



KBS

Real Estate
Investment
Trust III

Portfolio & Strategic Plan Update
May 28, 2020

Important Disclosures

The information contained herein should be read in conjunction with, and is qualified by, the information in KBS Real Estate Investment Trust III's (the "Company" or "KBS REIT III") Annual Report on Form 10-K for the year ended December 31, 2019 (the "Annual Report"), and in the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2020 (the "Quarterly Report"), including the "Risk Factors" contained therein. For a full description of the limitations, methodologies and assumptions used to value the Company's assets and liabilities in connection with the calculation of the Company's estimated value per share, see the Company's Current Report on Form 8-K, filed with the SEC on December 12, 2019.

Forward-Looking Statements

Certain statements contained herein may be deemed to be forward-looking statements within the meaning of the Federal Private Securities Litigation Reform Act of 1995. The Company intends that such forward-looking statements be subject to the safe harbors created by Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include statements regarding the intent, belief or current expectations of the Company and members of its management team, as well as the assumptions on which such statements are based, and generally are identified by the use of words such as "may," "will," "seeks," "anticipates," "believes," "estimates," "expects," "plans," "intends," "should" or similar expressions. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. The Company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, unless required by law. Such statements are subject to known and unknown risks and uncertainties which could cause actual results to differ materially from those contemplated by such forward-looking statements. The Company makes no representation or warranty (express or implied) about the accuracy of any such forward-looking statements. These statements are based on a number of assumptions involving the judgment of management.

You should interpret many of the risks identified in this presentation, in our Annual Report and in our Quarterly Report as being heightened as a result of the ongoing and numerous adverse impacts of the COVID-19 pandemic. The COVID-19 pandemic, together with the resulting restrictions on travel and quarantines imposed, has had a negative impact on the economy and business activity globally. The extent to which the COVID-19 pandemic impacts the Company's operations and those of its tenants and the Company's investment in Prime US REIT will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and containment measures, among others.

Important Disclosures (cont.)

Forward-Looking Statements

The Company may fund distributions from any source including, without limitation, from offering proceeds or borrowings. Distributions paid through March 31, 2020 have been funded with cash flow from operating activities, debt financing and proceeds from asset sales. There are no guarantees that the Company will continue to pay distributions or that distributions at the current rate are sustainable. No assurances can be given with respect to distributions. Actual events may cause the value and returns on the Company's investments to be less than that used for purposes of the Company's estimated NAV per share. With respect to the estimated NAV per share, the appraisal methodology used for the appraised properties assumes the properties realize the projected net operating income and expected exit cap rates and that investors would be willing to invest in such properties at yields equal to the expected discount rates. The valuation for the Company's investment in units of Prime US REIT assumes a discount for the holding period risk attributable to transfer restrictions and blockage due to the quantity of units held by the Company and such discount is driven by trading volume in Prime US REIT's units in the public market and expected future volatility.

Though the appraisals of the appraised properties and the valuation of the Company's investment in units of Prime US REIT, with respect to Duff & Phelps, and the valuation estimates used in calculating the estimated value per share, with respect to Duff & Phelps, the Company's advisor and the Company, are the respective party's best estimates as of September 30, 2019, December 3, 2019 or December 4, 2019, as applicable, the Company can give no assurance in this regard. Even small changes to these assumptions could result in significant differences in the appraised values of the appraised properties, the valuation of the Company's investment in units of Prime US REIT and the estimated value per share. Further, the Company can make no assurances with respect to the future value appreciation of its properties and ultimate returns to investors. The estimated NAV per share does not reflect the impact of the COVID-19 pandemic on portfolio values.

Stockholders may have to hold their shares for an indefinite period of time. The Company can give no assurance that it will be able to provide additional liquidity to stockholders. The Company's conflicts committee, which is composed of all of its independent directors, has approved the pursuit of the Company's conversion to a perpetual-life NAV REIT. However, the Company's conversion to an NAV REIT remain subject to further approval of the conflicts committee and board of directors, and regulatory, market or business considerations, including the impact of the COVID-19 pandemic on the markets and the Company's operations, may influence the Company to delay the implementation of the NAV REIT conversion or abandon the Company's conversion to an NAV REIT. Even if the Company converts to an NAV REIT, there is no assurance that the Company will successfully implement its strategy.

The statements herein also depend on factors such as: future economic, competitive and market conditions; the Company's ability to maintain and/or improve occupancy levels and rental rates at its real estate properties; and other risks identified in Part I, Item IA of the Company's Annual Report and in Part II, Item 1A of the Company's Quarterly Report.

About KBS

Formed by Peter Bren and Chuck Schreiber in 1992.

Over 27 years of investment and management experience with extensive long-term investor relationships.



Transactional volume in excess of \$42.3 billion¹, AUM of \$8.0 billion¹ and 23.8 million square feet under management¹.



Buyer and seller of well-located, yield-generating office and industrial properties.



Advisor to public and private pension plans, endowments, foundations, sovereign wealth funds and publicly registered non-traded REITs.



A trusted landlord to thousands of office and industrial tenants nationwide.

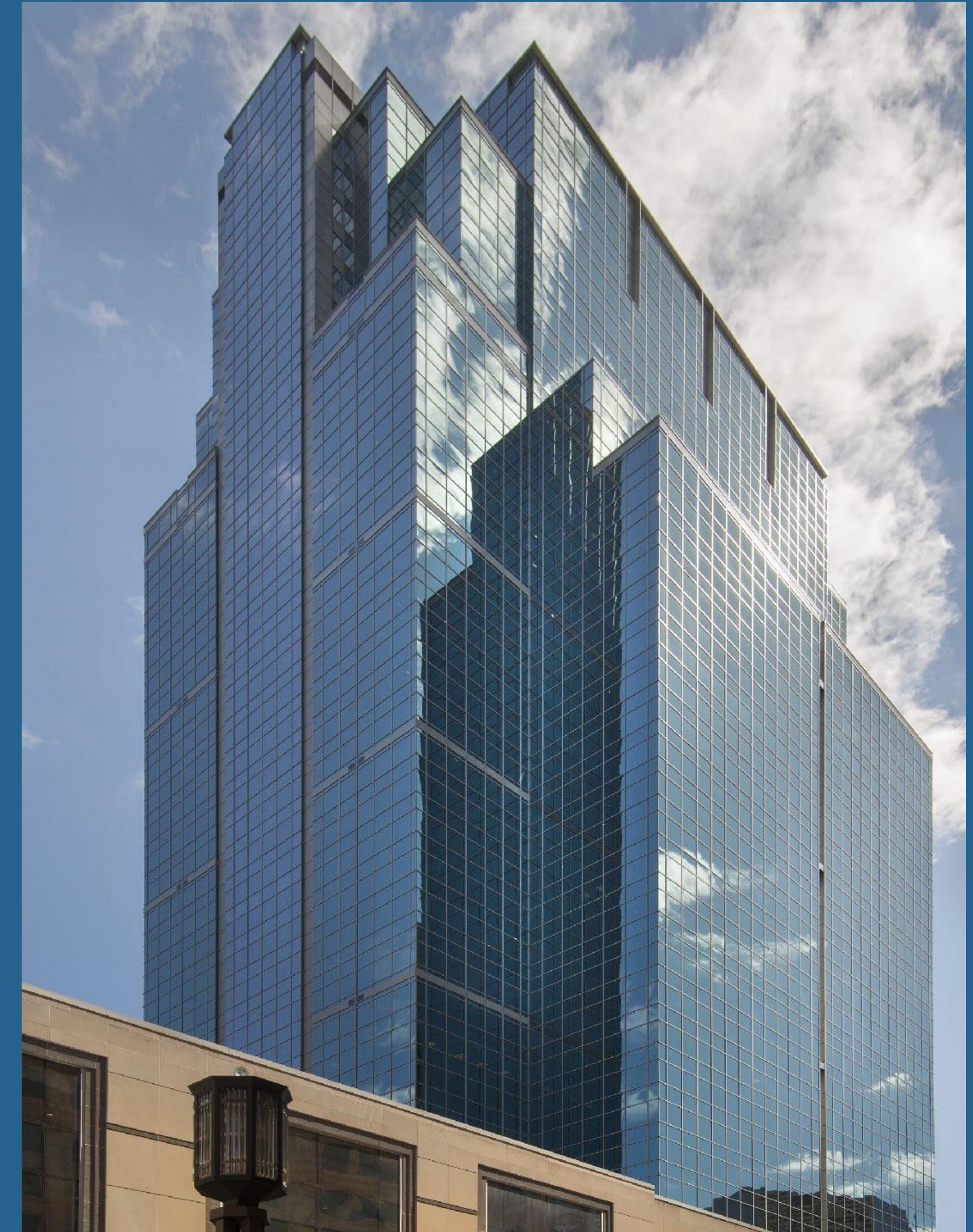


A preferred partner with the nation's largest lenders.

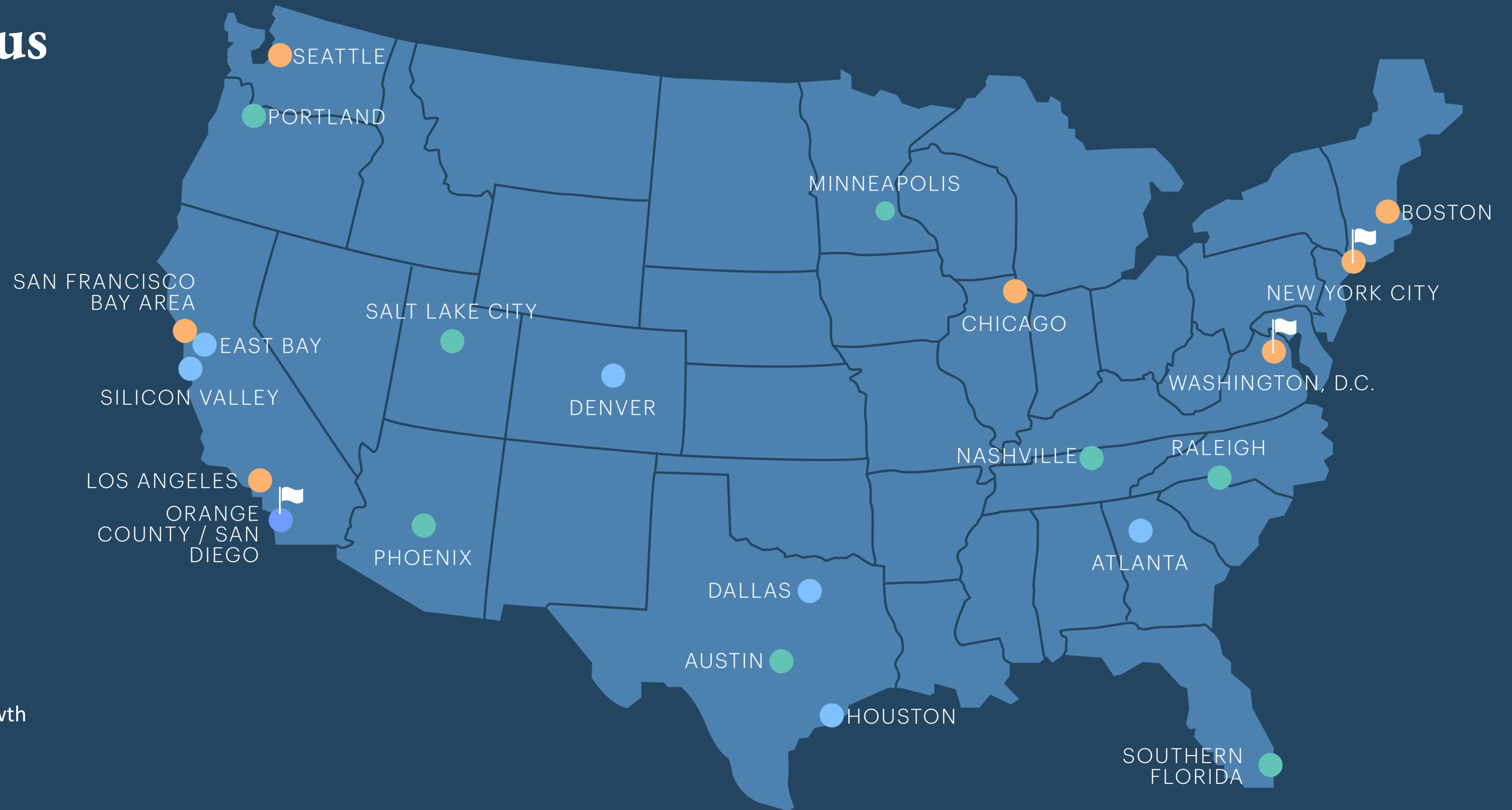


A development partner for office, mixed-use and multi-family developments.

¹ As of March 31, 2020.



Regional Focus Map



The Impact of COVID-19 on Capital Markets and US Real Estate Investments



COVID-19 Impact Introduction

Since initially being reported in December 2019, COVID-19 has spread around the world, including to every state in the United States. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, and on March 13, 2020, the United States declared a national emergency with respect to COVID-19. The COVID-19 pandemic has severely impacted global economic activity and caused significant volatility and negative pressure in financial markets. The global impact of the pandemic is rapidly evolving and many countries, including the United States, have reacted by instituting quarantines, mandating business and school closures and restricting travel.

As a result, the COVID-19 pandemic is negatively impacting almost every industry, including the real estate industry and the industries of our tenants, directly or indirectly. The extent to which the COVID-19 pandemic impacts our operations and those of our tenants will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and containment measures, among others. Nevertheless, the COVID-19 pandemic presents material uncertainty and risk with respect to our business, financial condition, results of operations and cash flows. We continue to evaluate the impact and uncertainty of the COVID-19 pandemic on our real estate portfolio's ongoing cash flows and monthly stockholder distributions.

COVID-19 Impact (cont.)

As one would expect, leasing activity has come to a near halt for property tours and inquiries for new prospects. In addition, many of the leasing transactions that were in various stages of negotiation have slowed but continue to move forward slowly.

The Federal Government has issued a guideline of three phases for states to begin easing social distancing measures and stay-at-home orders. Across the portfolio the range of expected phase 1 openings of local business varies with the majority of states beginning to ease restrictions under phase 1.

Few if any sales transactions are occurring at the moment. Investments that were in various phases of the marketing process have been removed from the market and investments that were under due diligence have also slowed or been dropped by potential purchasers. Lenders remain selective on completing loan originations and are charging higher interest rate spreads, though all in rates remain low due to current LIBOR being near historic lows.

COVID-19 Impact (cont.)

With the ongoing spread of the Coronavirus, the stock market has experienced a significant decline followed by marked volatility. As a result, treasury rates have continued to decline (and are now at historic lows) as investors continue to move funds into US treasuries. Additionally, the recent aggressive cut in oil prices by Saudi Arabia sent oil prices plummeting (although it has since rebounded slightly, but remains at historic lows) and puts further downward pressure on the equity markets as shown in the charts below.

S&P 500 Index

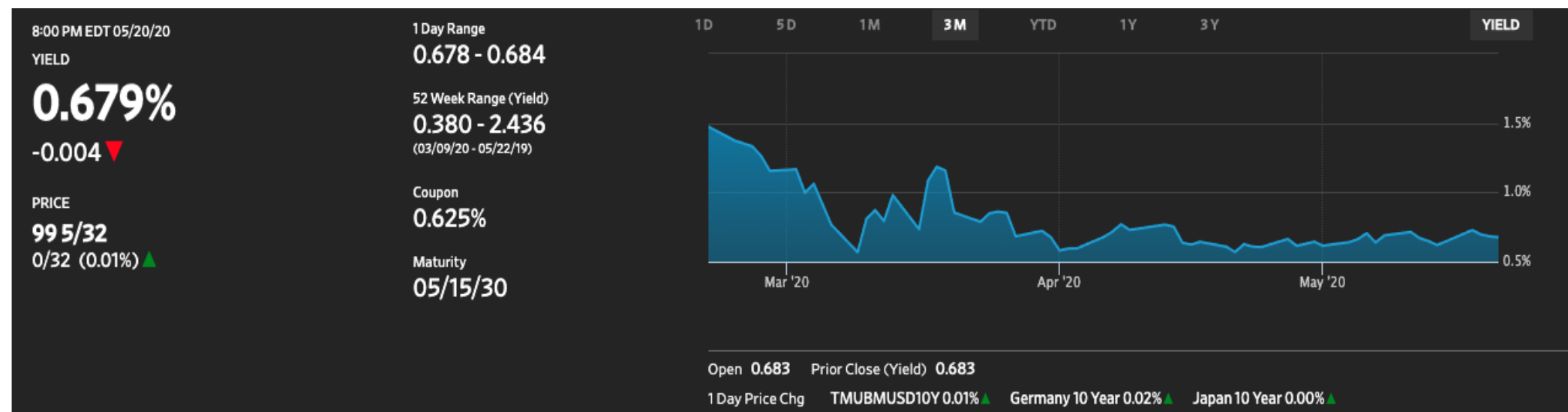
2,971.61 +48.67 (1.67%) ↑

May 20, 5:08 PM EDT · Disclaimer

1 day 5 days 1 month **6 months** YTD 1 year 5 years Max



10 Year Treasury Note



Source: Yahoo Finance

WTI Crude (July Contract)
33.46 -1.33%



COVID-19 Impact (cont.)

It is premature to draw strong inferences about the virus's impact on property markets.

- The commercial real estate sector is not the stock market. It's slower moving and the leasing fundamentals don't change significantly from day to day. If the virus has a sustained and material impact on the broader economy in the long term, then the impact on the real estate market can be expected to follow.
- The outbreak has also prompted a flight to quality, driving investors into the bond markets, where lower rates are creating more attractive debt/refinance options.
- If past outbreaks are a useful guide, then COVID-19 could be contained by mid-year 2020, which could lead to a strong rebound in markets in the second half of the year.
- News was just released recently that the CDC now says the coronavirus does not spread easily via contaminated surfaces. Many state governors are also facing potential lawsuits over what many view as excessive orders limiting public gatherings.



Governors face mounting court challenges over coronavirus lockdown orders.



How much more can shuttered small businesses take amid COVID-19 lockdowns?

COVID-19 Impact (cont.)

We believe the KBS REIT III portfolio is positioned to manage any short-term economic impact from COVID-19 based on our liquidity, diversified tenant base, long term leases, property locations and exposure to high growth industries. The top tenants include tenants such as RBC Capital, Accenture, Indeed, FIS Global and Adobe Systems. Nevertheless, the COVID-19 pandemic presents risks and uncertainties and the full impact of the pandemic is still unknown.

Our primary investment objectives have been and continue to be providing attractive and stable cash distributions while seeking moderate value growth.

19 Class A
Properties Located
in 12 Different
Markets

Over 650 Tenants
with Staggered
Lease Expirations

4.8 Years Weighted
Average Lease Term

7.8 Million RSF,
91.5% Leased

Vast Majority of
Leases have 1-3%
Built-in Rent
Escalations

Flexible Debt
Structure

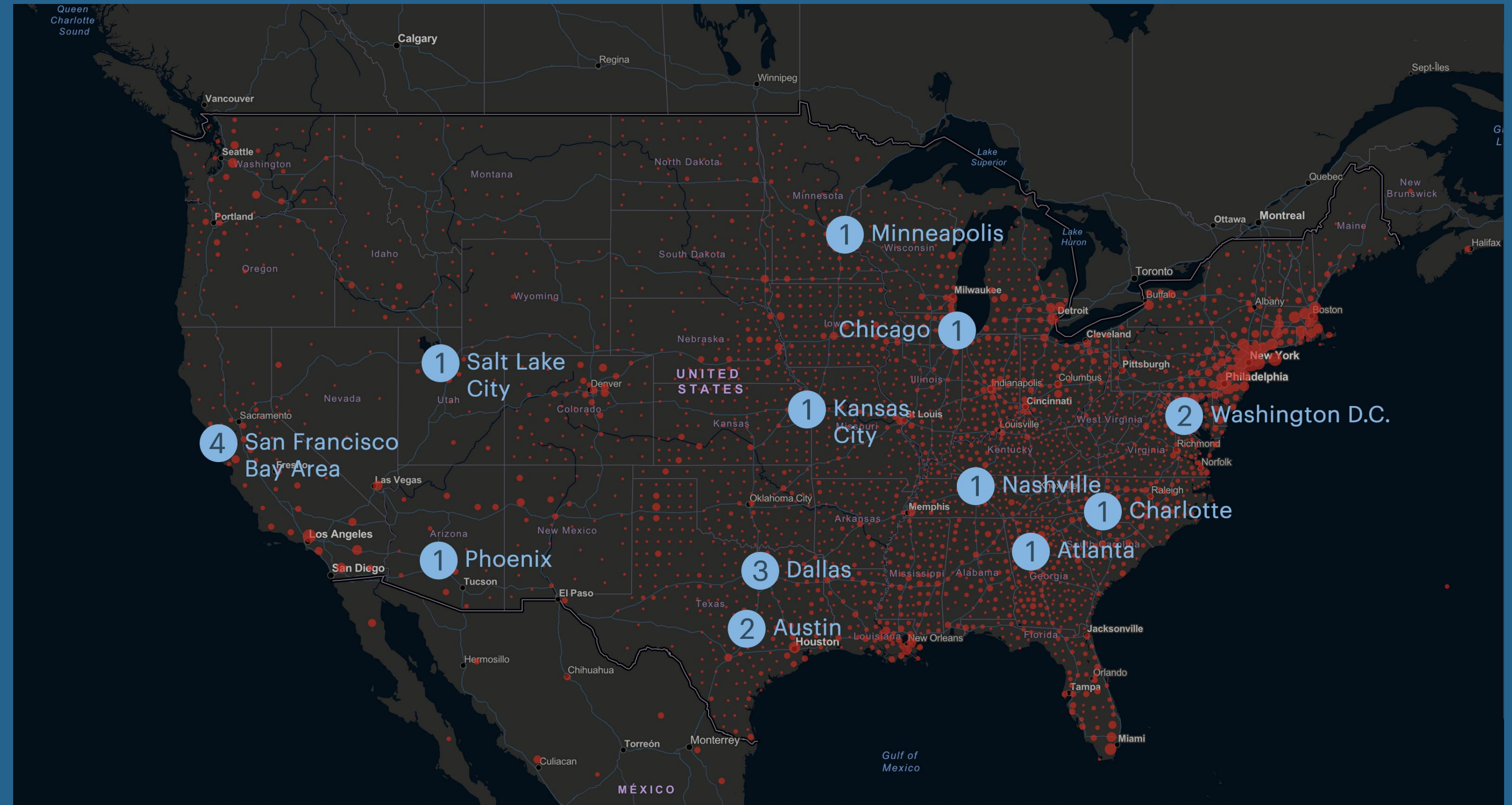
Industry
Diversification
No one sector represents
over 18% of Portfolio

In-place Rents 10%
Below Market

29% STEM / TAMI
Tenants

COVID-19 Impact (cont.)

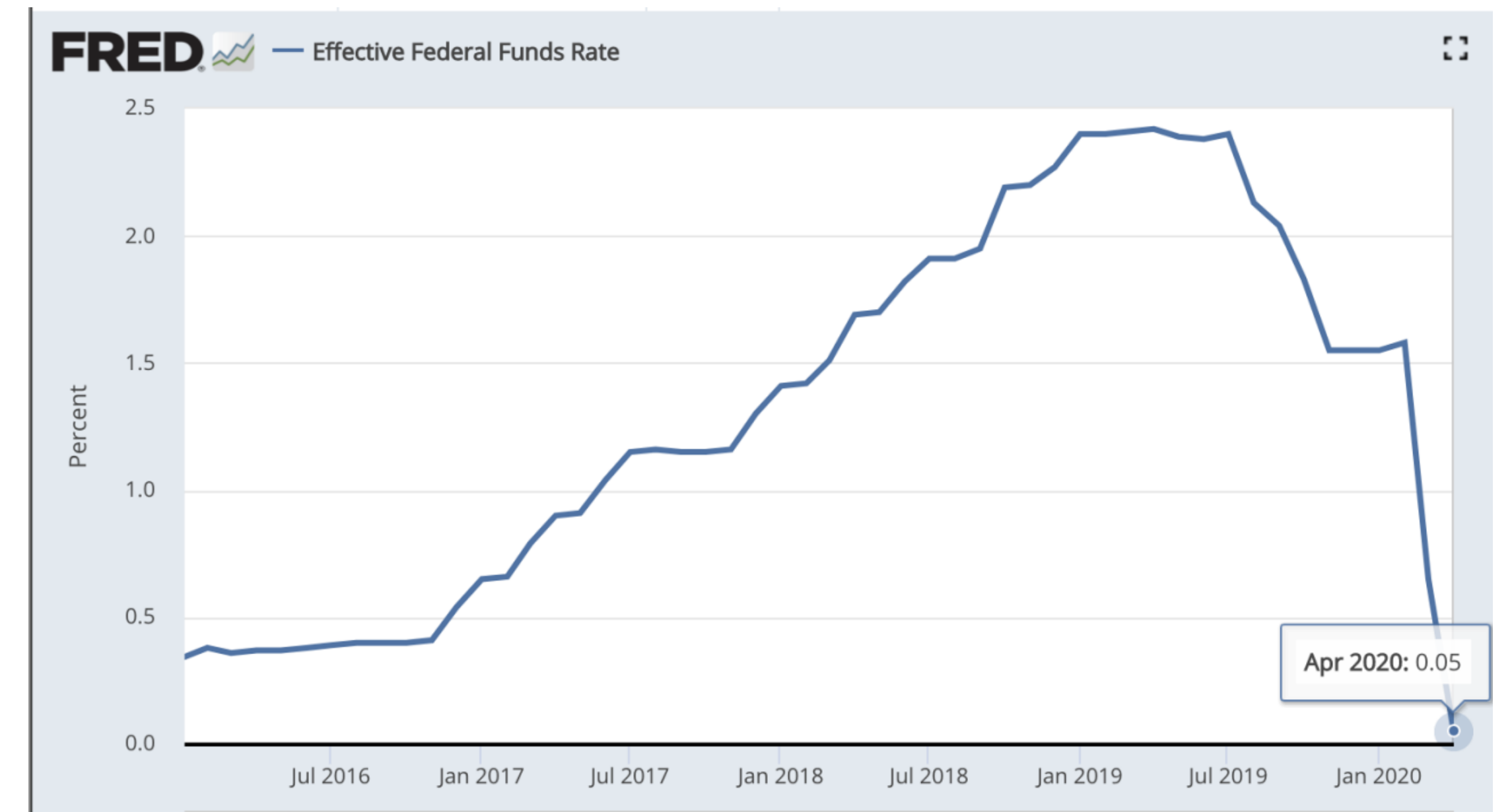
The map shown here reflects a COVID-19 heat map based on number of confirmed cases as well as locations where the Company's properties are located.



COVID-19 Impact (cont.)

All eyes are on the financial markets.

- The virus is significantly impacting China's economy. The precise impact to the global economy remains unknown, but it is evidently disrupting certain sectors of the economy.
- Stock volatility continues as the virus spreads globally and investors struggle to price in the potential economic fallout and growing downside risk.
- On March 15th, the Federal Reserve cut interest rates to zero in an emergency announcement as the crisis accelerated in the U.S. Two months later, the effects are reaching online savings accounts which have begun to reduce interest rates.



SOURCE: St.Louis Fed.

COVID-19 Impact (cont.)

Capital Management

The impact of COVID 19 has placed significant constraints on corporate liquidity in the financial markets. As a result, we are slightly delaying the timing of refinancings and certain asset sales. We believe the Company’s low leverage and liquidity position with the ability to tap into available credit facilities enhances our ability to manage portfolio cash needs through this pandemic.

MARCH 31, 2020

Total Debt	\$1.5 billion
Loan-to-Value	42.3%
Average cost of debt	3.50% per annum
Average term to initial maturity	2.0 years
Average term to fully extended maturity	3.8 years
Total unhedged variable rate debt	\$336 million

COVID-19 Impact (cont.)

Process for Tenants Requesting Rent Modification

A number of tenants have reached out to us in light of the impact of COVID-19 on their businesses. Our process when we receive such requests is generally as follows:

- We encourage the tenants to first look to government relief through the CARES act. In addition, we request tenants to respond to a COVID-19 questionnaire form which consists of several questions related to their current financial standing. Through this process, many requests are denied.
- Continue dialogue with tenants who have completed the form and/or we deem to be in immediate need of rent relief.
- Consider whether there is any available TI/free rent allowance in the tenant's lease that can be applied to near term rent.
- Once these steps have been taken we then work through a process to modify the lease and offer them a short term deferral generally between one to three months.

COVID-19 Impact (cont.)

Collections Update

Depending upon the duration of quarantines and the corresponding economic slowdown, some of the Company’s tenants have or will seek rent deferrals or become unable to pay their rent. Through the 21th day of the respective months, rent collections compared to the previous 6 month average is as follows:

Period of Rent Collected	% of Rent Collected	Prior 6 Month Avg % Collected ²
April 2020 ¹	91%	96%
May 2020	92%	

1 As of May 21,2020, total April collections were 96%.

2 Prior 6 month average collected represents the period October 2019 through March 2020.

Since April 1, 2020, the Company received short-term rent relief requests from several tenants, in the form of rent deferral requests or abatements, which the Company is evaluating on an individual basis. Any rent relief arrangements are expected to be structured as temporary short-term deferrals of base rent that will be paid back over time. In most cases, it is in the Company’s best interest to help its tenants remain in business and reopen when shelter-in-place orders or other mandated closures are lifted.

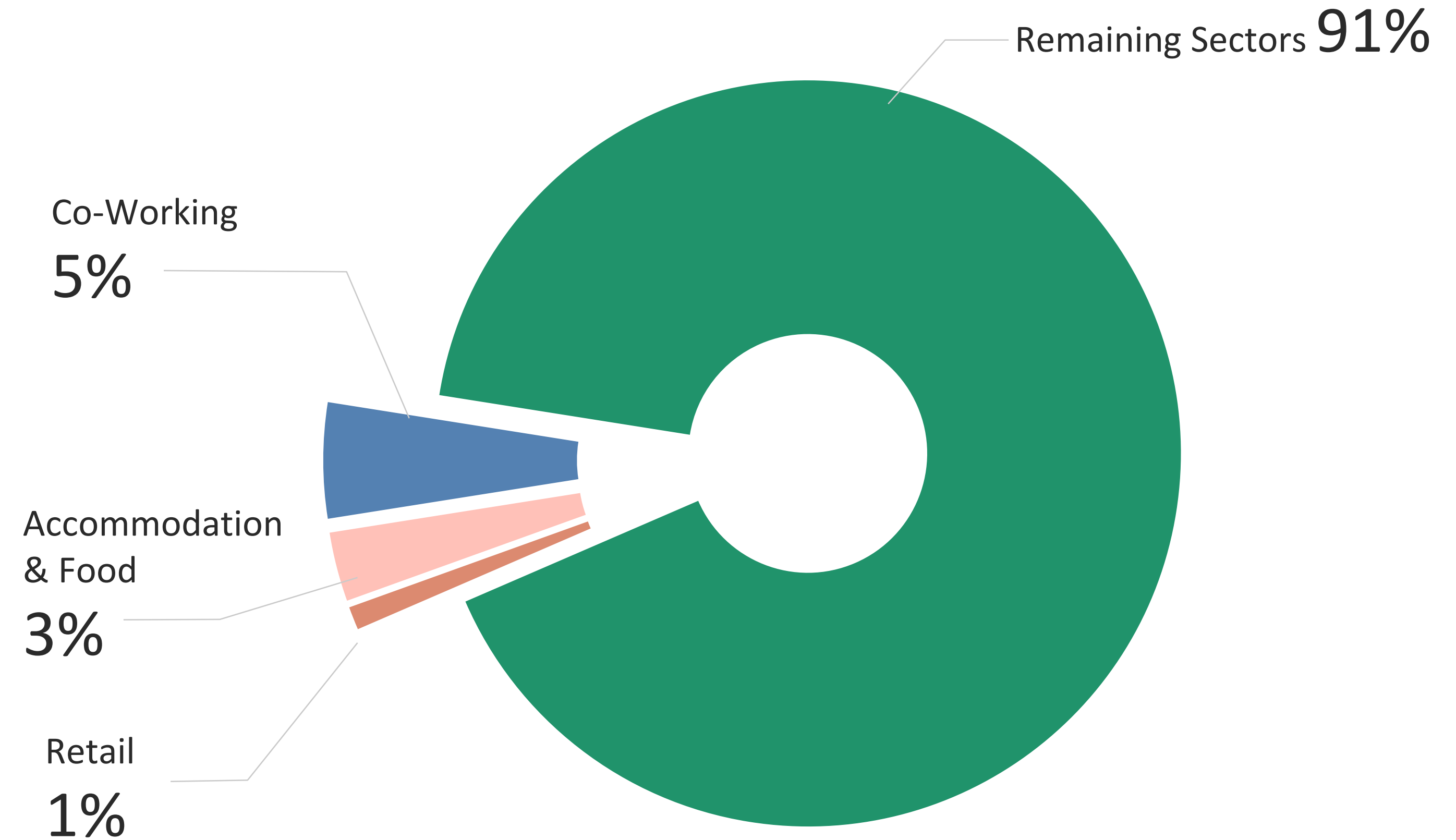
Rent relief requests to date may not be indicative of collections or requests in any future period.

COVID-19 Impact (cont.)

Certain industries are experiencing greater economic disruption due to COVID-19 compared to others. These industries include the Co-working Space, Accommodations & Food and Retail. However, the Company expects nominal impact from these industries due to the following:

- The majority of the sub-tenants in our Co-working space consist of enterprise type tenants, of which Google makes up 50% of the total.
- Through May 21, 2020, we have collected April and May rent of 87% and 79%, respectively, from our Co-working space tenants.
- The portfolio has minimal exposure to retail and accommodation & food.

Co-Working, Accommodations & Food and Retail Tenant Exposure



¹ Annualized base rent represents annualized contractual base rental income as of March 31, 2020, adjusted to straight-line any contractual tenant concessions (including free rent), rent increases and rent decreases from the lease's inception through the balance of the lease term. Percent of annualized base rent is based on total annualized base rent of the current portfolio, excluding Hardware Village.

COVID-19 Impact (cont.)

Impact on Real Estate

The Company’s portfolio is well located throughout the U.S. and leased to a stable and diversified tenant base under long-term leases, which has helped minimize the impact from COVID-19 thus far. However, the Company did recognize an impairment charge on Park Place Village due to the property’s exposure to the retail and accommodation and food industries.

Park Place Village located in Leawood, KS

Park Place Village is a multi-tenant mixed-use office and retail property containing 483,984 rentable SF with retail space accounting for 23% of the total rentable SF. Due to COVID-19, many retail tenants requested rent concessions as their businesses have been severely impacted. Given these uncertainties, the Company recorded an impairment charge of \$19.9 million to write down the carrying value of Park Place Village to its estimated fair value. Additionally, AMC, whose corporate headquarters is at Park Place Village, has also been significantly impacted by the COVID-19 crisis.



Key Tenants

Tenant	Sq. Ft.	% of Property RSF
AMC	150,340	31.1%
SCOR Global	40,286	8.3%
RPS Financial	32,523	6.7%

COVID-19 Impact (cont.)

Distributions

While there is some near term impact to revenues, our exposure to the industries that are currently most impacted by COVID-19 is limited. Based on rent collections through May 2020, the Company’s Board of Directors has **maintained the same distribution rate for April and May** compared to the distribution rate for the first three months of 2020. The ability to maintain a consistent dividend in April and May (during the COVID-19 crisis) illustrates the strength and diversity of the tenant base within the real estate portfolio.

Distribution History:

Special Dividend

December 2019	\$0.80/share
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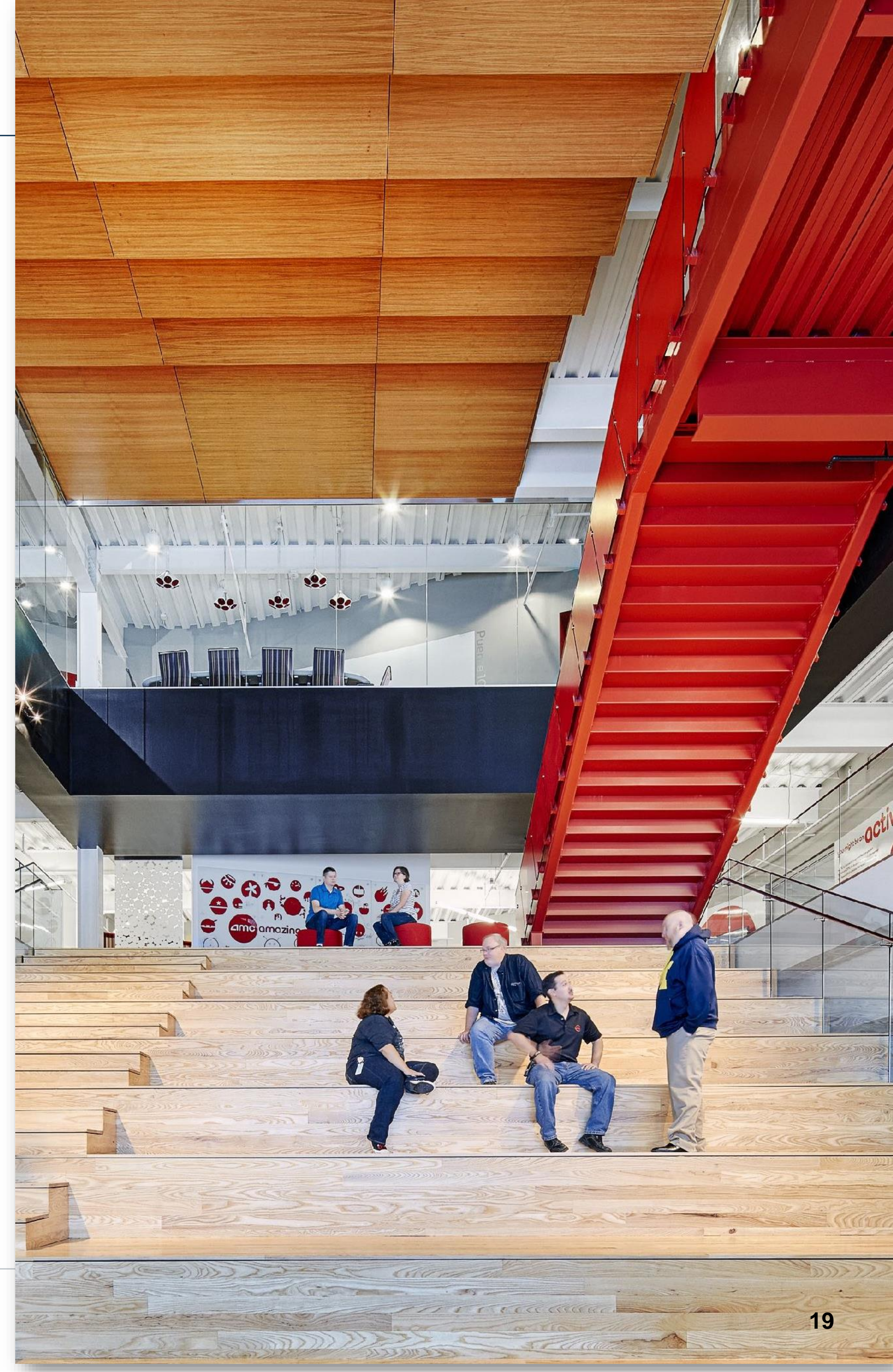
Distributions

January 1, 2019 – December 31, 2019	\$0.65/share*
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January 2020 - May 2020 ¹	\$0.60/share*
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*on an annualized basis

¹ Decrease in annualized distribution rate per share is due to a special dividend of \$0.80/share that was paid to stockholders in December 2019 (the “Special Dividend”). The Special Dividend was paid in the form of cash and stock and the decrease in distribution per share to a stockholder would be fully or partially offset by the increase in total shares outstanding as a result of the Special Dividend depending on whether the stockholder elected all stock or received part of the distribution in cash. If an investor elected to receive 100% of the Special Dividend in stock, the total distribution received per month during January through May of 2020 would be comparable to the monthly distribution received prior to 2020.



Fund and Portfolio Overview



Fund and Portfolio Overview¹

As of March 31, 2020, unless otherwise noted.

¹ Excludes Hardware Village, a multifamily development project, which was sold subsequent to March 31, 2020.

² Current portfolio of properties as of March 31, 2020, value based solely on the appraised values as of September 30, 2019 as reflected in the December 2019 estimated share value and does not reflect the impact of the COVID-19 pandemic on portfolio values. The appraised values do not take into account estimated disposition costs and fees.

³ The estimated value of KBS REIT III's investment in Prime US REIT units was based on the closing price of the units on the SGX of \$0.74 per unit as of April 30, 2020 and does not take into account the remaining lock-up restrictions on 50% of the units and potential blockage due to the quantity of units KBS REIT III owns.

⁴ Includes future leases that had been executed but had not yet commenced as March 31, 2020.

⁵ Calculated as total debt as of March 31, 2020, divided by the December 2019 estimated value of the portfolio of properties of \$3.3 billion and current value of investment in PRIME US REIT as of April 30, 2020.

⁶ On an annualized basis. During Q1 2020, KBS REIT III declared monthly distributions at a rate of \$0.04983333/share

December 2019 Estimated Value of Current Portfolio of Properties^{1,2}

\$3.2 billion

April 30, 2020 Value of Investment in units of PRIME US REIT³

\$214.3 million

Rentable Square Feet¹

7.8 million

Total Leased Occupancy^{1,4}

91.5%

Total Leverage (Loan-to-Value)⁵

42.3%

Distributions Paid in Q1 2020

\$0.60/share ordinary distributions⁶

The Current Portfolio of Properties

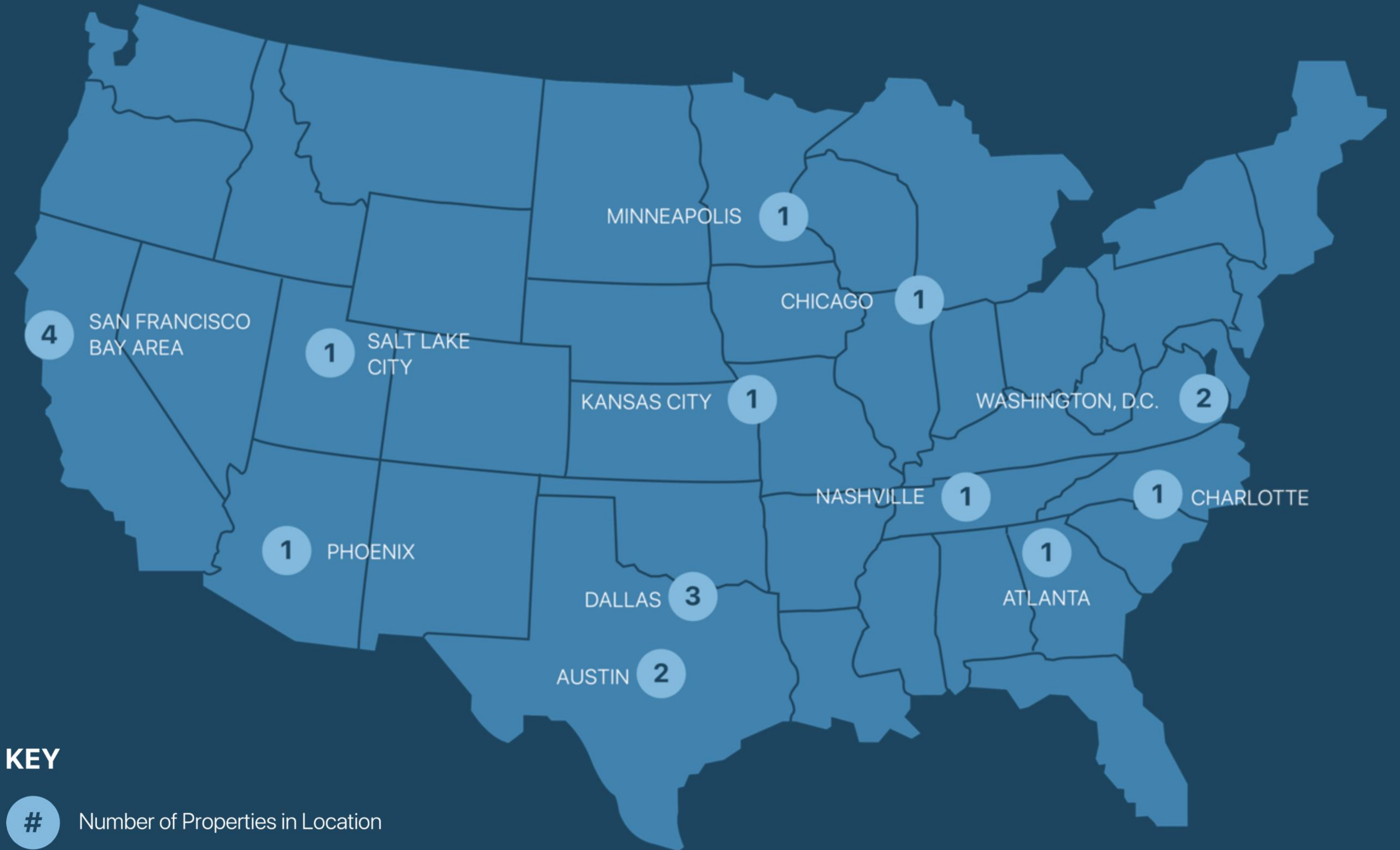
Property	Metro City	Building Class (A,B or C)	Sq. Ft.	Classification (CBD, Urban, Suburban)	Mass Transit Availability	Leased Occupancy at Acquisition	Leased Occupancy at March 31, 2020 ¹
WEST							
Anchor Centre	Phoenix	A	333,014	Suburban	Metro	78%	94%
Salt Lake Hardware	Salt Lake City	A	210,256	CBD	Metro/Light Rail	92%	93%
201 Spear	San Francisco Bay Area	A	252,591	CBD	Subway/Metro/Light Rail	84%	97%
Ten Almaden	San Francisco Bay Area	A	309,255	CBD	Metro/Light Rail	89%	94%
The Almaden	San Francisco Bay Area	A	416,126	CBD	Metro/Light Rail	95%	99%
Towers II & III at Emeryville	San Francisco Bay Area	A	592,811	Urban	Metro/Light Rail/Shuttle	85%	86%
CENTRAL							
Legacy Tower Center	Dallas	A	522,043	Urban	None	89%	91%
Preston Commons	Dallas	A	427,799	Urban	None	88%	82%
Sterling Plaza	Dallas	A	313,609	Urban	None	87%	97%
RBC Plaza	Minneapolis	A	710,332	CBD	Metro/Light Rail	86%	98%
Domain Gateway	Austin	A	183,911	Urban	Metro/Light Rail	100%	100%
515 Congress	Austin	A	263,058	CBD	Metro/Light Rail	95%	95%
EAST							
Park Place Village	Kansas City	A	483,984	Suburban	None	95%	88%
Accenture Tower	Chicago	A	1,457,724	Urban	Subway/Metro	93%	85%
Carillon	Charlotte	A	488,277	Urban	Metro/Light Rail	92%	94%
201 17th Street	Atlanta	A	355,870	Urban	Shuttle	93%	96%
3001 Washington	Washington, D.C.	A	94,836	Urban	Metro	31%	100%
3003 Washington	Washington, D.C.	A	210,804	Urban	Metro	96%	99%
McEwen Building	Nashville	A	175,262	Suburban	None	97%	83%

¹ Includes future leases that had been executed but had not yet commenced as March 31, 2020.

The Current Portfolio of Properties

This map shows the markets where the current portfolio of properties is located. The Company's Properties are:

- In prime locations within the markets, via proximity to urban centers, an educated workforce, attractive live/work/play amenities, and/or mass transit.
- In top tech markets.

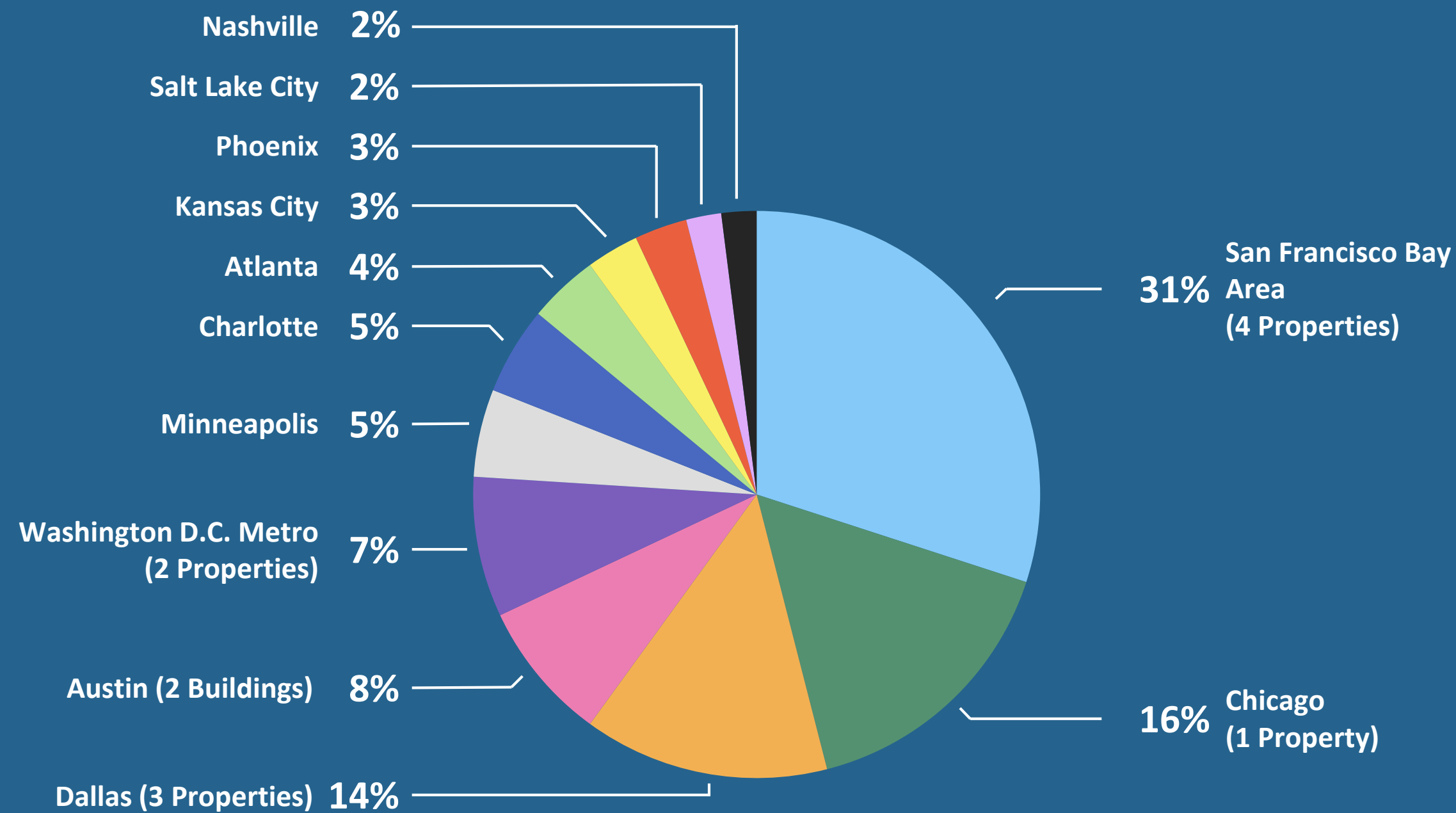


Statistics for the Current Portfolio

Market Diversification ¹

Invested in Target Markets:

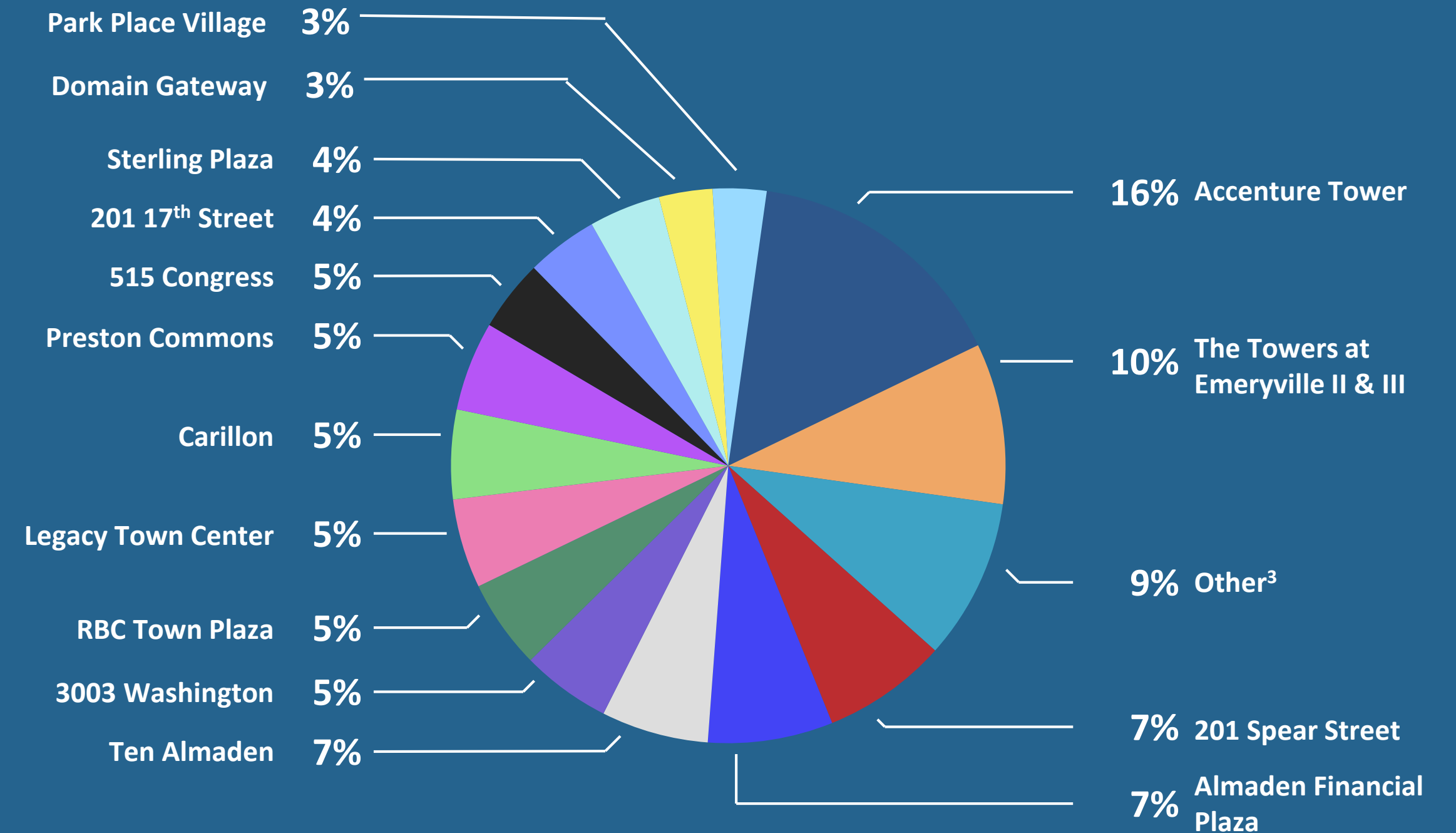
- 50% of value² in CBRE's Top 10 Tech Markets
- 90% of value² in CBRE's Top 25 Tech Markets



Asset Diversification ¹

Asset Diversification:

- Largest asset accounts for just 16%



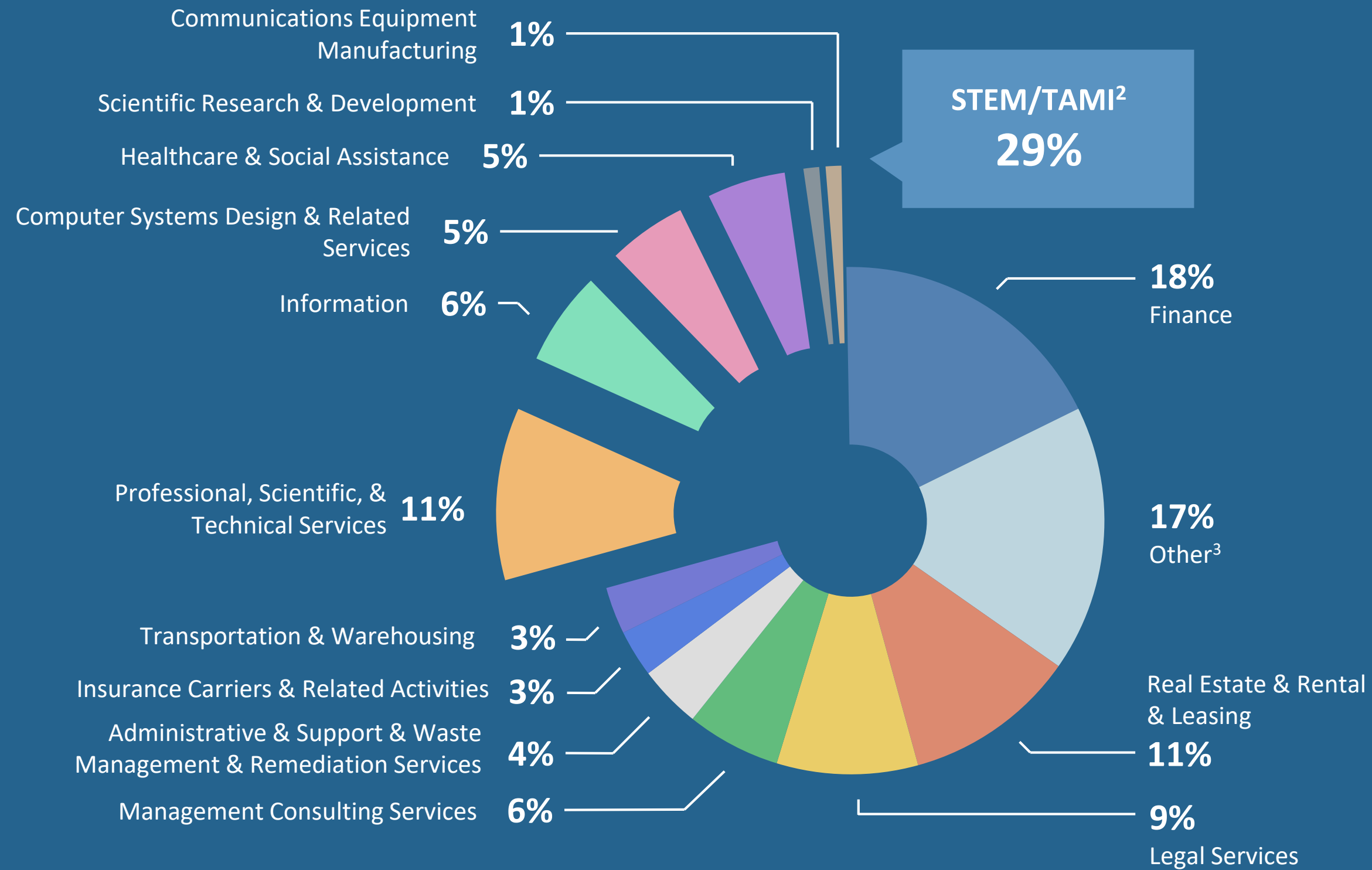
¹ Based solely on the appraised values as of September 30, 2019 as reflected in the December 2019 estimated share value for the current portfolio of properties excluding Hardware Village, which was sold subsequent to March 31, 2020. The appraised values do not take into account estimated disposition costs and fees or reflect the impact of the COVID-19 pandemic on portfolio values.
² Per CBRE's 2019 Tech Talent Report

³ "Other" is comprised of various properties that individually represent less than 3% of total value.

Statistics for the Current Portfolio

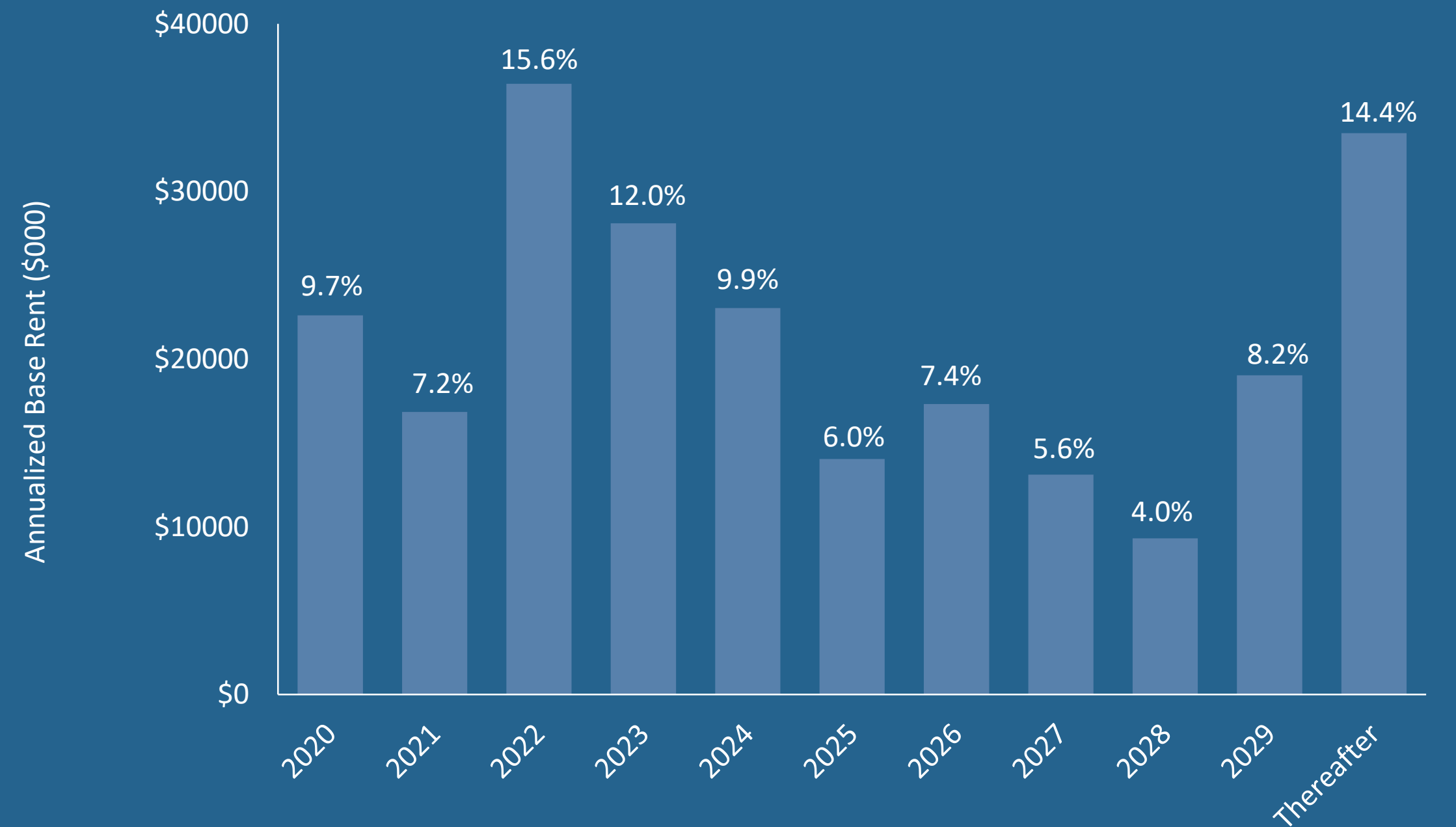
Over 650 Tenants with Staggered Lease Expirations and Industry Diversification

Tenant Industries ¹



- Industry diversification provides downside protection from any single industry. No one sector represents over 18% of the total portfolio.
- STEM/TAMI², the fastest growing sector, represents 29% of the total portfolio.

Lease Expirations ¹



¹ Annualized base rent represents annualized contractual base rental income as of March 31, 2020, adjusted to straight-line any contractual tenant concessions (including free rent), rent increases and rent decreases from the lease's inception through the balance of the lease term. Percent of annualized base rent is based on total annualized base rent of the current portfolio, excluding Hardware Village.

² STEM is an industry abbreviation which stands for science, technology, engineering, and math, and TAMI stands for technology, advertising, media, and information.

³ "Other" is comprised of various industries that individually represent less than 3.0% of total annualized base rent, excluding STEM/TAMI industries.

Statistics for the Current Portfolio

Accenture will become the 2nd largest tenant based on SF, once its expansion lease commences in 2022.

Signed an expansion lease in July 2019, increasing space to 263,718 SF for 15 years of term

Top 10 Tenants ¹

TOP 10 TENANTS	INDUSTRY SECTOR	PROPERTY	NLA (SQ. FT)	WEIGHTED AVERAGE LEASE TERM (YRS)	% OF ANNUALIZED BASE RENT ²
CNA Corporation	Management Consulting	3003 Washington	152,414	9.2	4.0%
WeWork ³	Real Estate and Rental and Leasing	201 Spear Street, Legacy Town Center	132,645	10.9	3.5%
Indeed.com	Professional, Scientific, and Technical Services	Domain Gateway	183,911	12.9	3.3%
RBC Capital Markets, LLC	Finance	RBC Plaza, The Almaden	304,120	2.6	3.1%
ZOOM Video Communications	Computer Systems Design	The Almaden	87,025	8.9	2.3%
American Multi-Cinema, Inc	Arts & Entertainment	Park Place Village	150,340	9.9	2.2%
WorldPay US, Inc.	Finance	201 17th Street	130,088	7.0	1.7%
Gracenote, Inc.	Information	Tower II & III at Emeryville	54,903	3.8	1.4%
Expedia Inc.	Travel	Accenture Tower	115,604	8.9	1.4%
Nelson Mullins Riley & Scarborough	Legal	201 17th Street	120,249	8.8	1.4%
TOTAL / WEIGHTED AVG.			1,444,614	8.6	24.3%

¹ As of March 31, 2020.

² Annualized base rent represents annualized contractual base rental income as of March 31, 2020, adjusted to straight-line any contractual tenant concessions (including free rent), rent increases and rent decreases from the lease's inception through the balance of the lease term. Percent of annualized base rent is based on total annualized base rent of the current portfolio.

³ Of the total WeWork leased space, approximately 78,000 square feet is leased to Google on a multi-year agreement.

Capital Management¹

As of March 31, 2020, unless otherwise noted

Total Debt¹ \$1.5 billion

Loan-to-Value² 42.3%

Average cost of debt 3.50% per annum

Average term to initial maturity 2.0 years

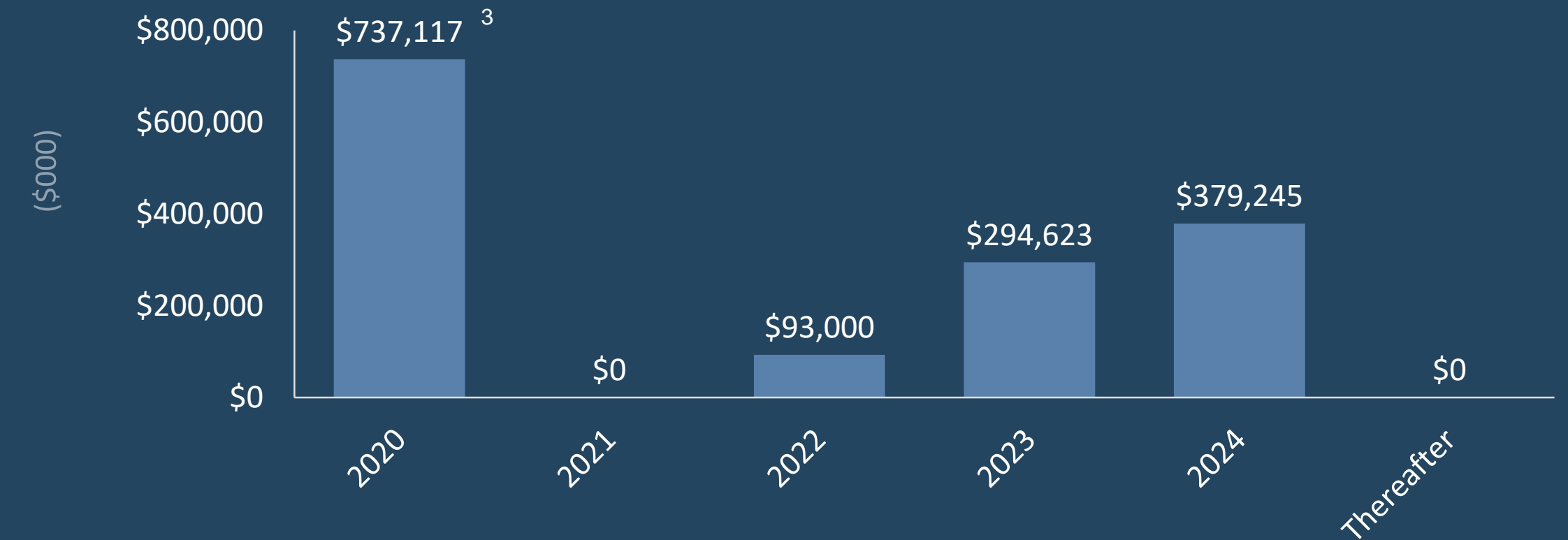
Average term to fully extended maturity 3.8 years

¹ Based on total debt as of March 31, 2020.

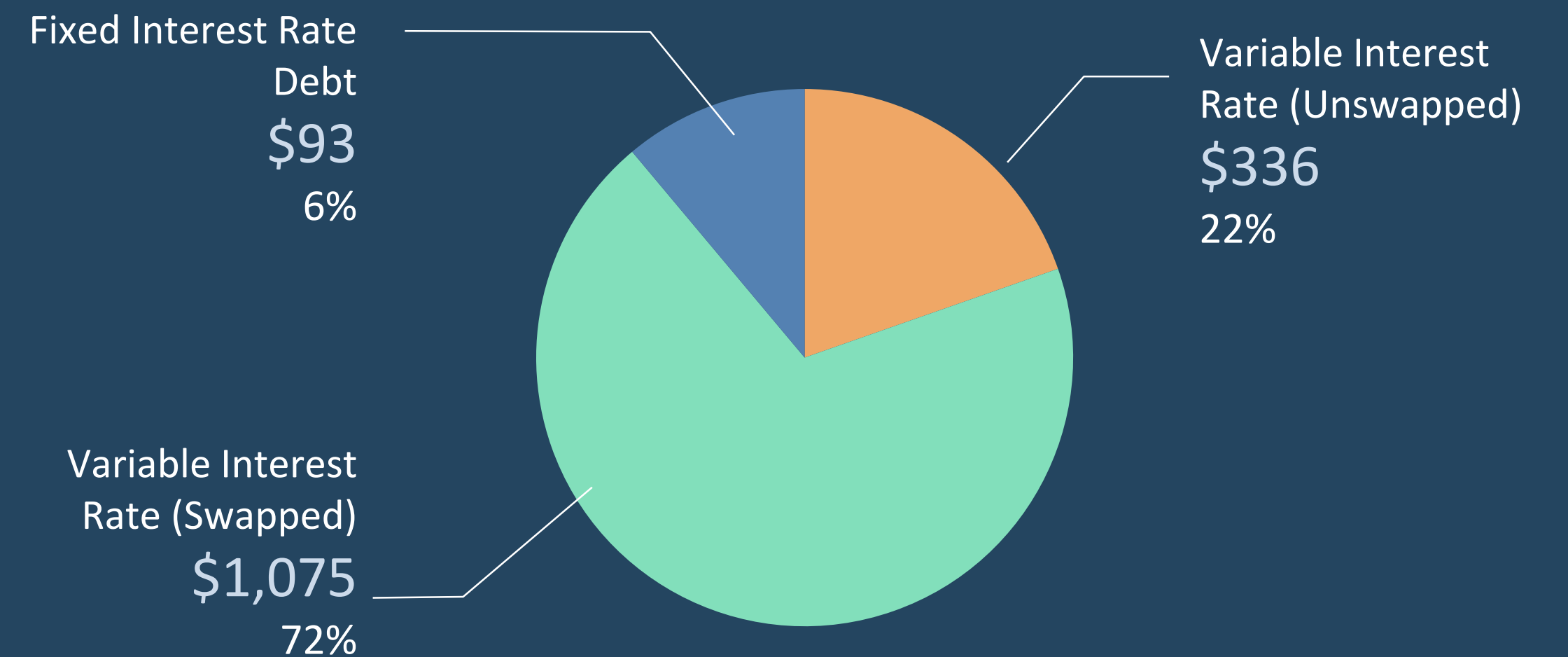
² Loan-to-Value equals the total debt as of March 31, 2020 divided by the December 2019 estimated value of the portfolio of properties of \$3.3 billion and current value of investment in PRIME US REIT as of April 30, 2020.

³ All of the debt initially maturing in 2020 has extension options.

Initial Debt Maturities ¹



Interest Rate Exposure (in millions)



KBS

Real Estate
Investment
Trust III

Property Updates



Hardware Village Sale

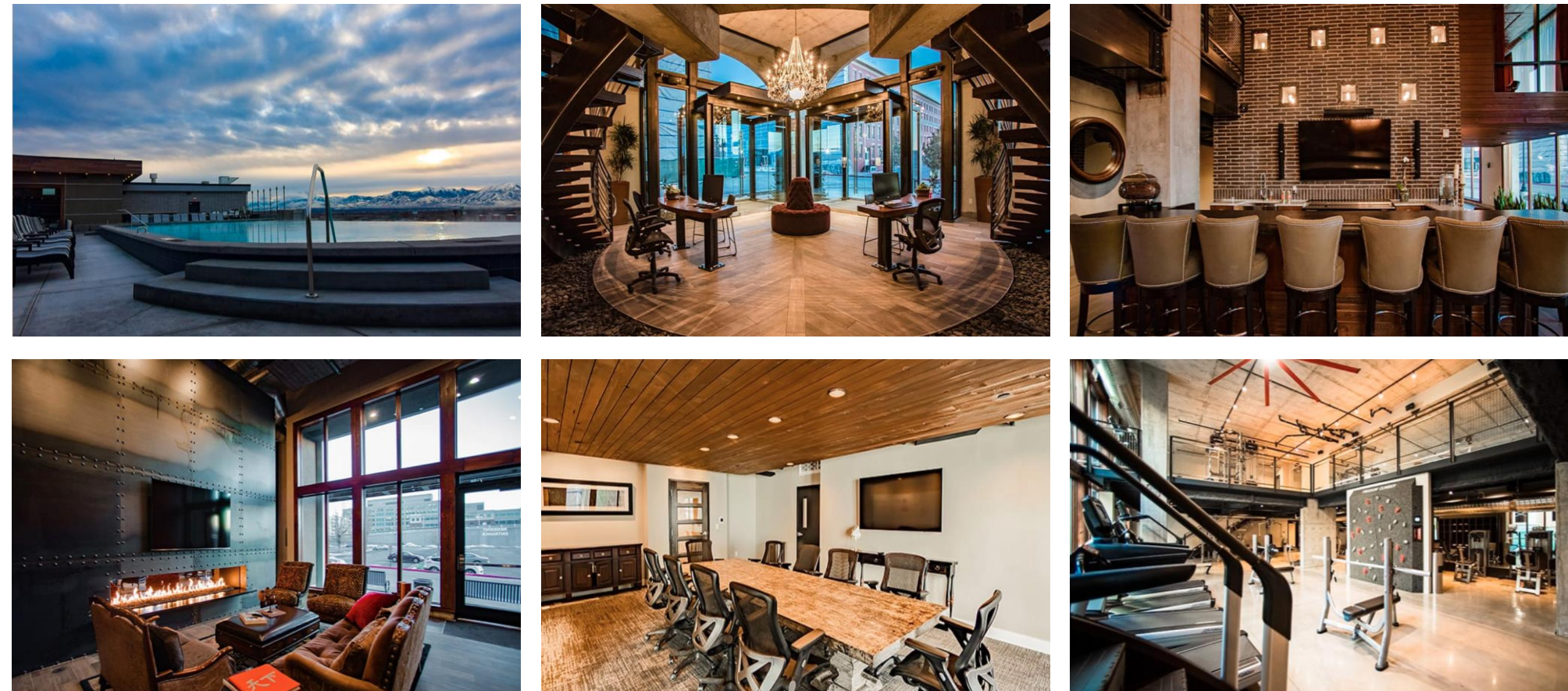


A two building multi-family apartment complex

SALE PRICE

\$178.0 million

Hardware Village was sold on May 7, 2020 for a gross sale price of \$178.0 million. The cost basis at disposition was \$128.3 million. In connection with the sale, KBS REIT III provided short-term seller financing to the purchaser in the form of a promissory note for \$150.2M, which will mature May 6, 2021. The promissory note is secured by Hardware Village. The sale was completed at a price above the December 2019 appraised value of the property.



Strategic Plan Update NAV Conversion



NAV Conversion

The Company's Board of Directors finalized a review of strategic alternatives in an effort to further enhance shareholder liquidity and maximize shareholder value. Based on their analysis, the board has determined to pursue a conversion into an NAV REIT. On May 7, 2020, at the annual shareholders' meeting, the Company's shareholders approved two proposals related to the Company's pursuit to convert to an NAV REIT.

Conversion to an NAV REIT fulfills certain key objectives of the Company including the current portfolio size and performance, shareholder desire for liquidity as well as their desire to stay invested and current market environments.

NAV REITs at a Glance

- ✓ Perpetual Life Investment Vehicle
- ✓ Potential enhanced liquidity, up to 20% of equity per year
- ✓ Frequent valuations
- ✓ Lower up-front fees



NAV Conversion

Update on Timing

The impact of COVID-19 has altered the landscape of the real estate market in its entirety. The disruption has reduced cashflows and halted leasing activity resulting in reductions of real estate values. Specific to the REIT III portfolio, the COVID-19 crisis has caused us to delay certain asset sales and potential refinancing opportunities which would further increase the strength of the REITs liquidity position and ability to provide increased liquidity to shareholders. Although we believe we are positioned to successfully respond to the pandemic, the impact of COVID-19 on our operations and the capital and financial markets may influence us to delay the implementation of the NAV REIT conversion in the near term.



REIT III Goals & Objectives

- ✓ Distribute operating cash flows to stockholders
- ✓ Efficiently manage the real estate portfolio throughout the COVID 19 crisis in order to maximize the long-term portfolio value to stockholders
- ✓ Carefully evaluate all tenant rent deferral requests to make sure we are providing rent relief where it is necessary, while being repaid on such deferrals either over time or through a longer term lease extension
- ✓ Constantly review the liquidity needs of the portfolio in order to retain capital to enhance asset values while continuing to monitor and address the need for ongoing stockholder liquidity
- ✓ Continue to monitor the properties in the portfolio for any beneficial sale opportunities in order to maximize value
- ✓ Pursue NAV REIT Conversion



KBS

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Investment
Trust III

Q&A

For additional questions,
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