KILROY REALTY CORPORATION

Fourth Quarter 1999 Supplemental Financial Report

Some of the enclosed information presented is forward-looking in nature, including information concerning development timing and investment amounts. Although the information is based on Kilroy Realty Corporation's current expectations, actual results could vary from expectations stated here. Numerous factors will affect Kilroy Realty Corporation's actual results, some of which are beyond its control. These include the timing and strength of regional economic growth, the strength of commercial and industrial real estate markets, competitive market conditions, future interest rate levels and capital market conditions. You are cautioned not to place undue reliance on this information, which speaks only as of the date of this report. Kilroy Realty Corporation does not undertake responsibility to update this information for any unanticipated events which may cause actual results to differ from those expressed or implied by this information.

Kilroy Realty Corporation
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Financial Highlights

(unaudited, $ in thousands, except per share amounts)

	Three Months Ended December 31, 1999	Three Months Ended December 31, 1998	% Change	Year Ended December 31, 1999	Year Ended December 31, 1998	% Change
INCOME ITEMS:						
Revenues	$42,647	$39,294	8.5%	$159,700	$137,088	16.5%
Net Operating Income	33,385	29,924	11.6%	124,090	104,503	18.7%
Net Income	8,278	10,173	(18.6%)	39,895	38,822	2.8%
Funds From Operations	20,945	18,868	11.0%	80,631	71,174	13.3%
Funds Available for Distribution	16,968	16,687	1.7%	69,634	64,470	8.0%
Funds From Operations per share – diluted	$0.65	$0.59	10.2%	$2.50	$2.30	8.7%
Funds Available for Distribution per share – diluted	0.53	0.52	1.9%	2.16	2.08	3.8%
Dividend per share	$0.420	$0.405	3.7%	$1.68	$1.62	3.7%
RATIOS:						
Interest Coverage Ratio (1)	4.0x	4.5x		4.4x	4.7x	
Fixed Charge Coverage Ratio (2)	3.0x	3.4x		3.2x	3.7x	
FFO Payout Ratio (3)	64.2%	68.3%	(4.1%)	67.2%	71.6%	(4.4%)
FAD Payout Ratio (4)	79.3%	77.3%	2.0%	77.8%	79.0%	(1.2%)

	Dec. 31, 1999	Dec. 31, 1998	% Change
ASSETS:			
Investments in Real Estate before Depreciation	$1,410,238	$1,194,284	18.1%
Total Assets	1,320,501	1,109,217	19.0%
CAPITALIZATION:			
Total Debt	$553,516	$405,383	36.5%
Total Preferred Stock (5)	155,000	110,000	40.9%
Total Market Equity Value (5)	716,831	732,322	(2.1%)
Total Market Capitalization (5)	1,425,347	1,247,705	14.2%
Total Debt / Total Market Capitalization	38.8%	32.5%	6.3%

(1) Calculated as earnings before interest expense and depreciation and amortization divided by interest expense.
(2) Calculated as earnings before interest expense and depreciation and amortization divided by interest expense and current year distributions on Cummulative Redeemable Prferred units.
(3) Calculated as current year dividends paid and accrued to common shareholders divided by Funds From Operations.
(4) Calculated as current year dividends paid and accrued to common shareholders divided by Funds Available for Distribution.
(5) See "Capital Structure" on page 15.

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Consolidated Balance Sheets
(unaudited, $ in thousands)

	December 31, 1999	December 31, 1998
ASSETS:		
Land and improvements	$274,463	$253,500
Buildings and improvements	946,130	828,425
Undeveloped land and construction in progress, net	189,645	112,359
Total investment in real estate	1,410,238	1,194,284
Accumulated depreciation and amortization	(174,427)	(145,437)
Investment in real estate, net	1,235,811	1,048,847
Cash and cash equivalents	26,116	6,443
Restricted cash	6,636	6,896
Tenant receivables, net	22,078	18,919
Notes receivable from related parties	--	8,798
Deferred financing and leasing costs, net	27,840	16,168
Prepaid expenses and other assets	2,020	3,146
TOTAL ASSETS	$1,320,501	$1,109,217
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Liabilities:		
Mortgage debt	$325,516	$133,383
Unsecured line of credit	228,000	272,000
Accounts payable and accrued expenses	26,260	16,791
Accrued distributions	13,456	12,895
Rents received in advance and tenant security deposits	20,287	17,749
Total liabilities	613,519	452,818
Minority Interests:		
8.075% Series A Cumulative Redeemable Preferred unitholders	73,716	73,718
9.375% Series C Cumulative Redeemable Preferred unitholders	34,464	34,410
9.250% Series D Cumulative Redeemable Preferred unitholders	44,022	--
Common unitholders	71,920	72,372
Minority interest in Development LLCs	9,931	--
Total minority interests	234,053	180,500
Stockholders' Equity:		
Common stock	278	276
Additional paid-in capital	491,204	487,467
Distributions in excess of earnings	(18,553)	(11,844)
Total stockholders' equity	472,929	475,899
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$1,320,501	$1,109,217

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Consolidated Statements of Operations
(unaudited, $ in thousands, except per share amounts)

	Three Months Ended December 31,			Year Ended December 31,		
	1999	**1998**	**% Change**	**1999**	**1998**	**% Change**
REVENUES:						
Rental income	$38,241	$32,521	17.6%	$140,182	$117,338	19.5%
Tenant reimbursements	3,786	4,111	(7.9%)	16,316	14,956	9.1%
Interest income	315	507	(37.9%)	1,175	1,698	(30.8%)
Other income	305	2,155	(85.8%)	2,027	3,096	(34.5%)
Total revenues	42,647	39,294	8.5%	159,700	137,088	16.5%
EXPENSES:						
Property expenses	5,152	5,512	(6.5%)	20,669	19,281	7.2%
Real estate taxes	3,400	3,025	12.4%	12,369	10,383	19.1%
General and administrative expenses	2,310	2,240	3.1%	9,091	7,739	17.5%
Ground leases	395	326	21.2%	1,397	1,223	14.2%
Provision for litigation and project termination	--	1,700	(100.0%)	--	1,700	(100.0%)
Interest expense	7,889	5,926	33.1%	26,309	20,568	27.9%
Depreciation and amortization	11,217	7,041	59.3%	33,794	26,200	29.0%
Total expenses	30,363	25,770	17.8%	103,629	87,094	19.0%
INCOME BEFORE GAIN (LOSS) ON DISPOSITIONS OF OPERATING PROPERTIES, EQUITY IN INCOME OF UNCONSOLIDATED SUBSIDIARY AND MINORITY INTERESTS	12,284	13,524	(9.2%)	56,071	49,994	12.2%
Gain (loss) on dispositions of operating properties	(29)	--	100.0%	46	--	100.0%
Equity in income of unconsolidated subsidiary	39	29	34.5%	17	5	240.0%
INCOME BEFORE MINORITY INTERESTS	12,294	13,553	(9.3%)	56,134	49,999	12.3%
MINORITY INTERESTS:						
Distributions on Cumulative Redeemable Preferred units	(2,557)	(1,852)	38.1%	(9,560)	(5,556)	72.1%
Minority interest in earnings of Operating Partnership	(1,294)	(1,528)	(15.3%)	(6,480)	(5,621)	15.3%
Minority interest in earnings of Development LLCs	(165)	--	100.0%	(199)	--	100.0%
Total minority interests	(4,016)	(3,380)	18.8%	(16,239)	(11,177)	45.3%
NET INCOME	$8,278	$10,173	(18.6%)	$39,895	$38,822	2.8%
Weighted average shares outstanding - basic	27,884	27,639		27,701	26,989	
Weighted average shares outstanding - diluted	27,884	27,640		27,727	27,060	
NET INCOME PER COMMON SHARE:						
Income per common share - basic	$0.30	$0.37	(18.9%)	$1.44	$1.44	0.0%
Income per common share - diluted	$0.30	$0.37	(18.9%)	$1.44	$1.43	0.7%

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Funds From Operations and Funds Available for Distribution

(unaudited, $ in thousands, except per share amounts)

	Three Months Ended December 31,			Year Ended December 31,		
	1999	1998	% Change	1999	1998	% Change
FUNDS FROM OPERATIONS:						
Net income	$8,278	$10,173	(18.6%)	$39,895	$38,822	2.8%
Adjustments:						
Minority interest in earnings of Operating Partnership	1,294	1,528	(15.3%)	6,480	5,621	15.3%
Depreciation and amortization	11,217	7,041	59.3%	33,794	26,200	29.0%
(Gain) loss on dispositions of operating properties	29	--	100.0%	(46)	--	100.0%
Other	127	126	0.8%	508	531	(4.3%)
Funds From Operations	$20,945	$18,868	11.0%	$80,631	$71,174	13.3%
Weighted average common shares/units outstanding - basic	32,284	31,840		32,201	30,897	
Weighted average common shares/units outstanding - diluted	32,284	31,840		32,227	30,967	
Funds From Operations per common share/unit - basic	$0.65	$0.59	10.2%	$2.50	$2.30	8.7%
Funds From Operations per common share/unit - diluted	$0.65	$0.59	10.2%	$2.50	$2.30	8.7%
FUNDS AVAILABLE FOR DISTRIBUTION:						
Funds From Operations	$20,945	$18,868	11.0%	$80,631	$71,174	13.3%
Adjustments:						
Amortization of deferred financing costs	645	287	124.7%	1,465	995	47.2%
Tenant improvements, leasing commissions and recurring capital expenditures	(2,322)	(942)	146.5%	(5,596)	(3,190)	75.4%
Net effect of straight-line rents	(2,300)	(1,526)	50.7%	(6,866)	(4,509)	52.3%
Funds Available for Distribution	$16,968	$16,687	1.7%	$69,634	$64,470	8.0%
Funds Available for Distribution per common share/unit - basic	$0.53	$0.52	1.9%	$2.16	$2.09	3.3%
Funds Available for Distribution per common share/unit - diluted	$0.53	$0.52	1.9%	$2.16	$2.08	3.8%

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Net Operating Income Breakdown

	Year Ended December 31, 1999
% OF TOTAL NOI BY SEGMENT TYPE:	
Office:	
Los Angeles	35.2%
Orange County	7.9%
San Diego	17.3%
Other	7.0%
Subtotal	67.4%
Industrial:	
Los Angeles	3.5%
Orange County	19.1%
San Diego	2.0%
Other	8.0%
Subtotal	32.6%
% OF TOTAL NOI BY REGION:	
Los Angeles	38.7%
Orange County	27.0%
San Diego	19.3%
Other	15.0%
Total Portfolio	100.0%

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Same Store Analysis (1)

($ in thousands)

	Three Months Ended December 31,				Year Ended December 31,			
	1999	**1998**	**$ Change**	**% Change**	**1999**	**1998**	**$ Change**	**% Change**
TOTAL SAME STORE PORTFOLIO:								
Operating Revenues:								
Rental income	$24,518	$24,229	$289	1.2%	$97,807	$95,523	$2,284	2.4%
Tenant reimbursements	2,743	3,412	(669)	(19.6%)	12,599	13,058	(459)	(3.5%)
Other property income	160	158	2	1.3%	1,194	430	764	177.7%
Total operating revenues	27,421	27,799	(378)	(1.4%)	111,600	109,011	2,589	2.4%
Operating Expenses:								
Property expenses	3,517	4,164	(647)	(15.5%)	14,552	15,311	(759)	(5.0%)
Real estate taxes	1,915	2,171	(256)	(11.8%)	8,218	8,111	107	1.3%
Ground leases	319	286	33	11.5%	1,171	1,127	44	3.9%
Total operating expenses	5,751	6,621	(870)	(13.1%)	23,941	24,549	(608)	(2.5%)
Net Operating Income	$21,670	$21,178	$492	2.3%	$87,659	$84,462	$3,197	3.8%

AVERAGE OCCUPANCY - SAME STORE PORTFOLIO

	Three Months Ended December 31			Year Ended December 31,		
	1999	**1998**	**% Change**	**1999**	**1998**	**% Change**
Office	93.6%	94.5%	(0.9%)	93.4%	94.2%	(0.8%)
Industrial	98.4%	97.3%	1.1%	97.9%	97.3%	0.6%
Total Portfolio	97.1%	95.9%	1.2%	95.5%	95.7%	(0.2%)

(1) Same store portfolio information for the quarter is shown for properties owned for the entire three month period in both years (the "reset method"). Same store portfolio information for the year is calculated by adding the results for each of the quarters under the reset method.

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Stabilized Portfolio Occupancy Overview

	# of	Square Feet			Occupancy at:		
	Buildings	Total	Leased	Available	12/31/99	9/30/99	12/31/98
OCCUPANCY BY SEGMENT TYPE:							
Office:							
Los Angeles	28	2,554,454	2,488,347	66,107	97.4%	92.5%	95.6%
Orange County	22	908,147	780,395	127,752	85.9%	80.6%	92.9%
San Diego	28	1,975,770	1,957,549	18,221	99.1%	99.1%	100.0%
Other	6	709,614	700,322	9,292	98.7%	98.1%	91.1%
Subtotal	84	6,147,985	5,926,613	221,372	96.4%	93.2%	95.7%
Industrial:							
Los Angeles	7	554,225	549,928	4,297	99.2%	97.4%	99.0%
Orange County	65	4,548,808	4,386,964	161,844	96.4%	97.4%	95.4%
San Diego	3	200,174	200,174	-	100.0%	100.0%	100.0%
Other	12	1,173,925	1,141,602	32,323	97.2%	98.3%	95.6%
Subtotal	87	6,477,132	6,278,668	198,464	96.9%	97.6%	96.0%
OCCUPANCY BY REGION:							
Los Angeles	35	3,108,679	3,038,275	70,404	97.7%	93.4%	96.4%
Orange County	87	5,456,955	5,167,359	289,596	94.7%	94.2%	94.9%
San Diego	31	2,175,944	2,157,723	18,221	99.2%	99.1%	100.0%
Other	18	1,883,539	1,841,924	41,615	97.8%	98.2%	94.0%
TOTAL PORTFOLIO	171	12,625,117	12,205,281	419,836	96.7%	95.5%	95.9%

AVERAGE OCCUPANCY - STABILIZED PORTFOLIO			
	Office	Industrial	Total
4th Quarter	94.8%	97.3%	96.1%
Year-to-Date	94.4%	97.0%	95.7%

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Leasing Activity

4th Quarter

	# of Leases[1]		Square Feet[1]		2nd Generation					Weighted Average
	New	Renewal	New	Renewal	TI/LC Per Sq.Ft.	Maintenance Capex Per Sq.Ft.[2]	Changes in Rents[3]	Changes in Cash Rents[4]	Retention Rates[5]	Lease Term (Mo.)
Office	20	16	201,703	59,877	$4.77	$0.07	21.2%	10.1%	81.1%	77
Industrial	12	13	75,656	164,345	$2.78	$0.00	14.4%	9.6%	45.7%	61
Total	32	29	277,359	224,222	$3.43	$0.03	17.6%	9.8%	51.8%	70

Year to Date

	# of Leases[1]		Square Feet[1]		2nd Generation					Weighted Average
	New	Renewal	New	Renewal	TI/LC Per Sq.Ft.	Maintenance Capex Per Sq.Ft.[2]	Changes in Rents[3]	Changes in Cash Rents[4]	Retention Rates[5]	Lease Term (Mo.)
Office	84	71	694,620	435,164	$5.63	$0.08	31.9%	17.4%	44.4%	70
Industrial	70	51	518,443	470,119	$2.02	$0.02	15.6%	10.9%	51.5%	56
Total	154	122	1,213,063	905,283	$3.68	$0.05	25.9%	15.1%	47.8%	63

(1) Includes first and second generation space, net of month-to-month leases. Excludes leasing on new construction. First generation space is defined as the space first leased by the Company.
(2) Calculated over entire stabilized portfolio.
(3) Calculated as the change between GAAP rents for new/renewed leases and the expiring GAAP rents for the same space.
(4) Calculated as the change between stated rents for new/renewed leases and the expiring stated rents for the same space.
(5) Calculated as the percentage of space either renewed or expanded into by existing tenants at lease expiration.

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Lease Expiration Schedule
($ in thousands)

Year of Expiration	# of Expiring Leases	Total Square Feet	% of Total Leased Sq. Ft.	Annual Base Rent	Annual Rent per Sq. Ft.
OFFICE:					
2000	89	379,552	6.2%	$7,050	$18.57
2001	84	1,075,655	17.6%	16,454	15.30
2002	66	571,575	9.4%	8,882	15.54
2003	39	228,146	3.7%	4,339	19.02
2004	51	826,376	13.5%	18,697	22.63
2005	22	704,601	11.6%	10,064	14.28
2006	13	369,133	6.1%	6,994	18.95
2007	10	511,571	8.4%	8,948	17.49
2008	8	315,214	5.2%	6,277	19.91
2009 and Beyond	16	1,117,962	18.3%	28,989	25.93
Subtotal	398	6,099,785	100.0%	$116,694	$19.13
INDUSTRIAL:					
2000	75	980,430	16.2%	$7,432	$7.58
2001	64	651,980	10.8%	4,778	7.33
2002	37	222,065	3.7%	2,190	9.86
2003	28	754,993	12.5%	5,763	7.63
2004	17	591,256	9.8%	4,506	7.62
2005	9	420,618	7.0%	2,908	6.91
2006	9	693,936	11.5%	5,984	8.62
2007	3	164,595	2.7%	1,396	8.48
2008	7	859,786	14.2%	6,680	7.77
2009 and Beyond	12	707,345	11.6%	5,547	7.84
Subtotal	261	6,047,004	100.0%	$47,184	$7.80
TOTAL PORTFOLIO:					
2000	164	1,359,982	11.2%	$14,482	$10.65
2001	148	1,727,635	14.2%	21,232	12.29
2002	103	793,640	6.5%	11,072	13.95
2003	67	983,139	8.1%	10,102	10.28
2004	68	1,417,632	11.7%	23,203	16.37
2005	31	1,125,219	9.3%	12,972	11.53
2006	22	1,063,069	8.8%	12,978	12.21
2007	13	676,166	5.6%	10,344	15.30
2008	15	1,175,000	9.7%	12,957	11.03
2009 and Beyond	28	1,825,307	14.9%	34,536	18.92
Total Portfolio	659	12,146,789	100.0%	$163,878	$13.49

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1999 Acquisitions

($ in thousands)

Property	Location	Type	Month of Acquisition	Square Feet	Estimated Investment	Occupancy
1st QUARTER:						
9785 & 9791 Towne Center Drive	San Diego, CA	Office	March	126,000	$21,090	100%
2nd QUARTER:						
None						
3rd QUARTER:						
4690 Executive Drive	San Diego, CA	Office	July	50,900	$9,520	100%
4th QUARTER:						
None						
TOTAL YEAR-TO-DATE ACQUISITIONS				176,900	$30,610	100%

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1999 Dispositions
($ in thousands)

Property	Location	Type	Month Of Disposition	Square Feet	Sales Price
1st QUARTER:					
None					
2nd QUARTER:					
None					
3rd QUARTER:					
4880 Colt Street	Ventura, CA	Industrial	August	125,500	$5,400
821 South Rockefeller Avenue	Ontario, CA	Industrial	August	153,600	5,600
				279,100	$11,000
4th QUARTER:					
701-741 East Ball Road	Anaheim, CA	Office	December	113,700	$8,000
16182 Gothard Street	Huntington Beach, CA	Industrial	December	56,700	3,600
				170,400	$11,600
TOTAL YEAR-TO-DATE DISPOSITIONS				449,500	$22,600

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Stabilized Development

($ in thousands)

Project	Location	Type	Start Date	Completion Date	Rentable Square Feet	Total Est. Investment	Occupancy
1st QUARTER:							
None							
2nd QUARTER:							
Intuit Expansion	San Diego, CA	Office	3Q 1998	2Q 1999	71,000	$8,526	100%
3rd QUARTER:							
Anaheim Technology Center - Phase II	Anaheim, CA	Industrial	4Q 1998	2Q 1999	211,442	$14,419	100%
Kilroy Airport Center Long Beach - 5 Story	Long Beach, CA	Office	1Q 1998	1Q 1999	136,026	22,372	100%
San Diego Corporate Center	Del Mar, CA	Office	4Q 1998	2Q 1999	39,965	6,067	100%
Sorrento Gateway - Epicor - Phase I (1)	San Diego, CA	Office	4Q 1998	3Q 1999	172,778	28,211	100%
					560,211	$71,069	100%
4th QUARTER:							
Anaheim Technology Center - Phase I	Anaheim, CA	Industrial	3Q 1997	4Q 1998	382,550	$22,362	100%
Brea Industrial Complex	Brea, CA	Industrial	3Q 1998	2Q 1999	178,811	12,367	100%
Peregrine Systems Corporate Center - Bldg 1 (1)	Del Mar, CA	Office	4Q 1998	4Q 1999	52,375	10,267	100%
					613,736	$44,996	100%
TOTAL YEAR-TO-DATE STABILIZED DEVELOPMENT					1,244,947	$124,591	100%

(1) Project was developed by a Development LLC in which the Company holds a 50% managing interest. The estimated investment figure includes the capital required to purchase the remaining 50% interest in the project.

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In-Process and Committed Development Projects
($ in thousands)

Project	Location	Type	Est. Construction Period Start Date	Est. Construction Period Completion Date	Est. Stabilization Date[2]	Rentable Square Feet	Total Est. Investment	% Committed[3]
PROJECTS IN LEASE-UP:								
None								
PROJECTS UNDER CONSTRUCTION:								
Brobeck, Phleger & Harrison	Del Mar, CA	Office	1Q 1999	1Q 2000	1Q 2000	72,332	$15,548	100%
Calabasas Park Centre - Phase I	Calabasas, CA	Office	3Q 1999	2Q 2000	4Q 2000	101,646	17,757	88%
Carmel Mountain Technology Center	San Diego, CA	Office	4Q 1999	3Q 2000	1Q 2001	103,000	17,160	100%
Kilroy Airport Center, Long Beach - 7 Story	Long Beach, CA	Office	2Q 1999	3Q 2000	3Q 2001	191,762	31,939	77%
Peregrine Systems Corporate Center - Bldg. 2[1]	Del Mar, CA	Office	2Q 1999	2Q 2000	2Q 2000	129,680	26,334	100%
Peregrine Systems Corporate Center - Bldg. 5[1]	Del Mar, CA	Office	3Q 1999	3Q 2000	3Q 2000	112,067	22,668	100%
Westside Media Center - Phase II	West LA, CA	Office	2Q 1999	4Q 2000	4Q 2000	151,000	42,412	100%
Subtotal						861,487	$173,818	93%
TOTAL PROJECTS IN LEASE-UP AND UNDER CONSTRUCTION						861,487	$173,818	93%
COMMITTED DEVELOPMENT:								
Calabasas Park Centre - Phase II	Calabasas, CA	Office	2Q 2000	1Q 2001	1Q 2002	98,706	$18,452	41%
Calabasas Park Centre - Phase III	Calabasas, CA	Office	3Q 2000	1Q 2001	1Q 2001	11,744	2,157	0%
McKellar Corporate Center	San Diego, CA	Office	1Q 2000	4Q 2000	4Q 2001	64,666	10,912	0%
Peregrine Systems Corporate Center - Bldg. 3[1]	Del Mar, CA	Office	2Q 2000	2Q 2001	2Q 2002	127,853	27,090	100%
Sorrento Gateway - Lot 4[1]	San Diego, CA	Office	1Q 2001	4Q 2001	4Q 2001	60,000	14,901	100%
Sorrento Gateway - Lot 5[1]	San Diego, CA	Office	1Q 2000	4Q 2000	4Q 2000	75,520	18,368	100%
Sorrento Rim - Parcel C	San Diego, CA	Office	1Q 2000	4Q 2000	4Q 2000	62,415	8,475	100%
Subtotal						500,904	$100,355	73%
TOTAL IN-PROCESS AND COMMITTED DEVELOPMENT PROJECTS						1,362,391	$274,173	86%

(1) Project is being developed by a Development LLC in which the Company holds a 50% managing interest. The estimated investment figure includes the capital required to purchase the remaining 50% interest in the project.
(2) Based on management's estimation of the earlier of stabilized occupancy (95%) or one year from the date of substantial completion.
(3) Includes executed leases and signed letters of intent, calculated on a square footage basis.

Some of the enclosed information presented is forward-looking in nature, including information concerning development timing and investment amounts. Although the information is based on Kilroy Realty Corporation's current expectations, actual results could vary from expectations stated here. Numerous factors will affect Kilroy Realty Corporation's actual results, some of which are beyond its control. These include the timing and strength of regional economic growth, the strength of commercial and industrial real estate markets, competitive market conditions, future interest rate levels and capital market conditions. You are cautioned not to place undue reliance on this information, which speaks only as of the date of this report. Kilroy Realty Corporation does not undertake responsibility to update this information for any unanticipated events which may cause actual results to differ from those expressed or implied by this information.

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Future Development Pipeline
($ in thousands)

Project	Location	Type	Rentable Square Feet	Total Estimated Investment
SAN DIEGO COUNTY:				
Carmel Mtn Ranch Tech Center Phase II - Lot 2	San Diego, CA	Office	52,000	$8,480
Carmel Mtn Ranch Tech Center Phase II - Lot 4, 9 & 10	San Diego, CA	Office	177,000	27,551
Carmel Mtn Ranch Tech Center Phase II - Lot 8	San Diego, CA	Office	48,000	7,123
Carmel Mtn Ranch Tech Center Phase II - Lot 12	San Diego, CA	Office	69,700	10,497
Pacific Corporate Center - Lots 3, 4 & 6	San Diego, CA	Office	218,250	36,203
Pacific Corporate Center - Lot 8	San Diego, CA	Office	116,379	20,617
Pacific Corporate Center - Lots 25 & 27	San Diego, CA	Office	63,620	10,210
Peregrine Systems Corporate Center - Bldg. 4 (1)	San Diego, CA	Office	118,061	26,983
Sorrento Gateway - Lot 1	San Diego, CA	Office	67,200	12,179
Sorrento Gateway - Lot 2 (1)	San Diego, CA	Office	125,000	21,994
Sorrento Gateway - Lot 3 (1)	San Diego, CA	Office	70,000	12,666
Sorrento Gateway - Lot 7 (1)	San Diego, CA	Office	57,000	10,491
Sorrento Rim Business Park II	San Diego, CA	Office	102,875	24,907
Westside Media Center - Phase III	West LA, CA	Office	151,000	46,692
TOTAL FUTURE DEVELOPMENT PIPELINE			1,436,085	$276,593

(1) Project is being developed by a Development LLC in which the Company holds a 50% interest. The estimated investment figure includes the capital required to purchase the remaining 50% interest in the project.

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Capital Structure
At December 31, 1999
($ in thousands)

	Shares/Units at Dec. 31, 1999	Aggregate Principal Amount or $ Value Equivalent	% of Total Market Capitalization
DEBT:			
Line of Credit		$228,000	16.0%
Mortgage Loans		325,516	22.8%
Total Debt		$553,516	38.8%
EQUITY:			
8.075% Series A Cumulative Redeemable Preferred units(1)	1,500,000	$75,000	5.3%
9.375% Series C Cumulative Redeemable Preferred units (1)	700,000	35,000	2.5%
9.250% Series D Cumulative Redeemable Preferred units(1)	900,000	45,000	3.2%
Common Units outstanding(2)	4,228,702	98,533	6.9%
Common Shares outstanding(2)	27,808,410	618,298	43.3%
Total Equity		$871,831	61.2%
TOTAL MARKET CAPITALIZATION		$1,425,347	100.0%

(1) Value based on $50.00 per share liquidation preference.
(2) Valued based on closing share price of $22 3/8 at December 31, 1999.

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Share Repurchase Program Summary

($ in thousands except per share information)

	Number of Shares	Average Price per Share	Total Value of Purchases
1st QUARTER:			
None			
2nd QUARTER:			
None			
3rd QUARTER:			
None			
4th QUARTER:	265,000	$20.19	$5,350
TOTAL YEAR-TO-DATE SHARE REPURCHASES	265,000	$20.19	$5,350

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Debt Analysis
At December 31, 1999
($ in thousands)

MORTGAGE DEBT PRINCIPAL REPAYMENT SCHEDULE						
2000	**2001**	**2002**	**2003**	**2004**	**Thereafter**	**Total**
$4,834	$5,225	$5,647	$96,103	$6,596	$207,111	$325,516

DEBT COMPOSITION		Weighted Average	
	% of Total Debt	**Interest Rate**	**Maturity**
Secured vs. Unsecured Debt:			
Secured Debt	58.8%	7.8%	7.6
Unsecured Debt	41.2%	7.6%	2.9
Floating vs. Fixed Rate Debt:			
Fixed Rate Debt	42.5%	7.8%	9.1
Floating Rate Debt (1) (2) (3)	57.5%	7.7%	3.1
Total Debt		7.7%	5.7

UNSECURED LINE OF CREDIT		
Total Line	**Outstanding Balance**	**Expiration Date**
$400,000	$228,000	November 2002

(1) The Company currently has an interest-rate cap agreement to cap LIBOR on $150 million of its floating rate debt at 6.5% which expires in July 2000.

(2) Subsequent to December 31, 1999, the Company entered into an 18 month interest-rate cap agreement to cap LIBOR on $150 million of its floating rate debt at 6.5% starting in July 2000.

(3) Subsequent to December 31, 1999, the Company entered into a 2-year interest-rate swap agreement to fix $150 million of its floating rate debt. Had this agreement been in place at December 31, 1999, the Company's percentage of fixed rate debt would have increased to 70% and the Company's weighted average interest rate for fixed and variable rate debt would have been 8.0% and 7.8% respectively.