KBS Real Estate Investment Trust III

Portfolio Update

Fourth Quarter 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, 2020 (the "Annual 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, dated December 7, 2020 (the "Valuation 8-K").

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 and in our Annual 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 measures imposed to help control the spread of the virus, including quarantines, "shelter in place" and "stay at home" orders, travel restrictions, restrictions on businesses and school closures, has had a negative impact on the economy and business activity globally. The COVID-19 pandemic is negatively impacting almost every industry, including the U.S. office real estate industry and the industries of the Company's tenants, directly or indirectly. 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 depends 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. If tenants default on their rent and vacate, the ability to re-lease this space is likely to be more difficult if the economic slowdown continues and any long term impact of this situation, even after an economic rebound, remains unclear. Further, significant reductions in rental revenue in the future related to the impact of the COVID-19 pandemic may limit our ability to draw on our revolving credit facilities or exercise our extension options due to covenants described in our loan agreements.

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 December 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 assumed 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 assumed a discount for the holding period risk attributable to 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, were the respective party's best estimates as of September 30, 2020, December 1, 2020 or December 7, 2020, 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.

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. As the global impact of the COVID-19 pandemic continues to evolve, the Company's conflicts committee and board of directors continue to evaluate whether the proposed NAV REIT conversion remains in the best interest of the Company's stockholders. Accordingly, the Company can give no assurance that it will continue to pursue a 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 1A of the Company's Annual Report.

COVID-19: The Economy and Office Market Fundamentals

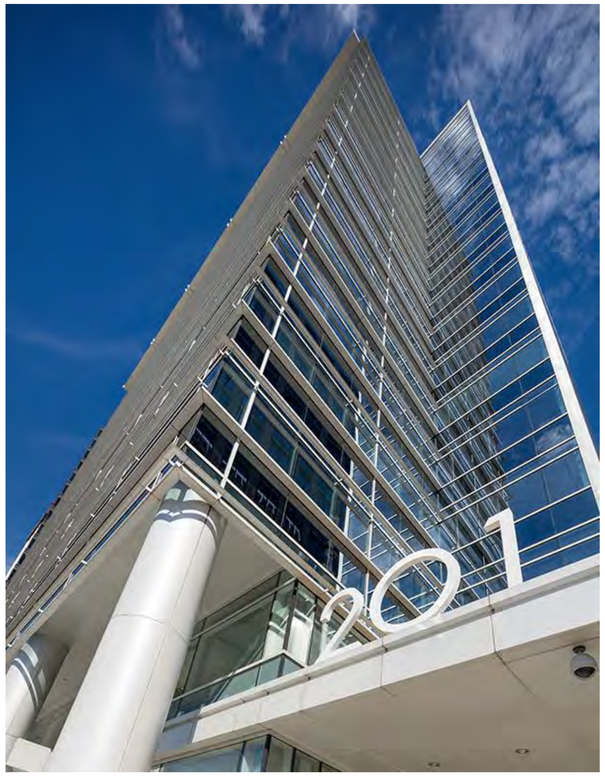
- The Organization for Economic Cooperation and Development said the American economy is projected to expand 6.5% this year, up from the previous forecast of 3.2% in December 2020 due to the recent stimulus plan and rapid vaccine rollout.[1]
- According to the Department of Labor, total U.S. nonfarm payroll employment rose by 379,000 in February 2021 with most of the job gains occurring in leisure and hospitality, and the unemployment rate was little changed at 6.2%.[2]

Rents:

- National 2020 asking rents declined by an average of 1.2% year-over-year, according to CoStar data.[3]
- Asking rents have remained more stable than originally predicted because of how fast the recession hit and landlords are willing to wait it out, rather than cut rates, however, landlords have been willing to offer record-breaking concessions.[3]

Vacancy:

- The national average vacancy rate was 15.0%, an increase of 160 bps over the last year.[4]
- According to a Cushman & Wakefield September 2020 study, it expects vacancies to trend downward starting Q1 2022.[3]



1 “U.S. Growth Could Surge on Stimulus and Vaccine Rollout”. New York Times, March 9, 2021.
2 “The Employment Situation – February 2021”. Bureau of Labor Statistics, February 2021.
3 “CBD Office Values Show Little Sign of Distress”. WealthManagement.com, Feb. 18, 2021.
4 “CommercialEdge National Office Report March 2021”. CommercialEdge, Mar. 18, 2021.

COVID-19:
Rent Collections

Since April 1, 2020, a number of tenants have requested rent relief, most in the form of rent deferrals or abatement. Depending upon the duration of the various measures imposed to help control the spread of the virus and the corresponding economic slowdown, these tenants or additional tenants may seek rent deferrals or abatements in future periods or become unable to pay their rent. Through March 17, 2021, rent collections are as follows:

Period of Rent Collected	% of Rent Collected
Q2 2020	97%
Q3 2020	94%
Q4 2020	96%
January 2021	98%
February 2021	98%

The Company has received short-term rent relief requests from tenants who have been directly impacted by the COVID-19 pandemic. The Company evaluates each request on an individual basis. From the start of the COVID-19 crisis through March 2021, the Company has provided temporary deferrals of approximately 1.2% of total billings that primarily will be paid back over a range of 12 to 24 months. In addition, the Company has given short-term rent abatements to a number of tenants within the portfolio's minor population of retail and restaurant tenants.

In most cases, it is in the Company's best interest to help its tenants remain in business and reopen when mandated closures or other restrictions are lifted.

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

COVID-19:
Impact on Portfolio

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 to our stockholders while seeking moderate value growth in the portfolio.

18 Class A Properties Located in 11 Different Markets

Over 590 Tenants with Staggered Lease Expirations

4.8 Years Weighted Average Lease Term

7.5 Million RSF, 88.1% Leased

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

Flexible Debt Structure

Industry Diversification
No one sector represents over 19% of Portfolio

In-place Rents 7.5% Below Market

29% STEM / TAMI Tenants

* Information as of December 31, 2020 and excludes Anchor Centre which was sold on January 19, 2021.

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COVID-19:
Distributions

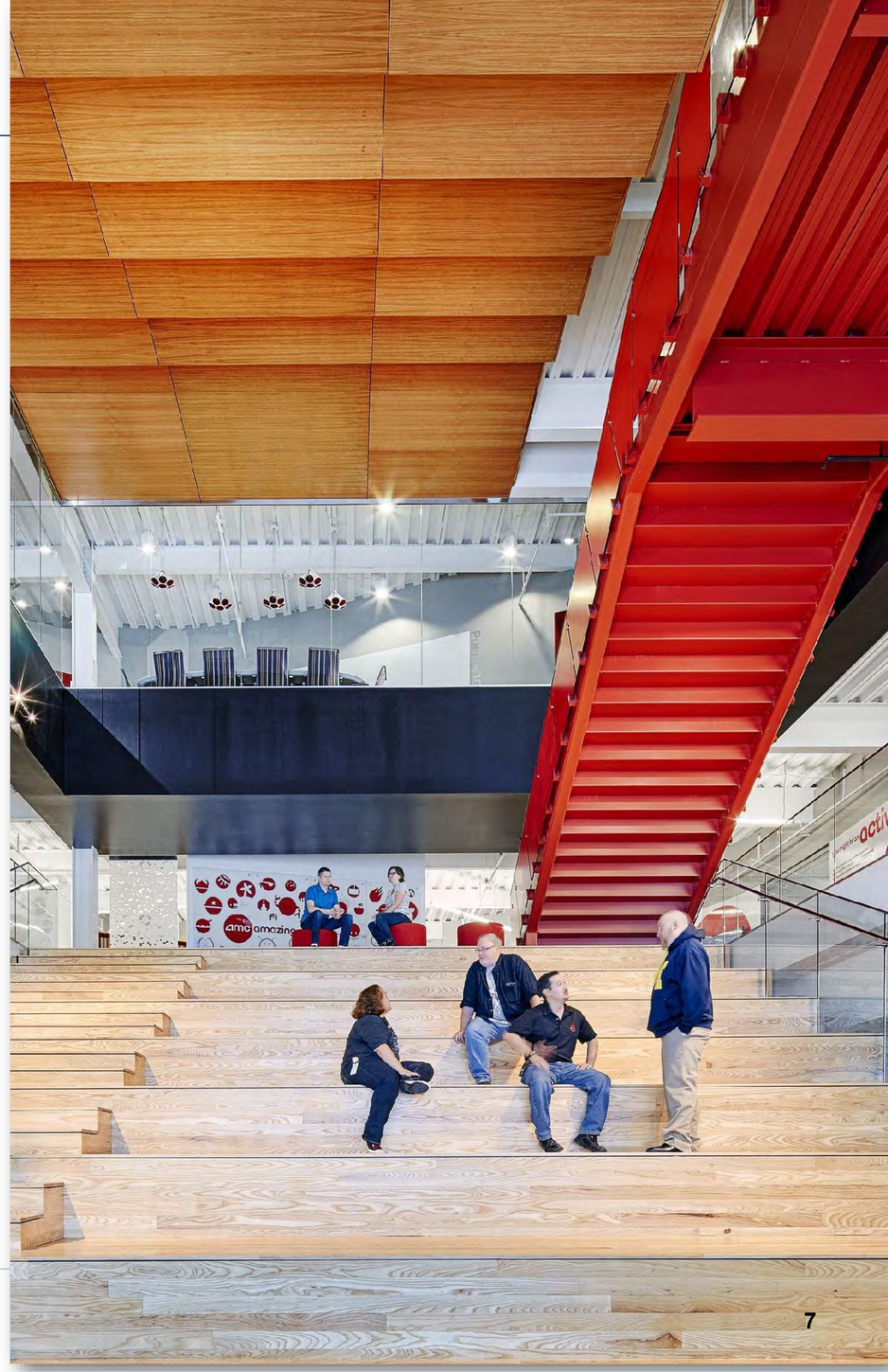
While there is some near term impact to revenues, our exposure to the industries that are currently most impacted by COVID-19 is limited. Based on rent collections through February 2021, the Company's Board of Directors has **maintained the same distribution rate from April 2020 through April 2021** compared to the distribution rate for the first three months of 2020. The ability to maintain a consistent dividend from April 2020 to April 2021 (during the COVID-19 crisis) illustrates the strength and diversity of the tenant base within the real estate portfolio.

Distribution History:

January 2020 – April 2021[1]	$0.60/share*

*On an annualized basis.

[1] Distributions for March and April 2021 have been declared but not yet paid.



Fund and Portfolio Overview[1]

As of December 2020, unless otherwise noted.

December 2020 Estimated Value of Current Portfolio of Properties[1]

$3.0 billion

December 2020 Estimated Value of Investment in units of PRIME US REIT [2]

$203.5 million

Rentable Square Feet

7.5 million

Total Leased Occupancy[3]

88.1%

Total Leverage (Loan-to-Value)[4]

42.9%

Annualized Monthly Distribution Rate [5]

$0.60/share ordinary distributions

1 Current portfolio of properties as of December 31, 2020, excluding Anchor Center which was sold on January 19, 2021. Value based solely on the appraised values as of September 30, 2020 as reflected in the December 2020 estimated share value. The appraised values do not consider estimated disposition costs and fees.
2 December 1, 2020 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 $0.775 per unit as of December 1, 2020, offset by a 9.3% discount for blockage due to the quantity of units held by the Company relative to the normal level of trading volume in Prime US REIT units.
3 Includes future leases that had been executed but had not yet commenced as December 31, 2020.
4 Loan-to-Value equals the total debt as of December 31, 2020 divided by the December 2020 estimated value of the portfolio of properties, excluding Anchor Centre, of $3.0 billion and estimated value of KBS REIT III's investment in Prime US REIT as of December 1, 2020.
5 On an annualized basis. For the period from January through April 2021, KBS REIT III declared monthly distributions at a rate of $0.04983333/share.

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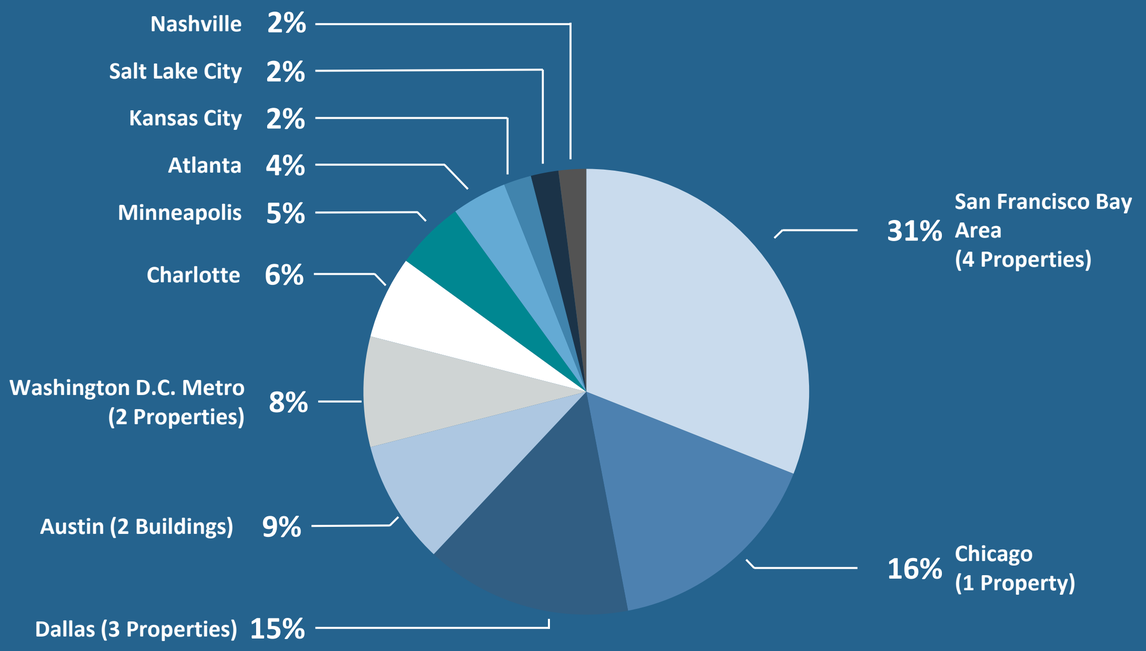
Statistics for the Current Portfolio

Market Diversification [1]

Invested in Target Markets:

52% of value[2] in CBRE's Top 10 Tech Markets

90% of value[2] in CBRE's Top 25 Tech Markets

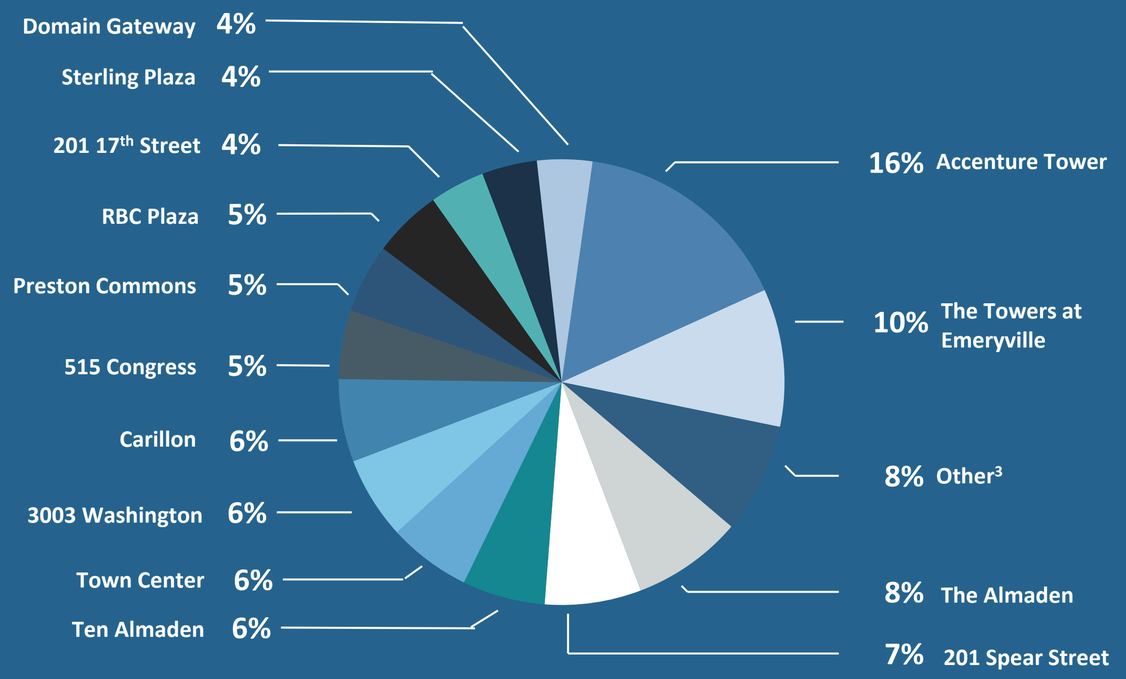


1 Based solely on the appraised values as of September 30, 2020 as reflected in the December 2020 estimated share value for the current portfolio of properties, excluding Anchor Centre which was sold on January 19, 2021. The appraised values do not consider estimated disposition costs and fees.
2 Per CBRE's 2020 Tech Talent Report

Asset Diversification [1]

Asset Diversification:

Largest asset accounts for just 16%

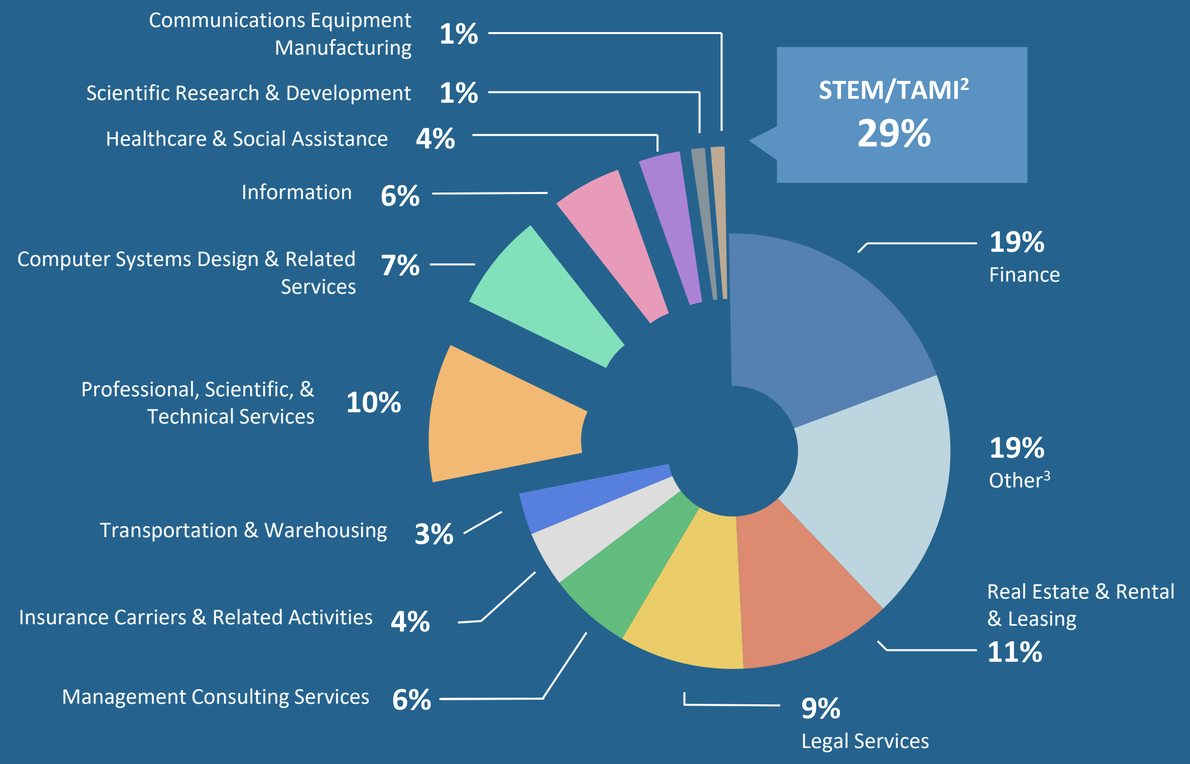


3 "Other" is comprised of various properties that individually represent less than 3% of total value.

Statistics for the Current Portfolio

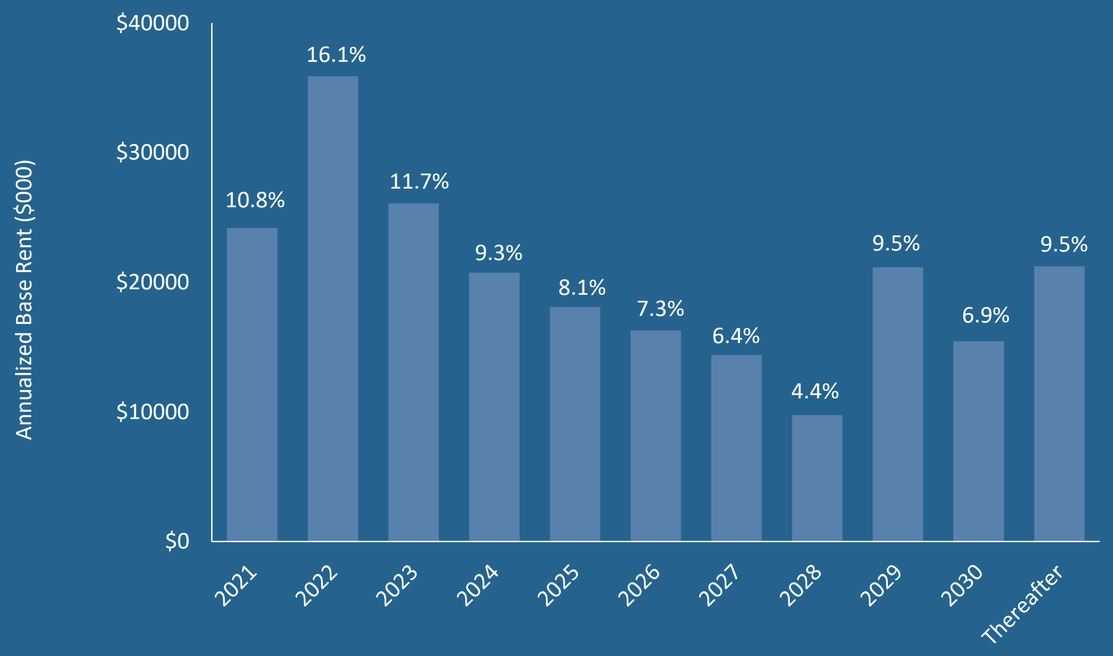
Over 590 Tenants with Staggered Lease Expirations and Industry Diversification

Tenant Industries [1]



- Industry diversification provides downside protection from any single industry. No one sector represents over 19% of the total portfolio.
- STEM/TAMI[2], 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 December 31, 2020, excluding Anchor Centre which was sold on January 19, 2021, 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.

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 industries.

Potential NAV Conversion

Conversion to an NAV REIT fulfills certain key objectives of the Company including balancing shareholder desire for liquidity as well as their desire to stay invested.

NAV REITs at a Glance

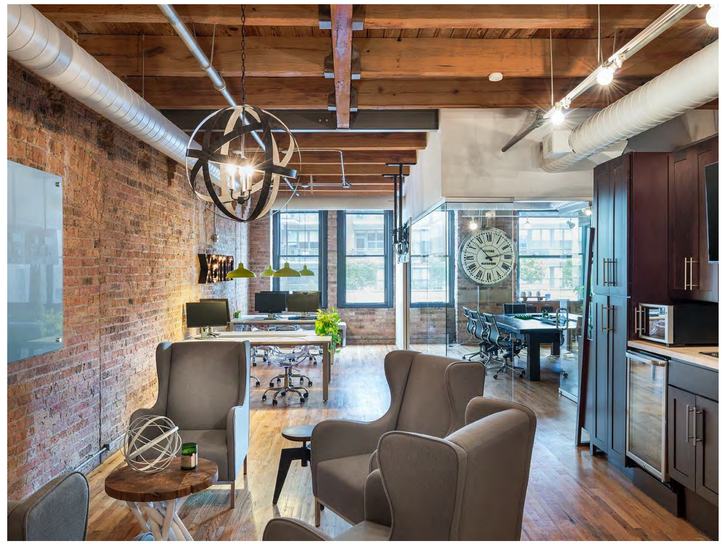
- Perpetual Life Investment Vehicle
- Potential enhanced liquidity, up to 20% of equity per year
- Frequent valuations
- Lower up-front fees

Potential NAV Conversion

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 KBS REIT III portfolio, our rent collections have remained very strong and we have only granted short-term rent relief on a small portion of the portfolio, mostly in the form of rent deferrals or abatements.

The COVID-19 crisis caused us to delay certain asset sales and refinancing plans which then delayed the timing of the REIT providing additional liquidity to stockholders. However, we have recently seen increased lending activity in the credit markets and were able to refinance a few loans in the portfolio, collect proceeds from the repayment of the Hardware Village First Mortgage, as well as close on the sale of an office building slightly above the 2020 appraised value in Jan 2021. The recent transactions have further increased the strength of the REIT's liquidity position. We are working on one additional loan financing, and thereafter, intend to move forward with providing a substantial amount of increased liquidity to stockholders.

While we continue to believe our portfolio is well-positioned for future success, including navigating issues caused by the pandemic, the impact of the COVID-19 pandemic on the capital and financial markets, including the U.S. real estate office market, has caused our conflicts committee and board of directors to further consider the timing and likelihood of success of the proposed NAV REIT conversion and whether this conversion continues to be in the best interest of our shareholders.



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REIT III 2021 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 and provide stockholder liquidity
- Continue to monitor the properties in the portfolio for any beneficial sale opportunities in order to maximize value
- Finalize decision on NAV REIT Conversion