This is neither an offer to sell nor a solicitation of an offer to buy any KBS REIT; an offering is only made by prospectus, (www.kbsreits.com). This information must be preceded or accompanied by a KBS REIT prospectus in order to understand fully all of the implications and risks of that REIT. Neither the Attorney General of the State of New York nor any other state regulators have passed on or endorsed the merits of any KBS offering. Any representation to the contrary is unlawful.

Investing in any KBS REIT includes significant risks. These risks include, but are not limited to: the possibility of the loss of the entire investment; no guarantees regarding future performance; upon sale or distribution of assets, the potential receipt of less than the initial investment; fluctuation of value of assets; lack of a public market; limited liquidity; limited transferability; reliance on the KBS REIT’s advisor to select, manage and dispose of assets; payment of significant and various economic factors that may include changes in interest rates, laws, operating expenses, insurance costs and tenant turnover. Shares of any KBS REIT are not suitable for all investors.

See back page for additional risk disclosures.

Not for use in Ohio
A Real Estate Investment Trust (REIT) is an investment company that buys and manages, and may eventually sell, a portfolio of real estate and real estate-related assets on behalf of its investors.

A REIT is not really a trust, but a corporation that has special tax status under IRS rules and regulations. To qualify as a REIT, a REIT must own real estate assets and pass on at least 90% of its annual REIT taxable income to its investors. By complying with this and other regulations, a REIT generally will not be subject to federal corporate income tax on the income it distributes to its stockholders, resulting in greater income potential for investors.

Because a REIT can have thousands of investors and raise billions of dollars, it has the pooled purchasing power to buy institutional class properties that may not otherwise be available to individual investors. Depending on the REIT an investor chooses, such properties may be diversified across geography, asset class and tenant type. REITs allow individual investors indirect ownership interests in these commercial properties for low minimum investments.
The NCREIF National Property Index (NPI) is an index of quarterly returns on an unleveraged basis reported by institutional investors on individual investment grade commercial properties owned by those investors and is not a measure of non-traded REIT performance. Non-traded REITs are illiquid and the investment goals and objectives, as well as the strategies, may differ. The NPI does not reflect management fees and other investment entity fees, costs and expenses that are typical of non-traded REITs. Non-traded REITs are subject to expenses related to being a public company and fees and charges associated with raising capital. These fees and expenses lower non-traded REIT returns. The management of the KBS REITs considers the NPI to be an appropriate and accepted index for the purpose of evaluating real estate risk levels against the risk levels of other types of investments. Indices are not available for direct investment. The comparison shown is for illustrative purposes only and does not represent a specific investment. There are significant differences between the NPI, and non-traded REITs. Non-traded REITs differ from the NPI since holdings may consist of real estate-related assets, such as mortgages, loans and other debts, while the NPI index is a measure of performance of equity commercial real estate. Past performance does not guarantee future results. The S&P 500 Index is a market-value weighted index of 500 stocks representing the stock market in general. Index performance does not reflect any brokerage commissions, management fees, transaction costs or other expenses.

Non-Traded REIT securities do not correlate with the stock market and the value of a non-traded REIT’s real estate portfolio generally is based on the value of its properties or real estate-related assets. Because the value of these assets generally does not fluctuate daily or weekly, the value of a portfolio and the non-traded REIT share price will change far more gradually than that of a traded REIT, stock or mutual fund.

But when a portfolio of real estate assets (such as that owned by a REIT) becomes an exchange-traded security - a traded REIT, its market value may become disconnected from the value of its assets and it may stop behaving like a real estate investment. Instead, an exchange-traded REIT will act like a stock, thus defeating one of real estate’s core purposes as an investment—to provide a hedge against the ups and downs of the greater stock market. The chart below compares the volatility of direct real estate investments to the S&P 500.

Comparison of Annual Returns
Direct Real Estate and S&P 500 Comparison*

* The NCREIF National Property Index (NPI) is an index of quarterly returns on an unleveraged basis reported by institutional investors on individual investment grade commercial properties owned by those investors and is not a measure of non-traded REIT performance. Non-traded REITs are illiquid and the investment goals and objectives, as well as the strategies, may differ. The NPI does not reflect management fees and other investment entity fees, costs and expenses that are typical of non-traded REITs. Non-traded REITs are subject to expenses related to being a public company and fees and charges associated with raising capital. These fees and expenses lower non-traded REIT returns. The management of the KBS REITs considers the NPI to be an appropriate and accepted index for the purpose of evaluating real estate risk levels against the risk levels of other types of investments. Indices are not available for direct investment. The comparison shown is for illustrative purposes only and does not represent a specific investment. There are significant differences between the NPI, and non-traded REITs. Non-traded REITs differ from the NPI since holdings may consist of real estate-related assets, such as mortgages, loans and other debts, while the NPI index is a measure of performance of equity commercial real estate. Past performance does not guarantee future results. The S&P 500 Index is a market-value weighted index of 500 stocks representing the stock market in general. Index performance does not reflect any brokerage commissions, management fees, transaction costs or other expenses.

NOTE
To qualify as a REIT, among many other requirements, the entity must:

- Invest at least 75% of its total assets in real estate and certain real estate-related assets
- Receive at least 75% of its annual gross income from rents from real property or other investments relating to real property
- Pass at least 90% of its REIT taxable income to stockholders
Non-traded REITs are required to revalue their shares 18 months after the close of the offering and at least every 18 months thereafter. An offering generally is considered closed when the non-traded REIT is no longer publicly offering equity securities through the primary offering, extension or through a follow-on offering.

A share redemption program may not offer liquidity. Redemptions may be available at the purchase price of a share of the REIT (unless an estimated value per share has been established) due to qualifying exceptions such as death, disability or determination of incompetence of the stockholder and generally otherwise at a discounted price-per-share for a certain number of years. Redemption of shares may be limited to 5% of stockholder’s outstanding balance per year and also may be limited to funds available from net proceeds from the sale of shares under the REIT’s dividend reinvestment program during the prior calendar year. The share redemption program generally may be amended, suspended or terminated at any time by the REIT’s board of directors.

Non-traded REITs are required to revalue their shares 18 months after the close of the offering and at least every 18 months thereafter. An offering generally is considered closed when the non-traded REIT is no longer publicly offering equity securities through the primary offering, extension or through a follow-on offering.

A Guide for Investors

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<td>• Shares are typically traded on a national stock exchange, like the New York Stock Exchange</td>
<td>• Shares are not traded on a national stock exchange</td>
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<td><strong>Investment Objective</strong></td>
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<td>• Provide income to stockholders and increase share price</td>
<td>• Preserve and return stockholder’s capital contribution</td>
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<td>• Provide stockholders with attractive and stable cash distributions</td>
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<td>• Realize growth in the value of investments</td>
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<td><strong>Liquidity</strong></td>
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<td>• Offer investors liquidity as their shares can be bought and sold similar to other types of shares traded on an exchange</td>
<td>• A non-traded REIT sells shares at a set price over a specified offering period. Non-traded REITs may offer investors limited liquidity according to a share redemption program, subject to restrictions.</td>
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<td><strong>Volatility</strong></td>
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<td>• Share price is subject to the daily risk and volatility the exchange-traded market can produce</td>
<td>• Once a non-traded REIT is required to value its shares after the close of its offering extension, the value of its shares generally will be based on an estimate of the value of its assets minus the value of its liabilities. Because the values of these assets and liabilities generally do not fluctuate significantly on a daily or weekly basis, the value of a non-traded REIT’s shares may change more gradually.</td>
</tr>
<tr>
<td>• Share price fluctuates independently of the value of the real estate assets in the portfolio</td>
<td>• Not correlated with the stock market</td>
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<td>• Available to any person or entity with a brokerage account</td>
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1 Non-traded REITs are required to revalue their shares 18 months after the close of the offering and at least every 18 months thereafter. An offering generally is considered closed when the non-traded REIT is no longer publicly offering equity securities through the primary offering, extension or through a follow-on offering.

2 A share redemption program may not offer liquidity. Redemptions may be available at the purchase price of a share of the REIT (unless an estimated value per share has been established) due to qualifying exceptions such as death, disability or determination of incompetence of the stockholder and generally otherwise at a discounted price-per-share for a certain number of years. Redemption of shares may be limited to 5% of stockholder’s outstanding balance per year and also may be limited to funds available from net proceeds from the sale of shares under the REIT’s dividend reinvestment program during the prior calendar year. The share redemption program generally may be amended, suspended or terminated at any time by the REIT’s board of directors.

3 There are significant fees related to non-traded REIT shares, which may reduce the value of such shares.

4 Because the share price of a non-traded REIT is fixed until its first required share valuation, the offering price of the REIT’s shares will not change and will not be based on an estimate of the value of the REIT’s assets minus the value of its liabilities during this time. See note (1) above.

5 There are no guarantees that a non-traded REIT will be able to execute its investment objectives.
A non-traded REIT offering has three distinct, overlapping phases:

**CAPITAL RAISING / PROPERTY ACQUISITION**

During the capital raising phase, a non-traded REIT typically receives funds from investors in exchange for its shares for the purpose of acquiring a portfolio of real estate and/or real estate-related assets. As capital is raised, the REIT will begin to acquire real estate assets that are in line with specific objectives and criteria the REIT has outlined for itself. These objectives can be found in the prospectus of the particular REIT.

**OPERATION**

In the operation phase, the REIT closes the offering to new investors and can spend several years focusing on optimizing asset performance. During this period, the REIT manages its real estate portfolio—possibly acquiring additional assets or selling or otherwise disposing of certain assets—to maximize total return. This period can last from five to 10 years.

**EXIT STRATEGY**

The exit strategy for non-traded REITs is usually one of the following three methods:

- The REIT may list its shares on a national stock exchange, at which point investors can sell their shares on a national stock exchange.

- The REIT may sell its entire portfolio to an institutional or other buyer, with its stockholders receiving a pro-rata share of any net proceeds.

- The REIT may sell individual assets, and stockholders may receive a pro-rata share through distributions of any net proceeds upon the sale of each asset.

In addition to possibly having received cash distributions over the years, stockholders at liquidation may 1) receive cash distributions from the sale of assets of the REIT, or 2) participate in the new public offering of the REIT (traded on a national stock exchange).

*There are no guarantees that any of the exit strategies listed above will occur during the anticipated exit stage or at all. If the REIT is unable to list its shares on a national stock exchange or sell the REIT’s assets, either through a sell of the portfolio or individually, the REIT’s shareholders may have to hold their investment in the REIT’s shares for an indefinite period of time or until one of the strategies mentioned above can be effected. Additionally, there are no guarantees that investors will recognize an increase in the value of their investment in the REIT upon listing the REIT’s shares or liquidation of the REIT’s assets.*
How a Non-Traded REIT Pays its Investors*

Typically, REIT investors may derive income and returns from two sources:

- Periodic distributions of REIT taxable income declared monthly, quarterly or otherwise
- Increase in share price at time of liquidation or listing on a national stock exchange or increase in value of portfolio assets upon sale

The Potential Benefits of Non-Traded REIT Ownership

Generally, non-traded REITs may offer these benefits to investors:

- Income
- Investment growth potential
- IRA eligibility
- Professional asset management
- Opportunities to allocate within several real estate categories
- Diversification**

* There are no guarantees a REIT will pay distributions or that its portfolio or shares will increase in value. Past performance of an investment is no guarantee of future results.

**Diversification does not ensure a profit or protect against a loss in a declining market.

How to Invest

For more information about investing in non-traded REITs, please contact your financial advisor or call KBS Capital Markets Group at (866) 527-4264. You can also visit our website at www.kbs-cmg.com.
The KBS REITs' organizational documents do not restrict them from paying distributions from any source and do not restrict the amount of distributions they may pay from any source, including offering proceeds or borrowings. Distributions paid from sources other than cash flow from operations may constitute a return of capital. A return of capital would reduce the amount KBS REITs would have for investment, which could reduce an investor's return on investment and subsequent investors will experience dilution. There are no guarantees that any KBS REIT will pay distributions.

KBS Capital Advisors LLC, the advisor of the KBS REITs, and its affiliates, the executive officers of the KBS REITs and some of their directors and other key professionals face conflicts of interest, including significant conflicts created by the advisor's compensation arrangements with the KBS REITs and other KBS-sponsored programs and KBS-advised investors.

The KBS REITs expect to use debt in connection with their investments, which increases the risk of loss associated with these investments and could hinder their ability to pay distributions to their stockholders or could decrease the value of their stockholder’s investments if income on, or the value of, the property securing the debt declines. The KBS REITs may make adjustments to their target portfolio based on real estate market conditions and investment opportunities, and they may change their targeted investments and investment guidelines at any time without the consent of their stockholders.

The charters of the KBS REITs do not require them to liquidate their assets and dissolve by a specified date, nor do the charters require them to list their shares for trading on a national stock exchange by a specified date. No public market currently exists for their shares, and they have no plans to list their shares on a national stock exchange. If a stockholder is able to sell his or her shares, that stockholder would likely have to sell them at a substantial discount from their public offering price.

The KBS REITs may not have established the offering price of their shares of common stock on an independent basis and the price may not be indicative of the price at which their shares would trade if they were listed on a national stock exchange or actively traded, and this price bears no relationship to the book or net value of each REIT’s assets or to each REIT’s expected operating income.

The KBS REITs pay substantial fees to their advisor, their affiliates and participating broker-dealers, which payments increase the risk that their investors will not earn a profit on their investment. The KBS REIT's advisor and its affiliates receive fees in connection with transactions involving the purchase or origination and management of the REITs' investments. These fees are based on the cost of the investment, and not based on the quality of the investment or the quality of the services rendered to the REITs. This may influence the advisor to recommend riskier transactions to the REIT.

If a KBS REIT raises substantially less than the maximum offering, it may not be able to invest in a diverse portfolio of real estate properties and real estate-related assets and the value of its stockholders’ investment may vary widely with the performance of specific assets.

Current market conditions have had and may continue to have a significant impact on real estate investments. In addition, these market conditions may impact tenants' businesses, which could make it more difficult for them to meet lease obligations and place pressure on them to negotiate favorable lease terms upon renewal. Some of the real estate-related investments in which certain KBS REITs may invest may have additional risk exposure, such as interest rate risk, default risk and the potential decrease in the value of the properties securing such investments, which could impact the value of the real estate-related investments. Continued disruptions in the financial markets and uncertain economic conditions could adversely affect the value of the KBS REITs’ investments.

Each KBS REIT has elected to qualify as a REIT. Should one of the offerings not qualify as a REIT, it may be subject to adverse tax consequences. The KBS REITs are complex and investors should read and understand the prospectus of each KBS REIT, which contains additional important information about each REIT offered.

An investment in the shares of a KBS REIT is suitable only for persons who have adequate financial means, including minimum net worth and/or annual gross income levels specific to each REIT. The minimum suitability standards are more stringent for investors in certain states, as described in the prospectus of each REIT.