

KBS REIT III COMPLETES SUCCESSFUL DISPOSITION OF \$1.2 BILLION CLASS A OFFICE PORTFOLIO

Eleven-property sale is a portion of KBS Real Estate Investment Trust III, Inc.'s total assets. KBS REIT III continues to hold 20 assets valued at more than \$3 billion.*

NEWPORT BEACH, Calif. (July 19, 2019) – [KBS](#), one of the largest owners of commercial real estate in the nation, has announced that on July 18, KBS Real Estate Investment Trust III, Inc. (KBS REIT III) sold 11 of its properties for \$1.2 billion.

The 11 assets sold, totaling 3.4 million rentable square feet of Class A office space, include:

- Tower I at Emeryville in Emeryville, California
- 222 Main in Salt Lake City, Utah
- Village Center Station in Greenwood Village, Colorado
- Village Center Station II in Greenwood Village, Colorado
- 101 South Hanley in St. Louis, Missouri
- Tower on Lake Carolyn in Irving, Texas
- Promenade I & II at Eilan in San Antonio, Texas
- CrossPoint at Valley Forge in Wayne, Pennsylvania
- One Washingtonian Center in Gaithersburg, Maryland
- Reston Square in Reston, Virginia
- 171 17th Street in Atlanta, Georgia

In connection with the transaction, KBS REIT III repaid outstanding debt secured by the properties and retained a 33 percent ownership interest in the purchaser. Additionally, the company is planning to use a significant amount of the proceeds to provide enhanced liquidity to KBS REIT III stockholders (whether through the share redemption program or one or more self-tender offers), and to utilize a portion of the net proceeds to pay a special distribution.

“A transaction of this magnitude has the potential to greatly benefit our stockholders in KBS REIT III,” said KBS CEO Charles J. Schreiber, Jr. “We have executed on an important strategic disposition, while also keeping a portfolio of 20 well-located and high-performing properties valued in excess of \$3 billion in KBS REIT III. This gives KBS and our board of directors the opportunity to evaluate new strategies to enhance portfolio value moving forward.”

Schreiber notes that the value of the properties is a testament to the firm’s quality of ownership and hands-on asset management.

“Our investment strategy centers on acquiring and managing exceptionally well-located assets in urban nodes where powerful value creation is possible,” Schreiber explained. “From the asset location and construction quality

we demand at acquisition, to the high-end upgrades and tenant-focused amenities we deliver within our properties, through the caliber of our tenant companies themselves, the high bar that we set and act upon ensures that our assets are uniquely valuable in each market.”

As an example, Schreiber points to the recently renamed Accenture Tower in Chicago, Illinois, at which KBS worked with its anchor tenant to increase its lease to a total of 226,486 square feet.

Accenture Tower, one of the 20 assets remaining in the KBS REIT III portfolio, was Chicago’s first and largest full-service office location. The property currently holds a record for the largest Class A, LEED Gold-certified building in Chicago for its environmental sustainability. KBS implemented a multi-million-dollar renovation of the property in 2015 to provide tenants best-in-class services and amenities. The property now features a two-level fitness center spanning 14,000 square feet, with a basketball court, group exercise classes, and a new tenant lounge with air hockey, shuffleboard and wine lockers. The property has been named Building of the Year on two separate occasions by the Building Owners and Managers Association (BOMA).

**Based solely on the appraised value of KBS REIT III’s assets as of September 30, 2018. This is an estimated value of KBS REIT III’s remaining real estate properties before taking into account KBS REIT III’s other assets or estimated liabilities (including the mortgage debt related to these properties), and this estimated value does not take into account estimated disposition costs and fees for these real estate properties, debt prepayment penalties that could apply upon the prepayment of certain of KBS REIT III’s debt obligations, the impact of restrictions on the assumption of debt or swap breakage fees that may be incurred upon the termination of certain of KBS REIT III’s swaps prior to expiration. For a full description of the methodologies and assumptions used in KBS REIT III’s valuation, see KBS REIT III’s Current Report on Form 8-K, filed with the SEC on December 6, 2018.*

Cautionary Note Regarding Forward-Looking Statements

The foregoing includes forward-looking statements within the meaning of the Federal Private Securities Litigation Reform Act of 1995. KBS REIT III 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 KBS REIT III 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. KBS REIT III 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. KBS REIT III 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.

The appraisal methodology for KBS REIT III’s appraised real estate properties assumes 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. Though the appraisals of the appraised real estate properties, with respect to Duff & Phelps, LLC, KBS Capital Advisors LLC (the external Advisor) and KBS REIT III, are the respective party’s best estimates as of September 30, 2018 or December 3, 2018, as applicable, KBS REIT III can give no assurance in this regard. Even small changes to these assumptions could result in significant differences in the appraised values of KBS REIT III’s appraised real estate properties. These statements also depend on factors such as: future economic, competitive and market conditions; KBS REIT III’s ability to maintain occupancy levels and rental rates at its real estate properties; and other risks identified in Part I, Item 1A of KBS REIT III’s Annual Report for the year ended December 31, 2018 and in Part II, Item 1A of KBS REIT III’s Quarterly Report for the period ended March 31, 2019, both as filed with the SEC.

No assurances can be given with respect to distributions. Stockholders may have to hold their shares for an indefinite period of time. KBS REIT III can give no assurance that it will be able to provide additional liquidity to stockholders.

About KBS

KBS is a private equity real estate company and an SEC-registered investment adviser. Founded in 1992 by Peter Bren and Chuck Schreiber, it is recognized as one of the largest commercial office owners globally. Since inception, KBS-affiliated companies have completed transactional activity of approximately \$40 billion via 16 separate accounts and six commingled funds for government and corporate pension funds, five sovereign wealth funds and seven SEC-registered, non-traded REITs. For more information on KBS, its properties and real estate portfolios, please visit KBS.com. For information about KBS' current offerings, please visit KBSDIRECT.com, an online portal for self-directed accredited investors to participate in institutional-quality real estate without paying up-front fees or commissions. Registration as an investment adviser does not imply any particular level of skill or training.

#

KBS Media Contacts:

Lexi Astfalk or Jenn Quader
Brower Group
949-438-6262
lastfalk@brower-group.com

