

Nontraded REIT Industry Review: Second Quarter 2015

KBS Real Estate Investment Trust III, Inc.

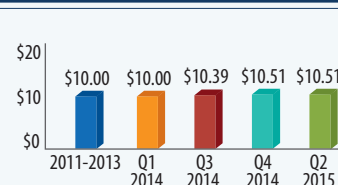
Total Assets.....	\$2,745.3 Million
Real Estate Assets	\$2,493.3 Million
Cash	\$168.8 Million
Securities	\$0.0 Million
Other	\$83.2 Million



Initial Offering Date: October 26, 2010
 Offering Close Date: May 29, 2015
 Current Price per Share: \$10.51
 Reinvestment Price per Share: \$9.99
 Cumulative Capital Raised during Offering (including DRP): \$1,525.6 Million

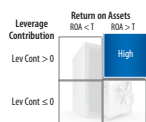
Cash to Total Assets Ratio: 6.1%
 Asset Type: Office
 Number of Properties: 23 Properties; 1 Mortgage Loan
 Square Feet / Units / Rooms / Acres: 9.3 Million Sq. Ft.
 Percent Leased: 89%
 Weighted Average Lease Term Remaining: 5.3 Years
 LifeStage: Maturing
 Investment Style Core
 Weighted Average Shares Outstanding: 164,166,681

Historical Price



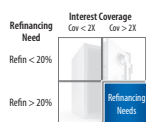
Performance Profiles

Operating Performance



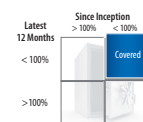
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is contributing to increased returns for shareholders.

Financing Outlook



Interest coverage ratio is above the 2.0X benchmark but more than 20% of the REIT's debt matures within two years or is at unhedged variable rates. The REIT may face difficulties in refinancing its borrowings or interest rate risk from increasing rates, but earnings currently provide coverage of interest expense.

Cumulative MFFO Payout



Cumulative MFFO since inception exceeds the cumulative cash distributions to common shareholders, indicating the REIT has fully funded cash distributions from its real estate operations. At the current distribution rate and level of modified funds from operations, trends suggest the distributions can be maintained.

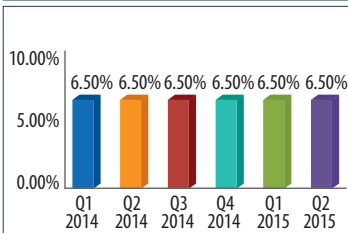
Summary

The REIT's return on assets over the last four quarters was 6.55%, well above the yield on 10-year Treasuries, providing an additional return to shareholders. It had a positive leverage contribution with its average cost of debt of 2.60% and 45% debt ratio. Just 0.1% of the REIT's debt matures within two years but 41% is at unhedged variable rates, indicating little immediate refinancing need but some interest rate risk. Its trailing 12-month interest coverage ratio at 3.6X was well above the 2.0X benchmark. Since inception the REIT has paid out 53% of MFFO in cash distributions excluding DRP proceeds, and this rate was 48% in the last four quarters, a sustainable distribution rate.

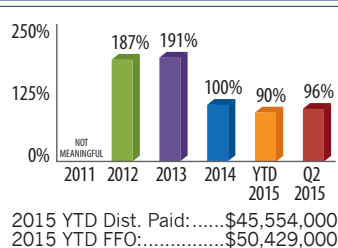
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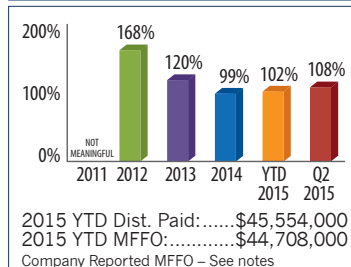
Historical Distribution



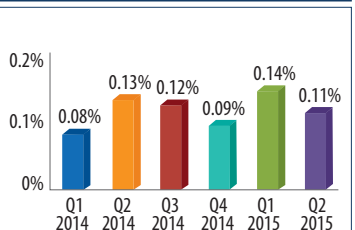
Historical FFO Payout Ratio



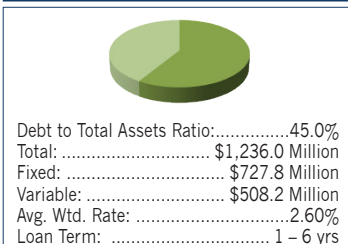
Historical MFFO Payout Ratio



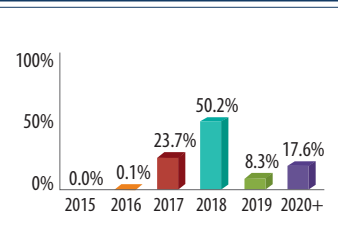
Redemptions



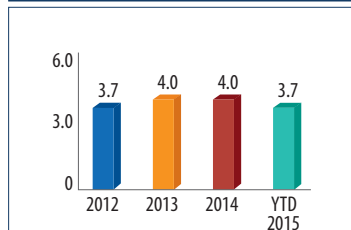
Debt Breakdown



Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- As of June 30, 2015, the Company owned 22 office properties, one mixed-use/office/retail property and one first mortgage loan secured by a deed of trust.
- The Company sold 169,009,930 shares of common stock in the now-terminated primary offering for gross offering proceeds of \$1.7 billion, and as of August 7, 2015, the Company had sold 8,407,637 shares of common stock under its dividend reinvestment plan for gross offering proceeds of \$82.3 million. Also as of August 7, 2015, the Company had redeemed 1,187,500 of the shares sold in the Offering for \$11.5 million.
- On August 11, 2015, the board of directors declared distributions for the period September 1, 2015 through September 30, 2015, at the rate of \$0.00178082 per day, which would equal a 6.5% annualized rate based upon the initial purchase price of \$10.00 per share or a 6.18% annualized rate based upon the most recent primary offering purchase price of \$10.51 per share.
- On July 14, 2015, the Company acquired 100% of the common stock of Promenade I & II at Eilan REITs which owns two office buildings with 200,072 square feet in San Antonio, Texas, for \$61.6 million.
- On July 15, 2015, the Company agreed to purchase an office property with 272,360 rentable square feet in Wayne, Pennsylvania, for approximately \$89.5 million.
- The REIT's Cash to Total Assets ratio decreased to 6.1% as of 2Q 2015 compared to 8.2% as of 2Q 2014.
- The REIT's Debt to Total Assets ratio decreased to 45.0% as of 2Q 2015 compared to 52.1% as of 2Q 2014.
- As of June 30, 2015, the Company had accrued and deferred \$8.4 million of asset management fees.
- The Company had hedged \$625.1 million of its variable rate debt as of June 30, 2015.
- The Company uses modified funds from operations ("MFFO") as defined by the Investment Program Association ("IPA").
- For the six months ended June 30, 2015, the REIT paid aggregate distributions of \$45.6 million, including \$21.2 million of distributions paid in cash and \$24.3 million of distributions reinvested through the dividend reinvestment plan. The net loss for the six months ended June 30, 2015 was \$11.5 million. FFO for the six months ended June 30, 2015 was \$50.4 million and cash flow from operating activities was \$43.1 million. It funded the total distributions paid, which includes net cash distributions and dividends reinvested by stockholders, with \$39.5 million of cash flow from operating activities, \$5.1 million of cash flow from operating activities in excess of distributions paid during second, third and fourth quarters of 2014 and \$1.0 million of debt financing.