

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 1-12675 (Kilroy Realty Corporation)

Commission File Number: 000-54005 (Kilroy Realty, L.P.)

KILROY REALTY CORPORATION
KILROY REALTY, L.P.

(Exact name of registrant as specified in its charter)

Kilroy Realty Corporation

Maryland

(State or other jurisdiction of
incorporation or organization)

95-4598246

(I.R.S. Employer
Identification No.)

Kilroy Realty, L.P.

Delaware

(State or other jurisdiction of
incorporation or organization)

95-4612685

(I.R.S. Employer
Identification No.)

12200 W. Olympic Boulevard, Suite 200, Los Angeles, California, 90064

(Address of principal executive offices) (Zip Code)

(310) 481-8400

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

<u>Registrant</u>	<u>Title of each class</u>	<u>Name of each exchange on which registered</u>	<u>Ticker Symbol</u>
Kilroy Realty Corporation	Common Stock, \$.01 par value	New York Stock Exchange	KRC

Securities registered pursuant to Section 12(g) of the Act:

<u>Registrant</u>	<u>Title of each class</u>
Kilroy Realty, L.P.	Common Units Representing Limited Partnership Interests

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Kilroy Realty Corporation Yes ☒ No ☐

Kilroy Realty, L.P. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Kilroy Realty Corporation Yes ☒ No ☐

Kilroy Realty, L.P. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Kilroy Realty Corporation

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Kilroy Realty, L.P.

Large accelerated filer ☐ Accelerated filer ☐

Non-accelerated filer ☒ Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Kilroy Realty Corporation Yes ☐ No ☒

Kilroy Realty, L.P. Yes ☐ No ☒

As of April 22, 2022, 116,716,080 shares of Kilroy Realty Corporation common stock, par value \$.01 per share, were outstanding.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended March 31, 2022 of Kilroy Realty Corporation and Kilroy Realty, L.P. Unless stated otherwise or the context otherwise requires, references to “Kilroy Realty Corporation” or the “Company,” “we,” “our,” and “us” mean Kilroy Realty Corporation, a Maryland corporation, and its controlled and consolidated subsidiaries, and references to “Kilroy Realty, L.P.” or the “Operating Partnership” mean Kilroy Realty, L.P., a Delaware limited partnership and its controlled and consolidated subsidiaries.

The Company is a real estate investment trust, or REIT, and the general partner of the Operating Partnership. As of March 31, 2022, the Company owned an approximate 99.0% common general partnership interest in the Operating Partnership. The remaining approximate 1.0% common limited partnership interests are owned by non-affiliated investors and certain directors and officers of the Company. As the sole general partner of the Operating Partnership, the Company exercises exclusive and complete discretion over the Operating Partnership’s day-to-day management and control and can cause it to enter into certain major transactions, including acquisitions, dispositions, and refinancings and cause changes in its line of business, capital structure and distribution policies.

There are a few differences between the Company and the Operating Partnership that are reflected in the disclosures in this Form 10-Q. We believe it is important to understand the differences between the Company and the Operating Partnership in the context of how the Company and the Operating Partnership operate as an interrelated, consolidated company. The Company is a REIT, the only material asset of which is the partnership interests it holds in the Operating Partnership. As a result, the Company generally does not conduct business itself, other than acting as the sole general partner of the Operating Partnership, issuing equity from time to time and guaranteeing certain debt of the Operating Partnership. The Company itself is not directly obligated under any indebtedness, but generally guarantees all of the debt of the Operating Partnership. The Operating Partnership owns substantially all of the assets of the Company either directly or through its subsidiaries, conducts the operations of the Company’s business and is structured as a limited partnership with no publicly traded equity. Except for net proceeds from equity issuances by the Company, which the Company generally contributes to the Operating Partnership in exchange for units of partnership interest, the Operating Partnership generates the capital required by the Company’s business through the Operating Partnership’s operations, by the Operating Partnership’s incurrence of indebtedness or through the issuance of units of partnership interest.

Noncontrolling interests, stockholders’ equity and partners’ capital are the main areas of difference between the consolidated financial statements of the Company and those of the Operating Partnership. The common limited partnership interests in the Operating Partnership are accounted for as partners’ capital in the Operating Partnership’s financial statements and, to the extent not held by the Company, as noncontrolling interests in the Company’s financial statements. The differences between stockholders’ equity, partners’ capital and noncontrolling interest result from the differences in the equity issued by the Company and the Operating Partnership.

We believe combining the quarterly reports on Form 10-Q of the Company and the Operating Partnership into this single report results in the following benefits:

- Combined reports better reflect how management and the analyst community view the business as a single operating unit;
- Combined reports enhance investors’ understanding of the Company and the Operating Partnership by enabling them to view the business as a whole and in the same manner as management;
- Combined reports are more efficient for the Company and the Operating Partnership and result in savings in time, effort and expense; and
- Combined reports are more efficient for investors by reducing duplicative disclosure and providing a single document for their review.

To help investors understand the significant differences between the Company and the Operating Partnership, this report presents the following separate sections for each of the Company and the Operating Partnership:

- consolidated financial statements;
- the following notes to the consolidated financial statements:
 - Note 4, Stockholders’ Equity of the Company;
 - Note 6, Partners’ Capital of the Operating Partnership;
 - Note 11, Net Income Available to Common Stockholders Per Share of the Company;
 - Note 12, Net Income Available to Common Unitholders Per Unit of the Operating Partnership;

- Note 13, Supplemental Cash Flow Information of the Company; and
- Note 14, Supplemental Cash Flow Information of the Operating Partnership;
- “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations
 - —Liquidity and Capital Resources of the Company;” and
 - —Liquidity and Capital Resources of the Operating Partnership.”

This report also includes separate sections under “Part I – Financial Information, Item 4. Controls and Procedures” and separate Exhibit 31 and Exhibit 32 certifications for the Company and the Operating Partnership to establish that the Chief Executive Officer and the Chief Financial Officer of each entity have made the requisite certifications and that the Company and Operating Partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and 18 U.S.C. §1350.

Available Information

We use our website (www.kilroyrealty.com) as a routine channel of distribution of company information, including press releases, presentations, and supplemental information, as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor our website in addition to following press releases, SEC filings, and public conference calls and webcasts. Investors and others can receive notifications of new information posted on our investor relations website in real time by signing up for email alerts.

KILROY REALTY CORPORATION AND KILROY REALTY, L.P.
QUARTERLY REPORT FOR THE THREE MONTHS ENDED MARCH 31, 2022
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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED) OF KILROY REALTY CORPORATION

KILROY REALTY CORPORATION **CONSOLIDATED BALANCE SHEETS** (Unaudited; in thousands, except share data)

	March 31, 2022	December 31, 2021
<u>ASSETS</u>		
REAL ESTATE ASSETS (Note 2):		
Land and improvements	\$ 1,715,192	\$ 1,731,982
Buildings and improvements	7,509,311	7,543,585
Undeveloped land and construction in progress	2,158,279	2,017,126
Total real estate assets held for investment	11,382,782	11,292,693
Accumulated depreciation and amortization	(2,034,193)	(2,003,656)
Total real estate assets held for investment, net	9,348,589	9,289,037
CASH AND CASH EQUIVALENTS	331,685	414,077
RESTRICTED CASH	13,007	13,006
MARKETABLE SECURITIES (Note 10)	25,829	27,475
CURRENT RECEIVABLES, NET	12,107	14,386
DEFERRED RENT RECEIVABLES, NET	420,895	405,665
DEFERRED LEASING COSTS AND ACQUISITION-RELATED INTANGIBLE ASSETS, NET	228,426	234,458
RIGHT OF USE GROUND LEASE ASSETS	126,946	127,302
PREPAID EXPENSES AND OTHER ASSETS, NET	57,338	57,991
TOTAL ASSETS	\$ 10,564,822	\$ 10,583,397
<u>LIABILITIES AND EQUITY</u>		
LIABILITIES:		
Secured debt, net (Notes 3 and 10)	\$ 247,030	\$ 248,367
Unsecured debt, net (Notes 3 and 10)	3,821,433	3,820,383
Accounts payable, accrued expenses and other liabilities	391,920	391,264
Ground lease liabilities	125,414	125,550
Accrued dividends and distributions (Note 15)	61,951	61,850
Deferred revenue and acquisition-related intangible liabilities, net	171,121	171,151
Rents received in advance and tenant security deposits	80,192	74,962
Total liabilities	4,899,061	4,893,527
COMMITMENTS AND CONTINGENCIES (Note 9)		
EQUITY:		
Stockholders' Equity (Note 4):		
Common stock, \$.01 par value, 280,000,000 shares authorized, 116,716,080 and 116,464,169 shares issued and outstanding, respectively	1,167	1,165
Additional paid-in capital	5,149,968	5,155,232
Retained earnings	274,193	283,663
Total stockholders' equity	5,425,328	5,440,060
Noncontrolling Interests (Notes 1 and 5):		
Common units of the Operating Partnership	53,472	53,746
Noncontrolling interests in consolidated property partnerships	186,961	196,064
Total noncontrolling interests	240,433	249,810
Total equity	5,665,761	5,689,870
TOTAL LIABILITIES AND EQUITY	\$ 10,564,822	\$ 10,583,397

See accompanying notes to consolidated financial statements.

KILROY REALTY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; in thousands, except share and per share data)

	Three Months Ended March 31,	
	2022	2021
REVENUES		
Rental income (Note 8)	\$ 263,208	\$ 234,656
Other property income	2,293	990
Total revenues	265,501	235,646
EXPENSES		
Property expenses	45,424	38,859
Real estate taxes	25,870	25,266
Ground leases	1,826	1,828
General and administrative expenses (Note 7)	22,781	21,985
Leasing costs	1,013	692
Depreciation and amortization	88,660	75,932
Total expenses	185,574	164,562
OTHER INCOME (EXPENSES)		
Interest and other income, net	81	1,373
Interest expense (Note 3)	(20,625)	(22,334)
Gain on sale of depreciable operating property	—	457,288
Total other (expenses) income	(20,544)	436,327
NET INCOME	59,383	507,411
Net income attributable to noncontrolling common units of the Operating Partnership	(516)	(4,886)
Net income attributable to noncontrolling interests in consolidated property partnerships	(5,739)	(4,894)
Total income attributable to noncontrolling interests	(6,255)	(9,780)
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	\$ 53,128	\$ 497,631
Net income available to common stockholders per share – basic (Note 11)	\$ 0.45	\$ 4.27
Net income available to common stockholders per share – diluted (Note 11)	\$ 0.45	\$ 4.26
Weighted average common shares outstanding – basic (Note 11)	116,650,228	116,344,375
Weighted average common shares outstanding – diluted (Note 11)	117,060,094	116,801,384

See accompanying notes to consolidated financial statements.

KILROY REALTY CORPORATION
CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited; in thousands, except share and per share/unit data)

	Common Stock				Total Stock- holders' Equity	Noncontrolling Interests	Total Equity
	Number of Shares	Common Stock	Additional Paid-in Capital	Retained Earnings			
BALANCE AS OF DECEMBER 31, 2021	116,464,169	\$ 1,165	\$ 5,155,232	\$ 283,663	\$ 5,440,060	\$ 249,810	\$ 5,689,870
Net income				53,128	53,128	6,255	59,383
Issuance of share-based compensation awards			1,942		1,942		1,942
Non-cash amortization of share-based compensation (Note 7)			6,598		6,598		6,598
Settlement of restricted stock units for shares of common stock	459,050	5	(5)		—		—
Repurchase of common stock and restricted stock units	(207,139)	(3)	(13,991)		(13,994)		(13,994)
Distributions to noncontrolling interests in consolidated property partnerships					—	(14,842)	(14,842)
Adjustment for noncontrolling interest			192		192	(192)	—
Dividends declared per common share and common unit (\$0.52 per share/unit)				(62,598)	(62,598)	(598)	(63,196)
BALANCE AS OF MARCH 31, 2022	116,716,080	\$ 1,167	\$ 5,149,968	\$ 274,193	\$ 5,425,328	\$ 240,433	\$ 5,665,761

	Common Stock				Total Stock- holders' Equity	Noncontrolling Interests	Total Equity
	Number of Shares	Common Stock	Additional Paid-in Capital	Retained Earnings (Distributions in Excess of Earnings)			
BALANCE AS OF DECEMBER 31, 2020	116,035,827	\$ 1,160	\$ 5,131,916	\$ (103,133)	\$ 5,029,943	\$ 247,378	\$ 5,277,321
Net income				497,631	497,631	9,780	507,411
Issuance of share-based compensation awards			1,950		1,950		1,950
Non-cash amortization of share-based compensation			9,604		9,604		9,604
Settlement of restricted stock units for shares of common stock	769,701	8	(8)		—		—
Repurchase of common stock and restricted stock units	(355,158)	(3)	(21,134)		(21,137)		(21,137)
Distributions to noncontrolling interests in consolidated property partnerships					—	(11,680)	(11,680)
Adjustment for noncontrolling interest			256		256	(256)	—
Dividends declared per common share and common unit (\$0.500 per share/unit)				(60,002)	(60,002)	(575)	(60,577)
BALANCE AS OF MARCH 31, 2021	116,450,370	\$ 1,165	\$ 5,122,584	\$ 334,496	\$ 5,458,245	\$ 244,647	\$ 5,702,892

See accompanying notes to consolidated financial statements.

KILROY REALTY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in thousands)

	Three Months Ended March 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 59,383	\$ 507,411
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of real estate assets and leasing costs	87,001	74,431
Depreciation of non-real estate furniture, fixtures and equipment	1,659	1,501
Revenue (recoveries) reversals for doubtful accounts, net (Note 8)	(1,311)	1,035
Non-cash amortization of share-based compensation awards	5,256	7,877
Non-cash amortization of deferred financing costs and debt discounts	821	794
Non-cash amortization of net below market rents	(2,892)	(1,181)
Gain on sale of depreciable operating property	—	(457,288)
Non-cash amortization of deferred revenue related to tenant-funded tenant improvements	(4,261)	(4,204)
Straight-line rents	(13,847)	(17,292)
Amortization of right of use ground lease assets	356	211
Net change in other operating assets	2,657	1,710
Net change in other operating liabilities	43,837	29,147
Net cash provided by operating activities	178,659	144,152
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for acquisitions of development properties and undeveloped land (Note 2)	(40,033)	—
Expenditures for development and redevelopment properties and undeveloped land	(112,314)	(172,325)
Expenditures for operating properties and other capital assets	(17,027)	(28,242)
Net proceeds received from disposition	—	1,012,817
Net cash (used in) provided by investing activities	(169,374)	812,250
CASH FLOWS FROM FINANCING ACTIVITIES:		
Financing costs	(318)	(235)
Repurchase of common stock and restricted stock units	(13,994)	(21,137)
Distributions to noncontrolling interests in consolidated property partnerships	(14,834)	(11,672)
Dividends and distributions paid to common stockholders and common unitholders	(61,161)	(58,594)
Principal payments and repayments of secured debt	(1,369)	(1,316)
Net cash used in financing activities	(91,676)	(92,954)
Net (decrease) increase in cash and cash equivalents and restricted cash	(82,391)	863,448
Cash and cash equivalents and restricted cash, beginning of period	427,083	823,130
Cash and cash equivalents and restricted cash, end of period	\$ 344,692	\$ 1,686,578

See accompanying notes to consolidated financial statements.

ITEM 1: FINANCIAL STATEMENTS (UNAUDITED) OF KILROY REALTY, L.P.

KILROY REALTY, L.P.
CONSOLIDATED BALANCE SHEETS
(Unaudited; in thousands, except unit data)

	March 31, 2022	December 31, 2021
<u>ASSETS</u>		
REAL ESTATE ASSETS (Note 2):		
Land and improvements	\$ 1,715,192	\$ 1,731,982
Buildings and improvements	7,509,311	7,543,585
Undeveloped land and construction in progress	2,158,279	2,017,126
Total real estate assets held for investment	11,382,782	11,292,693
Accumulated depreciation and amortization	(2,034,193)	(2,003,656)
Total real estate assets held for investment, net	9,348,589	9,289,037
CASH AND CASH EQUIVALENTS	331,685	414,077
RESTRICTED CASH	13,007	13,006
MARKETABLE SECURITIES (Note 10)	25,829	27,475
CURRENT RECEIVABLES, NET	12,107	14,386
DEFERRED RENT RECEIVABLES, NET	420,895	405,665
DEFERRED LEASING COSTS AND ACQUISITION-RELATED INTANGIBLE ASSETS, NET	228,426	234,458
RIGHT OF USE GROUND LEASE ASSETS	126,946	127,302
PREPAID EXPENSES AND OTHER ASSETS, NET	57,338	57,991
TOTAL ASSETS	\$ 10,564,822	\$ 10,583,397
<u>LIABILITIES AND CAPITAL</u>		
LIABILITIES:		
Secured debt, net (Notes 3 and 10)	\$ 247,030	\$ 248,367
Unsecured debt, net (Notes 3 and 10)	3,821,433	3,820,383
Accounts payable, accrued expenses and other liabilities	391,920	391,264
Ground lease liabilities	125,414	125,550
Accrued distributions (Note 15)	61,951	61,850
Deferred revenue and acquisition-related intangible liabilities, net	171,121	171,151
Rents received in advance and tenant security deposits	80,192	74,962
Total liabilities	4,899,061	4,893,527
COMMITMENTS AND CONTINGENCIES (Note 9)		
CAPITAL:		
Common units, 116,716,080 and 116,464,169 held by the general partner and 1,150,574 and 1,150,574 held by common limited partners issued and outstanding, respectively (Note 5)	5,478,800	5,493,806
Noncontrolling interests in consolidated property partnerships (Note 1)	186,961	196,064
Total capital	5,665,761	5,689,870
TOTAL LIABILITIES AND CAPITAL	\$ 10,564,822	\$ 10,583,397

See accompanying notes to consolidated financial statements.

KILROY REALTY, L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; in thousands, except unit and per unit data)

	Three Months Ended March 31,	
	2022	2021
REVENUES		
Rental income (Note 8)	\$ 263,208	\$ 234,656
Other property income	2,293	990
Total revenues	<u>265,501</u>	<u>235,646</u>
EXPENSES		
Property expenses	45,424	38,859
Real estate taxes	25,870	25,266
Ground leases	1,826	1,828
General and administrative expenses (Note 7)	22,781	21,985
Leasing costs	1,013	692
Depreciation and amortization	88,660	75,932
Total expenses	<u>185,574</u>	<u>164,562</u>
OTHER INCOME (EXPENSES)		
Interest and other income, net	81	1,373
Interest expense (Note 3)	(20,625)	(22,334)
Gain on sale of depreciable operating property	—	457,288
Total other (expenses) income	<u>(20,544)</u>	<u>436,327</u>
NET INCOME	<u>59,383</u>	<u>507,411</u>
Net income attributable to noncontrolling interests in consolidated property partnerships and subsidiaries	(5,739)	(4,894)
NET INCOME AVAILABLE TO COMMON UNITHOLDERS	<u>\$ 53,644</u>	<u>\$ 502,517</u>
Net income available to common unitholders per unit – basic (Note 12)	<u>\$ 0.45</u>	<u>\$ 4.27</u>
Net income available to common unitholders per unit – diluted (Note 12)	<u>\$ 0.45</u>	<u>\$ 4.26</u>
Weighted average common units outstanding – basic (Note 12)	<u>117,800,802</u>	<u>117,494,949</u>
Weighted average common units outstanding – diluted (Note 12)	<u>118,210,668</u>	<u>117,951,958</u>

See accompanying notes to consolidated financial statements.

KILROY REALTY, L.P.
CONSOLIDATED STATEMENTS OF CAPITAL
(Unaudited; in thousands, except unit and per unit data)

	Partners' Capital		Noncontrolling Interests in Consolidated Property Partnerships	Total Capital
	Number of Common Units	Common Units		
BALANCE AS OF DECEMBER 31, 2021	117,614,743	\$ 5,493,806	\$ 196,064	\$ 5,689,870
Net income		53,644	5,739	59,383
Issuance of share-based compensation awards		1,942		1,942
Non-cash amortization of share-based compensation (Note 7)		6,598		6,598
Settlement of restricted stock units	459,050	—		—
Repurchase of common units and restricted stock units	(207,139)	(13,994)		(13,994)
Distributions to noncontrolling interests in consolidated property partnerships			(14,842)	(14,842)
Distributions declared per common unit (\$0.52 per unit)		(63,196)		(63,196)
BALANCE AS OF MARCH 31, 2022	117,866,654	\$ 5,478,800	\$ 186,961	\$ 5,665,761

	Partners' Capital		Noncontrolling Interests in Consolidated Property Partnerships and Subsidiaries	Total Capital
	Number of Common Units	Common Units		
BALANCE AS OF DECEMBER 31, 2020	117,186,401	\$ 5,079,818	\$ 197,503	\$ 5,277,321
Net income		502,517	4,894	507,411
Issuance of share-based compensation awards		1,950		1,950
Non-cash amortization of share-based compensation		9,604		9,604
Settlement of restricted stock units	769,701	—		—
Repurchase of common units and restricted stock units	(355,158)	(21,137)		(21,137)
Distributions to noncontrolling interests in consolidated property partnerships			(11,680)	(11,680)
Distributions declared per common unit (\$0.500 per unit)		(60,577)		(60,577)
BALANCE AS OF MARCH 31, 2021	117,600,944	\$ 5,512,175	\$ 190,717	\$ 5,702,892

See accompanying notes to consolidated financial statements.

KILROY REALTY, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in thousands)

	Three Months Ended March 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 59,383	\$ 507,411
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of real estate assets and leasing costs	87,001	74,431
Depreciation of non-real estate furniture, fixtures and equipment	1,659	1,501
Revenue (recoveries) reversals for doubtful accounts, net (Note 8)	(1,311)	1,035
Non-cash amortization of share-based compensation awards	5,256	7,877
Non-cash amortization of deferred financing costs and debt discounts	821	794
Non-cash amortization of net below market rents	(2,892)	(1,181)
Gain on sale of depreciable operating property	—	(457,288)
Non-cash amortization of deferred revenue related to tenant-funded tenant improvements	(4,261)	(4,204)
Straight-line rents	(13,847)	(17,292)
Amortization of right of use ground lease assets	356	211
Net change in other operating assets	2,657	1,710
Net change in other operating liabilities	43,837	29,147
Net cash provided by operating activities	178,659	144,152
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for acquisition of development properties and undeveloped land (Note 2)	(40,033)	—
Expenditures for development and redevelopment properties and undeveloped land	(112,314)	(172,325)
Expenditures for operating properties and other capital assets	(17,027)	(28,242)
Net proceeds received from disposition	—	1,012,817
Net cash (used in) provided by investing activities	(169,374)	812,250
CASH FLOWS FROM FINANCING ACTIVITIES:		
Financing costs	(318)	(235)
Repurchase of common units and restricted stock units	(13,994)	(21,137)
Distributions to noncontrolling interests in consolidated property partnerships	(14,834)	(11,672)
Distributions paid to common unitholders	(61,161)	(58,594)
Principal payments and repayments of secured debt	(1,369)	(1,316)
Net cash used in financing activities	(91,676)	(92,954)
Net (decrease) increase in cash and cash equivalents and restricted cash	(82,391)	863,448
Cash and cash equivalents and restricted cash, beginning of period	427,083	823,130
Cash and cash equivalents and restricted cash, end of period	\$ 344,692	\$ 1,686,578

See accompanying notes to consolidated financial statements.

KILROY REALTY CORPORATION AND KILROY REALTY, L.P.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization, Ownership and Basis of Presentation

Organization and Ownership

Kilroy Realty Corporation (the “Company”) is a self-administered real estate investment trust (“REIT”) active in premier office, life science and mixed-use submarkets in the United States. We own, develop, acquire and manage real estate assets, consisting primarily of Class A properties in Greater Los Angeles, San Diego County, the San Francisco Bay Area, Greater Seattle and Austin, Texas, 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. We qualify as a REIT under the Internal Revenue Code of 1986, as amended (the “Code”). The Company’s common stock is publicly traded on the New York Stock Exchange (“NYSE”) under the ticker symbol “KRC.”

We own our interests in all of our real estate assets through Kilroy Realty, L.P. (the “Operating Partnership”). We generally conduct substantially all of our operations through the Operating Partnership. Unless stated otherwise or the context indicates otherwise, the terms “Kilroy Realty Corporation” or the “Company,” “we,” “our,” and “us” refer to Kilroy Realty Corporation and its consolidated subsidiaries and the term “Operating Partnership” refers to Kilroy Realty, L.P. and its consolidated subsidiaries. The descriptions of our business, employees, and properties apply to both the Company and the Operating Partnership.

Our stabilized portfolio of operating properties was comprised of the following properties at March 31, 2022:

	Number of Buildings	Rentable Square Feet	Number of Tenants	Percentage Occupied ⁽¹⁾	Percentage Leased
Stabilized Office Properties ⁽²⁾	118	15,221,912	415	91.3 %	93.1 %

(1) Represents economic occupancy.

(2) Includes stabilized life science and retail space.

	Number of Projects	Number of Units	2022 Average Occupancy
Stabilized Residential Properties	3	1,001	93.7 %

Our stabilized portfolio includes all of our properties with the exception of development properties currently committed for construction, under construction, or in the tenant improvement phase, redevelopment properties under construction, undeveloped land and real estate assets held for sale. 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. We define properties in the tenant improvement phase as office and life science properties that we are developing or redeveloping where the project has reached cold shell condition and is ready for tenant improvements, which may require additional major base building construction before being placed in service. Projects in the tenant improvement phase are added to our stabilized portfolio once the project reaches the earlier of 95% occupancy or one year from the date of the cessation of major base building construction activities. Costs capitalized to construction in progress for development and redevelopment properties are transferred to land and improvements, buildings and improvements, and deferred leasing costs on our consolidated balance sheets at the historical cost of the property as the projects or phases of projects are placed in service.

As of March 31, 2022, the following properties were excluded from our stabilized portfolio. We did not have any properties held for sale at March 31, 2022.

	Number of Properties/Projects	Estimated Rentable Square Feet ⁽¹⁾
In-process development projects - tenant improvement	3	1,604,000
In-process development projects - under construction	2	946,000
In-process redevelopment projects - under construction	3	330,000

(1) Estimated rentable square feet upon completion.

KILROY REALTY CORPORATION AND KILROY REALTY, L.P.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Our stabilized portfolio also excludes our future development pipeline, which as of March 31, 2022 was comprised of seven future development sites, representing approximately 62 gross acres of undeveloped land.

As of March 31, 2022, all of our properties, development projects and redevelopment projects were owned and all of our business was conducted in the state of California with the exception of nine stabilized office properties, one development project in the tenant improvement phase and one future development project located in the state of Washington, and one development project in the tenant improvement phase and one future development project in Austin, Texas. All of our properties, development projects and redevelopment projects are 100% owned, excluding four office properties owned by three consolidated property partnerships. Two of the three consolidated property partnerships, 100 First Street Member, LLC (“100 First LLC”) and 303 Second Street Member, LLC (“303 Second LLC”), each owned one office property in San Francisco, California through subsidiary REITs. As of March 31, 2022, the Company owned a 56% common equity interest in both 100 First LLC and 303 Second LLC. The third consolidated property partnership, Redwood City Partners, LLC (“Redwood LLC”) owned two office properties in Redwood City, California. As of March 31, 2022, the Company owned an approximate 93% common equity interest in Redwood LLC. The remaining interests in all three property partnerships were owned by unrelated third parties.

Ownership and Basis of Presentation

The consolidated financial statements of the Company include the consolidated financial position and results of operations of the Company, the Operating Partnership, 303 Second LLC, 100 First LLC, Redwood LLC and all of our wholly-owned and controlled subsidiaries. The consolidated financial statements of the Operating Partnership include the consolidated financial position and results of operations of the Operating Partnership, 303 Second LLC, 100 First LLC, Redwood LLC and all of our wholly-owned and controlled subsidiaries. All intercompany balances and transactions have been eliminated in the consolidated financial statements.

As of March 31, 2022, the Company owned an approximate 99.0% common general partnership interest in the Operating Partnership. The remaining approximate 1.0% common limited partnership interest in the Operating Partnership as of March 31, 2022 was owned by non-affiliated investors and certain of our executive officers and directors. Both the general and limited common partnership interests in the Operating Partnership are denominated in common units. Generally, the number of common units held by the Company is equivalent to the number of outstanding shares of the Company’s common stock, and the rights of all the common units to quarterly distributions and payments in liquidation mirror those of the Company’s common stockholders. The common limited partners have certain redemption rights as provided in the Operating Partnership’s Seventh Amended and Restated Agreement of Limited Partnership, as amended, the “Partnership Agreement”. With the exception of the Operating Partnership and our consolidated property partnerships, all of our subsidiaries are wholly-owned.

The accompanying interim financial statements have been prepared by management in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and in conjunction with the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures required for annual financial statements have been condensed or excluded pursuant to SEC rules and regulations. Accordingly, the interim financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the accompanying interim financial statements reflect all adjustments of a normal and recurring nature that are considered necessary for a fair presentation of the results for the interim periods presented. However, the results of operations for the interim periods are not necessarily indicative of the results that may be expected for the year ending December 31, 2022. The interim financial statements for the Company and the Operating Partnership should be read in conjunction with the audited consolidated financial statements and notes thereto included in our annual report on Form 10-K for the year ended December 31, 2021.

KILROY REALTY CORPORATION AND KILROY REALTY, L.P.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Variable Interest Entities

The Operating Partnership is a variable interest entity (“VIE”) that is consolidated by the Company as the primary beneficiary as the Operating Partnership is a limited partnership in which the common limited partners do not have substantive kick-out or participating rights. At March 31, 2022, the consolidated financial statements of the Company included three VIEs in addition to the Operating Partnership: 100 First LLC, 303 Second LLC and one entity established during the first quarter of 2022 to facilitate potential future Section 1031 Exchanges. At March 31, 2022, the Company and the Operating Partnership were determined to be the primary beneficiaries of these three VIEs since we had the ability to control the activities that most significantly impact each of the VIEs’ economic performance. As of March 31, 2022, the three VIEs’ total assets, liabilities and noncontrolling interests included on our consolidated balance sheet were approximately \$483.5 million (of which \$413.2 million related to real estate held for investment), approximately \$29.8 million and approximately \$181.7 million, respectively. Revenues, income and net assets generated by 100 First LLC and 303 Second LLC may only be used to settle their contractual obligations, which primarily consist of operating expenses, capital expenditures and required distributions.

At December 31, 2021, the consolidated financial statements of the Company included two VIEs in addition to the Operating Partnership: 100 First LLC and 303 Second LLC. At December 31, 2021, the Company and the Operating Partnership were determined to be the primary beneficiaries of these two VIEs since we had the ability to control the activities that most significantly impact each of the VIEs’ economic performance. At December 31, 2021, the impact of consolidating the VIEs increased the Company’s total assets, liabilities and noncontrolling interests on our consolidated balance sheet by approximately \$462.3 million (of which \$377.9 million related to real estate held for investment), approximately \$28.1 million and approximately \$190.7 million, respectively.

2. Acquisitions

Development Project Acquisitions

During the three months ended March 31, 2022, we acquired the following development site from an unrelated third party.

Property	Date of Acquisition	Submarket	Purchase Price (in millions) ⁽¹⁾
10615 Burnet Road, Austin, TX	March 9, 2022	Stadium District / Domain	\$ 40.0

(1) Excludes acquisition-related costs.

KILROY REALTY CORPORATION AND KILROY REALTY, L.P.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

3. Secured and Unsecured Debt of the Operating Partnership

The Company generally guarantees all of the Operating Partnership's unsecured debt obligations including the unsecured revolving credit facility and all of the unsecured senior notes.

Unsecured Revolving Credit Facility

The following table summarizes the balance and terms of our unsecured revolving credit facility as of March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31, 2021
	(in thousands)	
Outstanding borrowings	\$ —	\$ —
Remaining borrowing capacity	1,100,000	1,100,000
Total borrowing capacity ⁽¹⁾	\$ 1,100,000	\$ 1,100,000
Interest rate ⁽²⁾	1.35 %	1.00 %
Facility fee-annual rate ⁽³⁾	0.200%	
Maturity date	July 2025	

- (1) We may elect to borrow, subject to bank approval and obtaining commitments for any additional borrowing capacity, up to an additional \$500.0 million under an accordion feature under the terms of the unsecured revolving credit facility.
- (2) Our unsecured revolving credit facility interest rate was calculated based on the contractual rate of LIBOR plus 0.900% as of March 31, 2022 and December 31, 2021.
- (3) Our facility fee is paid on a quarterly basis and is calculated based on the total borrowing capacity. In addition to the facility fee, we incurred debt origination and legal costs. As of March 31, 2022 and December 31, 2021, \$6.8 million and \$7.3 million of unamortized deferred financing costs, respectively, which are included in prepaid expenses and other assets, net on our consolidated balance sheets, remained to be amortized through the respective maturity dates presented of our unsecured revolving credit facility.

The Company intends to borrow under the unsecured revolving credit facility from time to time for general corporate purposes, to finance development and redevelopment expenditures, to fund potential acquisitions and to potentially repay long-term debt and to supplement cash balances given uncertainties and volatility in market conditions.

Debt Covenants and Restrictions

The unsecured revolving credit facility, the unsecured senior notes, including the private placement notes, and certain other secured debt arrangements contain covenants and restrictions requiring us to meet certain financial ratios and reporting requirements. Some of the more restrictive financial covenants include a maximum ratio of total debt to total asset value, a minimum fixed-charge coverage ratio, a minimum unsecured debt ratio and a minimum unencumbered asset pool debt service coverage ratio. Noncompliance with one or more of the covenants and restrictions could result in the full principal balance of the associated debt becoming immediately due and payable. We believe we were in compliance with all of our debt covenants as of March 31, 2022.

Debt Maturities

The following table summarizes the stated debt maturities and scheduled amortization payments for all outstanding debt as of March 31, 2022:

Year	(in thousands)
Remaining 2022	\$ 4,186
2023	5,775
2024	431,006
2025	406,246
2026	401,317
2027	249,125
Thereafter	2,600,000
Total aggregate principal value ⁽¹⁾	\$ 4,097,655

- (1) Includes gross principal balance of outstanding debt before the effect of the following at March 31, 2022: \$22.0 million of unamortized deferred financing costs for the unsecured senior notes and secured debt and \$7.1 million of unamortized discounts for the unsecured senior notes.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Capitalized Interest and Loan Fees

The following table sets forth gross interest expense, including debt discount and deferred financing cost amortization, net of capitalized interest, for the three months ended March 31, 2022 and 2021. The interest expense capitalized was recorded as a cost of development and redevelopment and increased the carrying value of undeveloped land and construction in progress.

	Three Months Ended March 31,	
	2022	2021
	(in thousands)	
Gross interest expense	\$ 39,723	\$ 39,242
Capitalized interest and deferred financing costs	(19,098)	(16,908)
Interest expense	<u>\$ 20,625</u>	<u>\$ 22,334</u>

4. Stockholders' Equity of the Company

At-The-Market Stock Offering Program

Under our at-the-market stock offering program, which commenced in June 2018, we may offer and sell shares of our common stock having an aggregate gross sales price up to \$500.0 million from time to time in “at-the-market” offerings. In connection with our at-the-market program, the Company may enter into forward equity sale agreements with certain financial institutions acting as forward purchasers whereby, at our discretion, the forward purchasers may borrow and sell shares of our common stock under our at-the-market program. The use of a forward equity sale agreement allows the Company to lock in a share price on the sale of shares of our common stock at the time the agreement is executed but defer settling the forward equity sale agreements and receiving the proceeds from the sale of shares until a later date. The Company did not have any outstanding forward equity sale agreements to be settled at March 31, 2022.

Since commencement of our current at-the-market program, we have completed sales of 3,594,576 shares of common stock through March 31, 2022. As of March 31, 2022, we may offer and sell shares of our common stock having an aggregate gross sales price up to approximately \$214.2 million under our current at-the-market program. The Company did not complete any sales of common stock under the program during the three months ended March 31, 2022.

5. Noncontrolling Interests on the Company's Consolidated Financial Statements

Common Units of the Operating Partnership

The Company owned an approximate 99.0% common general partnership interest in the Operating Partnership as of March 31, 2022, December 31, 2021 and March 31, 2021. The remaining approximate 1.0% common limited partnership interest as of March 31, 2022, December 31, 2021 and March 31, 2021 was owned by non-affiliated investors and certain of our executive officers and directors in the form of noncontrolling common units. There were 1,150,574 common units outstanding held by these investors, executive officers and directors as of March 31, 2022, December 31, 2021 and March 31, 2021.

The noncontrolling common units may be redeemed by unitholders for cash. Except under certain circumstances, we, at our option, may satisfy the cash redemption obligation with shares of the Company's common stock on a one-for-one basis. If satisfied in cash, the value for each noncontrolling common unit upon redemption is the amount equal to the average of the closing quoted price per share of the Company's common stock, par value \$.01 per share, as reported on the NYSE for the ten trading days immediately preceding the applicable redemption date. The aggregate value upon redemption of the then-outstanding noncontrolling common units was \$87.7 million and \$76.2 million as of March 31, 2022 and December 31, 2021, respectively. This redemption value does not necessarily represent the amount that would be distributed with respect to each noncontrolling common unit in the event of our termination or liquidation. In the event of our termination or liquidation, it is expected in most cases that each common unit would be entitled to a liquidating distribution equal to the liquidating distribution payable in respect of each share of the Company's common stock.

KILROY REALTY CORPORATION AND KILROY REALTY, L.P.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

6. Partners' Capital of the Operating Partnership

Common Units Outstanding

The following table sets forth the number of common units held by the Company and the number of common units held by non-affiliated investors and certain of our executive officers and directors in the form of noncontrolling common units as well as the ownership interest held on each respective date:

	March 31, 2022	December 31, 2021	March 31, 2021
Company owned common units in the Operating Partnership	116,716,080	116,464,169	116,450,370
Company owned general partnership interest	99.0 %	99.0 %	99.0 %
Noncontrolling common units of the Operating Partnership	1,150,574	1,150,574	1,150,574
Ownership interest of noncontrolling interest	1.0 %	1.0 %	1.0 %

For further discussion of the noncontrolling common units as of March 31, 2022 and December 31, 2021, refer to Note 5 "Noncontrolling Interests on the Company's Consolidated Financial Statements."

7. Share-Based Compensation

Stockholder Approved Share-Based Incentive Compensation Plan

As of March 31, 2022, we maintained one share-based incentive compensation plan, the Kilroy Realty 2006 Incentive Award Plan, as amended (the "2006 Plan"). The Company has a currently effective registration statement registering 10.7 million shares of our common stock for possible issuance under our 2006 Plan. As of March 31, 2022, approximately 1.0 million shares were available for grant under the 2006 Plan. The calculation of shares available for grant is presented after taking into account a reserve for a sufficient number of shares to cover the vesting and payment of 2006 Plan awards that were outstanding on that date, including performance-based vesting awards at (i) levels actually achieved for the performance conditions (as defined below) for which the performance period has been completed and (ii) at maximum levels for the other performance and market conditions (as defined below) for awards still in a performance period.

2022 Share-Based Compensation Grants

In January 2022, the Executive Compensation Committee of the Company's Board of Directors awarded 351,281 restricted stock units ("RSUs") to certain officers of the Company under the 2006 Plan, which included 193,111 RSUs (at the target level of performance) that are subject to market and/or performance-based vesting requirements (the "2022 Performance-Based RSUs") and 158,170 RSUs that are subject to time-based vesting requirements (the "2022 Time-Based RSUs").

2022 Performance-Based RSU Grant

The 2022 Performance-Based RSUs are scheduled to vest at the end of a three year period (consisting of calendar years 2022-2024). A target number of 2022 Performance-Based RSUs were awarded, and the final number of 2022 Performance-Based RSUs that vest (which may be more or less than the target number) will be based upon (1) during the first calendar year of the three year performance measurement period, the achievement of pre-set FFO per share goals that applies to 100% of the Performance-Based RSUs awarded (the "FFO Performance Condition") and (2) a performance measure that applies to 50% of the award based upon a measure of the Company's average debt to EBITDA ratio for the three year performance period (the "Debt to EBITDA Ratio Performance Condition") and a market measure that applies to the other 50% of the award based upon the relative ranking of the Company's total stockholder return for the three year performance period compared to the total stockholder returns of an established comparison group of companies over the same period (the "Market Condition"). The 2022 Performance-Based RSUs are also subject to a three year service vesting provision (the "service vesting condition") and are scheduled to cliff vest on the date the final vesting percentage is determined following the end of the three year performance period under the awards. The number of 2022 Performance-Based RSUs ultimately earned could fluctuate from the target number of 2022 Performance-Based RSUs granted based upon the levels of achievement for the FFO Performance Condition, the Debt to EBITDA Ratio Performance Condition, the Market Condition, and the extent to which the service vesting condition is satisfied. The estimate of the number of 2022 Performance-Based RSUs earned is evaluated quarterly during the performance period based on our estimate for each of the performance conditions measured against the applicable goals. During the three months ended March 31, 2022, we recognized \$1.1 million of compensation expense for the 2022 Performance-Based RSU grant. In the event we achieve a lower level of performance or fail to meet the FFO performance

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

condition, we would reverse a portion or all of the \$1.1 million of compensation expense. Compensation expense for the 2022 Performance-Based RSU grant is recognized on a straight-line basis over the requisite service period for each participant, which is generally the three year service period, except for one participant whose compensation expense is recognized on an accelerated basis, due to clauses that render a portion of the vesting conditions to be non-substantive.

Each 2022 Performance-Based RSU represents the right to receive one share of our common stock in the future, subject to, and as modified by the Company's level of achievement of the FFO Performance, the Debt to EBITDA Ratio Performance Condition and the Market Condition. The fair value of the award was calculated using a Monte Carlo simulation pricing model based on the assumptions in the table below, which resulted in the following grant date fair value per share.

	Fair Value Assumptions
Valuation date	January 28, 2022
Fair value on valuation date (in millions)	\$12.7
Fair value per share on valuation date ⁽¹⁾	\$67.62
Expected share price volatility	36.0%
Risk-free interest rate	1.35%

(1) For one participant, the fair value per share on the valuation date for their 2022 Performance-Based RSUs is \$70.00.

The computation of expected volatility was based on a blend of the historical volatility of our shares of common stock over a period of twice the remaining performance period as of the grant date and implied volatility data based on the observed pricing of six month publicly-traded options on shares of our common stock. The risk-free interest rate was based on the yield curve on zero-coupon U.S. Treasury STRIP securities in effect at January 28, 2022.

For the three months ended March 31, 2022, we recorded compensation expense based upon the grant date fair value per share for each component multiplied by the estimated number of RSUs to be earned.

2022 Time-Based RSU Grant

The 2022 Time-Based RSUs are scheduled to vest in three equal annual installments beginning on January 5, 2023 through January 5, 2025. Compensation expense for the 2022 Time-Based RSUs is recognized on a straight-line basis over the requisite service period, which is generally the explicit service period except for one participant whose compensation expense is recognized on an accelerated basis, due to clauses that render a portion of the vesting conditions to be non-substantive. Each 2022 Time-Based RSU represents the right to receive one share of our common stock in the future, subject to continued employment through the applicable vesting date, unless accelerated upon separation of employment, provided certain conditions are met. The total grant date fair value of the 2022 Time-Based RSU awards was \$10.0 million, which was based on the \$63.05 closing share price of the Company's common stock on the NYSE on the January 28, 2022 grant date.

2021 and 2020 Performance-Based RSUs

Compensation cost for the 2021 performance-based RSUs for the three months ended March 31, 2022 assumes the 2021 debt to EBITDA ratio performance condition is met at 100% of the target level of achievement for all participants. Compensation cost for the 2020 performance-based RSUs for the three months ended March 31, 2022 assumes the 2020 debt to EBITDA ratio performance condition is met at 150% of the target level of achievement (175.0% for one participant).

Share-Based Compensation Cost Recorded During the Period

The total compensation cost for all share-based compensation programs was \$6.6 million and \$9.6 million for the three months ended March 31, 2022 and 2021, respectively. Of the total share-based compensation costs, \$1.3 million and \$1.7 million was capitalized as part of the real estate assets for the three months ended March 31, 2022 and 2021, respectively. As of March 31, 2022, there was approximately \$38.2 million of total unrecognized compensation cost related to nonvested incentive awards granted under share-based compensation arrangements that is expected to be recognized over a weighted-average period of 2.1 years. The remaining compensation cost related to these nonvested incentive awards had been recognized in periods prior to March 31, 2022.

KILROY REALTY CORPORATION AND KILROY REALTY, L.P.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

8. Rental Income and Future Minimum Rent

Our rental income is primarily comprised of payments defined under leases and are either subject to scheduled fixed increases or adjustments in rent based on the Consumer Price Index. Additionally, rental income includes variable payments for tenant reimbursements of property-related expenses and payments based on a percentage of tenant's sales.

The table below sets forth the allocation of rental income between fixed and variable payments and collectability recoveries (reversals) for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
	2022	2021
	(in thousands)	
Fixed lease payments	\$ 224,816	\$ 204,216
Variable lease payments	37,081	31,475
Net collectability recoveries (reversals) ⁽¹⁾	1,311	(1,035)
Total rental income	<u>\$ 263,208</u>	<u>\$ 234,656</u>

(1) Represents adjustments to rental income related to our assessment of the collectability of amounts due under leases with our tenants, including recognition of deferred rent balances associated with tenants restored from a cash basis of revenue recognition to an accrual basis to revenue recognition and allowances for uncollectible receivables and leases deemed not probable of collection.

We have operating leases with tenants that expire at various dates through 2044 and are either subject to scheduled fixed increases or adjustments in rent based on the Consumer Price Index. Generally, the leases grant tenants renewal options. Leases also provide for additional rents based on certain operating expenses. Future contractual minimum rent under operating leases, which includes amounts contractually due from leases that are on a cash basis of reporting due to creditworthiness considerations, as of March 31, 2022 for future periods is summarized as follows:

Year Ending	(in thousands)
Remaining 2022	\$ 602,820
2023	814,598
2024	779,984
2025	741,031
2026	687,467
2027	626,861
Thereafter	2,291,039
Total ⁽¹⁾	<u>\$ 6,543,800</u>

(1) Excludes residential leases and leases with a term of one year or less.

KILROY REALTY CORPORATION AND KILROY REALTY, L.P.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

9. Commitments and Contingencies

General

As of March 31, 2022, we had commitments of approximately \$819.0 million, excluding our ground lease commitments, for contracts and executed leases directly related to our operating, development and redevelopment properties.

Environmental Matters

We follow the policy of evaluating all of our properties, including acquisition, development and existing stabilized portfolio properties, for the presence of hazardous or toxic substances. While there can be no assurance that a material environmental liability does not exist, we are not currently aware of any undisclosed environmental liability with respect to our stabilized portfolio properties that would have a material adverse effect on our financial condition, results of operations and cash flow, or that we believe would require additional disclosure or the recording of a loss contingency.

As of March 31, 2022, we had accrued environmental remediation liabilities of approximately \$74.3 million recorded on our consolidated balance sheets in connection with certain of our in-process and future development projects. The accrued environmental remediation liabilities represent the remaining costs we estimate we will incur prior to and during the development process at various development acquisition sites. These estimates, which we developed with the assistance of third party experts, consist primarily of the removal of contaminated soil, treatment of contaminated groundwater in connection with dewatering efforts, performing environmental closure activities, constructing remedial systems and other related costs that are necessary when we develop new buildings at these sites.

We record estimated environmental remediation obligations for acquired properties at the acquisition date when we are aware of such costs and when such costs are probable of being incurred and can be reasonably estimated. Estimated costs related to development environmental remediation liabilities are recorded as an increase to the cost of the development project. Actual costs are recorded as a decrease to the liability when incurred. These accruals are adjusted as an increase or decrease to the development project costs and as an increase or decrease to the accrued environmental remediation liability if we obtain further information or circumstances change. The environmental remediation obligations recorded at March 31, 2022 were not discounted to their present values since the amount and timing of cash payments are not fixed. It is possible that we could incur additional environmental remediation costs in connection with these development projects. However, potential additional environmental costs for these development projects cannot be reasonably estimated at this time and certain changes in estimates could occur as the site conditions, final project timing, design elements, actual soil conditions and other aspects of the projects, which may depend upon municipal and other approvals beyond the control of the Company, are determined.

Other than the accrued environmental liabilities discussed above, we are not aware of any unasserted claims and assessments with respect to an environmental liability that we believe would require additional disclosure or the recording of an additional loss contingency.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

10. Fair Value Measurements and Disclosures

Assets and Liabilities Reported at Fair Value

The only assets we record at fair value on our consolidated financial statements are the marketable securities related to our Deferred Compensation Plan. The following table sets forth the fair value of our marketable securities as of March 31, 2022 and December 31, 2021:

Description	Fair Value (Level 1) ⁽¹⁾			
	March 31, 2022		December 31, 2021	
	(in thousands)			
Marketable securities ⁽²⁾	\$	25,829	\$	27,475

(1) Based on quoted prices in active markets for identical securities.

(2) The marketable securities are held in a limited rabbi trust.

Financial Instruments Disclosed at Fair Value

The following table sets forth the carrying value and the fair value of our other financial instruments as of March 31, 2022 and December 31, 2021:

Liabilities	March 31, 2022		December 31, 2021	
	Carrying Value	Fair Value ⁽¹⁾	Carrying Value	Fair Value ⁽¹⁾
	(in thousands)			
Secured debt, net	\$ 247,030	\$ 250,875	\$ 248,367	\$ 269,687
Unsecured debt, net	\$ 3,821,433	\$ 3,748,850	\$ 3,820,383	\$ 4,105,408

(1) Fair value calculated using Level II inputs, which are based on model-derived valuations in which significant inputs and significant value drivers are observable in active markets.

KILROY REALTY CORPORATION AND KILROY REALTY, L.P.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

11. Net Income Available to Common Stockholders Per Share of the Company

The following table reconciles the numerator and denominator in computing the Company's basic and diluted per-share computations for net income available to common stockholders for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
	2022	2021
	(in thousands, except share and per share amounts)	
Numerator:		
Net income available to common stockholders	\$ 53,128	\$ 497,631
Allocation to participating securities ⁽¹⁾	(413)	(365)
Numerator for basic and diluted net income available to common stockholders	<u>\$ 52,715</u>	<u>\$ 497,266</u>
Denominator:		
Basic weighted average vested shares outstanding	116,650,228	116,344,375
Effect of dilutive securities	<u>409,866</u>	<u>457,009</u>
Diluted weighted average vested shares and common stock equivalents outstanding	<u>117,060,094</u>	<u>116,801,384</u>
Basic earnings per share:		
Net income available to common stockholders per share	<u>\$ 0.45</u>	<u>\$ 4.27</u>
Diluted earnings per share:		
Net income available to common stockholders per share	<u>\$ 0.45</u>	<u>\$ 4.26</u>

(1) Participating securities include certain time-based RSUs and vested market measure-based RSUs.

Share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are considered participating securities. The impact of potentially dilutive common shares, including stock options and RSUs are considered in our diluted earnings per share calculation for the three months ended March 31, 2022 and 2021. Certain market measure-based RSUs are not included in dilutive securities for the three months ended March 31, 2022 and 2021, as not all performance metrics had been met by the end of the applicable reporting periods. See Note 7 "Share-Based Compensation" for additional information regarding share-based compensation.

KILROY REALTY CORPORATION AND KILROY REALTY, L.P.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

12. Net Income Available to Common Unitholders Per Unit of the Operating Partnership

The following table reconciles the numerator and denominator in computing the Operating Partnership's basic and diluted per-unit computations for net income available to common unitholders for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
	2022	2021
	(in thousands, except unit and per unit amounts)	
Numerator:		
Net income available to common unitholders	\$ 53,644	\$ 502,517
Allocation to participating securities ⁽¹⁾	(413)	(365)
Numerator for basic and diluted net income available to common unitholders	<u>\$ 53,231</u>	<u>\$ 502,152</u>
Denominator:		
Basic weighted average vested units outstanding	117,800,802	117,494,949
Effect of dilutive securities	<u>409,866</u>	<u>457,009</u>
Diluted weighted average vested units and common unit equivalents outstanding	<u>118,210,668</u>	<u>117,951,958</u>
Basic earnings per unit:		
Net income available to common unitholders per unit	<u>\$ 0.45</u>	<u>\$ 4.27</u>
Diluted earnings per unit:		
Net income available to common unitholders per unit	<u>\$ 0.45</u>	<u>\$ 4.26</u>

(1) Participating securities include certain time-based RSUs and vested market measure-based RSUs.

Share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are considered participating securities. The impact of potentially dilutive common units, including stock options and RSU are considered in our diluted earnings per share calculation for the three months ended March 31, 2022 and 2021. Certain market measure-based RSUs are not included in dilutive securities for the three months ended March 31, 2022 and 2021, as not all performance metrics had been met by the end of the applicable reporting periods. See Note 7 "Share-Based Compensation" for additional information regarding share-based compensation.

KILROY REALTY CORPORATION AND KILROY REALTY, L.P.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

13. Supplemental Cash Flow Information of the Company

Supplemental cash flow information follows (in thousands):

	Three Months Ended March 31,	
	2022	2021
SUPPLEMENTAL CASH FLOWS INFORMATION:		
Cash paid for interest, net of capitalized interest of \$18,029 and \$16,131 as of March 31, 2022 and 2021, respectively	\$ 4,736	\$ 12,387
Cash paid for amounts included in the measurement of ground lease liabilities	\$ 1,532	\$ 1,455
NON-CASH INVESTING TRANSACTIONS:		
Accrual for expenditures for operating properties and development and redevelopment properties	\$ 47,101	\$ 57,675
Tenant improvements funded directly by tenants	\$ 1,908	\$ 2,570
NON-CASH FINANCING TRANSACTIONS:		
Accrual of dividends and distributions payable to common stockholders and common unitholders (Note 15)	\$ 61,951	\$ 59,472

The following is a reconciliation of our cash and cash equivalents and restricted cash at the beginning and end of the three months ended March 31, 2022 and 2021.

	Three Months Ended March 31,	
	2022	2021
	(in thousands)	
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH:		
Cash and cash equivalents at beginning of period	\$ 414,077	\$ 731,991
Restricted cash at beginning of period	13,006	91,139
Cash and cash equivalents and restricted cash at beginning of period	<u>\$ 427,083</u>	<u>\$ 823,130</u>
Cash and cash equivalents at end of period	\$ 331,685	\$ 657,819
Restricted cash at end of period	13,007	1,028,759
Cash and cash equivalents and restricted cash at end of period	<u>\$ 344,692</u>	<u>\$ 1,686,578</u>

14. Supplemental Cash Flow Information of the Operating Partnership:

Supplemental cash flow information follows (in thousands):

	Three Months Ended March 31,	
	2022	2021
SUPPLEMENTAL CASH FLOWS INFORMATION:		
Cash paid for interest, net of capitalized interest of \$18,029 and \$16,131 as of March 31, 2022 and 2021, respectively	\$ 4,736	\$ 12,387
Cash paid for amounts included in the measurement of ground lease liabilities	\$ 1,532	\$ 1,455
NON-CASH INVESTING TRANSACTIONS:		
Accrual for expenditures for operating properties and development and redevelopment properties	\$ 47,101	\$ 57,675
Tenant improvements funded directly by tenants	\$ 1,908	\$ 2,570
NON-CASH FINANCING TRANSACTIONS:		
Accrual of distributions payable to common unitholders (Note 15)	\$ 61,951	\$ 59,472

KILROY REALTY CORPORATION AND KILROY REALTY, L.P.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The following is a reconciliation of our cash and cash equivalents and restricted cash at the beginning and end of the three months ended March 31, 2022 and 2021.

	Three Months Ended March 31,	
	2022	2021
	(in thousands)	
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH:		
Cash and cash equivalents at beginning of period	\$ 414,077	\$ 731,991
Restricted cash at beginning of period	13,006	91,139
Cash and cash equivalents and restricted cash at beginning of period	\$ 427,083	\$ 823,130
Cash and cash equivalents at end of period	\$ 331,685	\$ 657,819
Restricted cash at end of period	13,007	1,028,759
Cash and cash equivalents and restricted cash at end of period	\$ 344,692	\$ 1,686,578

15. Subsequent Events

On April 13, 2022, aggregate dividends, distributions and dividend equivalents of \$61.9 million were paid to common stockholders, common unitholders and RSU holders of record on March 31, 2022.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion relates to our consolidated financial statements and should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report. The results of operations discussion is combined for the Company and the Operating Partnership because there are no material differences in the results of operations between the two reporting entities.

Forward-Looking Statements

Statements contained in this “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” that are not historical facts may be forward-looking statements. Forward-looking statements include, among other things, statements or information concerning our plans, objectives, 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, projected square footage of space that could be constructed on undeveloped land that we own, projected rentable square footage of or number of units in properties under construction or in the development pipeline, anticipated proceeds from capital recycling activity or other dispositions and anticipated dates of those activities or dispositions, projected increases in the value of properties, dispositions, future executive incentive compensation, pending, potential or proposed acquisitions, plans to grow our Net Operating Income and FFO, our ability to re-lease properties at or above current market rates, anticipated market conditions and demographics and other forward-looking financial data, as well as the discussion in “—Factors That May Influence Future Results of Operations,” “—Liquidity and Capital Resource of the Company,” and “—Liquidity and Capital Resources of the Operating Partnership.” 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 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 or implied 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 generally, and specifically, in the States of California, Texas 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 remediation; the availability of cash for distribution and debt service and exposure to risk of default under debt obligations; increases in interest rates and our ability to manage interest rate exposure; the availability of financing on attractive terms or at all, which may adversely impact our future interest expense and our ability to pursue development, redevelopment and acquisition opportunities and refinance existing debt; a decline in real estate asset valuations, which may limit our ability to dispose of assets at attractive prices or obtain or maintain debt financing, and which may result in write-offs or impairment charges; 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, developed and redeveloped properties; the ability to successfully complete development and redevelopment projects on schedule and within budgeted amounts; delays or refusals in obtaining all necessary zoning, land use and other required entitlements, governmental permits and authorizations for our development and redevelopment properties; increases in anticipated capital expenditures, tenant improvement and/or leasing costs; defaults on leases for land on which some of our properties are located; adverse changes to, or enactment or implementations of, tax laws or other applicable laws, regulations or legislation, as well as business and consumer reactions to such changes; risks associated with joint venture investments, including our lack of sole decision-making authority, our reliance on co-venturers’ financial condition and disputes between us and our co-venturers; environmental uncertainties and risks related to natural disasters; our ability to maintain our status as a REIT; and uncertainties regarding the impact of the COVID-19 pandemic, and restrictions intended to prevent its spread, on our business and the economy generally. The factors included in this report are not exhaustive and additional factors could adversely affect our business and financial performance. For a discussion of additional factors that could materially adversely affect the Company’s and the Operating Partnership’s business and financial performance, see the discussion below, as well as in “Part I, Item 1A. Risk Factors” and “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s and the Operating Partnership’s annual report on Form 10-K for the year ended December 31, 2021 and their respective other filings with the

SEC. All forward-looking statements are based on information that was available and speak only as of the dates 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.

Overview and Background

We are a self-administered REIT active in premier office, life science and mixed-use submarkets in the United States. We own, develop, acquire and manage real estate assets, consisting primarily of Class A properties in Greater Los Angeles, San Diego County, the San Francisco Bay Area, Greater Seattle and Austin, Texas, which we believe have strategic advantages and strong barriers to entry. We own our interests in all of our real properties through the Operating Partnership and generally conduct substantially all of our operations through the Operating Partnership. We owned an approximate 99.0% general partnership interest in the Operating Partnership as of March 31, 2022, December 31, 2021 and March 31, 2021. As of March 31, 2022, all of our properties are held in fee except for the fourteen office buildings that are held subject to long-term ground leases for the land.

Factors That May Influence Future Results of Operations

Development and Redevelopment Programs

We believe that a portion of our long-term future growth will continue to come from the completion of our in-process development projects and redevelopment projects and, subject to market conditions, executing on our future development pipeline, including expanding entitlements. Over the past several years, we increased our focus on development and redevelopment opportunities and expanded our future development pipeline through targeted acquisitions of development opportunities on the West Coast and in Austin, Texas.

We have a proactive planning process by which we continually evaluate the size, timing, costs and scope of our development and redevelopment programs and, as necessary, scale activity to reflect the economic conditions and the real estate fundamentals that exist in our submarkets. We expect to execute on our development and redevelopment programs with prudence and will be pursuing opportunities with attractive economic returns in strategic locations with proximity to public transportation or transportation access and retail amenities and in markets with strong fundamentals and visible demand. We plan to develop in phases, as appropriate, and we generally favor starting projects with pre-leasing activity.

In-Process Development Projects - Tenant Improvement

As of March 31, 2022, the following projects were in the tenant improvement phase:

- 2100 Kettner, Little Italy, San Diego, California. We commenced construction on this project in September 2019. This project is comprised of approximately 235,000 square feet of office space for a total estimated investment of \$140.0 million. We currently expect this project to reach stabilization in the third quarter of 2022.
- 333 Dexter, South Lake Union, Seattle, Washington. We commenced construction on this project in June 2017. This project encompasses approximately 635,000 square feet of office space at a total estimated investment of \$410.0 million and 100% of the project is leased to a global technology company. In June 2020, we completed construction and commenced revenue recognition on the first phase of the project, representing approximately 49% of the project. The remaining two phases are currently expected to reach stabilization in the third quarter of 2022.
- Indeed Tower, Austin CBD, Austin, Texas. We acquired this project upon core/shell completion in June 2021. This project encompasses approximately 734,000 square feet of office space at a total estimated investment of \$690.0 million and is 58% leased to six tenants with 42% of the space leased to Indeed.com through 2034. We currently expect this project to reach stabilization in the first quarter of 2024.

In-Process Development Projects - Under Construction

As of March 31, 2022, we had two projects in our in-process development pipeline that were under construction:

- Kilroy Oyster Point (Phase 2), South San Francisco, California. In June 2021, we commenced construction on Phase 2 of this 39-acre life science campus situated on the waterfront in South San Francisco. The second phase encompasses approximately 875,000 square feet of office space across three buildings at a total estimated investment of \$940.0 million.
- 9514 Towne Centre Drive, University Towne Center, San Diego, California. In September 2021, we commenced construction on this project, which is comprised of 71,000 square feet of office space at a total estimated investment of \$60.0 million. The building is 100% leased.

In-Process Redevelopment - Under Construction

As of March 31, 2022, we had three redevelopment projects under construction:

- 12340 El Camino Real, Del Mar, San Diego, California. In December 2021, we began the phased redevelopment of this property, comprised of approximately 96,000 square feet, for life science use. We expect to complete redevelopment of the project in the third quarter of 2022 with total estimated redevelopment costs of \$40.0 million, inclusive of the depreciated basis of the building. The project is 100% leased to a life science tenant and will have phased commencement dates during 2022.
- 12400 High Bluff Drive, Del Mar, San Diego, California. In March 2022, we began the phased redevelopment of this property. We executed a lease with a life science tenant for 182,000 square feet of this property, of which we are redeveloping approximately 144,000 square feet. We expect to complete redevelopment of the project in the third quarter of 2022 with total estimated redevelopment costs of \$50.0 million, inclusive of 66% of the depreciated basis of the building.
- 4690 Executive Drive, University Towne Center, San Diego, California. In March 2022, we began the phased redevelopment of this property, comprised of approximately 52,000 square feet, in phases, for life science use. We expect to complete redevelopment of the project in the third quarter of 2023 with total estimated redevelopment costs of \$25.0 million, inclusive of the depreciated basis of the building. The project is 100% leased to a life science tenant.

Future Development Pipeline

As of March 31, 2022, our future development pipeline included seven future projects located in Greater Seattle, the San Francisco Bay Area, San Diego County and Austin, Texas with an aggregate cost basis of approximately \$1.1 billion at which we believe we could develop more than 5.7 million rentable square feet for a total estimated investment of approximately \$5.5 billion to \$7.5 billion, depending on successfully obtaining entitlements and market conditions.

The following table sets forth information about our future development pipeline.

Future Development Pipeline	Location	Approx. Developable Square Feet ⁽¹⁾	Total Costs as of 3/31/2022 (\$ in millions) ⁽²⁾
San Diego County			
Santa Fe Summit – Phases 2 and 3	56 Corridor	600,000 - 650,000	\$ 97.9
2045 Pacific Highway	Little Italy	275,000	49.5
Kilroy East Village	East Village	TBD	63.0
San Francisco Bay Area			
Kilroy Oyster Point - Phases 3 and 4	South San Francisco	875,000 - 1,000,000	205.6
Flower Mart	SOMA	2,300,000	467.7
Greater Seattle			
SIX0 - Office & Residential	Denny Regrade	925,000	157.5
Austin			
10615 Burnet Road ⁽³⁾	Stadium District / Domain	493,000	40.3
TOTAL:			\$ 1,081.5

(1) The developable square feet and scope of projects could change materially from estimated data provided due to one or more of the following: any significant changes in the economy, market conditions, our markets, tenant requirements and demands, construction costs, new supply, regulatory and entitlement processes or project design.

(2) Represents cash paid and costs incurred, including accrued liabilities in accordance with GAAP, as of March 31, 2022.

(3) This fully-entitled 2.9 acre land site was acquired in March 2022 for \$40.0 million (refer to Note 2 “Acquisitions” to our consolidated financial statements included in this report for additional information).

Fluctuations in our development activities could cause fluctuations in the average development asset balances qualifying for interest and other carrying cost and internal cost capitalization in future periods. During the three months ended March 31, 2022 and 2021, we capitalized interest on in-process development projects and future development pipeline projects with an average aggregate cost basis of approximately \$2.0 billion and \$1.7 billion, respectively, as it was determined these projects qualified for interest and other carrying cost capitalization under GAAP. In the event of an extended cessation of development activities, such projects may potentially no longer qualify for capitalization of interest or other carrying costs. However, a cessation of development activities caused by events outside of our control would not impact our ability to capitalize interest and other carrying costs. For the three months ended March 31, 2022 and 2021, we capitalized \$19.1 million and \$16.9 million, respectively, of interest to our qualifying development and redevelopment projects. For the three months ended March 31, 2022 and 2021, we capitalized \$5.3 million and \$5.5 million, respectively, of internal costs to our qualifying development and redevelopment projects. In March 2022, the Federal Reserve raised interest rates by 0.25% and indicated that it expects to continue to raise interest rates throughout 2022. While we did not have any variable-rate debt outstanding during the three months ended March 31, 2022, our interest expense and capitalized interest may increase in 2022 to the extent that we borrow amounts on our unsecured revolving credit facility, for which interest is calculated at the contractual rate of LIBOR plus 0.900%.

Capital Recycling Program. We continuously evaluate opportunities for the potential disposition of non-core properties and undeveloped land in our portfolio or the formation of strategic ventures with the intent of recycling the proceeds generated into capital used to fund new operating and development acquisitions, to finance development and redevelopment expenditures, to repay long-term debt and for other general corporate purposes. As part of this strategy, we attempt to enter into Section 1031 Exchanges and other tax deferred transaction structures, when possible, to defer some or all of the taxable gains on the sales, if any, for federal and state income tax purposes. See the “Liquidity and Capital Resources of the Operating Partnership – Liquidity Sources” section for further discussion of our capital recycling activities.

The timing of any potential future disposition or strategic venture transactions will depend on market conditions and other factors, including but not limited to our capital needs, the availability of financing for potential buyers (which has been and may continue to be constrained for some potential buyers due to the current economic and market conditions), and our ability to defer some or all of the taxable gains on the sales. We cannot assure that we will dispose of any additional properties, enter into any additional strategic ventures, or that we will be able to identify and complete the acquisition of a suitable replacement property to effect a Section 1031 Exchange or be able to use other tax deferred structures in connection with our strategy. See the “Liquidity and Capital Resources of the Operating Partnership – Liquidity Sources” section for further information.

Acquisitions. During the three months ended March 31, 2022, we acquired one development site in one transaction for a total cash purchase price of \$40.0 million. As part of our growth strategy, which is highly dependent on market conditions and business cycles, among other factors, we continue to evaluate strategic opportunities and remain a disciplined buyer of development and redevelopment opportunities as well as value-add and strategic operating properties and land. We focus on growth opportunities primarily in markets populated by knowledge and creative-based tenants in a variety of industries, including technology, media, healthcare, life sciences, entertainment and professional services. Against the backdrop of market volatility, we expect to manage a strong balance sheet, execute on our development and redevelopment programs and selectively evaluate opportunities that we believe have the potential to either add immediate Net Operating Income to our portfolio or play a strategic role in our future growth.

In connection with our growth strategy, we often have one or more potential acquisitions of properties and/or undeveloped land under consideration that are in varying stages of negotiation and due diligence review, or under contract, at any point in time. However, we cannot provide assurance that we will enter into any agreements to acquire properties or undeveloped land, or that the potential acquisitions contemplated by any agreements we may enter into in the future will be completed. In addition, acquisitions are subject to various risks and uncertainties and we may be unable to complete an acquisition after making a nonrefundable deposit or incurring acquisition-related costs.

Incentive Compensation. Our Executive Compensation Committee determines compensation, including cash bonuses and equity incentives, for our executive officers, as defined in Rule 16 under the Exchange Act. For 2022, the annual cash bonus program was structured to allow the Executive Compensation Committee to evaluate a variety of key quantitative and qualitative metrics at the end of the year and make a determination based on the Company’s and management’s overall performance. Our Executive Compensation Committee also grants equity incentive awards from time to time that include performance-based and/or market-measure based vesting requirements and time-based vesting requirements. As a result, accrued incentive compensation and compensation expense for future awards may be affected by our operating and development performance, financial results, stock price, performance against applicable performance-based vesting goals, market conditions, liquidity measures and other factors. Consequently, we cannot predict the amounts that will be recorded in future periods related to such incentive compensation.

As of March 31, 2022, there was approximately \$38.2 million of total unrecognized compensation cost related to outstanding nonvested RSUs issued under share-based compensation arrangements. Those costs are expected to be recognized over a weighted-average period of 2.1 years. The ultimate amount of compensation cost recognized related to outstanding nonvested RSUs issued under share-based compensation arrangements may vary for performance-based RSUs that are still in the performance period based on performance against applicable performance-based vesting goals. The \$38.2 million of unrecognized compensation cost does not reflect the future compensation cost for any potential share-based awards that may be issued subsequent to March 31, 2022. Share-based compensation expense for potential future awards could be affected by our operating and development performance, financial results, stock price, performance against applicable performance-based vesting goals, market conditions and other factors. For additional information regarding our equity incentive awards, see Note 7 “Share-Based Compensation” to our consolidated financial statements included in this report.

Information on Leases Commenced and Executed

Leasing Activity and Changes in Rental Rates. The amount of net rental income generated by our properties depends principally on our ability to maintain the occupancy rates of currently leased space and to lease currently available space, newly developed or redeveloped properties, newly acquired properties with vacant space, and space available from unscheduled lease terminations. The amount of rental income we generate also depends on our ability to maintain or increase rental rates in our submarkets. Negative trends in one or more of these factors could adversely affect our rental income in future periods. The following tables set forth certain information regarding leasing activity for our stabilized portfolio during the three months ended March 31, 2022.

For Leases Commenced

	1st & 2nd Generation ⁽¹⁾⁽²⁾					2nd Generation ⁽¹⁾⁽²⁾				
	Number of Leases ⁽³⁾		Rentable Square Feet ⁽³⁾		Retention Rates ⁽⁴⁾	TI/LC per Sq. Ft. ⁽⁵⁾	TI/LC per Sq. Ft. / Year	Changes in Rents ⁽⁶⁾⁽⁷⁾	Changes in Cash Rents ⁽⁸⁾	Weighted Average Lease Term (in months)
	New	Renewal	New	Renewal						
Three Months Ended March 31, 2022	13	7	141,137	76,104	24.0 %	\$ 73.23	\$ 10.59	25.4 %	5.9 %	83

For Leases Executed ⁽⁹⁾

	1st & 2nd Generation ⁽¹⁾⁽²⁾				2nd Generation ⁽¹⁾⁽²⁾				
	Number of Leases ⁽³⁾		Rentable Square Feet ⁽³⁾		TI/LC per Sq. Ft. ⁽⁵⁾	TI/LC per Sq. Ft. / Year	Changes in Rents ⁽⁶⁾⁽⁷⁾	Changes in Cash Rents ⁽⁸⁾	Weighted Average Lease Term (in months)
	New	Renewal	New	Renewal					
Three Months Ended March 31, 2022	9	7	107,147	76,104	\$ 92.61	\$ 11.70	32.9 %	6.7 %	95

(1) Includes 100% of consolidated property partnerships.

(2) First generation leasing includes space where we have made capital expenditures that result in additional revenue generated when the space is re-leased. Second generation leasing includes space where we have made capital expenditures to maintain the current market revenue stream.

(3) Represents leasing activity for leases that commenced or were signed during the period, including first and second generation space, net of month-to-month leases. Excludes leasing on new construction.

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

(5) Tenant improvements and leasing commissions per square foot exclude tenant-funded tenant improvements.

(6) Calculated as the change between GAAP rents for new/renewed leases and the expiring GAAP rents for the same space. Includes leases for which re-leasing timing was impacted by the COVID-19 pandemic and restrictions intended to prevent its spread. Excludes leases for which the space was vacant when the property was acquired.

(7) Excludes commenced leases of approximately 10,000 rentable square feet for the three months ended March 31, 2022. Includes leases for which re-leasing timing was impacted by the COVID-19 pandemic and restrictions intended to prevent its spread. Space that was vacant when the property was acquired is excluded from our change in rents calculations to provide a more meaningful market comparison.

(8) Calculated as the change between stated rents for new/renewed leases and the expiring stated rents for the same space. Includes leases for which re-leasing timing was impacted by the COVID-19 pandemic and restrictions intended to prevent its spread. Excludes leases for which the space was vacant when the property was acquired.

(9) During the three months ended March 31, 2022, 7 new leases totaling 99,684 rentable square feet were signed but not commenced as of March 31, 2022.

As of March 31, 2022, we believe that the weighted average cash rental rates for our total stabilized portfolio are generally below current market rates in many of our markets. Individual properties within any particular submarket presently may be leased either above, below, or at the current market rates within that submarket, and the average rental rates for individual submarkets may be above, below, or at the average cash rental rate or our portfolio.

Our rental rates and occupancy are impacted by general economic conditions, including the pace of regional economic growth and access to capital. Therefore, we cannot give any assurance that leases will be renewed or that available space will be re-leased at rental rates equal to or above the current market rates.

As restrictions intended to prevent the spread of COVID-19 have been lifted, we have seen an increase in prospective tenant tours and inquiries and leasing activity as compared to 2020 levels. While we do not believe that our development leasing and ability to renew leases scheduled to expire has been significantly impacted by the COVID-19 pandemic, we do believe that the impact of the restrictions and social distancing guidelines, the economic uncertainty caused by the COVID-19 pandemic and the uncertainty around the timing and extent of employees returning to offices have impacted the timing and volume of leasing and may continue to do so in the future, particularly if case rates surge again as a result of the spread of new variants or otherwise. Additionally, decreased demand, increased competition (including sublease space available from our tenants) and other negative trends or unforeseeable events that impair our ability to timely renew or re-lease space could have further negative effects on our future financial condition, results of operations, and cash flows.

Scheduled Lease Expirations. The following tables set forth certain information regarding our lease expirations for our stabilized portfolio for the remainder of 2022 and the next five years and by region for the remainder of 2022 and in 2023.

Lease Expirations ⁽¹⁾

Year of Lease Expiration	Number of Expiring Leases	Total Square Feet	% of Total Leased Sq. Ft.	Annualized Base Rent ⁽²⁾⁽³⁾ (in thousands)	% of Total Annualized Base Rent ⁽²⁾	Annualized Base Rent per Sq. Ft. ⁽²⁾
Remainder of 2022 ⁽⁴⁾	39	431,965	3.2 %	\$ 19,360	2.5 %	\$ 44.82
2023 ⁽⁴⁾	80	1,488,671	11.0 %	76,087	10.1 %	51.11
2024	69	1,041,537	7.6 %	47,913	6.3 %	46.00
2025	59	729,691	5.3 %	36,298	4.8 %	49.74
2026	50	1,832,065	13.4 %	84,032	11.1 %	45.87
2027	56	1,213,082	8.9 %	48,079	6.4 %	39.63
Total	353	6,737,011	49.4 %	\$ 311,769	41.2 %	\$ 46.28

Year	Region	# of Expiring Leases	Total Square Feet	% of Total Leased Sq. Ft.	Annualized Base Rent ⁽²⁾⁽³⁾	% of Total Annualized Base Rent ⁽²⁾	Annualized Rent per Sq. Ft. ⁽²⁾
2022 ⁽⁴⁾	Greater Los Angeles	30	321,898	2.5 %	\$ 14,806	2.0 %	\$ 46.00
	San Diego County	5	19,241	0.1 %	988	0.1 %	51.35
	San Francisco Bay Area	2	30,829	0.2 %	1,785	0.2 %	57.90
	Greater Seattle	2	59,997	0.4 %	1,781	0.2 %	29.68
	Total	39	431,965	3.2 %	\$ 19,360	2.5 %	\$ 44.82
2023 ⁽⁴⁾	Greater Los Angeles	46	443,991	3.2 %	\$ 23,454	3.1 %	\$ 52.83
	San Diego County	10	181,367	1.4 %	7,923	1.0 %	43.68
	San Francisco Bay Area	16	389,560	2.9 %	24,515	3.2 %	62.93
	Greater Seattle	8	473,753	3.5 %	20,195	2.8 %	42.63
	Total	80	1,488,671	11.0 %	\$ 76,087	10.1 %	\$ 51.11

(1) For leases that have been renewed early with existing tenants, the expiration date and annualized base rent information presented takes into consideration the renewed lease terms. Excludes leases not commenced as of March 31, 2022, space leased under month-to-month leases, storage leases, vacant space and future lease renewal options not executed as of March 31, 2022.

(2) Annualized base rent includes the impact of straight-lining rent escalations and the amortization of free rent periods and excludes the impact of the following: amortization of deferred revenue related tenant-funded tenant improvements, amortization of above/below market rents, amortization for lease incentives due under existing leases and expense reimbursement revenue. Additionally, the underlying leases contain various expense structures including full service gross, modified gross and triple net. Percentages represent percentage of total portfolio annualized contractual base rental revenue. For additional information on tenant improvement and leasing commission costs incurred by the Company for the current reporting period, please see further discussion under the caption "Information on Leases Commenced and Executed."

(3) Includes 100% of annualized base rent of consolidated property partnerships.

(4) Adjusting for leases executed as of March 31, 2022 but not yet commenced, the 2022 expirations would be reduced by 64,058 square feet.

In addition to the 1.3 million rentable square feet, or 8.7%, of currently available space in our stabilized portfolio, leases representing approximately 3.2% and 11.0% of the occupied square footage of our stabilized portfolio are scheduled to expire during the remainder of 2022 and in 2023, respectively. The leases scheduled to expire during the remainder of 2022 and in 2023 represent approximately 1.9 million rentable square feet or 12.6% of our total annualized base rental revenue. Adjusting for leases executed as of March 31, 2022 but not yet commenced, the remaining 2022 expirations would be 367,907 square feet.

Sublease Space. Of our leased space as of March 31, 2022, approximately 1.0 million rentable square feet, or 6.5% of the square footage in our stabilized portfolio, was available for sublease, primarily in the San Francisco Bay Area region. Of the 6.5% of available sublease space in our stabilized portfolio as of March 31, 2022, approximately 5.1% was vacant space, and the remaining 1.4% was occupied. Of the approximately 1.0 million rentable square feet available for sublease as of March 31, 2022, approximately 31,748 rentable square feet representing 4 leases is scheduled to expire in 2022, and approximately 46,397 rentable square feet representing 4 leases are scheduled to expire in 2023.

Stabilized Portfolio Information

As of March 31, 2022, our stabilized portfolio was comprised of 118 office and life science properties encompassing an aggregate of approximately 15.2 million rentable square feet and 1,001 residential units. Our stabilized portfolio includes all of our properties with the exception of development properties currently committed for construction, under construction or in the tenant improvement phase, redevelopment projects under construction, undeveloped land and real estate assets held for sale. 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. We define properties in the tenant improvement phase as office and life science properties that we are developing or redeveloping where the project has reached cold shell condition and is ready for tenant improvements, which may require additional major base building construction before being placed in service. Projects in the tenant improvement phase are added to our stabilized portfolio once the project reaches the earlier of 95% occupancy or one year from the date of the cessation of major base building construction activities. Costs capitalized to construction in progress for development and redevelopment properties are transferred to land and improvements, buildings and improvements, and deferred leasing costs on our consolidated balance sheets as the historical cost of the property as the projects or phases of projects are placed in service.

We did not have any properties held for sale at March 31, 2022. Our stabilized portfolio also excludes our future development pipeline, which as of March 31, 2022 was comprised of seven potential development sites, representing approximately 62 gross acres of undeveloped land on which we believe we have the potential to develop more than 5.7 million rentable square feet, depending upon economic conditions.

As of March 31, 2022, the following properties were excluded from our stabilized portfolio:

	Number of Properties/Projects	Estimated Rentable Square Feet ⁽¹⁾
In-process development projects - tenant improvement	3	1,604,000
In-process development projects - under construction	2	946,000
In-process redevelopment projects - under construction	3	330,000

(1) Estimated rentable square feet upon completion.

The following table reconciles the changes in the rentable square feet in our stabilized office portfolio of operating properties from March 31, 2021 to March 31, 2022:

	Number of Buildings	Rentable Square Feet
Total as of March 31, 2021	117	14,049,585
Acquisitions	1	539,226
Completed development properties placed in-service	5	949,065
Properties transferred to redevelopment	(3)	(348,568)
Dispositions	(2)	(102,376)
Remeasurement	—	134,980
Total as of March 31, 2022 ⁽¹⁾	118	15,221,912

(1) Includes four properties owned by consolidated property partnerships (see Note 1 “Organization, Ownership and Basis of Presentation” to our consolidated financial statements included in this report for additional information).

Occupancy Information

The following table sets forth certain information regarding our stabilized portfolio:

Region	Number of Buildings	Rentable Square Feet	Occupancy at ⁽¹⁾		
			3/31/2022	12/31/2021	9/30/2021
Greater Los Angeles	55	4,457,320	85.7 %	86.1 %	86.4 %
San Diego County	20	2,171,305	89.4 %	95.9 %	91.8 %
San Francisco Bay Area	34	6,211,875	92.9 %	92.4 %	93.0 %
Greater Seattle	9	2,381,412	99.2 %	97.2 %	97.2 %
Total Stabilized Office Portfolio	118	15,221,912	91.3 %	91.9 %	91.5 %

	Average Occupancy	
	Three Months Ended March 31,	
	2022	2021
Stabilized Office Portfolio ⁽¹⁾	91.4 %	91.5 %
Same Store Portfolio ⁽²⁾	90.5 %	91.4 %
Residential Portfolio ⁽³⁾	93.7 %	69.1 %

- (1) Occupancy percentages reported are based on our stabilized office portfolio as of the end of the period presented and exclude occupancy percentages of properties held for sale. Represents economic occupancy.
- (2) Occupancy percentages reported are based on office properties owned and stabilized as of January 1, 2021 and still owned and stabilized as of March 31, 2022 and exclude our residential portfolio. See discussion under “Results of Operations” for additional information.
- (3) Our residential portfolio consists of our 200-unit residential tower and 193-unit Jardine project in Hollywood, California and 608 residential units at our One Paseo mixed-use project in Del Mar, California.

Significant Tenants

The following table sets forth information about our 15 largest tenants based upon annualized base rental revenues, as defined below, as of March 31, 2022.

Tenant Name	Region	Annualized Base Rental Revenue ⁽¹⁾ (in thousands)	Rentable Square Feet	Percentage of Total Annualized Base Rental Revenue	Percentage of Total Rentable Square Feet	Year(s) of Lease Expiration
GM Cruise, LLC	San Francisco Bay Area	\$ 36,337	374,618	4.7 %	2.4 %	2031
Amazon.com	Greater Seattle	33,800	780,757	4.4 %	5.0 %	2023 / 2029 / 2030
Stripe, Inc.	San Francisco Bay Area	33,110	425,687	4.3 %	2.7 %	2034
LinkedIn Corporation / Microsoft Corporation	San Francisco Bay Area	29,752	663,460	3.9 %	4.3 %	2024 / 2026
Adobe Systems, Inc.	San Francisco Bay Area / Greater Seattle	27,897	523,416	3.6 %	3.4 %	2027 / 2031
salesforce.com, inc.	San Francisco Bay Area	24,076	451,763	3.1 %	2.9 %	2031 / 2032
DoorDash, Inc.	San Francisco Bay Area	23,842	236,759	3.1 %	1.5 %	2032
DIRECTV, LLC ⁽³⁾	Greater Los Angeles	23,152	684,411	3.0 %	4.4 %	2027
Global Technology Company	Greater Seattle / San Diego County	23,059	472,427	3.0 %	3.0 %	2032 / 2033
Okta, Inc.	San Francisco Bay Area	22,387	273,371	2.9 %	1.8 %	2028
Netflix, Inc. ⁽⁴⁾	Greater Los Angeles	21,943	362,899	2.8 %	2.3 %	2022 / 2032
Box, Inc.	San Francisco Bay Area	20,390	341,441	2.6 %	2.2 %	2028
Cytokinetics, Inc.	San Francisco Bay Area	18,014	234,892	2.3 %	1.5 %	2033
Riot Games, Inc.	Greater Los Angeles	15,681	251,307	2.0 %	1.6 %	2023 / 2024
Synopsys, Inc.	San Francisco Bay Area	15,492	342,891	2.0 %	2.2 %	2030
Total		\$ 368,932	6,420,099	47.7 %	41.2 %	

- (1) Annualized base rental revenue includes the impact of straight-lining rent escalations and the amortization of free rent periods and excludes the impact of the following: amortization of deferred revenue related tenant-funded tenant improvements, amortization of above/below market rents, amortization for lease incentives due under existing leases, and expense reimbursement revenue. Excludes month-to-month leases and vacant space as of March 31, 2022.
- (2) Includes 100% of the annualized base rental revenues of consolidated property partnerships.
- (3) On April 5, 2021, DIRECTV, LLC’s successor-in-interest (“DIRECTV”) filed suit in Los Angeles Superior Court against a subsidiary of the Company, claiming that DIRECTV properly exercised its contraction rights as to certain space leased by DIRECTV at the property located at 2250 East Imperial Highway, El Segundo, California. The Company strongly disagrees with the contentions made by DIRECTV and will vigorously defend the litigation.
- (4) The 2022 lease expiration represents 1,480 rentable square feet expiring on June 30, 2022.

Results of Operations

Net Operating Income

Management internally evaluates the operating performance and financial results of our stabilized portfolio based on Net Operating Income. We define “Net Operating Income” as consolidated operating revenues (rental income and other property income) less consolidated operating expenses (property expenses, real estate taxes and ground leases).

Net Operating Income is considered by management to be an important and appropriate supplemental performance measure to net income because we believe it helps both investors and management to understand the core operations of our properties excluding corporate and financing-related costs and non-cash depreciation and amortization. Net Operating Income is an unlevered operating performance metric of our properties and allows for a useful comparison of the operating performance of individual assets or groups of assets. This measure thereby provides an operating perspective not immediately apparent from GAAP income from operations or net income. In addition, Net Operating Income is considered by many in the real estate industry to be a useful starting point for determining the value of a real estate asset or group of assets. Other real estate companies may use different methodologies for calculating Net Operating Income, and accordingly, our presentation of Net Operating Income may not be comparable to other real estate companies. Because of the exclusion of the items shown in the reconciliation below, Net Operating Income should only be used as a supplemental measure of our financial performance and not as an alternative to GAAP income from operations or net income.

Management further evaluates Net Operating Income by evaluating the performance from the following property groups:

- Same Store Properties – includes the consolidated results of all of the office properties that were owned and included in our stabilized portfolio for two comparable reporting periods, i.e., owned and included in our stabilized portfolio as of January 1, 2021 and still owned and included in the stabilized portfolio as of March 31, 2022, including our 200-unit residential tower in Hollywood, California and 608 residential units at our One Paseo mixed-use project in Del Mar, California;
- Development Properties – includes the results generated by certain of our in-process development and redevelopment projects, expenses for certain of our future development projects and the results generated by the following stabilized development properties:
 - One office building that was added to the stabilized portfolio in the second quarter of 2021;
 - Two office buildings that were added to the stabilized portfolio in the third quarter of 2021;
 - Two office buildings that were added to the stabilized portfolio in the fourth quarter of 2021; and
 - 193 residential units at our Jardine project in Hollywood, California that were added to the stabilized portfolio in the second quarter of 2021;
- Acquisition Properties - includes the results, from the date of acquisition through the periods presented, for the one property acquired in the third quarter of 2021; and
- Disposition Properties – includes the results of one property disposed of in the first quarter of 2021 and two properties disposed of in the fourth quarter of 2021.

The following table sets forth certain information regarding the property groups within our stabilized office portfolio as of March 31, 2022:

Group	# of Buildings	Rentable Square Feet
Same Store Properties	112	13,733,621
Stabilized Development Properties ⁽¹⁾	5	949,065
Acquisition Properties	1	539,226
Total Stabilized Portfolio	118	15,221,912

(1) Excludes development projects in the tenant improvement phase, our in-process development and redevelopment projects and future development projects.

Comparison of the Three Months Ended March 31, 2022 to the Three Months Ended March 31, 2021

The following table summarizes our Net Operating Income, as defined, for our total portfolio for the three months ended March 31, 2022 and 2021.

	Three Months Ended March 31,		Dollar Change	Percentage Change
	2022	2021		
(\$ in thousands)				
Reconciliation of Net Income Available to Common Stockholders to Net Operating Income, as defined:				
Net Income Available to Common Stockholders	\$ 53,128	\$ 497,631	\$ (444,503)	(89.3)%
Net income attributable to noncontrolling common units of the Operating Partnership	516	4,886	(4,370)	(89.4)%
Net income attributable to noncontrolling interests in consolidated property partnerships	5,739	4,894	845	17.3 %
Net income	\$ 59,383	\$ 507,411	\$ (448,028)	(88.3)%
Unallocated expense (income):				
General and administrative expenses	22,781	21,985	796	3.6 %
Leasing costs	1,013	692	321	46.4 %
Depreciation and amortization	88,660	75,932	12,728	16.8 %
Interest and other income, net	(81)	(1,373)	1,292	(94.1)%
Interest expense	20,625	22,334	(1,709)	(7.7)%
Gain on sale of depreciable operating property	—	(457,288)	457,288	(100.0)%
Net Operating Income, as defined	\$ 192,381	\$ 169,693	\$ 22,688	13.4 %

The following tables summarize our Net Operating Income, as defined, for our total portfolio for the three months ended March 31, 2022 and 2021.

	Three Months Ended March 31,									
	2022					2021				
	Same Store	Develop-ment	Acquisi-tion	Disposition	Total	Same Store	Develop-ment	Acquisi-tion	Disposition	Total
(in thousands)										
Operating revenues:										
Rental income	\$ 218,089	\$ 36,427	\$ 8,685	\$ 7	\$ 263,208	\$ 201,097	\$ 12,687	\$ —	\$ 20,872	\$ 234,656
Other property income	1,788	478	21	6	2,293	965	13	—	12	990
Total	219,877	36,905	8,706	13	265,501	202,062	12,700	—	20,884	235,646
Property and related expenses:										
Property expenses	39,442	4,963	979	40	45,424	35,048	1,526	—	2,285	38,859
Real estate taxes	21,506	3,705	659	—	25,870	21,053	1,383	—	2,830	25,266
Ground leases	1,738	88	—	—	1,826	1,828	—	—	—	1,828
Total	62,686	8,756	1,638	40	73,120	57,929	2,909	—	5,115	65,953
Net Operating Income, as defined	\$ 157,191	\$ 28,149	\$ 7,068	\$ (27)	\$ 192,381	\$ 144,133	\$ 9,791	\$ —	\$ 15,769	\$ 169,693

Three Months Ended March 31, 2022 as compared to the Three Months Ended March 31, 2021										
Same Store		Development		Acquisition		Disposition		Total		
Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change	
(\$ in thousands)										
Operating revenues:										
Rental income	\$ 16,992	8.4 %	\$ 23,740	187.1 %	\$ 8,685	100.0 %	\$ (20,865)	(100.0)%	\$ 28,552	12.2 %
Other property income	823	85.3 %	465	NM*	21	100.0 %	(6)	(50.0)%	1,303	131.6 %
Total	<u>17,815</u>	<u>8.8 %</u>	<u>24,205</u>	<u>190.6 %</u>	<u>8,706</u>	<u>100.0 %</u>	<u>(20,871)</u>	<u>(99.9)%</u>	<u>29,855</u>	<u>12.7 %</u>
Property and related expenses:										
Property expenses	4,394	12.5 %	3,437	225.2 %	979	100.0 %	(2,245)	(98.2)%	6,565	16.9 %
Real estate taxes	453	2.2 %	2,322	167.9 %	659	100.0 %	(2,830)	(100.0)%	604	2.4 %
Ground leases	(90)	(4.9)%	88	100.0 %	—	— %	—	— %	(2)	(0.1)%
Total	<u>4,757</u>	<u>8.2 %</u>	<u>5,847</u>	<u>201.0 %</u>	<u>1,638</u>	<u>100.0 %</u>	<u>(5,075)</u>	<u>(99.2)%</u>	<u>7,167</u>	<u>10.9 %</u>
Net Operating Income, as defined	<u>\$ 13,058</u>	<u>9.1 %</u>	<u>\$ 18,358</u>	<u>187.5 %</u>	<u>\$ 7,068</u>	<u>100.0 %</u>	<u>\$ (15,796)</u>	<u>(100.2)%</u>	<u>\$ 22,688</u>	<u>13.4 %</u>

* Percentage not meaningful.

Net Operating Income increased \$22.7 million, or 13.4%, for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 resulting from:

- An increase in Net Operating Income of \$13.1 million attributable to the Same Store Properties, which was driven by the following activity:
 - An increase in total operating revenues of \$17.8 million primarily due to:
 - \$5.0 million increase resulting from new leases and renewals at higher rates primarily in the San Diego County and San Francisco Bay Area regions;
 - \$8.0 million increase related to recoveries from the impact of COVID-19 in 2021, comprised of:
 - \$4.0 million increase due to collection of past due amounts from tenants on a cash basis of revenue recognition;
 - \$1.5 million increase from the recognition of deferred rent balances associated with tenants restored from a cash basis of revenue recognition to an accrual basis of revenue recognition in 2022;
 - \$1.6 million increase in parking income due to an increase in the number of monthly parking spaces rented and higher transient parking across all regions; and
 - \$0.9 million increase primarily due to lower charges in 2022 against rental income related to tenant creditworthiness considerations;
 - \$4.0 million increase in the tenant reimbursement component of rental income due to higher occupancy and reimbursable operating expenses; and
 - \$0.5 million increase due to termination fees recognized in 2022 primarily related to one tenant in San Diego County and one tenant in Greater Los Angeles;

- An increase in property and related expenses of \$4.8 million primarily due to the following:
 - \$3.4 million increase in property expenses including repairs and maintenance, janitorial, utilities, security, and various other recurring expenses as tenants continue to return to the office;
 - \$0.9 million increase in operating expenses related to our residential properties due to higher occupancy; and
 - \$0.5 million increase in real estate taxes due to higher annual property taxes across the portfolio;
- An increase in Net Operating Income of \$18.4 million attributable to the Development Properties;
- An increase in Net Operating Income of \$7.1 million attributable to the Acquisition Properties; partially offset by
- A decrease in Net Operating Income of \$15.8 million attributable to the Disposition Properties.

Other Expenses and Income

General and Administrative Expenses

General and administrative expenses increased \$0.8 million, or 3.6%, for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 primarily due to the continued reopening of the economy and the resumption of activities throughout the Company.

Depreciation and Amortization

Depreciation and amortization increased \$12.7 million, or 16.8%, for the three months ended March 31, 2022 compared to the three months ended March 31, 2021 primarily due to the following:

- An increase of \$10.9 million attributable to the Acquisition Properties; and
- An increase of \$6.8 million attributable to the Development Properties; partially offset by
- A decrease of \$1.2 million attributable to the Same Store Properties; and
- A decrease of \$3.8 million attributable to the Disposition Properties.

Interest Expense

The following table sets forth our gross interest expense, including debt discounts and deferred financing cost amortization, and capitalized interest, including capitalized debt discounts and deferred financing cost amortization, for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,		Dollar Change	Percentage Change
	2022	2021		
	(in thousands)			
Gross interest expense	\$ 39,723	\$ 39,242	\$ 481	1.2 %
Capitalized interest and deferred financing costs	(19,098)	(16,908)	(2,190)	13.0 %
Interest expense	<u>\$ 20,625</u>	<u>\$ 22,334</u>	<u>\$ (1,709)</u>	<u>(7.7)%</u>

Gross interest expense, before the effect of capitalized interest and deferred financing costs, increased \$0.5 million, or 1.2%, for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 primarily due to an increase in the average outstanding debt balance for the three months ended March 31, 2022.

Capitalized interest and deferred financing costs increased \$2.2 million, or 13.0%, for the three months ended March 31, 2022 compared to the three months ended March 31, 2021 primarily due to an increase in the average development asset balances qualifying for interest capitalization during the three months ended March 31, 2022. During the three months ended March 31, 2022 and 2021, we capitalized interest on in-process development and redevelopment projects and future development pipeline projects with an average aggregate cost basis of approximately \$2.0 billion and \$1.7 billion, respectively, as it was determined these projects qualified for interest and other carrying cost capitalization under GAAP. In the event of an extended cessation of development or redevelopment activities to get any of these projects ready for its intended use, such projects could potentially no longer qualify for capitalization of interest or other carrying costs. However, a cessation of development or redevelopment activities caused by events outside of our control, such as those as a result of government restrictions aimed at stopping the spread of COVID-19, would not impact our ability to capitalize interest and other carrying costs.

Net Income Attributable to Noncontrolling Interests in Consolidated Property Partnerships

Net income attributable to noncontrolling interests in consolidated property partnerships increased \$0.8 million or 17.3% or the three months ended March 31, 2022 compared to the three months ended March 31, 2021 primarily due to the expansion of one existing tenant at a higher rate at one property held in a property partnership in 2022. The amounts reported for the three months ended March 31, 2022 and 2021 are comprised of the noncontrolling interest's share of net income for 100 First Street Member, LLC ("100 First LLC") and 303 Second Street Member, LLC ("303 Second LLC") and the noncontrolling interest's share of net income for Redwood City Partners, LLC ("Redwood LLC").

Liquidity and Capital Resources of the Company

In this “Liquidity and Capital Resources of the Company” section, the term the “Company” refers only to Kilroy Realty Corporation on an unconsolidated basis and excludes the Operating Partnership and all other subsidiaries.

The Company’s business is operated primarily through the Operating Partnership. Distributions from the Operating Partnership are the Company’s primary source of capital. The Company believes the Operating Partnership’s sources of working capital, specifically its cash flow from operations and borrowings available under its unsecured revolving credit facility and funds from its capital recycling program, including strategic ventures, are adequate for it to make its distribution payments to the Company and, in turn, for the Company to make its dividend payments to its common stockholders for the next twelve months. Cash flows from operating activities generated by the Operating Partnership for the three months ended March 31, 2022 were sufficient to cover the Company’s payment of cash dividends to its stockholders. However, there can be no assurance that the Operating Partnership’s sources of capital will continue to be available at all or in amounts sufficient to meet its needs, including its ability to make distributions to the Company. The unavailability of capital could adversely affect the Operating Partnership’s ability to make distributions to the Company, which would in turn, adversely affect the Company’s ability to pay cash dividends to its stockholders.

The Company is a well-known seasoned issuer and the Company and the Operating Partnership have an effective shelf registration statement that provides for the public offering and sale from time to time by the Company of its preferred stock, common stock, depositary shares, warrants and guarantees of debt securities and by the Operating Partnership of its debt securities, in each case in unlimited amounts. The Company evaluates the capital markets on an ongoing basis for opportunities to raise capital, and, as circumstances warrant, the Company and the Operating Partnership may issue securities of all of these types in one or more offerings at any time and from time to time on an opportunistic basis, depending upon, among other things, market conditions, available pricing and capital needs. When the Company receives proceeds from the sales of its preferred or common stock, it generally contributes the net proceeds from those sales to the Operating Partnership in exchange for corresponding preferred or common partnership units of the Operating Partnership. The Operating Partnership may use these proceeds and proceeds from the sale of its debt securities to repay debt, including borrowings under its unsecured revolving credit facility, to develop new or redevelop existing properties, to make acquisitions of properties or portfolios of properties, or for general corporate purposes.

As the sole general partner with control of the Operating Partnership, the Company consolidates the Operating Partnership for financial reporting purposes, and the Company does not have significant assets other than its investment in the Operating Partnership. Therefore, the assets and liabilities and the revenues and expenses of the Company and the Operating Partnership are substantially the same on their respective financial statements. The section entitled “Liquidity and Capital Resources of the Operating Partnership” should be read in conjunction with this section to understand the liquidity and capital resources of the Company on a consolidated basis and how the Company is operated as a whole.

Liquidity Highlights

As of March 31, 2022, we had approximately \$331.7 million in cash and cash equivalents. As of the date of this report, we had \$1.1 billion available under our unsecured revolving credit facility and our next debt maturity occurs in December 2024. We believe that our available liquidity demonstrates a strong balance sheet and makes us well positioned to navigate any additional future uncertainties. In addition, the Company is a well-known seasoned issuer and has historically been able to raise capital on a timely basis in the public markets, as well as the private markets. Any future financings, however, will depend on market conditions for both capital raises and the investment of such proceeds, and there can be no assurances that we will successfully obtain such financings.

Distribution Requirements

The Company is required to distribute 90% of its taxable income (subject to certain adjustments and excluding net capital gains) on an annual basis to maintain qualification as a REIT for federal income tax purposes and is required to pay income tax at regular corporate rates to the extent it distributes less than 100% of its taxable income (including capital gains). As a result of these distribution requirements, the Operating Partnership cannot rely on retained earnings to fund its on-going operations to the same extent as other companies whose parent companies are not REITs. In addition, the Company may be required to use borrowings under the Operating Partnership's revolving credit facility, if necessary, to meet REIT distribution requirements and maintain its REIT status. The Company may also need to continue to raise capital in the equity markets to fund the Operating Partnership's working capital needs, as well as potential developments of new or existing properties or acquisitions.

The Company intends to continue to make, but has not committed to make, regular quarterly cash distributions to common stockholders, and through the Operating Partnership, to common unitholders from the Operating Partnership's cash flow from operating activities. All such distributions are at the discretion of the Board of Directors. As the Company intends to maintain distributions at a level sufficient to meet the REIT distribution requirements and minimize its obligation to pay income and excise taxes, it will continue to evaluate whether the current levels of distribution are appropriate to do so throughout 2022. In addition, in the event the Company is unable to successfully complete Section 1031 Exchanges to defer some or all of the taxable gains related to property dispositions (or in the event additional legislation is enacted that further modifies or repeals laws with respect to Section 1031 Exchanges), the Company may be required to distribute a special dividend to its common stockholders and common unitholders in order to minimize or eliminate income taxes on such gains. The Company considers market factors and its performance in addition to REIT requirements in determining its distribution levels. Amounts accumulated for distribution to stockholders are invested primarily in interest-bearing accounts and short-term interest-bearing securities, which is consistent with the Company's intention to maintain its qualification as a REIT. Such investments may include, for example, obligations of the Government National Mortgage Association, other governmental agency securities, certificates of deposit, and interest-bearing bank deposits.

On February 8, 2022, the Board of Directors declared a regular quarterly cash dividend of \$0.52 per share. The regular quarterly cash dividend is payable to stockholders of record on March 31, 2022 and a corresponding cash distribution of \$0.52 per Operating Partnership unit is payable to holders of the Operating Partnership's common limited partnership interests of record on March 31, 2022, including those owned by the Company. The total cash quarterly dividends and distributions paid on April 13, 2022 were \$61.3 million.

Debt Covenants

The covenants contained within certain of our unsecured debt obligations generally prohibit the Company from paying dividends during an event of default in excess of an amount which results in distributions to us in an amount sufficient to permit us to pay dividends to our stockholders that we reasonably believe are necessary to (a) maintain our qualification as a REIT for federal and state income tax purposes and (b) avoid the payment of federal or state income or excise tax.

Capitalization

As of March 31, 2022, our total debt as a percentage of total market capitalization was 31.3%, which was calculated based on the closing price per share of the Company's common stock of \$76.42 on March 31, 2022 as shown in the following table:

	Shares/Units at March 31, 2022	Aggregate Principal Amount or \$ Value Equivalent	% of Total Market Capitalization
(\$ in thousands)			
Debt: ⁽¹⁾⁽²⁾			
Unsecured Senior Notes due 2024		\$ 425,000	3.2 %
Unsecured Senior Notes due 2025		400,000	3.1 %
Unsecured Senior Notes Series A & B due 2026		250,000	1.9 %
Unsecured Senior Notes due 2028		400,000	3.1 %
Unsecured Senior Notes due 2029		400,000	3.1 %
Unsecured Senior Notes Series A & B due 2027 & 2029		250,000	1.9 %
Unsecured Senior Notes due 2030		500,000	3.8 %
Unsecured Senior Notes due 2031		350,000	2.7 %
Unsecured Senior Notes due 2032		425,000	3.2 %
Unsecured Senior Notes due 2033		450,000	3.4 %
Secured debt		247,655	1.9 %
Total debt		\$ 4,097,655	31.3 %
Equity and Noncontrolling Interests in the Operating Partnership: ⁽³⁾			
Common limited partnership units outstanding ⁽⁴⁾	1,150,574	\$ 87,927	0.7 %
Shares of common stock outstanding	116,716,080	8,919,443	68.0 %
Total Equity and Noncontrolling Interests in the Operating Partnership		\$ 9,007,370	68.7 %
Total Market Capitalization		<u>\$ 13,105,025</u>	<u>100.0 %</u>

(1) Represents gross aggregate principal amount due at maturity before the effect of the following at March 31, 2022: \$22.0 million of unamortized deferred financing costs on the unsecured senior notes and secured debt and \$7.1 million of unamortized discounts for the unsecured senior notes.

(2) As of March 31, 2022, there was no outstanding balance on the unsecured revolving credit facility.

(3) Value based on closing price per share of our common stock of \$76.42 as of March 31, 2022.

(4) Includes common units of the Operating Partnership not owned by the Company; does not include noncontrolling interests in consolidated property partnerships.

Liquidity and Capital Resources of the Operating Partnership

In this “Liquidity and Capital Resources of the Operating Partnership” section, the terms “we,” “our,” and “us” refer to the Operating Partnership or the Operating Partnership and the Company together, as the context requires.

General

Our primary liquidity sources and uses are as follows:

Liquidity Sources

- Net cash flow from operations;
- Borrowings under the Operating Partnership’s unsecured revolving credit facility;
- Proceeds from our capital recycling program, including the disposition of assets and the formation of strategic ventures;
- Proceeds from additional secured or unsecured debt financings; and
- Proceeds from public or private issuance of debt, equity or preferred equity securities.

Liquidity Uses

- Development and redevelopment costs;
- Operating property or undeveloped land acquisitions;
- Property operating and corporate expenses;
- Capital expenditures, tenant improvement and leasing costs;
- Debt service and principal payments, including debt maturities;
- Distributions to common security holders;
- Repurchases and redemptions of outstanding common stock of the Company; and
- Outstanding debt repurchases, redemptions and repayments.

General Strategy

Our general strategy is to maintain a conservative balance sheet with a strong credit profile and to maintain a capital structure that allows for financial flexibility and diversification of capital resources. We manage our capital structure to reflect a long-term investment approach and utilize multiple sources of capital to meet our long-term capital requirements. We believe that our current projected liquidity requirements for the next twelve-month period, as set forth above under the caption “—Liquidity Uses,” will be satisfied using a combination of the liquidity sources listed above, although there can be no assurance in this regard. We believe our conservative leverage and staggered debt maturities provide us with financial flexibility and enhance our ability to obtain additional sources of liquidity if necessary, and, therefore, we are well-positioned to refinance or repay maturing debt and to pursue our strategy of seeking attractive acquisition opportunities, which we may finance, as necessary, with future public and private issuances of debt and equity securities, although there can be no assurance in this regard.

Liquidity Sources

Unsecured Revolving Credit Facility

The following table summarizes the balance and terms of our unsecured revolving credit facility as of March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31, 2021
	(in thousands)	
Outstanding borrowings	\$ —	\$ —
Remaining borrowing capacity	1,100,000	1,100,000
Total borrowing capacity ⁽¹⁾	\$ 1,100,000	\$ 1,100,000
Interest rate ⁽²⁾	1.35 %	1.00 %
Facility fee-annual rate ⁽³⁾	0.200%	
Maturity date	July 2025	

(1) We may elect to borrow, subject to bank approval and obtaining commitments for any additional borrowing capacity, up to an additional \$500.0 million under an accordion feature under the terms of the unsecured revolving credit facility.

(2) Our unsecured revolving credit facility interest rate was calculated based on the contractual rate of LIBOR plus 0.900% as of March 31, 2022 and December 31, 2021.

(3) Our facility fee is paid on a quarterly basis and is calculated based on the total borrowing capacity. In addition to the facility fee, we incurred debt origination and legal costs. As of March 31, 2022 and December 31, 2021, \$6.8 million and \$7.3 million of unamortized deferred financing costs, respectively, which are included in prepaid expenses and other assets, net on our consolidated balance sheets, remained to be amortized through the respective maturity dates presented of our unsecured revolving credit facility.

We intend to borrow under the unsecured revolving credit facility as necessary for general corporate purposes, to finance development and redevelopment expenditures, to fund potential acquisitions and to potentially repay long-term debt to supplement cash balances given uncertainties and volatility in market conditions.

Capital Recycling Program

As discussed in the section “*Factors That May Influence Future Results of Operations - Capital Recycling Program*,” we continuously evaluate opportunities for the potential disposition of properties and undeveloped land in our portfolio or the formation of strategic ventures with the intent of recycling the proceeds generated from the disposition of less strategic or core assets into capital used to finance development expenditures, to fund new acquisitions, to repay long-term debt and for other general corporate purposes. As part of this strategy, we attempt to enter into Section 1031 Exchanges, when possible, to defer some or all of the taxable gains on the sales, if any, for federal and state income tax purposes.

Any potential future disposition transactions and the timing of any potential future capital recycling transactions will depend on market conditions and other factors, including but not limited to our capital needs, the availability of financing for potential buyers (which has been and may continue to be constrained for some potential buyers due to current economic and market conditions), and our ability to defer some or all of the taxable gains on the sales. In addition, we cannot assure you that we will dispose of any additional properties, or that we will be able to identify and complete the acquisitions of suitable replacement properties to effect Section 1031 Exchanges to defer some or all of the taxable gains related to our capital recycling program. In the event we are unable to complete dispositions as planned, we may raise capital through other sources of liquidity including our available unsecured revolving credit facility or the public or private issuance of unsecured debt.

At-The-Market Stock Offering Program

Under our current at-the-market stock offering program, which commenced June 2018, we may offer and sell shares of our common stock with an aggregate gross sales price of up to \$500.0 million from time to time in “at-the-market” offerings. In connection with the at-the-market program, the Company may enter into forward equity sale agreements with certain financial institutions acting as forward purchasers whereby, at our discretion, the forward purchasers may borrow and sell shares of our common stock under our at-the-market program. The use of a forward equity sale agreement allows the Company to lock in a share price on the sale of shares of our common stock at the time the agreement is executed but defer settling the forward equity sale agreements and receiving the proceeds from the sale of shares until a later date. The Company did not have any outstanding forward equity sale agreements to be settled at March 31, 2022.

Since commencement of our current at-the-market program, we have completed sales of 3,594,576 shares of common stock through March 31, 2022. As of March 31, 2022, we may offer and sell shares of our common stock having an aggregate gross sales price up to approximately \$214.2 million under this program. The Company did not complete any sales under the program during the three months ended March 31, 2022.

Shelf Registration Statement

The Company is a well-known seasoned issuer and the Company and the Operating Partnership have an effective shelf registration statement that provides for the public offering and sale from time to time by the Company of its preferred stock, common stock, depository shares and guarantees of debt securities and by the Operating Partnership of its debt securities, in each case in unlimited amounts. The Company evaluates the capital markets on an ongoing basis for opportunities to raise capital, and, as circumstances warrant, the Company and the Operating Partnership may issue securities of all of these types in one or more offerings at any time and from time to time on an opportunistic basis, depending upon, among other things, market conditions, available pricing and capital needs. Capital raising could be more challenging under current market conditions as uncertainty related to interest rates, inflation rates, economic outlook, geopolitical events (including the military conflict between Russia and Ukraine) and other factors have contributed and may continue to contribute to significant volatility and negative pressure in financial markets. When the Company receives proceeds from the sales of its preferred or common stock, it generally contributes the net proceeds from those sales to the Operating Partnership in exchange for corresponding preferred or common partnership units of the Operating Partnership. The Operating Partnership may use these proceeds and proceeds from the sale of its debt securities to repay debt, including borrowings under its unsecured revolving credit facility, to develop new or redevelop existing properties, to make acquisitions of properties or portfolios of properties, or for general corporate purposes.

Unsecured and Secured Debt

The aggregate principal amount of the unsecured and secured debt of the Operating Partnership outstanding as of March 31, 2022 was as follows:

	Aggregate Principal Amount Outstanding	
	(in thousands)	
Unsecured Senior Notes due 2024	\$	425,000
Unsecured Senior Notes due 2025		400,000
Unsecured Senior Notes Series A & B due 2026		250,000
Unsecured Senior Notes due 2028		400,000
Unsecured Senior Notes due 2029		400,000
Unsecured Senior Notes Series A & B due 2027 & 2029		250,000
Unsecured Senior Notes due 2030		500,000
Unsecured Senior Notes due 2031		350,000
Unsecured Senior Notes due 2032		425,000
Unsecured Senior Notes due 2033		450,000
Secured Debt		247,655
Total Unsecured and Secured Debt ⁽¹⁾		4,097,655
Less: Unamortized Net Discounts and Deferred Financing Costs ⁽²⁾		(29,192)
Total Debt, Net	\$	4,068,463

(1) As of March 31, 2022, there was no outstanding balance on the unsecured revolving credit facility.

(2) Includes \$22.0 million of unamortized deferred financing costs on the unsecured senior notes and secured debt and \$7.1 million of unamortized discounts for the unsecured senior notes. Excludes unamortized deferred financing costs on the unsecured revolving credit facility, which are included in prepaid expenses and other assets, net on our consolidated balance sheets.

Debt Composition

The composition of the Operating Partnership's aggregate debt balances between secured and unsecured and fixed-rate and variable-rate debt as of March 31, 2022 and December 31, 2021 was as follows:

	Percentage of Total Debt ⁽¹⁾		Weighted Average Interest Rate ⁽¹⁾	
	March 31, 2022 ⁽²⁾	December 31, 2021	March 31, 2022 ⁽²⁾	December 31, 2021
Secured vs. unsecured:				
Unsecured	94.0 %	93.9 %	3.6 %	3.6 %
Secured	6.0 %	6.1 %	3.9 %	3.9 %
Variable-rate vs. fixed-rate:				
Variable-rate	— %	— %	— %	— %
Fixed-rate ⁽³⁾	100.0 %	100.0 %	3.7 %	3.7 %
Stated rate ⁽³⁾			3.7 %	3.7 %
GAAP effective rate ⁽⁴⁾			3.7 %	3.7 %
GAAP effective rate including debt issuance costs			3.9 %	3.9 %

(1) As of the end of the period presented.

(2) As of March 31, 2022, there was no outstanding balance on the unsecured revolving credit facility.

(3) Excludes the impact of the amortization of any debt discounts/premiums and deferred financing costs.

(4) Includes the impact of amortization of any debt discounts/premiums, excluding deferred financing costs.

Liquidity Uses

Contractual Obligations

Refer to our 2021 Annual Report on Form 10-K for a discussion of our contractual obligations. There have been no material changes, outside of the ordinary course of business, to these contractual obligations during the three months ended March 31, 2022.

Other Liquidity Uses

Development

As of March 31, 2022, we had two development projects under construction. These projects have a total estimated investment of approximately \$1.0 billion of which we have incurred approximately \$286.0 million, net of retention, and committed an additional \$714.0 million as of March 31, 2022, of which \$135.0 million to \$145.0 million is currently expected to be spent through the end of 2022. In addition, as of March 31, 2022, we had three development projects in the tenant improvement phase. These projects have a total estimated investment of approximately \$1.2 billion, of which we have incurred approximately \$1.1 billion, net of retention, and committed an additional \$146.0 million as of March 31, 2022, of which \$70.0 million to \$80.0 million is currently expected to be spent through the end of 2022. We also had two stabilized development projects with a total estimated investment of \$715.0 million, of which \$67.0 million remains to be spent through the end of 2022. In addition, as of March 31, 2022, we had three redevelopment projects under construction with total estimated incremental redevelopment costs of \$55.0 million, of which we have incurred \$14.7 million and committed an additional \$40.3 million as of March 31, 2022. Of this amount, \$33.0 million is expected to be spent through the end of 2022. Furthermore, we currently believe we may spend up to \$100.0 million on development projects that we may commence construction on throughout the remainder of 2022. The ultimate timing of these expenditures may fluctuate given construction progress and leasing status of the projects, or as a result of events outside our control, such as delays or increased costs as a result of the COVID-19 pandemic. We expect that any material additional development activities will be funded with borrowings under the unsecured revolving credit facility, the public or private issuance of debt or equity securities, the disposition of assets under our capital recycling program, or strategic venture opportunities. We cannot provide assurance that development projects will be completed on the terms, for the amounts or on the timelines currently contemplated, or at all.

Debt Maturities

We believe our conservative leverage, staggered debt maturities and recent unsecured line of credit amendment provide us with financial flexibility and enhance our ability to obtain additional sources of liquidity if necessary, and, therefore, we believe we are well-positioned to refinance or repay maturing debt and to pursue our strategy of seeking attractive acquisition opportunities, which we may finance, as necessary, with future public and private issuances of debt and equity securities. However, we can provide no assurance that we will have access to the public or private debt or equity markets in the future on favorable terms or at all. Our next debt maturity occurs in December 2024.

Potential Future Acquisitions

As discussed in the section “*Factors That May Influence Future Results of Operations - Acquisitions*,” we continue to evaluate strategic opportunities and remain a disciplined buyer of development and redevelopment opportunities as well as value-add and strategic operating properties, dependent on market conditions and business cycles, among other factors. We focus on growth opportunities primarily in markets populated by knowledge and creative based tenants in a variety of industries, including technology, media, healthcare, life sciences, entertainment and professional services. We expect that any material acquisitions will be funded with borrowings under the unsecured revolving credit facility, the public or private issuance of debt or equity securities, the disposition of assets under our capital recycling program, the formation of strategic ventures or through the assumption of existing debt, although there can be no assurance in this regard.

We cannot provide assurance that we will enter into any agreements to acquire properties or undeveloped land, or that the potential acquisitions contemplated by any agreements we may enter into in the future will be completed.

Share Repurchases

As of March 31, 2022, 4,935,826 shares remained eligible for repurchase under a share repurchase program approved by the Company's board of directors in 2016. Under this program, repurchases may be made in open market transactions at prevailing prices or through privately negotiated transactions. We may elect to repurchase shares of our common stock under this program in the future depending upon various factors, including market conditions, the trading price of our common stock and our other uses of capital. This program does not have a termination date and repurchases may be discontinued at any time. We intend to fund repurchases, if any, primarily with the proceeds from property dispositions.

Other Potential Future Liquidity Uses

The amounts we incur for tenant improvements and leasing costs depend on leasing activity in each period. Tenant improvements and leasing costs generally fluctuate in any given period depending on factors such as the type and condition of the property, the term of the lease, the type of the lease, the involvement of external leasing agents, and overall market conditions. Capital expenditures may fluctuate in any given period subject to the nature, extent and timing of improvements required to maintain our properties. As the impacts of the COVID-19 pandemic and restrictions intended to prevent its spread subside, there may be a continued lower level of leasing activity when compared to levels prior to the COVID-19 pandemic due to the uncertainty around the timing and extent of employees returning to the office, particularly if case rates surge again as a result of the spread of new variants or otherwise.

Factors That May Influence Future Sources of Capital and Liquidity of the Company and the Operating Partnership

We continue to evaluate sources of financing for our business activities, including borrowings under the unsecured revolving credit facility, issuance of public and private equity securities, unsecured debt and fixed-rate secured mortgage financing, proceeds from the disposition of selective assets through our capital recycling program, and the formation of strategic ventures. However, our ability to obtain new financing or refinance existing borrowings on favorable terms could be impacted by various factors, including the state of the macro economy, the state of the credit and equity markets, significant tenant defaults, a decline in the demand for office properties, a decrease in market rental rates or market values of real estate assets in our submarkets, the amount of our future borrowings and uncertainty related to interest rates, inflation rates, geopolitical events (including the military conflict between Russia and Ukraine) and other factors (refer to “Part I, Item IA. Risk Factors” in our annual report on Form 10-K for the year ended December 31, 2021 for additional information). These events could result in the following:

- Decreases in our cash flows from operations, which could create further dependence on the unsecured revolving credit facility;
- An increase in the proportion of variable-rate debt, which could increase our sensitivity to interest rate fluctuations in the future; and
- A decrease in the value of our properties, which could have an adverse effect on the Operating Partnership's ability to incur additional debt, refinance existing debt at competitive rates, or comply with its existing debt obligations.

In addition to the factors noted above, the Operating Partnership's credit ratings are subject to ongoing evaluation by credit rating agencies and may be changed or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant. In the event that the Operating Partnership's credit ratings are downgraded, we may incur higher borrowing costs and may experience difficulty in obtaining additional financing or refinancing existing indebtedness.

Debt Covenants

The unsecured revolving credit facility, unsecured senior notes, and certain other secured debt arrangements contain covenants and restrictions requiring us to meet certain financial ratios and reporting requirements. Key existing financial covenants and their covenant levels include:

Unsecured Credit Facility and Private Placement Notes (as defined in the applicable Credit Agreements):	Covenant Level	Actual Performance as of March 31, 2022
Total debt to total asset value	less than 60%	29%
Fixed charge coverage ratio	greater than 1.5x	3.5x
Unsecured debt ratio	greater than 1.67x	3.25x
Unencumbered asset pool debt service coverage	greater than 1.75x	4.05x
Unsecured Senior Notes due 2024, 2025, 2028, 2029, 2030, 2032 and 2033 (as defined in the applicable Indentures):		
Total debt to total asset value	less than 60%	34%
Interest coverage	greater than 1.5x	8.4x
Secured debt to total asset value	less than 40%	2%
Unencumbered asset pool value to unsecured debt	greater than 150%	297%

The Operating Partnership was in compliance with all of its debt covenants as of March 31, 2022. Our current expectation is that the Operating Partnership will continue to meet the requirements of its debt covenants in both the short and long term. However, in the event of an economic slowdown or continued volatility in the credit markets, there is no certainty that the Operating Partnership will be able to continue to satisfy all the covenant requirements.

Consolidated Historical Cash Flow Summary

The following summary discussion of our consolidated historical cash flow is based on the consolidated statements of cash flows in Item 1. “Financial Statements” and is not meant to be an all-inclusive discussion of the changes in our cash flow for the periods presented below. Changes in our cash flow include changes in cash and cash equivalents and restricted cash. Our historical cash flow activity for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 is as follows:

	Three Months Ended March 31,			
	2022	2021	Dollar Change	Percentage Change
	(\$ in thousands)			
Net cash provided by operating activities	\$ 178,659	\$ 144,152	\$ 34,507	23.9 %
Net cash (used in) provided by investing activities	(169,374)	812,250	(981,624)	120.9 %
Net cash used in financing activities	(91,676)	(92,954)	1,278	(1.4)%
Net (decrease) increase in cash and cash equivalents	\$ (82,391)	\$ 863,448	\$ (945,839)	(109.5)%

Operating Activities

Our cash flows from operating activities depends on numerous factors including the occupancy level of our portfolio, the rental rates achieved on our leases, the collectability of rent and recoveries from our tenants, the level of operating expenses, the impact of property acquisitions, completed development projects and related financing activities, and other general and administrative costs. Our net cash provided by operating activities increased by \$34.5 million, or 23.9%, for the three months ended March 31, 2022 compared to the three months ended March 31, 2021 primarily as result of an increase in cash Net Operating Income generated from stabilized development properties in our Development Portfolio and from our Same Store and Acquisition Portfolios and net changes in other operating liabilities related to the timing of expenditures. See additional information under the caption “—Results of Operations.”

Investing Activities

Our cash flows from investing activities is generally used to fund development and operating property acquisitions, expenditures for development and redevelopment projects, and recurring and nonrecurring capital expenditures for our operating properties, net of proceeds received from dispositions of real estate assets. During the three months ended March 31, 2022 we had net cash used in investing activities of \$169.4 million compared to net cash provided by investing activities of \$812.3 million for the three months ended March 31, 2021 primarily due to \$1.0 billion of proceeds received from the disposition completed during the three months ended March 31, 2021.

Financing Activities

Our cash flows from financing activities is principally impacted by our capital raising activities, net of dividends and distributions paid to common and preferred security holders. Our net cash used in financing activities remained generally consistent for the three months ended March 31, 2022 compared to the three months ended March 31, 2021. We did not complete any capital raising activities during the three months ended March 31, 2022 or 2021.

Non-GAAP Supplemental Financial Measure: Funds From Operations (“FFO”)

We calculate FFO in accordance with the 2018 Restated White Paper on FFO approved by the Board of Governors of NAREIT. The White Paper defines FFO as net income or loss calculated in accordance with GAAP, excluding extraordinary items, as defined by GAAP, gains and losses from sales of depreciable real estate and impairment write-downs associated with depreciable real estate, plus real estate-related depreciation and amortization (excluding amortization of deferred financing costs and depreciation of non-real estate assets) and after adjustment for unconsolidated partnerships and joint ventures. Our calculation of FFO includes the amortization of deferred revenue related to tenant-funded tenant improvements and excludes the depreciation of the related tenant improvement assets. We also add back net income attributable to noncontrolling common units of the Operating Partnership because we report FFO attributable to common stockholders and common unitholders.

We believe that FFO is a useful supplemental measure of our operating performance. The exclusion from FFO of gains and losses from the sale of operating real estate assets allows investors and analysts to readily identify the operating results of the assets that form the core of our activity and assists in comparing those operating results between periods. Also, because FFO is generally recognized as the industry standard for reporting the operations of REITs, it facilitates comparisons of operating performance to other REITs. However, other REITs may use different methodologies to calculate FFO, and accordingly, our FFO may not be comparable to all other REITs.

Implicit in historical cost accounting for real estate assets in accordance with GAAP is the assumption that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered presentations of operating results for real estate companies using historical cost accounting alone to be insufficient. Because FFO excludes depreciation and amortization of real estate assets, we believe that FFO along with the required GAAP presentations provides a more complete measurement of our performance relative to our competitors and a more appropriate basis on which to make decisions involving operating, financing and investing activities than the required GAAP presentations alone would provide.

However, FFO should not be viewed as an alternative measure of our operating performance because it does not reflect either depreciation and amortization costs or the level of capital expenditures and leasing costs necessary to maintain the operating performance of our properties, which are significant economic costs and could materially impact our results from operations.

The following table presents our FFO for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
	2022	2021
	(in thousands)	
Net income available to common stockholders	\$ 53,128	\$ 497,631
Adjustments:		
Net income attributable to noncontrolling common units of the Operating Partnership	516	4,886
Net income attributable to noncontrolling interests in consolidated property partnerships	5,739	4,894
Depreciation and amortization of real estate assets	87,001	74,431
Gain on sale of depreciable real estate	—	(457,288)
Funds From Operations attributable to noncontrolling interests in consolidated property partnerships	(8,618)	(8,310)
Funds From Operations ⁽¹⁾⁽²⁾	\$ 137,766	\$ 116,244

(1) Reported amounts are attributable to common stockholders, common unitholders and restricted stock unitholders.

(2) FFO available to common stockholders and unitholders includes amortization of deferred revenue related to tenant-funded tenant improvements of \$4.3 million and \$4.2 million for the three months ended March 31, 2022 and 2021, respectively.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information about our market risk is disclosed in “Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, and is incorporated herein by reference. There have been no material changes for the three months ended March 31, 2022, to the information provided in “Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

ITEM 4. CONTROLS AND PROCEDURES

Kilroy Realty Corporation

The Company maintains disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in the Company’s reports under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by SEC Rule 13a-15(b), the Company carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the disclosure controls and procedures as of March 31, 2022, the end of the period covered by this report. Based on the foregoing, the Company’s Chief Executive Officer and Chief Financial Officer concluded, as of that time, the disclosure controls and procedures were effective at the reasonable assurance level.

There have been no changes that occurred during the period covered by this report in the Company’s internal control over financial reporting identified in connection with the evaluation referenced above that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Kilroy Realty, L.P.

The Operating Partnership maintains disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in the Operating Partnership’s reports under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer of its general partner, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by SEC Rule 13a-15(b), the Operating Partnership carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer of its general partner, of the effectiveness of the design and operation of the disclosure controls and procedures as of March 31, 2022, the end of the period covered by this report. Based on the foregoing, the Chief Executive Officer and Chief Financial Officer of its general partner concluded, as of that time, the disclosure controls and procedures were effective at the reasonable assurance level.

There have been no changes that occurred during the period covered by this report in the Operating Partnership’s internal control over financial reporting identified in connection with the evaluation referenced above that have materially affected, or are reasonably likely to materially affect, the Operating Partnership’s internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We and our properties are subject to routine litigation incidental to our business. These matters are generally covered by insurance. As of March 31, 2022, we are not a defendant in, and our properties are not subject to, any legal proceedings that we believe, if determined adversely to us, would have a material adverse effect upon our financial condition, results of operations or cash flows.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors included in the Company's and the Operating Partnership's annual report on Form 10-K for the year ended December 31, 2021.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) *Recent Sales of Unregistered Securities: None.*

(b) *Use of Proceeds from Registered Securities: None.*

(c) *Purchases of Equity Securities by the Issuer and Affiliated Purchasers:*

The table below reflects our purchases of common stock during each of the three months in the three-month period ended March 31, 2022.

Period	Total Number of Shares of Stock Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) that May Yet be Purchased Under the Plans or Programs
January 1, 2022 - January 31, 2022	207,139	\$ 66.53	—	—
February 1, 2022 - February 28, 2022	—	—	—	—
March 1, 2022 - March 31, 2022	—	—	—	—
Total	207,139	\$ 66.53	—	—

(1) Represents shares of common stock remitted to the Company to satisfy tax withholding obligations in connection with the distribution of, or the vesting and distribution of, restricted stock units or restricted stock in shares of common stock. The value of such shares of common stock remitted to the Company was based on the closing price of the Company's common stock on the applicable withholding date.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
3.(i)1	Articles of Amendment and Restatement of Kilroy Realty Corporation (previously filed by Kilroy Realty Corporation as an exhibit on Form 8-K as filed with the Securities and Exchange Commission on May 21, 2020)
3.(i)2	Certificate of Limited Partnership of Kilroy Realty, L.P. (previously filed by Kilroy Realty, L.P., as an exhibit to the General Form for Registration of Securities on Form 10 as filed with the Securities and Exchange Commission on August 18, 2010)
3.(i)3	Amendment to the Certificate of Limited Partnership of Kilroy Realty, L.P. (previously filed by Kilroy Realty, L.P., as an exhibit to the General Form for Registration of Securities on Form 10 as filed with the Securities and Exchange Commission on August 18, 2010)
3.(i)4	Articles Supplementary reclassifying shares of the Series G Preferred Stock of the Company (previously filed by Kilroy Realty Corporation as an exhibit on Form 8-K as filed with the Securities and Exchange Commission on August 23, 2017)
3.(i)5	Articles Supplementary reclassifying shares of the Series H Preferred Stock of the Company (previously filed by Kilroy Realty Corporation as an exhibit on Form 8-K as filed with the Securities and Exchange Commission on August 23, 2017)
3.(ii)1	Seventh Amended and Restated Bylaws of Kilroy Realty Corporation (previously filed by Kilroy Realty Corporation as an exhibit on Form 8-K as filed with the Securities and Exchange Commission on May 20, 2021)
3.(ii)2	Seventh Amended and Restated Agreement of Limited Partnership of Kilroy Realty, L.P. dated as of August 15, 2012, as amended (previously filed by Kilroy Realty Corporation on Form 10-Q for the quarter ended June 30, 2014)
4.1	Indenture, dated March 1, 2011, by and among Kilroy Realty, L.P., as issuer, Kilroy Realty Corporation, as guarantor, and U.S. Bank National Association, as trustee (previously filed by Kilroy Realty Corporation and Kilroy Realty, L.P. as an exhibit to the Registration Statement on Form S-3 as filed with the Securities and Exchange Commission on October 2, 2013)
4.2	Supplemental Indenture, dated July 5, 2011, among Kilroy Realty, L.P., as issuer, Kilroy Realty Corporation, as guarantor, and U.S. Bank National Association, as trustee (previously filed by Kilroy Realty Corporation and Kilroy Realty, L.P. as an exhibit to the Registration Statement on Form S-3 as filed with the Securities and Exchange Commission on October 2, 2013)
10.1†*	Transition Agreement by and between Kilroy Realty Corporation, Kilroy Realty, L.P. and Michelle Ngo dated February 24, 2022
31.1*	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of Kilroy Realty Corporation
31.2*	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of Kilroy Realty Corporation
31.3*	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of Kilroy Realty, L.P.
31.4*	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of Kilroy Realty, L.P.
32.1*	Section 1350 Certification of Chief Executive Officer of Kilroy Realty Corporation
32.2*	Section 1350 Certification of Chief Financial Officer of Kilroy Realty Corporation
32.3*	Section 1350 Certification of Chief Executive Officer of Kilroy Realty, L.P.
32.4*	Section 1350 Certification of Chief Financial Officer of Kilroy Realty, L.P.
101.1	The following Kilroy Realty Corporation and Kilroy Realty, L.P. financial information for the quarter ended March 31, 2022, formatted in inline XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets (unaudited), (ii) Consolidated Statements of Operations (unaudited), (iii) Consolidated Statements of Equity (unaudited), (iv) Consolidated Statements of Capital (unaudited), (v) Consolidated Statements of Cash Flows (unaudited) and (vi) Notes to the Consolidated Financial Statements (unaudited). ⁽¹⁾
104.1*	Cover Page Interactive Data File - The cover page interactive data file does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.

* Filed herewith.

† Management contract or compensatory plan or arrangement.

(1) Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on April 28, 2022.

KILROY REALTY CORPORATION

By: /s/ John Kilroy
John Kilroy
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Elliott Trencher
Elliott Trencher
Executive Vice President, Chief Investment Officer,
Interim Chief Financial Officer and Treasurer
(Principal Financial Officer)

By: /s/ Meryll E. Werber
Meryll E. Werber
Senior Vice President, Chief Accounting Officer and Controller
(Principal Accounting Officer)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on April 28, 2022.

KILROY REALTY, L.P.

BY: KILROY REALTY CORPORATION

Its general partner

By: /s/ John Kilroy

John Kilroy
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Elliott Trencher

Elliott Trencher
Executive Vice President, Chief Investment Officer,
Interim Chief Financial Officer and Treasurer
(Principal Financial Officer)

By: /s/ Meryll E. Werber

Meryll E. Werber
Senior Vice President, Chief Accounting Officer and Controller
(Principal Accounting Officer)

TRANSITION AGREEMENT

This Transition Agreement ("Agreement") is entered into on this 24th day of February, 2022 by and between, on the one hand, Michelle Ngo ("Ms. Ngo") and, on the other hand, Kilroy Realty Corporation, a Maryland corporation ("Company"), and Kilroy Realty, L.P., a Delaware limited partnership ("Operating Partnership", and Company and Operating Partnership referred to collectively as "Kilroy"). Kilroy and Ms. Ngo may be referred to herein jointly as "the Parties" or individually as "the Party."

RECITALS

WHEREAS, Ms. Ngo has been employed by Kilroy as Senior Vice President, Chief Financial Officer and Treasurer;

WHEREAS, Ms. Ngo has voluntarily resigned from employment with Kilroy effective February 25, 2022 (the "Separation Date");

WHEREAS, Ms. Ngo is a party to that certain Non-Competition, Non-Solicitation and Non-Disclosure Agreement with Kilroy dated as of January 28, 2016 (the "Confidentiality Agreement") and that certain Indemnification Agreement with Kilroy dated as of December 29, 2020 (the "Indemnification Agreement"); and

WHEREAS, Kilroy and Ms. Ngo understand and acknowledge that each of them is waiving legal rights or claims by signing the Agreement, and that each of them voluntarily enters into the Agreement with a complete understanding of its terms and with the intent to be bound thereby;

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and for other good and valuable consideration, receipt of which is hereby acknowledged, Kilroy and Ms. Ngo agree as follows:

1 SEPARATION FROM EMPLOYMENT AND TRANSITION

1.1 On the Separation Date, Ms. Ngo shall cease to be an employee of Kilroy. Ms. Ngo hereby irrevocably resigns as an officer, director, member, manager and in each and every other capacity with each of Company and Operating Partnership, and with each of their respective Affiliates (as such term is defined below), effective as of the Separation Date. Kilroy accepts such resignations. Kilroy shall continue to pay Ms. Ngo's regular salary, and provide her with her regular benefits, through and until the Separation Date. For clarity, Ms. Ngo acknowledges and agrees that she is not entitled to any additional equity awards, bonus or other forms of incentive compensation. Ms. Ngo agrees that the Separation Date shall constitute the date of Ms. Ngo's "separation from service" from Kilroy (within the meaning of Internal Revenue Code Section 409A and the guidance promulgated thereunder). As used in this Agreement: (i) the term "Affiliate" means a person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, Company or Operating Partnership (or Company and Operating Partnership together); (ii) the term "control," including the correlative

terms “controlling,” “controlled by” and “under common control with,” means the possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise) of a person; and (iii) the term “person” shall be construed broadly and includes, without limitation, an individual, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

1.2 Ms. Ngo agrees to be reasonably available, if and as may be requested by Kilroy, over the period of sixty (60) days following the Separation Date to provide such help and support as Kilroy may reasonably request regarding the transition of the responsibilities and duties that she held prior to the Separation Date. Ms. Ngo’s services pursuant to this Section 1.2 shall be as an independent contractor to Kilroy (and not as an employee) for which she will be entitled to no additional compensation or benefits (beyond the compensation and benefits provided for in this Agreement).

1.3 Except as expressly authorized by Kilroy in writing, on and after the Separation Date, Ms. Ngo shall not represent or act, directly or indirectly, for or on behalf of, or otherwise as an agent of, Kilroy or any one of the Kilroy Released Parties (as such term is defined below).

1.4 On the Separation Date, Kilroy shall deliver to Ms. Ngo a final paycheck consisting of her accrued and unpaid salary and her accrued but unused vacation and any unused floating holiday hours based on Ms. Ngo’s current regular base salary rate. The Parties agree that Ms. Ngo’s accrued but unused vacation time as of the date of this Agreement is approximately 320 hours and 16 unused floating holiday hours as of the date of this Agreement.

1.5 Except as expressly provided for in this Agreement: (i) Ms. Ngo acknowledges and agrees that all obligations of Kilroy to pay salary, benefits, discretionary bonus, vacation and floating holiday pay, cash bonus and equity or other awards, deferred compensation, auto allowance, separation pay, incentive pay, 401(k) contributions (including the Kilroy matching contribution) or any other employee benefits, or any other compensation or remuneration of any kind in connection with Ms. Ngo’s employment with Kilroy, or in connection with Ms. Ngo’s separation of employment, shall cease as of the Separation Date; and (ii) that no compensation, benefits, or other payments or remuneration shall be due or owing to Ms. Ngo from Kilroy or any of the Kilroy Released Parties in connection with Ms. Ngo’s service as an officer or employee, in connection with Ms. Ngo’s separation from employment, or otherwise, on or after the date of this Agreement. Nothing stated herein shall amend any benefit plans in which Ms. Ngo is a participant that are subject to the Employee Retirement Income Security Act of 1974, as amended.

1.6 Kilroy shall reimburse Ms. Ngo in the ordinary course for any expenses incurred by Ms. Ngo during her employment with Kilroy that are reimbursable pursuant to Kilroy’s general expense reimbursement policies and have not heretofore been reimbursed. Ms. Ngo agrees that she will submit customary documentation of such expenses to Kilroy promptly after the Separation Date (or earlier). Ms. Ngo represents that she has not and will not incur any such expenses (to the extent not previously reimbursed) other than in the ordinary course and consistent with past practice.

1.7 Ms. Ngo's accrued and vested benefit under the Kilroy Realty Corporation 401(k) (the "401(k) Plan") will be paid in accordance with the terms of that plan.

1.8 Beginning with coverage the month following the month in which the Separation Date occurs, Ms. Ngo will have the option to convert and continue coverage for herself and her eligible dependents under Kilroy's group medical insurance benefits, as may be required by law under the Consolidated Omnibus Budget Reconciliation Act ("COBRA") or Cal-COBRA, as applicable. Ms. Ngo acknowledges that she must make a timely election to continue such coverage under COBRA or Cal-COBRA and that she shall be exclusively responsible to pay the full costs of the premiums and administrative charges required by COBRA or Cal-COBRA, as applicable.

1.9 Ms. Ngo has a fully vested account balance under the Kilroy Realty Corporation 2007 Deferred Compensation Plan, as amended (the "Deferred Compensation Plan"), at Newport Group. In accordance with the terms of the Deferred Compensation Plan, all account balances under the Deferred Compensation Plan shall be paid to Ms. Ngo in one lump sum on or as soon as practicable after the date that is six (6) months and one (1) day following the Separation Date (the "Delayed Payment Date"), after taking into account the notional earnings or losses occurring prior to the Delayed Payment Date and net of applicable tax withholding obligations (the "Deferred Cash Payment"). In the event of any inconsistency or ambiguity between this payment provision and the payment provisions of the Deferred Compensation Plan, the Deferred Compensation Plan shall control. Ms. Ngo acknowledges and agrees that the Deferred Cash Payment constitutes a complete distribution of all amounts owed to her under the Deferred Compensation Plan and fully satisfies all existing Kilroy obligations in connection therewith.

1.10 Ms. Ngo was previously awarded restricted stock units ("RSUs") pursuant to certain Restricted Stock Unit Agreements (each, an "RSU Agreement"). As of the Separation Date, Ms. Ngo will have approximately 10,483.1588 vested, but deferred, time-based RSUs ("Vested Deferred RSUs") in her Account (as defined in each applicable RSU Agreement). Subject to the terms in each applicable RSU Agreement, the Vested Deferred RSUs shall be distributed to Ms. Ngo (net of applicable tax withholding obligations) in a single distribution of KRC common stock into an account KRC established at Shareworks by Morgan Stanley in Ms. Ngo's name (the "Shareworks Account") as soon as practicable after the Delayed Payment Date. To the extent that any additional RSUs are issued as Dividend Equivalents prior to the Delayed Payment Date with respect to the Vested Deferred RSUs, such additional RSUs shall be paid in shares of KRC common stock, or the cash equivalent, on the Delayed Payment Date. There can be no guarantee or promise as to the value of the Vested Deferred RSUs (or any associated Dividend Equivalents) on the Delayed Payment Date. Ms. Ngo acknowledges receipt of payment for, and in full satisfaction of, any RSUs that vested by their terms prior to the Separation Date other than as to the Vested Deferred RSUs. As of the Separation Date, all remaining RSUs held by Ms. Ngo (for clarity, other than the Vested Deferred RSUs) shall terminate and be forfeited and Ms. Ngo shall have no further right with respect thereto or in respect thereof. Ms. Ngo agrees that she has no equity interest, no derivative equity interest, and no equity awards with respect to interests in, Operating Partnership or any other Affiliate of Kilroy.

1.11 Ms. Ngo acknowledges and agrees that she will promptly transfer any shares of Company common stock and any cash amounts in the Shareworks Account to her personal brokerage and/or bank account as soon as possible after the Separation Date (and, as to any such shares and amounts credited thereto with respect to the Vested Deferred RSUs, as soon as possible after the Delayed Distribution Date), but by no later than November 30, 2022, and Kilroy will remove Ms. Ngo's access to the Shareworks Account immediately following such date. Furthermore, in accordance with Kilroy's Insider Trading Compliance Policy, Ms. Ngo hereby acknowledges and agrees not to buy, sell or otherwise trade in any Kilroy securities while in possession of any material non-public information about Kilroy.

1.12 On or prior to the Separation Date, Ms. Ngo shall coordinate with Kilroy Human Resources for the return of the following: (i) all Kilroy property, including all tangible or intangible property, such as equipment, software, information, office, parking and/or elevator access keys, books and data, that she was provided during her employment, including her laptop computer; (ii) all Confidential Information (as that term is defined in the Confidentiality Agreement) in her possession; and (iii) a complete list of all computer and website log-in passwords that she used for Kilroy work purposes (each and collectively, "Kilroy Property"). Ms. Ngo represents and warrants that she has not and will not retain any Kilroy Property of any type or in any form, whether created, generated, stored or transmitted in any electronic or other format, or in any other media, on any electronic device, such as but not limited to her personal laptop, iPads, thumb drives or other electronic devices or computers to which she has access. As a limited and narrow exception hereto, Ms. Ngo may retain her Company-provided cellular phone and iPad, as well as any personnel or payroll records to which she is legally entitled and any contacts, calendars and personal correspondence.

1.13 Each of the Confidentiality Agreement and the Indemnification Agreement remains in full force and effect through the Separation Date and, thereafter, in accordance with its terms. Ms. Ngo acknowledges, represents and warrants that she has complied in all material respects with her obligations under the Confidentiality Agreement. Ms. Ngo shall continue to be covered under the applicable Kilroy directors' and officers' liability insurance pursuant to any applicable tail coverage.

2 TRANSITION SUPPORT PAYMENT

In consideration for the covenants, promises and obligations set forth herein, the Release (as such term is defined below), and the other covenants and promises of Ms. Ngo set forth in this Agreement, and subject to the condition precedent that Ms. Ngo satisfy the Release Requirement (as such term is defined below), Kilroy shall make the following payments (together, the "Section 2 Payments"), which payments or benefits Kilroy would not otherwise be obligated to make or provide to Ms. Ngo: (i) on or promptly after the date that is thirty (30) days after the Separation Date, Kilroy shall pay Ms. Ngo One Hundred and Fifty Thousand Dollars (\$150,000), and (ii) on or promptly after the date that is sixty (60) days after the Separation Date, Kilroy shall pay Ms. Ngo One Hundred and Fifty Thousand Dollars (\$150,000). For clarity, Kilroy shall not be obligated to pay or provide, as the case may be, any of the Section 2 Payments if the Release Condition is not satisfied. For purposes of this Agreement, the "Release Condition" means that (i) on or within twenty one (21) days after the Separation Date Ms. Ngo shall have delivered to Kilroy

a release, in the form attached hereto as Exhibit A, executed by Ms. Ngo (“Release”), and (ii) Ms. Ngo shall not revoke the Release (or any portion thereof) pursuant to any revocation right afforded by applicable law.

3 NO REPRESENTATIONS AS TO TAXABILITY OF ANY PAYMENTS

All payments and benefits contemplated by this Agreement (including, without limitation, the Section 2 Payments) are subject to applicable withholdings and deductions. Kilroy has not made, and does not make, any representations as to the taxability of any of the Section 2 Payments, or any other payments or benefits contemplated by this Agreement, or any portion thereof, under state, local or federal law. Kilroy may reflect any payments to Ms. Ngo on a Form W-2 or as required by law. Ms. Ngo expressly acknowledges that in entering into this Agreement, no representations regarding taxability of the Section 2 Payments or any other payments and benefits have been made to him. Ms. Ngo shall be solely responsible for any and all tax liability with respect to the Section 2 Payments and such other payments and benefits, except as to any amounts of tax withholding that Kilroy may actually withhold therefrom pursuant to applicable laws, rules and regulations.

4 REMEDY FOR BREACH OF AGREEMENT

4.1 Without limiting any and all available rights or remedies as decided by the arbitrator, at law or in equity, all of which shall be available and are not waived, the Parties agree that any breach of the terms of this Agreement, the Release, or the Confidentiality Agreement would result in irreparable injury and damage to either one of them, for which there is no adequate remedy at law. The Parties agree that the aggrieved Party (including the respective Kilroy Released Parties as set forth in the Release in the event of a breach of the Release) shall be entitled to obtain a temporary restraining order and/or a preliminary injunction or permanent injunction, without the need to post a bond, for the purpose of restraining the other Party from engaging in prohibited activities or providing for such other relief as may be required to specifically enforce the terms of this Agreement, the Release, or the Confidentiality Agreement.

4.2 Resort to any remedy provided for in this Agreement, the Release, or the Confidentiality Agreement will not prevent concurrent or subsequent award of other appropriate remedies or preclude a recovery of monetary damages and other compensation or restitution.

4.3 The Parties agree that any action, dispute, controversy or claim (collectively, “Dispute”) arising out of or in any way relating to this Agreement or the Release, or to the breach or threatened breach of this Agreement or the Release, or to the breach or threatened breach of the Confidentiality Agreement, or to any other matters between the Parties including without limitation Ms. Ngo’s employment with Kilroy and the termination thereof, shall be resolved to the fullest extent provided by law by final and binding arbitration administered by JAMS before a single neutral arbitrator. The arbitration will be conducted pursuant to the Employment Arbitration Rules & Procedures and subject to the JAMS Policy on Employment Arbitration Minimum Standards of Procedural Fairness. The rules may be accessed at: <https://www.jamsadr.com/rules-employment-arbitration/english>. Under these rules, the Parties acknowledge and agree that: (a) a Party may file any claim in arbitration that could have been brought or filed in any court of law or

in equity; (b) the prevailing Party shall recover any and all damages and all other relief that would otherwise be available at law or in equity; (c) each Party is entitled to discovery sufficient to adequately arbitrate the Dispute, including access to essential documents and witnesses; (d) Kilroy shall pay the entire cost of the arbitrator and the arbitration forum costs; (e) the arbitrator shall issue a written decision stating the essential findings and conclusions on which the arbitration award is based, and sufficient to allow for judicial review to the fullest extent permitted by law including for legal error; and (f) except as required for judicial review or in response to court order, any and all proceedings shall be maintained in the strictest confidence by the Parties and their representatives, the arbitrator and any other participants in the arbitration proceedings. Each of the Parties hereby consents to the jurisdiction of the arbitrator, the authority of the arbitrator to award the relief provided for herein, and to JAMS to administer the arbitration, and to submit to said jurisdiction. Accordingly, each Party voluntarily, knowingly and intentionally waives the Party's right to a jury trial, and agrees to submit any Dispute to arbitration under the terms and conditions provided for herein. The venue of the arbitration shall be in the County of Los Angeles, specifically, at the JAMS offices located at 1925 Century Park E, 14th Floor, Los Angeles, CA 90067, unless the Parties mutually agree in a writing executed by both Parties to a different venue. The Parties agree that this Section 4.3 duly amends the Confidentiality Agreement, as Ms. Ngo has agreed to arbitration as the sole remedy, except injunctive relief as stated above, for the resolution of any dispute. The Parties agree that this Arbitration Agreement shall be governed by California Civil Procedure Code section 1280 *et seq.* and the Federal Arbitration Act ("FAA"), 9 U.S.C. section 1, *et. seq.*, except when there is a conflict between the two the FAA will control. Notwithstanding anything herein to the contrary (but, as to the Section 2 Payments, only if the Release Condition has been satisfied), Kilroy shall pay Ms. Ngo compensation due and owing under this Agreement during the pendency of any dispute or controversy arising under or in consideration of this Agreement, the Release or the Confidentiality Agreement.

5 INTEGRATED AGREEMENT

This Agreement, together with the Release attached hereto, the Confidentiality Agreement, and the Indemnification Agreement (the "Integrated Agreement"), constitutes an integrated written contract expressing the entire agreement between Kilroy and Ms. Ngo as to its and their subject matter. The Integrated Agreement supersedes all prior or contemporaneous agreements of the parties hereto and that directly or indirectly bear upon the subject matter hereof or thereof. Any prior negotiations, correspondence, agreements, proposals or understandings relating to the subject matter of the Integrated Agreement, or any portion of the Integrated Agreement, shall be deemed to have been merged into the Integrated Agreement, and to the extent inconsistent therewith, such negotiations, correspondence, agreements, proposals, or understandings shall be deemed to be of no force or effect. There are no representations, warranties, or agreements, whether express or implied, or oral or written, with respect to the subject matter of the Integrated Agreement except as expressly set forth in the Integrated Agreement.

6 SEVERABILITY

It is the desire and intent of the parties hereto that the provisions of this Agreement and of the Release be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement or of the Release shall be adjudicated by a court of competent jurisdiction or an

arbitrator, as the case may be, to be invalid, prohibited or unenforceable under any present or future law, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement and of the Release or affecting the validity or enforceability of such provision in any other jurisdiction, and to this end, each of the provisions of this Agreement as well as each of the provisions of the Release is declared to be severable; furthermore, in lieu of such invalid or unenforceable provision there will be added automatically as a part of this Agreement and the Release, a legal, valid and enforceable provision as similar in terms to such invalid or unenforceable provision as may be possible. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement and the Release or affecting the validity or enforceability of such provision in any other jurisdiction.

7 AMENDMENTS AND WAIVER

This Agreement and the Release may not be modified or amended, in whole or in part, except in a formal, definitive written agreement expressly referring to this Agreement or the Release, as the case may be, which agreement is signed by an authorized officer of Kilroy and by Ms. Ngo. Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under this Agreement or under the Release shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be binding unless in writing and signed by the party asserted to have granted such waiver.

8 GOVERNING LAW

Construction and interpretation of this Agreement and of the Release shall at all times and in all respects be governed by the laws of the State of California, without regard to the rules or principles of conflicts or choice of law that might look to any jurisdiction outside of California.

9 MISCELLANEOUS TERMS

9.1 Each of the Parties has received, or has been given the opportunity to receive, prior independent legal advice from legal counsel and tax advisors of their choice with respect to the advisability of entering into this Agreement (and, as to Ms. Ngo, with respect to the advisability of entering into the Release), and the taxability of any payments set forth herein, and therefore no ambiguity of this Agreement or of the Release shall be resolved against any Party by virtue of having participated in the drafting of this Agreement or of the Release.

9.2 Each of the Parties represents that each has read this Agreement and the Release carefully, knows and understands its contents, and has investigated the facts pertaining to this Agreement and the Release to the extent that each deems necessary or desirable.

9.3 The section headings and titles contained in this Agreement and in the Release are inserted for convenience only, and they neither form a part of this Agreement or the Release, nor are they to be used in the construction or interpretation of this Agreement or the Release. In this Agreement and in the Release, where the context requires, the singular shall include the plural, the plural shall include the singular, and any gender shall include all other genders and the neutral. In this Agreement and in the Release, where specific language is used to clarify by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates.

9.4 This Agreement and the Release are personal to Ms. Ngo and shall not be assignable by Ms. Ngo except by operation of law. This Agreement and the Release shall inure to the benefit of and be binding upon Company, Operating Partnership, and each of its and their respective successors and assigns and any such successor or assignee shall be deemed substituted for Company or Operating Partnership, as the case may be, under the terms of this Agreement and the Release for all purposes. As used herein, “successor” and “assignee” shall include any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires ownership of Company or Operating Partnership, as the case may be, or to which Company or Operating Partnership assigns this Agreement or the Release, as the case may be, by operation of law or otherwise.

9.5 Except as otherwise provided herein, Kilroy and Ms. Ngo shall each bear their own attorneys’ fees, costs, and expenses incurred with respect to the drafting, negotiation or execution of this Agreement and the Release.

9.6 The Parties consent and agree that this Agreement and the Release may be signed using electronic signature technology (e.g., via DocuSign or similar electronic signature technology), and that such signed electronic record shall be valid and as effective to bind the Party so signing as a paper copy bearing such party’s hand-written signature. The Parties further consent and agree that (1) to the extent a party signs this Agreement or the Release using electronic signature technology, by clicking “sign”, such Party is signing this Agreement or the Release, as the case may be, electronically, and (2) the electronic signatures appearing on this Agreement and the Release shall be treated, for purposes of validity, enforceability and admissibility, the same as hand-written signatures.

9.7 Nothing in this Agreement, the Confidentiality Agreement or the Release prohibits Ms. Ngo from reporting possible violations of federal, state or local law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or from making other disclosures that are protected under the whistleblower provisions of federal, state or local law or regulation, including those related to unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Ms. Ngo has reason to believe is unlawful. Ms. Ngo does not need the prior authorization or approval of any officer or employee of Kilroy to make any such reports or disclosures and she is not required to notify Kilroy that she has made such reports or disclosures. Further, nothing in this Agreement, the Confidentiality Agreement or the Release prohibits or restricts Ms. Ngo’s ability to share confidential information regarding possible violations of the law with any federal, state or local government agency, and to accept monetary awards for providing information about violations of the law to any such agency (sometimes referred to as whistleblower awards or informant awards) under any whistleblower

law, rule or program. Further, the Parties represent and agree that this Agreement, the Confidentiality Agreement and the Release are intended to fully comply with the Defend Trade Secrets Act of 2016. Accordingly, Ms. Ngo acknowledges and understands the following:

(a) An individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (i) is made (a) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (b) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding.

(b) Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to the attorney and use the trade secret information in the court proceeding if the individual: (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order.

[Signatures Follow on the Next Page]

IN WITNESS WHEREOF, this Agreement has been duly executed by Kilroy and Ms. Ngo on the date of this Agreement first set forth above.

/s/ Michelle Ngo

MICHELLE NGO

KILROY REALTY CORPORATION,
a Maryland corporation

By: /s/ Tyler H. Rose

Name: Tyler H. Rose

Title: President

By: /s/ Heidi R. Roth

Name: Heidi R. Roth

Title: Executive Vice President, Chief
Administrative Officer

KILROY REALTY, L.P.,
a Delaware limited partnership

By: Kilroy REALTY CORPORATION,
a Maryland corporation,

Its: General Partner

By: /s/ Tyler H. Rose

Name: Tyler H. Rose

Title: President

By: /s/ Heidi R. Roth

Name: Heidi R. Roth

Title: Executive Vice President, Chief
Administrative Officer

Exhibit A

RELEASE

1 GENERAL RELEASE OF CLAIMS

1.1 Michelle Ngo (“Ms. Ngo”) enters into this Release on March 18, 2022 (the “Effective Date”) and delivers it to Kilroy (as defined below) in consideration of the Section 2 Payments provided for in that certain Transition Agreement by and between, on the one hand, Ms. Ngo and, on the other hand, Kilroy Realty Corporation, a Maryland corporation (“Company”), and Kilroy Realty, L.P., a Delaware limited partnership (“Operating Partnership”, and Company and Operating Partnership referred to collectively as, “Kilroy”) dated on or about February 24, 2022 (the “Transition Agreement”). Capitalized terms used in this Release that are not otherwise defined herein are used as defined in the Transition Agreement.

1.2 Ms. Ngo for herself and on behalf of her spouse and child or children (if any), heirs, beneficiaries, devisees, executors, administrators, attorneys, personal representatives, successors and assigns (together, the “Ngo Releasing Parties”), shall and does hereby and forever fully, finally and forever generally remise, release, waive and discharge Company, Operating Partnership, the Kilroy Released Parties (as such term is defined below), and each of them, from any and all known or unknown, suspected or unsuspected, whether or not concealed or hidden, claims, rights, actions and causes of action, at law or in equity, including but not limited to the Released Claims (as such term is defined below), which Ms. Ngo or any of the Ngo Releasing Parties ever had or held, now has or holds, or hereafter can, shall, or may have or hold against Kilroy, the Kilroy Released Parties, or any one of them, based on any occurrences, transactions, events, acts, or omissions related to Ms. Ngo’s employment with Company, Operating Partnership, or their respective Affiliates or subsidiaries, or Ms. Ngo’s separation from employment from Company, Operating Partnership, or their respective Affiliates or subsidiaries from the beginning of the World through the Effective Date. Ms. Ngo acknowledges and agrees that she has received any and all leave and other benefits that she has been and is entitled to pursuant to the Family and Medical Leave Act of 1993.

1.3 Notwithstanding anything else stated herein to the contrary, the foregoing release of claims shall not apply to any of the following: (i) Kilroy’s obligations under the Transition Agreement (including as to the payment of the compensation and benefits provided for therein); (ii) rights to indemnification Ms. Ngo may have under the Indemnification Agreement or under the articles, bylaws or other governing documents of Company or Operating Partnership or any of their respective Affiliates; (iii) rights Ms. Ngo may have as a shareholder of Company; (iv) any rights that Ms. Ngo may have to insurance coverage for such losses, damages or expenses under any directors and officers liability insurance policy of Company, Operating Partnership, or any of their respective Affiliates; and/or (v) any rights to continued medical and dental coverage Ms. Ngo may have under COBRA. In addition, this Release, and the releases provided for herein by Ms. Ngo, do not cover any claim that cannot be so released as a matter of applicable law.

1.4 The term “Kilroy Released Parties” means and shall include Company, Operating Partnership, their respective Affiliates, and each of its or their current or former officers, directors, shareholders, investors, partners, representatives, members, employees (in their respective capacities as such, in their individual and personal capacities, and in any and all other capacities), servants, agents, managing agents, owners, partnerships, trustees, predecessors, successors, assigns, affiliates, parents, subsidiaries (whether or not wholly owned), attorneys, administrators, insurers and reinsurers, accountants, and lenders.

1.5 The term “Released Claims” means and shall include any and all claims, actions, and causes of action, liens, debts, liabilities, demands, obligations, contracts or commitments, suits, debts, accounts, covenants, disputes, controversies, agreements, stock options agreements, promises, acts, costs and expenses (including without limitation attorneys’ and expert witness fees), damages and executions, of whatever kind or nature related to Ms. Ngo’s employment with Company, Operating Partnership, or their respective Affiliates or subsidiaries, or Ms. Ngo’s separation from employment from Company, Operating Partnership, or their respective Affiliates or subsidiaries. Without limitation, the term “Released Claims” includes any statutory, civil, common law or administrative claim, such as but not limited to claims under the California Fair Employment and Housing Act (FEHA) (Cal. Gov’t Code section 12940 *et seq.*), Title VII of the 1964 Civil Rights Act, as amended (Title VII) (42 U.S.C. section 2000e *et seq.*), the Fair Labor Standards Act, as amended (29 U.S.C. section 201 *et seq.*), the Reconstruction Era Civil Rights Act, as amended, 42 U.S.C. section 1981 *et seq.*, the Consolidated Omnibus Benefits Reconciliation Act of 1985 (COBRA) and any notices provided to Ms. Ngo under COBRA, the Americans with Disabilities Act (ADA) (42 U.S.C. section 12101 *et seq.*), the Worker Adjustment and Retraining Notification Act of 1988 (29 U.S.C. sections 2101 *et seq.*), the California WARN Act (Cal. Labor Code section 1400 *et seq.*), the Rehabilitation Act of 1973 (29 U.S.C. section 701, *et seq.*), the Family and Medical Leave Act of 1993, 29 U.S.C. section 2601 *et seq.*, the Employee Retirement Income Security Act (ERISA), 29 U.S.C. section 1001 *et seq.*, Section 132a of the California Workers’ Compensation Act (Labor Code section 132a); claims under the California Labor Code (except with respect to workers’ compensation and unemployment insurance claims); except for the compensation and benefits to be paid as provided under the Transition Agreement, claims for compensation including salary (and the manner of payment thereof and any withholdings therefrom pursuant to required tax withholdings or as otherwise ordered by court), discretionary bonus, stock units, performance stock units, restricted stock, stock options, deferred compensation, each and any award agreement, any other equity or other awards, fringe benefits, vacation, auto allowance, separation pay, incentive pay or other employee benefits (except claims for California statutory unemployment insurance benefits); except for the compensation and benefits to be paid as provided under the Transition Agreement, claims related to any notice of termination, the termination of Ms. Ngo’s employment, and the timing thereof, attorneys’ fees, costs, expenses and expert witness expenses, tort damages, personal injury damages, breach of implied or express contract, discrimination on the basis of any statutorily protected class, failure to accommodate, failure to engage in an interactive process, wrongful termination in violation of public policy, breach of fiduciary duty, declaratory relief, injunctive relief, public policy breach, intentional or negligent infliction of emotional distress, breach of implied covenant of good faith and fair dealing, interference with contract, interference with prospective economic advantage, intentional or negligent misrepresentation, promissory fraud, fraud, conversion, defamation, libel, slander, invasion of privacy, disparagement of any kind or nature, malicious prosecution, or abuse of process (whether express, implied in law or fact, oral or written), whether known or unknown,

suspected or unsuspected, fixed or contingent, at law or in equity, which Ms. Ngo ever had or held, now has or holds, or hereafter can, shall, or may have or hold at any time in the future, in any capacity, individually, or as a member of a class, collective or representative action, with respect to her employment with Kilroy or the termination thereof, from the beginning of the World through the Effective Date.

2 WAIVER OF SECTION 1542 RIGHTS

2.1 Ms. Ngo hereby acknowledges that she understands that the facts with respect to which the releases set forth herein are given may turn out to be different from the facts now known or believed to be true by her, and she accepts and assumes the risk of facts turning out to be different, and agrees that this Release shall remain in all respects effective and not subject to termination or rescission by virtue of such difference in facts. Ms. Ngo further acknowledges that she has been informed of and understands the provision of California Civil Code Section 1542 which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

2.2 Ms. Ngo expressly waives and relinquishes any and all rights and benefits under Section 1542 of the Civil Code of the State of California and under any statute, rule, or principle of common law or equity, of any jurisdiction, that is similar to such Section 1542.

3 SPECIAL ADEA WAIVER

3.1 Ms. Ngo hereby releases and forever discharges Company, Operating Partnership, the Kilroy Released Parties, and each of them, from any and all claims under the Age Discrimination in Employment Act (ADEA), 29 U.S.C. § 621 *et seq.* Ms. Ngo hereby acknowledges that: (i) she fully understands the terms, conditions and provisions of this Release; (ii) this release specifically applies to any rights or claims she may have against Company, Operating Partnership, the Kilroy Released Parties, or any of them, under the ADEA; (iii) this provision does not waive or purport to waive ADEA rights or claims that may arise from acts or events occurring after the date this waiver is executed; (iv) the consideration provided for this Release pursuant to the Transition Agreement is in addition to that which she is already entitled; (v) she has been advised of the right to consult with her own attorney of her choice prior to signing this Release; (vi) she has been given twenty-one (21) days within which to consider the settlement set forth in this Release prior to signing this Release; and (vii) she understands that she has seven (7) days following the date she signs this Release within which to revoke this Release ("Revocation Period"), and that this Release shall not become effective or enforceable until the Revocation Period has expired. Any such revocation must be in writing and must be received by Kilroy during the seven (7)-day revocation period. Any notice of revocation must be sent by Ms. Ngo in writing

to Kilroy (attention President), 12200 West Olympic Blvd., Suite 200, Los Angeles, CA 90064, so that it is received within the seven (7)-day period following execution of this Release by Ms. Ngo.

3.2 Ms. Ngo understands that she may execute this Release before the expiration of the twenty-one (21) day period referenced above, and she acknowledges and agrees that should she do so, she knowingly and voluntarily waives the full twenty-one (21) day period to consider the settlement set forth in this Release.

Ms. Ngo's Initials /s/ MN

4 NO PENDING CLAIMS OR OTHER CHARGES

4.1 Ms. Ngo represents and warrants that she has no claims or charges pending against Company, Operating Partnership, the Kilroy Released Parties, or any of them, with the California Labor Commissioner, the United States Department of Labor, the California Department of Fair Employment and Housing (DFEH), the United States Equal Employment Opportunity Commission (EEOC), or any other federal, state, or local governmental agency or in any civil court or other forum in any jurisdiction. Except as expressly set forth herein, Ms. Ngo shall not file, or cause to be filed, any claims, suits or charges against Company, Operating Partnership, the Kilroy Released Parties, or any one of them with respect to the Released Claims.

4.2 Should Ms. Ngo, or anyone acting in her behalf or in concert with her, bring any demand, claim, suit, charge or process (each an "action") against Company, Operating Partnership or any one of the Kilroy Released Parties, in any forum or venue, whether the action is brought in Ms. Ngo's individual capacity, or in a representative capacity on behalf of Ms. Ngo or others, or as agents of disclosed or undisclosed principals, with respect to a claim released in Section 1 such action shall be in breach of this Release. Without limitation, in the event of a breach referenced in this Section 4.2, Kilroy shall be entitled to recover its reasonable attorneys' fees, costs and expenses (including expert witness fees and costs) as a measure of its damages.

4.3 Ms. Ngo represents and warrants that there has been no assignment or transfer of any Released Claims, or portion thereof, to any other person. Nothing in this Release shall modify the Charter or Bylaws of Kilroy regarding any provision therein respecting indemnification of a former directors, officer or employee by Kilroy.

4.4 With respect to Ms. Ngo's right to enforce the Transition Agreement and to cooperate with governmental agencies and personnel, nothing in the Transition Agreement, the Confidentiality Agreement or this Release shall prohibit or interfere with Ms. Ngo's right to bring any action to enforce the terms of the Transition Agreement, the Confidentiality Agreement or this Release, or to file a charge with, cooperate with, or participate in an investigation or proceeding conducted by the United States Equal Employment Opportunity Commission, or other federal, state or local agency. However, except where otherwise prohibited by law, the consideration provided to Ms. Ngo in the Transition Agreement shall be the sole relief provided to her for all claims she previously asserted or could have asserted. Ms. Ngo is not, and shall not be, entitled to recover, and she agrees to waive, any back pay, back benefits, damages for emotional distress, other actual or compensatory damages, punitive damages, interest, and other monetary benefits or other personal relief or recovery against Kilroy in connection with any such claim, charge or proceeding of any kind without regard to which entity or person has brought such claim, charge or

proceeding, except for whistleblower or informant awards as set forth below in Section 9.7 of the Transition Agreement. Section 9.7 of the Transition Agreement applies as to this Release and is incorporated herein by this reference.

5 NO ADMISSION OF LIABILITY

Ms. Ngo expressly acknowledges and agrees that the Transition Agreement and this Release represent a settlement of disputed rights and claims and that, by entering into the Transition Agreement and this Release, neither Company, Operating Partnership, nor any one of the Kilroy Released Parties, nor Ms. Ngo, nor any one of the Ngo Releasing Parties admits or acknowledges the existence of any liability or wrongdoing, all such liability being specifically and expressly denied.

IN WITNESS WHEREOF, this Release has been duly executed by Ms. Ngo on the date of this Release first set forth above.

/s/ Michelle Ngo

MICHELLE NGO

**Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, John Kilroy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kilroy Realty Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ John Kilroy

John Kilroy
Chief Executive Officer

Date: April 28, 2022

**Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Elliott Trencher, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kilroy Realty Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Elliott Trencher

Elliott Trencher

Executive Vice President, Chief Investment Officer,
Interim Chief Financial Officer and Treasurer

Date: April 28, 2022

**Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, John Kilroy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kilroy Realty, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ John Kilroy

John Kilroy

Chief Executive Officer

Kilroy Realty Corporation, sole general partner of
Kilroy Realty, L.P.

Date: April 28, 2022

**Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Elliott Trencher, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kilroy Realty, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Elliott Trencher

Elliott Trencher
Executive Vice President, Chief Investment Officer,
Interim Chief Financial Officer and Treasurer
Kilroy Realty Corporation, sole general partner of
Kilroy Realty, L.P.

Date: April 28, 2022

Certification of Chief Executive Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Kilroy Realty Corporation (the “Company”) hereby certifies, to his knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2022 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John Kilroy

John Kilroy

Chief Executive Officer

Date: April 28, 2022

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350, is not being filed as part of the Report or as a separate disclosure document, and is not being incorporated by reference into any filing of the Company or Kilroy Realty, L.P. under the Securities Act of 1933, as amended, or the Securities Act of 1934, as amended, (whether made before or after the date of the Report) irrespective of any general incorporation language contained in such filing. The signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Certification of Chief Financial Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Kilroy Realty Corporation (the “Company”) hereby certifies, to his knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2022 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Elliott Trencher

Elliott Trencher
Executive Vice President, Chief Investment Officer,
Interim Chief Financial Officer and Treasurer

Date: April 28, 2022

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350, is not being filed as part of the Report or as a separate disclosure document, and is not being incorporated by reference into any filing of the Company or Kilroy Realty, L.P. under the Securities Act of 1933, as amended, or the Securities Act of 1934, as amended, (whether made before or after the date of the Report) irrespective of any general incorporation language contained in such filing. The signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Certification of Chief Executive Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Kilroy Realty Corporation, the sole general partner of Kilroy Realty, L.P. (the “Operating Partnership”), hereby certifies, to his knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Operating Partnership for the quarter ended March 31, 2022 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership.

/s/ John Kilroy

John Kilroy

Chief Executive Officer

Kilroy Realty Corporation, sole general partner of
Kilroy Realty, L.P.

Date: April 28, 2022

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350, is not being filed as part of the Report or as a separate disclosure document, and is not being incorporated by reference into any filing of Kilroy Realty Corporation or the Operating Partnership under the Securities Act of 1933, as amended, or the Securities Act of 1934, as amended, (whether made before or after the date of the Report) irrespective of any general incorporation language contained in such filing. The signed original of this written statement required by Section 906 has been provided to the Operating Partnership and will be retained by the Operating Partnership and furnished to the Securities and Exchange Commission or its staff upon request.

Certification of Chief Financial Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Kilroy Realty Corporation, the sole general partner of Kilroy Realty, L.P. (the “Operating Partnership”), hereby certifies, to his knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Operating Partnership for the quarter ended March 31, 2022 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership.

/s/ Elliott Trencher

Elliott Trencher
Executive Vice President, Chief Investment Officer,
Interim Chief Financial Officer and Treasurer
Kilroy Realty Corporation, sole general partner of
Kilroy Realty, L.P.

Date: April 28, 2022

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