



Nontraded REIT Industry Review: Second Quarter 2014

KBS Real Estate Investment Trust, Inc.

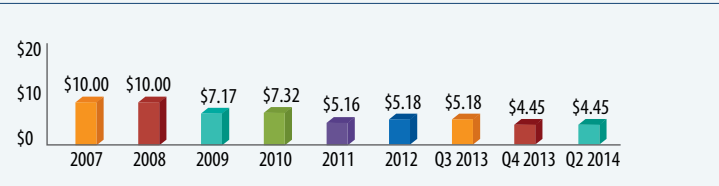
Total Assets	\$1,499.2 Million
Real Estate Assets	\$1,221.5 Million
Cash	\$92.9 Million
Securities	\$0.0 Million
Other	\$184.8 Million



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

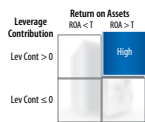
Cash to Total Assets Ratio: 6.2%
 Asset Type: Diversified
 Number of Properties: 411 Properties, 4 Real Estate Loans;
 1 Real Estate Joint Venture
 Square Feet / Units / Rooms / Acres: 10.2 Million Sq. Ft.
 Percent Leased: 83%
 Weighted Average Lease Term Remaining: 5.0 Years
 LifeStage: Maturing
 Investment Style: Core
 Weighted Average Shares Outstanding: 189,152,147

Historical Price



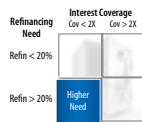
Performance Profiles

Operating Performance



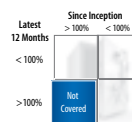
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is contributing to increased returns for shareholders.

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 a 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.

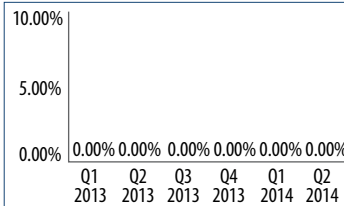
Summary

The REIT's return on assets for the last four quarters was 5.39%, above the yield on 10-Year Treasuries of 2.50%, showing additional returns to shareholders. And it had a small leverage contribution with its estimated average cost of debt at 5.19% and 49.8% debt ratio. About 14% of the REIT's debt matures within two years and 30% 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 1.7X, below the 2.0X benchmark, making refinancing problematic. Since inception the REIT has paid out 110% of MFFO in cash distributions excluding DRP, and this rate was over 480% for the last four quarters due to the significant distribution of \$75 million on December 5, 2013, which was deemed 100% return of capital.

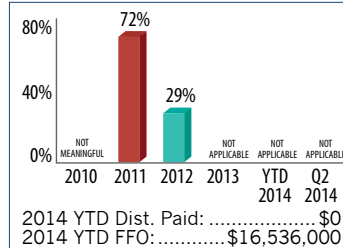
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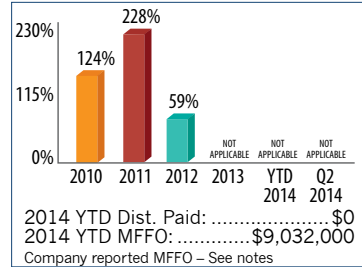
Historical Distribution



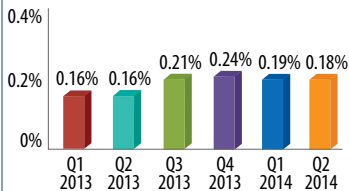
Historical FFO Payout Ratio



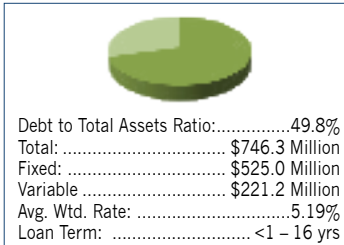
Historical MFFO Payout Ratio



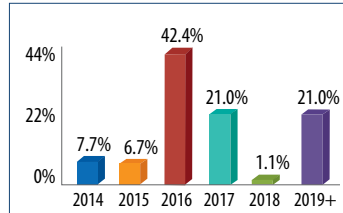
Redemptions



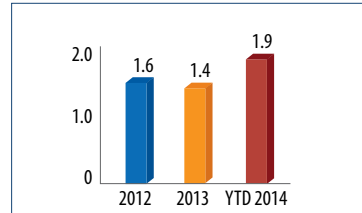
Debt Breakdown



Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- The Company sold six properties during the quarter ended June 30, 2014 for a total of approximately \$40.7 million.
- The Company had two properties held for non-sale disposition and eight properties held for sale as of June 30, 2014. Numbers shown for rentable square feet, percent leased and weighted average remaining lease term exclude these properties.
- During the three and six months ended June 30, 2014, the Company recorded impairment charges of \$0.9 million and \$2.2 million, respectively, with respect to two historical properties.
- As of June 30, 2014, the REIT was exposed to market risks related to fluctuations in interest rates on \$221.2 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 restated 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's board of directors did not declare distributions for the six months ended June 30, 2014 and 2013, respectively.
- The REIT's Cash to Total Assets ratio decreased to 6.2% as of 2Q 2014 compared to 12.6% as of 2Q 2013.
- The REIT's Debt to Total Assets ratio decreased to 49.8% as of 2Q 2014 compared to 52.5% as of 2Q 2013.
- The Company uses modified funds from operations ("MFFO") as defined by the Investment Program Association ("IPA").