

PREMIER OFFICE

A publication of **KBS Realty Advisors**

magazine™

2013 Issue 2

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A LETTER from the CEO

We are excited to present our second issue of *Premier Office Magazine*, a publication designed to benefit real estate brokers and office property tenants across the United States. Our first issue was a great success, and I want to thank everyone who emailed us with positive comments. I also want to specifically thank our valued relationship partners who support us with advertising.

The year 2013 is off to an exciting start, and, despite economic challenges that still face many markets, KBS remains actively involved buying real estate and leasing high-quality, well-located space that can appeal to a wide range of users. I am cautiously optimistic about growth in the market and I continue to believe strongly in the resiliency of the American economy. An increasing number of foreign investors are turning to U.S. real estate as a safe harbor from the uncertainties of the European financial markets. We are also witnessing major changes in the asset allocations of institutional and private investors, as a greater number of them are showing increased interest in direct investments like real estate.

We have a lot of great material in this issue of our magazine. Our feature story on Rockstar Consortium is interesting to say the least. There are not many people willing to go to an auction and bid against a giant like Google. John Veschi, our tenant at Legacy Town Center did it, and he won the bid (see story on page 14).

I also want to plug a good friend of mine, Brant Oswald, who runs one of the best fly fishing guide services in the country. Brant contributed a great article for our “Outside the Office” column, page 30. Reading Brant’s story has now given me spring fever. I’m ready to get back up there and find that big brown trout I released last year. If you’ve ever wanted to try fly fishing, Brant is the guy to go with. My compliance department here at KBS does not want me making forward-looking statements, but this is one I can say with confidence, “If you go fly fishing with Brant Oswald, you will catch fish.” I should add, the scenic spots he takes you to will create memories you’ll not soon forget.

There are many other insightful stories in this issue. We have worked hard to not make this all about KBS. We want *Premier Office Magazine* to be a useful resource for real estate professionals and tenants. Please send us your feedback any time. We hope to do business with you soon.

God Bless America



Charles J. Schreiber Jr.

Chief Executive Officer
KBS Realty Advisors / KBS Capital Advisors





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PROVIDENCE TOWERS ADDS TO LIST OF AMENITIES

KBS pushes itself to exceed the pinnacle of the market by adding to the already long list of amenities at Providence Towers in Dallas. The newest additions are a wine-bar-inspired private lounge and an outdoor putting green that are located in a previously unused space. In a very tight market for truly exceptional Class A buildings, KBS wanted to ensure that Providence Towers is the number one choice for tenants. The putting green, lounge and adjacent patio are open to tenants from 7 a.m. to 7 p.m. and can be reserved for private parties.



“We really take a lot of pride in this property,” commented KBS Senior VP, Ken Robertson. “The putting green and the private lounge just opened and are already a big hit with the tenants. The wine bar-inspired lounge includes 30 air-conditioned wine lockers and provides a quiet, intimate setting perfect for groups

of 10 to 30 people. The lounge flows out into a waterfall garden area that provides access to the putting green. It’s just a great place to relax and is perfect for impromptu gatherings.”



DESIGNLINE CORP. SIGNS 72,039 SF AT CROSSROADS

KBS finalized a new 72,039 square foot lease with DesignLine Corporation at the 496,347 square foot Crossroads Distribution Center in southwest Charlotte, N.C. The lease reflects the growth of the Charlotte-headquartered manufacturer of hybrid and electric buses.

Crossroads Distribution Center is a Class A industrial business park located in one of the largest, most desirable industrial submarkets in the Carolinas. The complex is located at the junction of Interstate 77 and Interstate 485, fifteen minutes from Charlotte/Douglas International Airport.



FANTASY ISLANDS AT METROPOLITAN CENTER

Annual tenant appreciation events are a big deal at 421,719 square foot Metropolitan Center in East Rutherford, N.J. This year’s theme was “Fantasy Islands” and offered a variety of cuisine from Puerto Rico, Jamaica, Cozumel, the Dominican Republic, the Bahamas and St. Thomas. The event featured a live calypso band, and tenants participated in a trivia game competition for prizes.



KBS ACQUIRES 1800 WEST LOOP SOUTH IN HOUSTON

On Dec. 5, 2012, KBS acquired 1800 West Loop South, a 400,101 square foot, 21-story office tower in Houston. The building is approximately 76 percent leased. The property is situated off Interstate 610 in West Loop/Galleria, Houston’s premier business and shopping district.

KBS has plans for immediate building improvements and modernizations, including lobby and elevator upgrades. On-site building features include a deli, laundry and dry cleaning service and an 11-story parking garage.

RENOVATIONS COMPLETE AT TYSONS DULLES PLAZA

KBS is pleased to announce a complete lobby renovation at 1430 Spring Hill Road, one of three buildings at Tysons Dulles Plaza in McLean, Va. In addition to upgrading the look of the lobby, elevator cabs were renovated, lighting was improved and a new interactive directory was installed. While the previous finishes were acceptable, KBS felt that a proactive renovation of the lobby and elevators would help attract corporate clientele. A recent brokerage event to reintroduce the property saw



more than 90 brokers in attendance, and shortly thereafter, a 10,000 square foot lease was signed for one of the vacant floors. The 1430 Spring Hill Road building still offers the best corporate identity on the Dulles Toll Road with the ability to accommodate a user of 75,000 square feet in a newly renovated building at compelling rates.



KBS SIGNS 154,519 SF LEASE AT CRESCENT GREEN

KBS recently signed a 154,519 square foot renewal lease with Xerox Business Systems at Crescent Green in Cary, N.C. Xerox will continue to occupy two of the property’s three buildings. Crescent Green sits on a 24.4-acre site within The Crescent, a 138-acre master-planned, mixed-use development complete with office, retail and residential components, and located in one of the Triangle region’s most affluent neighborhoods. Crescent Green comprises 248,823 square feet, or approximately 44 percent of The Crescent’s 550,000 square feet.

DOVE, QUAIL AND POKER AT LA BANDERA RANCH

KBS was honored to host a dove and quail hunt recently at La Bandera Ranch in Carrizo Springs, Texas. Brokers from across Texas came to enjoy the great hunting action, play some poker and learn about KBS’ Texas portfolio, which includes premier office and industrial properties in Dallas, Austin, Houston and San Antonio.



“I believe this was our 12th annual event at La Bandera,” commented Ken Robertson, who oversees the Dallas and Austin region. “We brought in tenant rep brokers from all four Texas markets. It’s a lot of fun, great comradery and everyone looks forward to it each year. La Bandera is one of the best hunting ranches in all of Texas.”



STAIR CLIMB RAISES \$125K FOR CYSTIC FIBROSIS

KBS recently hosted the Cystic Fibrosis Foundation’s (CFF) third annual Climb for Life at KBS-owned 300 N. LaSalle in Chicago. Climbers arrived bright and early to tackle a 58-floor race to the top of the building. The 250 participants represented a mix of individuals — from elite climbers to teams dedicated to family and friends and even a few groups of 300 N. LaSalle tenants. This year’s winner made it to the top in only 7 minutes and 11 seconds, a pace of about 7 seconds per floor! After their climb to

the top, all participants collected their medals, posed for a picture and celebrated at a post-climb party in the building’s river-view conference center and café. The event was a huge success, topping the 2011 fundraising total with more than \$125,000 raised. These funds will aid CFF’s mission to support the search for a cure or control for cystic fibrosis through vital research, medical programs and educational programs.



ACADEMY POINT EARNS LEED SILVER

KBS is pleased to announce that Academy Point Atrium I has been certified LEED Silver by the U.S. Green Building Council. The property is a 92,099 square foot office asset in Colorado Springs, Colo.



KBS ACQUIRES TOWER ON LAKE CAROLYN

On Dec. 21, 2012, KBS was pleased to announce the acquisition of the 364,336 square foot Tower on Lake Carolyn. The 19-story, LEED-certified office tower is situated on 3.5 acres in Las Colinas, one of Dallas-Fort Worth’s fastest-growing communities. The building has received more than \$8 million of capital improvements in the past five years. 

RECENT KBS ACQUISITIONS



Bellevue Technology Center

Bellevue, WA

Bellevue Technology Center is a 326,237 square foot, nine-building, Class A/B office campus in Bellevue, Wash. The property sits on 46 acres a half-mile south of Microsoft headquarters. The landscaped campus features underground parking, a fitness center, a beach volleyball court and extensive walking and jogging trails. The property attracts institutional quality tenants due to its proximity to Microsoft, the aesthetics of its wooded campus and the diverse functionality of its nine different buildings.

Bellevue Technology Center is located in one of the most dynamic markets in the country benefiting from strong employment growth, particularly in the high-tech sector.

Size.....326,237 SF
 Class.....A/B
 Parking.....3.2/1,000 SF
 Market.....Bellevue



Peakview Tower

Denver, CO

Peakview Tower is a 10-story office building on a 6.5-acre site in the Greenwood Village submarket of southeast Denver. The property is located adjacent to the Comfort Dental Amphitheater and one block west of Interstate 25 and the Arapahoe Light Rail Station. The property is also within 15 minutes of Denver's CBD and 30 minutes from Denver International Airport (DIA).

Tenants at Peakview Tower enjoy excellent access to executive housing and convenient access to the heart of the Denver Tech Center (DTC), with its wide array of restaurants, hotels and shopping centers. Parking for the building is provided through a combination of a 790-stall adjacent structure and 256 surface spaces.

Size.....264,149 SF
 Class.....A
 Parking.....4.0/1,000 SF
 Market.....Greenwood Village



Legacy Town Center I-III
Plano, TX

Legacy Town Center I-III consists of three Class A, architecturally distinct office buildings located within Legacy Town Center — a prominent business, retail and residential community in Plano, Texas. This master-planned community is home to the corporate and regional headquarters of numerous *Fortune* 500 and *Fortune* 1000 companies.

The buildings feature richly detailed, granite-accented exteriors and lobbies appointed with granite and exotic wood finishes. All three buildings have earned the prestigious ENERGY STAR designation. The buildings’ floor plates range from 24,500 to 26,000 square feet, allowing efficient space planning for both full-floor and multi-tenant layouts. The 10-foot ceiling heights and floor-to-ceiling glass provide exceptional views of Legacy Town Center.

Size522,043 SF
 ClassA
 Parking3.4/1,000 SF
 MarketDallas North Tollway



Metropolitan Center
East Rutherford, NJ

Metropolitan Center is a 15-story, Class A office building located in East Rutherford, N.J. Tenants enjoy a prestigious location, commanding views of the Manhattan skyline and superior access to mass transit. A LEED Gold and ENERGY STAR-certified building, Metropolitan Center includes amenities such as covered parking, a cafeteria, a complimentary fitness center, a video teleconference center, on-site dry cleaning, a car wash and on-demand shuttle bus service to Secaucus Junction train station (a major transfer station connecting to New York City). Metropolitan Center overlooks MetLife Stadium, home of the New York Giants and the New York Jets, and is adjacent to the Sheraton Meadowlands Hotel. The property is just 15 minutes from the Lincoln Tunnel. Newark Liberty International Airport and Teterboro Airport are within 10 miles of the property.

Size421,719 SF
 ClassA
 Parking3.4/1,000 SF
 MarketMeadowlands/Northern New Jersey

Hedging Against a Weak Landlord

In today's economy, it has become even more important for both landlords and tenants to protect themselves from the potential pitfalls of dealing with a financially risky party. For landlords, the overall financial health of their tenants is crucial to the landlord's ability to collect rent and remain profitable, but any single tenant failure will likely not be catastrophic. For a tenant, however, the exposure is especially acute, since a landlord's bankruptcy or default could interrupt or even eliminate a tenant's ability to operate its business and remain viable.

The financial weakness of a landlord may be revealed to a tenant in a variety of ways, including (a) the failure of a landlord to disburse an agreed-upon allowance or complete the initial agreed-upon tenant improvements to the leased premises, (b) the failure of a landlord to perform required repairs or provide required utilities or services under a lease, (c) the failure of a landlord to rebuild or restore the leased premises or the property after a casualty or condemnation, or (d) the foreclosure of the property by a lender after the landlord's failure to timely service the debt on the property.

The occurrence of these events are often unpredictable and can range from a mere tenant inconvenience to a total displacement of a tenant from the leased premises, resulting in potentially large losses for a tenant or even a complete cessation of a tenant's ability to operate its business. Therefore, it is important for a tenant contemplating a new lease to choose both a property and a landlord wisely.

...the best protection for tenants is found outside of the lease.

Many tenants attempt to minimize the aforementioned risks by trying to negotiate as many legal remedies and protections in the lease as possible, such as abatement, offset, self-help and termination rights, allowance escrows from landlords and SNDAs from lenders. However, these rights and protections are not always available, are often not considered "market" landlord concessions and are generally not offered to the average tenant.



That is why the best protection for tenants is found outside of the lease. Choosing a reputable, experienced and industry-recognized leader in the landlord leasing market is the tenant's best insurance. A reputable landlord with a breadth of experience and financial prowess gives tenants the security that lease language cannot provide, especially in a precarious economy.

Lease remedies and protections can be helpful tools for tenants who find themselves victims of a failing landlord, but no lease remedy or protection is perfect, and, even when available, tenants often still suffer from some damages, losses or inconveniences that cannot be compensated or reimbursed. Thus, it is best to avoid such predicaments entirely, rather than relying on any particular lease remedy or protection, and — especially in this economy — choosing the right landlord is often the only way to do so.

FCM



RONALD M. SHOSS

Ronald (Ronny) Shoss is a partner in the real estate group of Mayer Brown, one of the nation's leading law firms across a wide variety of practice areas. Mr. Shoss has a widely diversified practice representing real estate clients throughout the United States and Mexico.

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An Interview with KBS CEO Chuck Schreiber Jr.

Premier Office Magazine sits down with KBS CEO Chuck Schreiber Jr. to discuss how he started in the real estate business and insights on what it takes to compete for business in a competitive market.

POM: How did you get started in the real estate business?

Schreiber: I developed a real interest and passion for the investment side of real estate years ago as a student at the University of Southern California. That passion has never left me. I was fascinated by how commercial real estate can be operated to generate cash flow and value. I started my own company, but I did not have the real estate resources to really make it work, so, in 1988, I joined the Koll Company to run the investment side of its business. Koll Management Services (KMS) was growing to become the second largest property management company in the United States.

POM: What attracted you to the Koll Company?

Schreiber: Resources. Because of KMS' huge management portfolio, they had data resources. This was back in the 1980s, when the only organizations that had market data were brokers involved in leasing properties located in the sub-markets. Today, we have great real estate research companies that produce detailed market reports, but, in 1988, that kind of research, for the most part, was not available. It's worth noting that, even with some of the great market research organizations we have today, the live data we derive from a well-connected asset management team is still as much a key to our success as it was back then.



KBS CEO Chuck Schreiber (left) and President and Chairman, Peter Bren (right) discuss strategy at a recent meeting.

...Peter and I do not have a desire to build something up to spin it off and sit on the beach.

POM: Peter Bren has been with you from the beginning. How did the two of you get connected?

Schreiber: Peter had a close relationship with Don Koll, and, in 1991, Peter came in with a strategy to work with pension

funds to buy sub-performing loans from banks. Peter had already closed a significant transaction with a major national bank. Like me, Peter was attracted to a firm with resources. We set up a partnership with Koll Investment Management (which had been acquired by KMS) and formed as a pension fund advisor. In 1997, KMS was sold to CB Richard Ellis in what was one of the largest commercial real estate buyouts of that time. Shortly thereafter, Peter and I separated from Koll Investment Management and formed Koll Bren Schreiber Realty Advisors, which later became KBS Realty Advisors.

Continued on PAGE 12 ►



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We are proud to support our client, KBS Realty Advisors, one of the largest commercial property owners in the United States.

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► *Continued from PAGE 10*

POM: What happened to Mr. Koll?

Schreiber: The Koll Company is still alive and well today. Don was one of the greatest developers on the West Coast. He passed away in 2011, but his legacy will always be remembered.

POM: Both you and Peter have been a team since the early '90s. These days it's hard to find partners that stick together for this long. What's the secret?

Schreiber: There are a couple fundamentals to maintaining this relationship. The recognition that we each have our own unique strengths is a key element. Peter brings a tremendous amount of thought, real estate expertise and creativity to KBS. Also, Peter and I do not have a desire to build something up to spin it off and sit on the beach. We know dozens who believed in the fallacy that retirement is the path to take. Repeatedly, we are seeing that being detrimental to people's life and relationships. I enjoy golf, but I do not want to play golf every day.

POM: Not long after forming KBS Realty Advisors, you made the strategic decision not to employ KBS personnel at the property level (property managers, engineers, etc.). Why not?

Schreiber: When we go into a market, we select professionals in that market who are best able to conceive and execute upon the asset's highest potential. This strategy is the most accretive for our investors, as it allows us to always take advantage of the best existing talent the market has to offer. The third party relationship we have with these professionals is very close, and, in many respects, they are our front line. When we enlist a third-party provider to lease or manage a given property, we don't just hand them the keys and then walk away — it is very much a collaborative effort to deliver our unique brand of service and to make sure our properties perform at the top of their respective peer sets.



POM: How important are these broker relationships to you?

Schreiber: This is a relationship-driven business. For example, our central regional president, Rodney Richerson, is a country boy at heart and loves to go bird hunting with tenant and investment brokers in Texas. We are always in the market fully engaged with the brokerage community. We work very close with these professionals because we know the relationships and the market knowledge they bring to the table. Getting to know them, especially on a personal level, is very important.

POM: You currently service thousands of tenants nationwide. What is your philosophy towards service?

Schreiber: We have an obligation to provide a business location that will maximize the success of each tenant. We have to enhance their success — we want them to be more successful because they are in our building. Our goal is to always be attentive and in tune with our tenants' needs. Being responsive, at all phases of the leasing cycle, from negotiating space to building out the space exactly how the tenant wants it, and then hopefully keeping them in the building on a long-term basis.

We have an obligation to provide a business location that will maximize the success of each tenant.

I might add that financial strength is important. We [KBS] are tenants as well. We lease our space in Newport Beach and at our other offices. We never lease space from a financially weak landlord. We want the property to be top-notch in every way — it's a reflection of our organization. If we have an important visitor, imagine the impression it would make if the building were not operating correctly. Yet there are hundreds of tenants in the market today who are stuck in a lease with a landlord who is so financially distressed that they can't afford to actually operate a building.

POM: You mentioned that the financial strength of a landlord should be important to tenants. How do you approach leverage?

Schreiber: While financing can be beneficial, especially with today's low

interest rates, we exercise fundamental restraint when it comes to putting debt on our properties. This provides us with the financial resources to operate those properties to their full potential.

POM: Which KBS buildings are you most proud of? What is the best building to be in?

Schreiber: That's a difficult question, and it depends on how you define best. If you mean highest-profile, tallest, most expensive, then it would be 300 N. LaSalle in Chicago or possibly Union Bank Tower in Los Angeles. But, if you mean cutting-edge design or use, it might be Park Avenue in Florham Park, N.J., with its trophy-quality construction and immediate access to New York City. It also depends on how we seek to appeal to various users. For example, we just closed on Palo Alto Tech Center, located in the heart of the Silicon Valley near Stanford University. If you are a high-tech user, Palo Alto is likely on your radar. We are there. Every one of our properties provides value in one way or another, and that value is not only to our tenants, but it's also to our investors. The two are inextricably linked. Our investor success is a byproduct of buying great properties in great locations that appeal to a wide array of corporate users.

Every one of our properties provides value to our customers in one way or another...

POM: What are your target markets?

Schreiber: We certainly have our favored markets, but we are careful not to isolate our activities in any one market or submarket, or to any one property type, for that matter. While we may like high-rise office buildings in the nation's top financial districts, that's not our only strategy. We own and lease space to Home Depot, Lockheed, Oracle and Microsoft. We have positioned ourselves as a diver-

sified firm, and a tenant-rep broker can come to us representing virtually any industry sector, and there is a good chance we can find a great fit for their client.

POM: What property types are you looking at for 2013, and how much do you expect to spend?

Schreiber: We will continue to invest money on behalf of our pension fund clients and our REITs. We invested just shy of \$1 billion in 2012, and we plan to exceed that volume in 2013. In terms of product type, if you look at our company's history, we have always modified our strategy and our operations to align with the best opportunities in the market. Today, you will see us looking for the best two or three properties in the nation's top-performing markets.



POM: You have bought deals that other buyers might find too complex or difficult. What's the secret?

Schreiber: We have an underwriting, finance and closing team that is second to none. Our vice-chairman, Jim Chiboucas, is one of the best real estate legal minds in the nation. He is very well-respected, and buyers and sellers know, when they work with Jim, the deal is going to get closed and that we execute on an extraordinarily high level. That kind of talent runs through our entire organization.

...a tenant-rep broker can come to us representing virtually any industry sector and there is a good chance we can find a great fit for their client.

POM: There are two other partners who have a stake in the ownership of your company. Who are they?

Schreiber: Peter McMillan and Keith Hall joined Peter and me as co-owners of the capital raising platform and the advisor for our REITs. Keith and Peter are hands-on partners who have a vested interest in the success of our operations. Keith is a veteran investment-banking executive with experience in high-yield real estate products. Peter was chief investment officer with SunAmerica, which was acquired by AIG. Both of these partners bring extensive experience to our investment strategies.

POM: You have primarily been a core office investor, but you've also consummated numerous opportunistic investments ever since the company started. Will you form more opportunistic funds?

Schreiber: We just closed out an opportunistic REIT that has made some great investments and will continue to do so in 2013 with the capital we have to deploy. I think this will continue to be an exciting space to be in. We also continue with a value-added opportunistic investment strategy for pension funds.

POM: To what do you attribute your success?

Schreiber: I see every day that I come to work as a blessing. The opportunity to work with such a talented team of professionals is the reason why KBS continues as a very successful respected investment advisor.



Rockstar Consortium

The amazing story of how John Veschi engineered a winning \$4.5 billion auction bid and the launch of the nation's most intriguing purveyor of intellectual property.

KBS tenant Rockstar Consortium formed overnight when an auction ended in June 2011 after four days and 20 rounds of bidding on a portfolio of valuable high-tech intellectual property patents.

The winning bid? A staggering \$4.5 billion.

In today's fast-changing technology world, a patent on intellectual property (IP) can give a high-tech company a strategic tool that can be as valuable as the technology itself.

Who exactly is Rockstar?

Rockstar is a consortium of high-tech giants, the likes of Apple, Microsoft, Research In Motion (RIM), Ericsson and Sony. These companies formed a rare and rather hasty mid-auction alliance to stave off Google and Intel and become the winning bidders on one of the most valuable IP portfolios of all time: that of bankrupt telecom giant, Nortel Networks.

The packaging and sale of these patents for such a staggering price would not have happened had it not been for the genius of intellectual property attorney and Rockstar CEO, John Veschi.

The story starts with one of the biggest corporate implusions of the modern age — the collapse of Canadian-based telecom giant Nortel Networks.

Nortel's roots go as far back as the late 1800s, but, in recent decades, the



Rockstar CEO John Veschi built the consortium that became the winning bidder (\$4.5 billion) for 4,000 Nortel patents. Veschi is one of the biggest IP dealmakers of the century.

company was known as a leader in the telecom industry, pioneering digital communications technology in the 1970s. The zenith of Nortel's success occurred during the optical boom in the late '90s and into the year 2000, at one point hitting a net worth of \$250 billion and a total employee base of more than 90,000. It was during the dot-com boom that Nortel hit an iceberg.

It was during the dot-com boom that Nortel hit an iceberg.

In the late '90s, stock market speculators hyped up Nortel's ability to sell fiber-optic gear resulting in the share price escalating to more than \$800 per share,

despite the company's repeated efforts to turn a profit in a saturated optical equipment market. At its height, Nortel accounted for more than a third of total valuation of all companies listed on the Toronto Stock Exchange (TSX).

What goes up must eventually go down. Nortel's market capitalization entered a death spiral from a high of C\$398 billion in Sept. 2000 to less than C\$5 billion in August of 2002. With Nortel's stock crash went its investors. Some 60,000 Nortel employees became unemployed. In the years that followed, Nortel went through an accounting scandal, and credit was needed to prop the company up, but creditors fled. In 2008, some 2,100 jobs were eliminated, and, in 2009, the stock price fell below \$1. The company was now in such poor



Rockstar is a tenant at KBS' recently-acquired Legacy Town Center I-III in Plano, Texas.

The bidding that ensued will be talked about in tech circles for years to come.

financial health that it could no longer bid for government funds. On Jan. 14, 2009, Nortel filed for bankruptcy protection in the United States, Europe and Canada.

In June 2009, Nortel announced it would not emerge from bankruptcy — its assets would be sold. Since that time, various business units went to auction and were sold, primarily to other high-tech firms looking for some value from the rubble.

The last major asset of Nortel to be sold was a portfolio of approximately 6,000 patents. Most of Nortel's leadership team figured these patents were worthless. Telecom technology changes so rapidly that products become obsolete sometimes within a year or less. These patents were filed years ago; most of them represented products that were never even developed. How could they be worth anything?

Enter John Veschi.

Once an officer in the Army, Veschi joined Nortel in 2008 to build and run its licensing business. He has a keen eye for value and is a brilliant communicator.

"I did not know Nortel was going to be going bankrupt," said Veschi. "I came into Nortel with the plan of building their licensing business, not dissimilar from the licensing businesses I worked in at Lucent or the programs at Ericsson and other big telecom companies. Unfortunately, I came in five months before Nortel filed for

bankruptcy, so, instead of building a licensing business, I built a team to help manage the patent portfolio through the bankruptcy process."

Veschi and his team of Nortel veterans made sure that the patents were not thrown into the sales as the company's various remaining business units were put on the auction block. He knew that Nortel's patent portfolio held value. They were what he calls "Bell-Labs-quality."

The patents were also not as obsolete as some may have thought. Nortel had always employed a brilliant engineering team whose members were ahead of their time with well-documented patents for such high-value technology as wireless, wireless 4G, data networking, optical, voice and semiconductors. The portfolio even includes seminal patents on Internet technologies, such as search, social networking and e-commerce. Those patents went far beyond the technology Nortel was using in its products. A large focus of Nortel's patenting efforts had been trying to identify what competitors might do and laying down inventions in those spaces for defensive purposes.

Knowing the potential value of these patents, Veschi devised a plan.

First, he had to focus the energy of his team of engineers and lawyers on demonstrating the value these patents held. Hurdle number

Continued on PAGE 16 ►

► *Continued from PAGE 15*

two was to convince Nortel's leadership team that the patents had value.

"I knew from prior experience what a high-quality patent was," said Veschi. "But, unlike some of the other firms I had worked with, the Nortel patents were not licensed a lot. So, what was attractive to me was to be able to work with high-quality unencumbered patents. That gives you a chance strategically to figure out a way to approach an entire market and come up with a licensing program that would work in that market."

Veschi had the right vision, but seeing that vision come to fruition would be like playing a high-stakes game of chess.

In April 2011, Nortel's creditors and leadership team placed the patents on the auction block via a U.S. \$900 million stalking-horse bid from Google. This agreement set a minimum value for Nortel's intellectual property on the open market.

The bidding that ensued will be talked about in tech circles for years to come. At one point, Google put down a bid of \$1,902,160,540. Math whizzes might recognize this number as Brun's Constant. Was Google just being silly?

Google later followed with a bid that equated to the distance between the earth and the sun, and still later bid πB (\$3.1415926 billion). A Reuters news release stated, "Either they were supremely confident or they were bored."

It was at this critical juncture that Rockstar was born.

The Rockstar team included Ericsson, Apple, Microsoft, RIM and Sony. It would take this team to go up against Google and Intel, bidding under the name Ranger.

The auction saw 20 rounds of bids during four long days. Rockstar won 4,000 of the original patents with a \$4.5 billion bid. According to the Reuters



Engineer Scott Widdowson, a former Nortel (now Rockstar) employee, conducts reverse engineering to determine if a product on the consumer market is infringing on Rockstar's patent portfolio. The reverse-engineering and claim-charting process is very detailed and lengthy but it is a necessary part of Rockstar's licensing program.

story, the bid was three times what analysts had projected and it "signified the lengths at which Google's rivals were willing to go to thwart the Internet powerhouse's mobile ambitions."

In fact, the \$4.5 billion that was generated in the patent sale is more than all the company's business units combined — they sold for slightly more than \$3.0 billion. The revenue from the sale helped to pay off Nortel creditors and helped to pay back former Nortel employees who had benefits owed to them subsequent to the bankruptcy.

Veschi had the right vision, but seeing that vision come to fruition would be like playing a high-stakes game of chess.

Once the auction was done, the winning bidders formed Rockstar Consortium, LLC, with John Veschi at the helm as CEO. They opened the company's first office in Ottawa, Canada. The company's second office was opened in December 2012 at KBS-owned Legacy Town Center I-III in Plano, Texas.

The company's mission? To operate and manage a licensing program whereby

companies that are infringing on Rockstar's patent portfolio can legally obtain licensing rights to the patented technology.

Rockstar uses what is known as "reverse engineering" to examine products on the market today like wireless phones and routers that are using Rockstar's patents without a license. Reverse engineering involves digging into the circuitry of the product to verify if a patent has been infringed upon. It encompasses any activity that is done to determine how a product works and to learn the ideas and the technology that were used in developing that product.

Rockstar has to be 100 percent satisfied that infringement is occurring before it notifies infringing companies of its intent to arrange a business meeting. At the business meetings, the team walks them through a claim chart (the end product of reverse engineering), and this usually leads to continued business meetings with the goal of giving the infringing firm an opportunity to buy a license to use the patented technology — or go to court. Rockstar's preferred method is to make every effort to conduct meaningful business discussions that lead to licensing deals. The intent is not to litigate, although it is typical in patent licensing that companies sometimes need the assistance of the courts to help resolve some issues.



Rockstar's new office at KBS-owned Legacy Town Center I-III primarily employs a legal team with a small reverse-engineering lab.

“It would be hard to envision that there are high-tech companies out there today that don’t use some of the patents in our portfolio.”

So, just who is infringing?

“It would be hard to envision that there are high-tech companies out there today that don’t use some of the patents in our portfolio,” commented Veschi. Patent infringement is very pervasive — it’s been going on for decades and in all industries with no geographic boundaries. Often, when companies create products and services, there is little consideration as to whether they are infringing on any existing patents.”

To some, this does not sound fair. Critics say that telecom IP should just be open to the free market, and, by making it free, it allows startup companies to thrive and helps bring new ideas to the market quicker. Yet, one must ask, “What’s the value of an idea?” When Alexander Graham Bell filed his telephone patent, should he have just made the ideas he labored on free to the general public? Rockstar’s Veschi has great respect for many of the former Nortel engineers whom he now employs who have a chance to help license the technology they worked hard to create.

“Rockstar is committed to advancing innovation worldwide through our patent licensing programs,” commented Veschi. “Intellectual property is a strategic asset. Acquisition of such an asset from Rockstar through a license purchase can provide significant strategic value.”

Today, Rockstar has a staff of about 40 professionals, and about 70 percent of them are former Nortel engineers and attorneys. The Ottawa office is focused primarily on engineering and is located in the nation’s high-tech center. The Plano, Texas office primarily employs the legal team, with a small reverse-engineering lab. Some of Rockstar’s employees are the actual engineers/inventors who developed the patents they are now licensing.

“Rockstar is thrilled to be leasing space within the Legacy Town Center,” commented Veschi. “We have been searching for a vibrant new location for over a year and made our decision for the Legacy area because the location will reduce commute time for more than half of our current employees, as they reside near the area. We also wanted a location within the Dallas area that would be a good draw to potential new hires. We really like the work/life environment that has been created in this area, and we feel this will help us add talent to the team in the future.”

Veschi says that Rockstar is projecting a moderate growth plan during the next few years and will be on the lookout for brilliant attorneys and negotiators to join the team. “Our recruiting experience in Texas has been positive. The talent pool in this area is very strong,” says Vicki Carver, Rockstar’s director of human resources.



by Phil Diment

Hurricane Service

He said he wanted to make sure that the building and the tenants were safe.

On Oct. 25, 2012, one of the most powerful storms in recent history bore down on the Eastern Seaboard — Hurricane Sandy. Like any other day, at 4 a.m. Dan Zmuda put on his uniform and decided it was a good day to go to work.

Zmuda is the chief engineer at Metropolitan Center in East Rutherford, N.J., one of KBS' flagship office assets on the East Coast managed by our own Randi Kaufman. You can see Mr. Zmuda's picture on page 35. He's the kind of guy you wish was your neighbor.

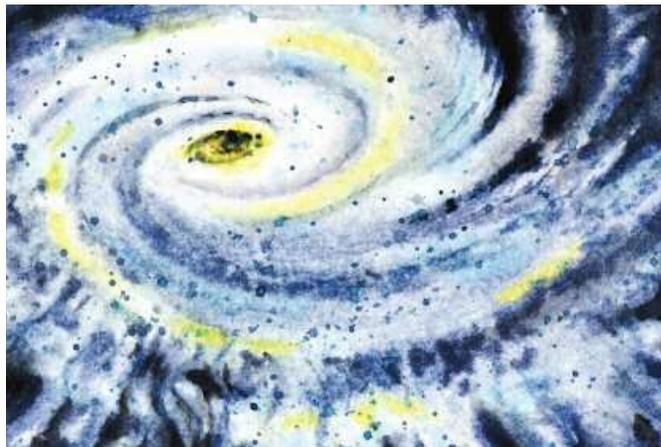
Why would Mr. Zmuda brave a hurricane to go to work and make sure the building was safe and secure? Because he takes his job seriously. He said he wanted to make sure that the building and the tenants were safe.

Mr. Zmuda's dedication to his job is the kind of dedication that KBS looks for when we hire service providers who ultimately reflect our company and our standards for excellence.

A truly professional service provider listens first to the client's needs, seeks to understand and then advises.

The third-party service providers that we hire offer a wide range of services, most notably property management, leasing and marketing, building engineering, security, parking, landscaping, property insurance, architectural and space planning, general contracting and much more.

Overseeing a large portfolio, I have the privilege to work with many of these service providers. Some have consistently earned repeat business from KBS. But, it does not come automatically; in fact, there are certain standards many of these providers hold to that have caused them to earn our business year after year.



1. Trustworthiness

Trust could mean a lot of things. For me, when awarding a contract to a service provider, trust means I am looking for that provider to do what it said it will do. Many providers are good at selling a long list of services, but when it comes to implementing the program, it's sometimes not as clear-cut that you are getting what was represented.

2. Good Listeners/Creative Thinkers

This one is my favorite. A truly professional service provider listens first to the client's needs, seeks to understand, and then advises. But, delivering just what is requested is only half the equation. Our most exceptional service providers not only listen and understand what we are saying, but also have a mastery of our broader objectives, which allows them to innovate and take our vision to the next level — this is key.

3. Commitment to Excellence

Dan Zmuda epitomizes a commitment to excellence. I mean, how many people are going to get up at 4 a.m., much less get up to brave a hurricane? Mr. Zmuda does not just do his job; he excels at it. It is this kind of commitment that we look for when we hire a service provider. It's a sense of ownership and pride in work that are key to their success. Are they fairweather friends, or would they truly brave a hurricane?



KEN ROBERTSON

is a senior vice president and asset manager for KBS Realty Advisors. Ken is responsible for more than six million square feet of office and industrial space in Dallas and Chicago.

Contact: krobertson@kbsrealty.com

Thanks KBS!



Top 10 CPA firm CliftonLarsonAllen moves into Providence Towers in record time.

We were attracted to Providence Towers because of its iconic appeal but also because of KBS' commitment to the property, having invested more than \$3 million into the building.

Our firm has moved into new office locations numerous times; however, the level of service and coordination we experienced during the construction and move-in process at Providence Towers was one of the best we have experienced so far.

Your team managed the selection of our general contractor, ran construction meetings, coordinated the change-order process and supported the move in a timely and efficient manner. In short, KBS took ownership of the process as if it had been your own space.

During the move-in week, you personally assigned one of your staff members to be on hand for anything we need — even the little things like unpacking the kitchen and moving trash baskets around. No duty was too small.

We are so pleased we selected your building as our new home.

Brent Terhaar
Partner in Charge, Dallas Office



KBS

To view our online property gallery
visit us at www.kbsrealty.com

A Cut Above the Rest: Park Avenue at Morris County

There are not many places in suburban New Jersey where a person can manage easily without access to a car. Imagine, though, being able to enjoy multiple cafés, dropping off your dry cleaning and visiting your child at day-care — all within walking distance. Imagine being able to jump on a shuttle and, six minutes later, board a train directly to New York City. Now imagine doing all of this from your office during your workday. Park Avenue at Morris County makes this vision a reality.

In highly competitive suburban commercial real estate markets, it is the trophy assets that have continued to thrive during the past few years, attracting and retaining the world's best companies as tenants. Park Avenue at Morris County has accomplished this with its first-class service and superb amenity package, which affords its tenants the ease of a seamless commute to and from New York City. The campus combines classic architecture with the conveniences that provide today's employees the work/life balance they demand.

Set on a picturesque 136-acre site, Park Avenue at Morris County consists of six Class A office buildings that total nearly 1.2 million square feet. Recognized as the tri-state's preeminent suburban office park, Park Avenue at Morris County was developed between 1989 and 1999 and is a multiple BOMA award winner, including: the 2007 BOMA Building of the Year Award for suburban office campus, the 2006 BOMA Mid-Atlantic Region Building of the Year Award (100 Campus) and the 1998 International TOBY Award. The property's unparalleled reputation is



confirmed by its unmatched best-in-class mix of credit tenancy, headquarters-quality construction and finishes, a comprehensive amenity package including unique on-site features like The Park Avenue Club (a private dining and banquet venue) and 1.75 miles of walking trails along the prime commuter location in affluent Morris County. Together, these features rank Park Avenue not only as the New York metro area's top office park, but also as one of the finest in the nation.

KBS differentiates its assets from the rest through its asset and property managers, who work together to ensure that properties like Park Avenue excel in the following three categories: top amenities, a prime location and a high-end tenant roster. Although each quality is important individually, they come together to create a superior work environment that has become synonymous with KBS assets.

1. Top Amenities

Despite Park Avenue's well-established Class A rating, KBS decided to further improve the property and building by adding a new café, 1.75 miles of walking trails around the campus, Wi-Fi access in its lobbies, digital tenant directories and new signage. Plans for 2013 include a renovated, expanded shared conference center and a state-of-the-art fitness center. The

Continued on PAGE 24 ►

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► Continued from PAGE 22

physical amenities and features create an environment that is enjoyable for tenants, but KBS recognizes that properties like Park Avenue require something unique to set them apart.

The on-site property management team adds another layer to the Park Avenue experience. The team works to add a little bit of luxury to the tenant experience by exceeding tenants' expectations. The goal is to have an aesthetically pleasing building that is also a place where tenants feel taken care of and special. The team has exceeded KBS' expectations by hosting several annual events and giving each tenant individual attention. Whether it is helping a tenant with picking up flowers or hosting a Breast Cancer Awareness event, the on-site employees strive to create an experience where the tenants know that they are valued.

The goal is to have an aesthetically pleasing building that is also a place where tenants feel taken care of and special.

2. Prime Location

KBS actively seeks thriving markets with good economic fundamentals for its premier office investments. Florham Park and New Jersey's Route 24 Corridor balance vibrant downtown neighborhoods with green spaces both landscaped and forested. The Route 24 Corridor provides a desirable client base for wealth management firms located within Morris County and is ranked eighth among the nation's wealthiest households with a highly-skilled, well-educated labor force. Park Avenue is also home and neighbor to 63 *Fortune* 500 companies who have chosen to establish major offices or headquarters in Morris County.



Located two minutes away from Convent Station, an N.J. Transit station offering midtown-direct service to New York City, Park Avenue offers an on-site shuttle to take tenants and their guests to and from the train station. The property is located with access to major highways, including Interstate 287, Interstate 80, Interstate 78 and Route 10, and is just minutes away from both the Morristown and Newark Liberty International Airports. This accessibility to major transportation corridors, transit and airports allows companies to establish a suburban headquarters with a regional and global reach.

3. Desirable Tenant Roster

Unique features, world-class customer service and a prime location create a prestigious environment that attracts equally prestigious tenants. Park Avenue has historically attracted household-name financial, pharmaceutical and accounting firms, with several who have maintained suburban headquarters at the campus since its construction. Why is this important to KBS? Simply, success attracts success. Park Avenue is always included in property searches when tenants are looking for suburban, headquarters-quality, high-image space because high-profile prospective tenants desire to be in a location where the tenants are equally or more successful than they. During the four years that KBS has owned Park Avenue, tenants like Wilson Elser, Clyde & Co, DLA Piper, Shionogi, Ameriprise, JPMorgan Chase, Wells Fargo Advisors, Jacobs Levy and Holliday Fenoglio Fowler have signed long-term leases, renewals and expansions. The tenant roster at Park Avenue continues to include the "Who's Who" of corporate America, further establishing the property's pedigree.

Not many properties are able to state that they offer everything to their tenants; Park Avenue at Morris County's reputation and high rate of tenant retention testifies that it can and does. 

by Stephanie Bridges

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This announcement is not an offering. No offering is made except by the prospectus filed or registered with appropriate state and federal regulatory agencies, including the Department of Law of the State of New York. Neither the Attorney General of the State of New York nor any other state securities regulator has passed on or endorsed the merits of this offering. Any representation to the contrary is unlawful.

**Up to 200,000,000 shares of common stock are available in the primary offering for \$10 per share, with volume discounts available to investors who purchase more than \$1,000,000 of shares through the same participating broker-dealer. Discounts are also available for other categories of investors. Up to 80,000,000 shares are also being offered pursuant to a dividend reinvestment plan at a purchase price initially equal to \$9.50 per share.*

Location Investing

Why we went back to the future

People make career changes for a variety of reasons. Money may be a reason, but it isn't the only one. There can be many motivating and mitigating factors involved in such a scenario. We know firsthand because our former executive recruiting firm recently experienced such a change due to philosophical differences between its partners. That difference resulted in the need to search for office space for our newly formed company, SkyWater Search Partners, Inc.

The big question: Where do we locate our new firm?

Choosing the right or perfect location and office space can be a highly subjective decision. Research has shown that key factors on both the employee and client sides should drive where your next office will be. Office choice has far-reaching repercussions for the way you and your fellow employees conduct business and for the people with whom you do business.

Investing in an office location is an investment not just in your business but in your employees, clients and future prospects.

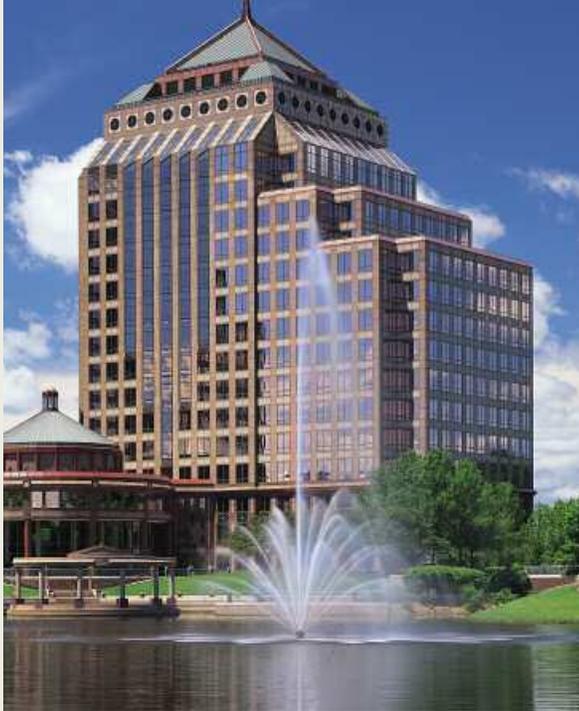
Employees want to thrive in a positive work environment. They look to their leadership team to promote policies through a well-established culture where things like a healthy work/life balance are imperative, or by creating a physical office environment that inspires productivity as well as promoting collegiality. Employees also want to feel involved and connected with their peers and leadership — they want a sense of purpose beyond work through activities such as fundraising for a nonprofit or engagement in fun events like a walkathon. These types of events provide them with the opportunity to give back to and connect with their community. All these things likely stem from where your office is located, how it's designed and how people relate to it. Investing in an office location is an investment not just in your business but in your employees, clients and future prospects.



According to a recent story on CNN, “Are Cool Offices the Key to Success?” this capital commitment is essential. Peter Surrena, design director at trend forecasting agency PSFK, says, “Good office design is an investment in perception for publicly-facing companies.” That’s why, when McKinley Group, Minnesota’s largest executive search firm first started, they moved to the Carlson Towers, a beautiful 250-acre natural setting, which serves as the global headquarters for the Carlson Company’s family of marketing, travel and hospitality companies and services, plus numerous other professional services firms.

Carlson Towers is a coveted destination that many prestigious companies call home because of its award-winning amenities and impeccable reputation. Simply put, it is one of Minnesota’s premier business parks, with a celebrated mixed-use design. Easily accessible no matter where you are in the Twin Cities, it sits on a beautifully landscaped setting of lakes and wetlands that complements its flexible business space. The property also features retail shops, restaurants, a health care facility and a hotel. Carlson Center is a visual anchor to the Interstate 394 office submarket and strategically located at the confluence of two major Interstates. For “location investors” Carlson Center is a hot spot.

The desire to cut costs caused our company, after nine years of tenancy, to move from this classic Twin Cities property to a location with far fewer amenities, and, quite frankly, less prestige. Little did we know then how many of our employees and clientele would miss the strategic benefits this premier address had to offer.



Back to the future. After leaving the Carlson Towers in Minneapolis, newly formed SkyWater Search Partners came back because of its strategic benefits.

That’s why our newly reorganized and freshly renamed firm, SkyWater Search Partners, is returning to KBS-owned 601 N. Carlson, one of two landmark towers in this exclusive master-planned business park. We will enjoy a strategic location on the main floor just off the well-traveled rotunda space — in a move best described as going back to the future. It is the right thing to for our employees, and we know it’s the best thing to do for our current and prospective new clients.

Returning to Carlson Center was one part of the solution. We also needed to strategically design our new space to appeal to both employees and clientele.

Returning to Carlson Center was one part of the solution. We also needed to strategically design our new space to appeal to both employees and clientele.

Currently, there is a shift towards casual meeting places for employees and others in which a gathering space serves many functions. It could be used for breakfast and lunch; internal and external presentations on multiple flat screen TVs that will also double as an ideal setting to watch sports and other events for both clients and employees; and, finally, it can function as quiet work space. Similarly, we are planning to maximize our new space at Carlson Towers by converting a large upscale executive

office into a multi-functional meeting place for employees and clients. Numerous recent reports on office design proclaim the merits of, and trends toward, open environments where clients can feel relaxed — it tells them that you consider their needs and are happy to do business with them.

In designing this new multi-functional space, we wanted to go beyond just throwing in a desk and a chair and calling it a workspace. We want the design of our entire office to be both professional and functional. A disorderly space with elements that do not match tells clients (and employees) that you are disorganized. We do not want to convey that impression — especially not at our new address.

My partners and I are excited about being back in one of the Twin Cities iconic business locations. We are also enjoying building out our space to uniquely meet the needs of both our employees and our clients. I am confident that our company will grow and succeed — investing in the right location is critical to that success.



KURT RAKOS, CPC

Kurt Rakos is one of the founders of SkyWater Search Partners. along with Paul Beard and Tony Fornetti. The firm specializes in contingent and retained search services for placement in IT, accounting and finance, sales, marketing, engineering, HR and consumer packaged goods.

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Finding the right attorney... when there are so many attorneys out there.

Today, given the Internet and the volume of business publications, finding the names of attorneys is as simple as finding a gas station. There are many attorneys specializing in many types of services. Some feel like they are in a game of roulette, spinning the wheel to see which attorney the ball falls on. I would suggest that roulette is not a good way to select an attorney. If you want to find the right firm or attorney to represent you and/or your business, you need to do some fact-finding. But, it need not be an arduous task. The simple steps below can help you narrow down those hundreds of leads into one or two highly qualified prospects to meet your needs.

Types of Attorneys

The first step to narrowing your list is to select the right type of attorney. You don't go to a podiatrist if your eyes are bothering you. Similar to the medical profession, there are many different legal practice areas, including real estate, corporate, securities, litigation, tax, intellectual property, bankruptcy, labor, immigration and entertainment. There are also many sub-specialties within each of those practice areas. For example, the real estate practice area can include sub-specialties such as leasing, purchase and sale, financing, workouts, litigation and restructures, joint ventures, environmental, syndications, land use and much more. Typically, but not always, an attorney focuses on just one sub-specialty within a specific practice area. Although it is not rare for a real estate attorney to be proficient in more than one of these real estate sub-specialties, it is rare for one real estate attorney to be proficient in all of them.

So now you've shortened your list to the right types of attorneys. But how do you further hone your list? You should try to find two or three firms from your list that have the most experience in the practice areas at which you are looking. Simply ask the attorney to provide you with a list of the transactions that he or she has been involved in the practice area in which you are seeking assis-

tance. For example, if you are seeking an attorney to help negotiate a lease from the tenant perspective, it would be appropriate to ask the attorney how many leasing transactions (including type and size) they have negotiated for tenants during the past year, during the past five years and during the past 10 years. If some of your prospects shy away from your request, you've just narrowed your list down further. Transactional history is important.

Law Firms vs. Sole Practitioners

Concurrent with selecting the right type of attorney is deciding whether you should be looking for a sole practitioner or an attorney who works for a law firm. If the decision is to seek an attorney who works for a law firm, large or small, one needs to decide between national/international or regional. The answer to these questions is not always easy or obvious, depending on the type of legal services being sought. For example, a large national company that leases retail space throughout the United States may be better served by a leasing attorney who works for a national law firm with offices in the states in which the company does business in order to satisfy its need for legal advice on leasing, tax, litigation and/or labor matters. In contrast, a local company seeking to lease industrial space only in the state where it does business may not need all of the services offered by a national law firm, and may or may not be better served (especially from a cost perspective) from a small regional firm or by a sole practitioner. Unfortunately, one shoe size does not fit all. The ultimate decision will vary depending on the unique needs of the person or company seeking the legal services.

Referrals and the Rule of ARQC

Now that you've identified the right type of attorneys and requested historical transactions, you are ready for the most important step in the selection process: referrals. There is no better confirmation of an attorney's attributes than confirmation from someone who has previously engaged the attorney. Friends, co-workers and trade associations are all great places to start. You can also simply ask the firms to provide you with a short list of their references.

Once you have a list of references for your top prospects, it is helpful to have a list of well-prepared questions to ask. If you do a good job answering these questions, you should be able to narrow your list down to one or two outstanding prospects.

What questions to ask? This may seem like an awkward acronym, but consider the rule of ARQC.

A - Advisor: Does the attorney act as a trusted adviser — someone who is proactive and is always thinking about the client's best interests from an overall perspective with good peripheral vision not just tunnel vision?

R - Responsive: Is this attorney dependable and responsive even when the attorney's services are needed on the weekends or late at night? In other words, a client needs his or her attorney to be prepared to do whatever it takes to get the job done within the time constraints of the specific transaction.

Q - Quality: Does the attorney provide quality work both in terms of how the work product is presented, as well as the content of the work product? You'll be surprised at some of the answers you get when you ask this question.

C - Cost: Most clients want their legal services to be provided in a cost-effective manner; however, one needs to understand that an attorney's lower hourly billing rate, as compared to another attorney's higher billing rate, may not necessarily be the most cost effective. What is the actual cost of doing the work? It is entirely conceivable that an attorney with a higher billing rate may be more efficient, providing the same legal services while spending less time and, therefore, may actually provide the legal services for less. This issue can oftentimes be flushed out through the client's request of, and the attorney's providing of, an estimated budget of the legal services being requested; one should not be shy in requesting an estimate of the legal fees

one is likely to incur. It is also worth mentioning that it is important for an attorney to be sensitive to a client's need, from time to time, for reasonable fee adjustments when circumstances warrant the same, especially with broken deals. Most attorneys will be open to this concept so long as they feel the client treats them fairly with respect to the fee adjustment.

Selecting the right attorney should not be treated like a game of roulette. If you are serious about good legal representation, you'll need to do some due diligence. While there may be many other questions that you want to ask, the simple steps above should help to narrow down a prospect list to the top practitioners that are going to best meet your unique needs. **ETM**

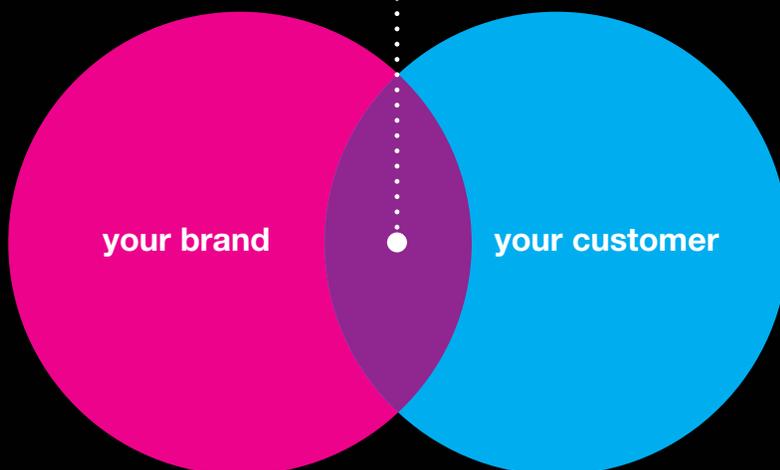


BRUCE FISCHER

Bruce Fischer heads Greenberg Traurig's Real Estate Group in Orange County, Calif. He has a national practice focused on real estate funds and real estate investment trusts and their advisors; institutional lenders and institutional owners in connection with the acquisition and disposition of commercial real estate (including large multi-state portfolios), workouts involving complex loan restructuring and foreclosures; and the negotiation of construction loans, permanent loans and mezzanine loans from both the lender and borrower perspective.

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As you stand in the bow of the drift boat, the river's current moves you through a scene of snowcapped peaks and a lush river valley, accompanied only by the sound of chirping birds and the quiet dip of the oars. Your eyes and mind wander from the fishing, but a voice behind you urges you to make another cast.

"Put the fly right against that next log. Don't worry about losing it — we have plenty more," the guide says.

You're proud — and mildly surprised — when the grasshopper imitation plops down exactly where you intended. The dry fly bobs downstream on the current, slowing slightly along the edge of the log. Suddenly, a shadow materializes under the fly. An instant later, your brain registers that both the shadow and your fly have disappeared. Even before the guide hollers, you instinctively sweep the rod back, and as the line comes tight, you can feel the fish shaking its head, its wild strength telegraphed right into your hand on the rod's grip. Then, leaping out from the cover of his lair, the big brown trout is suspended in the air for an instant, its spots and golden sides glistening in the sunshine, an image now burned permanently into your memories.

Sound like fun? Have you ever thought about giving fly fishing a try but thought it was too involved or esoteric? Fly fishing is complex enough to be a

lifelong adventure of new challenges and learning new skills, but it doesn't need to be complicated. Learning just a few basic skills will allow a beginner to enjoy fly fishing right away.

Learning just a few basic skills will allow a beginner to enjoy fly fishing right away.

Of course, you can get started in fly fishing on your own — making use of instructional books, videos, and online resources, as well as the staff of a local fly fishing pro shop — but one of the best ways to get a real feel for fly fishing is to book a trip with a professional guide. Of course, the guide's knowledge of local waters and conditions will give the client the best chance to catch some fish, but a guide can also provide a crash course in basic skills like knot-tying, casting and line control. Even one day of informal instruction from a guide will give a beginner a substantial head start on becoming a competent angler. And, the guide will provide a safe and complete experience — from sharing knowledge of local natural history to providing a tasty lunch.

PLANNING A TRIP

Fly fishing guides are available all around the globe, but a trout fishing trip in the lower 48 is a less expensive



option than a trip to Alaska or a foreign destination, and my home state of Montana should be at the top of the list.

There are several ways to approach planning a trip to Montana. A lodge booking will include accommodations and meals, which can range from rustic to luxurious, and most lodges have their own guide staff or work with an outfitter who will handle the guide bookings. Some lodges offer hiking and horseback riding programs, which can be attractive if one is traveling with a non-fishing spouse or family.

If booking the trip through a fly shop or directly with the guide service, most clients will stay in a local motel, a guest cabin or a bed and breakfast and use a



...you instinctively sweep the rod back, and as the line comes tight, you can feel the fish shaking its head...

rental car for transportation. Most shops and outfitters will be glad to share local knowledge of the best spots to stay and can also help with those reservations. Be sure to book as early as possible to get the best guides and the widest choice of accommodations.

Although fishing can be very productive in the spring and fall, most travelers to Montana come in the period from mid-June through mid-September when the weather is most predictable. Travelers also need to plan around the runoff period, early May through mid-June, when many rivers in Montana are unfishable due to snowmelt.

A number of towns in Montana — including Missoula, Dillon, Bozeman and Livingston — serve as headquarters for a variety of local fishing, from big rivers to small mountain streams and spring creeks. Don't try to cover too much of Montana on one trip, lest you

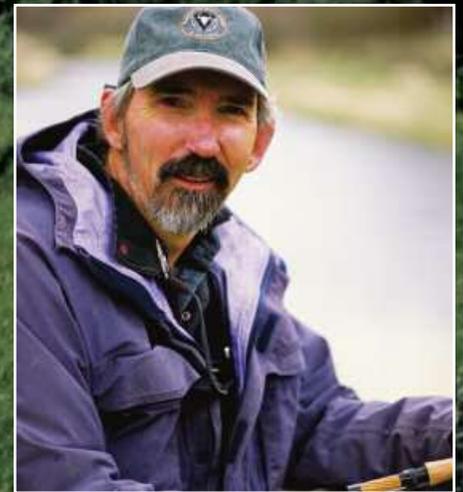


spend more time in the rental car than on the water.

Float fishing on a bigger river is a great way to combine fishing and sightseeing, and it eliminates worries about wading in fast water. On the other hand, the guide can do more hands-on instruction when he is not rowing the boat. If you have a preference for wading vs. floating, be sure to communicate this when booking the trip.

Most guides will provide flies and basic tackle for beginner clients, but they will often meet clients at a local fly shop in case the clients need licenses or other supplies.

For a summer trip, bringing lightweight pants, long sleeved shirts and sun protection — sunblock, hat and polarized sunglasses — is critical. Pack a fleece top and a rain jacket in case of an afternoon thundershower. If waders are needed, they can be rented from a local shop. **F O M**



BRANT OSWALD

is a world class fly fishing guide with more than 30 years' experience teaching, guiding and trip hosting, especially in the Big Sky State. He is known all over the world for his technical knowledge of fly fishing and fly-casting techniques. To book a trip, visit Brant's website at www.brantoswaldflyfishing.com.

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Commercial Real Estate, Meet Social Media

The digital revolution has given way to an array of new communication avenues that have challenged human interaction on various levels. Social media is one of the latest communication influences to penetrate all facets of our lives on a momentous scale — from personal to professional. As a result, this digital medium has evolved into one of the most powerful marketing tactics today — even to the point of becoming a standard marketing procedure. A phenomenon that started with entertainment and retail brands has evolved into a mainstream way for businesses to engage with niche audiences to increase exposure, engagement and sales.

Despite this growth, the commercial real estate industry has been slow to include social media in the marketing mix. Unlike business-to-consumer businesses that are driven by direct audience involvement, commercial real estate companies must navigate a number of intricate partnerships and relationships that dictate overall business volume, asset valuation and analysis. How these partnerships and relationships are affected by social media marketing is largely unknown — a fact that has kept many of the largest real estate players on the social media sidelines.

In today's hyper-competitive real estate environment, it is essential for companies to utilize a variety of marketing tools...

But, the situation may be changing. In today's hyper-competitive real estate environment, it is essential for companies to utilize a variety of marketing tools that can add long-term brand value and equity. Channels like Twitter, LinkedIn and Facebook — when used effectively — can dramatically increase target market engagement and mobilization, which lead to property acquisition and leasing that tangibly affect a company's bottom line.



The need for commercial real estate social media engagement is evident by the expected growth in transactional activity for 2013. According to Jones Lang LaSalle's 2013 National Commercial Real Estate Outlook, total investment transactional volume is projected to increase by 10 to 15 percent in 2013. Since 2007, commercial real estate has outperformed the residential market in every sector. Add to this job creation, even at anemic levels and the result is an expansion of the office sector and retail spending, and demand for rental and industrial space. An increasing number of real estate companies clamoring for these customers will find it necessary to take advantage of social media and other new marketing tools to enhance their marketplace image, expand their business networks and differentiate themselves from their competitors.

Social media is not only driven by increased competition but also by changing demographics. Seven of every 10 adults now use some form of social media, either professionally or personally, with the majority of users under the age of 35. As these social-media-savvy professionals get promoted into decision-making positions, they will take their digital skills with them and inevitably incorporate social media into their marketing and communication plans.

Faced with modest time and financial resources, commercial real estate companies can use social media to boost their capacity in various ways: improving communication between constituents, including tenants, employees and prospective tenants; identifying leads; and, directly supporting the marketing of properties. A

Continued on PAGE 34 ►



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► Continued from PAGE 32

business simply has to create a profile on any of the variety of free sites and then will be able to post information on new property listings, available space for lease, industry research and company news.

The following are four reasons why commercial real estate professionals should consider social media opportunities:

Lead generation

Social media sites can be useful for researching new business opportunities and lead generation. They give professionals the ability to connect with specific groups inside and outside of their industry through information-sharing, tweeting, posting, “liking”, sharing or commenting, making it easier for prospects to refer or research services. Whether it is a developer of a low-income housing project looking for an affordable financing loan or an office property owner seeking new management representation, social sites can help identify specific niche resources.

Twitter is an excellent tool for commercial real estate companies to find new business opportunities. Aside from the platform’s expansive reach, companies are able to blast out catchy tweets to their target audience about their business plans, success stories and pitches, which help drive traffic to other web, blog and other informational outlets. In addition, Twitter allows professionals to keep a pulse on companies they are interested in doing business with and monitor their actions for potential leads. For property brokers, many will also use Twitter as a promotional outlet to tweet about space available to lease or purchase.

New business leads can be generated with information via fan pages, discussion boards or direct messaging.

Networking

Today, more businesses are networking online, and social media provides commercial real estate professionals a convenient way to interact with thousands of important constituents. New business leads can be generated with information via fan pages, discussion boards or direct messaging.

LinkedIn is the preferred networking platform because it is more of a business network than a social network. It is especially beneficial to the brokerage community who leverage the site to connect with business owners and companies who may look to lease or acquire commercial space. Of course, LinkedIn is valuable as a recruitment tool — and nowhere is that more evident than in the commercial real estate and brokerage communities, where job-hopping has become commonplace.



Facebook can also be promising if used in the correct capacity. Many apartment owners now have separate Facebook pages for each property, which are primarily used to serve residents as common communication and networking sites and to drive potential new residents to properties.

Monitoring

Social media makes it easy to monitor how clients and prospects view a company’s business, and how the business is being perceived by the general public and industry experts. This insight allows commercial real estate companies to directly respond to comments, defuse negative situations and reinforce relationships and trust. Social media is also used to monitor competitor behavior.

Easy access to other experts

Companies can bolster their position as industry experts by using social media to align themselves to other industry thought leaders. By “liking” or “following” the Facebook or Twitter pages of a partner, broker, vendor or real estate media outlet, today’s savvy marketer can add both credibility and followers. When you repost or comment on another expert’s post, your action is visible to every follower of that third party, which exponentially increases engagement. And, when you post the link to a key trend story from a reputable industry trade journal on your Facebook page, you give your fans even more reason to take notice.

In a fiercely competitive commercial real estate market showing signs of expansion, new relationship-oriented marketing tools may be the best way for companies to marshal that growth. The most opportunistic brands will implement marketing plans that employ social marketing to stimulate lead generation, networking and monitoring. Those who fail to employ this growing medium run the risk of being left behind in the eyes of customers, partners and employees. 



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The Service Champion Awards



Customer service is the hallmark of KBS' asset management philosophy. Each year, KBS selects building personnel who exemplify KBS' standards for excellence, which are as follows:

- Goes above and beyond the call of duty to serve the needs of our building occupants
- Maintains the highest possible standard of professionalism in carrying out his or her duties
- Exhibits consideration and respect toward fellow employees and initiates and promotes cooperation
- Exhibits a positive attitude toward all business endeavors and associates



Dan Zmuda, Chief Engineer, Metropolitan Center, East Rutherford, N.J.

- Impeccable attendance record, arriving to work before 6 a.m. every morning to make sure building systems are all up and running. During the recent superstorm Sandy, Dan successfully made his way to the building during the hurricane, where he monitored the building's safety systems and provided calm direction.
- Dan is reliable and committed to the welfare of both the property and the tenants, and he inspires confidence to others on his staff.
- Dan was highly instrumental in helping Metropolitan Center to win the 2011 "The Office Building of the Year" (TOBY) Award from BOMA. Dan is also the recipient of CBRE's "Engineer of the Year" award for 2011.



Hiram Orozco, Assistant Chief Engineer, Union Bank Plaza, Los Angeles

- Hiram, for eight years, has gone out of his way to provide tenants with excellent customer service. Tenants comment on how he is thorough in his work and how his follow-up is always done in a timely manner.
- His diligent work ethic and dedication to the engineering department is instrumental in keeping the 627,334 square foot Union Bank Plaza operating efficiently.
- The effort Hiram puts forth every day has earned him the respect of not only the engineering department but also other departments at Union Bank Plaza.



Mark Floyd, Chief Engineer, Providence Towers, Dallas

- Mark Floyd has been directing the engineering at Providence Towers for 17 years and was very instrumental in KBS' recent \$3.0 million-plus renovations.
- Under Mark's direction, Providence was awarded BOMA's "The Office Building of the Year" (TOBY) Award. The property has also been ENERGY STAR-certified for the past eight years and is currently LEED-certified.
- Mark, a licensed master electrician and former military vet, cites one of his greatest achievements as his relationship with tenants and co-workers. He is known and appreciated by everyone in the building for providing this service.



Arnold Cantu, Chief Engineer, Two Westlake Park, Houston

- Arnold displays a pride of ownership in his position and pushes for success in every situation. His depth of knowledge in engineering buildings and performing various tasks in-house, rather than contracting out, is of tremendous value to the client and tenant operating costs, and has saved thousands of dollars.
- When KBS purchased Two Westlake Park in 2011, the sink fixtures within 34 restrooms (204 sinks) were in need of replacement. Rather than contracting this project out, Arnold looked into purchasing the fixtures directly from the manufacturer and then had the engineering team replace the fixtures in-house.
- He is an excellent leader and mentor to the Two Westlake Park team, and his years of experience are truly invaluable. His energy to "get the job done" is a true display of ownership and dedication to the company.

Would You Buy Yourself?

People have many brands they can choose from — you are one of them!

You may not give it much thought, but you are a “brand” to everyone who knows you. As a business professional, you’re a brand to those you work with and those you market to; as a husband or wife, you are a brand to your spouse; if you have kids, you’re a brand to your kids; you’re also a brand to your friends, acquaintances and even those who simply hear about you or view you online.

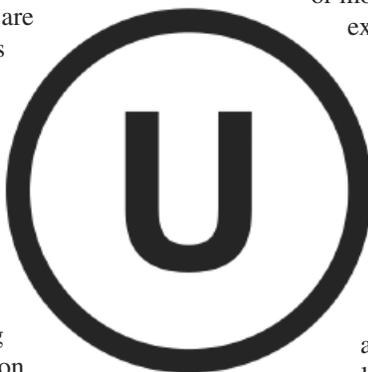
By definition, a brand is the “the ongoing experience” one has with you or your organization. The question becomes: What experiences am I giving others, and what value am I building into my brand to make sure it is relevant, compelling and providing value to others? In other words, is my brand delivering on the implied or actual promises I make? Is it exemplifying the core values I say I subscribe to? Is it impacting lives in a meaningful way?

...the way your personal brand resonates with others can profoundly improve relationships...

It’s wise to note that your brand is on 24/7, and, like all brands, it is subject to constant scrutiny and potential breakdown. Being comprised of your integrity, way of being and your track record in day-to-day life, the way your personal brand resonates with others can profoundly improve relationships, career opportunities and goal outcomes. At the same time, your brand can slow or stop your progress if you’re not clear about what you stand for and how you will benefit those around you down to the detail. Keeping commitments, showing up on time, excellence

in work ethic, response times, how we handle breakdowns and the overall value we create for others are a few ways your brand is measured. The foundation for building a valuable brand, however, is to authentically care for your audiences and contribute fully from that place. No matter how loud a brand is, brands that don’t care are brands no one cares about.

In today’s world of constant evaluation, keeping your personal brand intact is vital to sustain your influence, position and ability to move into new situations with a positive presence and credibility. With as little as a single experience or the click of a mouse, your brand is, or will soon be, in full view for the world to see. Will viewers be attracted or repelled? Will they buy in or move on? It all depends on the “brand of you” they experience, online or off.



So, how do we measure our brand effectiveness? For starters, I’ve always believed that self-evaluation is an oxymoron with the emphasis on the “moron,” so our opinions of ourselves should be tertiary, if that. We can acquire important data from others about our brand impact simply by creating the space for honest feedback. Don’t search for just the good and the bad here; you want to discover the ugly as well, for in the brand game, it’s what you don’t know about how you are impacting others that will hurt you.

In keeping with the truth that branding knows no end, only new beginnings, consider that your brand is built one “difference made” at a time, and, more often than not, it is the total sum of small value points that create a magnetic brand, not the once-in-a-while big things we do. This to say that building a strong brand reputation is found in the details. Branding is about perpetually delivering small but extraordinary surprises and being exemplary at every level of the relationship. It’s about caring enough to find out what is important to those we serve, and, regardless of price or personal cost, delivering such that people buy into your brand and not someone else’s. 



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The Strategic Value of Hiring a Veteran

Perhaps one of the most important investments an organization can make is that of hiring the right person for the job. Starbucks CEO Howard Schultz defined this accurately when he stated, “Hiring people is an art, not a science, and résumés can’t tell you whether someone will fit into a company’s culture.” This statement expresses the challenge that every organization faces when it comes time to fill positions within the company, and it is one of the reasons why military veterans face the challenge of finding employment after successful military service. Although veterans often possess important qualities that employers are looking for, vets don’t always know how to articulate, on a résumé, their technical, interpersonal and leadership experience gained from their military careers. Additionally, employers interested in hiring veterans, don’t always know where to find qualified candidates.

A recent report from the Center for a New American Security (CNAS) makes the case that hiring a veteran is good for the bottom line. Based on interviews with business leaders at 69 leading corporations, a report was generated that summarized 10 primary reasons why veterans are exemplary employees. Many of those reasons are linked directly to a veteran’s experience during military service.

- **Leadership and teamwork skills:** Veterans typically have led colleagues, accepted direction from others and operated as part of a small team.
- **Character:** Veterans are perceived as being trustworthy, dependable, drug-free and having a strong work ethic.
- **Structure and discipline:** Companies, especially those that emphasize safety, appreciate veterans’ experience following established procedures.
- **Expertise:** Companies value veterans’ occupational skills, job-specific experiences and understanding of the military community.
- **Dynamic environment:** Veterans are accustomed to performing and making decisions in dynamic and rapidly changing circumstances.



Former U.S. Marine infantryman Kelse McClure did four tours of duty in Iraq and Afghanistan and faced an uphill climb trying to find a rewarding career after serving his country in the military. KBS was honored to help Kelse find a position as a journeyman engineer at Union Bank Plaza in Los Angeles. Leading commercial real estate firms are discovering a valuable talent pool with recent military vets.

- **Effectiveness:** Business leaders report that veterans “get it done.”
- **Proven success:** Some organizations hire veterans largely because other veterans have already been successful in their organization. Veterans demonstrate that they can share company values and fit the organizational culture.
- **Resiliency:** Veterans are accustomed to working in difficult environments and to traveling and relocating.
- **Loyalty:** Veterans are committed to the organizations they work for, which can translate into longer tenure.
- **Public relations value:** Some companies have found marketing benefits to hiring veterans.

With this overwhelming evidence supporting the success of hiring veterans, the question remains as to why the current unemployment rate for veterans of the Iraq and Afghanistan wars is more than two percentage points higher than the national average. This will change as more organizations recognize the contributions that veterans can bring to the workplace. So, if you are planning to hire this year, consider hiring a veteran to fill the position. It provides a tangible way to say “Thank you,” and it may provide a strategic advantage to your company. **ETM**



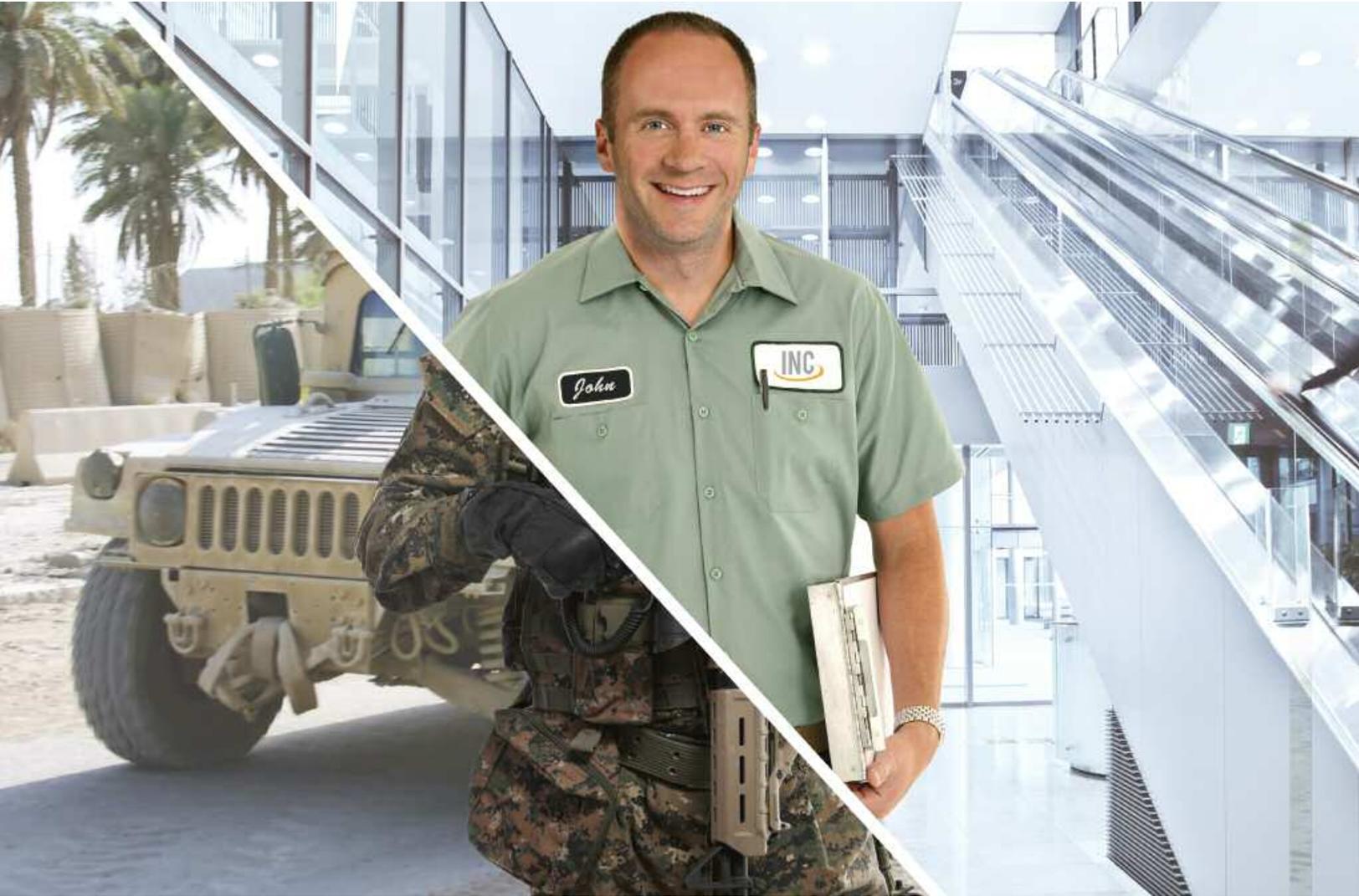
BRENT THEOBALD

is the director of veterans affairs at Vanguard University in Costa Mesa, Calif. He served for five years in the USMC and completed three combat deployments both in Iraq and Afghanistan. In his current role, his primary responsibility is to assist veterans as they transition back into civilian life. Brent has been instrumental in KBS’ jobs for vets program (www.kbsvets.org).

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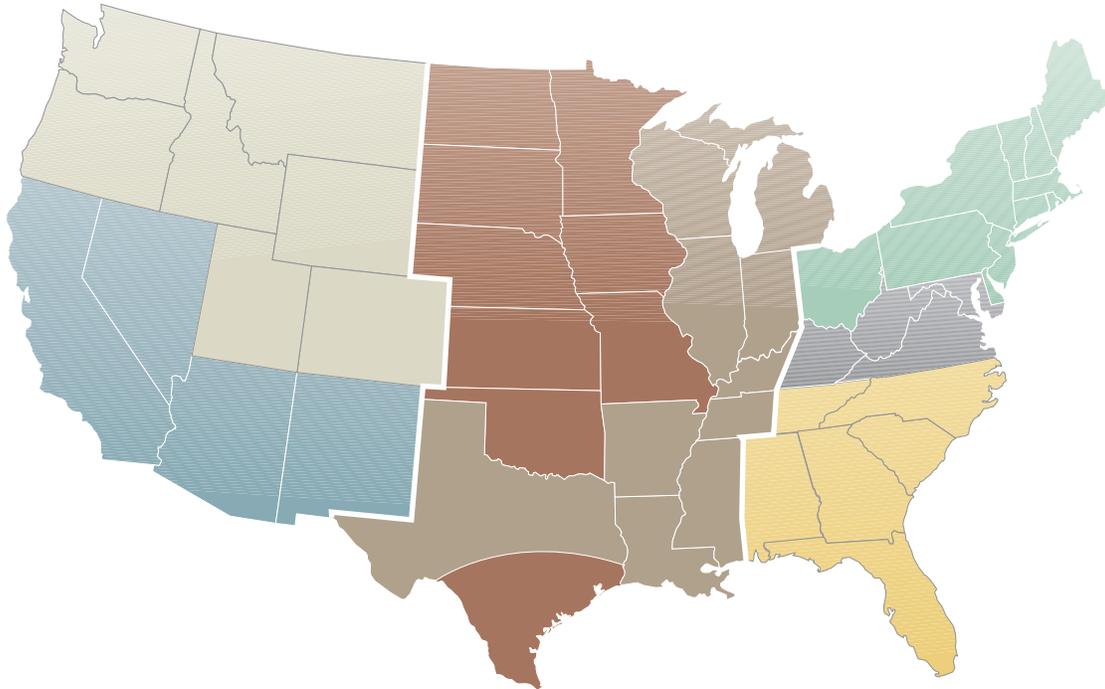
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