilroy Realty Corporation owned an approximate 97.7% general partnership interest. The remaining approximately 2.3% common limited partnership interest in the operating partnership as of June 30, 2013 was owned by non-affiliated investors and certain directors and officers of Kilroy Realty Corporation. Kilroy Realty Finance, Inc., one of Kilroy Realty Corporation's wholly-owned subsidiaries, is the sole general partner of the finance partnership and owns a 1.0% general partnership interest. The operating partnership owns the remaining 99.0% limited partnership interest in the finance partnership. We conduct substantially all of our development activities through Kilroy Services, LLC, or KSLLC, which is a wholly-owned subsidiary of the operating partnership. With the exception of the operating partnership and Redwood City Partners, LLC, a newly organized subsidiary that we formed to pursue the development project described in Note 2 to the consolidated financial statements included in our and the operating partnership's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013, as of June 30, 2013, all of the beneficial ownership interests in Kilroy Realty Corporation's subsidiaries were wholly-owned directly or indirectly by Kilroy Realty Corporation and the operating partnership.

The Company's outstanding common stock and preferred stock are listed on the NYSE. The Company's common stock is listed under the symbol KRC, the Company's 6.875% Series G Cumulative Redeemable

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Preferred Stock, or the Series G preferred stock, is listed under the symbol KRC-PRG, and the Company's 6.375% Series H Cumulative Redeemable Preferred Stock, or the Series H preferred stock, is listed under the symbol KRC-PRH.

Our principal executive offices are located at 12200 West Olympic Boulevard, Suite 200, Los Angeles, California 90064. Our telephone number is (310) 481-8400. Our website is located at www.kilroyrealty.com. The information found on, or accessible through, our website is not incorporated into, and does not form a part of, this prospectus supplement, the accompanying prospectus or any other report or document we file with or furnish to the Securities and Exchange Commission, or SEC.

Recent Developments

Pending Acquisition. We have entered into a purchase and sale agreement to purchase two fully-leased properties and an adjacent land parcel that we may seek to develop in the future in San Diego for approximately \$125 million. The acquisition is expected to close in the third quarter of 2013. However, this acquisition is subject to closing conditions and other uncertainties and we cannot provide assurance that this acquisition will be consummated at the price, on the terms or by the date currently contemplated, or at all.

In addition, as a key component of our growth strategy, we continually evaluate property acquisition opportunities as they arise. As a result, we typically have one or more potential acquisitions (in addition to the pending acquisition discussed above) under consideration that are in varying stages of negotiation and due diligence review, or under contract, at any point in time. However, those agreements are subject to closing conditions and other uncertainties and there can be no assurance that we will acquire the properties subject to those agreements. Likewise, we cannot provide assurance that we will enter into any additional definitive agreements to acquire properties or, if we do, that the acquisitions will close. 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 **Risk Factors** **Risks Related to our Business and Operations** We may be unable to complete acquisitions and successfully operate acquired properties in the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

Leasing Activity. As of June 30, 2013, we had entered into non-binding letters of intent for leases totaling approximately 400,000 rentable square feet in our office properties. However, we cannot assure you that these letters of intent will result in leases, or when the space available for rent may ultimately be leased.

Capital Recycling. As part of our current and ongoing strategy, we continuously evaluate opportunities for the potential disposition of properties and undeveloped land in our portfolio with the intent of recycling the proceeds generated from the disposition of non-strategic properties into capital to fund new operating and development acquisitions, development and redevelopment expenditures, to repay long-term debt and for other general corporate purposes. As part of our capital recycling strategy, we intend, when practical, to structure those dispositions as like-kind exchanges pursuant to Section 1031 of the Internal Revenue Code of 1986 (**Section 1031 Exchanges**) to defer some or all of the taxable gains, if any, on the sales for federal and state income tax purposes.

In connection with this strategy, we anticipate that we could dispose of approximately \$150 million to \$400 million of additional operating properties and/or undeveloped land during the next 18 months. The timing of any potential future disposition transactions will depend on market conditions and other factors, including but not limited to our capital needs, demand for our properties and our ability to defer some or all of the taxable gains, if any, on the sales. Subject to the satisfaction of various criteria, including but not limited to the availability of the asset for immediate sale, the existence of an active program to locate a buyer, and the probable sale or transfer of the asset within one year, any operating property and/or undeveloped land we are seeking to dispose of may be classified as held for sale on our consolidated balance sheet. We cannot assure you that we will dispose of any additional properties, or that future acquisitions and/or dispositions, if any, will qualify as Section 1031 Exchanges.

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The Offering

Issuer	Kilroy Realty Corporation
Common stock to be offered by us	4,500,000 shares (or 5,175,000 shares if the underwriters exercise their option to purchase additional shares in full)
Common stock outstanding after this offering	80,437,337 shares (or 81,112,337 shares if the underwriters exercise their option to purchase additional shares in full)
Use of proceeds	<p>We estimate that the net proceeds from this offering will be approximately \$220.4 million, or approximately \$253.5 million if the underwriters exercise their option to purchase additional shares in full, in each case based upon an assumed public offering price of \$51.11 per share (which was the last reported sale price of our common stock on the NYSE on September 10, 2013) and after deducting the estimated underwriting discounts and commissions and our estimated offering expenses.</p> <p>We intend to use the net proceeds from the offering for general corporate purposes, which may include acquiring properties (including office properties and undeveloped land), funding development and redevelopment projects, and repaying indebtedness, which may include borrowings under the operating partnership's revolving credit facility and term loan facility. Pending application of the net proceeds for those purposes, the operating partnership may temporarily invest such net proceeds in marketable securities. For additional information, including a sensitivity analysis showing how changes in the assumed public offering price per share affect the amount of estimated net proceeds, see "Use of Proceeds" in this prospectus supplement. For information concerning certain potential conflicts of interest that may arise from the use of proceeds, see "Use of Proceeds and Underwriting (Conflicts of Interest) Conflicts of Interest and Underwriting (Conflicts of Interest) Other Relationships" in this prospectus supplement.</p>
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" in this prospectus supplement.
NYSE Listing	Our common stock is listed on the NYSE 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 "Risk Factors" beginning on page S-5 of this prospectus supplement and beginning on page 11 of our and the operating partnership's Annual Report on Form 10-K for the year ended December 31, 2012, as well as the other risks described in this

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prospectus supplement and the accompanying prospectus and the documents incorporated by reference in each, before making a decision to invest in our common stock.

The number of shares of common stock to be outstanding after this offering is based on 75,937,337 shares issued and outstanding as of September 6, 2013. This number excludes the following as of September 6, 2013:

1,525,000 shares of common stock issuable upon exercise of options granted under our equity compensation plans;

43,836 additional shares of common stock reserved and available for future issuance under our equity compensation plans;

1,343,464 shares of common stock underlying restricted stock units awarded under our stock award deferral program;

1,821,503 shares of common stock issuable upon redemption of common units of limited partnership interest of the operating partnership outstanding;

4,800,796 shares (subject to certain anti-dilution and other potential adjustments) of common stock potentially issuable upon the exchange of our 4.250% Exchangeable Senior Notes due 2014, or the 4.25% Exchangeable Notes, calculated using the maximum exchange rate;

a total of up to 9,236,100 shares of our common stock (subject to certain anti-dilution and other potential adjustments) issuable upon conversion of our Series G preferred stock and Series H preferred stock following a Change of Control (as defined in the terms of the Series G preferred stock and Series H preferred stock, respectively) of us.

As of September 6, 2013, a total of 1,821,503 shares of common stock reserved for possible issuance upon redemption of common units of limited partnership interests in the operating partnership are covered by a currently effective registration statement that also covers 193,730 presently outstanding shares of common stock held by certain stockholders for possible resale. In addition, the 4,800,796 shares of common stock that may potentially be issued in exchange for the 4.25% Exchangeable Notes are covered by a currently effective registration statement. Consequently, if and when the shares are issued or sold under these registration statements, they will be freely traded in the public markets. Likewise, the 9,236,100 shares of common stock issuable upon conversion of our Series G preferred stock and Series H preferred stock following a Change of Control of us have been registered with the SEC and, if and when issued, will generally be freely tradable in the public markets.

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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 or deemed to be incorporated by reference in each and any free writing prospectus that we may prepare in connection with this offering, including, without limitation, the risks of an investment in our company described below and under the captions **Item 1A. Risk Factors** and **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations** in our and the operating partnership's **Annual Report on Form 10-K for the year ended December 31, 2012** filed with the SEC, under the captions **Item 1A. Risk Factors** and **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations** in our and the operating partnership's subsequent **Quarterly Reports on Form 10-Q** filed with the SEC, and as described in our 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

This offering could be dilutive, and there may be future dilution 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 funds from operations per share. Additional issuances of our common stock, including in connection with acquisitions, if any, could also be dilutive to our earnings per share and funds from operations per share. The issuance or sale of our common stock, including the sale of shares in this offering, in connection with acquisitions, if any, or in the secondary market (including upon the conversion, exchange or exercise of our outstanding convertible and exchangeable securities, upon redemption of outstanding common units of limited partnership interest of the operating partnership and upon the exercise of options and other awards granted under our equity compensation plans), or the perception that such additional 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. In addition, if we are unable to apply the net proceeds from this offering to make investments in properties that generate sufficient revenues to offset the dilutive impact of the issuance of common stock in this offering, there will be further dilution of our earnings per share and funds from operations per share.

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;

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 performance and condition and prospects. It is impossible to provide any assurance that the trading price of our common stock or the amount of dividends we pay on our common stock will not fall in the future, 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 revolving credit facility and term loan facility may limit our ability to make distributions to the holders of our common stock.

The operating partnership's revolving credit facility and \$150.0 million unsecured term loan facility contain financial covenants that could limit the amount of distributions payable by us on our common stock and preferred stock. We rely on cash distributions we receive from the operating partnership to pay distributions on our common stock and preferred stock and to satisfy our other cash needs, and the revolving credit facility and term loan facility provide that the operating partnership may not, in any year, make partnership distributions to us 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 each of the revolving credit facility and term loan agreements) for such year; and

an amount which results in distributions to us (excluding any preferred partnership distributions to the extent the same have been deducted from consolidated funds from operations (as so defined) for such year) in an amount sufficient to permit us to pay dividends to our stockholders that we reasonably believe are necessary to (a) maintain our 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 revolving credit facility and term loan facility provide that, if the operating partnership fails to pay any principal of or interest on any borrowings under the revolving credit facility or term loan facility, respectively, when due, then the operating partnership may make only those partnership distributions to us and other holders of its partnership interests necessary to enable us to make distributions to our stockholders that we reasonably believe are necessary to maintain our status as a REIT for federal and state income tax purposes. Any limitation on our ability to make distributions to our stockholders, whether as a result of these provisions in the revolving credit facility, the term loan facility or otherwise, could have a material adverse effect on the market value of our 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 us, which would be senior to our common stock for purposes of interest and principal payments on those debt securities and 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 our debt securities and preferred stock, the operating partnership's debt securities and equity securities and our or the operating partnership's other borrowings. Upon our liquidation, dissolution or winding-up, holders of these debt securities, our preferred stock and operating partnership's equity securities, and lenders with respect to those other borrowings by us and the operating partnership, will be entitled to 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 and borrowings, no assets would be available for distribution to holders of our common stock. In addition, the operating partnership's debt and equity securities and borrowings are structurally senior to our common stock, our debt securities and borrowings are senior in right of payment to our common stock, and our outstanding preferred stock has and any preferred stock we may issue in the future may have a preference over our common stock, and all payments (including dividends, principal and interest) and liquidating distributions on such securities and borrowings could limit our ability to pay a dividend or make other distributions to the holders of our common stock. Because any decision to issue securities and make borrowings in the future 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 or the operating partnership's future offerings or borrowings. Thus, holders of our common stock bear the risk of such future offerings or borrowings 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 operating partnership's debt securities and our preferred stock 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 operating partnership's debt securities or our preferred stock 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 in each, contain, and documents we subsequently file with the SEC and incorporate by reference in each may contain, certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (referred to as the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (referred to as the Exchange Act), including information concerning our capital resources, portfolio performance, results of operations, projected future occupancy and rental rates, lease expirations, debt maturities, potential investments, strategies such as capital recycling, development and redevelopment activity, projected construction costs, dispositions, future executive incentive compensation, pending, potential or proposed acquisitions, the anticipated use of proceeds from this offering, anticipated growth in our funds from operations and anticipated market conditions, demographics, and similar matters. Forward-looking statements can be identified by the use of words such as believes, expects, projects, may, will, should, seeks, approximately, intends, plans, pro forma, e and the negative of these words and phrases and similar expressions that do not relate to historical matters. Forward-looking statements are based on our current expectations, beliefs and assumptions, and are not guarantees of future performance. Forward-looking statements are inherently subject to uncertainties, risks, changes in circumstances, trends and factors that are difficult to predict, many of which are outside of our control. Accordingly, actual performance, results and events may vary materially from those indicated in the forward-looking statements, and you should not rely on the forward-looking statements as predictions of future performance, results or events. Numerous factors could cause actual future performance, results and events to differ materially from those indicated in the forward-looking statements, including, among others:

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;

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;

any significant downturn in tenants' businesses;

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

costs to comply with government regulations, including environmental remediations;

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

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

potential losses that may not be covered by insurance;

the ability to successfully complete acquisitions and dispositions on announced terms;

the ability to successfully operate acquired properties;

the ability to successfully complete development and redevelopment projects 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, applicable laws, regulations or legislation;

environmental uncertainties and risks related to natural disasters; and

our ability to maintain our status as a REIT.

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The factors included in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference in each, and documents we subsequently file with the SEC and incorporate by reference in each, are not exhaustive and additional factors could adversely affect our business and financial performance. For a discussion of additional risk factors, see the factors included under the caption Risk Factors in this prospectus supplement, in the accompanying prospectus, in our and the operating partnership's Annual Report on Form 10-K for the year ended December 31, 2012, and in our and the operating partnership's subsequent Quarterly Reports on Form 10-Q, as well as the other risks described in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference in each. All forward-looking statements are based on information that was available, and speak only, as of the date on which they were made. We assume no obligation to update any forward-looking statement that becomes untrue because of subsequent events, new information or otherwise, except to the extent we are required to do so in connection with our ongoing requirements under Federal securities laws.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately \$220.4 million, or approximately \$253.5 million if the underwriters exercise their option to purchase additional shares in full, in each case based upon an assumed public offering price of \$51.11 per share (which was the last reported sale price of our common stock on the NYSE on September 10, 2013) and after deducting estimated underwriting discounts and commissions and our estimated offering expenses. Each \$1.00 increase or decrease in the assumed public offering price of \$51.11 per share would increase or decrease, respectively, the estimated net proceeds from this offering by approximately \$4.3 million, or approximately \$5.0 million if the underwriters exercise their option to purchase additional shares in full, in each case assuming that the number of shares offered by us and the number of shares subject to the underwriters' option to purchase additional shares, as set forth on the cover page of this prospectus supplement, remain the same, and after deducting estimated underwriting discounts and commissions and our estimated offering expenses.

We intend to use the net proceeds from this offering for general corporate purposes, which may include acquiring properties (including office properties and undeveloped land), funding development and redevelopment projects, and repaying indebtedness, which may include borrowings under the operating partnership's \$500 million revolving credit facility and \$150 million term loan facility. Pending application of the net proceeds for those purposes, the operating partnership may temporarily invest such net proceeds in marketable securities. As of September 6, 2013, we had borrowings of \$10.0 million outstanding under the revolving credit facility and borrowings of \$150.0 million outstanding under the term loan facility. The revolving credit facility matures in April 2017 and, as of September 6, 2013, bore interest at a rate equal to the London Interbank Offered Rate, or LIBOR, plus 1.45% (for an interest rate of 1.63% per annum as of that date), and the term loan facility matures in March 2016 and, as of September 6, 2013, bore interest at a rate equal to LIBOR plus 1.75% (for a weighted average interest rate of 1.93% per annum as of that date).

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., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC are, and affiliates of some or all of the other underwriters may be, lenders under the operating partnership's revolving credit facility. In addition, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC are joint lead arrangers and joint bookrunners, JPMorgan Chase Bank, N.A., an affiliate of J.P. Morgan Securities LLC, is administrative agent, Bank of America, N.A., an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated, is syndication agent, Wells Fargo Bank, National Association, an affiliate of Wells Fargo Securities, LLC, is co-syndication agent, and affiliates of J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC are, and affiliates of some or all of the other underwriters may be, lenders under the operating partnership's term loan facility. As described above, net proceeds of this offering may be used to repay borrowings under the revolving credit facility and term loan facility. Because affiliates of some or all of the underwriters are lenders under the revolving credit facility and term loan facility, to the extent that net proceeds from this offering are applied to repay borrowings under the revolving credit facility or term loan facility, such affiliates will receive proceeds of this offering through the repayment of those borrowings. The amount received by any underwriter and its affiliates, as applicable from the repayment, if any, of those borrowings may exceed 5% of the proceeds of this offering (not including underwriting discount). 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 REITs are excluded from that requirement.

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DESCRIPTION OF CAPITAL STOCK

For a description of some of the terms and provisions of our common stock and preferred stock, including a description of certain restrictions on ownership and transfer designed to preserve our qualification as a REIT for federal income tax purposes, please see Description of Capital Stock in Exhibit 99.1 to our and the operating partnership's Current Report on Form 8-K filed with the SEC on January 7, 2013, which is incorporated herein by reference as described below under Incorporation of Certain Documents by Reference and may be obtained as described under Where You Can Find More Information in the accompanying prospectus. Such description supersedes in its entirety the description under the heading Description of Capital Stock in the accompanying prospectus. Such description does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of our charter (including, without limitation, the articles supplementary (the Articles Supplementary) establishing the terms of our Series G preferred stock and Series H preferred stock), which have been filed or incorporated by reference as exhibits to the registration statement of which this prospectus supplement is a part or as exhibits to documents incorporated by reference into this prospectus supplement or the accompanying prospectus, and by the description of some of the terms of our Series G preferred stock and Series H preferred stock contained in our Registration Statements on Form 8-A filed with the SEC on March 22, 2012 and August 10, 2012 (including any subsequently filed amendments and reports filed for the purpose of updating such descriptions), which are incorporated by reference in this prospectus supplement.

DESCRIPTION OF MATERIAL PROVISIONS OF THE PARTNERSHIP AGREEMENT OF KILROY REALTY, L.P.

For a description of some of the terms and provisions of the Seventh Amended and Restated Agreement of Limited Partnership of the operating partnership, please see Description of Material Provisions of the Partnership Agreement of Kilroy Realty, L.P. in Exhibit 99.1 to our and the operating partnership's Current Report on Form 8-K filed with the SEC on January 7, 2013, which is incorporated herein by reference as described below under Incorporation of Certain Documents by Reference and may be obtained as described under Where You Can Find More Information in the accompanying prospectus. Such description supersedes in its entirety the description under the heading Description of Material Provisions of the Partnership Agreement of Kilroy Realty, L.P. in the accompanying prospectus. Such description does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the operating partnership's amended and restated limited partnership agreement, which has been filed or incorporated by reference as an exhibit to the registration statement of which this prospectus supplement is a part or as an exhibit to a document incorporated by reference into this prospectus supplement or the accompanying prospectus.

SUPPLEMENT TO CERTAIN PROVISIONS OF MARYLAND LAW AND OF THE COMPANY'S CHARTER AND BYLAWS

The discussion under the heading Certain Provisions of Maryland Law and of The Company's Charter and Bylaws Meetings of Stockholders in the accompanying prospectus is superseded in its entirety by the discussion under the heading Supplement to Certain Provisions of Maryland Law and the Company's Charter and Bylaws in Exhibit 99.1 to our and the operating partnership's Current Report on Form 8-K filed with the SEC on January 7, 2013, which is incorporated herein by reference as described below under Incorporation of Certain Documents by Reference and may be obtained as described under Where You Can Find More Information in the accompanying prospectus. The discussion under such caption in the accompanying prospectus, as supplemented and superseded in part by the discussion appearing under such caption in such Current Report on Form 8-K, describe certain terms and provisions of Maryland law and our charter and bylaws but do not purport to be complete and are subject to, and qualified in their entirety by reference to, the provisions of our charter (including, without limitation, the Articles Supplementary establishing the terms of our Series G preferred stock and Series H preferred stock) and bylaws and Maryland law. For more detail, you should read our

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charter and bylaws, which have been filed or incorporated by reference as exhibits to the registration statement of which this prospectus supplement is a part or as exhibits to documents incorporated by reference in this prospectus supplement or the accompanying prospectus and may be obtained as described under **Where You Can Find More Information** in the accompanying prospectus. See **Incorporation of Certain Documents by Reference** in this prospectus supplement.

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** in Exhibit 99.1 to our and the operating partnership's Current Report on Form 8-K filed with the SEC on August 9, 2013, which is incorporated herein by reference as described below under **Incorporation of Certain Documents by Reference** and may be obtained as described under **Where You Can Find More Information** in the accompanying prospectus. Such discussions supersede in its entirety the discussion under the heading **United States Federal Income Tax Considerations** in the accompanying prospectus.

Prospective investors in our common stock should consult their tax advisors regarding the United States 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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UNDERWRITING (CONFLICTS OF INTEREST)

We intend to offer the shares of common stock through the underwriters named below. Barclays Capital Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC and Wells Fargo Securities, LLC, are acting as the representatives of the underwriters. Subject to the terms and conditions described in an underwriting agreement among us, the operating partnership and the representatives of the underwriters, we have agreed to sell to the underwriters, and the underwriters severally have agreed to purchase from us, the number of shares listed opposite their names below.

<u>Underwriter</u>	<u>Number of Shares</u>
Barclays Capital Inc.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
J.P. Morgan Securities LLC	
Wells Fargo Securities, LLC	
Total	4,500,000

The underwriters have agreed to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

We and the operating partnership have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officers certificates. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the shares to the public at the public offering price appearing on the cover page of this prospectus supplement and to dealers at that price less a concession not in excess of \$ per share. After the public offering, the public offering price and concession may be changed.

The following table shows the public offering price, underwriting discounts and commissions and proceeds, before expenses, to us. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional shares.

	Per Share	Without Option	With Option
Public offering price	\$	\$	\$
Underwriting discounts and commissions	\$	\$	\$
Proceeds, before expenses, to Kilroy Realty Corporation	\$	\$	\$

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The expenses of the offering, not including the underwriting discounts and commissions, are estimated at \$400,000 and are payable by us.

Option to Purchase Additional Shares

We have granted an option to the underwriters to purchase up to 675,000 additional shares of common stock at the public offering price on the cover page of this prospectus supplement less the underwriting discounts and commissions. The underwriters may exercise this option for 30 days from the date of this prospectus supplement. If the underwriters exercise this option, each underwriter will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to the number of shares set forth opposite that underwriter's name reflected in the above table.

Lock-Up Agreements

We, the operating partnership and our directors and certain of our executive officers have entered into lock-up agreements. Under these agreements, except for shares issued in this offering and subject to other exceptions, we may not issue any new shares of common stock, the operating partnership may not issue any new common partnership units, and we, the operating partnership and those individuals may not, directly or indirectly, sell, offer, contract or grant any option to sell, pledge, transfer or otherwise dispose of or enter into a transaction designed to result in the disposition of, or hedge, any common stock or common partnership units or securities convertible into or exchangeable or exercisable for shares of common stock or common partnership units or publicly announce the intention to do any of the foregoing, without the prior written consent of the representatives, for a period of 60 days from the date of this prospectus supplement. This consent may be given at any time without public notice. In addition, during this 60-day restricted period, we and the operating partnership have also agreed not to file any registration statement for any shares of common stock or common partnership units or any securities convertible into or exercisable or exchangeable for common stock or common partnership units without the prior consent of the representatives.

New York Stock Exchange Listing

Our common stock is listed on the NYSE under the symbol KRC.

Price Stabilizati