KILROY REALTY CORP
Form 424B5
September 29, 2016
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**Filed Pursuant To Rule 424(b)(5)**
**Under the Securities Act of 1933**
**Registration No. 333-213864**

**CALCULATION OF REGISTRATION FEE**

| Title of Each Class of Securities to be Registered | Proposed Maximum Aggregate Offering Price(1) | Amount of Registration Fee(2) |
|---|---|---|
| Kilroy Realty Corporation Common Stock, par value $0.01 per share | $149,918,546 | |

(1) We have previously registered shares of common stock having an aggregate offering price of up to $300,000,000, offered by means of a prospectus supplement dated December 12, 2014 (the Prior Prospectus Supplement ) and an accompanying prospectus dated October 2, 2013 and pursuant to Registration Statement on Form S-3 (Registration Nos. 333-191524) filed on October 2, 2013 (the Prior Registration Statement ). Of those shares of common stock, shares of common stock having an aggregate offering price of $150,081,454 have been sold. As such, as of the date of this prospectus supplement, shares of common stock having an aggregate offering price of up to $149,918,546 remain available for offer and sale pursuant to this prospectus supplement and the accompanying prospectus.

(2) The filing fee of $34,860 that was paid in connection with our filing of the Prior Prospectus Supplement with the Securities and Exchange Commission (the SEC ) on December 12, 2014 was calculated in accordance with Rule 457(o) under the Securities Act of 1933, as amended (the Securities Act ), based on the proposed maximum aggregate offering price, and Rule 457(r) under the Securities Act. The entire amount of the registration fee of $34,860 for shares of common stock having an aggregate offering price of up to $300,000,000 was paid to the SEC on December 12, 2014. Pursuant to Rule 415(a)(6) under the Securities Act, securities with an aggregate offering price of $149,918,546 offered hereby are unsold securities previously registered on the Prior Registration Statement, for which a filing fee of $17,421 (as part of the $34,860 filing fee) was previously paid to the SEC on December 12, 2014 and will continue to be applied to such unsold securities. The Prior Registration Statement terminated effective upon the filing of Registration Statement on Form S-3 (Registration Nos. 333-213864 and 333-213864-01) filed on September 29, 2016.

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**PROSPECTUS SUPPLEMENT**

**(To Prospectus dated September 29, 2016)**

# $300,000,000

# Kilroy Realty Corporation

## Common Stock

On December 12, 2014, we entered into separate sales agreements with each of RBC Capital Markets, LLC, Jefferies LLC, KeyBanc Capital Markets Inc., BNP Paribas Securities Corp., J.P. Morgan Securities LLC and Barclays Capital Inc. (collectively, the Agents ) providing for the offer and sale of shares of our common stock having an aggregate gross sales price of up to $300,000,000 from time to time through the Agents, as our sales agents, or directly to the Agents acting as principal. Under the sales agreements, we have offered and sold shares of our common stock having an aggregate gross sales price of $150,081,454 through the date of this prospectus supplement pursuant to a previous prospectus supplement and accompanying prospectus. As a result of such prior sales, as of the date of this prospectus supplement, shares of our common stock having an aggregate gross sales price of up to $149,918,546 remain available for offer and sale pursuant to this prospectus supplement and the accompanying prospectus.

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 (1) 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 us, the applicable Agent and the applicable investor, (2) to or through any market maker or (3) on or through any other national securities exchange or facility thereof, trading facility of a securities association or national securities exchange, alternative trading system, electronic communication network or other similar market venue. 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 September 28, 2016 was $69.55 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-4 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.**

**RBC Capital Markets Jefferies KeyBanc Capital Markets BNP PARIBAS J.P. Morgan Barclays**

**The date of this prospectus supplement is September 29, 2016.**

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**Prospectus Supplement**



**Prospectus**



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, we , us , and our refer collectively to Kilroy Realty Corporation and its subsidiaries, including the operating partnership. References in this prospectus supplement to the operating partnership s revolving credit facility mean the operating partnership s current $600 million unsecured revolving credit facility and references in this prospectus supplement to the operating partnership s term loan facilities mean the operating partnership s current $150 million fully drawn unsecured term loan facility and $39 million unsecured term loan facility or, if such revolving credit facility or any such term loan facilities are amended, restated or replaced from time to time (including, without limitation, any such amendment, restatement or replacement that increases the size thereof), then references in this prospectus supplement to the operating partnership s revolving credit facility and term loan facilities, as applicable, shall be deemed to refer to such amended, restated or replacement facility or facilities, as applicable.

**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**

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**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 information or make any representation that is different. 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 this prospectus supplement 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 provide you in connection with this offering is accurate on any date after the respective dates of those documents. 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 this 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 are a self-administered real estate investment trust, or REIT, active in premier office submarkets along the West Coast. 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 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, 2016, our stabilized office portfolio was comprised of 102 office properties, which encompassed an aggregate of approximately 13.7 million rentable square feet. As of June 30, 2016, these properties were approximately 95.5% occupied by 526 tenants. Our stabilized portfolio includes all of our properties with the exception of development and redevelopment properties currently under construction or committed for construction, lease-up properties, real estate assets held for sale, undeveloped land and our recently completed residential property. As of June 30, 2016, we had one development project under construction that is expected to encompass approximately 700,000 aggregate rentable square feet upon completion. We define redevelopment properties as those properties for which we expect to spend significant development and construction costs on the existing or acquired buildings pursuant to a formal plan, the intended result of which is a higher economic return on the property. As of June 30, 2016, we had no redevelopment properties. We define lease-up properties as office 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, 2016, we had two development projects in lease-up, encompassing approximately 443,000 aggregate rentable square feet, two properties held for sale and eight development sites, representing approximately 70 gross acres of undeveloped land.

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 the operating partnership and Kilroy Realty Finance Partnership, L.P., both of which are Delaware limited partnerships. We generally conduct substantially all of our operations through the operating partnership in which, as of June 30, 2016, Kilroy Realty Corporation owned an approximate 97.2% general partnership interest. The remaining approximately 2.8% common limited partnership interest in the operating partnership as of June 30, 2016 was owned by non-affiliated investors and certain executive officers and directors of Kilroy Realty Corporation.

Our outstanding common stock and preferred stock are listed on the New York Stock Exchange. Our common stock is listed under the symbol KRC, our 6.875% Series G Cumulative Redeemable Preferred Stock, or the Series G preferred stock, is listed under the symbol KRC-PG, and our 6.375% Series H Cumulative Redeemable Preferred Stock, or the Series H preferred stock, is listed under the symbol KRC-PH.

Our principal executive offices are located at 12200 West Olympic Boulevard, Suite 200, Los Angeles, California 90064. Our telephone number is (310) 481-8400.

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**THE OFFERING**

| | |
|---|---|
| Issuer | Kilroy Realty Corporation, a Maryland corporation |
| Common stock to be offered by us | Shares of our common stock with an aggregate gross sales price of up to $300,000,000. Of those shares of our common stock, we have offered and sold shares of our common stock having an aggregate gross sales price of $150,081,454 through the date of this prospectus supplement pursuant to a prior prospectus supplement and prospectus. As a result, as of the date of this prospectus supplement, shares of our common stock having an aggregate gross sales price of up to $149,918,546 remain available for offer and sale pursuant to this prospectus supplement and the accompanying prospectus. |
| Use of proceeds | We intend to use the net proceeds from this offering for general corporate purposes, which may include funding development projects, acquiring land and properties and repaying indebtedness, which may include borrowings under the operating partnership s revolving credit facility and term loan facilities. Pending application of the net proceeds for those purposes, we may temporarily invest such net proceeds in marketable securities. See Use of Proceeds. For information concerning certain potential conflicts of interest that may arise from the use of proceeds, see Use of Proceeds and Plan of Distribution (Conflicts of Interest) Conflicts of Interest and Plan of Distribution (Conflicts of Interest) Other Relationships in this prospectus supplement. |
| 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-4 of this prospectus supplement and under the captions entitled Risk Factors in our and the operating partnership s most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q (in each case including any amendments thereto), which are incorporated by reference in this prospectus supplement and the accompanying prospectus, as well as the other risks described in the documents incorporated and deemed to be 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 | Computershare, Inc. |

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We have reserved shares of our common stock for issuance upon the exercise of stock options and restricted stock units granted under our equity compensation plans, for issuance under our equity compensation plans, for issuance upon exchange of common units of limited partnership interest of the operating partnership as described in the accompanying prospectus under Description of Material Provisions of the Partnership Agreement of Kilroy Realty, L.P. Common Limited Partnership Units Redemption/Exchange Rights and for potential issuance upon conversion of our Series G preferred stock and Series H preferred stock following a Series G Change of Control or Series H Change of Control, respectively (as defined under Description of Capital Stock 6.875% Series G Cumulative Redeemable Preferred Stock and Description of Capital Stock 6.375% Series H Cumulative Redeemable Preferred Stock, respectively, in the accompanying prospectus) with respect to Kilroy Realty Corporation. All of the foregoing shares, in addition to shares held by certain stockholders, have been or will be registered under the Securities Act of 1933 and, if and when issued or sold, will therefore generally be freely tradable in the public markets. For additional information, please see our and the operating partnership s most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q (in each case including any amendments thereto) and the description of our Series G preferred stock and Series H preferred stock contained in our Registration Statements on Form 8-A filed with the Securities and Exchange Commission, or the SEC, on March 22, 2012 and August 10, 2012, respectively (in each case including any subsequently filed amendments and reports filed for the purpose of updating such descriptions), all of which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

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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 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 most recent Annual Report on Form 10-K and any amendments thereto 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 and any amendments thereto 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 sections Forward-Looking Statements in this prospectus supplement and in our and the operating partnership s most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q (in each case including any amendments thereto).*

**This offering and future issuances of our common stock could be dilutive to our earnings per share and funds from operations per share.**

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, this offering could have a dilutive effect on our 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 of our Series G preferred stock or Series H preferred stock following a Series G Change of Control or Series H Change of Control, respectively (as defined under Description of Capital Stock 6.875% Series G Cumulative Redeemable Preferred Stock and Description of Capital Stock 6.375% Series H Cumulative Redeemable Preferred Stock, respectively, in the accompanying prospectus) with respect to Kilroy Realty Corporation, upon redemption of 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 shares of our common stock in this offering, there will be further dilution of our earnings per share and funds from operations per share.

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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, projected construction commencement and completion dates, 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, estimates or anticipates and the negative of these words and phrases and similar expre 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 the States of 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 to 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 risk 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 most recent Annual Report on Form 10-K and in our and the operating partnership s subsequent Quarterly Reports on Form 10-Q (in each case including any amendments thereto), 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 intend to use the net proceeds from this offering for general corporate purposes, which may include funding development projects, acquiring land and properties and repaying indebtedness, which may include borrowings under the operating partnership s revolving credit facility and term loan facilities. Pending application of the net proceeds for those purposes, we may temporarily invest such net proceeds in marketable securities. As of June 30, 2016, we had borrowings of $220 million outstanding under the revolving credit facility and aggregate borrowings of $189 million outstanding under the term loan facilities. The revolving credit facility matures in 2019 and, as of June 30, 2016, bore interest at a rate equal to the London Interbank Offered Rate, or LIBOR, plus 1.05%, and the term loan facilities mature in 2019 and, as of June 30, 2016, bore interest at a rate equal to LIBOR plus 1.15%. Proceeds from borrowings under the revolving credit facility and this term loan facilities were applied for general corporate purposes, including funding development projects, acquiring land and properties and repaying other indebtedness. Any borrowings under the revolving credit facility that are repaid with net proceeds from this offering may be reborrowed, subject to customary conditions.

As of the date of this prospectus supplement, affiliates of all but two of the Agents are lenders and, in certain cases, agents under the operating partnership s revolving credit facility and term loan facilities. In addition, affiliates of some or all of the Agents may in the future be lenders and/or agents under new credit facilities or amendments or restatements of these existing credit facilities, in each case that the Company or the operating partnership may enter into from time to time, and the Agents and their respective affiliates may from time to time hold debt securities or other indebtedness of the Company, the operating partnership or other subsidiaries of the Company. As described above, net proceeds of this offering may be used to repay indebtedness, which may include borrowings under the revolving credit facility and term loan facilities. Because, as of the date of this prospectus supplement, affiliates of all but two of the Agents are lenders under the revolving credit facility and the term loan facilities, to the extent that net proceeds from this offering are applied to repay borrowings under the revolving credit facility or term loan facilities, such affiliates will receive proceeds of this offering through the repayment of those borrowings. Likewise, to the extent that net proceeds from this offering are applied to repay any other indebtedness of the Company, the operating partnership or any of the Company s other subsidiaries that may be held by any of the Agents or any of their respective affiliates, such Agents or affiliates, as the case may be, will receive proceeds of this offering through the repayment of that indebtedness. The amount received by any Agent and its affiliates, as applicable, from the repayment, if any, of those borrowings and/or that indebtedness 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 REITs are excluded from that requirement.

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## PLAN OF DISTRIBUTION (CONFLICTS OF INTEREST)

On December 12, 2014, the Company and the operating partnership entered into separate sales agreements with each of RBC Capital Markets, LLC, Jefferies LLC, KeyBanc Capital Markets Inc., BNP Paribas Securities Corp., J.P. Morgan Securities LLC and Barclays Capital Inc., providing for the offer and sale of shares of our common stock having an aggregate gross sales price of up to $300,000,000 from time to time through the Agents, as our sales agents, or directly to the Agents acting as principal. Under these sales agreements, we have offered and sold shares of our common stock having an aggregate gross sales price of $150,081,454 through the date of this prospectus supplement pursuant to a prior prospectus supplement and prospectus. Accordingly, as of the date of this prospectus supplement, shares of our common stock having an aggregate gross sales price of up to $149,918,546 remain available for offer and sale pursuant to the sales agreements.

The sales, if any, of common stock made through the Agents, as our sales agents, may be made (1) 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 us, the applicable Agent and the applicable investor, (2) to or through any market maker or (3) on or through any other national securities exchange or facility thereof, trading facility of a securities association or national securities exchange, alternative trading system, electronic communication network or other similar market venue.

None of the Agents is required to sell any specific number or dollar amount of shares of our common stock. However, 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 payable by us in connection with the offering and sale of shares of our common stock pursuant to the sales agreements, excluding commissions and discounts payable to the Agents but including expenses paid prior to the date of this prospectus supplement, will be approximately $200,000. The remaining sales proceeds from the sale of any such shares, after deducting any transaction fees, transfer taxes or similar charges 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 offered by this prospectus supplement and the accompanying prospectus.

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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.

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 (including shares sold prior to the date of this prospectus supplement) having an aggregate gross sales price of $300,000,000 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.

**Conflicts of Interest**

As of the date of this prospectus supplement, affiliates of all but two of the Agents are lenders and, in certain cases, agents under the operating partnership s revolving credit facility and term loan facilities. In addition, affiliates of some or all of the Agents may in the future be lenders and/or agents under new credit facilities or amendments or restatements of these existing credit facilities, in each case that the Company or the operating partnership may enter into from time to time, and the Agents and their respective affiliates may from time to time hold debt securities or other indebtedness of the Company, the operating partnership or other subsidiaries of the Company. As described in this prospectus supplement under Use of Proceeds, net proceeds of this offering may be used to repay indebtedness, which may include borrowings under the revolving credit facility and term loan facilities. Because, as of the date of this prospectus supplement, affiliates of all but two of the Agents are lenders under the revolving credit facility and the term loan facilities, to the extent that net proceeds from this offering are applied to repay borrowings under the revolving credit facility or term loan facilities, such affiliates will receive proceeds of this offering through the repayment of those borrowings. Likewise, to the extent that net proceeds from this offering are applied to repay any other indebtedness of the Company, the operating partnership or any of the Company s other subsidiaries that may be held by any of the Agents or any of their respective affiliates, such Agents or affiliates, as the case may be, will receive proceeds of this offering through the repayment of that indebtedness. The amount received by any Agent and its affiliates, as applicable, from the repayment, if any, of those borrowings and/or that indebtedness 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 FINRA, the appointment of a qualified independent underwriter is not necessary in connection with this offering because 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 affiliates have engaged in, and/or may in the future engage in, investment banking, commercial banking,

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financial advisory and other commercial dealings in the ordinary course of business with us and the operating partnership. They have received and in the future may receive fees and commissions for these transactions.

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 ours or the operating partnership. Agents or their affiliates that may have lending relationship with us or the operating partnership may also choose to hedge their credit exposure to us or the operating partnership, as the case may be, consistent with their customary risk management policies. Typically those Agents and their affiliates would hedge such exposure by entering into transactions, which may consist of either the purchase of credit default swaps or the creation of short positions in securities of us 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 securities or financial instruments of ours or the operating partnership and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**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 other country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

***Canada.***

The common stock may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the common stock must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement and the accompanying prospectus (including any amendment thereto) contain a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Agents are not required to comply with the disclosure requirements of NI 33-105 regarding conflicts of interest in connection with this offering.

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## INCORPORATION OF CERTAIN DOCUMENTS 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 this prospectus supplement, the accompanying prospectus or 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 prior to the termination of this offering that is incorporated by reference or deemed to be incorporated by reference in each, modifies or replaces such statement. We incorporate by reference the following documents we filed with the SEC:

- the Company s and the operating partnership s Annual Report on Form 10-K for the year ended December 31, 2015;
- the Company s and the operating partnership s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016, filed on April 28, 2016 and July 27, 2016, respectively;
- the Company s and the operating partnership s Current Report on Form 8-K filed on February 5, 2016, the Company s and the operating partnership s Current Report on Form 8-K filed on February 18, 2016, the Company s Current Report on Form 8-K filed on February 23, 2016, the Company s Current Report on Form 8-K filed on May 19, 2016, the Company s and the operating partnership s Current Report on Form 8-K filed on July 27, 2016, the Company s and the operating partnership s Current Report on Form 8-K filed on August 30, 2016 and the Company s and the operating partnership s Current Report on Form 8-K filed on September 15, 2016; and
- the descriptions of the Company s Series G preferred stock and Series H preferred stock contained in the Company s Registration Statements on Form 8-A (File No. 001-12675) filed on March 22, 2012 and August 10, 2012, respectively (in each case including any subsequently filed amendments and reports filed for the purpose of updating such description).

As described in the accompanying prospectus under the caption United States Federal Income Tax Considerations, the information appearing in the Company s and the operating partnership s Current Reports on Form 8-K (including the exhibits thereto) filed with the SEC on February 18, 2016 and July 27, 2016 has been superseded and replaced in its entirety by the information appearing under such caption.

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 on or after the date of this prospectus supplement and before the termination of this offering. 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 to have been furnished to, rather than filed with the SEC, including our compensation committee report and performance graph included or incorporated by reference in any Annual Report on Form 10-K or proxy statement, or any information or related exhibits furnished pursuant to Items 2.02 or 7.01 of Form 8-K, or any exhibits filed pursuant to Item 9.01 of Form 8-K that are not deemed filed with the SEC.

To receive a free copy of any of the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, including exhibits, if they are specifically incorporated by reference in the documents, call or write Kilroy Realty Corporation, 12200 West Olympic Boulevard, Suite 200, Los Angeles, California 90064, Attention: Secretary (telephone (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 consolidated financial statements, and the related financial statement schedules, incorporated in this prospectus supplement by reference from Kilroy Realty Corporation s Annual Report on Form 10-K for the year ended December 31, 2015, and the effectiveness of Kilroy Realty Corporation 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, which reports (1) express an unqualified opinion on the consolidated financial statements and financial statement schedules and include an explanatory paragraph referring to the adoption of Accounting Standards Update No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity and (2) express an unqualified opinion on the effectiveness of internal control over financial reporting. Such consolidated 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 consolidated financial statements, and the related financial statement schedules, incorporated in this prospectus supplement by reference from Kilroy Realty, L.P. s Annual Report on Form 10-K for the year ended December 31, 2015, and the effectiveness of 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, which reports (1) express an unqualified opinion on the consolidated financial statements and financial statement schedules and include an explanatory paragraph referring to the adoption of Accounting Standards Update No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity and (2) express an unqualified opinion on the effectiveness of internal control over financial reporting. Such consolidated 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.

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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, 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 securities may be offered directly, through agents we may designate from time to time or by, to or through underwriters or dealers. The securities also may be offered by securityholders, if so provided in a prospectus supplement hereto. We will provide specific information about any selling securityholders in one or more supplements to this prospectus. 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 with 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 September 28, 2016, the last reported sales price of Kilroy Realty Corporation s common stock on the NYSE was $69.55 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 September 29, 2016.**

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*Kilroy Realty, L.P., or the operating partnership, is a Delaware limited partnership. Kilroy Realty Corporation, or the Company or guarantor, is the sole general partner of the operating partnership. Unless otherwise expressly stated or the context otherwise requires, in this prospectus, we, us and our refer collectively to the Company, the operating partnership and the Company s other subsidiaries, references to Company common stock or similar references refer to the common stock, par value $.01 per share, of the Company and references to common units or similar references refer to the common units of the operating partnership.*

**You should rely only on the information contained in this prospectus, the applicable prospectus supplement, the documents incorporated or deemed to be incorporated by reference in either and any free writing prospectus that we may provide you in connection with the offered securities. We have not authorized anyone to provide you with information or make any representation that is different. If anyone provides you with any additional or different information, you should not rely on it. Neither this prospectus nor the applicable prospectus supplement nor any such free writing prospectus is an offer to sell or a solicitation of an offer to buy any securities other than the registered securities to which they relate 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, the applicable prospectus supplement, any document incorporated or deemed to be incorporated by reference in either or any free writing prospectus that we may provide you in connection with the offered securities is accurate on any date after the respective dates of those documents. Our business, financial condition, results of operations, funds from operations and prospects may have changed since those respective dates.**

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## RISK FACTORS

Investment in the offered securities involves risks. Before acquiring any offered securities pursuant to this prospectus, you should carefully consider the information contained or incorporated by reference in this prospectus, in the applicable prospectus supplement or in any free writing prospectus that we may prepare in connection with the offered securities, including, without limitation, the risks set forth under the captions Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations (or similar captions) in Kilroy Realty Corporation s and Kilroy Realty, L.P. s most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q, incorporated into this prospectus and the applicable prospectus supplement by reference, as updated in subsequent filings of Kilroy Realty Corporation and Kilroy Realty, L.P. with the Securities and Exchange Commission, or the SEC, under the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are incorporated by reference in either. 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 and might cause you to lose all or a part of your investment in the offered securities. Please also refer to the section entitled Forward-Looking Statements included elsewhere in this prospectus and the applicable prospectus supplement.

## FORWARD-LOOKING STATEMENTS

This prospectus and the applicable prospectus supplement, including the documents incorporated by reference in either, contain, and documents we subsequently file with the SEC and incorporate by reference in either may contain, certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or Securities Act, and Section 21E of 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, projected construction commencement and completion dates, dispositions, future executive incentive compensation, pending, potential or proposed acquisitions, the anticipated use of proceeds from any offered securities, 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, estimates or anticipates 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 the States of 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;

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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.

The factors included in this prospectus and the applicable prospectus supplement, including the documents incorporated by reference in either, and documents we subsequently file with the SEC and incorporate by reference in either, 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, in the applicable prospectus supplement, in our and the operating partnership s most recent Annual Report on Form 10-K, 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 and the applicable prospectus supplement and the documents incorporated by reference in either. 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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**CONSOLIDATED RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED DIVIDENDS**

Kilroy Realty Corporation s consolidated ratio of earnings to fixed charges and consolidated ratio of earnings to combined fixed charges and preferred dividends for each of the periods indicated was as follows:

| | For Six Months Ended June 30, | For Year Ended December 31, | | | | |
|---|---|---|---|---|---|---|
| | 2016[1] | 2015[1] | 2014 | 2013 | 2012 | 2011 |
| Consolidated ratio of earnings to fixed charges | 4.50x | 2.73x | 1.16x | 0.87x | 0.78x | 0.74x |
| Consolidated ratio of earnings to combined fixed charges and preferred dividends | 4.01x | 2.44x | 1.05x | 0.78x | 0.71x | 0.67x |

(1) Effective January 1, 2015, Kilroy Realty Corporation adopted Financial Accounting Standards Board ( FASB ) Accounting Standards Update ( ASU ) No. 2014-08 ( ASU 2014-08 ), which changed the criteria for reporting discontinued operations. ASU 2014-08 was adopted on a prospective basis. Properties classified as held for sale and/or disposed of by Kilroy Realty Corporation subsequent to January 1, 2015, did not represent a strategic shift nor had a major effect on our operations or financial results and were therefore included in income from continuing operations. These amounts included a significant amount of gains from the sale of land and operating properties, thus increasing Kilroy Realty Corporation s consolidated ratio of earnings to fixed charges and consolidated ratio of earnings to combined fixed charges and preferred dividends for the year ended December 31, 2015, and the six months ended June 30, 2016, as compared to the other prior periods presented above.

We have computed the consolidated ratio of earnings to fixed charges for Kilroy Realty Corporation by dividing earnings by fixed charges. Earnings consist of income from continuing operations before the effect of noncontrolling interest plus fixed charges and amortization of capitalized interest, reduced by capitalized interest and loan costs and distributions on Series A cumulative redeemable preferred units prior to their redemption on August 15, 2012. Fixed charges consist of interest costs, whether expensed or capitalized, amortization of loan costs, an estimate of the interest within rental expense, and distributions on Series A cumulative redeemable preferred units prior to their redemption on August 15, 2012.

We have computed the consolidated ratio of earnings to combined fixed charges and preferred dividends for Kilroy Realty Corporation by dividing earnings by combined fixed charges and preferred dividends. Earnings consist of income from continuing operations before the effect of noncontrolling interest plus fixed charges and amortization of capitalized interest, reduced by capitalized interest and loan costs and distributions on Series A cumulative redeemable preferred units prior to their redemption on August 15, 2012. Fixed charges consist of interest costs, whether expensed or capitalized, amortization of loan costs, an estimate of the interest within rental expense, and distributions on Series A cumulative redeemable preferred units prior to their redemption on August 15, 2012. Preferred dividends consist of dividends on the Company s 6.375% Series H Cumulative Redeemable Preferred Stock (the Series H preferred stock ) and 6.875% Series G Cumulative Redeemable Preferred Stock (the Series G preferred stock ) since their issuance on August 6, 2012 and March 16, 2012, respectively, and on the Company s 7.50% Series F Cumulative Redeemable Preferred Stock and 7.80% Series E Cumulative Redeemable Preferred Stock prior to their redemption on April 16, 2012.

The computation of the consolidated ratio of earnings to fixed charges indicates that earnings were inadequate to cover fixed charges, calculated as described above, by approximately $14.6 million, $23.5 million and $26.8 million for the years ended December 31, 2013, 2012 and 2011, respectively.

The computation of the consolidated ratio of earnings to combined fixed charges and preferred dividends indicates that earnings were inadequate to cover fixed charges and preferred dividends, calculated as described above, by approximately $27.9 million, $34.1 million and $36.4 million for the years ended December 31, 2013, 2012 and 2011, respectively.

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Kilroy Realty, L.P. s consolidated ratio of earnings to fixed charges for each of the periods indicated was as follows:

| | For Six Months Ended June 30, 2016[1] | For Year Ended December 31, 2015[1] | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|
| Consolidated ratio of earnings to fixed charges | 4.50x | 2.73x | 1.16x | 0.87x | 0.81x | 0.78x |

(1) Effective January 1, 2015, Kilroy Realty, L.P. adopted FASB ASU 2014-08, which changed the criteria for reporting discontinued operations. ASU 2014-08 was adopted on a prospective basis. Properties classified as held for sale and/or disposed of by Kilroy Realty, L.P. subsequent to January 1, 2015, did not represent a strategic shift nor had a major effect on Kilroy Realty, L.P. s operations or financial results and were therefore included in income from continuing operations. These amounts included a significant amount of gains from the sale of land and operating properties, thus increasing Kilroy Realty, L.P. s consolidated ratio of earnings to fixed charges for the year ended December 31, 2015, and the six months ended June 30, 2016, as compared to the other prior periods presented above.

We have computed the consolidated ratio of earnings to fixed charges for Kilroy Realty, L.P. by dividing earnings by fixed charges. Earnings consist of income from continuing operations before the effect of noncontrolling interest plus fixed charges and amortization of capitalized interest, reduced by capitalized interest and loan costs. Fixed charges consist of interest costs, whether expensed or capitalized, amortization of loan costs and an estimate of the interest within rental expense.

The computation of the consolidated ratio of earnings to fixed charges indicates that earnings were inadequate to cover fixed charges, calculated as described above, by approximately $14.6 million, $19.9 million and $21.2 million for the years ended December 31, 2013, 2012 and 2011, respectively.

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## THE COMPANY

We are a self-administered REIT active in premier office submarkets along the West Coast. 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 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, 2016, our stabilized office portfolio was comprised of 102 office properties, which encompassed an aggregate of approximately 13.7 million rentable square feet. As of June 30, 2016, these properties were approximately 95.5% occupied by 526 tenants. Our stabilized portfolio includes all of our properties with the exception of development and redevelopment properties currently under construction or committed for construction, lease-up properties, real estate assets held for sale, undeveloped land and our recently completed residential property. As of June 30, 2016, we had one development project under construction that is expected to encompass approximately 700,000 aggregate rentable square feet upon completion. We define redevelopment properties as those properties for which we expect to spend significant development and construction costs on the existing or acquired buildings pursuant to a formal plan, the intended result of which is a higher economic return on the property. As of June 30, 2016, we had no redevelopment properties. We define lease-up properties as office 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, 2016, we had two development projects in lease-up, encompassing approximately 443,000 aggregate rentable square feet, two properties held for sale and eight development sites, representing approximately 70 gross acres of undeveloped land.

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 the operating partnership and Kilroy Realty Finance Partnership, L.P., both of which are Delaware limited partnerships. We generally conduct substantially all of our operations through the operating partnership in which, as of June 30, 2016, Kilroy Realty Corporation owned an approximate 97.2% general partnership interest. The remaining approximately 2.8% common limited partnership interest in the operating partnership as of June 30, 2016 was owned by non-affiliated investors and certain executive officers and directors of Kilroy Realty Corporation.

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 Preferred Stock is listed under the symbol KRC-PG, and the Company s 6.375% Series H Cumulative Redeemable Preferred Stock is listed under the symbol KRC-PH.

Our principal executive offices are located at 12200 West Olympic Boulevard, Suite 200, Los Angeles, California 90064. Our telephone number is (310) 481-8400.

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## USE OF PROCEEDS

We intend to use the net proceeds from the sale of the offered securities as set forth in the applicable prospectus supplement. We will not receive any of the proceeds from sales of offered securities by selling securityholders.

## DESCRIPTION OF DEBT SECURITIES AND RELATED GUARANTEES

This section describes the general terms and provisions of the operating partnership s debt securities. When our operating partnership offers to sell a particular series of debt securities, we will describe the specific terms of the series in a supplement to this prospectus, along with any applicable modifications of or additions to the general terms of the debt securities as described in this prospectus, including the terms of any related guarantees by the Company and the terms, if any, on which a series of debt securities may be convertible into or exchangeable for other securities. To the extent the information contained in the prospectus supplement differs from this summary description, you should rely on the information in the prospectus supplement.

The debt securities may be offered either separately, or together with, or upon the conversion or exercise of or in exchange for, other securities described in this prospectus. Debt securities may be the operating partnership s senior, senior subordinated or subordinated obligations and may be issued in one or more series. Unless otherwise specified in the applicable prospectus supplement, the debt securities will be the operating partnership s direct, unsecured senior obligations and will rank equally in right of payment with all of its other senior unsecured indebtedness.

Unless otherwise specified in a prospectus supplement, the debt securities will be issued under the indenture dated as of March 1, 2011, as amended and supplemented by a supplemental indenture thereto dated as of July 5, 2011 (as so amended and supplemented, the indenture ), among the operating partnership, the Company and U.S. Bank National Association, as trustee. The indenture contains the full legal text of the matters described in this section. We have summarized select portions of the indenture below. The summary is not complete and is subject to and qualified in its entirety by reference to all the provisions of the indenture, including definitions of the terms used in the indenture. Whenever we refer to particular sections or defined terms of the indenture in this prospectus or in a prospectus supplement, those sections or defined terms are incorporated by reference into this prospectus or the applicable prospectus supplement, and this summary also is subject to and qualified by reference to the description of the particular terms of a particular series of debt securities described in the applicable prospectus supplement. The form of the indenture has been filed as an exhibit to the Registration Statement of which this prospectus is a part and you should read the indenture for provisions that may be important to you. Capitalized terms used in the summary and not defined herein have the meanings specified in the indenture.

As used in this Description of Debt Securities and Related Guarantees, references to the operating partnership, we, our or us refer solely to Kilroy Realty, L.P. and not to any of its subsidiaries and references to the Company or guarantor refer solely to Kilroy Realty Corporation and not to any of its subsidiaries, unless otherwise expressly stated or the context otherwise requires.

### General

The terms of each series of debt securities will be established by or pursuant to a resolution of the Company s board of directors and set forth or determined in the manner provided in a resolution of the Company s board of directors, in an officer s certificate or by a supplemental indenture. The particular terms of each series of debt securities, along with any applicable modifications of or additions to the general terms of the debt securities as described in this prospectus, will be described in a prospectus supplement relating to such series (including any pricing supplement or term sheet). A prospectus supplement, pricing supplement or term sheet may change any of the terms of the debt securities described in this prospectus.

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Unless we state otherwise in the applicable prospectus supplement, we can issue an unlimited amount of the operating partnership s debt securities under the indenture that may be in one or more series with the same or various maturities, at par, at a premium, or at a discount. We will set forth in a prospectus supplement (including any pricing supplement or term sheet) relating to any series of debt securities being offered, the aggregate principal amount and the following terms of the debt securities, if applicable:

the title and ranking of the debt securities;

the price or prices (expressed as a percentage of the principal amount) at which we will sell the debt securities;

any limit on the aggregate principal amount of the debt securities;

the date or dates on which we will pay the principal of and premium, if any, on the debt securities;

the rate or rates (which may be fixed or variable) per annum or the method used to determine the rate or rates (including any commodity, commodity index, stock exchange index or financial index) at which the debt securities will bear interest, the date or dates from which interest will accrue, the date or dates on which interest will commence and be payable and any regular record date for the interest payable on any interest payment date;

the place or places where principal of, premium, if any, and interest on the debt securities will be payable;

the price or prices and the terms and conditions upon which we may redeem the debt securities;

any obligation we have to redeem or purchase the debt securities pursuant to any sinking fund or analogous provisions or at the option of a holder of debt securities;

the dates on which and the price or prices at which we will repurchase debt securities at the option of the holders of debt securities and other detailed terms and provisions of these repurchase obligations;

the denominations in which the debt securities will be issued, if other than denominations of $2,000 and any integral multiple of $1,000 in excess thereof;

whether the debt securities will be issued in the form of certificated debt securities or global debt securities;

the portion of principal amount of the debt securities payable upon declaration of acceleration of the maturity date, if other than the entire principal amount;

if other than U.S. dollars, the designation of the currency, currencies or currency units in which payment of principal of, premium and interest on the debt securities will be made and, if payments of principal, premium or interest on the debt securities will be made

in one or more currencies or currency units other than that or those in which the debt securities are denominated, the manner in which the exchange rate with respect to these payments will be determined;

the manner in which the amounts of payment of principal of, premium, if any, or interest on the debt securities will be determined, if these amounts may be determined by reference to an index based on a currency or currencies other than that in which the debt securities are denominated or designated to be payable or by reference to a commodity, commodity index, stock exchange index or financial index;

any provisions relating to any security provided for the debt securities or the guarantees, if any, thereof;

any addition to, deletion of or change in the Events of Default described in this prospectus or in the indenture with respect to the debt securities and any change in the acceleration provisions described in this prospectus or in the indenture with respect to the debt securities;

any addition to, deletion of or change in the covenants described in this prospectus or in the indenture with respect to the debt securities;

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any depositaries, interest rate calculation agents, exchange rate calculation agents or other agents with respect to the debt securities;

the provisions, if any, relating to conversion or exchange of any debt securities of the series, including if applicable, the conversion or exchange price, the conversion or exchange period, the securities or other property into which such debt securities will be convertible or exchangeable, provisions as to whether conversion or exchange will be mandatory, at the option of the holders thereof or at our option, the events requiring an adjustment of the conversion or exchange price and provisions affecting conversion or exchange if such debt securities are redeemed;

whether the debt securities of the series will be senior debt securities, senior subordinated debt securities or subordinated debt securities and, if applicable, the subordination terms thereof;

whether the debt securities of the series are guaranteed by the Company, the terms of the guarantee and whether any guarantee is made on a senior, senior subordinated or subordinated basis and, if applicable, the subordination terms of any guarantee; and

any other terms of the debt securities, which may supplement, modify or delete any provision of the indenture as it applies to that series.

As discussed above, we may issue debt securities of the operating partnership that provide for an amount less than their stated principal amount to be due and payable upon declaration of acceleration of their maturity pursuant to the terms of the indenture. In addition, we may denominate the purchase price of any of the debt securities in a foreign currency or currencies or a foreign currency unit or units, and the principal of and any premium and interest on any series of debt securities may be payable in a foreign currency or currencies or a foreign currency unit or units. The applicable prospectus supplement will provide you with information on the federal income tax considerations and other special considerations applicable to any such debt securities.

**No Protection in the Event of a Change of Control**

Unless we state otherwise in the applicable prospectus supplement, the debt securities of any series will not contain any provisions which may afford holders of the debt securities of such series protection in the event the operating partnership or the Company has a change of control or in the event of a highly leveraged transaction (whether or not such transaction results in a change of control), which could adversely affect holders of debt securities.

**Covenants**

We will set forth in the applicable prospectus supplement any restrictive covenants applicable to any issue of any series of debt securities.

**Merger, Consolidation and Sale of Assets**

Unless we state otherwise in the applicable prospectus supplement, the operating partnership and the Company may consolidate with, or sell, lease or convey all or substantially all of their respective assets to, or merge with or into, any other entity, provided that the following conditions are met:

the operating partnership or the Company, as the case may be, shall be the continuing entity, or the successor entity (if other than the operating partnership or the Company, as the case may be) formed by or resulting from any consolidation or merger or which shall have received the transfer of assets shall be organized and existing under the laws of the United States, any state thereof or the District of Columbia and shall expressly assume, in the case of the operating partnership, payment of the principal of and premium, if any, and interest and any redemption price due on all of the debt securities and the due and punctual performance and observance of all of the covenants and conditions of the operating

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partnership in the indenture and the debt securities, or in the case of the Company, the payment of all amounts due under its guarantees of the debt securities and the due and punctual performance and observance of all of the covenants and conditions of the Company in the indenture and the guarantees, as the case may be;

immediately after giving effect to the transaction, no Event of Default under the indenture, and no event which, after notice or the lapse of time, or both, would become an Event of Default, shall have occurred and be continuing; and

an officer s certificate and legal opinion covering these conditions shall be delivered to the trustee.

Upon any such merger, consolidation or conveyance, the resulting, surviving or transferee person shall succeed to, and may exercise every right and power of, the operating partnership or the Company, as the case may be, under the indenture.

**Events of Default**

Unless we state otherwise in the applicable prospectus supplement, the indenture provides that the following events are Events of Default with respect to any series of debt securities:

default in the payment of any interest on the debt securities of such series when such interest becomes due and payable that continues for a period of 30 days;

default in the payment of any principal of or premium, if any, on the debt securities of such series, or any redemption price due with respect to the debt securities of such series, when due and payable;

default in the deposit of any sinking fund payment, when and as due by the terms of any debt securities of such series;

failure by the operating partnership or the Company to comply with their respective obligations described under Merger, Consolidation and Sale of Assets ;

default in the performance, or breach, of any other covenant or warranty of the operating partnership or the Company in the indenture (other than a covenant or warranty which has expressly been included in the indenture solely for the benefit of the debt securities of a series other than such series) and continuance of such default or breach for a period of 60 days after written notice as provided in the indenture;

default under any bond, debenture, note, mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Company or the operating partnership or by any Subsidiary of the operating partnership or the Company, the repayment of which the Company or the operating partnership has guaranteed or for which the Company or the operating partnership is directly responsible or liable as obligor or guarantor, having an aggregate principal amount outstanding of at least $35 million, whether such indebtedness exists as of the date of the indenture or shall thereafter be created, which default shall have resulted in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged, or such acceleration having been rescinded or annulled, within the period specified in such instrument;

a final judgment for the payment of $35 million or more (excluding any amounts covered by insurance) is rendered against the operating partnership, the Company or any of the operating partnership s or the Company s respective Subsidiaries, which judgment is not discharged or stayed within 60 days after (1) the date on which the right to appeal thereof has expired if no such appeal has

commenced, or (2) the date on which all rights to appeal have been extinguished; or

certain events of bankruptcy, insolvency or reorganization with respect to the operating partnership, the Company or any Significant Subsidiary of the operating partnership or the Company.

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A supplemental indenture or officer s certificate establishing the terms of a particular series of debt securities may delete, modify or add to the Events of Default described above.

If an Event of Default with respect to the debt securities of a particular series occurs and is continuing (other than an Event of Default specified in the last bullet above, which shall result in an automatic acceleration), then in every case the trustee or the holders of not less than 25% in principal amount of the outstanding debt securities of such series may declare the principal amount of, and accrued and unpaid interest on, all of the debt securities of such series to be due and payable immediately by written notice thereof to the operating partnership and the Company (and to the trustee if given by the holders). However, at any time after the declaration of acceleration (or automatic acceleration) with respect to the debt securities of such series has occurred, but before a judgment or decree for payment of the money due has been obtained by the trustee, the holders of not less than a majority in principal amount of the debt securities of such series outstanding may rescind and annul the declaration and its consequences if:

- the operating partnership or the Company shall have deposited with the trustee all payments of the principal of and premium, if any, and interest on the debt securities of such series which have become due otherwise than by such acceleration, plus certain fees, expenses, disbursements and advances of the trustee; and

- all Events of Default, other than the non-payment of accelerated principal of and interest on the debt securities of such series, have been cured or waived as provided in the indenture.

The indenture also provides that the holders of not less than a majority in principal amount of the outstanding debt securities of any series may waive any past default or Event of Default with respect to the debt securities of such series and its consequences, except, among other things, a default:

- in the payment of the principal of or premium, if any, or interest on the debt securities of such series; or

- in respect of a covenant or provision contained in the indenture that cannot be modified or amended without the consent of the holders of each outstanding debt security affected thereby.

The trustee will be required to give notice to the holders of the debt securities of any particular series within 90 days of a default under the indenture with respect to the debt securities of such series known to a responsible officer (as defined in the indenture) of the trustee unless the default has been cured or waived; provided, however, that the trustee may withhold notice to the holders of the debt securities of such series of any default with respect to the debt securities of such series (except a default in the payment of the principal of or premium, if any or interest on the debt securities of such series) if responsible officers of the trustee in good faith determine the withholding to be in the interest of the holders of the debt securities of such series; and provided, further, that in the case of a default with respect to the debt securities of any series of the character specified in the penultimate bullet point of the first paragraph under this caption Events of Default, no such notice to holders of debt securities of such series shall be given until at least 60 days after the occurrence thereof.

The indenture provides that no holder of the debt securities of a particular series may institute any action or proceedings, judicial or otherwise, with respect to the indenture or for any remedy thereunder, unless:

- such holder has given the trustee written notice of an Event of Default and of the continuance thereof with respect to the debt securities of such series;

- the registered holders of at least 25% in aggregate principal amount of the outstanding debt securities of such series have made a written request upon the trustee to institute such action or proceeding and shall have offered to the trustee such reasonable indemnity as it may require against costs, liabilities or expenses to be incurred therein or thereby;

the trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such action, suit or proceeding; and

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no direction inconsistent with such written request shall have been given to the trustee by holders of a majority in an aggregate principal amount of the debt securities of such series then outstanding.

This provision will not prevent, however, any holder of the debt securities of any series from instituting suit for the enforcement of payment of the principal of or premium if any, or interest on such debt securities on or after the respective due dates thereof.

Subject to provisions in the indenture relating to its duties in case of default, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any holders of debt securities of any series then outstanding under the indenture, unless the holders of debt securities of such series shall have offered to the trustee reasonable security or indemnity. The holders of not less than a majority in principal amount of the outstanding debt securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or of exercising any trust or power conferred upon the trustee with respect to the debt securities of such series. However, the trustee may refuse to follow any direction which is in conflict with any law or the indenture or which may involve the trustee in personal liability or be unduly prejudicial to the holders of the debt securities of such series not joining therein.

Within 120 days after the close of each fiscal year, the operating partnership and the Company must deliver a certificate of an officer certifying to the trustee whether or not the officer has knowledge of any default under the indenture and, if so, specifying each default and the nature and status thereof.

**Modification, Waiver and Meetings**

Unless we state otherwise in the applicable prospectus supplement, modifications and amendments of the indenture will be permitted to be made pursuant to a supplemental indenture entered into by the operating partnership, the Company and the trustee with the consent of the holders of not less than a majority in principal amount of all outstanding debt securities of each series affected by such supplemental indenture (including consent obtained in connection with a tender offer or exchange offer for the outstanding debt securities of such series); provided, however, that no modification or amendment may, without the consent of the holder of each debt security affected thereby:

change the stated maturity of the principal of or premium, if any, or any installment of interest on any debt security or reduce the principal amount of or premium, if any, or the rate or amount of interest on any debt security;

change the place of payment, or the coin or currency, for payment of principal of or premium, if any, or interest on any debt security or impair the right to institute suit for the enforcement of any payment on or with respect to any debt security;

reduce the above-stated percentage of outstanding debt securities of any series necessary to modify or amend the indenture, to waive compliance with certain provisions thereof or certain defaults and their consequences thereunder or to reduce the quorum or change voting requirements set forth in the indenture;

modify or affect in any manner adverse to the holders of any debt security the terms and conditions of the obligations of the Company, as guarantor, in respect of the payment of principal, premium, if any, and interest; or

modify any of the foregoing provisions or any of the provisions relating to the waiver of certain defaults or Events of Default with respect to debt securities of any series, or the waiver of compliance with certain covenants applicable to the debt securities of any series, except to increase the percentage required to effect the action or to provide that certain other provisions may not be modified or waived without the consent of the holders of each of the debt securities affected thereby.

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Notwithstanding the foregoing, modifications and amendments of the indenture will be permitted to be made by supplemental indenture executed by the operating partnership, the Company and the trustee without the consent of any holder of the debt securities for, among other things, any of the following purposes:

to evidence a successor to the operating partnership as obligor or the Company as guarantor under the indenture;

to add to the covenants of the operating partnership or the Company for the benefit of the holders of the debt securities of all or any series and any related guarantees or to surrender any right or power conferred upon the operating partnership or the Company in the indenture with respect to all or any series of debt securities or any related guarantees;

to add Events of Default for the benefit of the holders of the debt securities of all or any series;

to amend or supplement any provisions of the indenture with respect to the debt securities of all or any series, provided that no amendment or supplement shall adversely affect the interests of the holders of such debt securities in any respect;

to secure the debt securities of all or any series;

to provide for the acceptance of appointment by a successor trustee in respect of all or any series of debt securities or facilitate the administration of the trusts under the indenture by more than one trustee;

to cure any ambiguity, defect or inconsistency in the indenture; provided that the action shall not adversely affect the interests of holders of the debt securities of any series in any respect;

to establish the form or terms of debt securities of any series and any related guarantees, and any deletions from or additions or changes to the indenture in connection therewith (provided that any such deletions, additions and changes shall not be applicable to any other debt securities then outstanding or to any other series of debt securities);

to delete, amend or supplement any provision contained in the indenture or in any supplemental indenture (which deletion, amendment or supplement may apply to one or more series of debt securities or may apply to the indenture generally), provided that such deletion, amendment or supplement does not (i) apply to any debt securities of any series then outstanding created or issued prior to the date of the supplemental indenture pursuant to which such deletion, amendment or supplement is made and entitled to the benefit of such provision deleted, amended or supplemented by such supplemental indenture, or (ii) modify the rights of the holder of any such debt security;

to comply with the Trust Indenture Act of 1939;

to supplement any of the provisions of the indenture to the extent necessary to permit or facilitate satisfaction and discharge, legal defeasance or covenant defeasance of the debt securities of any series as described below under the caption Discharge, Defeasance and Covenant Defeasance ; provided that the action shall not adversely affect the interests of the holders of the debt securities of any series in any respect;

to conform the provisions of the indenture, the debt securities or the related guarantee to this Description of Debt Securities and Related Guarantees and to the additional terms set forth in the applicable prospectus supplement; or

to add guarantors for the benefit of the debt securities of all or any series.

The operating partnership and the Company may omit in any particular instance to comply with certain specified covenants in the indenture with respect to the debt securities of any series (which, if expressly stated in the prospectus supplement applicable to the debt securities of such series, may include any additional covenants specified in such prospectus supplement) if the holders of at least a majority in principal amount of all outstanding debt securities of such series waive such compliance. In determining whether the holders of the

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requisite principal amount of outstanding debt securities have given any request, demand, authorization, direction, notice, consent or waiver under the indenture or whether a quorum is present at a meeting of holders of debt securities, the indenture provides that debt securities owned by the operating partnership, the Company or any other obligor upon the debt securities or the guarantees thereof or any affiliate of the operating partnership, the Company, or of any other such obligor shall be disregarded.

The indenture contains provisions for convening meetings of the holders of debt securities of any series. A meeting of the holders of debt securities of any series will be permitted to be called at any time by the trustee, and also, upon request, by the operating partnership or the holders of at least 25% in principal amount of the outstanding debt securities of such series, in any case upon notice given as provided in the indenture. Except for any consent that must be given by the holder of each debt security affected by certain modifications and amendments of the indenture, any resolution presented at a meeting or adjourned meeting duly reconvened at which a quorum is present will be permitted to be adopted by the affirmative vote of the holders of a majority in principal amount of the outstanding debt securities of such series; provided, however, that, except for any consent that must be given by the holder of each debt security affected as referred to above, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the holders of a specified percentage, which is less than a majority, in principal amount of the outstanding debt securities of such series may be adopted at a meeting or adjourned meeting duly reconvened at which a quorum is present by the affirmative vote of the holders of the specified percentage in principal amount of the outstanding debt securities of such series. Any resolution passed or decision taken at any meeting of holders of debt securities of any series duly held in accordance with the indenture will be binding on all holders of the debt securities of such series. The quorum at any meeting called to adopt a resolution, and at any reconvened meeting, of the debt securities of any series will be holders of a majority in principal amount of the outstanding debt securities of such series; provided, however, that if any action is to be taken at the meeting with respect to a request, demand, authorization, direction, notice, consent, waiver or other action which may be given by the holders of not less than a specified percentage in principal amount of the outstanding debt securities of such series, holders of the specified percentage in principal amount of the outstanding debt securities of such series will constitute a quorum with respect to that matter. In the absence of a quorum at the reconvening of any adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than ten days; at the reconvening of any meeting adjourned or further adjourned for lack of a quorum, the persons entitled to vote 25% in aggregate principal amount of the then outstanding debt securities of such series shall constitute a quorum.

Notwithstanding the foregoing provisions, if any action is to be taken at a meeting of holders of debt securities of any series with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that the indenture expressly provides may be taken by holders of such series and one or more additional series acting collectively and voting together as a single class, there shall be no minimum quorum requirement for that meeting and the principal amount of outstanding debt securities of all such series that are entitled to vote in favor of that request, demand, authorization, direction, notice, consent, waiver or other action shall be taken into account in determining whether such action has been made, given or taken under the indenture.

**Discharge, Defeasance and Covenant Defeasance**

Unless we state otherwise in the applicable prospectus supplement, the indenture shall cease to be of further effect with respect to any series of debt securities, and the Company shall be released from its guarantee of the debt securities of such series (subject to the survival of a limited number of specified provisions) when:

- either (A) all outstanding debt securities of such series have been delivered to the trustee for cancellation (subject to specified exceptions) or (B) all outstanding debt securities of such series have become due and payable or will become due and payable at their maturity date within one year or are to be called for redemption on a redemption date within one year and the operating partnership has

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deposited with the trustee, in trust, funds in an amount sufficient to pay the entire indebtedness on the outstanding debt securities of such series not theretofore delivered to the trustee for cancellation in respect of principal, premium, if any, and interest, to the date of such deposit (if the debt securities of such series have become due and payable) or to the maturity date or redemption date, as the case may be;

the operating partnership has paid or caused to be paid all other sums payable under the indenture with respect to the debt securities of such series; and

certain other conditions are met.

The indenture provides that the operating partnership may elect:

to be discharged from any and all obligations in respect of the debt securities of any series (subject to the survival of a limited number of specified provisions) ( legal defeasance ); or

to be released from compliance with specified covenants in the indenture in respect of the debt securities of any series ( covenant defeasance ).

To effect legal defeasance or covenant defeasance, the operating partnership will be required to make an irrevocable deposit with the trustee, in trust for such purpose, of money and/or Government Obligations that, through the scheduled payment of interest and principal in accordance with their terms, will provide money in an amount sufficient to pay and discharge the principal, premium, if any, and interest on the debt securities of such series on the scheduled due dates or the applicable redemption date, as the case may be, in accordance with the terms of the indenture and the debt securities of such series. Upon any legal defeasance (but not covenant defeasance) the Company will be released from its guarantee of the debt securities of such series.

The trust described in the preceding paragraph may only be established if, among other things:

the operating partnership has delivered to the trustee a legal opinion of outside counsel reasonably acceptable to the trustee to the effect that the holders of the debt securities of such series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such legal defeasance or covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance or covenant defeasance had not occurred, and such legal opinion, in the case of legal defeasance, must refer to and be based upon a ruling of the Internal Revenue Service, or IRS, or a change in applicable U.S. federal income tax law occurring after the date of the indenture;

if the cash and Government Obligations deposited are sufficient to pay the principal of, and premium, if any, and interest (including the redemption price) on the debt securities of such series, provided such debt securities of such series are redeemed on a particular redemption date, the operating partnership shall have given the trustee irrevocable instructions to redeem the debt securities of such series on the date and to provide notice of the redemption to the holders of the debt securities of such series;

such legal defeasance or covenant defeasance will not result in a breach or violation of, or constitute a default under, the indenture or any other material agreement or instrument to which the operating partnership or the Company is a party or by which either of them is bound; and

no Event of Default or event which with notice or lapse of time or both would become an Event of Default with respect to the debt securities of such series shall have occurred and shall be continuing on the date of, or, solely in the case of events of default due to certain events of bankruptcy, insolvency, or reorganization, during the period ending on the 91st day after the date of, such deposit

into trust.

In the event we effect covenant defeasance with respect to the debt securities of any series, then any failure by the operating partnership or the Company to comply with any covenant as to which there has been covenant defeasance will not constitute an Event of Default. However, if the debt securities of such series are declared due

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and payable because of the occurrence of any other Event of Default, the amount of monies and/or Government Obligations deposited with the trustee to effect such covenant defeasance may not be sufficient to pay amounts due on the debt securities of such series at the time of any acceleration resulting from such Event of Default. However, the operating partnership and the Company would remain liable to make payment of such amounts due at the time of acceleration.

**Governing Law**

The indenture, the debt securities and any guarantees endorsed on the certificates evidencing the debt securities will be governed by, and construed in accordance with, the internal laws of the State of New York.

**Book-entry System**

***The Global Notes***

The debt securities of each series will be initially issued in the form of one or more registered debt securities in global form, without interest coupons, or the global notes. Upon issuance, each of the global notes will be deposited with the trustee as custodian for The Depository Trust Company, or DTC, and registered in the name of Cede & Co., as nominee of DTC.

Ownership of beneficial interests in a global note will be limited to persons who have accounts with DTC, or DTC participants, or persons who hold interests through DTC participants. We expect that under procedures established by DTC:

- upon deposit of a global note with DTC s custodian, DTC will credit portions of the principal amount of the global note to the accounts of the DTC participants designated by the applicable underwriters; and
- ownership of beneficial interests in a global note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the global note).

Beneficial interests in global notes may not be exchanged for notes in physical, certificated form except in the limited circumstances described below.

***Book-entry Procedures for the Global Notes***

All interests in the global notes will be subject to the operations and procedures of DTC. We provide the following summary of those operations and procedures solely for the convenience of investors. The operations and procedures of DTC are controlled by that settlement system and may be changed at any time. None of the operating partnership, the Company or the applicable underwriters are responsible for those operations or procedures.

DTC has advised us that it is:

- a limited purpose trust company organized under the laws of the State of New York;
- a banking organization within the meaning of the New York State Banking Law;
- a member of the Federal Reserve System;

a clearing corporation within the meaning of the Uniform Commercial Code; and

a clearing agency registered under Section 17A of the Exchange Act.

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DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC s participants include securities brokers and dealers, including underwriters, banks and trust companies, clearing corporations and other organizations. Indirect access to DTC s system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

So long as DTC s nominee is the registered owner of a global note, that nominee will be considered the sole owner or holder of the debt securities represented by that global note for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global note:

- will not be entitled to have debt securities represented by the global note registered in their names;
- will not receive or be entitled to receive physical, certificated debt securities; and
- will not be considered the owners or holders of the debt securities under the indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee under the indenture.

As a result, each investor who owns a beneficial interest in a global note of any series must rely on the procedures of DTC to exercise any rights of a holder of debt securities of such series under the indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the direct, or, if applicable, indirect DTC participant through which the investor owns its interest).

Payments of principal, premium, if any, and interest with respect to the debt securities represented by a global note will be made by the trustee to DTC or DTC s nominee as the registered holder of the global note. Neither the operating partnership, the Company nor the trustee will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a global note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a global note will be governed by standing instructions and customary industry practice and will be the responsibility of those participants or indirect participants and DTC.

Transfers between participants in DTC will be effected under DTC s procedures and will be settled in same-day funds.

***Certificated Notes***

If the Debt securities of any series are initially issued as global notes, debt securities of such series in physical, certificated form will be issued and delivered to each person that DTC identifies as a beneficial owner of the debt securities of such series only if:

- DTC notifies the operating partnership at any time that it is unwilling or unable to continue as depositary for the global notes of such series and a successor depositary is not appointed within 90 days;
- DTC ceases to be registered as a clearing agency under the Exchange Act at any time when the depositary is required to be so registered and a successor depositary is not appointed within 90 days after the operating partnership learns of such ineligibility;
- an Event of Default has occurred and is continuing under the indenture with respect to the debt securities of such series; or

we, at our option, determine that the debt securities of such series shall no longer be represented by global notes.

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## DESCRIPTION OF CAPITAL STOCK

The following is a summary of some of the terms and provisions of the capital stock of Kilroy Realty Corporation. The following description does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Company s charter (including, without limitation, the articles supplementary (the Articles Supplementary ) establishing the terms of the Company s 6.875% Series G Cumulative Redeemable Preferred Stock (the Series G preferred stock ) and 6.375% Series H Cumulative Redeemable Preferred Stock (the Series H preferred stock )) incorporated by reference to our SEC filings. See Where You Can Find More Information. As used in this Description of Capital Stock, references to the Company, we, our or us refer solely to Kilroy Realty Corporation and not to any of its subsidiaries, unless otherwise expressly stated or the context otherwise requires.

### Common Stock

#### *General*

The Company s charter authorizes us to issue 150,000,000 shares of common stock, par value $.01 per share. As of September 23, 2016, we had 92,270,393 shares of common stock outstanding. The number of outstanding shares of common stock excludes the following as of September 23, 2016: (i) 286,000 shares of common stock issuable upon exercise of options granted under our equity compensation plans; (ii) 1,353,349 additional shares of common stock reserved and available for issuance under our equity compensation plans; (iii) 2,043,999 shares of common stock underlying restricted stock units awarded under our stock award deferral program; (iv) 2,631,276 shares of common stock issuable upon redemption of common units of the operating partnership outstanding; and (v) 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.

Shares of our common stock:

- are entitled to one vote per share on all matters presented to stockholders generally for a vote, including the election of directors, with no right to cumulative voting;
- do not have any conversion rights;
- do not have any exchange rights;
- do not have any sinking fund rights;
- do not have any redemption rights;
- do not generally have any appraisal rights;
- do not have any preemptive rights to subscribe for any of our securities; and
- are subject to restrictions on ownership and transfer.

We may pay distributions on shares of the Company s common stock, subject to the preferential rights of the Company s Series G preferred stock, the Company s Series H preferred stock and any other series or class of capital stock that we may issue in the future with rights to dividends and other distributions senior to the Company s common stock. However, we may only pay distributions when the board of directors (in its sole discretion) authorizes a distribution out of legally available funds.

The Company s board of directors may:

reclassify any unissued shares of the Company s common stock into other classes or series of capital stock;

establish the number of shares in each of these classes or series of capital stock;

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establish any preference rights, conversion rights and other rights, including voting powers, of each of these classes or series of capital stock;

establish restrictions, such as limitations and restrictions on ownership, dividends or other distributions of each of these classes or series of capital stock; and

establish qualifications and terms or conditions of redemption for each of these classes or series of capital stock.

***Certain Provisions of the Maryland General Corporation Law***

Under the Maryland General Corporation Law, or the MGCL, the Company s stockholders are generally not liable for our debts or obligations. If we liquidate, we will first pay all debts and other liabilities, including debts and liabilities arising out of the Company s status as general partner of the operating partnership, and, second, any preferential distributions on any outstanding shares of our preferred stock. Each holder of the Company s common stock then will share ratably in our remaining assets. All shares of the Company s common stock have equal distribution, liquidation and voting rights, and have no preference or exchange rights, subject to the ownership limits in the Company s charter or as permitted by the board of directors pursuant to executed agreements waiving these ownership limits with respect to specific stockholders.

Under the MGCL, we generally require approval by the Company s stockholders by the affirmative vote of at least two-thirds of the votes entitled to vote before we can:

dissolve;

amend the Company s charter;

merge;

sell all or substantially all of the Company s assets;

engage in a share exchange; or

engage in similar transactions outside the ordinary course of business.

Because the term substantially all of a company s assets is not defined in the MGCL, it is subject to Maryland common law and to judicial interpretation and review in the context of the unique facts and circumstances of any particular transaction. Although the MGCL allows the Company s charter to establish a lesser percentage of affirmative votes by the Company s stockholders for approval of those actions, the Company s charter does not include such a provision.

**Preferred Stock**

The Company s charter authorizes us to issue 30,000,000 shares of preferred stock, par value $.01 per share. Of the 30,000,000 authorized shares of preferred stock, we have classified and designated 4,600,000 shares as Series G preferred stock and 4,000,000 shares as Series H preferred stock. As of September 23, 2016, 4,000,000 shares of the Company s Series G preferred stock are issued and outstanding and 4,000,000 shares of Series H preferred stock are issued and outstanding.

We may classify, designate and issue additional shares of currently authorized shares of preferred stock, in one or more classes or series, as authorized by the board of directors without the prior consent of the Company s stockholders. The board of directors may grant the holders of preferred stock of any class or series preferences, powers and rights voting or otherwise senior to the rights of holders of shares of the Company s

common stock. The board of directors can authorize the issuance of currently authorized shares of preferred stock with terms and conditions that could have the effect of delaying or preventing a change of control transaction that might involve a premium price for holders of shares of the Company s common stock or otherwise be in their

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best interest. All shares of preferred stock which are issued and are or become outstanding are or will be fully paid and nonassessable. Before we may issue any shares of preferred stock of any class or series, the MGCL and the Company s charter require the board of directors to determine the following with respect to such class or series:

- the designation;
- the terms;
- preferences with respect to distributions and in the event of our liquidation, dissolution or winding-up;
- conversion and other rights, if any;
- voting powers;
- restrictions;
- limitations as to distributions;
- qualifications; and
- terms or conditions of redemption, if any.

**6.875% Series G Cumulative Redeemable Preferred Stock**

***General***

Of the Company s 30,000,000 authorized preferred shares, 4,600,000 shares have been classified and designated as 6.875% Series G Cumulative Redeemable Preferred Stock. Of these shares, as of September 23, 2016, 4,000,000 are issued and outstanding.

***Dividends***

Each share of Series G preferred stock is entitled to receive, when, as, and if authorized by the Company s board of directors and declared by us, out of funds legally available for the payment of dividends, cumulative cash dividends at the rate of 6.875% of the $25.00 per share liquidation preference per annum (equivalent to $1.71875 per annum per share), payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year.

Except as provided in the immediately following paragraph, unless full cumulative dividends for all past dividend periods on the Series G preferred stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for such payment, no dividends (other than in shares of the Company s common stock or shares of any other class or series of stock of the Company ranking junior to the Series G preferred stock as to dividends and as to the distribution of assets upon liquidation, dissolution and winding up of the Company) shall be declared or paid or set aside for payment nor shall any other distribution be declared or made on the Company s common stock or any other class or series of stock of the Company ranking junior to or on a parity with the Series G preferred stock as to dividends or as to the distribution of assets upon liquidation, dissolution or winding up of the Company, nor shall any shares of the Company s common stock or any other class or series of stock of the Company ranking junior to or on a parity with the Series G preferred stock as to dividends or as to the

distribution of assets upon liquidation, dissolution or winding up of the Company be redeemed, purchased or otherwise acquired for any consideration (or any amounts be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Company (except by conversion into or exchange for shares of the Company s common stock or shares of any other class or series of stock of the Company ranking junior to the Series G preferred stock as to dividends and as to the distribution of assets upon liquidation, dissolution and winding up of the Company); provided, however, that the foregoing shall not prevent the purchase or acquisition of shares of the Company s stock to preserve the Company s status as a real estate investment trust, or REIT, for federal and/or state income tax purposes. With

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respect to the Series G preferred stock, all references to past dividend periods shall mean, as of any date, dividend periods ending on or prior to such date, and with respect to shares of any other class or series of stock ranking on a parity as to dividends with the Series G preferred stock, past dividend periods shall mean, as of any date, dividend periods with respect to such other class or series of stock ending on or prior to such date.

When full cumulative dividends for all past dividend periods are not paid in full (or a sum sufficient for the full payment is not set apart) upon the shares of Series G preferred stock and when full cumulative dividends for all past dividend periods are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the shares of any other class or series of the Company s stock ranking on a parity as to dividends with the Series G preferred stock, then all dividends declared on shares of Series G preferred stock and any other outstanding classes or series of the Company s stock ranking on a parity as to dividends with the Series G preferred stock shall be declared pro rata so that the amount of dividends declared per share on the Series G preferred stock and such other classes or series of stock ranking on a parity as to dividends with the Series G preferred stock shall in all cases bear to each other the same ratio that accumulated and unpaid dividends per share on the shares of Series G preferred stock and such other classes or series of stock ranking on a parity as to dividends with the Series G preferred stock (which, in the case of any such other class or series of stock ranking on a parity as to dividends with the Series G preferred stock, shall not include any accumulation in respect of unpaid dividends for past dividend periods if such other class or series of stock ranking on a parity as to dividends with the Series G preferred stock does not have a cumulative dividend) bear to each other.

***Ranking***

The Series G preferred stock will, with respect to dividends and rights upon the distribution of assets upon the Company s voluntary or involuntary liquidation, dissolution or winding-up, rank:

- senior to the Company s common stock and all other classes or series of the Company s stock designated as ranking junior to Series G preferred stock;
- on parity with all other classes or series of stock designated as ranking on a parity with the Series G preferred stock (including, without limitation, the Series H preferred stock); and
- junior to all other classes or series of the Company s stock designated as ranking senior to the Series G preferred stock.

***Redemption***

The Series G preferred stock will not be redeemable before March 27, 2017, except to preserve our status as a REIT for federal and/or state income tax purposes and except as described below upon the occurrence of a Series G Change of Control (as defined below). On and after March 27, 2017, we may, at our option, redeem any or all of the shares of the Series G preferred stock, for cash, at $25.00 per share plus, subject to exceptions, any accrued and unpaid dividends to but excluding the date fixed for redemption.

Upon the occurrence of a Series G Change of Control, we may, at our option, at any time or from time to time, redeem any or all of the shares of Series G preferred stock, within 120 days after the first date on which such Series G Change of Control occurred, for cash, at $25.00 per share plus, subject to exceptions, any accrued and unpaid dividends to but excluding the date fixed for redemption. If, prior to the Series G Change of Control Conversion Date (as defined below), we have provided or provide notice of our election to redeem some or all of the shares of Series G preferred stock (whether pursuant to our optional redemption right described in the paragraph above or the special optional redemption right described in this paragraph), the holders of Series G preferred stock will not have the conversion right described below under Conversion Rights with respect to the shares of Series G preferred stock called for redemption.

A Series G Change of Control is when the following have occurred and are continuing:

- the acquisition by any person, including any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a

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purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of stock of the Company entitling that person to exercise more than 50% of the total voting power of all stock of the Company entitled to vote generally in the election of the Company s directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

following the closing of any transaction referred to in the bullet point above, neither the Company nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE Amex, or the NASDAQ, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE Amex or NASDAQ.

The Series G Change of Control Conversion Date is the date the Series G preferred stock is to be converted into the Company s common stock, which will be a business day selected by the Company that is no fewer than 20 days nor more than 35 days after the date on which the Company provides a notice of the occurrence of the Series G Change of Control that describes the resulting Series G Change of Control Conversion Right to the holders of Series G preferred stock.

***Conversion Rights***

Upon the occurrence of a Series G Change of Control, each holder of Series G preferred stock will have the right, which we refer to as the Series G Change of Control Conversion Right (unless, prior to the Series G Change of Control Conversion Date, the Company has provided notice of its election to redeem some or all of the shares of Series G preferred stock held by such holder pursuant to the redemption provisions described above under Redemption, in which case such holder will have the right only with respect to shares of Series G preferred stock that are not called for redemption) to convert some or all of the Series G preferred stock held by such holder on the Series G Change of Control Conversion Date, into a number of shares of the Company s common stock per share of Series G preferred stock equal to the lesser of:

the quotient obtained by dividing (i) the sum of the $25.00 liquidation preference per share of Series G preferred stock plus the amount of any accrued and unpaid dividends thereon to the Series G Change of Control Conversion Date (unless the Series G Change of Control Conversion Date is after a record date for a Series G preferred stock dividend payment and prior to the corresponding dividend payment date for the Series G preferred stock, in which case no additional amount for such accrued and unpaid dividends will be included in this sum) by (ii) the Series G Common Stock Price (as defined below); and

1.0975, which we refer to as the Series G Share Cap, subject to adjustments to the Series G Share Cap for any splits, subdivisions or combinations of our common stock

subject, in each case, to provisions for the receipt of alternative consideration under specified circumstances as set forth in the Articles Supplementary for the Series G preferred stock.

The Series G Common Stock Price is (i) if the consideration to be received in the Series G Change of Control by the holders of the Company s common stock is solely cash, the amount of cash consideration per share of the Company s common stock or (ii) if the consideration to be received in the Series G Change of Control by holders of the Company s common stock is other than solely cash (x) the average of the closing sale prices per share of the Company s common stock (or, if no closing sale price is reported, the average of the closing bid and ask prices per share or, if more than one in either case, the average of the average closing bid and the average closing ask prices per share) for the ten consecutive trading days immediately preceding, but not including, the date on which such Series G Change of Control occurred as reported on the principal U.S. securities exchange on which the Company s common stock is then traded, or (y) the average of the last quoted

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bid prices for the Company s common stock in the over-the-counter market as reported by Pink OTC Markets Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the date on which such Series G Change of Control occurred, if the Company s common stock is not then listed for trading on a U.S. securities exchange.

***No Maturity, Sinking Fund or Mandatory Redemption***

The Series G preferred stock has no maturity date, and the Company is not required to redeem the Series G preferred stock at any time. Accordingly, the shares of Series G preferred stock will remain outstanding indefinitely, unless the Company decides, at its option, to exercise its redemption rights or otherwise repurchase them or they become convertible and are converted in the manner set forth in Articles Supplementary for the Series G preferred stock. None of the Series G preferred stock is subject to any sinking fund.

***Limited Voting Rights***

Holders of Series G preferred stock do not have any voting rights except as set forth below. Whenever dividends on any shares of Series G preferred stock are in arrears for six or more quarterly periods, whether or not consecutive, the holders of Series G preferred stock will have the right to vote as a single class with all other classes or series of stock ranking on parity with the Series G preferred stock upon which like voting rights have been conferred and are exercisable for the election of two additional directors to the board of directors. The election will take place at:

- a special meeting called at the request of the holders of at least 10% of the outstanding shares of Series G preferred stock, or the holders of shares of any other class or series of the Company s preferred stock ranking on a parity with the Series G preferred stock upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series G preferred stock in the election of the two directors, if this request is received 90 or more days before the date fixed for our next annual or special meeting of stockholders or, if we receive the request for a special meeting less than 90 days before the date fixed for our next annual or special meeting of stockholders, at such next annual or special meeting of stockholders; and

- each subsequent annual meeting until all dividends accumulated on the Series G preferred stock for all past dividend periods have been fully paid or declared and a sum sufficient for the payment thereof is set aside for payment.

When all of the dividends in arrears have been paid or declared and provided for in full, the right of holders of the Series G preferred stock to elect those two directors will cease and, unless there are one or more other classes or series of the Company s preferred stock ranking on a parity with the Series G preferred stock upon which like voting rights have been conferred and are exercisable, the term of office of the two directors shall automatically terminate and the number of directors constituting the board of directors shall be reduced accordingly.

In addition, so long as any shares of Series G preferred stock are outstanding, without the consent or affirmative vote of at least two-thirds of the shares of Series G preferred stock then outstanding, the Company may not:

- authorize, create or issue, or increase the number of authorized or issued shares of, any class or series of stock ranking senior to the Series G preferred stock with respect to payment of dividends or the distribution of assets on liquidation, dissolution or winding up, or reclassify any of the Company s authorized stock into any such shares, or create, authorize or issue any obligation or security convertible into, exchangeable or exercisable for, or evidencing the right to purchase, any such shares;

- amend, alter or repeal any of the provisions of the Company s charter, including the Articles Supplementary for the Series G preferred stock, so as to materially and adversely affect any right, preference, privilege or voting power of the Series G preferred stock; or

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enter into any share exchange that affects the Series G preferred stock or consolidate with or merge into any other entity, or permit any other entity to consolidate with or merge into us, unless in each such case described in this bullet point each share of Series G preferred stock remains outstanding without a material adverse change to its terms and rights or is converted into or exchanged for preferred stock of the surviving or resulting entity having preferences, rights, dividends, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption substantially identical to and in any event without any material adverse change to those of the Series G preferred stock;

provided that any amendment to the Company s charter to increase the number of authorized shares of stock or the creation or issuance of any other class or series of preferred stock or any increase in the number of authorized or outstanding shares of Series G preferred stock or any other class or series of stock, in each case ranking on a parity with or junior to the Series G preferred stock with respect to payment of dividends and the distribution of assets upon liquidation, dissolution and winding up, shall not be deemed to materially and adversely affect any right, preference, privilege or voting power of the Series G preferred stock.

On each matter on which holders of Series G preferred stock are entitled to vote, each share of Series G preferred stock will be entitled to one vote, except that when shares of any other class or series of the Company s preferred stock have the right to vote with the Series G preferred stock as a single class on any matter, the Series G preferred stock and the shares of each such other class or series will have one vote for each $50.00 of liquidation preference (excluding accrued and unpaid dividends), resulting in each share of Series G preferred stock being entitled to one-half of a vote under such circumstances.

Except as expressly stated in the Articles Supplementary for the Series G preferred stock, the Series G preferred stock will not have any relative, participating, optional or other special voting rights or powers and the consent of the holders shall not be required for the taking of any corporate action.

The voting provisions above will not apply if, at or prior to the time when the act with respect to which the vote would otherwise be required would occur, all outstanding shares of Series G preferred stock shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been irrevocably deposited in trust to effect the redemption.

***Liquidation Preference***

Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company, each share of Series G preferred stock is entitled to receive, out of our assets legally available for distribution to stockholders, a liquidation distribution of $25.00 per share, plus any accrued but unpaid dividends, in preference to any of the Company s common stock or any other class or series of the Company s stock ranking junior to the Series G preferred stock, but subject to the preferential rights of any class or series of our preferred stock ranking senior to the Series G preferred stock.

**6.375% Series H Cumulative Redeemable Preferred Stock**

***General***

Of the Company s 30,000,000 authorized preferred shares, 4,000,000 shares have been classified and designated as 6.375% Series H Cumulative Redeemable Preferred Stock. Of these shares, as of September 23, 2016, 4,000,000 are issued and outstanding.

***Dividends***

Each share of Series H preferred stock is entitled to receive, when, as, and if authorized by the Company s board of directors and declared by us, out of funds legally available for the payment of dividends, cumulative

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cash dividends at the rate of 6.375% of the $25.00 per share liquidation preference per annum (equivalent to $1.59375 per annum per share), payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year.

Except as provided in the immediately following paragraph, unless full cumulative dividends for all past dividend periods on the Series H preferred stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for such payment, no dividends (other than in shares of the Company s common stock or shares of any other class or series of stock of the Company ranking junior to the Series H preferred stock as to dividends and as to the distribution of assets upon liquidation, dissolution and winding up of the Company) shall be declared or paid or set aside for payment nor shall any other distribution be declared or made on the Company s common stock or any other class or series of stock of the Company ranking junior to or on a parity with the Series H preferred stock as to dividends or as to the distribution of assets upon liquidation, dissolution or winding up of the Company, nor shall any shares of the Company s common stock or any other class or series of stock of the Company ranking junior to or on a parity with the Series H preferred stock as to dividends or as to the distribution of assets upon liquidation, dissolution or winding up of the Company be redeemed, purchased or otherwise acquired for any consideration (or any amounts be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Company (except by conversion into or exchange for shares of the Company s common stock or shares of any other class or series of stock of the Company ranking junior to the Series H preferred stock as to dividends and as to the distribution of assets upon liquidation, dissolution and winding up of the Company); provided, however, that the foregoing shall not prevent the purchase or acquisition of shares of the Company s stock to preserve the Company s status as a REIT for federal and/or state income tax purposes. With respect to the Series H preferred stock, all references to past dividend periods shall mean, as of any date, dividend periods ending on or prior to such date, and with respect to shares of any other class or series of stock ranking on a parity as to dividends with the Series H preferred stock, past dividend periods shall mean, as of any date, dividend periods with respect to such other class or series of stock ending on or prior to such date.

When full cumulative dividends for all past dividend periods are not paid in full (or a sum sufficient for the full payment is not set apart) upon the shares of Series H preferred stock and when full cumulative dividends for all past dividend periods are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the shares of any other class or series of the Company s stock ranking on a parity as to dividends with the Series H preferred stock, then all dividends declared on shares of Series H preferred stock and any other outstanding classes or series of the Company s stock ranking on a parity as to dividends with the Series H preferred stock shall be declared pro rata so that the amount of dividends declared per share on the Series H preferred stock and such other classes or series of stock ranking on a parity as to dividends with the Series H preferred stock shall in all cases bear to each other the same ratio that accumulated and unpaid dividends per share on the shares of Series H preferred stock and such other classes or series of stock ranking on a parity as to dividends with the Series H preferred stock (which, in the case of any such other class or series of stock ranking on a parity as to dividends with the Series H preferred stock, shall not include any accumulation in respect of unpaid dividends for past dividend periods if such other class or series of stock ranking on a parity as to dividends with the Series H preferred stock does not have a cumulative dividend) bear to each other.

***Ranking***

The Series H preferred stock will, with respect to dividends and rights upon the distribution of assets upon the Company s voluntary or involuntary liquidation, dissolution or winding-up, rank:

- senior to the Company s common stock and all other classes or series of the Company s stock designated as ranking junior to Series H preferred stock;
- on parity with all other classes or series of stock designated as ranking on a parity with the Series H preferred stock (including, without limitation, the Series G preferred stock); and
- junior to all other classes or series of the Company s stock designated as ranking senior to the Series H preferred stock.

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***Redemption***

The Series H preferred stock will not be redeemable before August 15, 2017, except to preserve our status as a REIT for federal and/or state income tax purposes and except as described below upon the occurrence of a Series H Change of Control (as defined below). On and after August 15, 2017, we may, at our option, redeem any or all of the shares of the Series H preferred stock, for cash, at $25.00 per share plus, subject to exceptions, any accrued and unpaid dividends to but excluding the date fixed for redemption.

Upon the occurrence of a Series H Change of Control, we may, at our option, at any time or from time to time, redeem any or all of the shares of Series H preferred stock, within 120 days after the first date on which such Series H Change of Control occurred, for cash, at $25.00 per share plus, subject to exceptions, any accrued and unpaid dividends to but excluding the date fixed for redemption. If, prior to the Series H Change of Control Conversion Date (as defined below), we have provided or provide notice of our election to redeem some or all of the shares of Series H preferred stock (whether pursuant to our optional redemption right described in the paragraph above or the special optional redemption right described in this paragraph), the holders of Series H preferred stock will not have the conversion right described below under Conversion Rights with respect to the shares of Series H preferred stock called for redemption.

A Series H Change of Control is when the following have occurred and are continuing:

- the acquisition by any person, including any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of stock of the Company entitling that person to exercise more than 50% of the total voting power of all stock of the Company entitled to vote generally in the election of the Company s directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

- following the closing of any transaction referred to in the bullet point above, neither the Company nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE Amex, or the NASDAQ, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE Amex or NASDAQ.

The Series H Change of Control Conversion Date is the date the Series H preferred stock is to be converted into the Company s common stock, which will be a business day selected by the Company that is no fewer than 20 days nor more than 35 days after the date on which the Company provides a notice of the occurrence of the Series H Change of Control that describes the resulting Series H Change of Control Conversion Right to the holders of Series H preferred stock.

***Conversion Rights***

Upon the occurrence of a Series H Change of Control, each holder of Series H preferred stock will have the right, which we refer to as the Series H Change of Control Conversion Right (unless, prior to the Series H Change of Control Conversion Date, the Company has provided notice of its election to redeem some or all of the shares of Series H preferred stock held by such holder pursuant to the redemption provisions described above under Redemption, in which case such holder will have the right only with respect to shares of Series H preferred stock that are not called for redemption) to convert some or all of the Series H preferred stock held by such holder on the Series H Change of Control Conversion Date, into a number of shares of the Company s common stock per share of Series H preferred stock equal to the lesser of:

- the quotient obtained by dividing (i) the sum of the $25.00 liquidation preference per share of Series H preferred stock plus the amount of any accrued and unpaid dividends thereon to the Series H Change of

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Control Conversion Date (unless the Series H Change of Control Conversion Date is after a record date for a Series H preferred stock dividend payment and prior to the corresponding dividend payment date for the Series H preferred stock, in which case no additional amount for such accrued and unpaid dividends will be included in this sum) by (ii) the Series H Common Stock Price (as defined below); and

1.0469, which we refer to as the Series H Share Cap, subject to adjustments to the Series H Share Cap for any splits, subdivisions or combinations of our common stock;

subject, in each case, to provisions for the receipt of alternative consideration under specified circumstances as set forth in the Articles Supplementary for the Series H preferred stock.

The Series H Common Stock Price is (i) if the consideration to be received in the Series H Change of Control by the holders of the Company s common stock is solely cash, the amount of cash consideration per share of the Company s common stock or (ii) if the consideration to be received in the Series H Change of Control by holders of the Company s common stock is other than solely cash (x) the average of the closing sale prices per share of the Company s common stock (or, if no closing sale price is reported, the average of the closing bid and ask prices per share or, if more than one in either case, the average of the average closing bid and the average closing ask prices per share) for the ten consecutive trading days immediately preceding, but not including, the date on which such Series H Change of Control occurred as reported on the principal U.S. securities exchange on which the Company s common stock is then traded, or (y) the average of the last quoted bid prices for the Company s common stock in the over-the-counter market as reported by Pink OTC Markets Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the date on which such Series H Change of Control occurred, if the Company s common stock is not then listed for trading on a U.S. securities exchange.

***No Maturity, Sinking Fund or Mandatory Redemption***

The Series H preferred stock has no maturity date, and the Company is not required to redeem the Series H preferred stock at any time. Accordingly, the shares of Series H preferred stock will remain outstanding indefinitely, unless the Company decides, at its option, to exercise its redemption rights or otherwise repurchase them or they become convertible and are converted in the manner set forth in Articles Supplementary for the Series H preferred stock. None of the Series H preferred stock is subject to any sinking fund.

***Limited Voting Rights***

Holders of Series H preferred stock do not have any voting rights except as set forth below. Whenever dividends on any shares of Series H preferred stock are in arrears for six or more quarterly periods, whether or not consecutive, the holders of Series H preferred stock will have the right to vote as a single class with all other classes or series of stock ranking on parity with the Series H preferred stock upon which like voting rights have been conferred and are exercisable for the election of two additional directors to the board of directors. The election will take place at:

a special meeting called at the request of the holders of at least 10% of the outstanding shares of Series H preferred stock, or the holders of shares of any other class or series of the Company s preferred stock ranking on a parity with the Series H preferred stock upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series H preferred stock in the election of the two directors, if this request is received 90 or more days before the date fixed for our next annual or special meeting of stockholders or, if we receive the request for a special meeting less than 90 days before the date fixed for our next annual or special meeting of stockholders, at such next annual or special meeting of stockholders; and

each subsequent annual meeting until all dividends accumulated on the Series H preferred stock for all past dividend periods have been fully paid or declared and a sum sufficient for the payment thereof is set aside for payment.

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When all of the dividends in arrears have been paid or declared and provided for in full, the right of holders of the Series H preferred stock to elect those two directors will cease and, unless there are one or more other classes or series of the Company s preferred stock ranking on a parity with the Series H preferred stock upon which like voting rights have been conferred and are exercisable, the term of office of the two directors shall automatically terminate and the number of directors constituting the board of directors shall be reduced accordingly.

In addition, so long as any shares of Series H preferred stock are outstanding, without the consent or affirmative vote of at least two-thirds of the shares of Series H preferred stock then outstanding, the Company may not:

- authorize, create or issue, or increase the number of authorized or issued shares of, any class or series of stock ranking senior to the Series H preferred stock with respect to payment of dividends or the distribution of assets on liquidation, dissolution or winding up, or reclassify any of the Company s authorized stock into any such shares, or create, authorize or issue any obligation or security convertible into, exchangeable or exercisable for, or evidencing the right to purchase, any such shares;

- amend, alter or repeal any of the provisions of the Company s charter, including the Articles Supplementary for the Series H preferred stock, so as to materially and adversely affect any right, preference, privilege or voting power of the Series H preferred stock; or

- enter into any share exchange that affects the Series H preferred stock or consolidate with or merge into any other entity, or permit any other entity to consolidate with or merge into us, unless in each such case described in this bullet point each share of Series H preferred stock remains outstanding without a material adverse change to its terms and rights or is converted into or exchanged for preferred stock of the surviving or resulting entity having preferences, rights, dividends, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption substantially identical to and in any event without any material adverse change to those of the Series H preferred stock;

provided that any amendment to the Company s charter to increase the number of authorized shares of stock or the creation or issuance of any other class or series of preferred stock or any increase in the number of authorized or outstanding shares of Series H preferred stock or any other class or series of stock, in each case ranking on a parity with or junior to the Series H preferred stock with respect to payment of dividends and the distribution of assets upon liquidation, dissolution and winding up, shall not be deemed to materially and adversely affect any right, preference, privilege or voting power of the Series H preferred stock.

On each matter on which holders of Series H preferred stock are entitled to vote, each share of Series H preferred stock will be entitled to one vote, except that when shares of any other class or series of the Company s preferred stock have the right to vote with the Series H preferred stock as a single class on any matter, the Series H preferred stock and the shares of each such other class or series will have one vote for each $50.00 of liquidation preference (excluding accrued and unpaid dividends), resulting in each share of Series H preferred stock being entitled to one-half of a vote under such circumstances.

Except as expressly stated in the Articles Supplementary for the Series H preferred stock, the Series H preferred stock will not have any relative, participating, optional or other special voting rights or powers and the consent of the holders shall not be required for the taking of any corporate action.

The voting provisions above will not apply if, at or prior to the time when the act with respect to which the vote would otherwise be required would occur, all outstanding shares of Series H preferred stock shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been irrevocably deposited in trust to effect the redemption.

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***Liquidation Preference***

Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company, each share of Series H preferred stock is entitled to receive, out of our assets legally available for distribution to stockholders, a liquidation distribution of $25.00 per share, plus any accrued but unpaid dividends, in preference to any of the Company s common stock or any other class or series of the Company s stock ranking junior to the Series H preferred stock, but subject to the preferential rights of any class or series of our preferred stock ranking senior to the Series H preferred stock.

**Restrictions on Ownership and Transfer of the Company s Capital Stock**

***Internal Revenue Code Requirements***

To maintain the Company s tax status as a REIT, five or fewer individuals, as that term is defined in the Code, which includes certain entities, may not own, actually or constructively, more than 50% in value of the Company s issued and outstanding capital stock at any time during the last half of a taxable year. Constructive ownership provisions in the Code determine if any individual or entity constructively owns the Company s capital stock for purposes of this requirement. In addition, 100 or more persons must beneficially own the Company s capital stock during at least 335 days of a taxable year or during a proportionate part of a short taxable year. Also, rent from tenants in which we actually or constructively own a 10% or greater interest is not qualifying income for purposes of the gross income tests of the Code. To help ensure we meet these tests, the Company s charter restricts the acquisition and ownership of shares of the Company s capital stock.

***Transfer Restrictions in the Company s Charter***

Subject to exceptions specified therein, the Company s charter provides that no holder may own, either actually or constructively under the applicable constructive ownership provisions of the Code:

- more than 7.0%, by number of shares or value, whichever is more restrictive, of the outstanding shares of the Company s common stock;
- more than 9.8%, by number of shares or value, whichever is more restrictive, of the outstanding shares of the Company s Series G preferred stock; or
- more than 9.8%, by number of shares or value, whichever is more restrictive, of the outstanding shares of the Company s Series H preferred stock.

In addition, because rent from tenants in which we actually or constructively own a 10% or greater interest is not qualifying rent for purposes of the gross income tests under the Code, the Company s charter provides that no holder may own, either actually or constructively by virtue of the constructive ownership provisions of the Code, which differ from the constructive ownership provisions used for purposes of the preceding sentence:

- more than 9.8%, by number of shares or value, whichever is more restrictive, of the outstanding shares of the Company s common stock;
- more than 9.8%, by number of shares or value, whichever is more restrictive, of the outstanding shares of the Company s Series G preferred stock; or
- more than 9.8%, by number of shares or value, whichever is more restrictive, of the outstanding shares of the Company s Series H preferred stock.

We refer to the limits described in this paragraph and the preceding paragraph, together, as the ownership limits.

The constructive ownership provisions set forth in the Code are complex, and may cause shares of the Company s capital stock owned actually or constructively by a group of related individuals and/or entities to be

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constructively owned by one individual or entity. As a result, the acquisition of shares of the Company s capital stock in an amount that does not exceed the ownership limits, or the acquisition of an interest in an entity that actually or constructively owns the Company s capital stock, could, nevertheless cause that individual or entity, or another individual or entity, to own constructively shares in excess of the ownership limits and thus violate the ownership limits described above or otherwise permitted by the Company s board of directors.

The Company s charter permits the board of directors to waive the ownership limits with respect to a particular stockholder if the board of directors:

- determines that the ownership will not jeopardize the Company s status as a REIT; and
- otherwise decides that this action would be in our best interest.

As a condition of this waiver, the Company s board of directors may require opinions of counsel satisfactory to it and/or undertakings or representations from the applicant with respect to preserving the Company s REIT status. The board of directors has waived the ownership limit applicable to the Company s common stock for John B. Kilroy, Sr. and John Kilroy, members of their families and some of their affiliated entities, allowing them to own up to 19.6% of the Company s common stock. However, the board of directors conditioned this waiver upon the receipt of undertakings and representations from Messrs. Kilroy which it believed were reasonably necessary to conclude that the waiver would not cause us to fail to qualify and maintain the Company s status as a REIT.

In addition to the foregoing ownership limits, the Company s charter provides that no holder may own, either actually or constructively under the applicable attribution rules of the Code, any shares of any class of the Company s capital stock if, as a result of this ownership:

- more than 50% in value of the Company s outstanding capital stock would be owned, either actually or constructively under the applicable constructive ownership provisions of the Code, by five or fewer individuals, as defined in the Code;
- the Company s capital stock would be beneficially owned by less than 100 persons, determined without reference to any constructive ownership provisions; or
- the Company would fail to qualify as a REIT.

Under the Company s charter, any person who acquires or attempts or intends to acquire actual or constructive ownership of the Company s shares of capital stock that violate any of the foregoing restrictions on transferability and ownership must give us notice immediately and provide us with any other information that we may request to determine the effect of the transfer on the Company s status as a REIT. The foregoing restrictions on transferability and ownership will not apply if the Company s board of directors determines that it is no longer in the Company s best interest to attempt to qualify, or to continue to qualify, as a REIT.

***Effect of Violation of Ownership Limits and Transfer Restrictions***

The Company s charter provides that if any attempted transfer of the Company s capital stock or any other event would result in any person violating the ownership limits described above, unless otherwise permitted by the board of directors, then the purported transfer will be void *ab initio* and of no force or effect with respect to the attempted transferee as to that number of shares in excess of the applicable ownership limit, and the transferee shall acquire no right or interest in the excess shares. The Company s charter further provides that in the case of any event other than a purported transfer, the person or entity holding record title to any of the excess shares shall cease to own any right or interest in the excess shares.

The Company s charter provides that if any transfer or other event occurs that, if effective, would result in any person owning shares of Company s capital stock in violation of the ownership limit described above, the

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number of shares of capital stock that otherwise would cause such person to violate the ownership limit (the excess shares ) will be transferred automatically to a trust, the beneficiary of which will be a qualified charitable organization selected by us or, if for any reason that transfer is not automatically effective, then the transfer of such excess shares shall be void *ab initio* and the purported transferee will not have any rights in such excess shares. The automatic transfer will be effective as of the close of business on the business day prior to the date of the violative transfer.

The trustee of the charitable trust must:

- within 20 days of receiving notice from us of the transfer of excess shares to the trust,
- sell the excess shares to a person or entity who could own the shares without violating the ownership limits or as otherwise permitted by the board of directors, and
- distribute to the prohibited transferee or owner, as applicable, an amount equal to the lesser of the price paid by the prohibited transferee or owner for the excess shares (or, if the event which resulted in the transfer to the charitable trust did not involve a purchase of the applicable stock for fair value, the market price of such shares on the day of the event which resulted in such transfer to the charitable trust) or the sales proceeds (net any commissions and other expenses of sale) received by the trust for the excess shares; and
- distribute any proceeds in excess of the amount distributable to the prohibited transferee or owner, as applicable, to the charitable organization selected by us as beneficiary of the trust.

Excess shares transferred to the charitable trust shall be deemed to have been offered for sale to us at a price per share equal to the lesser of the price paid by the prohibited transferee or owner for the excess shares (or, if the event which resulted in the transfer to the charitable shares did not involve the purchase of the applicable stock for fair value, the market price of such shares on the day of the event which resulted in the transfer of such shares to the charitable trust) and the market price on the date we accept such offer. We will have the right to accept such offer until the charitable trust has sold the excess shares as described above.

The trustee shall be designated by us and be unaffiliated with us and any prohibited transferee or owner. Prior to a sale of any excess shares by the trust, the trustee will receive, in trust for the beneficiary, all dividends and other distributions paid by us with respect to the excess shares, and may also exercise all voting rights with respect to the excess shares.

The Company s charter provides that, subject to Maryland law, effective as of the date that the shares have been transferred to the trust, the trustee shall have the authority, at the trustee s sole discretion:

- to rescind as void any vote cast by a prohibited transferee or owner, as applicable, prior to our discovery that the Company s shares have been transferred to the trust; and
- to recast the vote in accordance with the desires of the trustee acting for the benefit of the beneficiary of the trust.

However, if we have already taken irreversible corporate action, then the trustee may not rescind and recast the vote. Any dividend or other distribution paid to the prohibited transferee or owner, prior to our discovery that the shares had been automatically transferred to a trust as described above, must be repaid to the trustee upon demand for distribution to the beneficiary of the trust. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent violation of the applicable ownership limit or as otherwise permitted by the board of directors, then the Company s charter provides that the transfer of the excess shares will be void *ab initio*.

If shares of capital stock are transferred to any person in a manner which would cause us to be beneficially owned by fewer than 100 persons, the Company s charter provides that the transfer shall be null and void in its entirety, and the intended transferee will acquire no rights to the

stock.

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If the Company s board of directors shall at any time determine in good faith that a person has acquired, intends to acquire or own, has attempted to acquire or own, or may acquire or own the Company s capital stock in violation of the limits described above, the Company s charter provides that the board of directors shall take actions to refuse to give effect to or to prevent the ownership or acquisition, including, but not limited to:

- in the case of the Series G preferred stock, causing the Company to redeem the shares of Series G preferred stock for cash at a redemption price of $25.00 per share plus, subject to exceptions, accrued and unpaid dividends to the date fixed for redemption;
- in the case of the Series H preferred stock, causing the Company to redeem the shares of Series H preferred stock for cash at a redemption price of $25.00 per share plus, subject to exceptions, accrued and unpaid dividends to the date fixed for redemption;
- authorizing us to repurchase stock;
- refusing to give effect to the ownership or acquisition on our books; or
- instituting proceedings to enjoin the ownership or acquisition.

All certificates representing shares of the Company s capital stock bear a legend referring to the restrictions described above.

All persons who own at least a specified percentage of the outstanding shares of the Company s stock must file with us a completed questionnaire annually containing information about their ownership of the shares, as set forth in the applicable Treasury regulations. Under current Treasury regulations, the percentage is between 0.5% and 5.0%, depending on the number of record holders of the Company s shares. In addition, each stockholder may be required to disclose to us in writing information about the actual and constructive ownership of the Company s shares as the board of directors deems necessary to comply with the provisions of the Code applicable to a REIT or to comply with the requirements of any taxing authority or governmental agency.

These ownership limitations could discourage a takeover or other transaction in which holders of some, or a majority, of the Company s shares of capital stock might receive a premium for their shares over the then prevailing market price or which stockholders might believe to be otherwise in their best interest.

**Transfer Agent and Registrar for Shares of Capital Stock**

Computershare Shareowner Services LLC is the transfer agent and registrar for shares of the Company s preferred stock and common stock.

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## DESCRIPTION OF WARRANTS

We may issue warrants for the purchase of the Company s preferred stock or common stock. Warrants may be issued independently or together with any other offered securities offered by the applicable prospectus supplement and may be attached to or separate from such offered securities. Each series of warrants will be issued under a separate warrant agreement to be entered into between the Company and a warrant agent specified in the applicable prospectus supplement. The warrant agent will act solely as our agent in connection with the warrants of such series and will not assume any obligation or relationship of agency or trust for or with any provisions of the warrants offered hereby. Further terms of the warrants and the applicable warrant agreements will be set forth in the applicable prospectus supplement. As used in this Description of Warrants, references to the Company, we, our or us refer solely to Kilroy Realty Corporation and not to any of its subsidiaries unless otherwise expressly stated or the context otherwise requires.

The applicable prospectus supplement will describe the terms of the warrants in respect of which this prospectus is being delivered, including, where applicable, the following:

- the title of such warrants;
- the aggregate number of such warrants;
- the price or prices at which such warrants will be issued;
- the designation, terms and number of shares of the Company s preferred stock or common stock purchasable upon exercise of such warrants;
- the designation and terms of the offered securities, if any, with which such warrants are issued and the number of such warrants issued with each such offered security;
- the date, if any, on and after which such warrants and the related preferred stock or common stock will be separately transferable, including any limitations on ownership and transfer of such warrants as may be appropriate to preserve the Company s status as a REIT;
- the price at which each share of preferred stock or common stock purchasable upon exercise of such warrants may be purchased;

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