

KBS REAL ESTATE INVESTMENT TRUST III, INC.

SOURCE OF DISTRIBUTION STATEMENT

- A. ATTACHED IS A TRUE COPY OF REGULATION 16.9 ISSUED BY THE ATTORNEY GENERAL OF THE STATE OF NEW YORK GOVERNING THIS STATEMENT
- B. DISTRIBUTION PAID: See below.

QUARTER COVERED: See below.
- C. DESCRIPTION OF SOURCES OF DISTRIBUTION AND OTHER INFORMATION REQUIRED BY ATTACHED REGULATION:

Information with Respect to Distributions for the Quarter Ended June 30, 2023

KBS Real Estate Investment Trust III, Inc. (the “Company”) declared monthly distributions during the quarter ended June 30, 2023. During the quarter ended June 30, 2023, the Company paid aggregate distributions of approximately \$17.1 million, including approximately \$10.5 million of distributions paid in cash and approximately \$6.6 million of distributions reinvested through the Company’s dividend reinvestment plan. The Company’s net loss attributable to common stockholders for the quarter ended June 30, 2023, was approximately \$44.1 million. The Company’s funds generated from operations, as defined by New York Regulation 16.9, during the quarter ended June 30, 2023, was approximately \$(15.9) million, which includes unrealized losses on the Company’s investment in real estate equity securities of \$23.7 million and impairment charges on the Company’s real estate of \$18.5 million. Funds generated from operations are defined by New York Regulation 16.9 to be net income (loss) adjusted so that depreciation allowances are not treated as an expense and principal payments due on debt are deducted. The Company funded its aggregate distributions paid for the period with \$6.5 million of cash flow from current operating activities and \$10.6 million of proceeds from debt financing. The Company includes amortizing principal payments in the calculation of funds generated from operations but excludes principal payments required upon the sale of any underlying asset, refinancing or at loan maturity, as these payments relate to and are funded by other investing and financing activities.

In January 2023, the Company reduced the distribution rate from that of prior periods due to the continued impact of the economic slowdown on its cash flows. The Company has experienced a reduction in its net cash flows from operations in recent periods primarily due to lease expirations in the Company’s portfolio and a resulting decrease in occupancy. Commencing in July 2023, the timing and amount of stockholder distributions will be adjusted in order to be able to retain funds for future leasing needs in the portfolio. The Company will move to quarterly assessments of distributions, and by the last month of each calendar quarter the Company will make a decision on the distribution amount (if any) to be paid. In the near term, it is likely that the Company will not pay any stockholder distributions (other than those required to meet REIT qualification tests) in an effort to further preserve and enhance the REIT’s liquidity until there is improvement in the debt and capital markets.

For more information about stockholder distributions, please see the Company’s most recent quarterly report filed with the Securities and Exchange Commission on August 11, 2023.