



Nontraded REIT Industry Review: First Quarter 2014

KBS Real Estate Investment Trust, Inc.

Total Assets	\$1,623.6 Million
Real Estate Assets	\$1,269.7 Million
Cash	\$156.2 Million
Securities	\$1.2 Million
Other	\$196.6 Million



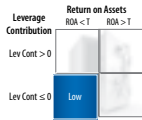
Initial Offering Date: January 13, 2006
 Offering Close Date: May 30, 2008
 Current Price per Share: \$4.45
 Reinvestment Price per Share: Not Applicable
 Cumulative Capital Raised during Offering (including DRP): \$1,734.7 Million
 * See Notes



Cash to Total Assets Ratio: 9.6%
 Asset Type: Diversified
 Number of Properties: 418 Properties, 4 Real Estate Loans;
 1 Real Estate Joint Venture
 Square Feet / Units / Rooms / Acres: 10.7 Million Sq. Ft.
 Percent Leased: 83%
 Weighted Average Lease Term Remaining: 5.5 Years
 LifeStage: Maturing
 Investment Style: Core
 Weighted Average Shares Outstanding: 189,481,669

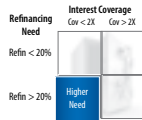
Performance Profiles

Operating Performance



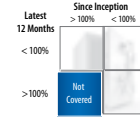
The REIT's recent 12-month average return on assets is less than yields on 10-year Treasuries, indicating negative risk-adjusted returns. At its current cost of debt and level of borrowing, the use of debt is not increasing returns to shareholders. Earnings must improve to cover costs of debt.

Financing Outlook



More than 20% of REIT's debt must be repaid within two years or is at unhedged variable rates, and interest coverage is below the 2.0X benchmark. The REIT may face difficulties in refinancing its borrowings, interest rate risks from increasing rates, and need to increase earnings to reassure lenders.

Cumulative MFFO Payout



The REIT has not achieved a level of MFFO in excess of cash distributions since inception and the latest 12-month results indicate cash distributions exceed MFFO, a trend which must be eventually reversed for distribution sustainability.

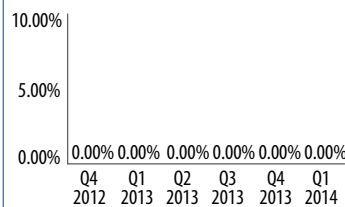
Summary

The REIT's return on assets for the last four quarters was just 0.64%, well below the yield on 10-Year Treasuries of 1.87%, showing negative risk-adjusted returns to shareholders. It also had a significantly negative leverage contribution with its average cost of debt of 5.61% and 52.7% debt ratio. About 16% of the REIT's debt matures within two years and 21.9% is at unhedged variable rates, indicating a significant refinancing need and considerable interest rate risk. Its interest coverage ratio for the last four quarters was below the 2.0X benchmark and bears watching. Since inception the REIT has paid out 112% of MFFO in cash distributions excluding DRP, and this rate was over 600% for the last four quarters due to the significant distribution of \$75 million on December 5, 2013, which was deemed 100% return of capital.

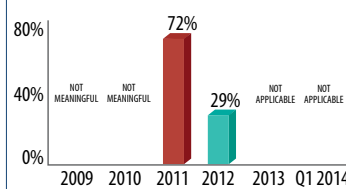
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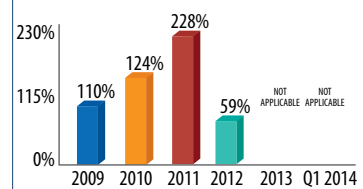
Historical Distribution



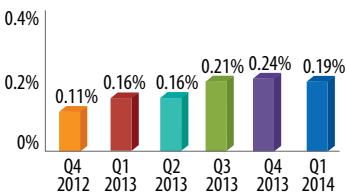
Historical FFO Payout Ratio



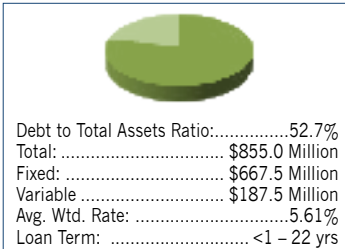
Historical MFFO Payout Ratio



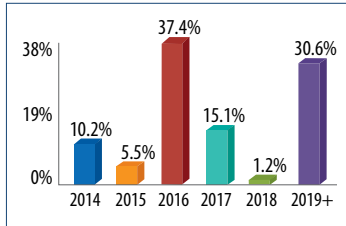
Redemptions



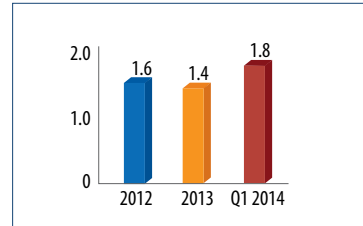
Debt Breakdown



Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- During 1Q 2014 the Company did not acquire any properties. During the 1Q 2014 the Company disposed of five properties and transferred a portfolio of five properties to the lender in satisfaction of the debt and other obligations under BOA Windsor Mortgage Portfolio, and classified eight properties as held for sale. The Company owned two GKK properties that were classified as held for non-sale disposition. These properties are security for two mortgage loans, each of which was in default as of March 31, 2014.
- Rentable square feet, percent leased and weighted average lease term excludes 10 properties held for disposition or sale.
- On December 18, 2013, the board of directors approved an estimated value per share of common stock of \$4.45 (unaudited) based on the estimated value of assets less the estimated value of liabilities divided by the number of shares outstanding, as of September 30, 2013, with the exception of appraised real estate properties, which were appraised as of November 30, 2013. Effective for the December 2013 redemption date and until the estimated value per share is updated, the redemption price for all stockholders whose shares are eligible for redemption is \$4.45 per share.
- The REIT's Cash to Total Assets ratio decreased to 9.6% as of 1Q 2014 compared to 11.4% as of 1Q 2013.
- The REIT's Debt to Total Assets ratio increased to 52.7% as of 1Q 2014 compared to 51.5% as of 1Q 2013.
- As of March 31, 2014, the REIT was exposed to market risks related to fluctuations in interest rates on \$187.5 million of variable rate debt outstanding.
- The REIT's FFO and MFFO payout ratios for 2013 reflect a one-time return of principal of \$0.395 per share which was paid on December 5, 2013. Accordingly, those payout ratios are not relevant to understanding the REIT's performance. Due to the nature of such distributions, BVP will restate the ratios as "NA" or "Not Applicable."
- The estimated value per share before the \$0.395 /share return of principal distribution in December was \$4.85 and the current estimated value per share of \$4.45 is net of this distribution.
- The Company uses modified funds from operations ("MFFO") as defined by the Investment Program Association ("IPA").