

KILROY REALTY CORP
Form S-4
August 31, 2010
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As filed with the Securities and Exchange Commission on August 30, 2010

Registration No.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

KILROY REALTY, L.P.

(Exact name of registrants as specified in their charters)

Delaware
(State or other jurisdiction of
incorporation or organization)

6798
(Primary Standard Industrial
Classification Code Number)

95-4612685
(I.R.S. Employer
Identification No.)

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12200 W. Olympic Boulevard, Suite 200

Los Angeles, California 90064

(310) 481-8400

(Address, including zip code, and telephone number, including area code, of registrants principal executive offices)

Tyler H. Rose

Executive Vice President and Chief Financial Officer

12200 W. Olympic Boulevard, Suite 200

Los Angeles, CA 90064

(310) 481-8400

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

J. Scott Hodgkins, Esq.

Latham & Watkins LLP

355 South Grand Avenue

Los Angeles, CA 90071

(213) 485-1234

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this registration statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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

Large accelerated filer Accelerated filer
 Non-accelerated filer Smaller reporting company
 (Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit ⁽¹⁾	Proposed maximum aggregate offering price	Amount of registration fee
6.625% Senior Notes due 2020	\$250,000,000	100%	\$250,000,000	\$17,825
Guarantees of 6.625% Senior Notes due 2020	(2)	(2)	(2)	(2)

(1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(f).

(2) No separate consideration will be received with respect to these guarantees and, therefore, no registration fee is attributed to them.

The Registrants hereby amend this registration statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the SEC, acting pursuant to said Section 8(a), may determine.

TABLE OF ADDITIONAL REGISTRANT GUARANTOR

Exact Name of Registrant Guarantor as Specified in its Charter	State or Other Jurisdiction of Incorporation or Organization	Primary Standard Industry Classification Code Number	I.R.S. Employer Identification Number	Address, including Zip Code and Telephone Number, including Area Code, of Registrant's Principal Executive Offices
Kilroy Realty Corporation	Maryland	6798	95-4598246	12200 W. Olympic Boulevard, Suite 200 Los Angeles, California 90064 (310) 481-8400

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED August 30, 2010

PROSPECTUS

KILROY REALTY, L.P.

OFFER TO EXCHANGE

\$250,000,000 aggregate principal amount of its

6.625% Senior Notes due 2020

which have been registered under the Securities Act,

for any and all of its outstanding 6.625% Senior Notes due 2020

Guaranteed by Kilroy Realty Corporation.

The exchange offer expires at 5:00 p.m., New York City time, on _____, 2010, unless extended.

We will exchange all outstanding private notes that are validly tendered and not validly withdrawn for an equal principal amount of a new series of notes which are registered under the Securities Act.

The exchange offer is not subject to any conditions other than that it not violate applicable law or any applicable interpretation of the staff of the Securities and Exchange Commission.

You may withdraw tenders of outstanding private notes at any time before the exchange offer expires.

The exchange of notes will not be a taxable event for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offer.

The terms of the new series of notes are substantially identical to the outstanding private notes, except for transfer restrictions and registration rights relating to the outstanding private notes.

The outstanding private notes are, and the new series of notes will be, fully and unconditionally guaranteed by Kilroy Realty Corporation, a Maryland corporation, our sole general partner, which has no material assets other than its investment in us.

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You may tender outstanding private notes only in denominations of \$1,000 and integral multiples thereof.

Our affiliates may not participate in the exchange offer.

No public market exists for the outstanding private notes. We do not intend to list the exchange notes on any securities exchange and, therefore, no active public market is anticipated for the exchange notes.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The letter of transmittal delivered with this prospectus states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act of 1933, as amended. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for outstanding private notes where such outstanding private notes were acquired by such broker-dealer as a result of market-making activities or other trading activities.

Please refer to Risk Factors beginning on page 17 of this prospectus for a description of the risks you should consider when evaluating this investment.

We are not making this exchange offer in any state where it is not permitted.

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

The date of this prospectus is _____, 2010.

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You should rely only on the information contained in or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information contained in this prospectus, as well as information that we have previously filed with the Securities and Exchange Commission and incorporated by reference, is accurate only as of the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since those dates.

This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus, and such information is available without charge to holders of the notes upon written or oral request to Investor Relations, Kilroy Realty Corporation, 12200 West Olympic Boulevard, Suite 200, Los Angeles, California 90064 (telephone: (310) 481-8400). To obtain timely delivery, note holders must request the information no later than five business days prior to the expiration of the exchange offer contemplated by this prospectus, or , 2010.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer will acknowledge by participating in this exchange offer, as a condition to participating in this exchange offer, that it will deliver a prospectus in connection with any resale of such exchange notes. By so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act of 1933, as amended, or the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for outstanding private notes where such outstanding private notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, starting on the expiration date of the exchange offer and ending on the close of business one year after such expiration date, subject to extension in limited circumstances, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

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PROSPECTUS SUMMARY

This summary highlights some of the information contained elsewhere in this prospectus. Because this is only a summary, it does not contain all information that may be important to you or that you should consider before participating in this exchange offer. For a more complete understanding of the exchange offer and the exchange notes, we encourage you to read this entire prospectus, including the information under the caption Risk Factors, and the documents incorporated by reference. Kilroy Realty, L.P., or the operating partnership, is a Delaware limited partnership. Kilroy Realty Corporation, or the Company or guarantor, is the sole general partner of the operating partnership. Unless otherwise expressly stated or the context otherwise requires, in this prospectus, we, us and our refer collectively to the Company, the operating partnership and the Company's other subsidiaries, references to Company common stock or similar references refer to the common stock, par value \$0.01 per share, of the Company and references to common units or similar references refer to the common units of the operating partnership.

Explanatory Note

This prospectus includes combined disclosure for Kilroy Realty Corporation and Kilroy Realty, L.P.

Kilroy Realty Corporation is a real estate investment trust, or REIT, and the general partner of Kilroy Realty, L.P. As of June 30, 2010, Kilroy Realty Corporation owned an approximate 96.7% common general partnership interest in Kilroy Realty, L.P. The remaining approximate 3.3% common limited partnership interests are owned by non-affiliated investors and certain directors and officers of Kilroy Realty Corporation. As the sole general partner of Kilroy Realty, L.P., Kilroy Realty Corporation exercises exclusive and complete discretion over Kilroy Realty, L.P.'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 Kilroy Realty Corporation and Kilroy Realty, L.P. which are reflected in the disclosure in this prospectus. We believe it is important to understand the differences between Kilroy Realty Corporation and Kilroy Realty, L.P. in the context of how Kilroy Realty Corporation and Kilroy Realty, L.P. operate as an interrelated, consolidated company. Kilroy Realty Corporation is a real estate investment trust, whose only material asset is its ownership of partnership interests of Kilroy Realty, L.P. As a result, Kilroy Realty Corporation does not conduct business itself, other than acting as the sole general partner of Kilroy Realty, L.P., issuing public equity from time to time and guaranteeing certain debt of Kilroy Realty, L.P. Kilroy Realty Corporation itself is not directly obligated under any indebtedness, but guarantees some of the debt of Kilroy Realty, L.P., as disclosed in this prospectus. Kilroy Realty, L.P. owns substantially all the assets of the Company either directly or through its subsidiaries, conducts the operations of the business and is structured as a limited partnership with no publicly traded equity. Except for net proceeds from public equity issuances by Kilroy Realty Corporation, which are contributed to Kilroy Realty, L.P. in exchange for partnership units, Kilroy Realty, L.P. generates the capital required by the Company's business through Kilroy Realty, L.P.'s operations, by Kilroy Realty, L.P.'s direct or indirect incurrence of indebtedness or through the issuance of partnership units.

Noncontrolling interests and stockholders' equity and partners' capital are the main areas of difference between the consolidated financial statements of Kilroy Realty Corporation and those of Kilroy Realty, L.P. The common limited partnership interests in Kilroy Realty, L.P. are accounted for as partners' capital in Kilroy Realty, L.P.'s financial statements and as noncontrolling interests in Kilroy Realty Corporation's financial statements. Kilroy Realty, L.P.'s financial statements also reflect the noncontrolling interest in Kilroy Realty Finance Partnership, L.P. This noncontrolling interest represents Kilroy Realty Corporation's 1% general partnership interest in Kilroy Realty Finance Partnership, L.P. through Kilroy Realty Finance, Inc., a wholly-owned subsidiary of Kilroy Realty Corporation. The differences between stockholders' equity, partners' capital and noncontrolling interests result from the differences in the equity issued at Kilroy Realty Corporation and the Kilroy Realty, L.P. levels and in Kilroy Realty Corporation's noncontrolling interest in Kilroy Realty Finance Partnership, L.P.

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Our Company

Overview

We own, operate, develop and acquire primarily Class A suburban office and industrial real estate in key submarkets in California, particularly Southern California, which we believe have strategic advantages and strong barriers to entry. Class A real estate encompasses attractive and efficient buildings of high quality that are attractive to tenants, are well-designed and constructed with above-average material, workmanship and finishes and are well-maintained and managed.

As of June 30, 2010, our stabilized portfolio of operating properties was comprised of 100 office buildings and 41 industrial buildings, which encompassed an aggregate of approximately 10.1 million and 3.7 million rentable square feet, respectively. As of June 30, 2010, the office properties were approximately 85.7% leased to 354 tenants and the industrial properties were approximately 83.3% leased to 56 tenants. All of our properties are located in California and the majority are located in Southern California. Our stabilized portfolio excludes undeveloped land, development and redevelopment properties under construction, lease-up properties and one industrial property that we are in the process of reentitling for residential use. We define lease-up properties as properties we have recently developed or redeveloped that have not yet reached 95% occupancy and are within one year following cessation of major construction activities. During the six months ended June 30, 2010, we acquired five new operating properties, which encompass approximately 1.4 million rentable square feet.

The Company is a Maryland corporation organized to qualify as a REIT under the Internal Revenue Code of 1986, as amended, or the Code, which owns its interests in all of its properties through the operating partnership, the issuer of the outstanding 6.625% Senior Notes due 2020, and the exchange notes offered hereby, and Kilroy Realty Finance Partnership, L.P., or the finance partnership, both of which are Delaware limited partnerships. We conduct substantially all of our activities through the operating partnership in which, as of June 30, 2010, the Company owned an approximate 96.7% general partnership interest. The remaining 3.3% common limited partnership interests in the operating partnership as of June 30, 2010 were owned by certain of our executive officers and directors, certain of their affiliates and other outside investors. Kilroy Realty Finance, Inc., one of the Company's wholly-owned subsidiaries, is the sole general partner of the finance partnership and owns a 1.0% general partnership interest. The operating partnership owns the remaining 99.0% limited partnership interest in the finance partnership. We conduct substantially all of our development activities through Kilroy Services, LLC, a wholly-owned subsidiary of the operating partnership. With the exception of the operating partnership, all of our subsidiaries are wholly owned.

Our principal executive offices are located at 12200 West Olympic Boulevard, Suite 200, Los Angeles, California 90064. Our telephone number is (310) 481-8400. Our website is located at www.kilroyrealty.com. Information on or accessible through our website is not a part of or incorporated by reference in this prospectus.

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THE EXCHANGE OFFER

The exchange offer

We are offering to exchange the 6.625% Senior Notes due 2020 offered by this prospectus, referred to as the exchange notes, for the outstanding 6.625% Senior Notes due 2020, referred to as the private notes, that are properly tendered and accepted. You may tender outstanding private notes only in denominations of \$1,000 and integral multiples thereof. We will issue the exchange notes on or promptly after the exchange offer expires. As of the date of this prospectus, \$250,000,000 aggregate principal amount of private notes is outstanding.

Expiration date

The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2010 (the 21st business day following commencement of the exchange offer), unless extended, in which case the expiration date will mean the latest date and time to which we extend the exchange offer.

Conditions to the exchange offer

The exchange offer is not subject to any condition other than that it not violate applicable law or any applicable interpretation of the staff of the SEC. The exchange offer is not conditioned upon any minimum principal amount of private notes being tendered for exchange.

We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement with respect to the private notes and the applicable requirements of the Securities Act, the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the rules and regulations of the SEC.

Procedures for tendering private notes

If you wish to tender your private notes for the exchange notes pursuant to the exchange offer, you must complete and sign a letter of transmittal in accordance with the instructions contained in the letter and forward it by mail, facsimile or hand delivery, together with any other documents required by the letter of transmittal, to the exchange agent (as defined below), either with the private notes to be tendered or in compliance with the specified procedures for guaranteed delivery of notes. Certain brokers, dealers, commercial banks, trust companies and other nominees may also effect tenders by book-entry transfer. Holders of private notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee are urged to contact such person promptly if they wish to tender private notes pursuant to the exchange offer. See The Exchange Offer Procedures for Tendering.

Letters of transmittal and certificates representing private notes should not be sent to us. Such documents should only be sent to the exchange agent. Questions regarding how to tender private notes and requests for information should be directed to the exchange agent. See The Exchange Offer Exchange Agent. You do not have any appraisal or dissenters' rights under the indenture in connection with the exchange offer.

Acceptance of the private notes and delivery of the exchange notes

Subject to the satisfaction or waiver of the conditions to the exchange offer, we will accept for exchange any and all private notes which are validly tendered in the exchange offer and not withdrawn before 5:00 p.m., New York City time, on the expiration date.

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Withdrawal rights

You may withdraw the tender of your private notes at any time before 5:00 p.m., New York City time, on the expiration date, by complying with the procedures for withdrawal described in this prospectus under the heading "The Exchange Offer - Withdrawal of Tenders."

U.S. federal tax consequences

The exchange of notes will not be a taxable event for U.S. federal income tax purposes. For a discussion of material federal tax considerations relating to the exchange of notes, see "Certain U.S. Federal Income Tax Consequences."

Exchange agent

U.S. Bank National Association, the registrar and paying agent for the notes under the indenture governing the notes, is serving as the exchange agent for the notes.

Consequences of failure to exchange

If you do not exchange your private notes for the exchange notes, you will continue to be subject to the restrictions on transfer provided in the private notes and in the indenture governing the private notes. In general, the private notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not currently plan to register the resale of the private notes under the Securities Act.

Registration rights agreement

You are entitled to exchange your private notes for the exchange notes with substantially identical terms. This exchange offer satisfies this right. After the exchange offer is completed, you will no longer be entitled to any exchange or registration rights with respect to your private notes.

We explain the exchange offer in greater detail beginning on page 32.

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THE EXCHANGE NOTES

The following summary contains basic information about the exchange notes and is not intended to be complete. It does not contain all the information that may be important to you. For a more complete understanding of the exchange notes, please refer to the section entitled Description of Notes.

The form and terms of the exchange notes are the same as the form and terms of the private notes, except that the exchange notes will be registered under the Securities Act and, therefore, the exchange notes will not be subject to the transfer restrictions, registration rights and provisions providing for an increase in the interest rate applicable to the private notes. The exchange notes will evidence the same debt as the private notes, and both the private notes and the exchange notes are governed by the same indenture.

Issuer of exchange notes	Kilroy Realty, L.P.
Guarantor	Kilroy Realty Corporation
Exchange notes offered	\$250,000,000 aggregate principal amount of 6.625% Senior Notes due 2020.
Ranking of exchange notes	<p>The exchange notes will be the operating partnership's senior unsecured obligations and will rank equally in right of payment with all of its other existing and future senior unsecured indebtedness. The exchange notes will be effectively subordinated in right of payment to:</p> <p style="padding-left: 40px;">all of the operating partnership's existing and future mortgage indebtedness and other secured indebtedness (to the extent of the value of the collateral securing such indebtedness); and</p> <p style="padding-left: 40px;">all existing and future equity not owned by the operating partnership, if any, and indebtedness and other liabilities, whether secured or unsecured, of the operating partnership's subsidiaries.</p>
Interest	The notes will bear interest at the rate of 6.625% per year, accruing from May 24, 2010. Interest on the notes will be payable semiannually in arrears on June 1 and December 1 of each year, beginning December 1, 2010.
Company guarantee	<p>The exchange notes will be fully and unconditionally guaranteed by the Company. The Company guarantee will be a senior unsecured obligation of the Company and will rank equally in right of payment with all of its other existing and future senior unsecured indebtedness, guarantees and other obligations. The Company's guarantee will be effectively subordinated in right of payment to:</p> <p style="padding-left: 40px;">all existing and future secured indebtedness of the Company (to the extent of the value of the collateral securing such indebtedness);</p>

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all existing and future equity not owned by the Company of its consolidated subsidiaries (including the operating partnership) and of any subsidiary or other entity the Company accounts for using the equity method of accounting; and

all existing and future unsecured and secured indebtedness and other liabilities of the Company's consolidated subsidiaries (including the operating partnership) and of any subsidiary or other entity the Company accounts for using the equity method of accounting.

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The Company has no material assets other than its investment in the operating partnership.

Maturity

The exchange notes will mature on June 1, 2020 unless earlier redeemed

Redemption

The operating partnership may, at its option, redeem the exchange notes at any time in whole or from time to time in part at the redemption prices described in Description of Notes Redemption of the Notes at the Option of the Operating Partnership.

Certain covenants

The indenture governing the exchange notes will contain covenants that will, among other things, limit the ability of the operating partnership and its subsidiaries to incur secured and unsecured indebtedness. These covenants are subject to significant exceptions and, in addition, the operating partnership and its subsidiaries may be able to incur substantial amounts of additional secured and unsecured debt without violating these covenants. For additional information, see Description of Notes Certain Covenants.

Absence of a public market for the exchange notes

The exchange notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the exchange notes on any securities exchange.

Use of proceeds

The exchange offer satisfies an obligation under the registration rights agreement. We will not receive any cash proceeds from the exchange offer.

Trustee

U.S. Bank National Association will be the trustee under the indenture relating to the exchange notes.

Book-entry

The exchange notes will be issued in book-entry form and will be represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company, or DTC, and registered in the name of a nominee of DTC. Beneficial interests in any of the exchange notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee, and any such interest may not be exchanged for certificated securities, except in limited circumstances.

Additional issuances

We may, without the consent of holders of the exchange notes, issue additional exchange notes from time to time in the future, provided that such additional exchange notes must be treated as part of the same issue for U.S. federal income tax purposes as the exchange notes offered hereby.

Governing law

The indenture, the exchange notes and the guarantees endorsed on the exchange notes will be governed by the laws of the State of New York.

Risk factors

You should read carefully Risk Factors included and incorporated by reference in this prospectus for certain considerations relevant to an investment in the exchange notes.

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SUMMARY HISTORICAL FINANCIAL DATA

The following tables set forth summary historical consolidated financial and operating data for Kilroy Realty, L.P. and Kilroy Realty Corporation and their respective subsidiaries. You should read the following summary historical financial data in conjunction with the consolidated historical financial statements and notes thereto of Kilroy Realty, L.P. and its subsidiaries, included elsewhere in this prospectus, and Kilroy Realty Corporation and its subsidiaries, incorporated by reference into this prospectus, and Management's Discussion and Analysis of Financial Condition and Results of Operations, included elsewhere in this prospectus.

Kilroy Realty, L.P.

The consolidated balance sheet data as of December 31, 2009 and 2008 and the consolidated statement of operations data for the years ended December 31, 2009, 2008 and 2007 have been derived from the historical consolidated financial statements of Kilroy Realty, L.P. audited by Deloitte & Touche LLP, an independent registered public accounting firm, whose report with respect thereto is included elsewhere in this prospectus. The consolidated balance sheet data as of December 31, 2007, 2006 and 2005 and the consolidated statement of operations data for each of the years ended December 31, 2006 and 2005 have been derived from the unaudited historical consolidated financial statements of Kilroy Realty, L.P., not included in this prospectus. The consolidated balance sheet data as of June 30, 2010 and the consolidated statement of operations data for the six months ended June 30, 2010 and 2009 have been derived from the unaudited historical consolidated financial statements of Kilroy Realty, L.P., which are included elsewhere in this prospectus and include all adjustments of a normal and recurring nature that management considers necessary for a fair presentation of such information. Kilroy Realty, L.P.'s consolidated results of operations and financial condition as of and for the six months ended June 30, 2010 do not purport to be indicative of its financial condition or results of operations as of or for the year ending December 31, 2010.

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(in thousands, except unit and per unit, square footage and occupancy data)

	Six Months Ended June 30,	
	2010	2009
Statements of Operation Data:		
Rental income	\$ 125,694	\$ 125,662
Tenant reimbursements	12,201	15,055
Other property income	1,340	2,844
Total revenues	139,235	143,561
Property expenses	26,563	24,912
Real estate taxes	12,518	12,272
Provision for bad debts	14	152
Ground leases	312	829
General and administrative expenses	13,823	14,361
Acquisition-related expenses	1,270	
Depreciation and amortization	44,660	44,640
Total expenses	99,160	97,166
Interest income and other net investment gains	366	573
Interest expense	(25,044)	(24,115)
Loss on early extinguishment of debt	(4,564)	
Total other (expenses) income	(29,242)	(23,542)
Income from continuing operations	10,833	22,853
Discontinued operations:		
Loss from discontinued operations		(224)
Net gain on dispositions of discontinued operations		2,485
Total income from discontinued operations		2,261
Net income	10,833	25,114
Net income attributable to noncontrolling interests in consolidated subsidiaries	(96)	(133)
Net income attributable to Kilroy Realty, L.P.	10,737	24,981
Preferred distributions	(7,598)	(7,598)
Net income available to common unitholders	\$ 3,139	\$ 17,383

Table of Contents**Kilroy Realty, L.P. Consolidated****(in thousands, except unit and per unit, square footage and occupancy data)**

	Year Ended December 31,				
	2009	2008	2007	2006	2005
Statements of Operation Data:					
Rental income	\$ 247,649	\$ 251,520	\$ 229,126	\$ 216,389	\$ 204,714
Tenant reimbursements	28,075	30,986	25,272	22,393	20,223
Other property income	3,710	6,849	3,478	2,356	771
Total revenues	279,434	289,355	257,876	241,138	225,708
Property expenses	49,709	48,861	43,276	39,692	36,053
Real estate taxes	24,330	22,063	19,495	18,107	16,293
Provision for bad debts	569	4,051	473	744	(667)
Ground leases	1,597	1,617	1,582	1,583	1,207
General and administrative expenses	39,938	38,260	36,580	22,800	66,456
Interest expense	46,119	45,346	40,762	43,541	38,956
Depreciation and amortization	87,627	83,215	72,754	68,756	64,199
Total expenses	249,889	243,413	214,922	195,223	222,497
Interest income and other net investment gains (losses)	1,300	(93)	1,606	1,653	604
Gain on early extinguishment of debt	4,909				
Net settlement receipts on interest rate swaps				991	364
(Loss) gain on derivative instruments				(818)	378
Total other income (loss)	6,209	(93)	1,606	1,826	1,346
Income from continuing operations	35,754	45,849	44,560	47,741	4,557
Discontinued operations:					
Revenues from discontinued operations		812	10,908	23,191	17,137
Expenses from discontinued operations	(224)	16	(6,656)	(8,749)	(9,902)
Net gain on dispositions of discontinued operations	2,485	234	74,505	31,259	30,764
Total income from discontinued operations	2,261	1,062	78,757	45,701	37,999
Net income	38,015	46,911	123,317	93,442	42,556
Net income attributable to noncontrolling interests in consolidated subsidiaries	(201)	(237)	(324)	(238)	(465)
Net income attributable to Kilroy Realty, L.P.	37,814	46,674	122,993	93,204	42,091
Preferred distributions	(15,196)	(15,196)	(15,196)	(15,196)	(15,196)
Net income available to common unitholders	\$ 22,618	\$ 31,478	\$ 107,797	\$ 78,008	\$ 26,895

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	Six Months Ended June 30,		Year Ended December 31,				
	2010	2009	2009	2008	2007	2006	2005
Unit Data:							
Weighted average common units outstanding basic	48,397,625	36,143,799	40,436,196	34,531,779	34,615,769	33,842,375	32,460,353
Weighted average common units outstanding diluted	48,400,981	36,170,122	40,463,221	34,606,060	34,644,738	33,890,941	32,512,217
Income (loss) from continuing operations available to common unitholders per common unit basic	\$ 0.05	\$ 0.41	\$ 0.47	\$ 0.87	\$ 0.81	\$ 0.95	\$ (0.34)
Income (loss) from continuing operations available to common unitholders per common unit diluted	\$ 0.05	\$ 0.41	\$ 0.47	\$ 0.87	\$ 0.81	\$ 0.95	\$ (0.34)
Net income available to common unitholders per unit basic	\$ 0.05	\$ 0.47	\$ 0.53	\$ 0.90	\$ 3.09	\$ 2.30	\$ 0.83
Net income available to common unitholders per unit diluted	\$ 0.05	\$ 0.47	\$ 0.53	\$ 0.90	\$ 3.09	\$ 2.30	\$ 0.83
Distributions declared per common unit	\$ 0.70	\$ 0.93	\$ 1.63	\$ 2.32	\$ 2.22	\$ 2.12	\$ 2.04

Table of Contents**Kilroy Realty, L.P. Consolidated**

	2010	June 30, 2009	2009	2008	December 31, 2007	2006	2005
Balance Sheet Data:							
Total real estate held for investment, before accumulated depreciation and amortization	\$ 2,953,609	\$	\$ 2,520,083	\$ 2,475,596	\$ 2,370,004	\$ 2,040,761	\$ 1,953,971
Total assets	2,556,509		2,084,281	2,102,918	2,069,810	1,799,352	1,674,474
Total debt	1,155,118		972,016	1,142,348	1,072,659	879,198	842,282
Total liabilities	1,330,805		1,126,805	1,314,394	1,229,138	1,011,790	1,031,106
Series A preferred units ⁽¹⁾	73,638		73,638	73,638	73,638	73,638	73,638
Total series E and F preferred units	121,582		121,582	121,582	121,582	121,582	121,582
Total capital ⁽²⁾	1,152,066		883,838	714,886	767,034	713,924	569,730
Other Data:							
Cash flows provided by (used in):							
Operating activities	57,388	60,902	124,965	144,481	147,500	61,570	116,002
Investing activities	(414,108)	(23,598)	(50,474)	(93,825)	(244,802)	(136,193)	(75,682)
Financing activities	376,265	(33,509)	(74,161)	(52,835)	97,086	82,690	(41,292)
Office Properties:							
Rentable square footage	10,088,803	8,651,040	8,708,466	8,650,126	8,088,769	7,835,040	7,948,152
Occupancy	85.7%	83.5%	80.6%	86.2%	93.7%	95.8%	92.5%
Industrial Properties:							
Rentable square footage	3,654,463	3,654,463	3,654,463	3,718,663	3,869,969	3,869,969	4,587,491
Occupancy	83.3%	90.2%	88.2%	96.3%	94.7%	95.8%	99.3%

- (1) Represents the redemption value, less issuance costs of our issued and outstanding 1,500,000 Series A Preferred Units.
- (2) Includes (i) the partnership interests represented by the Series E Preferred Units and the Series F Preferred Units, (ii) the common partnership interests, and (iii) the noncontrolling interests in consolidated subsidiaries, but excludes the partnership interests represented by the Series A Preferred Units.

	Six Months Ended June 30, 2010	2009	2008	2007	2006	2005
Other Data:						
Ratio of earnings to fixed charges	1.25x	1.53x	1.49x	1.46x	1.70x	0.96x

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Kilroy Realty Corporation

The consolidated balance sheet data as of December 31, 2009 and 2008 and the consolidated statement of operations data for the years ended December 31, 2009, 2008 and 2007 have been derived from the historical consolidated financial statements of Kilroy Realty Corporation audited by Deloitte & Touche LLP, an independent registered public accounting firm, whose report with respect thereto is incorporated by reference in this prospectus. The consolidated balance sheet data as of December 31, 2007, 2006 and 2005 and the consolidated statement of operations data for each of the years ended December 31, 2006 and 2005 have been derived from the historical consolidated financial statements of Kilroy Realty Corporation, not included in or incorporated by reference in this prospectus. The consolidated balance sheet data as of June 30, 2010 and the consolidated statement of operations data for the six months ended June 30, 2010 and 2009 have been derived from the unaudited historical consolidated financial statements of Kilroy Realty Corporation, which are incorporated by reference in this prospectus and include all adjustments of a normal and recurring nature that management considers necessary for a fair presentation of such information. Kilroy Realty Corporation's consolidated results of operations and financial condition as of and for the six months ended June 30, 2010 do not purport to be indicative of its financial condition or results of operations as of or for the year ending December 31, 2010. Interest expense has been reclassified to be presented under Other (Expenses) Income in the consolidated statements of operations for the six months ended June 30, 2009 to conform to the presentation for the six months ended June 30, 2010. Interest expense had previously been presented under Expenses.

Table of Contents**Kilroy Realty Corporation Consolidated**

(in thousands, except share and per share, square footage and occupancy data)

	Six Months Ended June 30,	
	2010	2009
Statements of Operation Data:		
Rental income	\$ 125,694	\$ 125,662
Tenant reimbursements	12,201	15,055
Other property income	1,340	2,844
Total revenues	139,235	143,561
Property expenses	26,563	24,912
Real estate taxes	12,518	12,272
Provision for bad debts	14	152
Ground leases	312	829
General and administrative expenses	13,823	14,361
Acquisition-related expenses	1,270	
Depreciation and amortization	44,660	44,640
Total expenses	99,160	97,166
Interest income and other net investment gains	366	573
Interest expense	(25,044)	(24,115)
Loss on early extinguishment of debt	(4,564)	
Total other (expenses) income	(29,242)	(23,542)
Income from continuing operations	10,833	22,853
Discontinued operations:		
Loss from discontinued operations		(224)
Net gain on dispositions of discontinued operations		2,485
Total income from discontinued operations		2,261
Net income	10,833	25,114
Net income attributable to noncontrolling common units of the operating partnership	(132)	(824)
Net income attributable to Kilroy Realty Corporation	10,701	24,290
Preferred distributions	(7,598)	(7,598)
Net income available to common stockholders	\$ 3,103	\$ 16,692

Table of Contents**Kilroy Realty Corporation Consolidated**

(in thousands, except share and per share, square footage and occupancy data)

	Year Ended December 31,				
	2009	2008	2007	2006	2005
Statements of Operation Data:					
Rental income	\$ 247,649	\$ 251,520	\$ 229,126	\$ 216,389	\$ 204,714
Tenant reimbursements	28,075	30,986	25,272	22,393	20,223
Other property income	3,710	6,849	3,478	2,356	771
Total revenues	279,434	289,355	257,876	241,138	225,708
Property expenses	49,709	48,861	43,276	39,692	36,053
Real estate taxes	24,330	22,063	19,495	18,107	16,293
Provision for bad debts	569	4,051	473	744	(667)
Ground leases	1,597	1,617	1,582	1,583	1,207
General and administrative expenses	39,938	38,260	36,580	22,800	66,456
Interest expense	46,119	45,346	40,762	43,541	38,956
Depreciation and amortization	87,627	83,215	72,754	68,756	64,199
Total expenses	249,889	243,413	214,922	195,223	222,497
Interest income and other net investment gains (losses)	1,300	(93)	1,606	1,653	604
Gain on early extinguishment of debt	4,909				
Net settlement receipts on interest rate swaps				991	364
(Loss) gain on derivative instruments				(818)	378
Total other income (loss)	6,209	(93)	1,606	1,826	1,346
Income from continuing operations	35,754	45,849	44,560	47,741	4,557
Discontinued operations:					
Revenues from discontinued operations		812	10,908	23,191	17,137
Expenses from discontinued operations	(224)	16	(6,656)	(8,749)	(9,902)
Net gain on dispositions of discontinued operations	2,485	234	74,505	31,259	30,764
Total income from discontinued operations	2,261	1,062	78,757	45,701	37,999
Net income	38,015	46,911	123,317	93,442	42,556
Net income attributable to noncontrolling common units of the operating partnership	(1,025)	(1,886)	(6,957)	(5,990)	(3,149)
Net income attributable to Kilroy Realty Corporation	36,990	45,025	116,360	87,452	39,407
Preferred distributions	(15,196)	(15,196)	(15,196)	(15,196)	(15,196)
Net income available to common stockholders	\$ 21,794	\$ 29,829	\$ 101,164	\$ 72,256	\$ 24,211

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	Six Months Ended June 30,		Year Ended December 31,				
	2010	2009	2009	2008	2007	2006	2005
Share Data:							
Weighted average common shares outstanding basic	46,674,494	34,404,608	38,705,101	32,466,591	32,379,997	31,244,062	28,710,726
Weighted average common shares outstanding diluted	46,677,850	34,430,931	38,732,126	32,540,872	32,408,966	31,292,628	28,710,726
Income (loss) from continuing operations available to common stockholders per common share basic	\$ 0.05	\$ 0.41	\$ 0.47	\$ 0.88	\$ 0.82	\$ 0.96	\$ (0.33)
Income (loss) from continuing operations available to common stockholders per common share diluted	\$ 0.05	\$ 0.41	\$ 0.47	\$ 0.88	\$ 0.82	\$ 0.96	\$ (0.33)
Net income available to common stockholders per common share basic	\$ 0.05	\$ 0.48	\$ 0.53	\$ 0.91	\$ 3.09	\$ 2.30	\$ 0.84
Net income available to common stockholders per common share diluted	\$ 0.05	\$ 0.47	\$ 0.53	\$ 0.91	\$ 3.09	\$ 2.30	\$ 0.84
Distributions declared per common share	\$ 0.70	\$ 0.93	\$ 1.63	\$ 2.32	\$ 2.22	\$ 2.12	\$ 2.04

Table of Contents**Kilroy Realty Corporation Consolidated**

	2010	June 30, 2009	2009	2008	December 31, 2007	2006	2005
Balance Sheet Data:							
Total real estate held for investment, before accumulated depreciation and amortization	\$ 2,953,609	\$	\$ 2,520,083	\$ 2,475,596	\$ 2,370,004	\$ 2,040,761	\$ 1,953,971
Total assets	2,556,509		2,084,281	2,102,918	2,069,810	1,799,352	1,674,474
Total debt	1,155,118		972,016	1,142,348	1,072,659	879,198	842,282
Total liabilities	1,330,805		1,126,805	1,314,394	1,229,138	1,011,790	1,031,106
Noncontrolling interest ⁽¹⁾	73,638		73,638	73,638	73,638	73,638	73,638
Total preferred stock	121,582		121,582	121,582	121,582	121,582	121,582
Total equity ⁽²⁾	1,152,066		883,838	714,886	767,034	713,924	569,730
Other Data:							
Cash flows provided by (used in):							
Operating activities	57,388	60,902	124,965	144,481	147,500	61,570	116,002
Investing activities	(414,108)	(23,598)	(50,474)	(93,825)	(244,802)	(136,193)	(75,682)
Financing activities	376,265	(33,509)	(74,161)	(52,835)	97,086	82,690	(41,292)
Office Properties:							
Rentable square footage	10,088,803	8,651,040	8,708,466	8,650,126	8,088,769	7,835,040	7,948,152
Occupancy	85.7%	83.5%	80.6%	86.2%	93.7%	95.8%	92.5%
Industrial Properties:							
Rentable square footage	3,654,463	3,654,463	3,654,463	3,718,663	3,869,969	3,869,969	4,587,491
Occupancy	83.3%	90.2%	88.2%	96.3%	94.7%	95.8%	99.3%

(1) Represents the redemption value, less issuance costs of our issued and outstanding 1,500,000 Series A Preferred Units.

(2) Includes the noncontrolling interest of the common units of the operating partnership.

	Six Months Ended June 30,		Year Ended December 31,			
Other Data:	2010	2009	2008	2007	2006	2005
Ratio of earnings to fixed charges	1.14x	1.39x	1.37x	1.34x	1.55x	0.86x

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RISK FACTORS

You should carefully consider the risks described below as well as other information and data included in this prospectus before making a decision to exchange your private notes for the exchange notes in the exchange offer. If any of the events described in the risk factors below occur, our business, financial condition, operating results and prospects could be materially adversely affected, which in turn could adversely affect our ability to repay the notes. The risk factors set forth below are generally applicable to the private notes as well as the exchange notes.

Risks Related to our Business and Operations

Global market and economic conditions may adversely affect our liquidity and financial condition and those of our tenants.

In the U.S., market and economic conditions continue to be challenging with tighter credit conditions and modest growth. While recent economic data reflects a stabilization of the economy and credit markets, the cost and availability of credit may continue to be adversely affected. Concern about continued stability of the economy and credit markets generally, and the strength of counterparties specifically, has led many lenders and institutional investors to reduce, and in some cases, cease to provide funding to borrowers. Volatility in the U.S. and international capital markets and continued recessionary conditions in global economies, and in the California economy in particular, may adversely affect our liquidity and financial condition and the liquidity and financial condition of our tenants. If these market conditions continue, they may limit our ability and the ability of our tenants to timely refinance maturing liabilities and access the capital markets to meet liquidity needs.

Our operations and those of our tenants may be adversely affected by the impact of California economic conditions and California's budget deficit.

All but one of our properties and all of our undeveloped land are located in Southern California. The continuing economic crisis has particularly affected the economy of California. The State of California began its fiscal year on July 1 with a significant reported deficit, which continues to impact and aggravate current recessionary conditions within the State. Given the budgetary situation in California, there is also the possibility that the California State Legislature could enact new tax legislation, increasing tax rates in California. The economic and legislative environment within the State could have an adverse impact on businesses operating in California, including us and our tenants.

As of June 30, 2010, all of our undeveloped land and properties representing 5.4 million rentable square feet, or 56.4% of our Net Operating Income for the six months ended June 30, 2010, were located in San Diego County. As a result, our operations are significantly affected by conditions in San Diego County (see additional information on San Diego County under Management's Discussion and Analysis of Financial Condition and Results of Operations - Current Regional Information).

As a result of these factors, continued economic weakness in California and San Diego County could impact our ability to generate revenues sufficient to meet our operating expenses or other obligations, which would adversely impact our financial condition, results of operations, cash flows, the quoted trading price of our securities, and our ability to satisfy our debt service obligations.

Our performance and value are subject to risks associated with our investments in real estate assets and with trends in the real estate industry.

Our economic performance and the value of our real estate assets, and consequently the value of our securities, are subject to the risk that our properties may not generate revenues sufficient to meet our operating expenses or other obligations. A deficiency of this nature would adversely impact our financial condition, results of operations, cash flows, the quoted trading price of our securities, and our ability to satisfy our debt service obligations.

Events and conditions applicable to owners and operators of real estate that are beyond our control and could impact our economic performance and the value of our real estate assets may include:

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local oversupply or reduction in demand for office, industrial, or other commercial space, which may result in decreasing rental rates and greater concessions to tenants;

inability to collect rent from tenants;

vacancies or inability to rent spaces on favorable terms or at all;

inability to finance property development and acquisitions on favorable terms or at all;

increased operating costs, including insurance premiums, utilities, and real estate taxes;

costs of complying with changes in governmental regulations;

the relative liquidity of real estate investments;

changing submarket demographics; and

property damage resulting from seismic activity or other natural disasters.

We depend upon significant tenants and the loss of a significant tenant could adversely affect our financial condition, revenues and results of operations.

As of the date of this prospectus, our fifteen largest tenants represented approximately 40.0% of total annualized base rental revenues. Of this amount, our largest tenant, Intuit, leased an aggregate of approximately 536,800 rentable square feet of office space under two separate leases, representing 5.5% of our total annualized base rental revenues as of June 30, 2010. See further discussion on the composition of our tenants by industry and our largest tenants under Business and Properties Significant Tenants.

Although we have been able to mitigate the impact of past significant tenant defaults on our financial condition, revenues, and results of operations, our financial condition, results of operations, ability to borrow funds, and cash flows would be adversely affected if any of our significant tenants fails to renew its lease(s), renews its lease(s) on terms less favorable to us, or becomes bankrupt or insolvent or otherwise unable to satisfy its lease obligations.

Downturn in tenants businesses may reduce our cash flows.

For the year ended December 31, 2009 and the six months ended June 30, 2010, we derived approximately 98.7% and 99.0%, respectively, of our revenues from continuing operations from rental income and tenant reimbursements. A tenant may experience a downturn in its business, which may weaken its financial condition and result in its failure to make timely rental payments or result in defaults under our leases. In the event of default by a tenant, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment.

The bankruptcy or insolvency of a major tenant also may adversely affect the income produced by our properties. If any tenant becomes a debtor in a case under the Bankruptcy Code, we cannot evict the tenant solely because of the bankruptcy. In addition, the bankruptcy court might permit the tenant to reject and terminate its lease with us. Our claim against the tenant for unpaid and future rent could be subject to a statutory cap that might be substantially less than the remaining rent actually owed under the lease. Therefore, our claim for unpaid rent would likely not be paid in full. Any losses resulting from the bankruptcy of any of our existing tenants could adversely impact our financial condition, results of operations, cash flows, the quoted trading prices of our securities, and our ability to satisfy our debt service obligations.

We may be unable to renew leases or re-lease available space.

As of June 30, 2010, we had office and industrial space available for lease representing approximately 14.9% of the total square footage of our properties. In addition, leases representing approximately 7.1% and 9.0% of the leased rentable square footage of our properties are scheduled to expire during the remainder of 2010 and in

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2011, respectively. Above market rental rates on some of our properties may force us to renew or re-lease expiring leases at rates below current lease rates. As of June 30, 2010, we believe that the weighted average cash rental rates for our overall portfolio, including recently acquired properties, are approximately 10% above the current average quoted market rental rates, and weighted average cash rental rates for leases scheduled to expire during the remainder of 2010 are up to 5% above the current average quoted market rental rates, and leases scheduled to expire during 2011 are approximately 15% above the current average quoted market rental rate, although individual properties within any particular submarket presently may be leased at, above, or below the current market rental rates within that submarket. 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 rental rates. If the average rental rates for our properties decrease or existing tenants do not renew their leases, our financial condition, results of operations, cash flows, the quoted trading prices of our securities, and our ability to satisfy our debt service obligations could be adversely affected.

We are subject to governmental regulations that may affect the development, redevelopment, and use of our properties.

We are subject to governmental regulations that may have a material adverse effect on our financial condition, results of operations, cash flow, the quoted trading prices of our securities, and our ability to satisfy our debt service obligations.

Our properties are subject to regulation under federal laws, such as the Americans with Disabilities Act of 1990 (the ADA) and updates thereof under which all public accommodations must meet federal requirements related to access and use by disabled persons, and state and local laws addressing earthquake, fire, and life safety requirements. Although we believe that our properties substantially comply with requirements under applicable governmental regulations, none of our properties have been audited or investigated for compliance by any regulatory agency. If we were not in compliance with material provisions of the ADA or other regulations affecting our properties, we might be required to take remedial action, which could include making modifications or renovations to properties. Federal, state, or local governments may also enact future laws and regulations that could require us to make significant modifications or renovations to our properties. If we were to incur substantial costs to comply with the ADA or any other regulations, our financial condition, results of operations, cash flows, the quoted trading prices of our securities, and our ability to satisfy our debt service obligations could be adversely affected.

Our properties are subject to land use rules and regulations that govern our development, redevelopment, and use of our properties. Restrictions on our ability to develop, redevelop, or use our properties resulting from changes in the existing land use rules and regulations could have an adverse effect on our financial position, results of operations, cash flows, quoted trading prices of our securities, our ability to satisfy our debt service obligations. For example, the Airport Land Use Commission is currently evaluating updates to the existing airport compatibility plans for all public and military airports in San Diego County, which if adopted could adversely impact our business in this region.

Increasing utility costs in California may have an adverse effect on our operating results and occupancy levels.

The State of California continues to address issues related to the supply of electricity, water, and natural gas. In recent years, shortages of electricity have resulted in increased costs for consumers and certain interruptions in service. Increased consumer costs and consumer perception that the State is not able to effectively manage its utility needs may reduce demand for leased space in California office and industrial properties.

Our debt level reduces cash available for distribution and may expose us to the risk of default under our debt obligations.

Payments of principal and interest on borrowings may leave us with insufficient cash resources to operate our properties or to pay in cash distributions necessary to maintain the Company's REIT qualification. Our level of debt and the limitations imposed by our debt agreements may have substantial consequences to us, including the following:

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we may be unable to refinance our indebtedness at maturity, or the refinancing terms may be less favorable than the terms of our original indebtedness;

cash flows may be insufficient to meet required principal and interest payments;

we may be forced to dispose of one or more of our properties, possibly on disadvantageous terms;

we may default on our obligations, and the lenders or mortgagees may foreclose on our properties that secure the loans and receive an assignment of rents and leases; and

our default under one mortgage loan could result in a default on other indebtedness with cross default provisions.

If one or more of these events were to occur, our financial condition, results of operations, cash flow, the quoted trading prices of our securities, and our ability to satisfy our debt service obligations could be adversely affected. In addition, foreclosures could create taxable income without accompanying cash proceeds, which could require the Company to pay income or excise tax notwithstanding its tax status as a REIT under the Internal Revenue Code of 1986, as amended, or the Code or require the operating partnership's unitholders to pay income tax. As of June 30, 2010, we had approximately \$1.2 billion aggregate principal amount of indebtedness, \$64.1 million of which is contractually due prior to December 31, 2010. Our total debt and preferred equity represented 46.3% of our total market capitalization (which we define as the aggregate of our long-term debt, liquidation value of our preferred equity, and the market value of the Company's common stock and equity) at June 30, 2010. For the calculation of our market capitalization and additional information on debt maturities see Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.

We face significant competition, which may decrease the occupancy and rental rates of our properties.

We compete with several developers, owners, and operators of office, industrial, and other commercial real estate, many of which own properties similar to ours in the same submarkets in which our properties are located but which have lower occupancy rates than our properties. Therefore, our competitors have an incentive to decrease rental rates until their available space is leased. If our competitors offer space at rental rates below the rates currently charged by us for comparable space, we may be pressured to reduce our rental rates below those currently charged in order to retain tenants when our tenant leases expire. As a result, our financial condition, results of operations, cash flow, the quoted trading prices of our securities, and our ability to satisfy our debt service obligations may be adversely affected.

Potential casualty losses, such as earthquake losses, may not be covered by insurance and payment of such losses may adversely affect our financial condition and results of operations.

We carry comprehensive liability, fire, extended coverage, rental loss, and terrorism insurance covering all of our properties. Management believes the policy specifications and insured limits are appropriate given the relative risk of loss, the cost of the coverage, and industry practice. We do not carry insurance for generally uninsurable losses such as loss from riots or acts of God. Some of our policies, like those covering losses due to floods, are subject to limitations involving large deductibles or co-payments.

We are subject to environmental and health and safety laws and regulations and any costs to comply with, or liabilities arising under, such laws and regulations could be material.

As an owner, operator, manager, and developer of real properties, we are subject to environmental and health and safety laws and regulations. Certain of these laws and regulations impose joint and several liability, without regard to fault, for investigation and clean-up costs on current and former owners and operators of real property and persons who have disposed of or released hazardous substances into the environment. At some of the properties, there are asbestos-containing materials, or tenants routinely handle hazardous substances as part of their operations. In addition, historical operations, including the presence of underground storage tanks, have caused soil or groundwater contamination at or near some of the properties. Although we believe that the prior owners of the affected properties conducted remediation of known soil contamination at these properties, we cannot assure you that all such contamination has been remediated. The discovery of previously unknown contamination or the compliance with existing or new environmental or health and safety laws and regulations could require us to incur costs or liabilities that could be material.

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Earthquake damage to our properties could have an adverse effect on our financial condition and operating results.

All of our properties are located in California. We carry earthquake insurance on our properties in an amount and with deductibles that management believes are commercially reasonable. However, the amount of our earthquake insurance coverage may not be sufficient to cover losses from earthquakes. In addition, our earthquake insurance policies include substantial self-insurance portions, and we may discontinue earthquake insurance on some or all of our properties in the future if the cost of premiums for earthquake insurance exceeds the value of the coverage discounted for the risk of loss. If we experience a loss that is uninsured or which exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if the properties were irreparable.

We may be unable to complete acquisitions and successfully operate acquired properties.

We continually evaluate the market of available properties and may acquire office and industrial properties and undeveloped land when strategic opportunities exist. Our ability to acquire properties on favorable terms and successfully operate them is subject to the following risks:

we may potentially be unable to acquire a desired property because of competition from other real estate investors with significant capital, including both publicly traded REITs and institutional investment funds;

the possibility that, even if we enter into agreements for the acquisition of office and industrial properties, we may be unable to complete such acquisitions since they remain subject to customary conditions to closing including the completion of due diligence investigations to management's satisfaction;

we may be unable to finance acquisitions on favorable terms;

we may spend more than budgeted amounts to make necessary improvements or renovations to acquired properties;

we may lease acquired properties at below expected rental rates;

we may acquire properties that are subject to liabilities for which we may have limited or no recourse; and

we may be unable to complete an acquisition after making a nonrefundable deposit and incurring certain other acquisition related costs.

If we cannot finance property acquisitions on favorable terms or operate acquired properties to meet financial expectations, our financial condition, results of operations, cash flows, the quoted trading prices of our securities, and our ability to satisfy our debt service could be adversely affected.

We may be unable to successfully complete and operate acquired, developed, and redeveloped properties.

There are significant risks associated with property acquisition, development, and redevelopment including the possibility that:

we may be unable to lease acquired, developed, or redeveloped properties at expected rental rates or within budgeted timeframes;

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we may not complete development or redevelopment properties on schedule or within budgeted amounts;

we may expend funds on and devote management's time to acquisition, development, or redevelopment properties that we may not complete;

we may encounter delays or refusals in obtaining all necessary zoning, land use, and other required entitlements, and building, occupancy, and other required governmental permits and authorizations;

we may encounter delays, refusals, unforeseen cost increases, and other impairments due to third-party litigation; and

we may fail to obtain the financial results expected from properties we acquire, develop, or redevelop.

If one or more of these events were to occur in connection with our acquired properties, undeveloped land, or development or redevelopment properties under construction, we could be required to recognize an impairment loss. These events could also have an adverse impact on our financial condition, results of operations, cash flow, the quoted trading prices of our securities, and our ability to satisfy our debt service obligations.

While we historically have acquired, developed, and redeveloped office properties in California markets, we may in the future acquire, develop, or redevelop properties for other uses and expand our business to other geographic regions where we expect the development or acquisition of property to result in favorable risk-adjusted returns on our investment. Presently, we do not possess the same level of familiarity with development of property types other than office and industrial, or with outside markets, which could adversely affect our ability to acquire or develop properties or to achieve expected performance.

We could default on leases for land on which some of our properties are located.

As of June 30, 2010, we owned one office complex, Kilroy Airport Center in Long Beach, California, located on various land parcels, which we lease individually on a long-term basis. As of June 30, 2010, we had approximately 949,100 aggregate rentable square feet, or 6.9% of our total stabilized portfolio, of rental space located on these leased parcels. If we default under the terms of any particular lease, we may lose the ownership rights to the property subject to the lease. Upon expiration of a lease, we may not be able to renegotiate a new lease on favorable terms, if at all. The loss of the ownership rights to these properties or an increase of rental expense could have an adverse effect on our financial condition, results of operations, cash flow, the quoted trading prices of our securities, and our ability to satisfy our debt service obligations.

Real estate assets are illiquid, and we may not be able to sell our properties when we desire.

Our investments in our properties are relatively illiquid, limiting our ability to sell our properties quickly in response to changes in economic or other conditions. In addition, the Code generally imposes a 100% prohibited transaction tax on the Company on profits derived from sales of properties held primarily for sale to customers in the ordinary course of business, which effectively limits our ability to sell properties other than on a selected basis. These restrictions on our ability to sell our properties could have an adverse effect on our financial condition, results of operations, cash flow, the quoted trading prices of our securities, and our ability to satisfy our debt service obligations.

We may invest in securities related to real estate which could adversely affect our ability to satisfy our debt obligations.

We may purchase securities issued by entities which own real estate and may, in the future, also invest in mortgages. In general, investments in mortgages are subject to several risks, including:

borrowers may fail to make debt service payments or pay the principal when due;

the value of the mortgaged property may be less than the principal amount of the mortgage note securing the property; and

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interest rates payable on the mortgages may be lower than our cost for the funds used to acquire these mortgages. Owning these securities may not entitle us to control the ownership, operation, and management of the underlying real estate. In addition, we may have no control over the distributions with respect to these securities, which could adversely affect our ability to satisfy our debt obligations.

Future terrorist activity or engagement in war by the U.S. may have an adverse effect on our financial condition and operating results.

Terrorist attacks in the U.S. and other acts of terrorism or war, may result in declining economic activity, which could harm the demand for and the value of our properties. In addition, the public perception that certain locations are at greater risk for attack, such as major airports, ports, and rail facilities, may decrease the demand for and the value of our properties near these sites. A decrease in demand could make it difficult for us to renew or re-lease our properties at these sites at lease rates equal to or above historical rates. Terrorist activities also could directly impact the value of our properties through damage, destruction, or loss, and the availability of insurance for these acts may be less, and cost more, which could adversely affect our financial condition. To the extent that our tenants are impacted by future attacks, their businesses similarly could be adversely affected, including their ability to continue to honor their existing leases.

Terrorist acts and engagement in war by the U.S. also may adversely affect the markets in which our securities trade and may cause further erosion of business and consumer confidence and spending and may result in increased volatility in national and international financial markets and economies. Any one of these events may cause a decline in the demand for our office and industrial leased space, delay the time in which our new or renovated properties reach stabilized occupancy, increase our operating expenses, such as those attributable to increased physical security for our properties, and limit our access to capital or increase our cost of raising capital.

Risks Related to our Organizational Structure

Our growth depends on external sources of capital that are outside of our control and the inability to obtain capital on terms that are acceptable to us, or at all, could adversely affect our financial condition and results of operations.

The Company is required under the Code to distribute at least 90% of its taxable income, determined without regard to the dividends-paid deduction and excluding any net capital gain, and the operating partnership is required to make distributions to the Company to allow it to satisfy these REIT distribution requirements. For distributions with respect to taxable years ending on or before December 31, 2011, recent IRS guidance allows the Company to satisfy up to 90% of this requirement through the distribution of shares of its common stock, if certain conditions are met. Because of these distribution requirements, the operating partnership is required to make distributions to the Company, and we may not be able to fund future capital needs, including any necessary acquisition financing, from operating cash flow. Consequently, management relies on third-party sources of capital to fund our capital needs. We may not be able to obtain financing on favorable terms or at all. Any additional debt we incur will increase our leverage. Access to third-party sources of capital depends, in part, on general market conditions and the availability of credit, the market's perception of our growth potential, our current and expected future earnings, our cash flows and cash distributions, and the quoted market prices of our securities. If we cannot obtain capital from third-party sources, our financial condition, results of operations, cash flows, the quoted trading prices of our securities, and our ability to satisfy our debt service obligations may be adversely affected.

The Chairman of our board of directors and our President and Chief Executive Officer each have substantial influence over our affairs.

John B. Kilroy, Sr. is the Chairman of our board of directors and the father of John B. Kilroy, Jr., our President and Chief Executive Officer. Each is a member of our board of directors, and together, as of June 30, 2010, they beneficially owned approximately 3.3% of the total outstanding shares of common stock of the Company. The percentage of outstanding shares of common stock beneficially owned includes 239,477 shares of

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common stock, 172,607 restricted stock units that were vested and held by John B. Kilroy, Jr. at June 30, 2010, and assumes the exchange into shares of the Company's common stock of the 1,335,135 common units of the operating partnership held by Messrs. Kilroy (which are redeemable in exchange for, at the option of the Company, an equal number of shares of the Company's common stock). The beneficial ownership percentage excludes 214,880 nonvested restricted stock units held by John B. Kilroy, Jr. at June 30, 2010.

Pursuant to the charter of the Company, no other stockholder may own, actually or constructively, more than 7.0% of the outstanding common stock of the Company without obtaining a waiver from the board of directors. The board of directors has waived the ownership limits with respect to John B. Kilroy, Sr., John B. Kilroy, Jr., members of their families, and some of their affiliated entities. These named individuals and entities may own either actually or constructively, in the aggregate, up to 19.6% of the Company's outstanding common stock, excluding units that are exchangeable into shares of common stock. Consequently, Messrs. Kilroy have substantial influence on us and could exercise their influence in a manner that is not in the best interest of the operating partnership's noteholders or unitholders or the Company's noteholders or stockholders. Also, they may, in the future, have a substantial influence on the outcome of any matters submitted to the operating partnership's unitholders or the Company's stockholders for approval.

We are not limited in our ability to incur debt, which may increase our risk of default under our debt obligations.

Our financing policies and objectives are determined by the board of directors. Our goal is to limit our dependence on leverage and maintain a conservative ratio of debt to total market capitalization. However, our organizational documents do not limit the amount or percentage of indebtedness, funded or otherwise, that we may incur. As of June 30, 2010, we had approximately \$1.2 billion aggregate principal amount of indebtedness outstanding, which represented 39.6% of our total market capitalization. Our total debt and the liquidation value of our preferred equity as a percentage of total market capitalization was approximately 46.3% as of June 30, 2010. See Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources for a calculation of our market capitalization. These ratios may be increased or decreased without the consent of unitholders of the operating partnership or stockholders of the Company. Increases in the amount of debt outstanding would result in an increase in our debt service, which could adversely affect cash flow. Higher leverage also increases the risk of default on our obligations and limits our ability to obtain additional financing in the future.

Risks Related to this Offering and the Exchange Notes

The effective subordination of the exchange notes may limit our ability to satisfy our obligations under the exchange notes.

The exchange notes will be the operating partnership's senior unsecured obligations and will rank equally in right of payment with all of its other existing and future senior unsecured indebtedness. The exchange notes will be effectively subordinated in right of payment to:

all of the operating partnership's existing and future mortgage indebtedness and other secured indebtedness (to the extent of the value of the collateral securing such indebtedness); and

all existing and future equity not owned by the operating partnership, if any, and indebtedness and other liabilities, whether secured or unsecured, of the operating partnership's subsidiaries.

Similarly, the Company's guarantee of the exchange notes will be its senior unsecured obligation and will rank equally in right of payment with all of its other existing and future senior unsecured indebtedness, guarantees and other obligations. The Company's guarantee will be effectively subordinated in right of payment to:

all existing and future secured indebtedness of the Company's (to the extent of the value of the collateral securing such indebtedness);

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all existing and future equity not owned by the Company of its consolidated subsidiaries (including the operating partnership) and of any subsidiary or other entity the Company accounts for using the equity method of accounting; and

all existing and future unsecured and secured indebtedness and other liabilities of the Company's consolidated subsidiaries (including the operating partnership) and of any subsidiary or other entity the Company accounts for using the equity method of accounting.

The indenture that will govern the exchange notes will not prohibit us or any of our subsidiaries from issuing equity in the future and, although the indenture will contain covenants that limit the ability of the operating partnership and its subsidiaries to incur secured and unsecured indebtedness, those covenants are subject to significant exceptions and, in addition, the operating partnership and its subsidiaries may be able to incur substantial amounts of additional secured and unsecured indebtedness without violating those covenants.

In the event of the bankruptcy, liquidation, reorganization or other winding up of the operating partnership or the Company, assets that secure any of our respective secured obligations will be available to pay our respective obligations under the exchange notes or the guarantees, as applicable, and any of our other respective unsecured obligations, only after all of our respective indebtedness secured by those assets has been repaid in full, and we caution you that there may not be sufficient assets remaining to pay amounts due on any or all the exchange notes or the guarantees, as the case may be, then outstanding. In the event of the bankruptcy, liquidation, reorganization or other winding up of any of subsidiaries of the operating partnership or the Company, the rights of holders of indebtedness and other obligations of the operating partnership (including the exchange notes) or the Company (including the guarantees), as the case may be, will be subject to the prior claims of that subsidiary's creditors and of the holders of any indebtedness or other obligations guaranteed by that subsidiary, except to the extent that the operating partnership or the Company is itself a creditor with recognized claims against that subsidiary, in which case those claims would still be effectively subordinated to all security interests in, and debt secured by mortgages or other liens on, the assets of that subsidiary (to the extent of the value of those assets) and would be subordinate to all indebtedness of that subsidiary senior to that held by the operating partnership or the Company.

As of June 30, 2010, the operating partnership had approximately \$1,182.0 million aggregate principal amount of outstanding indebtedness (before the impact of \$26.9 million of unamortized discounts attributable to the operating partnership's 3.250% Exchangeable Notes due 2012, referred to as the 3.25% Exchangeable Notes, and the 4.250% Exchangeable Notes due 2014, referred to as the 4.25% Exchangeable Notes, and collectively, the Exchangeable Notes and other indebtedness), of which \$317.5 million was its senior secured indebtedness and \$864.5 million was its senior unsecured indebtedness. As of June 30, 2010, the Company had no outstanding indebtedness and had guaranteed borrowings and other amounts due under the operating partnership's \$550 million unsecured revolving credit facility and approximately \$1,032.0 million aggregate principal amount (before the impact of the unamortized debt discounts referred to above) of other outstanding indebtedness of the operating partnership. As of June 30, 2010, the subsidiaries of the operating partnership and the subsidiaries of the Company (excluding the operating partnership) had no outstanding indebtedness, exclusive of trade payables and other liabilities.

We may not be able to meet our debt service obligations.

Our ability to make payments on and to refinance our indebtedness, including the exchange notes, and to fund our operations, working capital and capital expenditures, depends on our ability to generate cash in the future. Our cash flow is subject to general economic, industry, financial, competitive, operating, legislative, regulatory and other factors, many of which are beyond our control.

The instruments and agreements governing some of our outstanding debt securities contain provisions that require us to repurchase those debt securities for cash or to pay cash in exchange for those debt securities under specified circumstances or upon the occurrence of specified events and our future debt agreements and debt securities may contain similar provisions. We may not have sufficient funds to pay our indebtedness when due (including upon any such required repurchase or exchange), and we may not be able to arrange for the financing necessary to make those payments on favorable terms or at all. In addition, our ability to make required payments on our indebtedness when due (including upon any such repurchase or exchange) may be limited by the terms of other

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debt instruments or agreements. Our failure to pay amounts due in respect of any of our indebtedness when due may constitute an event of default under the instrument governing that indebtedness, which could permit the holders of that indebtedness to require the immediate repayment of that indebtedness in full and, in the case of secured indebtedness, could allow them to sell the collateral securing that indebtedness and use the proceeds to repay that indebtedness. Moreover, any acceleration of or default in respect of any of our indebtedness could, in turn, constitute an event of default under other debt instruments or agreements, thereby resulting in the acceleration and required repayment of that other indebtedness. Any of these events could materially adversely affect our ability to make payments of principal and interest on the notes when due and could prevent us from making those payments altogether.

We cannot assure you that our business will generate sufficient cash flow from operations or that future sources of cash will be available to us in an amount sufficient to enable us to pay amounts due on our indebtedness, including the exchange notes, or to fund our other liquidity needs. Additionally, if we incur additional indebtedness in connection with future acquisitions or for any other purpose, our debt service obligations could increase.

We may need to refinance all or a portion of our indebtedness, including the exchange notes, on or before maturity. Our ability to refinance our indebtedness or obtain additional financing will depend on, among other things:

our financial condition and market conditions at the time; and

restrictions in the agreements governing our indebtedness.

As a result, we may not be able to refinance our indebtedness, including the exchange notes, on commercially reasonable terms, or at all. If we do not generate sufficient cash flow from operations, and additional borrowings or refinancings or proceeds of assets sales or other sources of cash are not available to us, we may not have sufficient cash to enable us meet all of our obligations, including payments on the exchange notes. Accordingly, if we cannot service our indebtedness, we may have to take actions such as seeking additional equity financing, delaying capital expenditures, or strategic acquisitions and alliances. Any of these events or circumstances could have a material adverse effect on our financial condition, results of operations, cash flows, the quoted trading price of our securities and our ability to satisfy our debt service obligations.

Despite our substantial indebtedness, we may still incur significantly more debt, which could exacerbate the risks related to our indebtedness, including our inability to pay the principal of or interest on the exchange notes.

We may be able to incur substantial additional indebtedness in the future. Although the agreements governing our secured and unsecured indebtedness and the indenture governing the exchange notes limit our ability to incur additional indebtedness, these restrictions are subject to a number of significant exceptions and, in addition, we will have the ability to incur additional indebtedness, which could be substantial, without violating the limitations imposed by these debt instruments. To the extent we incur additional indebtedness, we may face additional risks associated with our indebtedness, including our possible inability to pay the principal of and interest on the exchange notes.

The Company has no significant operations, other than as the operating partnership's general partner, and no material assets, other than its investment in the operating partnership.

The exchange notes will be fully and unconditionally guaranteed by the Company. However, the Company has no significant operations, other than as general partner of the operating partnership, and no material assets, other than its investment in the operating partnership. Furthermore, the Company's guarantee will be effectively subordinated in right of payment to:

all existing and future secured indebtedness of the Company (to the extent of the value of the collateral securing such indebtedness);

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all existing and future equity not owned by the Company or the Company's consolidated subsidiaries (including the operating partnership) and of any subsidiary or other entity the Company accounts for using the equity method of accounting; and

all existing and future unsecured and secured indebtedness and other liabilities of the Company's consolidated subsidiaries (including the operating partnership) and of any subsidiary or other entity the Company accounts for using the equity method of accounting.

There is currently no trading market for the exchange notes, and an active public trading market for the exchange notes may not develop or, if it develops, be maintained or be liquid. The failure of an active public trading market for the exchange notes to develop or be maintained is likely to adversely affect the market price and liquidity of the exchange notes.

The exchange notes are a new issue of securities, and there is currently no existing trading market for the exchange notes. We do not intend to apply for listing of the exchange notes on any securities exchange. Accordingly, an active public trading market may not develop for the exchange notes and, even if one develops, may not be maintained or be liquid. If an active public trading market for the exchange notes does not develop or is not maintained, the market price and liquidity of the exchange notes are likely to be adversely affected and holders may not be able to sell their exchange notes at desired times and prices or at all. If any of the exchange notes are traded after their purchase, they may trade at a discount from their purchase price.

The liquidity of the trading market, if any, and future trading prices of the exchange notes will depend on many factors, including, among other things, prevailing interest rates, the financial condition, results of operations, business, prospects and credit quality of the operating partnership and its subsidiaries and the Company and its subsidiaries and other comparable entities, the market for similar securities and the overall securities market, and may be adversely affected by unfavorable changes in any of these factors, some of which are beyond our control. In addition, market volatility or events or developments in the credit markets could materially and adversely affect the market value of the exchange notes, regardless of our financial condition, results of operations, business, prospects or credit quality.

The market price of the exchange notes may fluctuate significantly.

The market price of the exchange notes may fluctuate significantly in response to many factors, including:

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

changes in our earnings estimates or those of analysts;

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

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

increases in market interest rates;

changes in market valuations of similar companies;

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

additions or departures of key management personnel;

actions by institutional investors;

speculation in the press or investment community;

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continuing high levels of volatility in the credit markets;

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

general market and economic conditions.

In addition, many of the factors listed above are beyond our control. These factors may cause the market price of the exchange notes to decline, regardless of our financial condition, results of operations, business or prospects. It is impossible to assure investors that the market price of the exchange notes will not fall in the future, and it may be difficult for investors to resell the exchange notes at prices they find attractive, or at all.

Holders of the exchange notes will not be entitled to require us to redeem or repurchase the exchange notes upon the occurrence of change of control or highly levered transactions or other designated events.

As of June 30, 2010, we had \$464.5 million aggregate principal amount of outstanding debt securities (excluding a total of \$23.9 million of unamortized debt discount) that permitted the holders of those securities to require us to repurchase those debt securities upon the occurrence of specified events, including, for example, the acquisition by any person or group of more than 50% of the total voting power of all of the Company's outstanding capital stock entitled to vote generally in the election of directors or if the Company ceases to be the general partner of the operating partnership or ceases to control the operating partnership. However, the exchange notes offered hereby do not have any similar rights to require us to repurchase the exchange notes, whether upon the occurrence of a change of control or highly leveraged transaction or otherwise, even though these transactions could increase the amount of our indebtedness or otherwise adversely affect our capital structure or credit ratings, thereby adversely affecting the market value of the exchange notes. These provisions may also allow holders of these other debt securities to be repaid upon the occurrence of specified transactions or events, which may deplete our available cash and sources of financing and make it difficult or impossible for us to make payments on the exchange notes when due.

An increase in interest rates could result in a decrease in the market value of the exchange notes.

In general, as market interest rates rise, notes bearing interest at a fixed rate generally decline in value. Consequently, if you purchase these exchange notes and market interest rates increase, the market value of your exchange notes may decline. We cannot predict the future level of market interest rates.

A downgrade in our credit ratings could materially adversely affect our business and financial condition and the market value of the exchange notes.

In April 2010, we received confirmation that the operating partnership had been assigned initial investment grade credit ratings by two major credit ratings. The credit ratings assigned to the operating partnership and the Company could change based upon, among other things, our results of operations and financial condition. These ratings are subject to ongoing evaluation by credit rating agencies, and we cannot assure you that any rating will not be changed or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant. Moreover, these credit ratings are not recommendations to buy, sell or hold the notes or any other securities. If either of the credit rating agencies that have rated the operating partnership or the Company downgrades or lowers its credit rating, or if either credit rating agency indicates that it has placed any such rating on a so-called "watch list" for a possible downgrading or lowering or otherwise indicates that its outlook for that rating is negative, it could have a material adverse effect on the market value of the exchange notes and our costs and availability of capital, which could in turn have a material adverse effect on our financial condition, results of operations, cash flows and our ability to satisfy our debt service obligations.

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If the procedures for tendering your private notes in this exchange offer are not followed, you may not receive exchange notes in exchange for your private notes.

We will issue the exchange notes in exchange for your private notes only if you tender the private notes and deliver a properly completed and duly executed letter of transmittal and other required documents before expiration of the exchange offer. You should allow sufficient time to ensure timely delivery of the necessary documents. Neither the exchange agent nor we are under any duty to give notification of defects or irregularities with respect to the tenders of private notes for exchange. If you are the beneficial holder of private notes that are registered in the name of your broker, dealer, commercial bank, trust company or other nominee, and you wish to tender private notes in the exchange offer, you should promptly contact the person in whose name your private notes are registered and instruct that person to tender your private notes on your behalf.

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FORWARD-LOOKING STATEMENTS

This prospectus, including the documents incorporated by reference herein, contain certain forward-looking statements within the meaning of federal securities law.

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

global market and general economic conditions;

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

adverse economic or real estate developments in California, and particularly the Southern California region;

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

increased interest rates and operating costs;

our access to capital to satisfy our liquidity needs;

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

potential losses that may not be covered by insurance;

our ability to successfully complete acquisitions and operate acquired properties;

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

fluctuations in availability and cost of construction materials and labor resulting from the effects of natural disasters and increased worldwide demand;

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the Company's ability to maintain its status as a real estate investment trust, or REIT;

future terrorist activity in the United States or war;

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

decreases in the population in geographic areas where our properties are located;

elevated utility costs and power outages in California; and

costs to comply with governmental regulations.

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While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. For a further discussion of these and other factors that could impact our future results, performance or transactions, see Risk Factors.

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THE EXCHANGE OFFER

Purpose of the Exchange Offer

On May 24, 2010, the operating partnership issued \$250.0 million of the private notes to J.P. Morgan Securities Inc., Banc of America Securities LLC, Barclays Capital Inc., Comerica Securities, Inc., KeyBanc Capital Markets Inc., Mitsubishi UFJ Securities (USA), Inc., Nikko Bank (Luxembourg) S.A., PNC Capital Markets LLC, RBS Securities Inc., Scotia Capital (USA) Inc. and U.S. Bancorp Investments, Inc., the initial purchasers, pursuant to a purchase agreement. The initial purchasers subsequently sold the private notes to qualified institutional buyers, as defined in Rule 144A under the Securities Act, in reliance on Rule 144A. As a condition to the sale of the private notes, we entered into a registration rights agreement with the initial purchasers on May 24, 2010. The registration rights agreement provides that:

(1) the operating partnership and the Company will file an exchange offer registration statement with the SEC on or prior to 180 days after the closing date of the offering of the private notes;

(2) the operating partnership and the Company will use all commercially reasonable efforts to have the exchange offer registration statement declared effective by the SEC on or prior to 270 days after the closing date of the offering of private notes; and

(3) unless the exchange offer would not be permitted by applicable law or SEC policy or applicable interpretation of the staff of the SEC, the operating partnership and the Company will:

(a) commence the exchange offer promptly after the exchange offer registration statement is declared effective by the SEC and keep the exchange offer open for at least 20 business days (or longer, if required by applicable securities laws) after the date notice is sent to holders of entitled securities (as defined below); and

(b) use all commercially reasonable efforts to issue, on or prior to 30 business days (or longer, if required by applicable securities laws) after the date on which the exchange offer registration statement is declared effective by the SEC, exchange notes in exchange for all private notes tendered and not withdrawn prior thereto in the exchange offer; and

(4) if obligated to file the shelf registration statement, the operating partnership and the Company will use all commercially reasonable efforts to file a shelf registration statement with the SEC on or prior to 60 days after such filing obligation arises, to cause the shelf registration statement to be declared effective by the SEC on or prior to 120 days after such filing obligation arises and to keep the shelf registration statement continuously effective and the related prospectus current (subject to the right of the operating partnership to suspend sales of notes pursuant to the shelf registration statement from time to time) for a period of one year after the last date on which any notes are originally issued.

Upon the effectiveness of the exchange offer registration statement, we will offer the exchange notes in exchange for the private notes. The registration rights agreement is listed as an exhibit to the registration statement of which this prospectus is part.

Resale of the Exchange Notes

Under existing interpretations by the staff of the SEC contained in no-action letters to third parties, the exchange notes will generally be freely transferable by holders (other than by any holder that is an affiliate (as defined in Rule 405 of the Securities Act) of the operating partnership or the Company) after the exchange offer without further registration under the Securities Act, except that participating broker-dealers (as defined below) will be required to deliver a prospectus in connection with any resale or other transfer of the exchange notes as described below.

If you wish to exchange your private notes for exchange notes in the exchange offer, you will be required to make certain representations. If you are not able to make these representations, you will not be entitled to participate in the exchange offer or to exchange your private notes for exchange notes.

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Any broker-dealer who holds private notes acquired for its own account as a result of market-making activities or other trading activities (a participating broker-dealer) who exchanges those private notes for exchange notes in the exchange offer must deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of those exchange notes. We understand that the staff of the SEC has taken the position that participating broker-dealers may fulfill their prospectus delivery requirements with respect to exchange notes, other than a resale of an unsold allotment from the initial offering of the private notes, with the prospectus contained in the exchange offer registration statement. Under the registration rights agreement, for a period of 180 days following the expiration date of the exchange offer, participating broker-dealers who notify us within 30 days after consummation of the exchange offer will be entitled to use the prospectus contained in the exchange offer registration statement in connection with the resale of the exchange notes (and we will agree to keep the exchange offer registration statement continuously effective and the related prospectus current during such period), subject to exceptions, including the operating partnership's right to suspend the use of that prospectus as described below. If we effect the exchange offer, we will be permitted to require any participating broker-dealer to discontinue disposition of exchange notes pursuant to this prospectus, as described below under the caption "Shelf Registration." Each such participating-broker will be subject to certain of the civil liability provisions under the Securities Act in connection with resales made pursuant to such prospectus.

Terms of the Exchange Offer

Upon the terms and subject to the conditions described in this prospectus and in the accompanying letter of transmittal, which together constitute the exchange offer, we will accept any and all private notes validly tendered and not withdrawn before the expiration date. We will issue \$1,000 principal amount of exchange notes in exchange for each \$1,000 principal amount of outstanding private notes surrendered pursuant to the exchange offer. You may tender private notes only in integral multiples of \$1,000.

The form and terms of the exchange notes are the same as the form and terms of the private notes except that:

the exchange notes will be registered with the SEC and thus will not be subject to restrictions on transfer or bear legends restricting their transfer; and

the exchange notes will not provide for the payment of additional interest as described below or be entitled to registration rights under the registration rights agreement.

The exchange notes will evidence the same debt as the private notes and will be issued under the same indenture, so the exchange notes and the private notes will be treated as a single class of debt securities under the indenture.

As of the date of this prospectus, \$250.0 million in aggregate principal amount of the private notes are outstanding and registered in the name of Cede & Co., as nominee for DTC. Only registered holders of the private notes, or their legal representative or attorney-in-fact, as reflected on the records of the trustee under the indenture, may participate in the exchange offer. We will not set a fixed record date for determining registered holders of the private notes entitled to participate in the exchange offer.

You do not have any appraisal or dissenters' rights under the indenture in connection with the exchange offer. We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement and the applicable requirements of the Securities Act, the Exchange Act and the rules and regulations of the SEC.

We will be deemed to have accepted validly tendered private notes when, as and if we have given written notice of acceptance to the exchange agent. The exchange agent will act as your agent for the purposes of receiving the exchange notes from us.

If you tender private notes in the exchange offer you will not be required to pay brokerage commissions or fees with respect to the exchange of private notes pursuant to the exchange offer. We will pay all charges and expenses, other than the applicable taxes described below, in connection with the exchange offer.

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Expiration Date; Extensions; Amendments

The term *expiration date* will mean 5:00 p.m., New York City time on , 2010 (the 21st business day following commencement of the exchange offer), unless we, in our sole discretion, extend the exchange offer, in which case the term *expiration date* will mean the latest date and time to which we extend the exchange offer.

To extend the exchange offer, we will notify the exchange agent and each registered holder of any extension in writing by a press release or other public announcement before 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. The notice of extension will disclose the aggregate principal amount of the private notes that have been tendered as of the date of such notice.

We reserve the right, in our reasonable discretion:

to delay accepting any private notes due to an extension of the exchange offer; or

if any conditions listed below under *Conditions* are not satisfied, to terminate the exchange offer, in each case by written notice of the delay, extension or termination to the exchange agent and by press release or other public announcement.

We will follow any delay in acceptance, extension or termination as promptly as practicable by written notice to the registered holders by a press release or other public announcement. If we amend the exchange offer in a manner we determine constitutes a material change, we will promptly disclose the amendment in a prospectus supplement that we will distribute to the registered holders. We will also extend the exchange offer for a period of five to ten business days, depending upon the significance of the amendment and the manner of disclosure, if the exchange offer would otherwise expire during the five to ten business day period.

Interest on the Exchange notes

The exchange notes will bear interest at the same rate and on the same terms as the private notes. Consequently, the exchange notes will bear interest at a rate equal to 6.625% per year (calculated using a 360-day year). Interest will be payable on the exchange notes semi-annually on each June 1 and December 1.

Interest on the exchange notes will accrue from the last interest payment date on which interest was paid on the private notes or, if no interest has been paid on the private notes, from the date of initial issuance of the private notes. We will deem the right to receive any interest accrued but unpaid on the private notes waived by you if we accept your private notes for exchange.

Procedures for Tendering

Valid Tender

Except as described below, a tendering holder must, prior to the expiration date, transmit to the exchange agent, at the address listed under the heading *Exchange Agent* :

a properly completed and duly executed letter of transmittal, including all other documents required by the letter of transmittal; or

if the private notes are tendered in accordance with the book-entry procedures listed below, an agent's message.

In addition, a tendering holder must:

deliver certificates, if any, for the private notes to the exchange agent at or before the expiration date; or

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deliver a timely confirmation of book-entry transfer of the private notes into the exchange agent's account at DTC, the book-entry transfer facility, along with the letter of transmittal or an agent's message; or

comply with the guaranteed delivery procedures described below.

The term "agent's message" means a message, transmitted by DTC to and received by the exchange agent and forming a part of a book-entry confirmation, that states that DTC has received an express acknowledgment that the tendering holder agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against this holder.

If the letter of transmittal is signed by a person other than the registered holder of private notes, the letter of transmittal must be accompanied by a written instrument of transfer or exchange in satisfactory form duly executed by the registered holder with the signature guaranteed by an eligible institution. The private notes must be endorsed or accompanied by appropriate powers of attorney. In either case, the private notes must be signed exactly as the name of any registered holder appears on the private notes.

If the letter of transmittal or any private notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, these persons should so indicate when signing. Unless waived by us, proper evidence satisfactory to us of their authority to so act must be submitted.

By tendering private notes pursuant to the exchange offer, each holder will represent to us that, among other things, the exchange notes are being acquired in the ordinary course of business of the person receiving the exchange notes, whether or not that person is the holder, and neither the holder nor the other person has any arrangement or understanding with any person to participate in the distribution of the exchange notes. In the case of a holder that is not a broker-dealer, that holder, by tendering private notes pursuant to the exchange offer, will also represent to us that the holder is not engaged in and does not intend to engage in a distribution of the exchange notes.

The method of delivery of private notes, letters of transmittal and all other required documents is at your election and risk. If the delivery is by mail, we recommend that you use registered mail, properly insured, with return receipt requested. In all cases, you should allow sufficient time to assure timely delivery. You should not send letters of transmittal or private notes to us.

If you are a beneficial owner whose private notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and wish to tender, you should promptly instruct the registered holder to tender on your behalf. Any registered holder that is a participant in DTC's book-entry transfer facility system may make book-entry delivery of the private notes by causing DTC to transfer the private notes into the exchange agent's account, including by means of DTC's Automated Tender Offer Program.

Signature Guarantees

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed, unless the private notes surrendered for exchange are tendered:

by a registered holder of the private notes who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal; or

for the account of an eligible institution.

If signatures on a letter of transmittal or a notice of withdrawal are required to be guaranteed, the guarantees must be by an eligible institution. An eligible institution is an eligible guarantor institution meeting the requirements of the registrar for the notes, which requirements include membership or participation in the Security Transfer Agent Medallion Program, or STAMP, or such other signature guarantee program as may be determined by the registrar for the notes in addition to, or in substitution for, STAMP, all in accordance with the Exchange Act.

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Book-Entry Transfer

The exchange agent will make a request to establish an account for the private notes at DTC for purposes of the exchange offer within two business days after the date of this prospectus. Any financial institution that is a participant in DTC's systems must make book-entry delivery of private notes by causing DTC to transfer those private notes into the exchange agent's account at DTC in accordance with DTC's procedure for transfer. The participant should transmit its acceptance to DTC at or prior to the expiration date or comply with the guaranteed delivery procedures described below. DTC will verify this acceptance, execute a book-entry transfer of the tendered private notes into the exchange agent's account at DTC and then send to the exchange agent confirmation of this book-entry transfer. The confirmation of this book-entry transfer will include an agent's message confirming that DTC has received an express acknowledgment from this participant that this participant has received and agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against this participant.

Delivery of exchange notes issued in the exchange offer may be effected through book-entry transfer at DTC. However, the letter of transmittal or facsimile of it or an agent's message, with any required signature guarantees and any other required documents, must:

be transmitted to and received by the exchange agent at the address listed under "Exchange Agent" at or prior to the expiration date; or

comply with the guaranteed delivery procedures described below.

Delivery of documents to DTC in accordance with DTC's procedures does not constitute delivery to the exchange agent.

Guaranteed Delivery

If a registered holder of private notes desires to tender the private notes, and the private notes are not immediately available, or time will not permit the holder's private notes or other required documents to reach the exchange agent before the expiration date, or the procedure for book-entry transfer described above cannot be completed on a timely basis, a tender may nonetheless be made if:

the tender is made through an eligible institution;

prior to the expiration date, the exchange agent received from an eligible institution a properly completed and duly executed notice of guaranteed delivery, substantially in the form provided by us, by facsimile transmission, mail or hand delivery:

1. stating the name and address of the holder of private notes and the amount of private notes tendered;
2. stating that the tender is being made; and
3. guaranteeing that within three New York Stock Exchange trading days after the expiration date, the certificates for all physically tendered private notes, in proper form for transfer, or a book-entry confirmation, as the case may be, and a properly completed and duly executed letter of transmittal, or an agent's message, and any other documents required by the letter of transmittal will be deposited by the eligible institution with the exchange agent; and

the certificates for all physically tendered private notes, in proper form for transfer, or a book-entry confirmation, as the case may be, and a properly completed and duly executed letter of transmittal, or any agent's message, and all other documents required by the letter of transmittal, are received by the exchange agent within three New York Stock Exchange trading days after the expiration date.

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Determination of Validity

We will determine in our sole discretion all questions as to the validity, form and eligibility of private notes tendered for exchange. This discretion extends to the determination of all questions concerning the time of receipt, acceptance and withdrawal of tendered private notes. These determinations will be final and binding. We reserve the absolute right to reject any and all private notes not properly tendered or any private notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to any particular private note either before or after the expiration date, including the right to waive the ineligibility of any tendering holder. Our interpretation of the terms and conditions of the exchange offer as to any particular private note either before or after the expiration date, including the letter of transmittal and the instructions to the letter of transmittal, shall be final and binding on all parties. Unless waived, you must cure any defects or irregularities with respect to tenders of private notes within the time we determine. Although we intend to notify you of defects or irregularities with respect to tenders of private notes, neither we, the exchange agent nor any other person will incur any liability for failure to give you that notification. Unless waived, we will not deem tenders of private notes to have been made until you cure the defects or irregularities.

Other Rights

While we have no present plan to acquire any private notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any private notes that are not tendered in the exchange offer, we reserve the right in our sole discretion to purchase or make offers for any private notes that remain outstanding after the expiration date. We also reserve the right to terminate the exchange offer, as described below under Conditions, and, to the extent permitted by applicable law, purchase private notes in the open market, in privately negotiated transactions or otherwise. The terms of any of those purchases or offers could differ from the terms of the exchange offer.

Acceptance of Private Notes for Exchange; Issuance of Exchange Notes

Upon the terms and subject to the conditions of the exchange offer, we will accept, promptly after the expiration date, all private notes properly tendered. We will issue the exchange notes promptly after acceptance of the private notes. For purposes of the exchange offer, we will be deemed to have accepted properly tendered private notes for exchange when, as and if we have given oral or written notice to the exchange agent, with prompt written confirmation of any oral notice.

In all cases, issuance of exchange notes for private notes will be made only after timely receipt by the exchange agent of:

certificates for the private notes, or a timely book-entry confirmation of the private notes, into the exchange agent's account at the book-entry transfer facility;

a properly completed and duly executed letter of transmittal or an agent's message; and

all other required documents.

For each private note accepted for exchange, the holder of the private note will receive an exchange note having a principal amount equal to that of the surrendered private note.

Return of Notes

Unaccepted or non-exchanged private notes will be returned without expense to the tendering holder of the private notes. In the case of private notes tendered by book-entry transfer in accordance with the book-entry procedures described above, the non-exchanged private notes will be credited to an account maintained with DTC as promptly as practicable after the expiration or termination of the exchange offer.

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Withdrawal of Tenders

Except as otherwise provided in this prospectus, you may withdraw tenders of private notes at any time before 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective, the exchange agent must receive a written notice of withdrawal at the address or, in the case of eligible institutions, at the facsimile number, indicated under Exchange Agent before the expiration date. Any notice of withdrawal must:

specify the name of the person, referred to as the depositor, having tendered the private notes to be withdrawn;

identify the private notes to be withdrawn, including the certificate number or numbers and principal amount of the private notes;

contain a statement that the holder is withdrawing its election to have the private notes exchanged;

be signed by the holder in the same manner as the original signature on the letter of transmittal by which the private notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer to have the trustee with respect to the private notes register the transfer of the private notes in the name of the person withdrawing the tender; and

specify the name in which the private notes are registered, if different from that of the depositor.

If certificates for private notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of these certificates the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and signed notice of withdrawal with signatures guaranteed by an eligible institution, unless this holder is an eligible institution. If private notes have been tendered in accordance with the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn private notes.

We will determine in our sole discretion all questions as to the validity, form and eligibility of the notices, and our determination will be final and binding on all parties. We will not deem any properly withdrawn private notes to have been validly tendered for purposes of the exchange offer, and we will not issue exchange notes with respect to those private notes, unless you validly retender the withdrawn private notes. You may retender properly withdrawn private notes by following the procedures described above under Procedures for Tendering at any time before 5:00 p.m., New York City time, on the expiration date.

Conditions

Notwithstanding any other term of the exchange offer, we will not be required to accept for exchange, or exchange the exchange notes for, any private notes, and may terminate the exchange offer as provided in this prospectus before the expiration of the exchange offer, if, in our reasonable judgment, the exchange offer violates applicable law, rules or regulations or an applicable interpretation of the staff of the SEC.

If we determine in our reasonable discretion that any of these conditions are not satisfied, we may:

refuse to accept any private notes and return all tendered private notes to you;

extend the exchange offer and retain all private notes tendered before the exchange offer expires, subject, however, to your rights to withdraw the private notes; or

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waive the unsatisfied conditions with respect to the exchange offer and accept all properly tendered private notes that have not been withdrawn.

If the waiver constitutes a material change to the exchange offer, we will promptly disclose the waiver by means of a prospectus supplement that we will distribute to the registered holders of the private notes, and we will

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extend the exchange offer for a period of five to ten business days, depending upon the significance of the waiver and the manner of disclosure to the registered holders, if the exchange offer would otherwise expire during the five to ten business day period.

Termination of Rights

All of your rights under the registration rights agreement will terminate upon consummation of the exchange offer, except with respect to our continuing obligations:

to indemnify you and parties related to you against liabilities, including liabilities under the Securities Act; and

to provide, upon your request, the information required by Rule 144A(d)(4) under the Securities Act to permit resales of the notes pursuant to Rule 144A.

Shelf Registration

If:

- (1) the operating partnership and the Company:
 - (a) do not cause the exchange offer registrations statement to become effective on or prior to 270 days after the closing of the offering of private notes or do not consummate the exchange offer within 30 business days after the exchange offer registration statement is declared effective; or
 - (b) are not permitted to consummate the exchange offer because the exchange offer is not permitted by applicable law or SEC policy or applicable interpretations of the staff of the SEC; or
- (2) any holder of entitled securities notifies us prior to the 30th business day following consummation of the exchange offer that:
 - (a) it is prohibited by law or SEC policy or applicable interpretation of the staff of the SEC, or because of its inability to make certain required representations, from participating in the exchange offer;
 - (b) it may not resell the exchange notes acquired by it in the exchange offer to the public without delivering a prospectus and this prospectus is not appropriate or available for such resales;
 - (c) it is not an affiliate (as defined in Rule 144 of the Securities Act) of us and the exchange notes acquired by it in the exchange offer are not otherwise freely tradable by it under the Securities Act; or
 - (d) it is a broker-dealer and owns private notes acquired directly from the operating partnership or one of the operating partnership's affiliates,

the operating partnership and the Company will file with the SEC a shelf registration statement on the appropriate form to permit holders of entitled securities who provide certain information in connection with the shelf registration statement to resell those entitled securities to the public market.

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For purposes of the foregoing, "entitled securities" means each note until the earliest to occur of:

- (1) the date on which such private note has been exchanged by a person other than a broker-dealer for an exchange note in the exchange offer (unless the owner of such private note notifies us prior to the 30th day following consummation of the exchange offer that it is not an "affiliate" (as defined in Rule 144) of us and such exchange note is not freely tradable by it under the Securities Act);

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- (2) following the exchange by a broker-dealer in the exchange offer of a private note for an exchange note, the date on which such exchange note is sold or otherwise transferred to a person (other than a broker-dealer) who receives from such broker-dealer on or prior to the date of such sale a copy of this prospectus;
- (3) the date on which such private note has been registered under the Securities Act and disposed of in accordance with the shelf registration statement; or
- (4) the date on which such private note is actually sold or otherwise transferred pursuant to Rule 144 (if available) under the Securities Act.

If:

- (1) the operating partnership and the Company fail to file any of the registration statements required by the registration rights agreement on or before to the date specified for such filing;
- (2) any of such registration statements is not declared effective by the SEC on or prior to the date specified for such effectiveness;
- (3) the operating partnership and the Company fail to consummate the exchange offer within 30 business days after the date on which the exchange offer registration statement is declared effective by the SEC; or
- (4) the shelf registration statement or the exchange offer registration statement is declared effective but thereafter ceases to be effective or usable in connection with resales of entitled securities (other than as a result of our right to suspend the use of such registration for certain periods of time and under circumstances described below) during the periods specified in the registration rights agreement (each such event referred to in clauses (1) through (4) above, a registration default),

then the operating partnership will pay additional interest to each holder of entitled securities from and including the date on which any such registration default shall occur to but excluding the date on which all registration defaults have been cured or cease to exist.

With respect to the first 90-day period during which a registration default is continuing, additional interest will be paid at a rate equal to 0.25% per annum of the principal amount of entitled securities outstanding. If all registration defaults are not cured or cease to exist prior to the end of such 90-day period, then, from and including the first day after such 90-day period, the rate at which additional interest is payable will increase by an additional 0.25% per annum. However, the maximum rate of additional interest will in no event exceed 0.50% per annum. Additional interest will accrue and be payable to but excluding the date on which all registration defaults have been cured or cease to exist.

Additional interest will be computed on the basis of a 360-day year comprised of twelve 30-day months and will be paid to the holders of the entitled securities in the same manner and times as interest is otherwise payable on the entitled securities. From and including the date on which all registration defaults have been cured or otherwise ceased to exist, additional interest will cease to accrue unless and until a subsequent registration default occurs. Additional interest will not be payable on any private notes or exchange notes other than entitled securities.

Holders of the notes will be required to make certain representations to the operating partnership (as described in the registration rights agreement) in order to participate in the exchange offer. In order to include entitled securities in the shelf registration statement, if filed, and receive additional interest relating to a registration default with respect to the shelf registration statement, a holder will be required to provide certain information to the operating partnership and to be named as a selling security holder in the shelf registration statement and the related prospectus, and will be subject to certain civil liability provisions under the Securities Act in connection with sales under the shelf registration statement. By including entitled securities in the shelf registration statement, if any, a holder will be deemed to have agreed to indemnify us against certain losses arising out of information furnished by such holder in writing for inclusion in any shelf registration statement.

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If a shelf registration statement becomes effective under the Securities Act then, during any 365-day period thereafter the operating partnership may, by notice to holders of entitled securities registered pursuant to the shelf registration statement, suspend the availability of the shelf registration statement and the use of the related prospectus for up to two periods of up to 30 consecutive days each during any such 365-day period if:

such action is required by applicable law;

such action is taken by us in good faith and for valid business reasons, including avoiding premature public disclosure of an acquisition or divestiture of assets or a material corporate transaction or event; or

the happening of any event or the discovery of any fact makes any statement made in the shelf registration statement or the related prospectus untrue in any material respect or constitutes an omission to state a material fact in the shelf registration statement or related prospectus.

Each holder of entitled securities will be required to discontinue disposition of those entitled securities pursuant to the shelf registration statement upon receipt from us of notice of any events described in the preceding sentence but will not be entitled to receive additional interest unless such suspension exceeds the number of days or periods specified above. If we effect the exchange offer, we will also be permitted to require any broker-dealers to discontinue disposition of exchange notes pursuant to this prospectus on the same terms and conditions described in this paragraph. If we suspend the use of the shelf registration statement or this prospectus during the period we are otherwise required to keep such registration statement effective, then the period that the operating partnership and the Company are required to keep the shelf registration statement effective or during which the exchange offer registration statement must remain effective and participating broker-dealers are entitled to use such prospectus, as the case may be, will be extended by a number of days equal to the period of any such suspension.

Exchange Agent

We have appointed U.S. Bank National Association as exchange agent for the exchange offer of notes. All executed letters of transmittal and any other required documents should be directed to the exchange agent at the address or facsimile number set forth below. You should direct questions and requests for assistance and requests for additional copies of this prospectus or of the letter of transmittal and requests for notices of guaranteed delivery to the exchange agent addressed as follows:

U.S. Bank National Association

West Side Flats Operations Center

60 Livingston Avenue

St. Paul, MN 55107

Attention: Specialized Finance

Reference: Kilroy

Fees and Expenses

We will bear the expenses of soliciting tenders. We have not retained any dealer manager in connection with the exchange offer and will not make any payments to brokers, dealers or others soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses.

We will pay the cash expenses incurred in connection with the exchange offer. These expenses include registration fees, fees and expenses of the exchange agent and the trustee, accounting and legal fees and printing costs, among others.

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We will pay all transfer taxes, if any, applicable to the exchange of notes pursuant to the exchange offer. If, however, a transfer tax is imposed for any reason other than the exchange of the private notes pursuant to the exchange offer, then you must pay the amount of the transfer taxes. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed directly to you.

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Consequence of Failures to Exchange

Participation in the exchange offer is voluntary. We urge you to consult your financial and tax advisors in making your decisions on what action to take. Private notes that are not exchanged for exchange notes pursuant to the exchange offer will remain restricted securities. Accordingly, those private notes may be resold only:

to a person whom the seller reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A;

in a transaction meeting the requirements of Rule 144 under the Securities Act;

outside the United States to a foreign person in a transaction meeting the requirements of Rule 903 or 904 of Regulation S under the Securities Act;

in accordance with another exemption from the registration requirements of the Securities Act and based upon an opinion of counsel if we so request;

to us; or

pursuant to an effective registration statement.

In each case, the private notes may be resold only in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction.

Accounting Treatment

The exchange notes will be recorded at the same carrying value as the original notes, as reflected in our accounting records on the date of the exchange. Accordingly, no gain or loss for accounting purposes will be recognized.

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USE OF PROCEEDS

The exchange offer satisfies an obligation under the registration rights agreement. We will not receive any cash proceeds from the exchange offer.

The net proceeds from the sale of the private notes after deducting discounts, commissions and offering expenses, were approximately \$245.0 million. We used a portion of the net proceeds from the sale of the private notes to repurchase \$150.0 million in aggregate principal balance of our 3.25% Exchangeable Notes and the remainder to acquire additional properties and for general corporate purposes.

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SELECTED CONSOLIDATED FINANCIAL DATA

The following tables set forth summary historical consolidated financial and operating data for Kilroy Realty, L.P. and Kilroy Realty Corporation and their respective subsidiaries. You should read the following summary historical financial data in conjunction with the consolidated historical financial statements and notes thereto of Kilroy Realty, L.P. and its subsidiaries, included elsewhere in this prospectus, and Kilroy Realty Corporation and its subsidiaries, incorporated by reference into this prospectus, and Management's Discussion and Analysis of Financial Condition and Results of Operations, included elsewhere in this prospectus.

Kilroy Realty, L.P.

The consolidated balance sheet data as of December 31, 2009 and 2008 and the consolidated statement of operations data for the years ended December 31, 2009, 2008 and 2007 have been derived from the historical consolidated financial statements of Kilroy Realty, L.P. audited by Deloitte & Touche LLP, an independent registered public accounting firm, whose report with respect thereto is included elsewhere in this prospectus. The consolidated balance sheet data as of December 31, 2007, 2006 and 2005 and the consolidated statement of operations data for each of the years ended December 31, 2006 and 2005 have been derived from the unaudited historical consolidated financial statements of Kilroy Realty, L.P., not included in this prospectus. The consolidated balance sheet data as of June 30, 2010 and the consolidated statement of operations data for the six months ended June 30, 2010 and 2009 have been derived from the unaudited historical consolidated financial statements of Kilroy Realty, L.P., which are included elsewhere in this prospectus and include all adjustments of a normal and recurring nature that management considers necessary for a fair presentation of such information. Kilroy Realty, L.P.'s consolidated results of operations and financial condition as of and for the six months ended June 30, 2010 do not purport to be indicative of its financial condition or results of operations as of or for the year ending December 31, 2010.

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Kilroy Realty, L.P. Consolidated

(in thousands, except unit and per unit, square footage and occupancy data)