



Real Estate
Investment
Trust III

FOR IMMEDIATE RELEASE

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KBS REIT III Eliminates Internalization Compensation

NEWPORT BEACH, Calif. (Oct. 23, 2012) – The board of directors of [KBS Real Estate Investment Trust III](#) (KBS REIT III), a Newport Beach, Calif.-based public, non-traded real estate investment trust with \$298 million in total assets, is pleased to announce that KBS REIT III will not pay any internalization fees or compensation to its advisor, KBS Capital Advisors LLC, or any of its affiliates, should KBS REIT III enter into an internalization transaction. The decision was made at the recommendation of KBS Capital Advisors and approved by the board of directors of KBS REIT III for being in the best interest of KBS REIT III and its shareholders.

Traditionally, in the event a non-traded REIT lists its shares on a public stock exchange, all management, acquisition and other functions previously performed by the REIT's external advisor are absorbed by the REIT, making it "self-managed." Such internalization potentially could result in compensation, typically fees or shares of the REIT's stock, paid to the advisor in exchange for the advisor's personnel, infrastructure and other assets. The elimination of this compensation can be a substantial cost savings for the REIT, and can potentially enhance investment returns to the REIT and its shareholders.

"This announcement marks the third KBS REIT to eliminate internalization fees," said Charles Schreiber, chief executive officer of KBS REIT III. "KBS REIT III's prospectus does not list an exit strategy, giving the board of directors and our advisor the flexibility to select the best divestiture option to maximize shareholder returns. In addition to ridding shareholders of the burden of excess fees, the elimination of internalization fees empowers the REIT to take advantage of changing markets and any opportunities for liquidation, whether in the form of individual asset sales, disposition of entire portfolios or listing on a public stock exchange."

About KBS

KBS Capital Advisors is an affiliate of KBS Realty Advisors, which is a private equity real estate company and SEC-registered investment advisor founded by Peter Bren and Charles Schreiber, Jr. Since 1992, KBS Realty Advisors and its affiliated companies have completed transactional activity of approximately \$25 billion via 14 separate accounts, six commingled funds, five sovereign wealth funds and five non-traded REITs. For information, visit www.kbscapital.com.

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This release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including the selection and potential success of KBS REIT III's liquidity events and potential returns to its Shareholders. These statements are subject to known and unknown risks, uncertainties and other factors which may cause KBS REIT III'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.