

## **Part 2A of Form ADV: Firm Brochure**

### **Item 1 Cover Page**

**KBS Realty Advisors, LLC**  
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Date of Brochure: June 19, 2015

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 KBSRA, LLC at (949) 417-6500 or [rumipig@kbs.com](mailto:rumipig@kbs.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 KBSRA, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Although KBSRA, LLC may use the term “registered investment adviser” or use the term “registered” through this Form ADV Part 2A, the use of these terms is not intended to imply a certain level of skill or training.

## **Item 2 Material Changes**

The U.S. Securities and Exchange Commission (“SEC”) issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization. All investment adviser must comply with the Rule. Filing via IARD must be made within 90 days of the end of each adviser's fiscal year end.

### **Annual Update**

The Material Changes section of this brochure will be updated annually and/or when material changes occur since the previous release of KBSRA, LLC’s Brochure. A summary of changes is necessary to inform clients of any substantive changes to KBSRA, LLC’s policies, practices or conflicts of interests so that they can determine whether to review the brochure in its entirety or to contact KBSRA, LLC with questions about the changes.

### **Material Changes since Last Update**

- This brochure was last updated March 27, 2015. The following summarizes only material changes made to this Brochure since the last update.

As reflected on Form ADV Part 1, KBSRA, LLC has filed as a state registered investment adviser as it has determined that it is no longer eligible for registration with the SEC.

Clients who would like to receive a complete copy of our Firm Brochure, please contact CCO, Rachel Umipig at (949) 417-6500 or via email at [rumipig@kbs.com](mailto:rumipig@kbs.com).

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#### Item 4 Advisory Business

- Founded by Peter M. Bren and Charles J. Schreiber, Jr. in 2000, KBSRA, LLC provides acquisition, disposition, asset management and consulting services to corporations and institutional investors in connection with real estate assets and real estate-related investments including, on a limited basis, real estate securities. In particular, KBSRA, LLC provides these services to pension and profit sharing plans and sovereign wealth funds through its management of real estate limited partnerships established to facilitate the investment by such clients directly or indirectly in real estate and related investments. In certain cases, such limited partnerships may invest through a real estate investment trust.
- KBSRA, LLC does not participate in any Wrap Programs.

#### Principal Owners

For the purpose of this section, KBSRA, LLC lists its principal owners as any person directly owning 25% or more of KBSRA, LLC as disclosed on Schedule A of Part 1A as of the last update filing.

KBSRA, LLC's principal owners are as follows:

PBren Investments, L.P. and Schreiber Real Estate Investments L.P.'s each own 50% of KBS Realty Advisors, LLC and are subsequently owned by Peter M. Bren and Charles J. Schreiber, Jr. respectively as illustrated below.

Peter M. Bren	Charles J. Schreiber, Jr.
100% owner	100% owner
↓	↓
PBren Investments, L.P.	Schreiber Real Estate Investments L.P.
50% owner	50% owner
↓	↓
KBS Realty Advisors, LLC	

KBSRA, LLC is not a publicly held company

#### Types of Advisory Services Offered

- Acquisition services include identifying and evaluating for client investment various real estate assets and real estate-related investments including, on a limited basis, real estate securities including but not limited to: direct investments in real estate, real estate limited partnership interests, real estate investment trusts, group trusts and other collective real estate investment vehicles, loans secured by interests in real estate, real property equities, and mortgage-backed securities. In this capacity, KBSRA, LLC serves as investment adviser to public and corporate pension funds and sovereign wealth funds and/or certain investment vehicles established on their behalf.

- 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 real property asset management services to clients with respect to real property assets acquired by clients with its assistance and such assets transferred to its management by clients. Real property 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 real property asset performance to emphasize maximization of investment value.
- KBSRA, LLC also arranges and coordinates the sale of real property assets for its clients.

#### **Assets under Management**

- As of 12/31/14, KBSRA, LLC managed client assets of approximately \$1.6 billion on a discretionary basis and approximately \$198 million on a non-discretionary basis. A substantial majority of these assets managed by KBSRA, LLC are invested in real estate property assets with the remainder of these assets being invested in other real estate-related investments, including, but not limited to, real estate securities.
- Because the majority of client assets managed by KBSRA, LLC are invested in real estate property assets, such assets may not be included in KBSRA, LLC's calculation of regulatory assets under management provided in Part 1 of Form ADV. Therefore, the amount of client assets managed disclosed in this Brochure may be different from the amount of KBSRA, LLC's regulatory assets under management disclosed in Part 1 of Form ADV.

## **Item 5 Fees and Compensation**

KBSRA, LLC may receive from its clients some or all of the following fees in connection with its advisory and real estate asset management services:

- Acquisition fees for services related to the sourcing, underwriting and negotiating of real property investments and, in certain cases, loans and other debt secured by real estate, are due to variability typically based on a percentage of acquisition cost (or funding amount). Acquisition fee will be paid at the closing of an Asset.
- Asset management fees for investment advisory services relating to real estate properties and other real estate-related investments (including real estate securities) held by a client are equal to a percentage of average monthly net asset value or the cost of investments acquired, payable quarterly or monthly. The applicable asset management fee may scale downward at various break points as net asset value increases. Generally, asset management fees fall within a range between 40 and 150 basis points per year, depending on the size and complexity of a particular client's portfolio. KBSRA, LLC may negotiate separate asset management fees with each client. The fees, accordingly, may vary for each client and/or investment vehicle established and managed for clients. Lower fees for comparable services may be available from other sources. In addition, KBSRA, LLC may charge certain clients fees for the administration of a portfolio. Generally, these administration fees are approximately 35 basis points per year. Asset management fees and administrative fees will be invoiced quarterly in arrears and prorated for any partial period.
- KBSRA, LLC may charge a separate fee for managing excess cash which at any point in time is not otherwise invested in real estate assets. KBSRA, LLC does not have a set fee schedule for cash management services. The fees for such services are negotiable.
- In certain cases, KBSRA, LLC may have the ability to receive performance-based fees from its clients. Such performance-based fees could constitute an incentive. 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 performance-based compensation is intended to comply with the provisions of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act") or similar state rules 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.

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

- As noted in Item 5 above, certain clients may pay KBSRA, LLC performance-based fees.
- Because of the different fee arrangements in place for its clients, including its receipt of performance-based fees from some clients and not from others, KBSRA, LLC may have an incentive to favor clients that pay performance-based fees over those that do not. This incentive could, for example, affect its decision to invest in certain real estate assets or real estate-related investments (including real estate securities) for some clients and not for others if it believes the transaction will be profitable (or to allocate a greater portion of a limited investment opportunity to such clients' accounts), or to engage in cross trades between client accounts.
- To address these conflicts, KBSRA, LLC's policies and procedures seek to provide that investment decisions are made without consideration of its economic interests, and instead are made in accordance with its fiduciary duties to all clients. It is the policy of KBSRA, LLC that investment decisions are to be made consistent with the investment objectives, guidelines, and restrictions of clients and those investments are to be allocated fairly and equitably over time among clients, taking into consideration the objectives, restrictions, investment strategy, asset allocation and benchmarks of each client. As a general matter, KBSRA, LLC and its affiliates generally do not recommend the same investment in the same asset or investment opportunity for two or more clients of KBSRA, LLC or its affiliates at the same time. Given cash constraints and the amount of time often required to "close" on certain recommended investments, KBSRA, LLC expects that determinations regarding which client will invest into a particular asset or investment opportunity will arise somewhat infrequently. Nevertheless, in accordance with its duties under the Advisers Act, the policy of the KBSRA, LLC is to allocate specific investment opportunities which may be suitable for one or more clients on a fair and equitable basis over time.
- When deciding whether to allocate a limited investment opportunity to any client of, in their sole and absolute discretion, KBSRA, LLC and its affiliates shall seek to determine the client for which the investment opportunity is most suitable based on the investment objectives and other criteria for each client. Some of the factors considered are: (i) the investment objectives and criteria of each client; (ii) the cash requirements of each client; (iii) the effect of the investment on the diversification of each client's portfolio; (iv) the anticipated cash flow of the property or asset to be acquired; (v) the income tax effects of the purchase on each client; (vi) the size of the investment; and (vii) the amount of funds available to each client and the length of time that such funds have been available for investment.
- KBSRA, LLC's receipt of performance fees from certain clients may incentivize it to make investments that are riskier or more speculative than it would make if it did not receive performance fees.
- KBSRA, LLC and its 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 its clients. Additionally, KBSRA, LLC and its affiliates may own interests in those investments funds and managed accounts. In certain circumstances, particularly when KBSRA, LLC and its affiliates sponsor a new product or platform (because KBSRA, LLC and its affiliates may provide the initial seed money), such product or platform may be wholly or principally owned by KBSRA, LLC and its affiliates. KBSRA, LLC ownership interest in these accounts may give it an incentive to favor these accounts over other client accounts.

- Currently, KBSRA, LLC does not receive performance-based fees nor does it receive any other fees which have not been previously disclosed above. In the event KBSRA, LLC is compensated for investment advisory services by performance-based fees, such fees will only be charged in accordance with the provisions of CCR Section 260.234.



### **Item 7 Types of Clients**

- The types of clients to whom KBSRA, LLC generally provides investment advice are institutional clients, including corporations, pension funds, and sovereign wealth funds, each of whom may invest through real estate limited partnerships or real estate investment trusts.
- KBSRA, LLC does not maintain any minimum requirements for opening or maintaining an account.

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

- KBSRA, LLC provides asset management services and investment advisory services in respect of the following types of investments: direct investments in real estate, real estate limited partnership interests, real estate investment trusts, group trusts and other collective real estate investment vehicles, loans secured by interests in real estate, real property equities, and mortgage-backed securities.
- Investment analysis methods will include internally and externally prepared appraisals/valuations of real property assets to include consideration of market conditions and an asset's 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, LLC maintains cash accounts for several of its clients which, to the extent not required to be invested in real estate related assets, may be invested and reinvested in direct obligations of the United States of America, normally only Treasury bills and notes, and in bank issued commercial paper and certificates of deposit, including money market accounts. Maturity of the investment and length of deposit, as the case may be, is determined by the time at which the proceeds are needed. The income and proceeds of sales from such instruments are used only in connection with KBSRA, LLC's activities on behalf of its clients. Such accounts, insofar as they are used, are replenished with monies generated from a client's real estate assets or may, in some cases, be replenished by the client. Funds in such accounts not required for such real estate related assets are distributed to the clients.

- KBSRA, LLC's acquisition team identifies opportunities in real estate assets and related investments by focusing on selective regions and submarkets that it believes 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 real estate assets and real estate-related investments (including real estate securities) or any type of investment, involves risk of loss that clients should be prepared to bear.

The following are some of the material risks associated with the various real estate investments recommended by KBSRA, LLC to its clients:

- Economic, market and regulatory changes may impact the real estate market generally and may decrease the value of the investments acquired for clients;
- The investment returns and cash flow associated with investments in real estate properties are dependent on the ability of tenants to pay rent. To the extent that tenants default, terminate their leases or are significantly impacted by certain outside economic factors, the net income associated with such real estate properties may be adversely affected;
- Competition in the market from third parties in acquiring properties or other real estate-related investments may reduce the profitability of such investments;
- The value of investments recommended in real estate loans or securities may be adversely affected by fluctuations in interest rates;
- The mortgage loans recommended and the value of mortgage loans underlying the mortgage securities recommended are subject to delinquency, foreclosure and loss, which could result in losses to clients;
- Investments recommended in subordinated loans and subordinated mortgage-backed securities may be subject to losses;
- In addition to being subject to the risks associated with mortgage loans, the commercial mortgage-backed securities recommended for investment are subject to the risks of the securitization process;

- Some or all of the investments recommended in real estate-related securities and loans may be illiquid and, thus, may be particularly vulnerable to changes in economic and other conditions;
- Prepayments can adversely affect the yields on the real estate-related investments recommended to clients.

In addition to the foregoing real estate-related risks, KBSRA, LLC's clients may be exposed to other risks associated with certain inherent or potential conflicts of interest raised by KBSRA, LLC's ownership structure and the investment activities engaged in by its affiliates, which clients should consider. These risks include, without limitation:

- KBSRA, LLC faces certain conflicts of interest with its affiliates, which are primarily owned by certain of KBSRA, LLC's principal owners and/or certain of its key investment professionals, caused by the compensation arrangements in place with KBSRA, LLC's clients on the one hand and the clients of its affiliates on the other. Such conflicts may give KBSRA, LLC's principal owners and/or key investment professionals an incentive to favor certain client accounts over others to the extent that the fee arrangements with such clients are more beneficial;
- KBSRA, LLC's affiliates sponsor or manage other investment funds and accounts, some of which have objectives that are similar to, or which overlap with, those of KBSRA, LLC's clients. As a result, KBSRA, LLC's clients and such other similar investment funds and accounts could compete for certain limited investment opportunities analyzed by KBSRA, LLC's investment professionals. To the extent that these investment opportunities are not allocated to KBSRA, LLC's clients, the performance of such clients' investment portfolios may be adversely affected. Conversely, the investment objectives and/or investment strategies employed by KBSRA, LLC's affiliates on behalf of certain clients could conflict with the transactions and strategies employed by KBSRA, LLC on behalf of its clients, which may affect the prices and availability of the real estate investments in which such clients invest; and
- KBSRA, LLC's investment professionals who provide investment advice to other investment funds and accounts face competing demands for their time which may have an adverse effect on KBSRA, LLC's clients.

**The preceding discussion of the risks (i) associated with investments in real estate and real estate-related investments and (ii) related to KBSRA LLC's structure and the investment activities of its affiliates is not intended to be exhaustive.**

Despite the aforementioned potential conflicts, KBSRA, LLC and its personnel have both legal and fiduciary obligations as prescribed by the respective client's partnership and/or operating agreements and applicable law. Advisory personnel are required to allocate sufficient time in which to discharge these responsibilities.

## Item 9 Disciplinary Information

### Disclosure Events

- There are no disclosure events involving a criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which KBSRA, LLC or its management personnel are involved.
- There are no disclosure events involving an administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* in which KBSRA, LLC or its management personnel are involved.
- There are no disclosure events involving a *self-regulatory organization (SRO) proceeding* in which KBSRA, LLC or its management personnel are involved.

## **Item 10 Other Financial Industry Activities and Affiliations**

### **Other Investment Adviser Affiliation**

- Two of KBSRA, LLC's affiliates, Koll Bren Schreiber Realty Advisors, Inc. ("KBS Realty") and KBS Capital Advisors, LLC ("KBS CA" and, collectively, with KBS Realty, the "Investment Adviser Affiliates"), are each registered investment advisers with the SEC. KBS CA is the exclusive external advisor to publicly registered, non-traded real estate investment trusts which are sponsored and managed by its affiliates and affiliates of KBSRA, LLC (collectively, the "KBS REITs"). KBS Realty provides real estate asset management and advisory services to corporations and institutional investors including pension plans. Like KBSRA, LLC, the Investment Adviser Affiliates also provide real estate asset management and advisory services in connection with real estate assets and real estate-related investments including certain real estate-related securities. As mentioned in Item 8 above, the Investment Adviser Affiliates are substantially owned and managed by certain of KBSRA, LLC's principal owners and/or certain of its key investment professionals and certain of the same investment professionals that conduct the advisory activities for KBSRA, LLC also perform the same or similar functions in connection with their duties in respect of the Investment Adviser Affiliates. Furthermore, the Investment Adviser Affiliates sponsor and manage other investment funds and accounts which may have the same or similar investment objectives and strategies to those of the KBSRA, LLC's clients. As a result, to the extent that the accounts or investment funds managed by the Investment Adviser Affiliates have compensation arrangements in place that are more beneficial, there is a potential conflict that KBSRA, LLC's principal owners and/or key investment professionals have an incentive to favor certain higher paying client accounts over the accounts of KBSRA, LLC's clients when allocating limited investment opportunities. Please refer to Items 6 and 8 above for a description of how KBSRA, LLC and its affiliates attempt to address certain conflicts raised by its ownership structure.

### **Broker/Dealer Affiliation**

- Another one of KBSRA, LLC's affiliates, KBS Capital Markets Group LLC ("KBS Capital Markets"), is registered as a broker-dealer with the SEC and is also a member of FINRA in such capacity. KBS Capital Markets serves as the dealer manager in connection with the offering of shares in the KBS REITs managed by KBS CA.
- Certain affiliates of KBSRA, LLC act as general partner to real estate limited partnerships established to facilitate the investment by KBSRA, LLC's clients in real estate and real estate-related investments. These affiliates may engage KBSRA, LLC to provide advisory and administrative services to these partnerships.

### **Disclosure of Material Conflicts**

- All material conflicts of interest under CCR Section 260.238(k) are disclosed regarding the Adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

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

### **Code of Ethics**

- KBSRA, LLC has adopted a code of ethics (the “Code”) that is applicable to all employees of KBSRA, LLC. The Code contains policies and procedures that, among other things:
  - Require employees to observe fiduciary duties owed to clients;
  - Prohibit employees from taking personal advantage of opportunities belonging to clients;
  - Place limitations on personal trading by employees and impose reporting obligations with respect to employee personal trading except for certain types of securities;
  - Impose limitations on the giving or receiving of gifts;
  - Restrict employees’ outside business activities; and
  - Prohibit disclosure of confidential information relating to KBSRA, LLC, its clients and their investment activity.

In addition, the Code defines material, non-public information, prohibits the use of such information for client or personal gain and sets forth the responsibilities of all employees relative to insider trading. All principals and employees of KBSRA, LLC must agree to comply with the Code upon employment and must certify annually that they have read and understand the Code and have complied with it. A copy of the Code will be provided to any client or prospective client upon request.

- Pursuant to the Code, as a general matter, KBSRA, LLC employees may not trade in any security for their own accounts until all active client purchases and sales of the same securities have taken place.

### **Participation/Interest in Client Transactions**

- KBSRA, LLC does not, as a general practice, buy or sell securities for its own investment account, although the principals 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 principals or employees from purchasing or selling for their own accounts securities that may be recommended or held by the KBSRA, LLC’s clients or from taking investment positions that are different from or opposite to investments recommended or held by such clients. To address potential conflicts of interest posed by the aforementioned personal trading activity, KBSRA, LLC maintains the Code, as described above. The Code requires KBSRA, LLC’s principals or employees who have access to client recommendations or client positions (“access persons”) to periodically report their personal securities transactions and holdings to its Chief Compliance Officer (or his/her designee). In this way, KBSRA, LLC is able to monitor and identify personal trading activity that might present a conflict of interest.

## **Item 12 Brokerage Practices**

- As described above, KBSRA, LLC primarily provides real estate asset management and advisory services to its clients in respect of direct investments into real property assets and real estate-related investments including, to a limited extent, certain real estate securities. In the event that KBSRA, LLC recommends or trades in securities on behalf of its clients, such securities are typically not publicly traded and/or are purchased from dealer inventories. Therefore, while KBSRA, LLC often has discretion to choose brokers and/or dealers through whom transactions for clients may be executed, the broker-dealer selection process is not the same as it would be for exchange-traded securities. Nevertheless, KBSRA, LLC seeks to obtain quality execution for securities transactions at favorable prices and at competitive rates or spreads through brokers and dealers who in KBSRA, LLC's opinion are financially responsible.
- In connection with KBSRA, LLC's clients' investments in real estate assets, such clients frequently pay commissions to real estate brokers/dealers for purchases, leasing, and sales of real estate assets.
- KBSRA, LLC does not pay commissions to broker/dealers for soliciting and/or placing clients.
- 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 client's portfolio is reviewed by KBSRA, LLC's investment committee consisting of the Chief Executive Officer, Chairman & President, the Regional President managing the asset portfolio, and certain key investment professionals to determine conformity with investment objectives, guidelines and restrictions for the client. 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. KBSRA, LLC's 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 its clients.
- KBSRA, LLC has entered into an agreement with a third-party placement firm to refer potential foreign clients to the firm. Under an agreement in place with this firm, compensation paid is based upon a percent of acquisition fees and advisory fees received from clients who are referred by such firm. The third-party placement firm may also receive a percentage of performance-based fees received from such clients, if any, after a hurdle rate of return has been achieved.

#### **Receipt of Economic Benefit (non-client)**

- KBSRA, LLC does not receive an economic benefit from someone other than a client for providing advisory services.

## **Item 15 Custody**

- Registered investment advisers with actual or constructive custody or possession of client funds or securities are required to comply with Rule 206(4)-2 under the Advisers Act (the “custody rule”). Although KBSRA, LLC generally does not have custody over client securities, KBSRA, LLC may have technical custody of certain types of privately-offered real estate securities (e.g., interests in limited partnerships, limited liability companies or other private companies) by maintaining physical possession of documentation evidencing such securities. In addition, KBSRA, LLC is deemed to have custody over its clients’ cash and securities by virtue of the fact that affiliates of KBSRA, LLC serve as general partner to the limited partnerships established to facilitate the investment by its clients in real estate and real estate-related investments. Even though KBSRA, LLC is deemed to have custody over client cash and securities, it is exempt from many of the provisions of the custody rule because the limited partnership investment vehicles established to facilitate investment by each of its clients are audited in accordance with U.S. generally accepted accounting principles on an annual basis by an independent accountant and the audited financial statements are distributed to limited partners within 120 days of the end of each limited partnership’s fiscal year.
- Except as is permitted by the custody rule, client securities generally are held in separate accounts in the client’s name with registered broker-dealers and/or banks (i.e., qualified custodians) and all client cash is maintained in separate accounts with FDIC-insured banks.
- All clients should receive, at least quarterly, account statements from the broker-dealer, bank, or other qualified custodian that maintains its cash and/or securities. Clients are urged to compare the statements received from their custodians with any statements they may receive from KBSRA, LLC. Statements that KBSRA, LLC provides clients may vary from the statements received from custodians due to differences in the timing on posting transactions, accounting procedures, or other reasons.
- In addition, KBSRA, LLC may maintain custody of certain real estate assets on behalf of clients including real estate supported by trust deeds, notes receivable and letters of credit for security deposits from lease tenants.

## **Item 16 Investment Discretion**

- KBSRA, LLC primarily provides real estate asset management and advisory services to its clients in respect of direct investments into real property assets and real estate-related investments including, to a limited extent, certain real estate securities. Even though KBSRA, LLC does not frequently engage in securities transactions on behalf of its clients, it does typically have discretionary authority to buy and sell securities for clients. Clients may impose limitations on this discretion with respect to certain aspects of the management of its portfolio. Such limitations are stated in the governing documents of the limited partnership investment vehicles or in an asset management agreement.
- KBSRA, LLC typically assumes discretionary authority through a power of attorney contained within the governing documents of the limited partnership investment vehicle, or through a power of attorney granted in an asset management agreement.

### **Item 17 Voting Client Securities**

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

## **Item 18 Financial Information**

### **Pre-Payment of Fees**

KBSRA, LLC does not require or solicit prepayment of more than \$500 in fees per *client*, six months or more in advance.

### **Material Impact of Discretionary Authority**

KBSRA, LLC may exercise *discretionary authority*, however, KBSRA, LLC is not aware of any financial condition that could impair its ability to meet its contractual commitments to the REITs.

### **Custody Disclosure**

Please see Custody section above for further details.

### **Bankruptcy Disclosure**

KBSRA, LLC has not been the subject of a bankruptcy petition at any time during the past ten years.

### **Item 19 - Requirements for State-Registered Advisors**

- KBSRA, LLC is pending registration with the State of California. Application for registration in other states will be made as necessary.
- Registration does not imply endorsement by the regulating authority.

#### **Principal Executive Officers and Management Persons**

- KBSRA, LLC is controlled and indirectly owned by the following two individuals: Peter Milton Bren, Chairman & President and Charles Jay Schreiber, Jr., Chief Executive Officer

#### **Other Business Activities**

- KBSRA, LLC affiliates engage in other business activities discussed under Item 10 - Other Financial Industry Activities and Affiliations, above.

#### **Performance-Based Fees**

- KBSRA, LLC may receive performance-based fees from certain clients as discussed under Item 5- Fees and Compensation, above. All advisory fees to include performance-based fees and how these fees will be calculated are previously disclosed above in Item 5 Fees and Compensation and/or Item 6 Performance-Based Fees and Side-By-Side Management.

#### **Legal and Disciplinary Issues**

- KBSRA, LLC and our employees seek to maintain the highest level of business professionalism, integrity, and ethics. Neither KBSRA, LLC nor our employees have any legal or disciplinary events on our records to disclose. All material facts involving disclosure events for management persons are previously disclosed above in Item 9 Disciplinary Information

#### **Arrangements with Securities Issuers**

- KBSRA, LLC and our employees have no relationships or arrangements with issuers of securities. All relationships or arrangements involving management persons are previously disclosed above in Item 10 Other Financial Industry Activities and Affiliations and Item 12 Brokerage Practices.

**Item 20**  
**Form ADV Part 2B:**  
**Brochure Supplement**

Supervised Persons:  
Rachel Umipig

**KBS Realty Advisors, LLC**  
**CRD # 119662**  
800 Newport Center Drive, Suite 700  
Newport Beach, CA 92660  
(949) 417-6500  
Website <http://www.kbs.com>

May 8, 2015

This brochure supplement provides information about the Supervised Persons listed above that supplement KBSRA, LLC's brochure. You should have received a copy of that brochure. Please contact (949) 417-6500 or [rumipig@kbs.com](mailto:rumipig@kbs.com) if you did not receive KBSRA, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about KBSRA, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or its own website at [www.kbs.com](http://www.kbs.com).

**Item 2- Educational Background and Business Experience**

**Supervised Persons**

**Rachel E. Umipig**

Born 1968

Education: California State University, Long Beach, CA 1995, B.S. –Finance

Business Background: Koll Bren Schreiber Realty Advisors, Inc., KBS Realty Advisors, LLC., and KBS Capital Advisors LLC., Chief Compliance Officer, 03/2014 to present; Financial Industry Regulatory Authority, Inc. (FINRA), Principal Examiner, 10/2009-03/2014; WM Financial Services, Compliance Officer, 05/2001-05/2009.

**Item 3 Disciplinary Information**

**Criminal or Civil Action**

There are no disclosure events involving a criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which KBSRA, LLC or its personnel are involved.



**Administrative Proceeding (SEC/Federal/State)**

There are no disclosure events involving an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which KBSRA, LLC or its personnel are involved.

**Administrative Proceeding (SRO)**

There are no disclosure events involving a self-regulatory organization (SRO) proceeding in which KBSRA, LLC or its personnel are involved.

**Use of BrokerCheck**

If this supplement is delivered electronically, and any supervised person under the firm has a disciplinary history, the details of any disclosure may be found on either the Financial Industry Regulatory Authority's (FINRA) BrokerCheck system ([www.finra.org/brokercheck](http://www.finra.org/brokercheck)) or the IAPD ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)).

There is no other *proceeding* in which a professional attainment, designation, or license of any of the supervised persons as part of this Brochure Supplement was revoked or suspended because of a violation of rules relating to professional conduct, nor were there any incidents where any of the supervised persons as part of this Brochure Supplement resigned (or otherwise relinquished his attainment, designation, or license) in anticipation of such a *proceeding*.

**Item 4 Other Business Activities****Other Related Investment Business**

None of KBSRA, LLC's *supervised person(s) listed above* is actively engaged in any *investment-related* business or occupation, including if the *supervised person* is registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant ("FCM"), commodity pool operator ("CPO"), commodity trading advisor ("CTA"), or an associated *person* of an FCM, CPO, or CTA.

**Item 5- Additional Compensation**

Rachel Umipig does not receive any additional economic benefit from third parties for providing advisory services.

**Item 6 – Supervision**

Rachel Umipig is the designated supervisor for KBSRA, LLC responsible for providing supervisory oversight regarding KBSRA, LLC's advisory business. Rachel Umipig's contact information is (949) 417-6514 or via email at [rumipig@kbs.com](mailto:rumipig@kbs.com). All supervision is performed on a regular and continuous basis where all transactional activity is reviewed and approved by Rachel Umipig as well as a review of ongoing management of investment advice and the issuance of financial plans.

## **Item 7- Requirements for State-Registered Advisors**

### **Disclosure Events**

None of the supervised persons listed above as part of this Brochure Supplement have been involved in any disclosure event where they were found liable in an arbitration claim alleging damages in excess of \$2,500, or found liable in a civil, self-regulatory organization, or administrative proceeding; or have been the subject of a bankruptcy petition.