



Real Estate
Investment
Trust III

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**KBS REIT III's Acquisition of 500 West Madison
in Chicago Marks its Largest Transaction**

The Class-A mixed-use tower becomes KBS REIT III's largest acquisition to date

CHICAGO, (Dec. 17, 2013) – [KBS Real Estate Investment Trust III](#) (“KBS REIT III”), a public non-traded real estate investment trust based in Newport Beach, Calif., has closed on the purchase of 500 West Madison, also known as Citigroup Center, an iconic, 1.5 million-square-foot mixed-use tower in Chicago, for \$425 million plus closing costs. The purchase is KBS REIT III's largest and brings its total acquisition volume to \$1.26 billion.

Recognized as one of the centerpieces of Chicago's commercial infrastructure, 500 West Madison combines office and retail components. The 40-story building is located in the city's West Loop submarket, which is home to the majority of newer Class-A office developments within Chicago's central business district (CBD). The property sits above Ogilvie Transportation Center, one of two main suburban train stations connecting the Chicago suburbs with downtown, and provides direct access to city trains, buses and expressways, making it a nexus for Chicago's transit network.

The tower's first two levels contain nearly 64,000 square-feet of retail space with 45 stores and restaurants. The tower, which never before had been offered for sale, is also LEED Gold certified for sustainability and was 93-percent leased at the time of purchase.

“We believe that 500 West Madison is a trophy-quality asset with highly unique work style advantages that encompasses everything KBS REIT III looks for in an investment,” said KBS REIT III CEO Charles Schreiber.

The 500 West Madison acquisition is the latest in a series of high quality 2013 KBS REIT III purchases and the largest since the REIT commenced operation in 2011. The transaction follows KBS REIT III's \$121 million (excluding closing costs) purchase earlier this month of 201 Spear Street a 246,563-square-foot, waterfront Class-A office tower in San Francisco's South Financial District.

(more)

"500 West Madison is another recent, prominent acquisition KBS REIT III has made in the office arena," said Ken Robertson, KBS central regional president. "We feel the West Loop has become the epicenter of new development, adaptive re-use and urban renewal in Chicago's CBD and we intend to make strategic improvements at 500 West Madison to help maintain its status as one of the top business addresses there. We believe this is an iconic asset in this submarket that is literally connected to the transit grid of the entire region."

Other KBS-affiliated companies own assets in the Chicago area, including the 23.7-acre [Woodfield Preserve Office Center](#) in Schaumburg and the 1.3 million square foot [300 N. LaSalle](#) office tower on the north bank of the Chicago River in Chicago's CBD. KBS REIT III does not hold any interest in Woodfield Preserve Office Center or 300 N. LaSalle.

About KBS

KBS Capital Advisors is KBS REIT III's external adviser and is an affiliate of KBS Realty Advisors, a private equity real estate company and SEC-registered investment advisor founded in 1992. Since its inception, KBS Realty Advisors and its affiliated companies have completed transactional activity of approximately \$26 billion via 14 separate accounts, six commingled funds, five sovereign wealth funds and five non-traded REITs. For information, visit www.kbscapital.com.

This release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended including KBS REIT III's ability to invest in and manage a diverse portfolio and the performance of 500 West Madison and of the Chicago real estate market. These statements are subject to known and unknown risks, uncertainties and other factors which may cause KBS REIT III's and/or 500 West Madison's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

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