

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

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This brochure provides information about the qualifications and business practices of KBS Capital Advisors LLC (“KBSCA”). If you have any questions about the contents of this brochure, please contact KBSCA at (949) 417-6514 or Rachel Umipig at rumipig@kbs.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about KBSCA also is available on the SEC’s website at www.adviserinfo.sec.gov.

While KBSCA is a registered investment adviser with the SEC, that registration does not imply a certain level of skill or training.

Item 2 Material Changes

This brochure was last updated March 30, 2020. There have been no material changes made to this Brochure since the last update.

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Item 4 Advisory Business

- KBS Capital Advisors LLC (“KBSCA”) began its operation in 2006 as the exclusive external advisor to publicly registered, non-traded real estate investment trusts which are sponsored and managed by its affiliates (collectively, the “REITs”). As of the date of this Brochure, KBSCA serves as the external advisor of KBS Real Estate Investment Trust II, Inc. (“REIT II”), KBS Real Estate Investment Trust III, Inc. (“REIT III”), and KBS Growth & Income REIT, Inc (“G&I” and, collectively, the “REITs”). As used in this brochure, the term “client” refers to each advisory client of KBSCA (e.g., the REITs) and not to the investors in any of the REITs.
- As external advisor to the REITs, KBSCA manages the day-to-day operations of the REITs’ portfolios of real estate properties and real estate-related assets (including real estate-related securities) and is primarily responsible for the identification and analysis of real estate properties and real estate-related investments. Generally, proposed investments must ultimately be approved by at least a majority of a REIT’s board of directors or a majority of such REIT’s Conflicts Committee and, as such, KBSCA generally functions in a non-discretionary capacity. However, subject to the limitations in each REIT’s charter and the oversight of its board of directors, KBSCA may exercise limited discretionary authority to make certain securities investments on behalf of the REITs. Please refer to the respective REIT’s prospectus for a further description of KBSCA’s investment authority.

KBSCA is indirectly owned by Charles Jay Schreiber Jr and The Estate of Peter M. Bren. Peter McMillan III and Keith D. Hall each indirectly own a minority economic interest in KBSCA.

Charles Jay Schreiber, Jr. has the authority to control KBSCA and, as CEO, Chairman, President, Secretary & Treasurer, also has responsibility for the management of the day-to-day operations of KBSCA. Messers. McMillan and Hall hold passive interests in KBSCA and have no ongoing management responsibility or authority with respect to KBSCA.

Mr. Schreiber graduated from the University of Southern California with a Bachelor’s Degree in Finance with an emphasis in Real Estate. During his four years at USC, he did graduate work in the then newly formed Real Estate Department in the USC Graduate School of Business.

Mr. Schreiber has been involved in real estate development, management, acquisition, disposition and financing for more than 40 years and with the acquisition, origination, management, disposition and financing of real estate-related debt investments for more than 30 years. Prior to co-founding the first KBS-affiliated investment advisor in 1992, he served as the Executive Vice President of Koll Investment Management Services and Executive Vice President of Acquisitions/Dispositions for The Koll Company. During the mid-1970s through the 1980s, he was Founder and President of Pacific Development Company and was previously Senior Vice President/Southern California Regional Manager of Ashwill-Burke Commercial Brokerage. Mr. Schreiber is the Chief Executive Officer of KBS Realty Advisors and is a principal of Koll Bren Schreiber Realty Advisors, Inc.

He is currently an Executive Board Member for the USC Lusk Center for Real Estate at the University of Southern California Marshall School of Business/School of Policy, Planning and Development and serves as a member of the Executive Committee for the Public Non-Listed

REIT Council for the National Association of Real Estate Investment Trusts. He is also a member of the National Council of Real Estate Investment Fiduciaries.

Mr. Schreiber has served as a member of the board of directors and executive committee of The Irvine Company since August 2016, and since December 2016, Mr. Schreiber has served on the Board of Trustees of The Irvine Company. Mr. Schreiber also serves as Chairman of the Board and a director of KBS US Prime Property Management Pte. Ltd.

Mr. Schreiber is actively involved in the management and operations of KBSCA. The primary responsibility for the investment recommendations made by KBSCA to its clients, including the selection of real estate properties and real estate-related investments to be recommended, and the negotiation for these investments, resides ultimately with Mr. Schreiber.

- KBSCA provides advisory services to the REITs in accordance with the investment policies and objectives adopted by the REITs' boards of directors. Consistent with the REITs' investment objectives and strategies, the securities advisory services that KBSCA provides are limited to certain real estate-related securities. The individual needs of the investors in the REITs are not considered when making investment recommendations or providing other advisory services. Instead, KBSCA's advice is provided directly to the respective REITs and not individually to the investors in the REITs. While the majority of KBSCA's investment recommendations are approved by the REITs' boards of directors, KBSCA may exercise limited discretionary authority with respect to certain real-estate securities investments.
- In addition to managing the day-to-day operations of the REITs' portfolios of real estate properties and real estate-related assets (including real estate-related securities) and providing real estate investment recommendations to the REITs, under the terms of an advisory agreement executed with each of the REITs, KBSCA also may provide asset management, marketing, investor relations and other administrative services to the REITs.
- As of 12/31/2020, KBSCA managed client assets are \$4,304,797,900 primarily on a non-discretionary basis. A substantial majority of the assets managed by KBSCA 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.

Item 5 Fees and Compensation

KBSCA may receive from the REITs some or all of the following fees in connection with its advisory services:

- Acquisition and origination fees for services related to the selection and purchase of real estate investments, including sourcing, underwriting and negotiating the terms of real estate securities and real property investments. Such fees are typically based on a percentage of acquisition cost or, in the case of origination fees for loans, the amount funded. KBSCA does not have a set fee schedule for acquisition and origination fees, but the amount and further description of such fees is contained in the respective REIT prospectus.
- 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 REIT equal to a percentage of the amount actually paid or allocated to acquire (or fund) the investment (or loan), payable monthly. KBSCA does not have a set fee schedule for asset management fees, but the amount and further description of such fees is contained in the respective REIT prospectus.
- Performance-based compensation equal to a percentage of net cash flows (whether from continuing operations, net sale proceeds or otherwise), but only after investors in a REIT (i) have received a return of their net capital contributions to the REIT and (ii) a certain percentage level of annual cumulative, non-compounded return has been achieved, as set forth in the respective REIT prospectus. Furthermore, if a REIT is listed on a national exchange, upon such listing, KBSCA may receive a subordinated incentive listing fee from the REIT equal to a percentage of the amount by which (y) the REIT's adjusted market value plus distributions made exceeds (z) the aggregate capital contributed by investors plus an amount equal to a certain percentage level of an annual cumulative, non-compounded return as set forth in the respective REIT prospectus.
- Subject to certain limitations, disposition fees for services rendered in connection with the sale of real estate properties or other real estate investments equal to a percentage of the sales price of each property or other investment sold. Such disposition fees may be paid to KBSCA or one or more of its affiliates. KBSCA does not have a set fee schedule for disposition fees, but the amount and further description of such fees is contained in the respective REIT prospectus.
- 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"), 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 from whom such compensation is received.
- In addition to the fees discussed above, KBSCA may be reimbursed by the REITS for some or all of the following expenses incurred in connection with providing advisory services:
- Acquisition and origination expenses to reflect the reimbursement of customary acquisition and origination expenses incurred by KBSCA in connection with the acquisition or origination

of real estate properties, real estate-related loans, real estate-related debt securities and other real estate-related investments on behalf of the REITS. Such expenses may include, without limitation: legal fees and expenses (including the fees of independent contractor in-house counsel that are not employees of KBSCA), costs of due diligence, travel and communication expenses, accounting fees and expenses and other closing costs and miscellaneous expenses.

- Subject to certain limitations as further described in the respective REIT prospectus, other operating expenses including, in some cases, KBSCA's allocable share of its overhead such as rent, internal audit personnel costs, accounting software and cybersecurity related expenses incurred by the Advisor may seek reimbursement for certain employee costs under the Advisory Agreement, although reimbursement for overhead is typically not expected to include costs in connection with services for which KBSCA receives an acquisition, origination or disposition fee (other than the reimbursement of travel and communication expenses).
- Subject to certain limitations as further described in the respective REIT prospectus, organizational and offering costs incurred on behalf of each REIT, if any.
- KBSCA's affiliate, KBS Management Group, LLC ("Co-Manager"), may enter into a co-management agreement for certain real estate properties. Co-Manager provides certain management services at each building in addition to those provided by the third-party property manager. The fees for such services are negotiated with the third-party property manager which is equal to a percentage of the rent.
- KBSCA's affiliate, KBS Capital Markets may also provide certain stockholder services to the REITs and in connection therewith may receive compensation and/or reimbursement of expenses from the REITs for such services. As KBS Capital Markets is KBSCA's affiliate, prospective investors in the REITs should understand that any compensation paid to KBS Capital Markets by the REITs has not been negotiated at arm's length. Please refer to the applicable REIT prospectus and public filings with the SEC for a further discussion of any such compensation and/or reimbursement of expenses and KBS Capital Market's services to the REITs.

The preceding discussion of fees and expenses paid by clients to KBSCA or its affiliates is not intended to be exhaustive. Investors in the REITs should refer to the applicable REIT prospectus for a specific discussion of the fees and expenses received by KBSCA in connection with the services it provides.

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

- As noted in Item 5 above, KBSCA may receive performance-based compensation including, but not limited to, a subordinated participation in the net cash flows of the REITs (subject to the achievement of certain thresholds) or a subordinated incentive fee to the extent the amount of the market value of a REIT's outstanding stock exceeds certain thresholds, each as further described above and in the applicable REIT prospectus.
- One or more of KBSCA's clients or the advisory clients advised by one or more of KBSCA's affiliates that invest in the same or similar asset classes may not be charged performance-based compensation. In addition, some or all of KBSCA's affiliates have the same principals and/or real estate and debt finance professionals (the "KBS Professionals") as KBSCA. Because of the different fee arrangements in place among KBSCA and its affiliates with clients investing in the same asset classes, including the receipt of performance-based compensation from some clients and not from others, there may be an incentive to favor clients that pay performance-based compensation over those that do not. This incentive could, for example, affect the decision to invest in certain real estate properties, securities or other assets for some clients and not for others if it is believed that the transaction will be profitable (or to allocate a greater portion of a limited investment opportunity to certain client accounts), or to engage in cross trades between client accounts.
- To address these conflicts, KBSCA'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 KBSCA 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, KBSCA and its affiliates generally do not recommend the same investment in the same asset or investment opportunity for two or more clients of KBSCA or its affiliates at the same time. Given cash constraints and the amount of time often required to "close" on certain recommended investments, KBSCA 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 KBSCA 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 an investment opportunity to the REITs or any other institutional clients advised by one of KBSCA's affiliates, the KBS Professionals, in their sole discretion, 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 program's or investor's portfolio by type of investment, risk of investment, type of commercial property, geographic location of properties, and tenants of properties and, in the case of debt-related investments, the characteristics of the underlying property; (iv) the policy of each program or investor relating to leverage (v) the anticipated cash flow of the property or asset to be acquired; (vi) the income tax effects of the purchase on each client;

(vii) the size of the investment; and (viii) the amount of funds available to each client and the length of time that such funds have been available for investment. In addition, the boards of directors for the varying REITs have established conflicts committees comprised of independent members of such boards of directors. Among other things, the conflicts committees are responsible for evaluating the performance of KBSCA with respect to whether it is presenting to each respective REIT its fair share of investment opportunities. Each conflicts committee has a duty to ensure that favorable investment opportunities are not disproportionately allocated to other clients or investors managed or advised by KBSCA's affiliates and such considerations are intended to be critical factors in determining whether each REIT will renew the advisory agreement with KBSCA.

The receipt of performance-based compensation also may incentivize KBSCA to recommend investments for and on behalf of the REITs that are riskier or more speculative than KBSCA would otherwise do if it did not receive performance-based compensation. As some of the KBS Professionals also serve as directors of the REITs, the performance-based compensation paid by the REITs to KBSCA was not the product of an arm's length negotiation with a third party.

Item 7 Types of Clients

KBSCA serves as the exclusive external advisor to publicly registered, non-traded real estate investment trusts which are sponsored and managed by its affiliates. As of the date of this brochure, these REITs include, REIT II, REIT III, and G & I.

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

On behalf of its clients, KBSCA makes recommendations for investments in, and manages a diverse portfolio comprised of, real estate properties and real estate-related assets, including, but not limited to, the acquisition of commercial properties; investment in and origination of real estate-related loans such as mortgage, mezzanine, bridge and other loans; debt securities such as mortgage-backed securities and debt securities issued by other real estate companies; equity securities of real estate companies; and certain types of illiquid securities. KBSCA generally recommends investments through the acquisition of individual assets and loan originations or by acquiring portfolios of assets, other unaffiliated real estate investment trusts or real estate companies. On behalf of its clients, KBSCA expects to recommend a diverse portfolio of real estate investments by investment type, investment size and investment risk with the goal of attaining a portfolio of income-producing assets that provides attractive and/or stable returns.

KBSCA has developed a disciplined investment approach that combines the experience of KBS Professionals with a structure that emphasizes thorough market research, stringent underwriting standards and an extensive down-side analysis of the risks of each recommended investment. In addition, for each recommended investment, KBSCA seeks to develop a well-defined exit strategy.

The following practices summarize KBSCA's investment approach:

- *Market Research* – KBSCA's investment team conducts extensive research covering the potential investment, using both real-time market data and the transactional knowledge and experience of its professional network. 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 KBSCA and its affiliates' 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.
- *Investment Discipline* – KBSCA follows a tightly-controlled and managed process to examine all elements of a potential investment. Only those investments meeting the investment criteria and objectives of the REITs will be recommended for inclusion in their respective portfolios.
- *Risk Management* – Risk management is a fundamental principle in the making of investment recommendations and the monitoring of KBSCA's clients' portfolios. KBSCA's investment professionals continuously review the performance of investments against projections and expectations and provide the necessary oversight to address issues that arise with certain recommended investments.
- *Asset Management* – In the case of real property investments, prior to the purchase of a recommended property asset, KBSCA's dedicated asset managers lead an effort to develop a business strategy for each property, including the actions to be taken to achieve the projected returns.

Like all investments, investing in real estate properties, real estate-related assets (including real estate securities), or any other type of investment, involves risk of loss that investors should be prepared to

bear. KBSCA cannot guarantee any level of performance or that its clients or the investors will not experience a loss.

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

- Economic, market and regulatory changes may impact the real estate market generally and may decrease the value of the investments recommended to clients;
- The investment returns and cash flow associated with investments in commercial 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 commercial real estate properties may be adversely affected;
- Competition in the market from third parties in acquiring properties or other real estate-related investments recommended by KBSCA to clients 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; and,
- Prepayments can adversely affect the yields on the real estate-related investments recommended to clients.

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

- KBSCA faces certain conflicts of interest with its affiliates, which are primarily owned by KBSCA's principal owners and/or certain of its key investment professionals, caused by the compensation arrangements in place with its clients on the one hand and the clients of its

affiliates on the other. Such conflicts may give KBSCA's principal owners and/or key investment professionals an incentive to favor certain client accounts over other clients to the extent that the fee arrangements with such clients are more beneficial;

- KBSCA's affiliates sponsor or manage other investment funds and accounts, some of which have objectives that are similar to, or which overlap with KBSCA's clients. As a result, KBSCA's clients and such other similar investment funds and accounts could compete for certain limited investment opportunities analyzed by KBSCA's investment professionals. To the extent that these investment opportunities are not allocated to the KBSCA's clients, the performance of the clients' investment portfolios may be adversely affected. Conversely, the investment objectives and/or investment strategies employed by KBSCA's affiliates on behalf of certain clients could conflict with the transactions and strategies employed by KBSCA on behalf of its clients, which may affect the prices and availability of the real estate investments in which the clients invest.
- Some of KBSCA's principals and key investment professionals are also sponsors of and serve on the boards of directors of the REITs that it advises. As such, the advisory agreements between KBSCA and the REITs, which set out the terms of KBSCA's advisory relationship with the REITs including the fees that it receives for services provided, have not been negotiated at arm's length. In order to mitigate this conflict and other related conflicts, the boards of directors of the REITs are comprised of at least a majority of "independent" directors and the boards of the REITs have established conflicts committees to evaluate certain matters that are subject to potential conflicts of interest.
- KBSCA'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 KBSCA's clients; and
- Investors in the REITs have limited control over the policies and operations of the REITs, including any investments recommended by KBSCA and invested in by the respective REITs.

The preceding discussion of the risks (i) associated with investments in real estate and real estate-related investments and (ii) related to KBSCA's structure and the investment activities of its affiliates is not intended to be exhaustive. Investors should refer to the applicable prospectus for a specific discussion of the risks associated with an investment in the REITs.

Item 9 Disciplinary Information

- Form ADV Part 2 requires KBSCA to disclose legal or disciplinary events involving the firm or its partners, officers, or principals that are material to a client's or prospective client's evaluation of its advisory business or the integrity of its management. Currently, KBSCA has no information to report that is applicable to this Item.

Item 10 Other Financial Industry Activities and Affiliations

- KBSCA's affiliate, 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 currently serves as the dealer manager in connection with the dividend reinvestment plan offerings of shares of certain of the REITs. KBS Capital Markets may also provide certain stockholder services to the REITs and in connection therewith may receive compensation and/or reimbursement of expenses from the REITs for such services. As KBS Capital Markets is KBSCA's affiliate, prospective investors in the REITs should understand that any compensation paid to KBS Capital Markets by the REITs has not been negotiated at arm's length. Please refer to the applicable REIT prospectus and public filings with the SEC for a further discussion of any such compensation and/or reimbursement of expenses and KBS Capital Market's services to the REITs.
- Two other affiliates, KBS Realty Advisors, LLC ("KBS Realty") and Koll Bren Schreiber Realty Advisors, Inc. ("Koll Bren Schreiber" and, collectively, with KBS Realty, the "Investment Adviser Affiliates"), are each registered investment advisers who provide advisory services in connection with real estate and other real estate-related investments to corporations and institutional investors including pension plans and sovereign wealth funds. The Investment Adviser Affiliates also act as investment advisers to certain commingled investment vehicles, such as limited partnerships or limited liability companies, which invest in real estate investment trusts, real estate partnerships and other real estate-related securities. The Investment Adviser Affiliates also serve as investment advisers to other real estate investment trusts. As mentioned in Item 8 above, the Investment Adviser Affiliates are primarily owned by KBSCA's principal owners and/or certain of its key investment professionals and many of the same investment professionals that conduct the advisory activities for KBSCA 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 KBSCA'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 KBSCA's principal owners and/or key investment professionals have an incentive to favor certain higher paying client accounts over KBSCA's clients when allocating limited investment opportunities. Please refer to Items 6 and 8 above for a description of how KBSCA and its affiliates attempt to address certain conflicts raised by its ownership structure.
- Another one of KBSCA's affiliates, KBS Asia Partners Pte Ltd. Is the sponsor of Prime US REIT, a public offering on the Singapore Exchange Securities ("SGX-ST") to residents outside of the United States pursuant to Regulation S. KBS Realty serves as the U.S. Asset Manager.
- Two other affiliates of KBSCA, KBS Management Group LLC and KBS/AD JV Member, LLC, indirectly own a 50% interest in KBS/AD Realty Advisors, LLC ("KBS/AD JV"), which advises a real estate private equity fund offered to certain non-US investors. KBS/AD JV is a joint venture between the KBS organization and a third-party investment firm AD Asset Management LLC. In connection with KBS' involvement in KBS/AD JV, certain employees of KBSCA and/or its affiliates, including Mr. Schreiber, will be involved in the management

of this real estate private equity fund, although such persons intend to devote sufficient time and effort to the management of the REITs as is reasonably necessary. Although not anticipated to occur frequently, it is possible that the real estate private equity fund will compete with one or more of the REITs for investment opportunities. In order to mitigate any conflict of interest created thereby, KBSCA and its affiliates have adopted investment allocation procedures in order to ensure that any such investment opportunities are allocated in a manner that is fair and equitable over time.

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

- KBSCA has adopted a code of ethics (the “Code”) that is applicable to all employees of KBSCA. 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 pre-clearance and 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 KBSCA, 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 KBSCA 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, KBSCA 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.
- KBSCA does not, as a general practice, buy or sell securities for its own investment account, although the principals and employees of KBSCA may do so, either individually or as a group (such as through an investment partnership). KBSCA 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 KBSCA’s clients or from taking investment positions that are different from or opposite to investments recommended or held by such clients. In addition, subject to certain restrictions, KBSCA employees may invest in the REITs themselves. To address potential conflicts of interest posed by the aforementioned personal trading activity, KBSCA maintains the Code, as described above. The Code requires KBSCA’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, KBSCA is able to monitor and identify personal trading activity that might present a conflict of interest.

Item 12 Brokerage Practices

- As described in Item 4, a substantial majority of KBSCA's client's assets are invested in real properties and other real estate assets and, as such, the brokerage practice issues addressed in this Item do not apply to the majority of KBSCA's investment activities. However, subject to the limitations in each REIT's charter and the oversight of each REIT's board of directors, KBSCA may, on a limited basis, exercise discretionary authority to make certain investments in securities on behalf of the REITs and in connection therewith to select the broker-dealers through whom it executes securities transactions.
- In the event that KBSCA recommends or trades in securities on behalf of the REITs, such securities are typically not publicly traded and/or are purchased from dealer inventories. Therefore, while KBSCA 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, KBSCA seeks to obtain quality execution for securities transactions at favorable prices and at competitive rates or spreads through brokers and dealers who in KBSCA's opinion are financially responsible.
- With respect to recommended investments in real estate properties and other non-securities investments in real estate, KBSCA's clients may pay commissions to real estate brokers/dealers for purchases, leasing, and sales of real estate assets.
- KBSCA has no agreements with any brokers and/or dealers it may recommend to its clients for a fixed dollar commission commitment (or other "soft dollar" arrangement) in return for research services from a third-party research provider.
- KBSCA has no arrangements in place whereby it pays brokers and/or dealers that it recommends providing executions services for KBSCA's clients in exchange for soliciting and/or placing investors for investment in the REITs or any other investment vehicle managed by KBSCA.
- KBSCA does not enter into "directed brokerage" arrangements with its clients.
- In the limited circumstances in which KBSCA selects (or recommends) broker-dealers to execute securities transactions, it generally does not aggregate orders for the purchase or sale of securities across multiple client accounts.

Please refer to the respective prospectus for a more detailed description of the fees and commissions paid by the REITs, as applicable, to the securities and real estate brokers used in connection with their investment activities.

Item 13 Review of Accounts

- KBSCA has formed an investment committee comprised of its principals and certain key investment professionals. Among other things, the investment committee primarily is responsible for reviewing the performance of investments recommended for KBSCA's clients against projections and for determining conformity of the investment recommendations with the investment policies and objectives for such clients. The investment committee will review and consider the investment portfolios of each client no less frequently than quarterly. More frequent reviews of client portfolios may be undertaken by KBSCA's other investment professionals as deemed appropriate, taking into account revisions in client objectives, material movement in the market and other like and unlike factors.

KBSCA prepares periodic detailed reports covering each of the its client's investment portfolios. In the case of the REITs, such reports are provided to the respective REIT's board of directors. In addition, because the REITs' shares are registered with the SEC, the following are examples of reports covering the REITs' operations which are available to the public:

1. 10-Ks on an annual basis.
2. 10-Qs quarterly.
3. Supplements to a REIT's prospectus during the offering period for activity within the REIT (acquisitions, dispositions, refinancings, etc.).
4. Post Effective Amendments to a REIT's prospectus filed approximately every 90 days during the offering period to update the prospectus.
5. 8-Ks filed for material activity affecting the REIT.
6. Updates to a REIT's prospectus approximately every 12 months during the offering period.

Item 14 Client Referrals and Other Compensation

- As described above in Item 10, KBSCA's affiliate, KBS Capital Markets, a registered broker-dealer with the SEC and a member of FINRA in such capacity, serves as the dealer manager in connection with the offering of shares of certain of the REITs. In connection with these services, KBS Capital Markets receives certain fees including selling commissions and a dealer manager fee as further described in Item 6. Some or all of these fees may be reallocated to other unaffiliated broker-dealers whom KBS Capital Markets has authorized to participate in the offering of shares.
- KBSCA 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 KBSCA generally does not have custody over client securities, KBSCA may have technical custody of certain types of privately-offered 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, KBSCA is deemed to have constructive custody over its clients’ cash by virtue of the fact that either KBSCA or certain of its supervised persons or affiliates have the ability to transfer funds or make withdrawals on clients’ behalf. Even though KBSCA may have custody over certain privately-offered client securities and is deemed to have custody over client cash, it is exempt from many of the provisions of the custody rule because the REITs 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 investors in the REITs within 120 days of the end of each REIT’s fiscal year.
- Except as is permitted by the custody rule, client securities 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 REIT 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 KBSCA. Statements that KBSCA provides clients may vary from the statements received from custodians due to differences in the timing on posting transactions, accounting procedures, or other reasons.

Item 16 Investment Discretion

- As described above in Item 4, KBSCA serves as the external advisor to the REITs. In this capacity, KBSCA manages the day-to-day operations of the REITs' portfolios of real estate properties and real estate-related assets (including real estate-related securities) and is primarily responsible for the identification and analysis of real estate properties and real estate-related investments. Generally, proposed investments must ultimately be approved by at least a majority of a REIT's board of directors (or a majority of such REIT's Conflicts Committee) and, as such, KBSCA generally functions in a non-discretionary capacity. However, subject to the limitations in a REIT's charter and the oversight of its board of directors, KBSCA may exercise limited discretionary authority to make certain securities investments on behalf of the REITs. Please refer to the respective REIT prospectus for a further description of KBSCA's investment authority.
- KBSCA has executed advisory or services agreements with each of its clients that sets forth the parameters and guidelines under which KBSCA will perform such services. As certain of KBSCA's principals are also sponsors of the REITs and may serve on the REITs' boards of directors, the advisory agreements with the REITs have not been negotiated at arm's length. Under the terms of the advisory agreements executed with each of the REITs, KBSCA must use its best efforts to recommend and make investments for the REITs consistent their investment objectives and policies as adopted by the boards of directors. The advisory agreements have a one-year term but may be renewed for an unlimited number of successive one-year periods upon the mutual consent of KBSCA and the respective REIT. As mentioned in Item 6, the conflicts committees of the respective REITs are responsible for determining whether each REIT will renew the advisory agreement with KBSCA, considering a range of factors including, but not limited to, whether KBSCA has presented to each respective REIT its fair share of investment opportunities.
- The limitations on KBSCA's investment discretion in the form of investment guidelines or other parameters are stated in the respective REIT's charter, the advisory agreement, the prospectus or the REIT's other governing documents, as applicable.

Item 17 Voting Client Securities

- Due to the nature of the securities investments made by KBSCA's clients, it is expected that proxy votes will be solicited in connection with such clients' securities holdings on a very infrequent basis. In the unusual circumstance that proxies are solicited in connection with securities held by clients, such proxies should be received by the clients directly from the custodian or a transfer agent.
- KBSCA generally does not have authority to vote securities on behalf of the REITs, however, the REITs may consult with KBSCA about any particular proxy solicitation at their discretion. In the unlikely event that proxies are solicited in connection with securities held by the REITs, KBSCA has adopted a proxy voting policy, as required by the Advisers Act, that is reasonably designed to ensure that KBSCA votes proxies in the best interest of its clients, describes its proxy voting procedures, and informs its clients how they may obtain information about how KBSCA voted their proxies.
- For more information regarding this policy or how proxies are voted for a particular REIT, if any, please contact Rachel Umipig at rumipig@kbs.com.

Item 18 Financial Information

- KBSCA is not aware of any financial condition that could impair its ability to meet its contractual commitments to its clients.