KILROY REALTY CORP
Form 424B2
October 28, 2010
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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Maximum Offering Price Per Unit	Maximum Aggregate Offering Price	Amount of Registration Fee
Kilroy Realty, L.P. 5.000% Senior Notes due 2015	$325,000,000	99.939%	$324,801,750	$23,158.36(1)
Kilroy Realty Corporation Guarantee of 5.000% Notes due 2015	(2)	(2)	(2)	(2)

(1) The filing fee of $23,158.36 is calculated in accordance with Rules 457(o) and 457(r) of the Securities Act of 1933, as amended. In accordance with Rules 456(b) and 457(r), the registrants initially deferred payment of all of the registration fee for Registration Statement Nos. 333-153584 and 333-153584-01.

(2) No separate consideration will be received for the guarantees. Pursuant to Rule 457(n) under the Securities Act, no separate fee is payable with respect to the guarantees being registered hereby.

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Filed Pursuant to Rule 424(b)(2)

Registration No. 333-153584

Registration No. 333-153584-01

Prospectus Supplement

(To Prospectus dated September 15, 2010)

$325,000,000

Kilroy Realty, L.P.

5.000% Senior Notes due 2015

Fully and unconditionally guaranteed by

Kilroy Realty Corporation

The notes will bear interest at the rate of 5.000% per year. Interest on the notes will be payable semi-annually in arrears on May 3 and November 3 of each year, beginning May 3, 2011. The notes will mature on November 3, 2015 unless earlier redeemed as described in this prospectus supplement.

Kilroy Realty, L.P., which we refer to as the operating partnership, may, at its option, redeem the notes at any time in whole or from time to time in part at the redemption prices described in this prospectus supplement.

The notes will be senior unsecured obligations of the operating partnership and will rank equally in right of payment with all of its other existing and future senior unsecured indebtedness and will be effectively subordinated in right of payment to all of its existing and future mortgage indebtedness and other secured indebtedness (to the extent of the value of the collateral securing such indebtedness), to all existing and future indebtedness and other liabilities of the operating partnership s subsidiaries, whether secured or unsecured, and to all existing and future equity in the operating partnership s subsidiaries not owned by the operating partnership, if any. The notes will be fully and unconditionally guaranteed by Kilroy Realty Corporation, which we refer to as the Company. The Company has no material assets other than its investment in the operating partnership. The notes will not be listed on any securities exchange or included in any quotation system.

An investment in the notes involves various risks and prospective investors should carefully consider the matters discussed under Risk Factors beginning on page S-6 of this prospectus supplement and on page 1 of the accompanying prospectus before making a decision to invest in the notes.

	Per Note	Total
Public offering price (1)	99.939%	$ 324,801,750
Underwriting discounts	0.600%	$ 1,950,000
Proceeds, before expenses, to Kilroy Realty, L.P.	99.339%	$ 322,851,750

(1) Plus accrued interest from November 3, 2010 if settlement occurs after that date.

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

We expect the notes will be ready for delivery in book-entry form through The Depository Trust Company on or about November 3, 2010.

Joint Book-Running Managers

Barclays Capital **BofA Merrill Lynch** **J.P. Morgan**

Mitsubishi UFJ Securities **PNC Capital Markets LLC** **RBC Capital Markets**
Scotia Capital **US Bancorp** **Wells Fargo Securities**

The date of this prospectus supplement is October 27, 2010.

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Prospectus Supplement

Prospectus

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 supplement and the accompanying prospectus, we, us and our refer collectively to the Company, the operating partnership and the Company s other subsidiaries.

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

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any person to whom, it is unlawful to make an offer or solicitation. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus, any document incorporated or deemed to be incorporated by reference in the accompanying prospectus or any free writing prospectus that we may prepare in connection with this offering is correct on any date after their respective dates. Our business, financial condition, liquidity, results of operations, funds from operations and prospects may have changed since those respective dates.

Industry and Market Data

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

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PROSPECTUS SUPPLEMENT SUMMARY

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

The Company

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 generally refers to 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 September 30, 2010, our stabilized portfolio of operating properties was comprised of 99 office buildings and 41 industrial buildings, which encompassed an aggregate of approximately 9.8 million and 3.7 million rentable square feet, respectively. As of September 30, 2010, the office properties were approximately 84.8% occupied by 347 tenants and the industrial properties were approximately 90.6% occupied by 60 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 repositioning. 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. As of September 30, 2010, we had no properties that were in the lease-up phase. During the quarter ended September 30, 2010, we received notification that the zoning to allow high density residential improvements on the land underlying the industrial property that we are in the process of repositioning was adopted by the City of Irvine. We are currently evaluating strategic alternatives for this property. During the quarter ended September 30, 2010, we commenced redevelopment on one of our properties that was previously occupied by a single tenant for over 25 years. The property encompasses approximately 300,000 rentable square feet of office space and is located in the El Segundo submarket of Los Angeles county. During the nine months ended September 30, 2010, we acquired five new operating properties, which encompass approximately 1.4 million rentable square feet.

Kilroy Realty Corporation is a Maryland corporation organized to qualify as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Code, which owns its interests in all of its properties through Kilroy Realty, L.P., or the operating partnership, and Kilroy Realty Finance Partnership, L.P., or the finance partnership, both of which are Delaware limited partnerships. We conduct substantially all of our operations through the operating partnership in which, as of September 30, 2010, the Company owned an approximate 96.8% general partnership interest. The remaining 3.2% common limited partnership interest in the operating partnership as of September 30, 2010 was owned by non-affiliated investors and certain directors and officers of the Company. Kilroy Realty Finance, Inc., one of the Company s wholly-owned subsidiaries, is the sole general partner of the finance partnership and owns a 1.0% general partnership interest. The operating partnership owns the remaining 99.0% limited partnership interest in the finance partnership. We conduct substantially all of our development activities through Kilroy Services, LLC, or KSLLC, which is a wholly-owned subsidiary of the operating partnership.

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

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Recent Developments

Pending Acquisitions. Since September 30, 2010, we have entered into separate agreements to acquire two office properties, one located in San Francisco, California and the other located in Redmond, Washington, encompassing an aggregate of approximately 588,000 rentable square feet.

In San Francisco, we are currently a party to a purchase and sale agreement with an unrelated third party to acquire an approximate 466,000 square-foot office property located in San Francisco s South Financial District for approximately $191.5 million.

We are also currently a party to a purchase and sale agreement with an unrelated third party to acquire an approximate 122,000 square-foot office property located in Redmond, Washington, for approximately $46.0 million.

Both acquisitions are expected to close in the fourth quarter, subject to customary closing conditions. We cannot provide assurance that either of the pending acquisitions described above will be consummated at the prices, on the terms or by the dates currently contemplated, or at all, or that any other potential acquisitions will be completed. Costs associated with acquisitions are expensed as incurred and we may be unable to complete an acquisition after making a nonrefundable deposit or incurring acquisition-related costs. In addition, acquisitions are subject to various other risks and uncertainties. For additional information, see Risk Factors We may be unable to complete acquisitions and successfully operate acquired properties in our Annual Report on Form 10-K for the year ended December 31, 2009.

Possible Acquisition. We are also actively pursuing another acquisition opportunity to purchase an approximately 450,000 square foot office building in Los Angeles that we have been advised is over 95% leased for a purchase price of approximately $170.0 million to $185.0 million. We have not entered into an agreement to purchase this property but we are in active negotiations that, if successfully concluded, could result in our entering into a purchase agreement in the near term. However, we cannot provide assurance that we will enter into a purchase agreement to acquire this property or, if we do, that the terms of that agreement will not differ, perhaps substantially, from those described in this paragraph. Moreover, even if we enter into an agreement to purchase this property, we cannot provide assurance that the purchase will actually close. Costs associated with acquisitions are expensed as incurred and, if we enter into an agreement to purchase this property, we may be unable to complete the acquisition after making a nonrefundable deposit or incurring acquisition related costs. In addition, acquisitions are subject to various other risks and uncertainties. For additional information, see Risk Factors We may be unable to complete acquisitions and successfully operate acquired properties in our Annual Report on Form 10-K for the year ended December 31, 2009.

We currently expect that we would finance the acquisition of these properties, if completed, with available cash (which may include net proceeds of this offering and/or borrowings under our unsecured revolving credit facility). For additional information, see the discussion under the caption Use of Proceeds.

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The Offering

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

Issuer of notes	Kilroy Realty, L.P.
Guarantor	Kilroy Realty Corporation
Notes offered	$325,000,000 aggregate principal amount of 5.000% senior notes due November 3, 2015.
Interest	The notes will bear interest at the rate of 5.000% per year, accruing from November 3, 2010. Interest on the notes will be payable semi-annually in arrears on May 3 and November 3 of each year, beginning May 3, 2011.
Maturity	The notes will mature on November 3, 2015 unless earlier redeemed.
Ranking of notes	The 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 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); • all existing and future indebtedness and other liabilities, whether secured or unsecured, of the operating partnership s subsidiaries; and • all existing and future equity not owned by the operating partnership, if any, in the operating partnership s subsidiaries.
Company guarantee	The 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 and guarantees. The Company s guarantee of the notes 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);

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; and

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

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

Redemption	The operating partnership may, at its option, redeem the 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 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 notes	The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any securities exchange or for their inclusion in any quotation system.
Use of proceeds	We expect that the net proceeds from this offering will be approximately $322.2 million after deducting the underwriters discounts and our estimated expenses. We intend to use the net proceeds from this offering to fund the acquisitions described above under Recent Developments and for general corporate purposes, which may include the repayment of outstanding long-term debt, including borrowings under our unsecured revolving credit facility, the repurchase of debt securities and potential acquisitions.

If any of the pending or possible acquisitions described above under the caption Recent Developments closes, we intend to apply all or a portion of the net proceeds of this offering to fund those acquisitions. If the net proceeds from this offering exceed the total purchase price of those acquisitions, we intend to use the remaining net proceeds for general corporate purposes, which may include the repayment of outstanding long-term debt, including borrowings under our unsecured revolving credit facility, the repurchase of debt securities and potential

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	other acquisitions. If the total net proceeds from this offering are less than the total amount required to fund such acquisitions, we plan to finance the remaining portion of the purchase price with cash on hand and, if necessary, borrowings under our unsecured revolving credit facility.
Conflicts of interest	If greater than five percent of the net proceeds from this offering are used to repay indebtedness owed to at least one of the affiliates of the underwriters, this offering will be conducted in accordance with NASD Rule 2720. See Use of Proceeds and Underwriting Conflicts of Interest; Other Relationships.
Trustee	U.S. Bank National Association will be the trustee under the indenture relating to the notes.
Book-entry	The notes will be issued in book-entry form and will be represented by one or more 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 the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee, and such interests, may not be exchanged for notes in certificated form, except in limited circumstances described under Description of Notes Book-entry System Certificated Notes.
Tax considerations	Prospective investors are urged to consult their tax advisors with respect to the federal, state, local and foreign tax consequences of purchasing, owning and disposing of the notes. See Certain U.S. Federal Income Tax Consequences.
Additional issuances	We may, without the consent of or notice to holders of the notes, issue additional notes from time to time in the future, provided that such additional notes must be treated as part of the same issue for U.S. federal income tax purposes as the notes offered hereby.
Governing law	The indenture, the notes and the guarantees endorsed on the notes will be governed by the laws of the State of New York.
Risk factors	You should read carefully the matters discussed under Risk Factors in this prospectus supplement and in the accompanying prospectus and in the documents incorporated or deemed to be incorporated by reference in the accompanying prospectus for certain considerations relevant to an investment in the notes.

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RISK FACTORS

Investing in the notes involves risks. Before acquiring any notes pursuant to this prospectus supplement and the accompanying prospectus, you should carefully consider the information contained in this prospectus supplement and the accompanying prospectus and the information incorporated or deemed to be incorporated by reference in the accompanying prospectus, and any free writing prospectus that we provide you in connection with this offering, including, without limitation, the risks set forth under the captions Item 1A. Risk Factors and Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations in Kilroy Realty Corporation s most recent Annual Report on Form 10-K, under the caption Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations in Kilroy Realty Corporation s subsequent Quarterly Reports on Form 10-Q and in Kilroy Realty Corporation s and Kilroy Realty, L.P. s combined Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, under the caption Item 1A. Risk Factors in Kilroy Realty, L.P. s General Form for Registration of Securities on Form 10 filed with the Securities and Exchange Commission, or SEC, on August 18, 2010 and as described in other filings of Kilroy Realty Corporation and Kilroy Realty, L.P. with the SEC. The occurrence of any of these risks could materially and adversely affect our business, financial condition, liquidity, results of operations, funds from operations and prospects, and might cause you to lose all or a part of your investment in the notes. Please also refer to the section in this prospectus supplement entitled Forward-Looking Statements.

Risks Related to this Offering and the Notes

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

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

Similarly, the Company s guarantee of the 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 and guarantees. The Company s guarantee of the notes 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);
- 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; and
- all existing and future equity not owned by the Company in the Company s consolidated subsidiaries (including the operating partnership) and in any subsidiary or other entity the Company accounts for using the equity method of accounting.

The indenture that will govern the notes will not prohibit the operating partnership, the Company or any of their respective 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.

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In the event of the bankruptcy, liquidation, reorganization or other winding up of the operating partnership or the Company, assets that secure any of their respective secured indebtedness and other secured obligations will be available to pay their respective obligations under the notes or the guarantee, as applicable, and any of their other respective unsecured indebtedness and other obligations, only after all of their respective indebtedness and other obligations 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 notes or the guarantee, 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 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 the case may be. Moreover, in the event of the bankruptcy, liquidation, reorganization or other winding up of any subsidiary of the operating partnership or the Company, the rights of holders of indebtedness and other obligations of the operating partnership (including the notes) or the Company (including the guarantees), as the case may be, will be effectively subordinated to any equity interests in that subsidiary held by persons other than the operating partnership or the Company, as the case may be. In addition, in the event of the bankruptcy, liquidation, reorganization or other winding up of any subsidiary or other entity that the Company accounts for using the equity method of accounting, the rights of holders of indebtedness and other obligations of the Company (including the guarantees) will be subject to the prior claims of that entity s creditors and the holders of any indebtedness or other obligations of that entity, except to the extent that the Company is itself a creditor with recognized claims against that entity, 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 entity (to the extent of the value of those assets) and would be subordinate to all indebtedness of that entity senior to that held by the Company.

As of September 30, 2010, the operating partnership had approximately $1,174.4 million aggregate principal amount of outstanding indebtedness (before the impact of $24.9 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 4.250% Exchangeable Notes due 2014, referred to as the 4.25% Exchangeable Notes, and other indebtedness), of which $315.9 million was its senior secured indebtedness and $858.5 million was its senior unsecured indebtedness. As of September 30, 2010, the Company had no outstanding indebtedness and had guaranteed the operating partnership s borrowings and other amounts due under the operating partnership s $500 million unsecured revolving credit facility and approximately $969.5 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 September 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 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

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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 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 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 notes, on or before maturity. Our ability to refinance our indebtedness or obtain additional financing will depend on, among other things:

- our financial condition, results of operations 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 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 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 trading price of our securities (including the notes) and our ability to satisfy our debt service obligations and to pay distributions to our stockholders and unitholders.

Despite our substantial indebtedness, we may still incur significantly more debt, which could exacerbate the risks related to our indebtedness, and adversely impact our ability to pay the principal of or interest on the notes.

We may be able to incur substantial additional indebtedness in the future. Although the agreements governing our secured and unsecured indebtedness limit, and the indenture governing the notes will 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 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 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

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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);
- all existing and future equity not owned by the Company in the Company s consolidated subsidiaries (including the operating partnership) and in 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.

Federal and state laws allow courts, under specific circumstances, to void guarantees and require holders of guaranteed debt to return payments received from guarantors.

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a court could void the guarantee of the notes provided by the Company or could subordinate the guarantee to all other debts of the Company if, among other things, the Company, at the time it incurred or entered into its guarantee, received less than reasonably equivalent value or fair consideration for the incurrence of the guarantee and any of the following is also true:

- the Company was insolvent or rendered insolvent by reason of the incurrence of the guarantee;
- the Company was engaged in a business or transaction for which its remaining assets constituted unreasonably small capital; or
- the Company intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they mature.

In addition, under any of the circumstances described above, any payment by the Company pursuant to its guarantee of the notes could be voided and required to be returned to the Company or to a fund for the benefit of the creditors of the Company.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liabilities on its existing debts, including contingent liabilities, as they became due; or
- it could not pay its debts as they became due.

Moreover, a court might also void the Company s guarantee of the notes, without regard to the above factors, if it found that the Company entered into its guarantee with actual or deemed intent to hinder, delay, or defraud its creditors.

We cannot be certain as to the standards a court would use to determine whether reasonably equivalent value or fair consideration was received by the Company for its guarantee of the notes. If a court voided such guarantee, holders of the notes would no longer have a claim against the Company under such guarantee. In addition, the court might direct holders of the notes to repay any amounts already received from the Company under its guarantee.

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If the court were to void the Company s guarantee, or require the return of monies paid by the Company under its guarantee or subordinate the guarantee to other obligations of the Company, we could not assure you that funds would be available to pay the notes from any of our subsidiaries or from any other source.

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

The notes are a new issue of securities, and there is currently no existing trading market for the notes. We do not intend to apply for listing of the notes on any securities exchange. Although the underwriters have advised us that they intend to make a market in the notes, they are not obligated to do so and may discontinue any market-making at any time without notice. Accordingly, an active public trading market may not develop for the notes and, even if one develops, may not be maintained or be liquid. If an active public trading market for the notes does not develop or is not maintained, the market price and liquidity of the notes are likely to be adversely affected and holders may not be able to sell their notes at desired times and prices or at all. If any of the 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 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 markets, and may be adversely affected by unfavorable changes in any of these factors, many 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 notes, regardless of the operating partnership s, the Company s or their respective subsidiaries financial condition, results of operations, business, prospects or credit quality.

The market price of the notes may fluctuate significantly.

The market price of the 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;

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 supplement and the accompanying prospectus; and

general market and economic conditions.

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In addition, many of the factors listed above are beyond our control. These factors may cause the market price of the 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 notes will not fall in the future, and it may be difficult for investors to resell the notes at prices they find attractive, or at all.

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

As of September 30, 2010, we had $653.5 million aggregate principal amount of outstanding debt securities (excluding a total of $24.2 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 notes offered hereby do not have any similar rights to require us to repurchase the 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 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 notes when due.

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

In general, as market interest rates rise, notes bearing interest at a fixed rate generally decline in value. Consequently, if you purchase these notes and market interest rates increase, the market value of your 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 notes.

The credit ratings assigned to the operating partnership, including the credit rating on the notes, 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 any of the credit rating agencies that have rated the operating partnership or the Company downgrades or lowers its credit rating, or if any credit rating agency indicates that it has placed any such rating on a so-called watch list for a possible downgrading or lowering or otherwise indicates that its outlook for that rating is negative, it could have a material adverse effect on the market value of the 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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FORWARD-LOOKING STATEMENTS

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

Additionally, documents we subsequently file with the SEC and incorporate by reference in the accompanying prospectus will contain forward-looking statements. In particular, statements pertaining to our capital resources, portfolio performance, results of operations, pending, potential or proposed acquisitions and the anticipated use of proceeds from this offering contain forward-looking statements. Likewise, all of our statements 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 anticipates or the negative of these words and phrases or similar 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;
- 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;

the Company s ability to maintain its status as a 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.

You are cautioned not to unduly rely on the forward-looking statements contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. These risks and uncertainties are discussed in more detail under the caption Risk Factors in this prospectus supplement, under the captions Item 1A. Risk Factors and Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations in Kilroy Realty Corporation s most recent Annual Report on Form 10-K, under the caption Item 2.

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Management s Discussion and Analysis of Financial Condition and Results of Operations in Kilroy Realty Corporation s subsequent Quarterly Reports on Form 10-Q and in Kilroy Realty Corporation s and Kilroy Realty, L.P. s combined Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, under the caption Item 1A. Risk Factors in Kilroy Realty, L.P. s General Form for Registration of Securities on Form 10 filed with the SEC on August 18, 2010 and as described in other filings of Kilroy Realty Corporation and Kilroy Realty, L.P. with the SEC.

CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES

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

	For Nine Months Ended September 30,	For Fiscal Year Ended December 31,				
	2010	2009	2008	2007	2006	2005
Consolidated ratio of earnings to fixed charge	1.10x	1.39x	1.37x	1.34x	1.55x	0.86x
Deficiency (in thousands)						$ 7,508

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

	For Nine Months Ended September 30,	For Fiscal Year Ended December 31,				
	2010	2009	2008	2007	2006	2005
Consolidated ratio of earnings to fixed charges	1.19x	1.53x	1.49x	1.46x	1.70x	0.96x
Deficiency (in thousands)						$ 1,920

We have computed the consolidated ratio of earnings to fixed charges for Kilroy Realty Corporation and Kilroy Realty, L.P. by dividing earnings by fixed charges. Earnings consist of income from continuing operations before the effect of noncontrolling interest plus fixed charges and amortization of capitalized interest and reduced by capitalized interest and loan costs. Fixed charges consist of interest costs, whether expensed or capitalized, amortization of loan costs and an estimate of the interest within rental expense. For the year ended December 31, 2005, earnings were inadequate to cover fixed charges.

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USE OF PROCEEDS

We expect that the net proceeds from this offering will be approximately $322.2 million after deducting the underwriters discounts and our estimated expenses. We intend to use the net proceeds from this offering to fund the acquisitions described in Prospectus Supplement Summary Recent Developments and for general corporate purposes, which may include the repayment of outstanding long-term debt, including borrowings under our unsecured revolving credit facility, the repurchase of debt securities and potential acquisitions. If any of the pending or possible acquisitions described above under the caption Prospectus Supplement Summary Recent Developments closes, we intend to apply all or a portion of the net proceeds of this offering to fund those acquisitions. If the net proceeds from this offering exceed the total purchase price of those acquisitions, we intend to use the remaining net proceeds for general corporate purposes, which may include the repayment of outstanding long-term debt, including borrowings under our unsecured revolving credit facility, the repurchase of debt securities and potential other acquisitions. If the total net proceeds from this offering are less than the total amount required to fund such acquisitions, we plan to finance the remaining portion of the purchase price with cash on hand and, if necessary, borrowings under our unsecured revolving credit facility.

Banc of America Securities LLC and J.P. Morgan Securities LLC are joint lead arrangers and joint bookrunners, JPMorgan Chase Bank, N.A., an affiliate of J.P. Morgan Securities LLC, is the administrative agent, Bank of America, N.A., an affiliate of Banc of America Securities LLC, is the syndication agent, Barclays Bank PLC, an affiliate of Barclays Capital Inc., is a documentation agent, and affiliates of Barclays Capital Inc., Banc of America Securities LLC and J.P. Morgan Securities LLC are lenders under the operating partnership s unsecured revolving credit facility, and affiliates of other underwriters may also be lenders under such credit facility. To the extent that any portion of the net proceeds from this offering is applied to repay borrowings under the operating partnership s unsecured revolving credit facility, the respective affiliates of those underwriters will receive a portion of the net proceeds so applied through the repayment of those borrowings. If greater than five percent of the net proceeds from this offering are used to repay indebtedness owed to at least one of the affiliates of the underwriters, this offering will be conducted in accordance with NASD Rule 2720. See Underwriting Conflicts of Interest; Other Relationships.

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DESCRIPTION OF NOTES

This description supplements and, to the extent inconsistent, amends and supercedes the description appearing in the accompanying prospectus under Description of Debt Securities. .

The notes will be issued pursuant to an indenture, to be dated as of November 3, 2010, among the operating partnership, the Company, as guarantor, and U.S. Bank National Association, as trustee. The terms of the notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended.

The following description is a summary of some of the provisions of the notes and the indenture and does not purport to be complete. This description is subject to and is qualified by reference to all the provisions of the notes and the indenture, including the definitions in the indenture of certain terms used in this description. We urge you to read those documents because they, and not this description, define your rights as a holder of the notes. You may request a copy of the indenture from us as described in Where You Can Find More Information in the accompanying prospectus.

As used in this Description of Notes references to the operating partnership, we, our or us refer solely to Kilroy Realty, L.P. and not to any o subsidiaries, and references to the Company or guarantor refer solely to Kilroy Realty Corporation and not to any of its subsidiaries.

General

The notes:

- will be our general unsecured, senior obligations;
- will mature on November 3, 2015 unless earlier redeemed;
- will be issued in minimum denominations of $1,000 and multiples of $1,000 thereof;
- will be represented by one or more registered notes in global form, but in certain limited circumstances may be represented by notes in certificated form. See Book-entry System ;
- will not be entitled to the benefits of, or be subject to, any sinking fund and will not entitle holders, at their option, to require us to repurchase or redeem the notes;
- will not be convertible into or exchangeable for any capital stock of us or the Company; and
- will be unconditionally guaranteed on a senior unsecured basis by the Company.

The notes will initially be limited to an aggregate principal amount of $325,000,000. We may, without the consent of or notice to the holders of the notes, increase the principal amount of the notes by issuing additional notes from time to time in the future; provided that such additional notes must be treated as part of the same issue for U.S. federal income tax purposes as the notes. Any such additional notes will have the same terms, provisions and CUSIP number as the notes offered hereby, except for any difference in issue price, interest accrued prior to the issue date and first interest payment date of those additional notes. The notes and any additional notes we may issue in the future will vote and act together as a single class under the indenture, which means that, in circumstances where the indenture provides for holders of the notes to vote or take

any action, the notes offered hereby and any additional notes that we may issue in the future will vote or take that action as a single class.

The terms of the notes provide that we are permitted to reduce interest payments and payments upon a redemption of notes otherwise payable to a holder for any amounts we are required to withhold by law. For example, non-United States holders of notes may, under some circumstances, be subject to U.S. federal withholding tax with respect to payments of interest on the notes. See Certain U.S. Federal Income Tax Consequences. We intend to set-off any such withholding tax that we are required to pay against payments of interest payable on the notes and payments upon any redemption of notes.

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Except as described in Certain Covenants and Merger, Consolidation or Sale of Assets, the indenture governing the notes does not prohibit us or the Company or any of our or the Company s subsidiaries from incurring additional indebtedness or issuing preferred equity in the future, nor does the indenture afford holders of the notes protection in the event of (1) a recapitalization or other highly leveraged or similar transaction involving us or the Company, (2) a change of control of us or the Company or (3) a merger, consolidation, reorganization, restructuring or transfer or lease of substantially all of our or the Company s assets or similar transactions that may adversely affect the holders of the notes. We or the Company may, in the future, enter into certain transactions, such as the sale of all or substantially all of our or its assets or a merger or consolidation, that may increase the amount of our or its indebtedness or substantially change our or its assets, which may have a material adverse effect on our ability to service our indebtedness, including the notes. See Risk Factors Risks Related to this Offering and the Notes The effective subordination of the notes may limit our ability to satisfy our obligations under the notes. Furthermore, the notes and the indenture do not include any provisions that would allow holders of the notes to require us or the Company to repurchase or redeem the notes in the event of a transaction of the nature described above.

We do not intend to list the notes on any securities exchange or include them on any quotation system.

Interest

Interest on the notes will accrue at the rate of 5.000% per year from and including November 3, 2010 or the most recent interest payment date to which interest has been paid or provided for, and will be payable semi-annually in arrears on May 3 and November 3 of each year, beginning May 3, 2011. The interest so payable will be paid to each holder in whose name a note is registered at the close of business on the April 18 or October 18 (whether or not a business day) immediately preceding the applicable interest payment date. Interest on the notes will be computed on the basis of a 360-day year consisting of twelve 30-day months.

If we redeem the notes, we will pay accrued and unpaid interest, if any, to the holder that surrenders the note for redemption. However, if a redemption date falls after a record date and on or prior to the corresponding interest payment date, we will pay the full amount of accrued and unpaid interest due on such interest payment date to the holder of record at the close of business on the corresponding record date.

Ranking

The notes will be our senior unsecured obligations and will rank equally in right of payment with all our other existing and future senior unsecured indebtedness. The notes will be effectively subordinated in right of payment to:

- all of our existing and future mortgage indebtedness and other secured indebtedness (to the extent of the value of the collateral securing such indebtedness);
- all existing and future indebtedness and other liabilities, whether secured or unsecured, of our subsidiaries; and
- all existing and future equity not owned by us, if any, in our subsidiaries.

In the event of our bankruptcy, liquidation, reorganization or other winding up, our assets that secure our secured debt will be available to pay obligations on the notes and our other unsecured obligations only after all of our 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 notes then outstanding. Although the indenture will contain covenants that will limit our ability and the ability of our subsidiaries to incur secured and unsecured indebtedness, those covenants are subject to significant limitations and, in addition, we and our subsidiaries may be able to incur substantial amounts of additional secured and unsecured indebtedness without violating these covenants. See Risk Factors Risks Related to this Offering and the Notes The effective subordination of the notes may limit our ability to satisfy our obligations under the notes.

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As of September 30, 2010, we had approximately $1,174.4 million aggregate principal amount of outstanding indebtedness (before the impact of $24.9 million of unamortized discounts, of which $4.7 million is attributable to our 3.25% Exchangeable Notes, $17.5 million is attributable to our 4.25% Exchangeable Notes and $2.7 million is attributable to other indebtedness), of which $315.9 million was our senior secured indebtedness, and $858.5 million was our senior unsecured indebtedness. As of September 30, 2010, our subsidiaries had no outstanding indebtedness or preferred equity, exclusive of trade payables and other liabilities.

Company Guarantee

The Company will fully and unconditionally guarantee our obligations under the notes, including the due and punctual payment of principal of and premium, if any, and interest on the notes, whether at stated maturity, by declaration of acceleration, call for redemption or otherwise. The Company s obligations under the guarantee will be limited to the amount necessary to prevent the guarantee from constituting a fraudulent transfer or conveyance under applicable law. See Risk Factors Risks Related to this Offering and the Notes Federal and state laws allow courts, under specific circumstances, to void or subordinate guarantees and require holders of guaranteed debt to return payments received from guarantors. The guarantee will be a senior unsecured obligation of the Company and will rank equally in right of payment with all other existing and future senior unsecured indebtedness and guarantees of the Company. 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);
- 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; and
- all existing and future equity not owned by the Company in the Company s consolidated subsidiaries (including the operating partnership) and in any subsidiary or other entity the Company accounts for using the equity method of accounting.

Under the terms of the full and unconditional Company guarantee, holders of the notes will not be required to exercise their remedies against us before they proceed directly against the Company. The Company has no significant operations, other than as our general partner, and no material assets, other than its investment in us. See Risk Factors Risks Related to this Offering and the 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. As of September 30, 2010, the Company did not have any outstanding debt.

Redemption of the Notes at the Option of the Operating Partnership

The notes will be redeemable, at any time in whole or from time to time in part, at the option of the operating partnership, at a redemption price equal to the greater of (i) 100% of the principal amount of the notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed (exclusive of interest accrued to the applicable redemption date) discounted to such redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points, plus in each case accrued and unpaid interest on the principal amount of the notes being redeemed to such redemption date; provided, however, that if the redemption date falls after a record date for the payment of interest and on or prior to the corresponding interest payment date, we will pay the full amount of accrued and unpaid interest due on such interest payment date to the holders of record at the close of business on the corresponding record date according to the terms and the provisions of the indenture. Written notice of redemption must be delivered to holders of the notes not less than 30 nor more than 60 days prior to the redemption date.

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If we redeem the notes in part, the trustee will select the notes to be redeemed (in principal amounts of $1,000 and integral multiples thereof) on a pro rata basis or by such other method it deems fair and appropriate or is required by the depository for notes in global form.

In the event of any redemption of notes in part, we will not be required to:

- register the transfer or exchange of any note during a period beginning at the opening of business 15 days before any selection of notes for redemption and ending at the close of business on the earliest date on which the relevant notice of redemption is deemed to have been given to all holders of notes to be so redeemed, or
- register the transfer or exchange of any note so selected for redemption, in whole or in part, except the unredeemed portion of any note being redeemed in part.

If the paying agent holds funds sufficient to pay the redemption price of the notes called for redemption on the redemption date, then on and after the redemption date:

- such notes will cease to be outstanding;
- interest on such notes will cease to accrue; and
- all rights of holders of such notes will terminate except the right to receive the redemption price plus accrued and unpaid interest, if any.

We will not redeem the notes on any date if the principal amount of the notes has been accelerated, and the acceleration has not been rescinded or cured on or prior to the redemption date.

Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated by the operating partnership using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate shall be calculated on the third business day preceding the applicable redemption date.

Comparable Treasury Issue means the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes.

Independent Investment Banker means Barclays Capital Inc. and its successors, Banc of America Securities LLC and its successors, or J.P. Morgan Securities LLC and its successors (whichever shall be appointed by the operating partnership in respect of the applicable redemption date) or, if all such firms or the respective successors, if any, to such firms, as the case may be, are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the operating partnership.

Comparable Treasury Price means, with respect to any redemption date, (i) the average (as calculated by the operating partnership) of the remaining Reference Treasury Dealer Quotations for such redemption date after excluding the highest and lowest such Reference Treasury Dealer Quotations from the four selected, (ii) if fewer than four but more than one such Reference Treasury Dealer Quotations are obtained, the average (as calculated by the operating partnership) of all such quotations, or (iii) if only one such Reference Treasury Dealer Quotation is obtained, such Reference Treasury Dealer Quotation.

Reference Treasury Dealer means Barclays Capital Inc., Banc of America Securities LLC and J.P. Morgan Securities LLC (or their respective affiliates which are Primary Treasury Dealers (as defined below)) and their respective successors; provided, however, that if any such firm (or, if

applicable, any such affiliate) or

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any such successor, as the case may be, shall cease to be a primary U.S. Government securities dealer in New York City (a Primary Treasury Dealer), the operating partnership will substitute therefor another Primary Treasury Dealer, and one other Primary Treasury Dealer selected by the operating partnership.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average (as calculated by the operating partnership) of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the operating partnership by such Reference Treasury Dealer at 5:00 p.m., New York time, on the third business day preceding such redemption date.

Certain Covenants

The indenture will contain the following covenants for the benefit of holders of the notes:

Aggregate Debt Test. The operating partnership will not, and will not permit any of its Subsidiaries to, incur any Debt (including without limitation Acquired Debt) if, immediately after giving effect to the incurrence of such Debt and the application of the proceeds from such Debt on a pro forma basis, the aggregate principal amount of all outstanding Debt of the operating partnership and its Subsidiaries (determined on a consolidated basis in accordance with United States generally accepted accounting principles) is greater than 60% of the sum of the following (without duplication):

- the Total Assets of the operating partnership and its Subsidiaries as of the last day of the then most recently ended fiscal quarter; and
- the aggregate purchase price of any real estate assets or mortgages receivable acquired, and the aggregate amount of any securities offering proceeds received (to the extent such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by the operating partnership or any of its Subsidiaries since the end of such fiscal quarter, including the proceeds obtained from the incurrence of such additional Debt.

For purposes of the foregoing, Debt will be deemed to be incurred by the operating partnership or any of its Subsidiaries whenever the operating partnership or such Subsidiary shall create, assume, guarantee or otherwise become liable in respect thereof.

Debt Service Test. The operating partnership will not, and will not permit any of its Subsidiaries to, incur any Debt (including without limitation Acquired Debt) if the ratio of Consolidated Income Available for Debt Service to Annual Debt Service Charge for the period consisting of the four consecutive fiscal quarters most recently ended prior to the date on which such additional Debt is to be incurred shall have been less than 1.5:1 on a pro forma basis after giving effect to the incurrence of such Debt and the application of the proceeds from such Debt (determined on a consolidated basis in accordance with United States generally accepted accounting principles), and calculated on the following assumptions:

- such Debt and any other Debt (including without limitation Acquired Debt) incurred by the operating partnership or any of its Subsidiaries since the first day of such four-quarter period had been incurred, and the application of the proceeds from such Debt (including to repay or retire other Debt) had occurred, on the first day of such period;
- the repayment or retirement of any other Debt of the operating partnership or any of its Subsidiaries since the first day of such four-quarter period had occurred on the first day of such period (except that, in making this computation, the amount of Debt under any revolving credit facility, line of credit or similar facility will be computed based upon the average daily balance of such Debt during such period); and
- in the case of any acquisition or disposition by the operating partnership or any of its Subsidiaries of any asset or group of assets with a fair market value in excess of $1.0 million since the first day of such four-quarter period, whether by merger, stock purchase or sale or asset purchase or sale or otherwise,

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such acquisition or disposition had occurred as of the first day of such period with the appropriate adjustments with respect to such acquisition or disposition being included in such pro forma calculation.

If the Debt giving rise to the need to make the calculation described above or any other Debt incurred after the first day of the relevant four-quarter period bears interest at a floating rate, then, for purposes of calculating the Annual Debt Service Charge, the interest rate on such Debt will be computed on a pro forma basis by applying the average daily rate which would have been in effect during the entire four-quarter period to the greater of the amount of such Debt outstanding at the end of such period or the average amount of such Debt outstanding during such period. For purposes of the foregoing, Debt will be deemed to be incurred by the operating partnership or any of its Subsidiaries whenever the operating partnership or such Subsidiary shall create, assume, guarantee or otherwise become liable in respect thereof.

Secured Debt Test. The operating partnership will not, and will not permit any of its Subsidiaries to, incur any Debt (including without limitation Acquired Debt) secured by any Lien on any property or assets of the operating partnership or any of its Subsidiaries, whether owned on the date of the indenture or subsequently acquired, if, immediately after giving effect to the incurrence of such Debt and the application of the proceeds from such Debt on a pro forma basis, the aggregate principal amount (determined on a consolidated basis in accordance with United States generally accepted accounting principles) of all outstanding Debt of the operating partnership and its Subsidiaries which is secured by a Lien on any property or assets of the operating partnership or any of its Subsidiaries is greater than 40% of the sum of (without duplication):

the Total Assets of the operating partnership and its Subsidiaries as of the last day of the then most recently ended fiscal quarter; and

the aggregate purchase price of any real estate assets or mortgages receivable acquired, and the aggregate amount of any securities offering proceeds received (to the extent such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by the operating partnership or any of its Subsidiaries since the end of such fiscal quarter, including the proceeds obtained from the incurrence of such additional Debt.

For purposes of the foregoing, Debt will be deemed to be incurred by the operating partnership or any of its Subsidiaries whenever the operating partnership or such Subsidiary shall create, assume, guarantee or otherwise become liable in respect thereof.

Maintenance of Total Unencumbered Assets. The operating partnership will not have at any time Total Unencumbered Assets of less than 150% of the aggregate principal amount of all outstanding Unsecured Debt of the operating partnership and its Subsidiaries determined on a consolidated basis in accordance with United States generally accepted accounting principles.

Existence. Except as permitted in Merger, Consolidation or Sale of Assets, the operating partnership will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (charter and statutory) and franchises, and the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (charter and statutory) and franchises. However, neither the operating partnership nor the Company will be required to preserve any right or franchise if the board of directors of the Company (or any duly authorized committee of that board of directors) determines that the preservation of the right or franchise is no longer desirable in the conduct of the business of the operating partnership or the Company, as the case may be.

Maintenance of Properties. The operating partnership will cause all of its properties used or useful in the conduct of its business or the business of any Subsidiary of the operating partnership to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and cause all necessary repairs, renewals, replacements, betterments and improvements to be made, all as in the judgment of the operating partnership may be necessary in order for the operating partnership to at all times properly and advantageously conduct its business carried on in connection with such properties.

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Insurance. The operating partnership will, and will cause each of its Subsidiaries to, keep in force upon all of its properties and operations insurance policies carried with responsible companies in such amounts and covering all such risks as is customary in the industry in which the operating partnership and its Subsidiaries do business in accordance with prevailing market conditions and availability.

Payment of Taxes and Other Claims. Each of the Company and the operating partnership will pay or discharge or cause to be paid or discharged before it becomes delinquent:

- all taxes, assessments and governmental charges levied or imposed on it or any of its Subsidiaries or on its or any such Subsidiary s income, profits or property; and
- all lawful claims for labor, materials and supplies that, if unpaid, might by law become a Lien upon its property or the property of any of its Subsidiaries.

However, neither the Company nor the operating partnership will be required to pay or discharge or cause to be paid or discharged any tax, assessment, charge or claim the amount, applicability or validity of which is being contested in good faith by appropriate proceedings.

Provision of Financial Information. The operating partnership and the Company will:

- file with the trustee, within 15 days after the operating partnership or the Company is required to file them with the SEC, copies of the annual reports and information, documents and other reports which the operating partnership or the Company may be required to file with the SEC pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended, the Exchange Act; or, if the operating partnership or the Company is not required to file information, documents or reports pursuant to those Sections, then the operating partnership and the Company will file with the trustee and the SEC, in accordance with rules and regulations prescribed from time to time by the SEC, such of the supplementary and periodic information, documents and reports which Section 13 of the Exchange Act may require with respect to a security listed and registered on a national securities exchange;
- file with the trustee and the SEC, in accordance with the rules and regulations prescribed from time to time by the SEC, any additional information, documents and reports with respect to compliance by the operating partnership and the Company with the conditions and covenants of the indenture as such rules and regulations may require from time to time; and
- transmit to the holders of the notes, within 30 days after filing with the trustee, in the manner and to the extent provided in the Trust Indenture Act of 1939, as amended, such summaries of any information, documents and reports required to be filed by the operating partnership or the Company pursuant to the bullet points above as the rules and regulations prescribed from time to time by the SEC may require.

Merger, Consolidation or Sale of Assets

We and the Company may consolidate with, or sell, lease or convey all or substantially all of our or their, as the case may be, respective assets to, or merge with or into, any other entity, provided that the following conditions are met:

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

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

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

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

Events of Default

The indenture provides that the following events are Events of Default under the notes:

- default in the payment of any interest on the notes when such interest becomes due and payable that continues for a period of 30 days;
- default in the payment of any principal of or premium, if any, on the notes, or any redemption price due with respect to the notes, when due and payable;
- failure by us or the Company to comply with our or their respective obligations described under Merger, Consolidation or Sale of Assets ;
- default in the performance, or breach, of any of our or the Company s other covenants or warranties in the indenture and continuance of such default or breach for a period of 60 days after written notice as provided in the indenture;
- default under any bond, debenture, note, mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Company or us or by any Subsidiary of us or the Company, the repayment of which the Company or we have guaranteed or for which the Company or we are directly responsible or liable as obligor or guarantor, having an aggregate principal amount outstanding of at least $35 million, whether such indebtedness exists as of the date of the indenture or shall thereafter be created, which default shall have resulted in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged, or such acceleration having been rescinded or annulled, within the period specified in such instrument;
- a final judgment for the payment of $35 million or more (excluding any amounts covered by insurance) is rendered against us, the Company or any of our or the Company s respective Subsidiaries, which judgment is not discharged or stayed within 60 days after (1) the date on which the right to appeal thereof has expired if no such appeal has commenced, or (2) the date on which all rights to appeal have been extinguished; or
- certain events of bankruptcy, insolvency or reorganization involving, or court appointment of a receiver, liquidator or trustee for, us, the Company or any Significant Subsidiary of ours or the Company.

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

we or the Company shall have deposited with the trustee all required payments of the principal of and premium, if any, and interest on the notes, plus certain fees, expenses, disbursements and advances of the trustee; and

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

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The indenture also will provide that the holders of not less than a majority in principal amount of the outstanding notes may waive any past default with respect to the notes and its consequences, except a default:

- in the payment of the principal of or premium, if any, or interest on the notes; or
- in respect of a covenant or provision contained in the indenture that cannot be modified or amended without the consent of the holder of each outstanding note affected thereby.

The trustee will be required to give notice to the holders of the notes within 90 days of a default under the indenture unless the default has been cured or waived; provided, however, that the trustee may withhold notice to the holders of the notes of any default with respect to the notes (except a default in the payment of the principal of or premium, if any or interest on the notes) if specified responsible officers of the trustee consider the withholding to be in the interest of the holders.

The indenture will provide that no holders of the notes may institute any proceedings, judicial or otherwise, with respect to the indenture or for any remedy thereunder, except in the case of failure of the trustee, for 60 days, to act after it has received a written request to institute proceedings in respect of an Event of Default from the holders of not less than 25% in principal amount of the outstanding notes, as well as an offer of reasonable indemnity and no direction inconsistent with that request has been given to the trustee by holders of a majority in aggregate principal amount of the outstanding notes. This provision will not prevent, however, any holder of the notes from instituting suit for the enforcement of payment of the principal of or premium if any, or interest on the notes on or after the respective due dates thereof.

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

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

Modification, Waiver and Meetings

Modifications and amendments of the indenture will be permitted to be made pursuant to a supplemental indenture entered into by us, the Company and the trustee with the consent of the holders of not less than a majority in principal amount of all outstanding notes; provided, however, that no modification or amendment may, without the consent of the holder of each note affected thereby:

- change the stated maturity of the principal of or premium, if any, or any installment of interest on the notes or reduce the principal amount of or premium, if any, or the rate or amount of interest on the notes;
- change the place of payment, or the coin or currency, for payment of principal of or premium, if any, or interest on any note or impair the right to institute suit for the enforcement of any payment on or with respect to the notes;
- reduce the above-stated percentage of outstanding notes necessary to modify or amend the indenture, to waive compliance with certain provisions thereof or certain defaults and consequences thereunder or to reduce the quorum or change voting requirements set forth in the indenture;

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

modify any of the foregoing provisions or any of the provisions relating to the waiver of certain defaults or Events of Default, except to increase the percentage required to effect the action or to provide that certain other provisions may not be modified or waived without the consent of the holders of the notes.

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

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

to add to the covenants of us or the Company for the benefit of the holders of the notes or to surrender any right or power conferred upon us or the Company in the indenture;

to add Events of Default for the benefit of the holders of the notes;

to amend or supplement any provisions of the indenture, provided that no amendment or supplement shall adversely affect the interests of the holders of any notes in any respect;

to secure the notes;

to provide for the acceptance of appointment by a successor trustee or facilitate the administration of the trusts under the indenture by more than one trustee;

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

to comply with the Trust Indenture Act of 1939;

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

to conform the provisions of the indenture, the notes or the guarantee to this Description of Notes ; or

to add guarantors for the benefit of the notes.

In determining whether the holders of the requisite principal amount of outstanding notes have given any request, demand, authorization, direction, notice, consent or waiver under the indenture or whether a quorum is present at a meeting of holders of notes, the indenture will provide that notes owned by us, the Company or any other obligor upon the notes or any affiliate of us, the Company, or of the other obligor shall be disregarded.

The indenture will contain provisions for convening meetings of the holders of notes. A meeting will be permitted to be called at any time by the trustee, and also, upon request, by us, the Company or the holders of at least 25% in principal amount of the outstanding notes, in any case upon notice given as provided in the indenture. Except for any consent that must be given by the holder of each note affected by certain modifications and amendments of the indenture, any resolution presented at a meeting or adjourned meeting duly reconvened at which a quorum is present will be permitted to be adopted by the affirmative vote of the holders of a majority in principal amount of the outstanding notes; provided, however, that, except as referred to above, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the holders of a specified percentage, which is less than a majority, in principal amount of the outstanding notes may be adopted at a meeting or adjourned meeting duly reconvened at which a quorum is present by the affirmative vote of the holders of the specified percentage in principal amount of the outstanding notes. Any resolution passed or decision taken at any meeting of holders of notes duly held in accordance with the indenture will be binding on all holders of the notes. The quorum at any meeting called to adopt a resolution, and at any reconvened meeting, will be holders holding or representing a majority in principal amount of the outstanding notes; provided, however, that if any action is to be taken at the meeting with respect to a request,

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demand, authorization, direction, notice, consent, waiver or other action which may be given by the holders of not less than a specified percentage, which is less than a majority, in principal amount of the outstanding notes, holders holding or representing the specified percentage in principal amount of the outstanding notes will constitute a quorum with respect to that matter.

Notwithstanding the foregoing provisions, if any action is to be taken at a meeting of holders of notes with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that the indenture expressly provides may be taken by holders of a specified percentage in principal amount of all outstanding notes affected thereby, there shall be no minimum quorum requirement for that meeting and the principal amount of outstanding notes that vote in favor of that request, demand, authorization, direction, notice, consent, waiver or other action shall be taken into account in determining whether such action has been made, given or taken under the indenture.

Discharge, Defeasance and Covenant Defeasance

The indenture shall cease to be of further effect and the Company shall be released from its guarantee of the notes (subject to the survival of specified provisions) when:

(1) either (A) all outstanding notes have been delivered to the trustee for cancellation (subject to specified exceptions) or (B) all outstanding notes have become due and payable or will become due and payable at their maturity date within one year or are to be called for redemption on a redemption date within one year and the operating partnership has deposited with the trustee, in trust, funds in an amount sufficient to pay the entire indebtedness on the notes in respect of principal, premium, if any, and interest, to the date of such deposit (if the notes have become due and payable) or to the maturity date or redemption date, as the case may be;

(2) the operating partnership has paid or caused to be paid all other sums payable under the indenture with respect to the notes; and

(3) certain other conditions are met.

The indenture provides that the operating partnership may elect:

to be discharged from any and all obligations in respect of the notes (subject to the survival of specified provisions) (legal defeasance); or

to be released from compliance with the covenants described in Certain Covenants (other than the covenant of the operating partnership and the Company to do or cause to be done all things necessary to preserve and keep in full force and effect their respective existence (except as permitted in Merger, Consolidation or Sale of Assets) and the provisions described in Certain Covenants Provision of Financial Information) (covenant defeasance).

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

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

the operating partnership has delivered to the trustee a legal opinion of outside counsel reasonably acceptable to the trustee to the effect that the holders of the notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such legal defeasance or covenant defeasance and

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will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance or covenant defeasance had not occurred, and such legal opinion, in the case of legal defeasance, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable U.S federal income tax law occurring after the date of the indenture;

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

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

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

In the event we effect covenant defeasance with respect to the notes, then any failure by us or the Company to comply with any covenant as to which there has been covenant defeasance will not constitute an Event of Default. However, if the notes are declared due and payable because of the occurrence of any other Event of Default, the amount of monies and/or Government Obligations deposited with the trustee to effect such covenant defeasance may not be sufficient to pay amounts due on the notes at the time of any acceleration resulting from such Event of Default. However, we and the Company would remain liable to make payment of such amounts due at the time of acceleration.

Trustee

U.S. Bank National Association will initially act as the trustee, registrar and paying agent for the notes.

If the trustee becomes one of our creditors, it will be subject to limitations on its rights to obtain payment of claims or to realize on some property received for any such claim, as security or otherwise. The trustee is permitted to engage in other transactions with us. If, however, it acquires any conflicting interest, it must eliminate that conflict or resign.

Payments on the Notes; Paying Agent and Registrar; Transfer

We will pay principal of and premium, if any, on certificated notes, if issued, at the office or agency designated by us for that purpose. We have initially designated the trustee as our paying agent and registrar and its agency in Los Angeles, California as a place where notes may be presented for payment or for registration of transfer. We may, however, change the paying agent or registrar without prior notice to the holders of the notes, and we or the Company may act as paying agent or registrar. Interest on certificated notes, if issued, will be payable (1) to holders having an aggregate principal amount of $5.0 million or less, by check mailed to the holders of these notes and (2) to holders having an aggregate principal amount of more than $5.0 million, either by check mailed to each holder or, upon application by a holder to the registrar not later than the relevant record date, by wire transfer in immediately available funds to that holder s account within the United States, which application shall remain in effect until the holder notifies, in writing, the registrar to the contrary.

We will pay principal of and premium, if any, and interest on notes in global form registered in the name of or held by DTC or its nominee in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such global notes.

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If any interest payment date, stated maturity date or redemption date is not a business day, the payment otherwise required to be made on such date will be made on the next business day without any additional payment as a result of such delay. All payments will be made in United States dollars.

A holder of notes may transfer or exchange notes at the office of the registrar in accordance with the indenture. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents, including opinions of counsel. No service charge will be imposed by us, the Company, the trustee or the registrar for any registration of transfer or exchange of notes, but we may require a holder to pay a sum sufficient to cover any transfer tax or other similar governmental charge required by law or permitted by the indenture.

The registered holder of a note will be treated as the owner of the note for all purposes.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator, stockholder or partner of us or the Company, as such, will have any liability for any obligations of us or the Company under the notes, the indenture or any guarantee, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Notices

Except as otherwise provided in the indenture, notices to holders of the notes will be given by mail to the addresses of holders of the notes as they appear in the note register; provided that notices given to holders holding notes in book entry form may be given through the facilities of DTC or any successor depository.

Governing Law

The indenture, the notes and the guarantee endorsed on the notes will be governed by, and construed in accordance with, the law of the State of New York.

Definitions

As used in the indenture, the following terms have the respective meanings specified below:

Acquired Debt means Debt of a person:

existing at the time such person is merged or consolidated with or into the operating partnership or any of its Subsidiaries or becomes a Subsidiary of the operating partnership; or

assumed by the operating partnership or any of its Subsidiaries in connection with the acquisition of assets from such person.

Acquired Debt shall be deemed to be incurred on the date the acquired person is merged or consolidated with or into the operating partnership or any of its Subsidiaries or becomes a Subsidiary of the operating partnership or the date of the related acquisition, as the case may be.

Annual Debt Service Charge means, for any period, the interest expense of the operating partnership and its Subsidiaries for such period, determined on a consolidated basis in accordance with United States generally accepted accounting principles, including, without duplication:

all amortization of debt discount and premium;

all accrued interest;

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all capitalized interest; and

the interest component of capitalized lease obligations.

Consolidated Income Available for Debt Service for any period means Consolidated Net Income of the operating partnership and its Subsidiaries for such period, plus amounts which have been deducted and minus amounts which have been added for, without duplication:

interest expense on Debt;

provision for taxes based on income;

amortization of debt discount, premium and deferred financing costs;

provisions for gains and losses on sales or other dispositions of properties and other investments;

property depreciation and amortization;

the effect of any non-cash items; and

amortization of deferred charges,

all determined on a consolidated basis in accordance with United States generally accepted accounting principles.

Consolidated Net Income for any period means the amount of net income (or loss) of the operating partnership and its Subsidiaries for such period, excluding, without duplication:

extraordinary items; and

the portion of net income (but not losses) of the operating partnership and its Subsidiaries allocable to minority interests in unconsolidated persons to the extent that cash dividends or distributions have not actually been received by the operating partnership or one of its Subsidiaries,

all determined on a consolidated basis in accordance with United States generally accepted accounting principles.

Debt means, with respect to any person, any indebtedness of such person, whether or not contingent, in respect of:

borrowed money or evidenced by bonds, notes, debentures or similar instruments;

indebtedness secured by any Lien on any property or asset owned by such person, but only to the extent of the lesser of (a) the amount of indebtedness so secured and (b) the fair market value (determined in good faith by the board of directors of such person or, in the case of the operating partnership or a Subsidiary of the operating partnership, by the Company s board of directors or a duly authorized committee thereof) of the property subject to such Lien;

reimbursement obligations, contingent or otherwise, in connection with any letters of credit actually issued or amounts representing the balance deferred and unpaid of the purchase price of any property except any such balance that constitutes an accrued expense or trade payable; or

any lease of property by such person as lessee which is required to be reflected on such person s balance sheet as a capitalized lease in accordance with United States generally accepted accounting principles,

and also includes, to the extent not otherwise included, any obligation of such person to be liable for, or to pay, as obligor, guarantor or otherwise (other than for purposes of collection in the ordinary course of business), Debt of the types referred to above of another person (it being understood that Debt shall be deemed to be incurred by such person whenever such person shall create, assume, guarantee or otherwise become liable in respect thereof).

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Government Obligations means securities which are:

direct obligations of the United States of America, for the payment of which its full faith and credit is pledged; or

obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America,

and which, in either of the above cases, are not callable or redeemable at the option of the issuer thereof and also includes a depository receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depository receipt, provided that (except as provided by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Obligation or the specific payment of interest on or principal of the Government Obligation evidenced by such depository receipt.

Lien means any mortgage, deed of trust, lien, charge, pledge, security interest, security agreement, or other encumbrance of any kind.

Significant Subsidiary means, with respect to the operating partnership or the Company, any Subsidiary which is a significant subsidiary (as defined in Article 1, Rule 1-02 of Regulation S-X promulgated under the Securities Act of 1933, as amended, the Securities Act) of the operating partnership or the Company, as the case may be.

Subsidiary means, with respect to the operating partnership or the Company, any person (as defined in the indenture but excluding an individual), a majority of the outstanding voting stock, partnership interests, membership interests or other equity interest, as the case may be, of which is owned or controlled, directly or indirectly, by the operating partnership or the Company, as the case may be, or by one or more other Subsidiaries of the operating partnership or the Company, as the case may be. For the purposes of this definition, voting stock means stock having voting power for the election of directors, trustees or managers, as the case may be, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

Total Assets means the sum of, without duplication:

Undepreciated Real Estate Assets; and

all other assets (excluding accounts receivable and intangibles) of the operating partnership and its Subsidiaries,

all determined on a consolidated basis in accordance with United States generally accepted accounting principles.

Total Unencumbered Assets means the sum of, without duplication:

those Undepreciated Real Estate Assets which are not subject to a Lien securing Debt; and

all other assets (excluding accounts receivable and intangibles) of the operating partnership and its Subsidiaries not subject to a Lien securing Debt,

all determined on a consolidated basis in accordance with United States generally accepted accounting principles; provided, however, that, in determining Total Unencumbered Assets as a percentage of outstanding Unsecured Debt for purposes of the covenant set forth above in Certain Covenants Maintenance of Total Unencumbered Assets, all investments in unconsolidated limited partnerships, unconsolidated limited liability companies and other unconsolidated entities shall be excluded from Total Unencumbered Assets.

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Undepreciated Real Estate Assets means, as of any date, the cost (original cost plus capital improvements) of real estate assets of the operating partnership and its Subsidiaries on such date, before depreciation and amortization, all determined on a consolidated basis in accordance with United States generally accepted accounting principles.

Unsecured Debt means Debt of the operating partnership or any of its Subsidiaries which is not secured by a Lien on any property or assets of the operating partnership or any of its Subsidiaries.

Book-entry System

The Global Notes

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

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

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

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

Book-entry Procedures for the Global Notes

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

DTC has advised us that it is

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

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

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

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

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

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

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

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

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

Certificated Notes

Notes in physical, certificated form will be issued and delivered to each person that DTC identifies as a beneficial owner of the related notes only if:

- DTC notifies us at any time that it is unwilling or unable to continue as depositary for the global notes and a successor depositary is not appointed within 90 days;
- DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days;
- an Event of Default has occurred and is continuing under the indenture with respect to the notes; or
- we, at our option, notify the trustee that we elect to cause the issuance of certificated notes, subject to DTC s procedures.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The information regarding certain of the United States federal income tax consequences relating to an investment in the notes is included in Exhibit 99.1 to our Form 8-K filed with the SEC on October 27, 2010, which is incorporated in the accompanying prospectus by reference.

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UNDERWRITING

Barclays Capital Inc., Banc of America Securities LLC and J.P. Morgan Securities LLC are acting as representatives of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among the Company, the operating partnership and the representatives of the underwriters, the operating partnership has agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from the operating partnership, the principal amount of notes set forth opposite its name below.

Underwriter	Principal Amount of Notes
Barclays Capital Inc	$ 82,356,000
Banc of America Securities LLC	82,322,000
J.P. Morgan Securities LLC	82,322,000
Mitsubishi UFJ Securities (USA), Inc.	13,000,000
PNC Capital Markets LLC	13,000,000
RBC Capital Markets Corporation	13,000,000
Scotia Capital (USA) Inc.	13,000,000
U.S. Bancorp Investments, Inc.	13,000,000
Wells Fargo Securities, LLC	13,000,000
Total	$ 325,000,000

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed to purchase all of the notes sold under the underwriting agreement if any of these notes are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

The operating partnership and the Company have agreed to indemnify the underwriters against certain liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

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

Discounts

The representatives of the underwriters have advised us that the underwriters propose initially to offer the notes to the public at the public offering price listed on the cover page of this prospectus supplement and may offer notes to dealers at that price less a concession not in excess of 0.35% of the principal amount of the notes. The underwriters may allow, and the dealers may reallow, a discount not in excess of 0.25% of the principal amount of the notes to other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The following table shows the underwriting discount to be paid to the underwriters by us.

	Per Note	Total
Underwriting discount	0.600%	$ 1,950,000

The expenses of the offering, not including the underwriting discount, are estimated at $700,000 and are payable by us.

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New Issue of Notes

The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any national securities exchange or for inclusion of the notes on any automated quotation system. We have been advised by the underwriters that they presently intend to make a market in the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure you that an active public market for the notes will develop or as to the liquidity of our trading market that may develop. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

Price Stabilization and Short Positions

In connection with the offering of the notes, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the market price of the notes. Specifically, the underwriters may overallot in connection with the offering, creating a short position. In addition, the underwriters may bid for, and purchase, the notes in the open market to cover short positions or to stabilize the price of the notes. Any of these activities may stabilize or maintain the market price of the notes above independent market levels, but no representation is made hereby that the underwriters will engage in any of those transactions or of the magnitude of any effect that the transactions described above may have on the market price of the notes. The underwriters will not be required to engage in these activities, and if they engage in these activities, they may end any of these activities at any time without notice.

Conflicts of Interest; Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking, commercial banking or other commercial transactions with us or our affiliates. They have received, and may in the future receive, customary fees and commissions for these transactions. In particular, Banc of America Securities LLC and J.P. Morgan Securities LLC are joint lead arrangers and joint bookrunners, JPMorgan Chase Bank, N.A., an affiliate of J.P. Morgan Securities LLC, is the administrative agent, Bank of America, N.A., an affiliate of Banc of America Securities LLC, is the syndication agent, Barclays Bank PLC, an affiliate of Barclays Capital Inc., is a documentation agent, and affiliates of Barclays Capital Inc., Banc of America Securities LLC and J.P. Morgan Securities LLC are lenders under the operating partnership s unsecured revolving credit facility, and affiliates of other underwriters may also be lenders under such credit facility. To the extent that any portion of the net proceeds from this offering is applied to repay borrowings under the operating partnership s unsecured revolving credit facility, the respective affiliates of those underwriters will receive a portion of the net proceeds so applied through the repayment of those borrowings. See Use of Proceeds. If greater than five percent of the net proceeds from this offering are used to repay indebtedness owed to at least one of the affiliates of the underwriters, this offering will be conducted in accordance with NASD Rule 2720. In such event, any of the underwriters whose affiliates receive greater than five percent of the net proceeds of this offering will not confirm sales of the notes to accounts over which they exercise discretionary authority without the prior written approval of the customer.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area which has implemented the prospectus directive, as defined below (each, a relevant member state), with effect from and including the date on which the prospectus directive is implemented in that relevant member state (the relevant implementation date) the notes which are the subject of the offering contemplated in this prospectus supplement may not be offered to the public in that relevant member state other than:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons per member state, other than qualified investors as defined in the prospectus directive, subject to obtaining the prior consent of the representatives; or

(d) in any other circumstances falling within Article 3(2) of the prospectus directive,

provided that no such offer of notes shall require the operating partnership, the Company or any underwriter to publish a prospectus pursuant to Article 3 of the prospectus directive or supplement a prospectus pursuant to Article 16 of the prospectus directive.

For the purposes of this provision, the expression an offer of notes to the public in relation to any notes in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that member state by any measure implementing the prospectus directive in that member state and the expression prospectus directive means Directive 2003/71/EC and includes any relevant implementing measure in each relevant member state.

Notice to Prospective Investors in the United Kingdom

The notes may only be offered (a) in compliance with all applicable provisions of the Financial Services and Markets Act 2000 (FSMA) with respect to anything done in relation to the notes in, from or otherwise involving the United Kingdom and (b) where each underwriter has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of notes in circumstances in which Section 21(1) of the FSMA does not apply to the operating partnership or the Company. Without limitation to the other restrictions referred to herein, this prospectus supplement is directed only at (1) persons outside the United Kingdom, (2) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005; (3) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or (4) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated. Without limitation to the other restrictions referred to herein, any investment or investment activity to which this prospectus supplement relate is available only to, and will be engaged in only with, such persons, and persons within the United Kingdom who receive this communication (other than persons who fall within (1) to (4) above) should not rely or act upon this communication.

We expect that delivery of the notes will be made to investors on or about the closing date set forth on the cover page of this prospectus supplement, which will be the fifth business day following the date of this prospectus supplement (such settlement being referred to as T+5). Under Rule 15c6-1 under the Exchange Act,

trades in the secondary market are required to settle in three business days (such settlement being referred to as T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on the date of this prospectus supplement or the next succeeding business day will be required, by virtue of the fact that the notes initially will settle in T+5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes on the date of this prospectus supplement or the next succeeding business day should consult their advisors.

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

As described in the accompanying prospectus under the caption Incorporation of Certain Documents by Reference, we have incorporated by reference in the accompanying prospectus specified documents that Kilroy Realty, L.P. and Kilroy Realty Corporation have filed or may file with the SEC under the Securities Exchange Act of 1934, as amended. However, no document or information (or related exhibit) that Kilroy Realty, L.P. or Kilroy Realty Corporation have furnished or may in the future furnish to (rather than file with) the SEC shall be incorporated by reference into this prospectus supplement or the accompanying prospectus.

LEGAL MATTERS

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

EXPERTS

The financial statements, and the related financial statement schedules, as of December 31, 2009 and 2008, and for each of the three years in the period ended December 31, 2009 of Kilroy Realty, L.P., incorporated in the accompanying prospectus by reference to Kilroy Realty, L.P. s General Form for Registration of Securities on Form 10 filed with the SEC on August 18, 2010, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated therein by reference (which report expresses an unqualified opinion on the financial statements and financial statement schedules and includes an explanatory paragraph referring to the adoption of new accounting provisions). Such financial statements and financial statement schedules have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The statement of revenues and certain expenses for the year ended December 31, 2009 of 303 Second Street located in San Francisco, California, incorporated in the accompanying prospectus by reference to Kilroy Realty, L.P. s General Form for Registration of Securities on Form 10 filed with the SEC on August 18, 2010 and Kilroy Realty Corporation s Current Report on Form 8-K/A filed with the SEC on June 11, 2010 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated therein by reference (which report expresses an unqualified opinion on the statement of revenues and certain expenses and includes an explanatory paragraph referring to the purpose of the statement). Such statement of revenues and certain expenses has been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The financial statements, and the related financial statement schedules, incorporated in the accompanying prospectus by reference to Kilroy Realty Corporation s Annual Report on Form 10-K for the year ended December 31, 2009, and the effectiveness of Kilroy Realty Corporation s internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated in the accompanying prospectus by reference (which reports (1) express an unqualified opinion on the financial statements and financial statement schedules and include an explanatory paragraph referring to the adoption of new accounting provisions and (2) express an unqualified opinion on the effectiveness of internal control over financial reporting). Such financial statements and financial statement schedules have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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PROSPECTUS

Kilroy Realty Corporation

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

Kilroy Realty, L.P.

Debt Securities

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

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

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

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

Kilroy Realty Corporation s common stock is listed on the New York Stock Exchange, or NYSE, under the symbol KRC. On September 14, 2010, the last reported sales price of Kilroy Realty Corporation s common stock on the NYSE was $33.36 per share.

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

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

The date of this prospectus is September 15, 2010.

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Kilroy Realty, L.P., or the operating partnership, is a Delaware limited partnership. Kilroy Realty Corporation, or the Company or guarantor, is the sole general partner of the operating partnership. Unless otherwise expressly stated or the context otherwise requires, in this prospectus, we, us and our refer collectively to the Company, the operating partnership and the Company s other subsidiaries, references to Company common stock or similar references refer to the common stock, par value $0.01 per share, of the Company and references to common units or similar references refer to the common units of the operating partnership.

You should rely only on the information contained in this prospectus, any accompanying prospectus supplement and in any document incorporated by reference. We have not authorized anyone to provide you with information or make any representation that is different. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus and any accompanying prospectus supplement are not an offer to sell or a solicitation of an offer to buy any securities other than the registered securities to which they relate and this prospectus and any accompanying prospectus supplement are not an offer to sell or the solicitation of an offer to buy securities in any jurisdiction where, or to any person to whom, it is unlawful to make an offer or solicitation. You should not assume that the information contained in this prospectus and any accompanying prospectus supplement is correct on any date after the date of the prospectus or the date of the accompanying prospectus supplement even though this prospectus and any accompanying prospectus supplement are delivered or securities are sold pursuant to the prospectus and the accompanying prospectus supplement at a later date. Since the date of this prospectus and the date of any accompanying prospectus supplement, our business, financial condition, results of operations and prospects may have changed.

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RISK FACTORS

Investment in the offered securities involves risks. Before acquiring any offered securities pursuant to this prospectus, you should carefully consider the information contained or incorporated by reference in this prospectus or in any accompanying prospectus supplement, including, without limitation, the risks of an investment in our Company set forth below and under the captions Item 1A. Risk Factors and Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations (or similar captions) in Kilroy Realty Corporation s most recent annual report on Form 10-K, under the caption Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations in Kilroy Realty Corporation s quarterly reports on Form 10-Q, under the caption Item 1A. Risk Factors in Kilroy Realty, L.P. s General Form for Registration of Securities on Form 10 filed with the SEC on August 18, 2010 and as described in other filings of Kilroy Realty Corporation and Kilroy Realty, L.P. with the SEC. The occurrence of any of these risks might cause you to lose all or a part of your investment in the offered securities. Please also refer to the section below entitled Forward-Looking Statements.

FORWARD-LOOKING STATEMENTS

This prospectus and any accompanying prospectus supplement, 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 an of these words and phrases or similar words or phrases. You can also identify forward-looking statements by discussions of strategies, plans or intentions. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- global market and general economic conditions;
- 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;
- 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;

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

the Company s ability to maintain its status as a 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.

You are cautioned not to unduly rely on the forward-looking statements contained in this prospectus and any accompanying prospectus supplement. While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. These risks and uncertainties are discussed in more detail under the caption Risk Factors in this prospectus, under the caption Item 1A. Risk Factors in Kilroy Realty Corporation s annual report on Form 10-K for the year ended December 31, 2009 and under the caption Item 1A. Risk Factors in Kilroy Realty, L.P. s General Form for Registration of Securities on Form 10 filed with the SEC on August 18, 2010.

CONSOLIDATED RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED DIVIDENDS

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

	For 6 Months Ended June 30, 2010	For Fiscal Year Ended December 31, 2009	2008	2007	2006	2005
Consolidated ratio of earnings to fixed charges	1.14x	1.39x	1.37x	1.34x	1.55x	0.86x
Deficiency (in thousands)						$ 7,508
Consolidated ratio of earnings to combined fixed charges and preferred dividends	1.00x	1.21x	1.20x	1.17x	1.34x	0.73x
Deficiency (in thousands)						$ 17,116

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

	For 6 Months Ended June 30, 2010	For Fiscal Year Ended December 31, 2009	2008	2007	2006	2005
Consolidated ratio of earnings to fixed charges	1.25x	1.53x	1.49x	1.46x	1.70x	0.96x
Deficiency (in thousands)						$ 1,920

We have computed the consolidated ratio of earnings to fixed charges for Kilroy Realty Corporation and Kilroy Realty, L.P. by dividing earnings by fixed charges. Earnings consist of income from continuing operations before the effect of noncontrolling interest plus fixed charges and amortization of capitalized interest and reduced by capitalized interest and loan costs. Fixed charges consist of interest costs, whether expensed or capitalized, amortization of loan costs and an estimate of the interest within rental expense. For the year ended December 31, 2005,

our earnings were inadequate to cover fixed charges.

We have computed the consolidated ratio of earnings to combined fixed charges and preferred dividends for Kilroy Realty Corporation by dividing earnings by combined fixed charges and preferred dividends. Earnings

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consist of income from continuing operations before the effect of noncontrolling interest plus fixed charges and amortization of capitalized interest, reduced by capitalized interest and loan costs and distributions on Series A cumulative redeemable preferred units. Fixed charges consist of interest costs, whether expensed or capitalized, amortization of loan costs, an estimate of the interest within rental expense, and distributions on Series A cumulative redeemable preferred units. For the year ended December 31, 2005, our earnings were inadequate to cover fixed charges.

THE COMPANY

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 ma