

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 September 30, 2023

During the quarter ended September 30, 2023, KBS Real Estate Investment Trust III, Inc. (the “Company”) paid aggregate distributions of approximately \$5.7 million, including approximately \$3.5 million of distributions paid in cash and approximately \$2.2 million of distributions reinvested through the Company’s dividend reinvestment plan. The Company’s net loss attributable to common stockholders for the quarter ended September 30, 2023, was approximately \$23.1 million. The Company’s funds generated from operations, as defined by New York Regulation 16.9, during the quarter ended September 30, 2023, was approximately \$5.6 million, which includes unrealized losses on the Company’s investment in real estate equity securities of \$15.5 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 the Company’s cash flow from current operating activities. 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. Commencing in July 2023, due to the illiquidity in the debt and capital markets and upcoming loan maturities, the Company further adjusted the timing and amount of stockholder distributions in order to be able to retain funds for future leasing needs in the portfolio. The Company has moved 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. The Company did not declare any distributions for the quarter ended September 30, 2023. For the reasons discussed herein, the Company is unable to predict when it will be in a position to resume the payment of regular distributions to its stockholders.

For more information about stockholder distributions, please see the Company’s most recent quarterly report filed with the Securities and Exchange Commission on November 14, 2023.