

Part 2A of Form ADV: Firm *Brochure*

Item 1 Cover Page

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Date of Brochure: 03/31/11

- **This brochure provides information about the qualifications and business practices of KBS Realty Advisors, LLC (“KBSRA, LLC”). If you have any questions about the contents of this brochure, please contact us at (949) 417-6500 or mkrotine@kbsrealty.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**
- **Additional information about Koll Bren Schreiber Realty Advisors, Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov.**
- While KBSRA, LLC is a registered investment adviser with the SEC, that registration does not imply a certain level of skill or training.

Item 2 Material Changes

- On July 28, 2010, the United States Securities and Exchange Commission (“SEC”) adopted amendments to Form ADV and the rules concerning delivery of brochures to clients of registered investment advisers. This brochure, dated March 31, 2011, is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure, dated [date], did not require.
- In the future, this Item will discuss material changes, if any, made to this Brochure since our annual update.
- On an annual basis, a summary of any material changes to this and subsequent Brochures will be provided to you. We may also provide you with additional updates or other disclosure information at other times during the year in the event of any material changes to our business.
- There are no material changes from last year’s filing; the only change is to comply with the recent SEC amendments.
- You may request the most recent version of this brochure by contacting Cheryl Byrne, (949) 417-6506, cbyrne@kbsrealty.com.

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Item 4 Advisory Business

- KBSRA, LLC offers acquisition, disposition, asset management and consulting services to corporations and institutional investors; in particular, pension and profit sharing plans. KBSRA, LLC also acts as an investment adviser to commingled investment vehicles (“Funds”), such as limited partnerships or limited liability companies, investing in real estate investment trusts, real estate partnerships and other real estate related securities. In addition, KBSRA, LLC acts as an investment adviser to real estate investment trusts (“REITs”).
- Acquisition services include identifying and evaluating for client investment various real estate securities and real property investments, including but not limited to: real estate limited partnership interests, real estate investment trusts, group trusts and other collective real estate investment vehicles, real estate loans, real property equities, and mortgage back securities.

KBSRA, LLC has created six institutional commingled funds for which it serves as investment adviser. It also serves as investment adviser to public and corporate pension funds and sovereign wealth funds.

- Principals Owners:
Peter Milton Bren; Born 1933
Education: University of Southern California, Los Angeles, CA; University of California Los Angeles, Los Angeles, CA and University of Frankfurt, Frankfurt, Germany
Business Background: Koll Bren Schreiber Realty Advisors, Inc., President and Co-Chairman, 1/98 to present; KBS Realty Advisors, LLC, President and Chairman, 1/2000 to present; Bren, Inc., President, 1/92 to present

Charles Jay Schreiber, Jr.; Born 1951
Education: University of Southern California, Los Angeles, CA 1973, B.S. - Finance
Business Background: Koll Bren Schreiber Realty Advisors, Inc., Chief Executive Officer, 1/98 to present; KBS Realty Advisors, LLC, Chief Executive Officer, 1/2000 to present; Koll Realty Advisors, Inc., Senior Vice President, 10/92 to 11/97

- KBSRA, LLC tailors its advisory services to the individual needs of clients, as it operates within general investment guidelines approved or provided by its clients.
- Final investment decisions are frequently made by KBSRA, LLC as discretionary investment manager, but in some cases KBSRA, LLC provides non-discretionary advisory services to clients.
- KBSRA, LLC also provides asset management services to clients with respect to investments acquired by clients with its assistance and assets transferred to its management by clients. Asset management activities vary based upon the investment type but may include determining capital and operation budgets, establishing leasing guidelines and approving leases, developing marketing strategies, installing and

monitoring on-site property management activities, providing loan servicing, monitoring the activities of general partners or other managing entities where investments include real estate limited partnership interests or other collective investment vehicles, and generally monitoring asset performance to emphasize maximization of investment value.

- KBSRA, LLC also arranges and coordinates the sale of assets for its clients.
- KBSRA, LLC as of 12/31/10 manages client assets of \$5.657 billion on a discretionary basis and \$1.380 billion on a non-discretionary basis.

Item 5 Fees and Compensation

- Acquisition fees for services related to the sourcing, underwriting and negotiating of real estate securities and real property investments are typically based on a percentage of acquisition cost. KBSRA, LLC does not have a set fee schedule for cash management services. The fees for such services are negotiable.

KBSRA, LLC's asset management fees may be based on a percentage of portfolio value or original cost. Asset management may also include a participation in profits above minimum client yield requirements. KBSRA, LLC may receive disposition fees, based on a percentage of sales price, particularly if the client's principal objective is disposition.

KBSRA, LLC may negotiate separate investment advisory fees with each investor in a commingled fund, such as a limited partnership. The fees, accordingly, may vary from investor to investor.

For investment advisory services relating to real estate held by a REIT, KBSRA, LLC will charge a fee equal to a percentage of average monthly net asset value or the cost of investments acquired, payable quarterly or monthly. The percentage may scale downward at various break points as net asset value increases. Generally the fees will be between 40 and 100 basis points per year, depending on the size and complexity of the portfolio.

KBSRA, LLC may also offer an alternate fee arrangement with a lower percentage of net asset value plus a performance component equal to a percentage of net profits over a period of a year in excess of a base rate of return. In cases where a separate fee arrangement is made with each investor, the calculation will be made with respect to investment experience of each investor separately. Net profits will take into account net unrealized appreciation and depreciation of the securities. This may constitute a fee arrangement that would create an incentive for KBSRA, LLC to make investments that are riskier or more speculative than would be in the case in the absence of a "performance based" fee.

The use of the performance component is intended to comply with the provisions of Rule 205-3 under the Investment Advisers Act of 1940 relating to incentive compensation arrangements. This Rule imposes certain requirements relating to the calculation methodology for a performance fee and the imposition of certain net worth or assets-under management standards for clients with which the fee is calculated.

KBSRA, LLC sometimes enters into agreements with prospective Fund investors that allow for different terms of investment in a Fund than the terms applicable to other Fund investors, including terms related to investment advisory fees, information rights, confidentiality obligations, and the structuring of portfolio investments. Accordingly, KBSRA, LLC's fees may vary from investor to investor. In general, KBSRA, LLC will not notify Fund investors when it enters into these agreements. Fund investors may review any agreements that KBSRA, LLC has entered into with respect to their Fund upon making capital commitments.

Item 6 Performance-based Fees and Side-by-side Management

- As noted in Item 5 above, certain clients may pay us performance-based fees.
- Because of the different fee arrangements in place for our clients, including our receipt of performance-based fees from some clients and not from others, we may have an incentive to favor clients that pay performance-based fees over those that do not. This incentive could, for example, affect our decision to invest in certain securities or other assets for some clients and not for others if we believe the transaction will be profitable (or to allocate a greater portion of a limited investment opportunity to such accounts), or to engage in cross trades between client accounts.
- To address these conflicts, our policies and procedures seek to provide that investment decisions are made without consideration of our economic interests, and instead are made in accordance with our fiduciary duties to all clients. This generally means that all accounts managed pursuing the same or similar investment strategies will participate pro rata in all investment opportunities that we allocate to any other account using that strategy.
- Our receipt of performance fees may incentivize us to make investments that are riskier or more speculative than we would make if we did not receive performance fees. With respect to the Funds, the performance fee arrangement was not the product of an arm's length negotiation with a third party.
- We and our affiliates sponsor or manage other investment funds and managed accounts, some of which have objectives that are similar to, or which overlap with, those of other clients. Additionally, we and our affiliates may own interests in those investments funds and managed accounts. In certain circumstances, particularly when we or our affiliates sponsor a new product or platform (because we and our affiliates provide most of the initial seed money), such product or platform may be wholly or principally owned by us or our affiliates. Our ownership interest in these accounts may give us an incentive to favor these accounts over other client accounts. However, this generally means that all accounts managed using the same investment strategy will participate pro rata in all investment opportunities that we allocate to any other account using that strategy.
- The portfolio strategies we and our affiliates use for certain clients could conflict with the transactions and strategies we employ in managing other clients and may affect the prices and availability of the securities and other assets in which clients invest.
- KBSRA, LLC and its personnel working on these accounts have both legal and fiduciary obligations as prescribed by the respective partnership and operating agreements and applicable law. Personnel are also allocated sufficient time in which to discharge these responsibilities so that an individual is not presented with the dilemma of allocating time to one account over another.

Item 7 Types of Clients

- The types of clients to whom KBSRA, LLC generally provides investment advice are individuals, corporations, public clients, Taft-Hartley Clients, public and corporate pension plans, endowment/foundation clients, Funds and REITs.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

- KBSRA, LLC will offer advice on the following types of investments: Real estate investment trusts, real estate limited partnerships, commercial mortgage backed securities, real estate loans and real property.

Investment analysis methods will include internally and externally prepared appraisals/valuations to include consideration of market conditions and asset fit in the client's portfolio, as determined by the client.

Sources of information will also include KBSRA, LLC's evaluation of real estate markets and pricing trends often using data and analytical techniques based upon research derived from major national real estate marketing and brokerage firms.

KBSRA, Inc. maintains cash accounts for several of its clients which, to the extent not required to be invested in real estate related assets, is invested in demand deposit accounts (DDA) or money market accounts with major commercial banks. The interest income from such invested monies is credited to the client account(s) in question. Excess funds in such accounts not required for such real estate related assets are distributed to the clients.

- KBSRA, LLC acquisition team identifies opportunities by focusing on selective regions and submarkets that we believe have an ability to withstand fluctuating economic cycles over time. KBSRA, LLC is particularly sensitive to identifying and seeking to avoid areas and markets that it believes are most likely to experience overbuilding and weak employment growth. The firm seeks to acquire on behalf of clients office, industrial, retail and multi-family assets, which it believes offer the potential for high relative returns in any market situation. KBSRA, LLC has a streamlined acquisition submittal review process that it believes promotes a quick response to investment opportunities that it has identified. The major source of KBSRA, LLC's acquisitions for its clients comes from a combination of direct submittals through institutional seller relationships, national brokerage relationships and through personal relationships with sellers in various markets.

As part of each investment decision, KBSRA, LLC establishes a target sale date for every asset that it acquires. KBSRA, LLC employs not only opportunistic buying techniques but also opportunistic selling strategies. In that regard, KBSRA, LLC may seek to sell assets on behalf of its clients earlier than the anticipated sale date when an opportunity arises to exceed the return projections set forth in the original business plan of an asset.

- Risk management is a fundamental principle in the KBSRA, LLC investment management process. The firm's asset management and underwriting groups utilize a system of checks and balances, including Asset Plan Reviews (APRs), which are reviewed continually by senior management. This review process seeks to ensure that situations are detected and resolved before they develop into significant issues.

The Asset Plan Review for every asset under management is monitored and updated monthly and linked directly into proprietary portfolio management reports and tracking tools. This system provides “real time” operational and financial data across all KBSRA, LLC portfolios, which is instrumental in making acquisition, disposition, leasing, financing and cash management decisions. It is also highly useful in monitoring potential risks and deviations from the original investment plan. Each month, variances to budget and original plan are reviewed and evaluated so that revised operational strategies can be employed, if necessary.

Additionally, a critical part of this process is ongoing communications with clients throughout the investment cycle. Timely active communication alerts clients to both positive and negative changes that develop.

- Investing in securities, or any type of investment, involves risk of loss that clients should be prepared to bear.

Item 9 Disciplinary Information

- Form ADV Part 2 requires KBSRA, LLC to disclose legal or disciplinary events involving the firm or our partners, officers, or principals that are material to a client's or prospective client's evaluation of KBSRA, LLC's advisory business or the integrity of its management. At this time, we have no information to report that is applicable to this item.

Item 10 Other Financial Industry Activities and Affiliations

- KBSRA, Inc. will act as a sub-advisor to KBS Realty Advisors, LLC and KB Opportunity Investors, both affiliates of the KBSRA, Inc.

CB Richard Ellis, Inc., parent company of Koll Investment Management, is a real estate broker. KBSRA, Inc. may from time to time use CB Richard Ellis, Inc. for property management and leasing services. The principals of KBSRA, Inc. and Koll Investment Management both have partnership interests in a previously established investment partnership known as KB Opportunity Investors ("KBOI"). KBOI is no longer acquiring additional investments.

Various affiliates of KBSRA, Inc. act as general partner to real estate limited partnerships. These affiliates may engage KBSRA, Inc. to provide advisory and administrative services to these partnerships.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

- KBSRA, Inc. does not, as a general practice, buy or sell securities for its own investment account, although the owners and employees of KBSRA, LLC may do so, either individually or as a group (such as through an investment partnership). KBSRA, LLC does not prohibit any of its principles or employees from purchasing or selling for their own accounts, securities that may be recommended or held by clients of the firm. Further, KBSRA, LLC personnel may invest in Fund or REIT clients, and the firm may cause clients to invest in Fund or REIT clients.

KBSRA, LLC has adopted a code of ethics designed to insure that the personal securities transactions of its employees do not create a conflict of interest with the interests of any client of the firm in connection with client trading activity in the same securities or assets. As a general matter, personnel may not trade in any security for their own accounts until all active client purchases and sales of the same securities have taken place. Particular securities/investments and issuers may be placed on “restricted lists” if portfolio managers receive nonpublic information through their work at KBSRA, LLC or otherwise. In such cases, KBSRA, LLC may not trade in those securities/investments or issuers, even on behalf of clients, while that information remains nonpublic. Personnel and affiliates of KBSRA, LLC may serve on the boards of directors of public and private real estate and other companies.

- A copy of our code of ethics will be provided to any client or prospective client upon request.

Item 12 Brokerage Practices

- KBSRA, LLC has discretion to choose brokers and/or dealers through whom transactions for clients may be executed. KBSRA, LLC seeks to obtain quality execution for security transactions at favorable security prices and at competitive rates through brokers and dealers who in KBSRA, LLC's opinion are financially responsible.
- KBSRA, LLC pays commissions to real estate brokers/dealers for purchases, leasing, and sales of real estate assets. However, KBSRA, LLC does not pay commissions to broker/dealers for soliciting and/or placing client securities or funds.
- KBSRA, LLC has no agreements with brokers for a fixed dollar commission commitment in return for research services from a third party research provider.

Item 13 Review of Accounts

- Each account is reviewed by Senior Management, Asset Managers, Financial Analysts and Fund Accounting Teams to determine conformity with investment objectives, guidelines and restrictions for the account. These reviews take place on a monthly basis, or more frequently as deemed appropriate, taking into account revisions in client objectives, material movement in the market and other like and unlike factors. The investment committee will review and consider reports of each client no less frequently than quarterly.

Periodic detailed reports are prepared for all clients. Not all of the following reports are specific to all clients; however, examples of the types of reports which clients could expect may include, but are not limited to, the following:

1. *Property Level Balance Sheets and Operating Statements*

Transactions in underlying investments

2. *Property Level Statements of Cash Flow Cash*

Activity in underlying investments

3. *Notes to Financial Statements*

Commitments to underlying investments

4. *Summary of Invested Assets*

Schedule of underlying investments

5. *Property Level Financial Statements / Narrative Discussions*

Valuation of underlying investments

6. *Tables and Narrative Discussions*

Industry standard data for the underlying investments

7. *Cash Basis Returns / Current Value Returns Compared to NCREIF Standards*

Gross and net performance by underlying investment, sub-asset class, geography, vintage year etc., using a broad list of industry standard metrics

8. *Consolidated Financial Statements*

Account summary or aggregate reporting

9. *Portfolio Level Bank Account Activity*

Account cash activity, including fees and expenses

Item 14 Client Referrals and Other Compensation

- Other than as described in Item 12, Brokerage Practices, above, there is no economic benefit or compensation paid to anyone for providing investment advice or other advisory services to our clients.
- KBSRA, Inc. does have a third party to whom compensation is paid for managing the transfer of international funds.

Item 15 Custody

- KBSRA, LLC addresses transparency by the reporting mentioned below. KBSRA, LLC also receives a formal Investment Policy Statement from the Investor with a statement of investment objectives and risk tolerance. Full quarterly reports with detailed financial statements and narratives are provided by KBS.

All separately managed account clients should receive, at least quarterly, account statements from the broker-dealer, bank, or other custodian that maintains the client's assets. We urge clients to compare the statements received from their custodians with the statements they receive from us. Statements that we provide clients may vary from the statements received from custodians due to differences in the timing on posting transactions, accounting procedures, or other reasons. We generally provide Fund investors with the Fund's annual audited financial statements prepared by an independent public accountant.

- Currently, KBSRA, LLC maintains custody of real estate assets, real estate supported by trust deeds, client cash, notes receivable, and letters of credit for security deposits from lease tenants.
- Cash funds are maintained in recognized FDIC insured banks with controls in place to provide a secure environment for the funds. Procedures require more than one individual to authorize and release wires, checks, etc. from these accounts. Controls are in place which specify who may set up new accounts and who has authorization to access the accounts for wires, checks, etc.

Item 16 Investment Discretion

- We generally receive and exercise discretionary authority to manage investments on behalf of clients. As noted in Item 4 above, clients may impose limitations on this discretion with respect to certain aspects of account management.
- We typically assume this discretionary authority through a power of attorney or contract provision granted or entered into by a client, or through the constituent documents of a Fund.

Item 17 Voting Client Securities

- KBSRA, LLC does not have authority to vote client securities.

Item 18 Financial Information

- Form ADV Part 2 requires KBSRA, LLC to disclose any financial condition reasonably likely to impair its ability to meet contractual commitments to clients. At this time, we have no information to report that is applicable to this item.