



BB&T

WELLS FARGO

KBS

Real Estate
Investment
Trust III

Portfolio Update
Second Quarter 2021

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"), and in the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2021 (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, dated May 13, 2021 (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 the Company's Annual Report and 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 measures imposed to help control the spread of the virus, 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 the Company's ability to draw on its revolving credit facilities or exercise the Company's extension options due to covenants described in the Company's 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 June 30, 2021 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 used in the estimated NAV per share assumed a discount for the holding period risk due to the quantity of units held by the Company relative to the normal level of trading volume in units.

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 March 31, 2021, April 29, 2021 or May 13, 2021, 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.

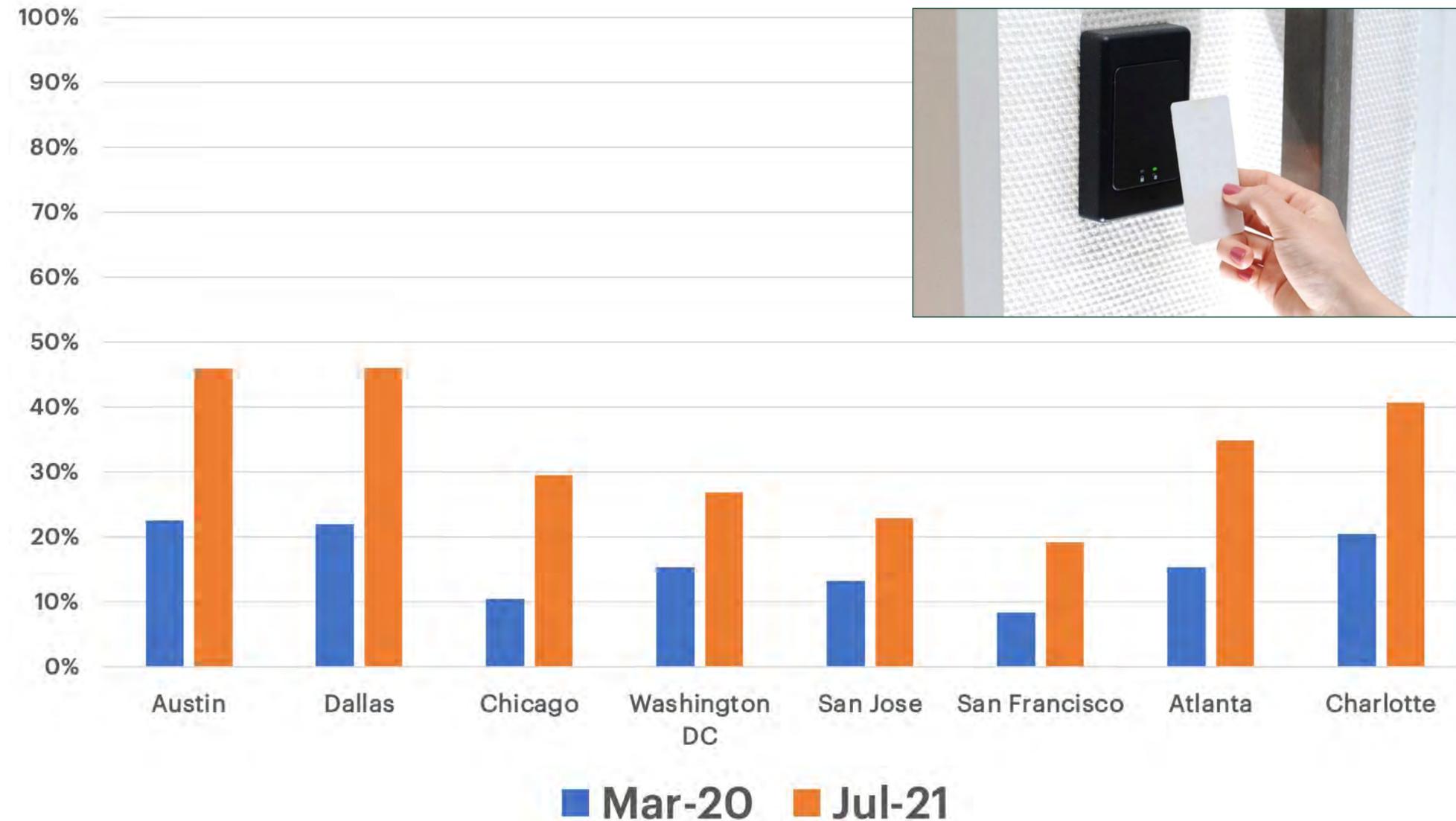
The statements herein also depend on factors such as: future economic, competitive and market conditions; the Company's ability to maintain and/or improve occupancy levels and rental rates at its real estate properties; and other risks identified in Part I, Item 1A of the Company's Annual Report for the year ended December 31, 2020 and in Part II, Item 1A of the Company's Quarterly Report for the period ended March 31, 2021.

COVID-19: Return to Office

To provide some clarity on the issues facing American businesses, Kastle Systems has been studying keycard and FOB access data from 2,600 buildings and 41,000 businesses.

The analysis is based on anonymized data to identify trends in how Americans are returning to the office.

Employees Returning to the Office Based on Keycard Access Data



Source: Kastle Systems and CoStar, July 21, 2021

<https://www.kastle.com/safety-wellness/getting-america-back-to-work/>

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 pandemic, 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 August 18, 2021, rent collections are as follows:

Period of Rent Collected	% of Rent Collected
Q2 2020	97%
Q3 2020	94%
Q4 2020	96%
Q1 2021	98%
Q2 2021	98%
July 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 June 2021, the Company has provided temporary deferrals of approximately 1.5% 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 restrictions are lifted.

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

Fund and Portfolio Overview

As of June 30, 2021, unless otherwise noted.

¹ Current portfolio of properties as of May 2021. Value based solely on the appraised values as of March 31, 2021 as reflected in the May 2021 estimated share value. The appraised values do not consider estimated disposition costs and fees.

² 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-ST of \$0.865 per unit as of June 30, 2021 and does not take into account any potential discount for the holding period risk 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 June 30, 2021.

⁴ Loan-to-Value equals the total debt as of June 30, 2021 divided by the May 2021 estimated value of the portfolio of properties and estimated value of KBS REIT III's investment in Prime US REIT as of June 30, 2021.

⁵ On an annualized basis. For the period from January through June 2021, KBS REIT III declared monthly distributions at a rate of \$0.04983333/share.

May 2021 Estimated Value of Current Portfolio of Properties¹

\$3.1 billion

June 30, 2021 Value of Investment in Units of PRIME US REIT²

\$250.5 million

Rentable Square Feet

7.5 million

Total Leased Occupancy³

88.4%

Total Leverage (Loan-to-Value)⁴

42.0%

Annualized Monthly Distribution Rate⁵

\$0.60/share ordinary distributions

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 June 30, 2021 ¹
WEST						
Gateway Tech Center	Salt Lake City	A	210,938	CBD	Metro/Light Rail	95%
201 Spear	San Francisco Bay Area	A	252,591	CBD	Subway/Metro/Light Rail	95%
Ten Almaden	San Francisco Bay Area	A	309,255	CBD	Metro/Light Rail	91%
The Almaden	San Francisco Bay Area	A	416,126	CBD	Metro/Light Rail	99%
Towers at Emeryville	San Francisco Bay Area	A	593,484	Urban	Metro/Light Rail/Shuttle	81%
CENTRAL						
Town Center	Dallas	A	522,043	Urban	None	90%
Preston Commons	Dallas	A	427,799	Urban	None	89%
Sterling Plaza	Dallas	A	313,609	Urban	None	88%
RBC Plaza	Minneapolis	A	710,332	CBD	Metro/Light Rail	95%
Domain Gateway	Austin	A	183,911	Urban	Metro/Light Rail	100%
515 Congress	Austin	A	263,058	CBD	Metro/Light Rail	90%
Park Place Village	Kansas City	A	484,980	Suburban	None	94%
EAST						
Accenture Tower	Chicago	A	1,457,724	CBD	Subway/Metro	79%
Carillon	Charlotte	A	488,277	CBD	Metro/Light Rail	86%
201 17th Street	Atlanta	A	355,870	Urban	Shuttle	95%
3001 Washington	Washington, D.C.	A	94,836	Urban	Metro	99%
3003 Washington	Washington, D.C.	A	211,054	Urban	Metro	97%
McEwen Building	Franklin	A	175,262	Suburban	None	68% ²
Total / Wtd Avg.			7,471,149			88%

¹ Includes future leases that had been executed but had not yet commenced as June 30, 2021.

² New lease signed with Studio Bank (3,560 SF) on July 15, 2021.

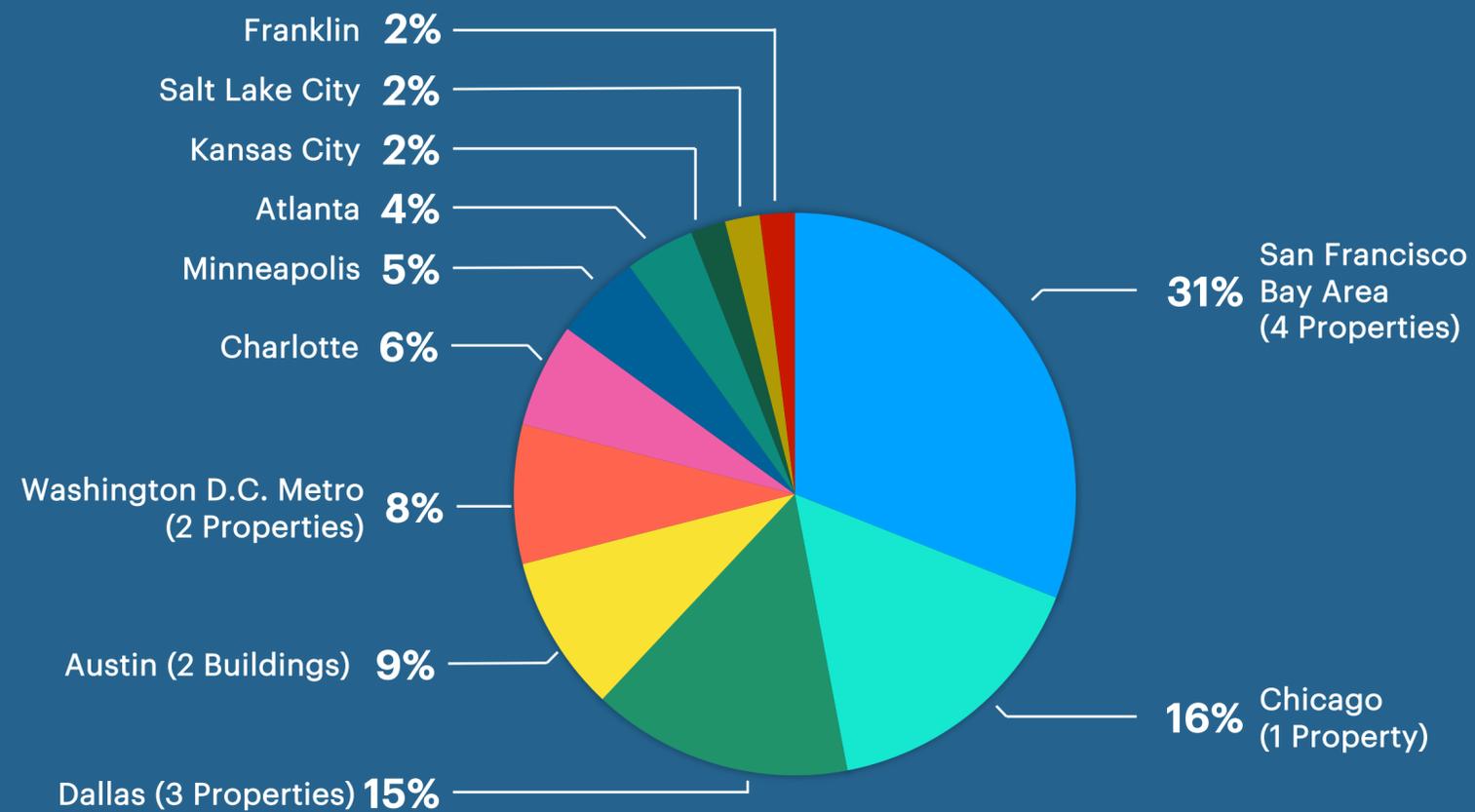
Statistics for the Current Portfolio

Market Diversification ¹

Invested in Target Markets:

52% of value² in CBRE's Top 10 Tech Markets

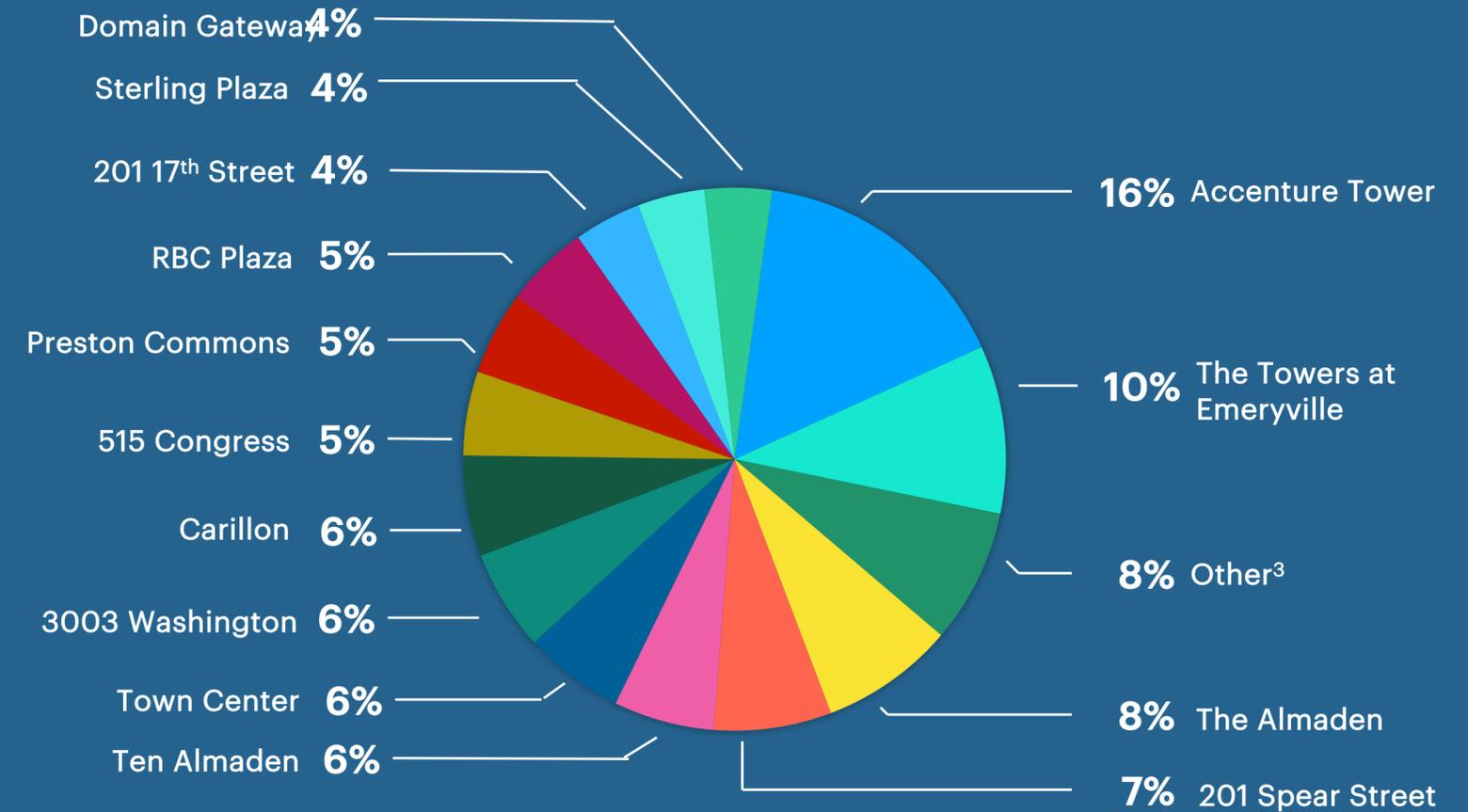
90% of value² in CBRE's Top 25 Tech Markets



Asset Diversification ¹

Asset Diversification:

Largest asset accounts for just **16%**



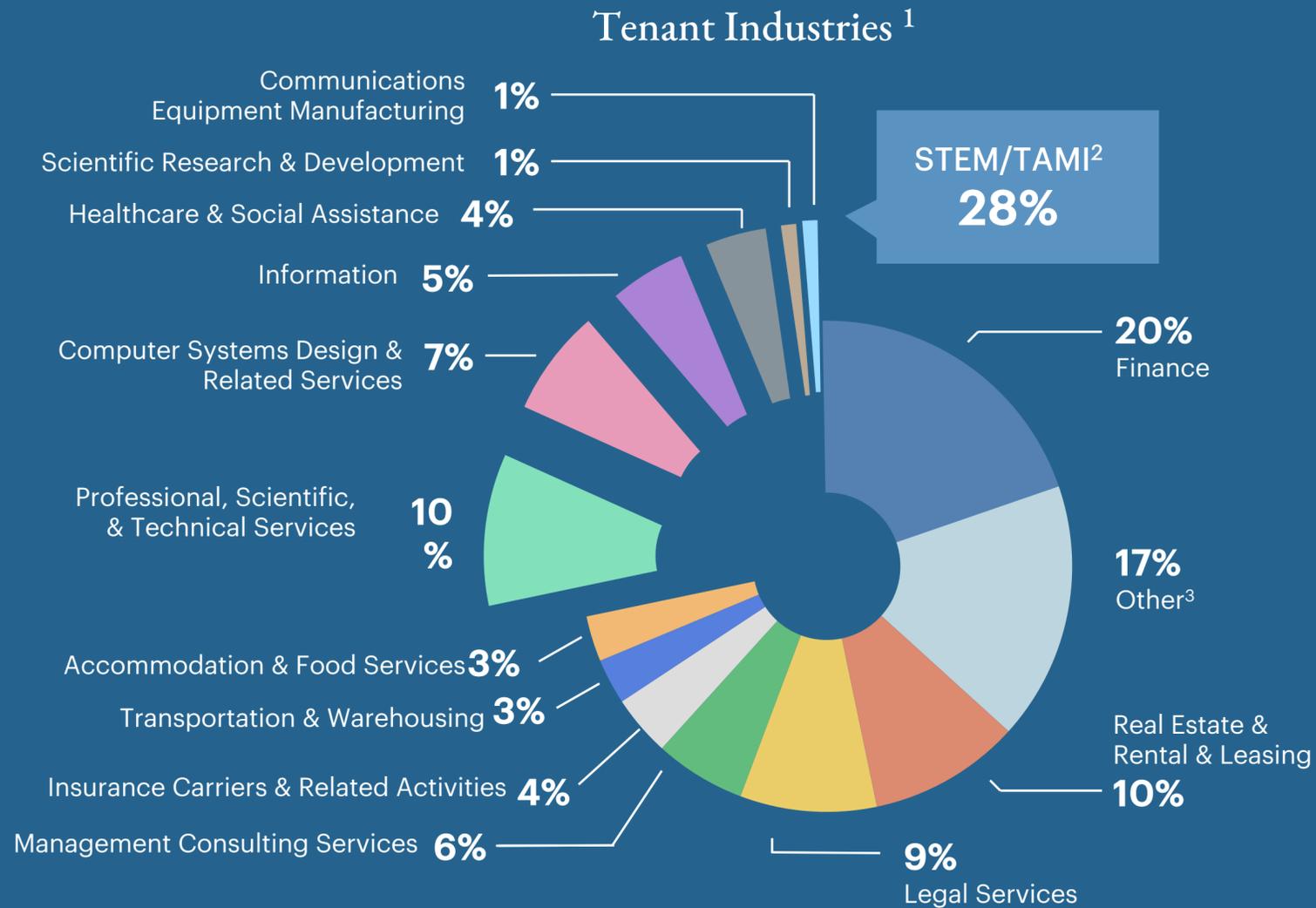
¹ Based solely on the appraised values as of March 31, 2021 as reflected in the May 2021 estimated share value for the current portfolio of properties. The appraised values do not consider estimated disposition costs and fees.

² Per CBRE's 2020 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 570 Tenants with Staggered Lease Expirations and Industry Diversification



- Industry diversification provides downside protection from any single industry. No one sector represents over 20% of the total portfolio.
- STEM/TAMI², the fastest growing sector, represents 28% of the total portfolio.

¹ Annualized base rent represents annualized contractual base rental income as of June 30, 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.

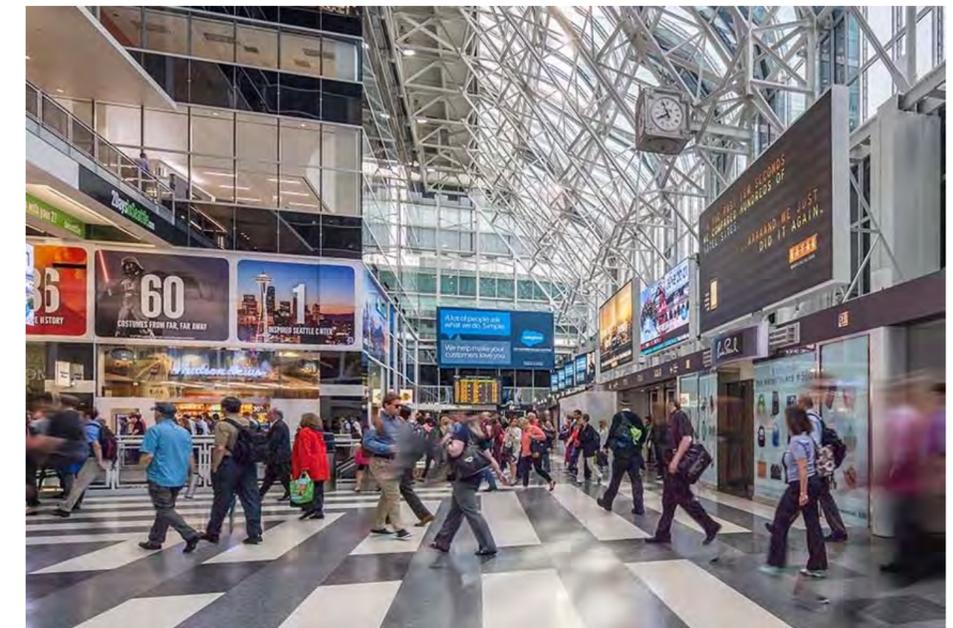
³ "Other" is comprised of various industries that individually represent less than 3.0% of total annualized base rent, excluding STEM industries.

Potential NAV Conversion

The COVID-19 pandemic 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 September 2020 appraised value in Jan 2021. The recent transactions have further increased the strength of the REIT's liquidity position.

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.

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



REIT III 2021 Goals & Objectives

- ✓ Distribute operating cash flows to stockholders
- ✓ Efficiently manage the real estate portfolio throughout the COVID-19 pandemic in order to maximize the long-term portfolio value to stockholders
- ✓ Maintain a substantial amount of liquidity in the REIT in order to continue 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

