

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 000-56050

KBS GROWTH & INCOME REIT, INC.

(Exact Name of Registrant as Specified in Its Charter)

<p style="text-align: center;">Maryland (State or Other Jurisdiction of Incorporation or Organization)</p> <p style="text-align: center;">800 Newport Center Drive, Suite 700 Newport Beach, California</p> <p style="text-align: center;">(Address of Principal Executive Offices)</p>	<p style="text-align: center;">47-2778257 (I.R.S. Employer Identification No.)</p> <p style="text-align: center;">92660 (Zip Code)</p>
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(949) 417-6500
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
None	None
<p>Trading Symbol(s)</p> <hr/> <p style="text-align: center;">None</p>	

Securities registered pursuant to Section 12(g) of the Act:
Class A common stock, \$0.01 par value per share
Class T common stock, \$0.01 par value per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>
Non-Accelerated Filer <input checked="" type="checkbox"/>	Smaller reporting company <input checked="" type="checkbox"/>
	Emerging growth company <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act). Yes No

There is currently no established public market for the Registrant's shares of common stock.

There were approximately 9,778,773 shares of Class A common stock and 307,606 of Class T common stock held by non-affiliates as of June 30, 2023, the last business day of the Registrant's most recently completed second fiscal quarter.

As of March 25, 2024, there were 9,838,569 outstanding shares of Class A common stock and 307,606 outstanding shares of Class T common stock of the Registrant.

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FORWARD-LOOKING STATEMENTS

Certain statements included in this Annual Report on Form 10-K are forward-looking statements. Those statements include statements regarding the intent, belief or current expectations of KBS Growth & Income REIT, Inc. and members of our 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. These include statements about our plans, strategies, prospects and the Plan of Liquidation (defined herein) and these statements are subject to known and unknown risks and uncertainties. Readers are cautioned not to place undue reliance on these forward-looking statements. Actual results may differ materially from those contemplated by such forward-looking statements. Further, forward-looking statements speak only as of the date they are made, and we undertake 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.

For a discussion of some of the risks and uncertainties, although not all risks and uncertainties, that could cause our actual results to differ materially from those presented in our forward-looking statements, see the risks identified in “Summary Risk Factors” below.

SUMMARY RISK FACTORS

The following is a summary of the principal risks that could adversely affect our business, financial condition, operations and an investment in our common stock and implementation of the Plan of Liquidation. This summary highlights certain of the significant risks that we face but does not address all the risks that we face. You should interpret many of the risks identified in this summary as being heightened as a result of the continued disruptions in the financial markets impacting the U.S. commercial real estate industry, especially as it pertains to commercial office buildings.

- The ongoing challenges affecting the U.S. commercial real estate industry, especially as it pertains to commercial office buildings, continues to be one of the most significant risks and uncertainties we face. The combination of the continued economic slowdown, high interest rates and persistent inflation, as well as a lack of lending activity in the debt markets, have contributed to considerable weakness in the commercial real estate markets. Upcoming and recent tenant lease expirations and leasing challenges in certain markets amidst the aforementioned headwinds coupled with slower than expected return-to-office have had direct and material impact on the value of our real estate. Further, the weakness in the debt markets has adversely impacted the ability of potential buyers of our properties to access financing. Continued disruptions in the financial markets and economic uncertainty could adversely affect our ability to implement our Plan of Liquidation and the liquidation proceeds available for distribution to our stockholders.
- Although our board of directors and our stockholders have approved the sale of all of our assets and our dissolution pursuant to the terms of a plan of complete liquidation and dissolution (the “Plan of Liquidation”), we can give no assurances whether we will be able to successfully implement the Plan of Liquidation and sell our assets, pay our debts and distribute the net proceeds from liquidation to our stockholders as we intend. If we underestimated our existing obligations and liabilities or if unanticipated or contingent liabilities arise, the amount of liquidating distributions ultimately paid to our stockholders could be less than estimated.
- We may face unanticipated difficulties, delays or expenditures relating to our implementation of the Plan of Liquidation, which may reduce or delay our payment of liquidating distributions.
- We can give no assurance regarding the timing of asset dispositions and the proceeds we will receive upon the sale or transfer of our properties and the amount and timing of liquidating distributions to be received by our stockholders. In particular, our portfolio is highly leveraged and small changes to the values of our real estate assets used to estimate liquidation proceeds have a large impact on our equity and related liquidating distributions to our stockholders. In addition, to the extent the disposition of our assets takes longer than anticipated, our operating costs will be higher than estimated for purposes of estimating our net proceeds from liquidation and will reduce amounts available to distribute to our stockholders.
- All of our executive officers, one of our directors and other key real estate and debt finance professionals are also officers, directors, managers, key professionals and/or holders of a direct or indirect controlling interest in our advisor, and/or other KBS-affiliated entities. As a result, they face conflicts of interest, including significant conflicts created by our advisor’s and its affiliates’ compensation arrangements with us and other KBS-sponsored programs and KBS-advised investors and conflicts in allocating time among us and these other programs and investors. Although we have adopted corporate governance measures to ameliorate some of the risks posed by these conflicts, these conflicts could result in action or inaction that is not in the best interests of our stockholders.

- As of the date of this filing, we have one office building remaining in our portfolio. As a result, downturns in the geographic location where this property is located will have a more significant adverse impact on our net asset value than if we had a more diversified investment portfolio. In addition, due to the small size of our portfolio, our fixed costs associated with managing the REIT and our portfolio are a large percentage of our net operating income.
- As a result of decreased real estate values, we are currently highly leveraged and as a result, the ultimate net proceeds from liquidation paid to stockholders may be significantly impacted by small changes in real estate values as any impact to equity will impact the amount of cash available to make liquidating distributions. In addition, the Modified Term Loan is maturing in May 2024 and the outstanding debt obligation exceeds the liquidation value of the real estate securing the loan. As such, we do not anticipate being able to pay our debt obligation in full upon sale of the asset without reaching an agreement with the lender with respect to a discounted payoff. If we are unable to reach an agreement, we may consider other alternatives to satisfy such obligation. Further, if we are unable to satisfy our payment obligation with respect to the Modified Term Loan, the lender could pursue its remedies under the loan documents, including foreclosing on the Offices at Greenhouse which is pledged as collateral under the Modified Term Loan lender and/or could exercise its rights against KBS GI Properties under the full recourse guaranty provided by KBS GI REIT Properties which would delay our ability to complete our liquidation.
- We have debt obligations with variable interest rates. The interest and related payments will vary with the movement of SOFR or other indexes. Increases in the indexes will increase the amount of our debt payments and limit our ability to pay liquidating distributions to our stockholders.
- We depend on tenants for the revenue generated by our real estate investments and, accordingly, the revenue generated by our real estate investments is dependent upon the success and economic viability of our tenants. Revenues from our properties could decrease due to a reduction in occupancy (caused by factors including, but not limited to, tenant defaults, tenant insolvency, early termination of tenant leases and non-renewal of existing tenant leases, which have been more frequent due to the slow return to office resulting from the COVID-19 pandemic), rent deferrals or abatements, tenants becoming unable to pay their rent and/or lower rental rates, making it more difficult for us to meet our debt service obligations and reducing our stockholders' returns. Further, the resale value of a property depends principally upon the value of the cash flow generated by the leases associated with that property. Non-renewals, terminations or lease defaults could reduce any net sales proceeds received upon the sale of the property and would adversely affect the amount of liquidating distributions received by our stockholders.
- Because no public trading market for our shares currently exists and because our share redemption program has been terminated by our board of directors, our stockholders may not realize the cash value of their shares until we complete our liquidation pursuant to the Plan of Liquidation.

PART I

ITEM 1. BUSINESS

Overview

KBS Growth & Income REIT, Inc. (the “Company”) is a Maryland corporation that elected to be taxed as a real estate investment trust (“REIT”) beginning with the taxable year ended December 31, 2015 and it intends to continue to operate in such a manner through its liquidation and dissolution. As used herein, the terms “we,” “our” and “us” refer to the Company and as required by context, KBS Growth & Income Limited Partnership, a Delaware limited partnership, which we refer to as our “Operating Partnership,” and to their subsidiaries. Substantially all of our business is conducted through our Operating Partnership, of which we are the sole general partner. Subject to certain restrictions and limitations, our business is externally managed by our advisor pursuant to an advisory agreement. KBS Capital Advisors manages our operations, including the implementation of the Plan of Liquidation as described below, and our remaining portfolio of core real estate properties. Our advisor owns 20,000 shares of our Class A common stock. We have no paid employees.

On May 9, 2023, following board of director and special committee approval, our stockholders approved a Plan of Liquidation, the principal purpose of which is to provide liquidity to our stockholders by selling our assets, paying our debts and distributing the net proceeds from liquidation to our stockholders and currently we are actively seeking to wind up our operations. Additional information about the Plan of Liquidation is provided below and available at the [Plan of Liquidation](#), which is included as an exhibit to our Quarterly Report on Form 10-Q for the period ended June 30, 2023.

As of December 31, 2023, we owned two office buildings. In addition, as of December 31, 2023, we had 9,838,569 and 307,606 Class A and Class T shares outstanding, respectively.

Plan of Liquidation

We are pursuing an orderly liquidation of our company by selling or otherwise disposing of our assets, paying or otherwise settling our debts and our known liabilities, providing for the payment of unknown or contingent liabilities, distributing the net proceeds from liquidation to our stockholders and winding up our operations and dissolving our company. As of December 31, 2023, we have two office buildings remaining in our portfolio. Subsequent to December 31, 2023, we sold one of our remaining office buildings.

Subject to successful completion of the sale of our remaining property, we intend to make a final liquidating distribution to our stockholders promptly upon payment of all liabilities and establishment of any reserves. For the reasons discussed below, we can provide no assurances as to the ultimate timing of our final liquidating distribution and complete liquidation and dissolution of our company; however, we anticipate paying our final liquidating distribution and dissolving within 60 days of completion of the sale of our final property which is expected to occur during the second quarter of 2024. If we cannot sell or otherwise dispose of our assets and pay our debts within 24 months from May 9, 2023, or if the board of directors and the special committee determine that it is otherwise advisable to do so, pursuant to the Plan of Liquidation, we may transfer and assign our remaining assets to a liquidating trust. Upon such transfer and assignment, our stockholders will receive beneficial interests in the liquidating trust.

The ongoing challenges affecting the U.S. commercial real estate industry, especially as it pertains to commercial office buildings, continues to be one of the most significant risks and uncertainties we face with respect to the Plan of Liquidation and the timing and ultimate amount of liquidating distributions received by stockholders. The combination of the continued economic slowdown, high interest rates and persistent inflation, as well as a lack of lending activity in the debt markets, have contributed to considerable weakness in the commercial real estate markets. Further, potential changes in customer behavior, such as the continued acceptance, desirability and perceived economic benefits of work-from-home arrangements, resulting from the COVID-19 pandemic, have materially and negatively impact the future demand for office space, adversely impacting the value of our real estate and the liquidation proceeds available for distribution to our stockholders. Moreover, valuations for U.S. office properties continue to fluctuate due to weakness in the current real estate capital markets as a result of the factors above and the lack of transaction volume for U.S. office properties, increasing the uncertainty of valuations in the current market environment. In addition, our portfolio is highly leveraged and small changes to the value of our real estate assets have a large impact on our equity and related liquidating distributions to our stockholders.

There are many factors in addition to changes to our real estate values from our estimates that may affect the amount of liquidating distributions available for distribution to our stockholders, including, among other factors: (i) changes in market demand that affect the timing of the disposition of office properties during the liquidation process, (ii) the amount of taxes, transaction fees and expenses relating to the Plan of Liquidation, and (iii) amounts needed to pay or provide for our liabilities and expenses, including unanticipated or contingent liabilities that could arise. No assurance can be given as to the amount of liquidating distributions stockholders will ultimately receive. If we have underestimated our existing obligations and liabilities or if unanticipated or contingent liabilities arise, the amount ultimately distributed to our stockholders could be reduced. All of these factors could adversely impact the amount of liquidating distributions we pay to our stockholders. We can give no assurance regarding the timing of asset dispositions in connection with the implementation of the Plan of Liquidation, the sale prices we will receive for our remaining assets, and the amount or timing of any liquidating distributions to be received by our stockholders.

Real Estate Portfolio

Since stockholder approval of the Plan of Liquidation, as of December 31, 2023, we have sold or otherwise disposed of two properties. The Institute Property, a seven-story office building in Chicago, Illinois, was sold on November 30, 2023, to an unaffiliated purchaser for \$17.0 million, before third-party closing costs and prorations of approximately \$0.5 million and security deposit obligations transferred to the purchaser of \$0.3 million. The Commonwealth Building, a 14-story office building located in Portland, Oregon, was sold at public auction on July 18, 2023, in a foreclosure sale following a maturity default on the loan secured by the property, to a buyer affiliated with the lender and all interest in the Commonwealth Building was transferred to the buyer on that date. Given the reduced rent and occupancy by the building's tenants, as well as the market conditions in Portland, Oregon, where the property is located, the Commonwealth Building was valued at less than the outstanding debt of \$47.8 million.

As of December 31, 2023, our remaining real estate portfolio was composed of two office buildings containing 219,523 rentable square feet, which were collectively 90.3% occupied. On March 4, 2024, we entered into a purchase and sale agreement for the sale of 210 W. Chicago, which was completed on March 27, 2024. For more information on our real estate investments, including tenant information, see Part I, Item 2, "Properties."

The liquidation value of our real estate portfolio as of December 31, 2023 was \$37.9 million.

Financing Objectives

We financed our real estate acquisitions with proceeds raised in our offerings and debt. We use proceeds from borrowings to pay for capital improvements, repairs or tenant build-outs to properties; to refinance existing indebtedness; or to provide working capital and for other liquidity needs.

As of December 31, 2023, we had debt obligations in the aggregate principal amount of \$39.6 million, all of which are maturing in 2024. Our debt is composed of variable rate notes payable. The weighted-average interest rate of our variable rate debt as of December 31, 2023 was 8.4%. The weighted-average interest rate represents the actual interest rate in effect as of December 31, 2023 using interest rate indices as of December 31, 2023.

As of December 31, 2023, our aggregate borrowings were approximately 83% of our net assets before deducting depreciation and other non-cash reserves and exceeded the borrowing limitation in our charter. Our conflicts committee has determined our excess borrowings are justified due to our impending liquidation and the current real estate market. Due to the current market environment, the value of our assets has been significantly impacted and our aggregate borrowing as a percentage of the current fair value of our assets before depreciation is substantially higher.

We expect the disposition of our remaining two assets to satisfy our debt obligations, whether as a result of a debt settlement agreement reached with the lender, such as a discounted payoff agreement, or relinquishment of ownership of the property to the lender in satisfaction of the mortgage as the liquidation value of our real estate portfolio is less than the amount of our outstanding debt obligations. If we relinquish ownership of the properties to the lenders in a foreclosure transaction or other alternative to foreclosure in satisfaction of the mortgage, our ability to complete our liquidation will be delayed.

Economic Dependency

We are dependent on our advisor for certain services that are essential to us, including the management of the daily operations of our real estate investment portfolio; the disposition of real estate investments; the execution of the Plan of Liquidation; and other general and administrative responsibilities. In the event that our advisor is unable to provide any of these services, we will be required to obtain such services from other sources.

Competitive Market Factors

We face competition from various entities for prospective tenants and to retain our current tenants, including other REITs, pension funds, insurance companies, investment funds and companies, partnerships and developers. Many of these entities have substantially greater financial resources than we do and may be able to accept more risk than we can prudently manage, including risks with respect to the creditworthiness of a tenant. As a result of their greater resources, those entities may have more flexibility than we do in their ability to offer rental concessions to attract and retain tenants. This could put pressure on our ability to maintain or raise rents and could adversely affect our ability to attract or retain tenants. In addition, the COVID-19 pandemic caused many tenants to re-evaluate their space needs, resulting in a significant increase in sublease space available in the office market from tenants wanting to unload un-needed space. We face competition from these tenants, who may be more willing to offer significant discounts to prospective subtenants. As a result, our financial condition, results of operations, cash flow, ability to satisfy our debt service obligations and ability to successfully implement the Plan of Liquidation may be adversely affected.

We also face competition from many of the types of entities referenced above regarding the disposition of properties. These entities may possess properties in similar locations and/or of the same property types as ours and may be attempting to dispose of these properties at the same time we are attempting to dispose of our properties, providing potential purchasers with a larger number of properties from which to choose and potentially decreasing the sales price for such properties. Additionally, these entities may be willing to accept a lower return on their individual investments, which could further reduce the sales price of such properties.

This competition could decrease the sales proceeds we receive for properties that we sell, assuming we are able to sell such properties, which could adversely affect our cash flows, the overall return for our stockholders and the amount and timing of liquidation distributions our stockholders.

Compliance with Federal, State and Local Environmental Law

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous real property owner or operator may be liable for the cost of removing or remediating hazardous or toxic substances on, under or in such property. These costs could be substantial. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Environmental laws also may impose liens on property or restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures or prevent us from entering into leases with prospective tenants that may be impacted by such laws. Environmental laws provide for sanctions for noncompliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. Certain environmental laws and common law principles could be used to impose liability for the release of and exposure to hazardous substances, including asbestos-containing materials and lead-based paint. Third parties may seek recovery from real property owners or operators for personal injury or property damage associated with exposure to released hazardous substances and governments may seek recovery for natural resource damage. The costs of defending against claims of environmental liability, of complying with environmental regulatory requirements, of remediating any contaminated property, or of paying personal injury, property damage or natural resource damage claims could reduce our cash available for distribution to our stockholders. All of our real estate acquisitions were subject to Phase I environmental assessments prior to acquisition.

Human Capital

We have no paid employees. The employees of our advisor or its affiliates provide management, disposition, advisory and certain administrative services for us.

Principal Executive Office

Our principal executive offices are located at 800 Newport Center Drive, Suite 700, Newport Beach, California 92660. Our telephone number, general facsimile number and website address are (949) 417-6500, (949) 417-6501 and <http://www.kbsgireit.com>, respectively.

Available Information

Access to copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and other filings with the SEC, including amendments to such filings, may be obtained free of charge from the following website, <http://www.kbsgireit.com>, through a link to the SEC's website, <http://www.sec.gov>. These filings are available promptly after we file them with, or furnish them to, the SEC.

ITEM 1A. RISK FACTORS

Not applicable.

ITEM 1B. UNRESOLVED STAFF COMMENTS

We have no unresolved staff comments.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

As an externally managed company, our day-to-day operations are managed by our advisor and our executive officers under the oversight of our board of directors. As such, we rely on our advisor's cybersecurity program, as discussed herein, for assessing, identifying, and managing material risks to our business from cybersecurity threats.

Our cybersecurity program, as implemented by our advisor and overseen by our board of directors, is fully integrated into our overall risk management system, and included as part of our information technology security incident response plan. The cybersecurity policies, standards, processes, and practices are based on recognized frameworks established by the National Institute of Standards and Technology ("NIST"). These processes include overseeing and identifying risks from cybersecurity threats associated with the use of third-party service providers.

Our advisor conducts annual cybersecurity training to ensure all employees are aware of cybersecurity risks and conducts monthly phishing e-mail simulations. Annually, our advisor engages a third party to conduct penetration testing to assess our cybersecurity measures and to review our information security control environment and operating effectiveness. Our advisor also uses a third-party platform to monitor our information security continually. The results of such assessments and reviews are reported to the board of directors, and we adjust our cybersecurity policies, standards, processes and practices as necessary based on the information provided by these assessments. In addition, our advisor evaluates key third-party service providers before granting the service provider access to its information systems and has a process in place to ensure that future access is appropriate. For any software platforms that are hosted by third parties, our advisor requires the vendor to maintain a System and Organization Controls ("SOC") 1 or SOC 2 report. Our advisor maintains third-party cyber insurance and upon identification of a significant cyber incident, our advisor would notify its cyber insurance carrier and engage a third-party cyber forensic analysis vendor to assist in investigating and remediating the incident.

As of the date of this Annual Report, we are not aware of any risks from cybersecurity threats, including as a result of any cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition. However, our business strategy, results of operations, or financial condition is highly dependent on our ability to collect, use, store and manage organizational and property data. If any of our significant information and data management systems do not operate properly or are disabled, we could suffer a material disruption of our business or managing real estate, liability to tenant, loss of tenant or other sensitive data, regulatory intervention, inability to properly monitor our compliance with the rules and regulations regarding our qualification as a REIT, misstated financial reports, violations of loan covenants and/or missed reporting deadlines, breach of confidentiality or other contract provisions, or reputational damage. These systems may fail to operate properly or become disabled as a result of events wholly or partially beyond our control, including disruptions of electrical or communications services, natural disasters, political instability, terrorist attacks, sabotage, computer viruses, deliberate attempts to disrupt our computer systems through "hacking," "phishing," or other forms of both deliberate or unintentional cyber-attack, or our inability to occupy our office location.

Governance

Our board of directors is responsible for understanding the primary risks to our business, including risks from cybersecurity threats. The board of directors is responsible for reviewing our advisor's cybersecurity policies with management and evaluating the adequacy of the program, compliance and controls with management.

Our advisor's Information Technology Director reports at least annually to our board of directors and to our audit committee as appropriate. These presentations include developments in the cybersecurity space, including risk management practices, recent developments, evolving standards, vulnerability assessments, third-party and independent reviews, the threat environment, technological trends, and information security issues encountered by our peers and third parties. Our board of directors also receives prompt and timely information regarding any cybersecurity incidents that meets pre-established reporting thresholds, as well as ongoing updates regarding any such risk. These reports come from a member of our advisor's Executive Committee, comprised of our advisor's key executives and certain department leaders.

Our advisor has formed a Cyber Governance Committee (“CGC”), among its members include our advisor’s Chief Compliance Officer, Senior Vice President of Human Resources and Information Technology Director, to oversee cyber governance and to assess and manage, along with our advisor’s Chief Executive Officer and our advisor’s Chief Financial Officer (also our Chief Financial Officer) material risks, if any, from cybersecurity threats. The CGC meets quarterly to review incident summary reports, new threats, risks, industry and regulatory changes. Our advisor’s Chief Executive Officer and Chief Financial Officer and the CGC are informed about and monitor the prevention, detection, mitigation, and remediation of cybersecurity incidents pursuant to criteria set forth in our incident response plan and related processes. In addition, our incident response plan and related processes provide for incident escalation procedures for any cybersecurity incidents that meets pre-established reporting thresholds.

Our advisor’s Information Technology Director and Executive Committee are responsible for our incident response plan and related processes designed to assess and manage material risks, if any, from cybersecurity threats. Our advisor’s Information Technology Director also coordinates with consultants, auditors and other third parties to assess and manage material risks, if any, from cybersecurity threats.

Our advisor’s Information Technology Director has 15 years of prior management experience in digital technologies. He has nine years of experience in creating and implementing procedures for managing Payment Card Industries Security Standards (PCI), SOX Cybersecurity measures to include ransomware, email phishing, and data breaches, and bringing into effective action the five pillars of the NIST Cybersecurity Framework.

ITEM 2. PROPERTIES

As of December 31, 2023, we owned two office buildings. Our two office buildings contain 219,523 rentable square feet, which were collectively 90.3% occupied with a weighted-average remaining lease term of 2.2 years, excluding options to extend. As of December 31, 2023, the annualized base rent of our real estate properties was \$4.5 million and the average annualized base rent per square foot was \$22.63. The liquidation value of our remaining real estate was \$37.9 million as of December 31, 2023.

In accordance with the Plan of Liquidation approved by our stockholders on May 9, 2023, our objectives are to pursue an orderly liquidation of our company by selling all of our remaining assets, paying our debts and our known liabilities, providing for the payment of unknown or contingent liabilities, distributing the net proceeds from liquidation to our stockholders and winding up our operations and dissolving our company. On March 4, 2024, we entered into a purchase and sale agreement for the sale of 210 W. Chicago, which was completed on March 27, 2024.

The following table provides summary information regarding the properties in our portfolio as of December 31, 2023:

Property	Date Acquired	Location	Property Type	Rentable Square Feet	Annualized Base Rent ⁽¹⁾ (in thousands)	Average Annualized Base Rent per Square Foot ⁽²⁾	Occupancy	Weighted Average Remaining Lease Term
The Offices at Greenhouse	11/14/2016	Houston, TX	Office	203,284	\$ 4,103	\$ 21.72	92.9 %	2.2 years
210 W. Chicago ⁽³⁾	10/05/2020	Chicago, IL	Office	16,239	380	41.38	56.5 %	0.5 years
				<u>219,523</u>	<u>\$ 4,483</u>	<u>\$ 22.63</u>	<u>90.3 %</u>	<u>2.2 years</u>

⁽¹⁾ Annualized base rent represents contractual base rental income as of December 31, 2023, which has been annualized.

⁽²⁾ Average annualized base rent per square foot is calculated as the annualized base rent divided by the leased square feet.

⁽³⁾ Subsequent to December 31, 2023, we, through an indirect wholly owned subsidiary, entered into a purchase and sale agreement for the sale of 210 W. Chicago. The sale was completed on March 27, 2024. See Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Subsequent Events – Disposition of 210 W. Chicago.”

Concentration of Credit Risks

As of December 31, 2023, we had a concentration of credit risk related to the following tenant leases that represented more than 10% of our annualized base rent:

Tenant	Property	Tenant Industry	Square Feet	% of Portfolio (Net Rentable Sq. Ft.)	Annualized Base Rent Statistics			Lease Expiration ⁽²⁾
					Annualized Base Rent ⁽¹⁾ (in thousands)	% of Portfolio Annualized Base Rent	Annualized Base Rent per Sq. Ft.	
AECOM	The Offices at Greenhouse	Professional, Scientific, and Technical Services	135,727	61.8 %	\$ 3,049	68.0 %	\$ 22.47	12/31/2024
J. Connor Consulting, Inc.	The Offices at Greenhouse	Management Consulting Services	32,066	14.6 %	657	14.7 %	20.50	02/28/2031

⁽¹⁾ Annualized base rent represents contractual base rental income as of December 31, 2023, which has been annualized.

⁽²⁾ Represents the expiration date of the lease as of December 31, 2023 and does not take into account any tenant renewal options.

No other tenant represented more than 10% of our annualized base rent.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are party to legal proceedings that arise in the ordinary course of our business. Management is not aware of any legal proceedings of which the outcome is reasonably likely to have a material adverse effect on our results of operations or financial condition, nor are we aware of any such legal proceedings contemplated by government authorities.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Stockholder Information

As of March 25, 2024, we had 9,838,569 shares of Class A common stock and 307,606 shares of Class T common stock outstanding held by a total of 885 and 68 stockholders, respectively. The number of stockholders is based on the records of SS&C Global Investor & Distribution Solutions, Inc., which serves as our transfer agent.

Market Information

No public market currently exists for our shares of common stock. Further, any sale must comply with applicable state and federal securities laws, and our charter prohibits the ownership of more than 9.8% of our stock by a single person, unless exempted by our board of directors. Consequently, there is the risk that our stockholders may not be able to sell their shares at a time or price acceptable to them. As such, our stockholders' primary source of liquidity is the completion of our Plan of Liquidation.

Our stockholders approved the Plan of Liquidation on May 9, 2023. We expect to distribute the net proceeds from liquidation upon the completion of the sale of our remaining real estate properties.

November 2023 Estimated Liquidation Value Per Share

On November 8, 2023, our board of directors approved an estimated liquidation value per share of our common stock of \$0.10, which was equal to our net assets in liquidation, divided by the number of shares outstanding, all as of September 30, 2023, and as disclosed in our Quarterly Report on Form 10-Q for the period ended September 30, 2023 (the "November 2023 Estimated Liquidation Value Per Share"). We adopted the liquidation basis of accounting as of and for the periods subsequent to April 1, 2023. Net assets in liquidation represents the remaining estimated liquidation value available to stockholders upon liquidation. For a description of our accounting policies and the methodologies, limitations and assumptions used in determining the estimated liquidation value per share, see the notes to our consolidated financial statements in this Annual Report on Form 10-K.

We are providing the November 2023 Estimated Liquidation Value Per Share to assist broker-dealers that participated in our now-terminated initial public offering in meeting their customer account statement reporting obligations under the Financial Industry Regulatory Authority Rule 2231.

Limitations of the November 2023 Estimated Liquidation Value Per Share

As with any valuation methodology, the methodologies used are based upon a number of estimates and assumptions that may not be accurate or complete. Different parties with different assumptions and estimates could derive a different estimated liquidation value per share, and this difference could be significant. The November 2023 Estimated Liquidation Value Per Share does not represent the fair value of our assets less the fair value of our liabilities according to GAAP. Moreover, we did not obtain updated appraisals in connection with the determination of the November 2023 Estimated Liquidation Value Per Share, and the determination was based solely on the net assets in liquidation as reported in our Quarterly Report on Form 10-Q for the period ended September 30, 2023.

Our expectations about the implementation of the Plan of Liquidation and the amount of any liquidating distributions that we pay to our stockholders and when we will pay them are subject to risks and uncertainties and are based on certain estimates and assumptions, one or more of which may prove to be incorrect. As a result, the actual amount of any liquidating distributions that we pay to our stockholders may be more or less than our estimate and the liquidating distributions may be paid later than we predict. There are many factors that may affect the amount of liquidating distributions we will ultimately pay to our stockholders. If we underestimated our existing obligations and liabilities or the amount of taxes, transaction fees and expenses relating to the liquidation and dissolution, or if unanticipated or contingent liabilities arise, the amount of liquidating distributions ultimately paid to our stockholders could be less than estimated. Accordingly, it is not possible to precisely predict the timing of any liquidating distributions we pay to our stockholders or the aggregate amount of liquidating distributions that we will ultimately pay to our stockholders.

No assurance can be given that any liquidating distributions we pay to our stockholders will equal or exceed the November 2023 Estimated Liquidation Value Per Share. Accordingly, with respect to the November 2023 Estimated Liquidation Value Per Share, we can give no assurance:

- of the amount or timing of liquidating distributions we will ultimately be able to pay our stockholders;
- that a stockholder would be able to resell his or her shares at the November 2023 Estimated Liquidation Value Per Share;
- that an independent third-party appraiser or third-party valuation firm would agree with the November 2023 Estimated Liquidation Value Per Share; or
- that the methodology used to determine the November 2023 Estimated Liquidation Value Per Share would be acceptable to FINRA or for compliance with ERISA reporting requirements.

Distribution Information

We have elected to be taxed as a REIT under the Internal Revenue Code and have operated as such beginning with our taxable year ended December 31, 2015. To maintain our qualification as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of our REIT taxable income (computed without regard to the dividends-paid deduction or net capital gain and which does not necessarily equal net income as calculated in accordance with GAAP). Our board of directors may authorize distributions in excess of those required for us to maintain REIT status depending on our financial condition and such other factors as our board of directors deems relevant.

Our board of directors determined to cease paying regular distributions commencing with the first quarter of 2022 with the expectation that any future distributions to our stockholders would be liquidating distributions from the sale of our remaining assets. In accordance with the Plan of Liquidation, our objectives are to pursue an orderly liquidation of our company by selling or otherwise disposing of our remaining assets, paying or otherwise settling our debts and our known liabilities, providing for the payment of unknown or contingent liabilities, distributing the net proceeds from liquidation to our stockholders and winding up our operations and dissolving our company.

Subject to successful completion of the sale of our remaining property, we intend to make a final liquidating distribution to our stockholders promptly upon payment of all liabilities and establishment of any reserves. For the reasons discussed in this report, we can provide no assurances as to the ultimate timing of our final liquidating distribution and complete liquidation and dissolution of our company; however, we anticipate paying our final liquidating distribution and dissolving within 60 days of completion of the sale of our final property which is expected to occur during the second quarter of 2024.

Our expectations about the amount of liquidating distributions that we will pay and when we will pay them are based on many estimates and assumptions, one or more of which may prove to be incorrect. As a result, the actual amount of liquidating distributions we pay to our stockholders may be more or less than we estimate and the liquidating distributions may be paid later than we predict. We intend to maintain adequate cash reserves for liquidity, capital expenditures, debt repayments and other future capital needs.

Use of Proceeds from Sales of Registered Securities and Unregistered Sales of Equity Securities

During the year ended December 31, 2023, we did not sell any equity securities that were not registered under the Securities Act of 1933.

Share Redemption Program

On December 15, 2022, in connection with our approval of the Plan of Liquidation, our board of directors approved the termination of our share redemption program effective December 30, 2022. We expect that any future liquidity for our stockholders will be provided through liquidating distributions.

We did not repurchase any shares of our common stock during the year ended December 31, 2023.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our accompanying consolidated financial statements and the notes thereto. Also see “Forward-Looking Statements” and “Summary Risk Factors” preceding Part I.

Overview

We were formed on January 12, 2015 as a Maryland corporation that elected to be taxed as a real estate investment trust (“REIT”) beginning with the taxable year ended December 31, 2015 and we intend to continue to operate in such a manner through our liquidation and dissolution. Substantially all of our business is conducted through our Operating Partnership, of which we are the sole general partner. Subject to certain restrictions and limitations, our business is externally managed by our advisor pursuant to an advisory agreement. KBS Capital Advisors manages our operations and our portfolio of core real estate properties, including the implementation of the Plan of Liquidation. KBS Capital Advisors also provides asset-management, marketing, investor-relations and other administrative services on our behalf. Our advisor acquired 20,000 shares of our Class A common stock for an initial investment of \$200,000. We have no paid employees.

We commenced a private placement offering of our shares of common stock that was exempt from registration pursuant to Rule 506(b) of Regulation D of the Securities Act of 1933, as amended (the “Securities Act”), on June 11, 2015. We ceased offering shares in the primary portion of our private offering on April 27, 2016. KBS Capital Markets Group LLC, an affiliate of our advisor, served as the dealer manager for the offering pursuant to a dealer manager agreement.

On April 26, 2016, the SEC declared our registration statement on Form S-11, pursuant to which we registered shares of our common stock for sale to the public, effective, and we retained KBS Capital Markets Group LLC to serve as the dealer manager for the initial public offering. We terminated the primary initial public offering effective June 30, 2017. We terminated the distribution reinvestment plan offering effective August 20, 2020.

On October 3, 2017, we launched a second private placement offering of our shares of common stock that exempt from registration pursuant to Rule 506(c) of Regulation D of the Securities Act. In connection with the offering, we entered into a dealer manager agreement with KBS Capital Advisors and an unaffiliated third party. In December 2019, our board of directors determined to suspend the second private offering and terminated the second private offering on August 5, 2020.

Through our capital raising activities, we raised \$94.0 million from the sale of 10,403,922 shares of our common stock, including \$8.5 million from the sale of 924,286 shares of common stock under our dividend reinvestment plan. As of December 31, 2023, we had 9,838,569 and 307,606 Class A and Class T shares outstanding, respectively.

As of December 31, 2023, we owned two office buildings.

On December 15, 2022 and affirmed on February 2, 2023, our board of directors and a committee composed of all of our independent directors (the “Special Committee”) each approved the sale of all of our assets and our dissolution pursuant to the Plan of Liquidation. The principal purpose of the Plan of Liquidation is to provide liquidity to our stockholders by selling our assets, paying our debts and distributing the net proceeds from liquidation to our stockholders. On May 9, 2023, our stockholders approved the Plan of Liquidation. For more information, see the [Plan of Liquidation](#), which is included as an exhibit to our Quarterly Report on Form 10-Q for the period ended June 30, 2023. We can provide no assurances as to the timing of the liquidation of the company.

As a result of the approval of the Plan of Liquidation by our stockholders in May 2023, we adopted the liquidation basis of accounting as of April 1, 2023, as described further in Note 3, “Summary of Significant Accounting Policies - Principles of Consolidation and Basis of Presentation.”

Plan of Liquidation

We intend to pursue an orderly liquidation of our company by selling or otherwise disposing of our remaining assets, paying or otherwise settling our debts and our known liabilities, providing for the payment of unknown or contingent liabilities, distributing the net proceeds from liquidation to our stockholders and winding up our operations and dissolving our company. While pursuing our liquidation pursuant to the Plan of Liquidation, we intend to continue to manage our portfolio of assets to maintain and, if possible, improve the quality and income-producing ability of our properties to enhance property stability and better position our assets for sale. As of December 31, 2023, we had two office buildings remaining in our portfolio. Subsequent to December 31, 2023, we sold one of our remaining office buildings.

Subject to successful completion of the sale of our remaining property, we intend to make a final liquidating distribution to our stockholders promptly upon payment of all liabilities and establishment of any reserves. For the reasons discussed below, we can provide no assurances as to the ultimate timing of our final liquidating distribution and complete liquidation and dissolution of our company; however, we anticipate paying our final liquidating distribution and dissolving within 60 days of completion of the sale of our final property which is expected to occur during the second quarter of 2024. If we cannot sell or otherwise dispose of our assets and pay our debts within 24 months from May 9, 2023, or if the board of directors and the special committee determine that it is otherwise advisable to do so, pursuant to the Plan of Liquidation, we may transfer and assign our remaining assets to a liquidating trust. Upon such transfer and assignment, our stockholders will receive beneficial interests in the liquidating trust.

The ongoing challenges affecting the U.S. commercial real estate industry, especially as it pertains to commercial office buildings, continues to be one of the most significant risks and uncertainties we face with respect to the Plan of Liquidation and the timing and ultimate amount of liquidating distributions received by stockholders. The combination of the continued economic slowdown, high interest rates and persistent inflation, as well as a lack of lending activity in the debt markets, have contributed to considerable weakness in the commercial real estate markets. Further, potential changes in customer behavior, such as the continued acceptance, desirability and perceived economic benefits of work-from-home arrangements, resulting from the COVID-19 pandemic, have materially and negatively impact the future demand for office space, adversely impacting the value of our real estate and the liquidation proceeds available for distribution to our stockholders. Moreover, valuations for U.S. office properties continue to fluctuate due to weakness in the current real estate capital markets as a result of the factors above and the lack of transaction volume for U.S. office properties, increasing the uncertainty of valuations in the current market environment. In addition, our portfolio is highly leveraged and small changes to the value of our real estate assets have a large impact on our equity and related liquidating distributions to our stockholders.

We elected to be taxed as a REIT under the Internal Revenue Code, beginning with the taxable year ended December 31, 2015. If we meet the REIT qualification requirements, we generally will not be subject to federal income tax on the income that we distribute to our stockholders each year. If we fail to qualify for taxation as a REIT in any year after electing REIT status, our income will be taxed at regular corporate rates, and we may be precluded from qualifying for treatment as a REIT for the four-year period following our failure to qualify. Such an event could materially and adversely affect our net income and liquidating distribution to our stockholders. However, we are organized and will operate in a manner that will enable us to qualify for treatment as a REIT for federal income tax purposes beginning with our taxable year ended December 31, 2015, and we will continue to operate so as to remain qualified as a REIT for federal income tax purposes thereafter.

Market Outlook – Real Estate and Real Estate Finance Markets

The ongoing challenges affecting the U.S. commercial real estate industry, especially as it pertains to commercial office buildings, continues to be one of the most significant risks and uncertainties we face. The combination of the continued economic slowdown, high interest rates and persistent inflation, as well as a lack of lending activity in the debt markets, have contributed to considerable weakness in the commercial real estate markets. Upcoming and recent tenant lease expirations and leasing challenges in certain markets amidst the aforementioned headwinds coupled with slower than expected return-to-office have had direct and material impact on the value of our real estate and our ability to access the debt markets.

We cannot predict to what extent economic activity, including the use of and demand for office space, will return to pre-pandemic levels. The usage of our assets remains lower than pre-pandemic levels. In addition, we have experienced a significant reduction in leasing interest and activity when compared to pre-pandemic levels.

Further, the challenging economic circumstances have created a difficult environment in which to continue to create value in our portfolio consistent with our core-plus investment strategy. The properties in our portfolio were acquired to provide an opportunity for us to achieve more significant capital appreciation by increasing occupancy, negotiating new leases with higher rental rates and/or executing enhancement projects, all of which have become more difficult as a result of the impacts of COVID-19 on the demand for office space.

Continued disruptions in the financial markets and economic uncertainty may continue to adversely affect our ability to implement the Plan of Liquidation and the liquidation proceeds available for distribution to our stockholders. Further, potential changes in customer behavior, such as the continued acceptance, desirability and perceived economic benefits of work-from-home arrangements, resulting from the COVID-19 pandemic, may continue to materially and negatively impact the future demand for office space, adversely impacting our ability to implement the Plan of Liquidation and the liquidation proceeds available for distribution to our stockholders. Moreover, valuations for U.S. office properties continue to fluctuate due to weakness in the current real estate capital markets as a result of the factors above and the lack of transaction volume for U.S. office properties, increasing the uncertainty of valuations in the current market environment.

Liquidity and Capital Resources

As described above under “—Overview – Plan of Liquidation,” our board of directors and our stockholders have approved the sale of all of our assets and our dissolution pursuant to the terms of the Plan of Liquidation. The principal purpose of the Plan of Liquidation is to provide liquidity to our stockholders by selling our assets, paying our debts and distributing the net proceeds from liquidation to our stockholders.

Subject to successful completion of the sale of our remaining property, we intend to make a final liquidating distribution to our stockholders promptly upon payment of all liabilities and establishment of any reserve. We can provide no assurances as to the ultimate timing of our final liquidating distribution and complete liquidation and dissolution of our company; however, we anticipate paying our final liquidating distribution and dissolving within 60 days of completion of the sale of our final property which is expected to occur during the second quarter of 2024.

Our principal demands for funds while we complete our liquidation are and will be for the payment of operating expenses, capital expenditures and general and administrative expenses, including expenses in connection with the Plan of Liquidation; payments under debt obligations; capital commitments; and payments of distributions to stockholders pursuant to the Plan of Liquidation. We expect to use our cash on hand and any net proceeds available as our primary source of liquidity. To the extent available, we also intend to use cash flow generated by our real estate investments; however, asset sales and dispositions have reduced cash flow from these sources.

On December 15, 2022, in connection with the approval of the Plan of Liquidation, our board of directors approved the termination of our share redemption program effective December 30, 2022. Our board of directors expects that future liquidity will be provided to our stockholders through liquidating distributions.

Our investments in real estate generate cash flow in the form of rental revenues and tenant reimbursements, which are reduced by operating expenditures, capital expenditures, debt service payments and corporate general and administrative expenses. Cash flow from operations from real estate investments is primarily dependent upon the occupancy level of our portfolio, the net effective rental rates on our leases, the collectibility of rent and operating recoveries from our tenants and how well we manage our expenditures, all of which may be adversely affected by the impact of the COVID-19 pandemic on office properties as discussed above and more recently inflation.

Our cash and cash equivalents on hand are currently limited. The fixed costs associated with managing a public REIT, including the significant cost of compliance with all federal, state and local regulatory requirements applicable to us with respect to our business activities, are substantial. Such costs include, without limitation, the cost of preparing all financial statements required under applicable regulations and all reports, documents and filings required under the Exchange Act, or other federal or state laws for the general maintenance of our status as a REIT, under the applicable provisions of the Code, or otherwise. Given the size of our portfolio of properties, these costs constitute a significant percentage of our gross income, reducing our net income and cash flow.

Our advisor advanced funds to us, which are non-interest bearing, for distribution record dates through the period ended May 31, 2016. In connection with the adoption of the Plan of Liquidation by our board of directors, our Advisor waived payment of the \$1.3 million advanced funds.

As of December 31, 2023, we had two mortgage debt obligations in the aggregate principal amount of \$39.6 million and our aggregate borrowings were approximately 83% of our net assets before deducting depreciation and other non-cash reserves. However, due to the current market environment, the value of our assets has been significantly impacted and our aggregate borrowing as a percentage of the current fair value of our assets is substantially higher.

The Modified Term Loan, which is secured by The Offices at Greenhouse, has an outstanding balance of \$36.0 million, which is in excess of the value of the real estate, and matures in May 2024. In connection with the implementation of the Plan of Liquidation, we are actively marketing The Offices of Greenhouse for sale. We are in discussions with the lender under the Modified Term Loan to extend the maturity date of the loan through the disposition of The Offices at Greenhouse if necessary, as well as to enter into a discounted payoff agreement to permit us pay off the loan amount in full at a discount upon receipt of sales proceeds from The Offices of Greenhouse. If we are unable to reach an agreement, we may consider other alternatives to satisfy the obligation. If we are unable to meet our payment obligation at maturity, the lender could foreclose on The Offices at Greenhouse, and could potentially exercise its rights against KBS GI REIT Properties under the full recourse guaranty provided by KBS GI REIT Properties, which would delay our ability to complete our liquidation. In addition, subject to certain terms and conditions contained in the loan documents, cash currently held by us may only be used for our operating costs including but not limited to our general and administrative costs, liquidation costs, capital costs and any other reasonable costs and expenses required to maintain the company as a going concern, but for no other purpose.

The 210 W. Chicago Mortgage Loan with an outstanding balance of \$3.6 million matures in June 2024. On December 10, 2023, the borrower under the 210 W. Chicago Mortgage Loan defaulted on the loan as a result of a failure to pay in full the entire November 2023 monthly interest payment under the 210 W. Chicago Mortgage Loan on the due date. On March 4, 2024, we, through an indirectly wholly owned subsidiary entered a purchase and sale agreement with an unaffiliated third party for the sale of 210 W. Chicago for \$2.7 million. The sale was completed on March 27, 2024. See “– Subsequent Events – Disposition of 210 W. Chicago.” In connection with the purchase and sale agreement for the sale of 210 W. Chicago, we, through the borrower under the 210 W. Chicago Mortgage Loan, entered into a discounted payoff agreement with the lender, effective March 1, 2024. The discounted payoff agreement provides for the satisfaction of the outstanding debt obligation subject to receipt of a discounted payoff amount no later than March 29, 2024. See “– Subsequent Events – Discounted Payoff Agreement for 210 W. Chicago Mortgage Loan.”

In addition to using our capital resources to meet our debt service obligations, for capital expenditures and for operating costs, we have used our capital resources to make certain payments to our advisor and our affiliated property manager.

Our advisory agreement provides for the payment of an asset management fee and reimbursement of expenses to our advisor for costs incurred by our advisor in providing certain services to us. However, we have not paid asset management fees to our advisor since the first quarter of 2017. Our advisor waived asset management fees for the second and third quarters of 2017 and deferred payment of asset management fees related to the periods from October 2017 through September 2022. In connection with the board of directors’ review of the Plan of Liquidation, our advisor waived \$3.0 million of accrued asset management fees as well as payment of its asset management fees from October 1, 2022 through our liquidation. As a result, we do not expect to incur any additional asset management fees and \$5.9 million of accrued asset management fees were payable to our advisor as of December 31, 2023. For purposes of the consolidated statement of net assets as of December 31, 2023 and consolidated statement of changes in net assets for the period April 1, 2023 to December 31, 2023, we estimated the asset management fee payable to our advisor to be \$0, as our advisor informed us it will not seek the payment for the deferred asset management fees. In March 2024, our advisor waived the deferred asset management fees and no asset management fees are owed to our advisor.

We also paid fees to KBS Management Group, LLC (the “Co-Manager”), an affiliate of our advisor, pursuant to property management agreements with the Co-Manager, for certain property management services at our properties. The Co-Manager waived payment of its property management fees effective October 1, 2022 through our liquidation.

We elected to be taxed as a REIT and to operate as a REIT beginning with our taxable year ended December 31, 2015. To maintain our qualification as a REIT, we will be required to make aggregate annual distributions to our stockholders of at least 90% of our REIT taxable income (computed without regard to the dividends-paid deduction and excluding net capital gain). Our board of directors may authorize distributions in excess of those required for us to maintain REIT status depending on our financial condition and such other factors as our board of directors deems relevant.

Subject to successful completion of the sale of our remaining property, we intend to make a final liquidating distribution to our stockholders promptly upon payment of all liabilities and establishment of any reserve. We can provide no assurances as to the ultimate timing of our final liquidating distribution and complete liquidation and dissolution of our company; however, we anticipate paying our final liquidating distribution and dissolving within 60 days of completion of the sale of our final property which is expected to occur during the second quarter of 2024. However, the completion of these activities may be delayed due to the ongoing challenges affecting the U.S. commercial real estate industry, especially as it pertains to commercial office buildings, including the continued economic slowdown, high interest rates and persistent inflation, as well as a lack of lending activity in the debt markets which may impact the ability of buyers for our properties to obtain favorable financing, potential changes in customer behavior with respect to work-from-home arrangements resulting from the COVID-19 pandemic that could materially and adversely affect the demand for office space, and any continuing unrest in the markets where our properties are located. A final liquidating distribution to our stockholders will not be paid until all of our liabilities have been satisfied.

Our expectations about the amount of liquidating distributions that we will pay and when we will pay them are based on many estimates and assumptions, one or more of which may prove to be incorrect. As a result, the actual amount of liquidating distributions we pay to our stockholders may be more or less than we estimate and the liquidating distributions may be paid later than we predict. We do not expect to pay regular monthly distributions during the liquidation process. We intend to maintain adequate cash reserves for liquidity, capital expenditures, debt repayments and other future capital needs.

Under our charter, we are required to limit our total operating expenses to the greater of 2% of our average invested assets or 25% of our net income for the four most recently completed fiscal quarters, as these terms are defined in our charter, unless the conflicts committee has determined that such excess expenses were justified based on unusual and non-recurring factors. Operating expenses for the four fiscal quarters ended December 31, 2023 did not exceed the charter-imposed limitation.

Cash Flows from Operating Activities

During the three months ended March 31, 2023, net cash used in operating activities was \$2.6 million.

Cash Flows from Investing Activities

During the three months ended March 31, 2023, net cash used in investing activities was \$0.1 million due to improvements to real estate.

Cash Flows from Financing Activities

During the three months ended March 31, 2023, net cash provided by financing activities was \$1.5 million due to the increase in notes payable related to accrued unpaid interest on the Commonwealth Building Mortgage Loan.

Debt Obligations

The following is a summary of our debt obligations as of December 31, 2023 (in thousands).

Debt Obligations	Total	Payments Due During the Years Ending December 31,			
		2024	2025-2026	2027-2028	Thereafter
Outstanding debt obligations ⁽¹⁾	\$ 39,617	\$ 39,617	\$ —	\$ —	\$ —
Interest payments on outstanding debt obligations ⁽²⁾⁽³⁾	1,281	1,281	—	—	—

⁽¹⁾ Amounts include principal payments only based on maturity dates as of December 31, 2023.

⁽²⁾ Projected interest payments are based on the outstanding principal amount, maturity date and contractual interest rate in effect as of December 31, 2023. We incurred interest expense of \$2.1 million, excluding amortization of deferred financing costs totaling \$0.1 million during the three months ended March 31, 2023. During the nine months ended December 31, 2023, we incurred interest expense of \$4.9 million, including accrued unpaid interest related to the Commonwealth Building Mortgage Loan.

⁽³⁾ On December 10, 2023, the borrower under the 210 W. Chicago Mortgage Loan defaulted on the loan as a result of a failure to pay in full the entire November 2023 monthly interest payment. As a result, the projected interest payments for 210 W. Chicago Mortgage Loan includes an additional default rate of 5% during the time the default exists.

Capital Expenditures Obligations

As of December 31, 2023, we recorded \$0.3 million of capital expenditures obligations which is the estimated capital spend through the completion of our liquidation, which were included in liabilities for estimated costs in excess of estimated receipts during liquidation on the Consolidated Statement of Net Assets.

Results of Operations

In light of the adoption of liquidation basis accounting as of April 1, 2023 and our liquidation pursuant to the Plan of Liquidation, the results of operations for the current year period are not comparable to the prior year period. The sale of assets under the Plan of Liquidation will have a significant impact on our operations. See “— Overview — Plan of Liquidation” and “— Real Estate and Real Estate Finance Markets.” For a discussion of the year ended December 31, 2022 compared to the year ended December 31, 2021, please refer to [Item 7 of Part II, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”](#) in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, which was filed with the SEC on March 10, 2023.

Distributions

In accordance with the Plan of Liquidation, our objectives are to pursue an orderly liquidation of our company by selling or otherwise disposing of our remaining assets, paying or otherwise settling our debts and our known liabilities, providing for the payment of unknown or contingent liabilities, distributing the net proceeds from liquidation to our stockholders and winding up our operations and dissolving our company. Subject to successful completion of the sale of our remaining property, we intend to make a final liquidating distribution to our stockholders promptly upon payment of all liabilities and establishment of any reserve. For the reasons discussed in this report, we can provide no assurances as to the ultimate timing of our final liquidating distribution and complete liquidation and dissolution of our company; however, we anticipate paying our final liquidating distribution and dissolving within 60 days of completion of the sale of our final property which is expected to occur during the second quarter of 2024. However, if we cannot sell or otherwise dispose of our properties and pay our debts within 24 months from May 9, 2023, or if the board of directors and the Special Committee determine that it is otherwise advisable to do so, we may transfer and assign our remaining assets to a liquidating trust. Upon such transfer and assignment, our stockholders would receive beneficial interests in the liquidating trust.

Critical Accounting Policies and Estimates

Below is a discussion of the accounting policies that management believes are or will be critical during our liquidation. We consider these policies critical in that they involve significant management judgments and assumptions, require estimates about matters that are inherently uncertain and because they are important for understanding and evaluating our reported financial results. These judgments affect the reported amounts of assets and liabilities and our disclosure of contingent assets and liabilities as of the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. With different estimates or assumptions, materially different amounts could be reported in our financial statements.

Subsequent to the adoption of the liquidation basis of accounting, we are required to estimate all costs and income we expect to incur and earn through the end of liquidation including the estimated amount of cash we expect to collect through the disposal of our assets and the estimated costs to dispose of our assets.

Pursuant to our stockholders' approval of the Plan of Liquidation, we adopted the liquidation basis of accounting as of and for the periods subsequent to April 1, 2023 (as approval of the Plan of Liquidation became imminent during the month of April 2023 based on the results of our solicitation of proxies from our stockholders for their approval of the Plan of Liquidation). Accordingly, on April 1, 2023, assets were adjusted to their estimated net realizable value, or liquidation value, which represents the estimated amount of cash or other consideration that we expect to receive through the disposal of our assets as we carry out our Plan of Liquidation. The liquidation values of our remaining real estate properties are presented on an undiscounted basis. Liabilities are carried at their contractual amounts due or estimated settlement amounts.

We accrue costs and income that we expect to incur and earn through the completion of our liquidation, including the estimated amount of cash or other consideration that we expect to receive through the disposal of our assets and the estimated costs to dispose of our assets, to the extent we have a reasonable basis for estimation. These amounts are classified as a liability for estimated costs in excess of estimated receipts during liquidation on the Consolidated Statement of Net Assets. Actual costs and income may differ from amounts reflected in the financial statements because of the inherent uncertainty in estimating future events. These differences may be material. See Note 2, "Plan of Liquidation" and Note 4, "Liabilities for Estimated Costs in Excess of Estimated Receipts During Liquidation" for further discussion. Actual costs incurred but unpaid as of December 31, 2023 are included in accounts payable and accrued liabilities, due to affiliate and other liabilities on the Consolidated Statement of Net Assets.

Revenue Recognition - Operating Leases

Liquidation Basis of Accounting

Under the liquidation basis of accounting, we have accrued all income that we expect to earn through the completion of our liquidation to the extent we have a reasonable basis for estimation. Revenue from tenants is estimated based on the contractual in-place leases and projected leases through the anticipated disposition date of the property. These amounts are presented net of estimated expenses and other liquidation costs and are classified in liabilities for estimated costs in excess of estimated receipts during liquidation on the Consolidated Statement of Net Assets.

Going Concern Basis

Real Estate

Until our adoption of the liquidation basis of accounting as of and for the periods subsequent to April 1, 2023, we recognized minimum rent, including rental abatements, lease incentives and contractual fixed increases attributable to operating leases, on a straight-line basis over the term of the related leases when collectibility was probable and recorded amounts expected to be received in later years as deferred rent receivable. If the lease provided for tenant improvements, we determined whether the tenant improvements, for accounting purposes, were owned by the tenant or us. When we were the owner of the tenant improvements, the tenant was not considered to have taken physical possession or have control of the physical use of the leased asset until the tenant improvements were substantially completed. When the tenant was the owner of the tenant improvements, any tenant improvement allowance (including amounts that can be taken in the form of cash or a credit against the tenant's rent) that was funded was treated as a lease incentive and amortized as a reduction of rental revenue over the lease term. Tenant improvement ownership is determined based on various factors including, but not limited to:

- whether the lease stipulates how a tenant improvement allowance may be spent;
- whether the lessee or lessor supervises the construction and bears the risk of cost overruns;
- whether the amount of a tenant improvement allowance is in excess of market rates;
- whether the tenant or landlord retains legal title to the improvements at the end of the lease term;
- whether the tenant improvements are unique to the tenant or general purpose in nature; and
- whether the tenant improvements are expected to have any residual value at the end of the lease.

In accordance with Topic 842, tenant reimbursements for property taxes and insurance were included in the single lease component of the lease contract (the right of the lessee to use the leased space) and therefore were accounted for as variable lease payments and were recorded as rental income on our statement of operations until our adoption of the liquidation basis of accounting as of and for the periods subsequent to April 1, 2023. In addition, we adopted the practical expedient available under Topic 842 to not separate nonlease components from the associated lease component and instead to account for those components as a single component if the nonlease components otherwise would be accounted for under the new revenue recognition standard (Topic 606) and if certain conditions are met, specifically related to tenant reimbursements for common area maintenance which would otherwise be accounted for under the revenue recognition standard. We believe the two conditions have been met for tenant reimbursements for common area maintenance as (i) the timing and pattern of transfer of the nonlease components and associated lease components are the same and (ii) the lease component would be classified as an operating lease. Accordingly, tenant reimbursements for common area maintenance were also accounted for as variable lease payments and recorded as rental income on our statement of operations until our adoption of the liquidation basis of accounting as of and for the periods subsequent to April 1, 2023.

In accordance with Topic 842, we made a determination of whether the collectibility of the lease payments in an operating lease is probable. If we determined the lease payments were not probable of collection, we fully reserved for any contractual lease payments, deferred rent receivable, and variable lease payments and recognized rental income only to the extent cash was received.

We, as a lessor, recorded costs to negotiate or arrange a lease that would have been incurred regardless of whether the lease was obtained, such as legal costs incurred to negotiate an operating lease, as an expense and classified such costs as operating, maintenance, and management expense on our consolidated statement of operations, as these costs were no longer capitalizable under the definition of initial direct costs under Topic 842.

Sales of Real Estate

We follow the guidance of ASC 610-20, *Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets* ("ASC 610-20"), which applies to sales or transfers to noncustomers of nonfinancial assets or in substance nonfinancial assets that do not meet the definition of a business. Generally, our sales of real estate would be considered a sale of a nonfinancial asset as defined by ASC 610-20.

ASC 610-20 refers to the revenue recognition principles under ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Under ASC 610-20, if we determined we did not have a controlling financial interest in the entity that held the asset and the arrangement met the criteria to be accounted for as a contract, we derecognized the asset and recognized a gain or loss on the sale of the real estate when control of the underlying asset transfers to the buyer. The application of these criteria can be complex and incorrect assumptions on collectability of the transaction price or transfer of control can result in the improper recognition of the gain or loss from sales of real estate during the period.

Real Estate

Liquidation Basis of Accounting

As of April 1, 2023, our investments in real estate were adjusted to their estimated net realizable value, or liquidation value, to reflect the change to the liquidation basis of accounting. The liquidation value represents the estimated amount of cash or other consideration, such as debt relief, that we expect to receive through the disposal of our assets, including any residual value attributable to lease intangibles, as we carry out the Plan of Liquidation. We estimated the liquidation value of our real estate investments generally based on either an offer received on the properties or the amount of debt anticipated to be relieved with the sale or transfer of the properties. The liquidation values of our investments in real estate are presented on an undiscounted basis and investments in real estate are no longer depreciated. Subsequent to April 1, 2023, all changes in the estimated liquidation value of the investments in real estate are reflected as a change to our net assets in liquidation.

Going Concern Basis

Depreciation and Amortization

Real estate costs related to the acquisition and improvement of properties are capitalized and amortized over the expected useful life of the asset on a straight-line basis. Repair and maintenance costs are charged to expense as incurred and significant replacements and betterments are capitalized. Repair and maintenance costs include all costs that do not extend the useful life of the real estate asset. We considered the period of future benefit of an asset to determine its appropriate useful life. Expenditures for tenant improvements are capitalized and amortized over the shorter of the tenant’s lease term or expected useful life. We estimated useful lives of our assets by class to be generally as follows:

Land	N/A
Buildings	25 - 40 years
Building improvements	10 - 25 years
Tenant improvements	Shorter of lease term or expected useful life
Tenant origination and absorption costs	Remaining term of related leases, including below-market renewal periods

Impairment of Real Estate and Related Intangible Assets and Liabilities

We continually monitored events and changes in circumstances that could indicate that the carrying amounts of our real estate and related intangible assets and liabilities may not be recoverable or realized. When indicators of potential impairment suggested that the carrying value of real estate and related intangible assets and liabilities may not be recoverable, we assessed the recoverability by estimating whether we would recover the carrying value of the real estate and related intangible assets and liabilities through its undiscounted future cash flows and its eventual disposition. If, based on this analysis, we did not believe that we would be able to recover the carrying value of the real estate and related intangible assets and liabilities, we recorded an impairment loss to the extent that the carrying value exceeded the estimated fair value of the real estate and related intangible assets and liabilities.

Projecting future cash flows involves estimating expected future operating income and expenses related to the real estate and its related intangible assets and liabilities as well as market and other trends. Using inappropriate assumptions to estimate cash flows or the expected hold period until the eventual disposition could result in incorrect conclusions on recoverability and incorrect fair values of the real estate and its related intangible assets and liabilities and could result in the overstatement of the carrying values of our real estate and related intangible assets and liabilities and an overstatement of our net income.

Rents and Other Receivables

Liquidation Basis of Accounting

In accordance with the liquidation basis of accounting, as of April 1, 2023, rents and other receivables were adjusted to their net realizable value. We periodically evaluate the collectibility of amounts due from tenants. Any changes in the collectibility of the receivables are reflected as a change to our net assets in liquidation.

Going Concern Basis

We made a determination of whether the collectibility of the lease payments in our operating leases was probable. If we determined the lease payments were not probable of collection, we fully reserved for any outstanding rent receivables related to contractual lease payments and variable leases payments and wrote-off any deferred rent receivable and recognized rental income only if cash was received. We exercised judgment in assessing collectibility and considered payment history, current credit status, the tenant’s financial condition, security deposits, letters of credit, lease guarantees and current market conditions that may impact the tenant’s ability to make payments in accordance with its lease agreements in making the determination.

Accrued Liquidation Costs

We accrue for certain estimated liquidation costs to the extent we have a reasonable basis for estimation. These consist of legal fees, dissolution costs, final audit/tax costs, insurance, and transfer agent related costs.

Income Taxes

We have elected to be taxed as a REIT under the Internal Revenue Code. To continue to qualify as a REIT, we must continue to meet certain organizational and operational requirements, including a requirement to distribute at least 90% of our annual REIT taxable income to stockholders (which is computed without regard to the dividends-paid deduction or net capital gain and which does not necessarily equal net income as calculated in accordance with GAAP). As a REIT, we generally will not be subject to federal income tax on income that we distribute as dividends to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income tax on our taxable income at regular corporate income tax rates and generally will not be permitted to qualify for treatment as a REIT for federal income tax purposes for the four taxable years following the year during which qualification is lost, unless the Internal Revenue Service grants us relief under certain statutory provisions. Such an event could materially and adversely affect our net income and net cash available for distribution to stockholders. However, we believe that we are organized and operate in such a manner as to qualify for treatment as a REIT.

Subsequent Events

We evaluate subsequent events up until the date the consolidated financial statements are issued.

Disposition of 210 W. Chicago

On March 4, 2024, we, through an indirect wholly owned subsidiary, entered into a purchase and sale agreement and escrow instructions (the “210 W. Chicago Agreement”) for the sale of 210 W. Chicago to an unaffiliated purchaser (the “210 W. Chicago Purchaser”).

On March 27, 2024, we completed the sale of 210 W. Chicago for \$2.7 million, before third-party closing costs and prorations and security deposit obligations transferred to the 210 W. Chicago Purchaser.

Discounted Payoff Agreement for 210 W. Chicago Mortgage Loan

In connection with the purchase and sale agreement for sale of 210 W. Chicago, we, through the borrower under the 210 W. Chicago Mortgage Loan, entered into a discounted payoff agreement with the lender of the loan (the “210 W. Chicago Lender”), effective as of March 1, 2024 (the “210 W. Chicago Discounted Payoff Agreement”). Pursuant to the 210 W. Chicago Discounted Payoff Agreement, the borrower has the option to pay off the 210 W. Chicago Mortgage Loan in full at a discount by paying to the 210 W. Chicago Lender on or before March 29, 2024 an amount equal to the greater of (a) 100% of the net sales proceeds generated by the sale of 210 W. Chicago or (b) \$2.3 million. If we are unable to make payment by March 29, 2024 due to the failure of the 210 W. Chicago sale to close, all amounts outstanding and due to the 210 W. Chicago Lender of \$3.7 million would remain outstanding and immediately due and payable in full due to the event of default having occurred and continuing under the loan agreements.

Upon the disposition of 210 W. Chicago on March 27, 2024, we paid the 210 W. Chicago Mortgage Lender \$2.3 million, the full amount due under the 210 W. Chicago Discounted Payoff Agreement.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We currently have \$39.6 million in debt outstanding, all of which is variable rate and is related to borrowings used to maintain liquidity and to fund the financing and refinancing of our real estate investment portfolio and operations. We are exposed to the effects of interest rate changes as a result of these borrowings. Our profitability and the value of our real estate investment portfolio may be adversely affected during any period as a result of interest rate changes. Our interest rate risk management objectives have been to limit the impact of interest rate changes on earnings, prepayment penalties and cash flows and to lower overall borrowing costs with a variety of financial instruments, including interest rate caps, floors and swap agreements in order to limit the effects of changes in interest rates on our operations. As of November 1, 2022, our remaining interest rate swap had expired. Given our stockholders' approval of the Plan of Liquidation as well as the maturity dates for a significant portion of our outstanding debt, we have not entered into any additional derivative instruments to hedge our exposure to cash flow variability caused by changing interest rates.

The table below summarizes the outstanding principal balance, weighted-average interest rates and fair value for our notes payable, based on maturity dates as of December 31, 2023 (dollars in thousands):

	Maturity Date						Total Value or Amount	Fair Value
	2024	2025	2026	2027	2028	Thereafter		
Liabilities								
<i>Notes payable, principal outstanding</i>								
Variable Rate	\$ 39,617	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 39,617	\$ 39,617
Weighted-average interest rate ⁽¹⁾	8.4 %	— %	— %	— %	— %	— %	8.4 %	

⁽¹⁾ The weighted-average interest rate represents the actual interest rate in effect as of December 31, 2023 using interest rate indices as of December 31, 2023, where applicable.

All of our outstanding debt is variable rate. Movements in interest rates on variable rate debt change future earnings and cash flows, but do not significantly affect the fair value of the debt. However, changes in required risk premiums will result in changes in the fair value of variable rate instruments. At December 31, 2023, we were exposed to market risks related to fluctuations in interest rates on \$39.6 million of variable rate debt outstanding. Based on interest rates as of December 31, 2023, if interest rates were 100 basis points higher or lower during the 12 months ending December 31, 2024, interest expense on our variable rate debt would increase or decrease by \$0.4 million.

The weighted average interest rate of our variable rate debt at December 31, 2023 was 8.4%. The interest rate represents the actual interest rate in effect at December 31, 2023 using interest rate indices as of December 31, 2023.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See the Index to Financial Statements at page F-1 of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the period covered by this report, management, including our principal executive officer and principal financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based upon, and as of the date of, the evaluation, our principal executive officer and principal financial officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report to ensure that information required to be disclosed in the reports we file and submit under the Exchange Act is recorded, processed, summarized and reported as and when required. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file and submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934, as amended.

In connection with the preparation of our Form 10-K, our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2023. In making that assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013).

Based on its assessment, our management believes that, as of December 31, 2023, our internal control over financial reporting was effective based on those criteria. There have been no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Other Matters

In connection with the adoption of liquidation basis accounting, during the second quarter of 2023 (i) certain of our internal controls over financial reporting became no longer relevant primarily relating to asset impairments and (ii) we adopted additional internal controls over financial reporting primarily with respect to the calculations of our asset values for liquidation basis accounting purposes.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

We have provided below certain information about our executive officers and directors.

Name	Position(s)	Age*
Charles J. Schreiber, Jr.	Chairman of the Board, Chief Executive Officer, President and Director	72
Jeffrey K. Waldvogel	Chief Financial Officer, Treasurer and Secretary	46
Stacie K. Yamane	Chief Accounting Officer and Assistant Secretary	59
George R. Bravante, Jr.	Independent Director	65
Jon D. Kline	Independent Director	57
Keith P. Russell	Independent Director	78

* As of March 1, 2024.

Charles J. Schreiber, Jr. is our Chairman of the Board, our Chief Executive Officer and one of our directors, positions he has held since January 2015. In August 2019, he was also elected as our President. He is also the Chairman and President of our advisor, and he served as the Chief Executive Officer of our advisor from October 2004 through December 2021. He is also Chief Executive Officer and a director of KBS REIT III, positions he has held since January 2010 and December 2009, respectively. In August 2019, Mr. Schreiber was also elected as President of KBS REIT III. From January 2010 through November 2022, he also served as Chairman of the Board of KBS REIT III. Until the liquidation of KBS REIT II in May 2023, Mr. Schreiber was the Chairman of the Board, Chief Executive Officer, President and a director of KBS REIT II, positions he held since August 2007, August 2007, August 2019 and July 2007, respectively. Mr. Schreiber was Chairman of the Board, Chief Executive Officer and a director of KBS REIT I from June 2005 until its liquidation in December 2018. Other than de minimis amounts owned by family members or family trusts, Mr. Schreiber indirectly owns and controls a 50% interest in KBS Holdings LLC, which is the sole owner of our advisor and the entity that acted as our dealer manager. In addition, Mr. Schreiber controls the voting rights with respect to the 50% interest of KBS Holdings LLC held indirectly by the estate of Peter M. Bren (together with other family members). KBS Holdings is a sponsor of our company and is or was a sponsor of KBS REIT I, KBS REIT II, KBS REIT III, Pacific Oak Strategic Opportunity REIT, KBS Legacy Partners Apartment REIT and Pacific Oak Strategic Opportunity REIT II, which were formed in 2015, 2005, 2007, 2009, 2008, 2009, and 2013, respectively.

Mr. Schreiber is the Chairman and President of KBS Realty Advisors LLC and is a principal of Koll Bren Schreiber Realty Advisors, Inc., each an active and nationally recognized real estate investment advisor. These entities are registered as investment advisers with the SEC. Messrs. Bren and Schreiber were the founding partners of the KBS-affiliated investment advisors. The first investment advisor affiliated with Messrs. Bren and Schreiber was formed in 1992. As of December 31, 2023, KBS Realty Advisors, together with KBS affiliates, including our advisor, had been involved in the investment in or management of approximately \$29.5 billion of real estate investments on behalf of institutional investors, including public and private pension plans, endowments and foundations, institutional and sovereign wealth funds, and the investors in us, KBS REIT I, KBS REIT II, KBS REIT III, Pacific Oak Strategic Opportunity REIT (advisory agreement terminated October 31, 2019), KBS Legacy Partners Apartment REIT and Pacific Oak Strategic Opportunity REIT II (advisory agreement terminated October 31, 2019). Through October 31, 2019 our advisor also served as the U.S. asset manager for Keppel Pacific Oak US REIT, and KBS Realty Advisors serves as the U.S. asset manager for Prime US REIT, both Singapore real estate investment trusts.

Mr. Schreiber oversees all aspects of our advisor's and KBS Realty Advisors' operations, including the acquisition, management and disposition of individual investments and portfolios of investments for KBS-sponsored programs and KBS-advised investors. He also directs all facets of our advisor's and KBS Realty Advisors' business activities and is responsible for investor relationships.

In addition, from July 2018 until February 2022, Mr. Schreiber served as Chairman of the Board and a director for KBS US Prime Property Management Pte. Ltd., which is the external manager of Prime US REIT, a Singapore real estate investment trust that is listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). Mr. Schreiber holds an indirect ownership interest in KBS US Prime Property Management Pte. Ltd. and KBS Asia Partners Pte. Ltd., which is the sponsor of Prime US REIT.

Mr. Schreiber has been involved in real estate development, management, acquisition, disposition and financing for more than 49 years and with the acquisition, origination, management, disposition and financing of real estate-related debt investments for more than 30 years. Prior to forming the first KBS-affiliated investment advisor in 1992, he served as the Executive Vice President of Koll Investment Management Services and Executive Vice President of Acquisitions/Dispositions for The Koll Company. During the mid-1970s through the 1980s, he was Founder and President of Pacific Development Company and was previously Senior Vice President/Southern California Regional Manager of Ashwill-Burke Commercial Brokerage.

Mr. Schreiber graduated from the University of Southern California with a Bachelor's Degree in Finance with an emphasis in Real Estate. During his four years at USC, he did graduate work in the then newly formed Real Estate Department in the USC Graduate School of Business. He is currently an Executive Board Member for the USC Lusk Center for Real Estate at the University of Southern California Marshall School of Business/School of Policy, Planning and Development. Mr. Schreiber also serves as a member of the Executive Committee for the Public Non-Listed REIT Council for the National Association of Real Estate Investment Trusts. He is also a member of the National Council of Real Estate Investment Fiduciaries. Mr. Schreiber has served as a member of the board of directors and executive committee of The Irvine Company since August 2016, and since December 2016, Mr. Schreiber has served on the Board of Trustees of The Irvine Company.

The board of directors has concluded that Mr. Schreiber is qualified to serve as a director, Chairman of the Board and as our Chief Executive Officer and President for reasons including his extensive industry and leadership experience. With more than 49 years of experience in real estate development, management, acquisition and disposition and more than 30 years of experience with the acquisition, origination, management, disposition and financing of real estate-related debt investments, he has the depth and breadth of experience to implement our business strategy. He gained his understanding of the real estate and real estate-finance markets through hands-on experience with acquisitions, asset and portfolio management, asset repositioning and dispositions. As our Chief Executive Officer and a principal of our advisor, Mr. Schreiber is best-positioned to provide the board of directors with insights and perspectives on the execution of our business strategy, our operations and other internal matters. Further, as a principal of KBS-affiliated investment advisors, as Chief Executive Officer, President, Chairman of the Board and a director of KBS REIT III, as a director and trustee of The Irvine Company, as former Chairman of the Board and a director of KBS US Prime Property Management Pte. Ltd. and as former Chief Executive Officer, Chairman of the Board and a director of KBS REIT I, and as former Chief Executive Officer, President, Chairman of the Board and a director of KBS REIT II. Mr. Schreiber brings to the board of directors demonstrated management and leadership ability.

Jeffrey K. Waldvogel is our Chief Financial Officer, a position he has held since June 2015. In April 2017, he was also elected our Treasurer and Secretary. He has served as the Chief Financial Officer of our advisor since June 2015. Since June 2015, he has served as Chief Financial Officer of KBS REIT III, and in July 2018, he was elected Treasurer and Secretary of KBS REIT III. Until the liquidation of KBS REIT II in May 2023, Mr. Waldvogel was its Chief Financial Officer, Treasurer and Secretary of KBS REIT II, positions he held since June 2015, August 2018 and August 2018, respectively. From June 2015 until November 2019, he also served as the Chief Financial Officer, Treasurer and Secretary of Pacific Oak Strategic Opportunity REIT and Pacific Oak Strategic Opportunity REIT II. He was Chief Financial Officer of KBS REIT I and KBS Legacy Partners Apartment REIT from June 2015 until their respective liquidations in December 2018. In January 2022, Mr. Waldvogel was also appointed the Chief Financial Officer of KBS Realty Advisors.

Mr. Waldvogel has been employed by an affiliate of our advisor since November 2010. With respect to the KBS-sponsored REITs advised by our advisor, he served as the Director of Finance and Reporting from July 2012 to June 2015 and as the VP Controller Technical Accounting from November 2010 to July 2012. In these roles, Mr. Waldvogel was responsible for overseeing internal and external financial reporting, valuation analysis, financial analysis, REIT compliance, debt compliance and reporting, and technical accounting.

Prior to joining an affiliate of our advisor in 2010, Mr. Waldvogel was an audit senior manager at Ernst & Young LLP. During his eight years at Ernst & Young LLP, where he worked from October 2002 to October 2010, Mr. Waldvogel performed or supervised various auditing engagements, including the audit of financial statements presented in accordance with GAAP, as well as financial statements prepared on a tax basis. These auditing engagements were for clients in a variety of industries, with a significant focus on clients in the real estate industry.

In April 2002, Mr. Waldvogel received a Master of Accountancy Degree and Bachelor of Science from Brigham Young University in Provo, Utah. Mr. Waldvogel is a Certified Public Accountant (California).

Stacie K. Yamane is our Chief Accounting Officer, a position she has held since January 2015. In August 2018, she was also elected our Assistant Secretary. Ms. Yamane is also the Chief Accounting Officer, Portfolio Accounting of our advisor and Chief Accounting Officer of KBS REIT III, positions she has held since October 2008, October 2008 and January 2010, respectively. She also served as the Chief Accounting Officer of KBS REIT II from October 2008 until KBS REIT II's liquidation in May 2023. From August 2009 until November 2019 and from February 2013 until November 2019 she served as Chief Accounting Officer of Pacific Oak Strategic Opportunity REIT and Pacific Oak Strategic Opportunity REIT II, respectively. From August 2009 until its liquidation in December 2018, she served as Chief Accounting Officer of KBS Legacy Partners Apartment REIT; from October 2008 until its liquidation in December 2018, she served as Chief Accounting Officer of KBS REIT I. From July 2007 to December 2008, Ms. Yamane served as the Chief Financial Officer of KBS REIT II and from July 2007 to October 2008, she served as Controller of KBS REIT II; from October 2004 to October 2008, Ms. Yamane served as Fund Controller of our advisor; from June 2005 to December 2008, she served as Chief Financial Officer of KBS REIT I and from June 2005 to October 2008, she served as Controller of KBS REIT I.

Ms. Yamane also serves as Senior Vice President/Controller, Portfolio Accounting for KBS Realty Advisors LLC, a position she has held since 2004. She served as a Vice President/Portfolio Accounting with KBS-affiliated investment advisors from 1995 to 2004. At KBS Realty Advisors, from 2004 through 2015, Ms. Yamane was responsible for client accounting/reporting for two real estate portfolios. These portfolios consisted of industrial, office and retail properties as well as land parcels. Ms. Yamane worked closely with portfolio managers, asset managers, property managers and clients to ensure the completion of timely and accurate accounting, budgeting and financial reporting. In addition, she assisted in the supervision and management of KBS Realty Advisors' accounting department.

Prior to joining an affiliate of KBS Realty Advisors in 1995, Ms. Yamane was an audit manager at Kenneth Leventhal & Company, a CPA firm specializing in real estate. During her eight years at Kenneth Leventhal & Company, Ms. Yamane performed or supervised a variety of auditing, accounting and consulting engagements including the audit of financial statements presented in accordance with GAAP, as well as financial statements presented on a cash and tax basis, the valuation of asset portfolios and the review and analysis of internal control systems. Her experiences with various KBS-affiliated entities and Kenneth Leventhal & Company give her over 30 years of real estate experience.

Ms. Yamane received a Bachelor of Arts Degree in Business Administration with a dual concentration in Accounting and Management Information Systems from California State University, Fullerton. She is a Certified Public Accountant (inactive California).

George R. Bravante, Jr. is one of our independent directors, a position he has held since March 2016. He is also a member of the conflicts committee and the chairman of the special committee. In 1996, Mr. Bravante founded Biltmore Advisors, LLC, the general partner of Bravante-Curci Investors, L.P., and since 1996, he has served as the Managing Member of Biltmore Advisors, LLC. Bravante-Curci Investors focuses on real estate and agricultural investments in California. Since 2005, Mr. Bravante has been the owner of Bravante Produce, which oversees agricultural land, and since July 2013, he has served as the Chief Executive Officer of Pacific Agriculture Realty, LP, an agricultural real estate fund.

Mr. Bravante has been in the real estate industry for over 30 years. Prior to founding Bravante-Curci Investors in 1996, Mr. Bravante served as: President and Chief Operating Officer of Colony Advisors, where he oversaw all aspects of the firm's operations, including financial and asset management and property management and dispositions; President and Chief Operating Officer of the American Realty Group, where he was responsible for the strategic management, restructuring and disposition of more than \$20 billion in real estate-related assets; Chief Financial Officer of RMB Realty, where he was extensively involved with all aspects of numerous commercial real estate transactions; and Manager of Ernst & Whinney (now Ernst & Young LLP), where he advised real estate developers and financial institutions as a member of the real estate consulting group. Since December 2014, Mr. Bravante has served on the board of directors and audit committee of Sabre Corp, and from 2004 through 2010, Mr. Bravante served on the board of directors of ExpressJet Holdings, Inc., serving as non-executive chairman from 2005 to 2010. Mr. Bravante also served on the board of directors of Sunkist Growers, Inc. from January 2011 through January 2014 and of American Real Estate Group from 1990 to 1993. Mr. Bravante received a Bachelor of Arts in Accounting from the University of South Carolina in 1982.

The board of directors has concluded that Mr. Bravante is qualified to serve as an independent director for reasons including his 30 years of experience in the real estate industry and his financial, strategic business and investment strategy abilities. Mr. Bravante's broad executive experience provides him with key skills in working with directors, understanding board processes and functions, responding to our business's financial, strategic and operational challenges and opportunities and overseeing management. The board of directors believes that these attributes and the depth and breadth of Mr. Bravante's exposure to complex real estate, financial and strategic issues throughout his career make him a valuable asset to the board of directors. Further, his service as a director and member of the audit committee of Sabre Corp and as a former director of ExpressJet Holdings, both public companies, gives him additional perspective and insight into public companies such as ours.

Jon D. Kline is one of our independent directors and is the chair of the conflicts committee, positions he has held since March 2016. He is also a member of the audit committee and the special committee. Mr. Kline is the founder and Chief Executive Officer of Clearview Hotel Capital, LLC, a privately-held hotel investment and advisory company focused on acquiring and providing asset management for hotels in urban and unique locations. Mr. Kline has led Clearview Hotel Capital since its founding in 2007. From 2006 through 2007, he served as President and, from 2003 to 2006, as Chief Financial Officer of Sunstone Hotel Investors, Inc., a public hotel REIT (NYSE:SHO). Prior to joining Sunstone in 2003, Mr. Kline oversaw the U.S. hospitality and leisure investment banking practice at Merrill Lynch & Co., with responsibility for lodging, gaming, restaurants and other leisure industries. Prior to joining Merrill Lynch, Mr. Kline was a real estate investment banker at Smith Barney, focused on lodging and other real estate asset classes, and an attorney with Sullivan & Cromwell LLP. Mr. Kline served on the board of directors of CareTrust REIT, Inc. (NASDAQ: CTRE), a public REIT, from June 2014 to May 2022, and he was the chair of the audit committee and a member of the nominating and corporate governance committee. Mr. Kline holds a Bachelor of Arts in Economics from Emory University and a J.D. from New York University School of Law.

The board of directors has concluded that Mr. Kline is qualified to serve as an independent director and as chair of the conflicts committee for reasons including his executive leadership experience in a public REIT, his professional and educational background, his network of relationships with real estate professionals and his extensive background and experience in public markets and in real estate and finance transactions. As the founder of Clearview Hotel Capital, Mr. Kline is acutely aware of the operational challenges we will encounter. In addition, his former service as a director and chair of the audit committee of CareTrust REIT provide him an understanding of the requirements of serving on the board of, and the issues facing, a public real estate company such as ours.

Keith P. Russell is one of our independent directors and is the chair of the audit committee, positions he has held since March 2016. He is also a member of the conflicts committee and the Special Committee. Since June 2001, Mr. Russell has been President of Russell Financial, Inc., a strategic and financial consulting firm serving businesses and high net worth individuals. In March 2001, Mr. Russell retired as Chairman of Mellon West and Vice Chairman of Mellon Financial Corporation, in which capacities he had served since 1996. From 1991 through 1996, Mr. Russell served in various positions at Mellon, including Vice Chairman and Chief Risk Officer of Mellon Bank Corporation and Chairman of Mellon Bank Corporation's Credit Policy Committee. From 1983 to 1991, Mr. Russell served as President and Chief Operating Officer, and a director, of Glenfed/Glendale Federal Bank.

Mr. Russell served on the board of directors of Sunstone Hotel Investors, Inc. (NYSE: SHO), a public REIT, from 2004 to 2021, and he served as the chair of the audit committee and a member of the nominating and corporate governance committee. Mr. Russell served on the board of directors of Hawaiian Electric Industries, Inc. (NYSE: HE) from May 2011 to 2023, and was a member of the HE audit and risk committee and the executive committee. From 2010 to 2023, Mr. Russell served on the board of directors of American Savings Bank, a subsidiary of Hawaiian Electric Industries, and was a member of the audit committee and chair of the risk committee. In addition, from 2002 to July 2011, Mr. Russell served on the board of directors of Nationwide Health Properties, Inc., where he served as chair of the audit committee and as a member of the corporate governance and nominating committee. Mr. Russell has been a panelist at various conferences and seminars, addressing topics such as corporate governance and the audit committee's role. Mr. Russell holds a Bachelor of Arts in Economics from the University of Washington and a Master of Arts in Economics from Northwestern University.

The board of directors concluded that Mr. Russell is qualified to serve as an independent director and as chair of the audit committee for reasons including his expertise in the areas of risk management and financial analysis and his general investment experience. As a leading executive with several large financial institutions, Mr. Russell has extensive experience in assessing risks and reserves for companies in a wide range of financial situations, which contributes invaluable expertise to the board of directors. In addition, his prior service as a director and chair of the audit committee of Sunstone Hotel Investors, his service as a director and member of the audit and risk committee of Hawaiian Electric Industries, Inc. and as a former director and chair of the audit committee of Nationwide Health Properties provides him an understanding of the requirements of serving on the board of, and the issues facing, a public real estate company such as ours.

The Audit Committee

Our board of directors has established an audit committee. The audit committee's function is to assist our board of directors in fulfilling its responsibilities by overseeing (i) our accounting and financial reporting processes, (ii) the integrity of our financial statements, (iii) our compliance with legal and regulatory requirements, (iv) our independent registered public accounting firm's qualifications, performance and independence, and (v) the performance of our internal audit function. The audit committee fulfills these responsibilities primarily by carrying out the activities enumerated in the audit committee charter. The audit committee charter is available on our website at kbsgireit.com.

The members of the audit committee are Keith P. Russell (chairman), George R. Bravante, Jr. and Jon D. Kline. The board of directors has determined that all of the members of the audit committee are “independent” as defined by the New York Stock Exchange. All members of the audit committee have significant financial and/or accounting experience, and our board of directors has determined that all members of the audit committee satisfy the SEC’s requirements for an “audit committee financial expert.”

Code of Conduct and Ethics

We have adopted a Code of Conduct and Ethics that applies to all of our executive officers and directors, including but not limited to, our principal executive officer, principal financial officer and principal accounting officer. Our Code of Conduct and Ethics can be found at <http://www.kbsgireit.com>. If, in the future, we amend, modify or waive a provision in the Code of Conduct and Ethics, we may, rather than filing a Current Report on Form 8-K, satisfy the disclosure requirement by promptly posting such information on the website maintained for us as necessary.

ITEM 11. EXECUTIVE COMPENSATION

Compensation of Executive Officers

We currently do not have any paid employees and our executive officers do not receive any compensation directly from us. Our executive officers are officers and/or employees of, or hold an indirect ownership interest in, our advisor, and/or its affiliates, and our executive officers are compensated by these entities, in part, for their services to us or our subsidiaries. If, in the future, we were to compensate our executive officers directly, our conflicts committee, which is composed of all of our independent directors, would discharge our board of directors’ responsibilities relating to the compensation of our executives. See Part III, Item 13, “Certain Relationships and Related Transactions, and Director Independence — Report of the Conflicts Committee — Certain Transactions with Related Persons” for a discussion of the fees paid to our advisor and its affiliates.

Compensation of Directors

If a director is also one of our executive officers, we do not pay any compensation to that person for services rendered as a director. The amount and form of compensation payable to our independent directors for their service to us is determined by our conflicts committee, based upon recommendations from our advisor. One of our executive officers, Mr. Schreiber, manages and controls our advisor, and through our advisor, is involved in recommending the compensation to be paid to our independent directors.

We have provided below certain information regarding compensation earned by or paid to our directors during fiscal year 2023.

Name	Fees Earned in 2023 or Paid in Cash ⁽¹⁾	All Other Compensation	Total
George R. Bravante, Jr.	\$ 93,331	\$ —	\$ 93,331
Jon D. Kline	97,831	—	97,831
Keith P. Russell	95,831	—	95,831
Charles J. Schreiber, Jr. ⁽²⁾	—	—	—

⁽¹⁾ Fees Earned in 2023 or Paid in Cash include meeting fees earned in: (i) 2022 but paid or reimbursed in the first quarter of 2023 as follows: Mr. Bravante \$12,333, Mr. Kline \$12,333, and Mr. Russell \$12,333; and (ii) 2023 but paid or to be paid in 2024 as follows: Mr. Bravante \$3,333, Mr. Kline \$3,333, and Mr. Russell \$3,333.

⁽²⁾ Directors who are also our executive officers do not receive compensation for services rendered as a director.

Cash Compensation

We compensate each of our independent directors with an annual retainer of \$40,000. In addition, we pay independent directors for attending board and committee meetings as follows:

- \$2,500 in cash for each board meeting attended.
- \$2,500 in cash for each committee meeting attended, except that the chairman of the committee is paid \$3,000 for each meeting attended.
- \$2,000 in cash for each teleconference meeting of the board.
- \$2,000 in cash for each teleconference meeting of any committee, except that the chairman of the committee is paid \$3,000 for each teleconference meeting of the committee.

All directors receive reimbursement of reasonable out-of-pocket expenses incurred in connection with attendance at meetings of the board of directors and committee meetings.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Stock Ownership

The following table shows, as of March 25, 2024, the amount of our Class A common stock and Class T common stock beneficially owned (unless otherwise indicated) by (i) any person who is known by us to be the beneficial owner of more than 5% of the outstanding shares of our Class A common stock or Class T common stock, respectively (ii) our directors, (iii) our executive officers, and (iv) all of our directors and executive officers as a group.

Name and Address of Beneficial Owner of Class A and Class T Shares, as indicated ⁽¹⁾	Amount and Nature of Beneficial Ownership of Class A Shares	Percent of all Class A Shares	Amount and Nature of Beneficial Ownership of Class T Shares	Percent of all Class T Shares
Burns Family Trust	—	—	24,077	7.83%
Burnell D. & Shirley Kraft Revocable Trust	—	—	18,538	6.03%
Julie W. Lorenzen Trust	—	—	18,148	5.90%
Comrit Investments I, Limited Partnership ⁽²⁾	1,755,752	17.85%	—	—
Charles J. Schreiber, Jr. ⁽³⁾	59,796 ⁽⁴⁾	0.61%	—	—
Jeffrey K. Waldvogel	—	—	—	—
Stacie K. Yamane	—	—	—	—
George R. Bravante, Jr.	—	—	—	—
Jon D. Kline	—	—	—	—
Keith P. Russell	—	—	—	—

⁽¹⁾ The address of each named beneficial owner is 800 Newport Center Drive, Suite 700, Newport Beach, California 92660.

⁽²⁾ Decisions regarding the voting or disposition of the shares of our common stock held by Comrit Investments I, Limited Partnership (“Comrit LP”) are made by Comrit Investments Ltd. (“Comrit Ltd.”), the sole general partner of the limited partnership. Comrit Ltd., as the general partner of Comrit LP, and Mr. Ziv Sapir, as the Chief Executive Officer and a controlling person of Comrit Ltd., may be deemed to have beneficial ownership (under Section 13 of the Act) of the shares of Class A common stock beneficially owned by Comrit LP as a result of their power to indirectly direct the vote and disposition of the same.

⁽³⁾ None of the shares is pledged as security.

⁽⁴⁾ Includes 20,404.0430 shares of our Class A common stock owned by KBS Capital Advisors. Other than de minimis amounts owned by family members or family trusts, Mr. Schreiber indirectly owns and controls a 50% interest in KBS Holdings LLC, which is the sole owner of KBS Capital Advisors LLC and KBS Capital Markets Group LLC. In addition, Mr. Schreiber controls the voting rights with respect to the 50% interest of KBS Holdings LLC held indirectly by the estate of Peter M. Bren (together with other family members).

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Director Independence

A majority of our board of directors, Messrs. Bravante, Kline and Russell, meet the independence criteria as specified in our charter, as set forth on Appendix A attached hereto. In addition, although our shares are not listed for trading on any national securities exchange, a majority of our directors, and all of the members of the audit committee and the conflicts committee, are “independent” as defined by the New York Stock Exchange. The New York Stock Exchange standards provide that to qualify as an independent director, in addition to satisfying certain bright-line criteria, our board of directors must affirmatively determine that a director has no material relationship with us (either directly or as a partner, stockholder or officer of an organization that has a relationship with us). Our board of directors has affirmatively determined that George R. Bravante, Jr., Jon D. Kline and Keith P. Russell each satisfies the New York Stock Exchange independence standards. None of these directors has ever served as (or is related to) an employee of ours or any of our predecessors or acquired companies or received or earned any compensation from us or any such entities except for compensation directly related to service as a director of us. Therefore, we believe that all of these directors are independent directors.

Report of the Conflicts Committee

Review of Our Policies

The conflicts committee has reviewed our policies and determined that they are in the best interest of our stockholders. Set forth below is a discussion of the basis for that determination.

Disposition, Portfolio Management and Distribution Policies during Implementation of the Plan of Liquidation. In accordance with the Plan of Liquidation, our objectives are to pursue an orderly liquidation of our company by selling all of our remaining assets, paying our debts and our known liabilities, providing for the payment of unknown or contingent liabilities, distributing the net proceeds from liquidation to our stockholders and winding up our operations and dissolving our company. While pursuing our liquidation pursuant to the Plan of Liquidation, we intend to continue to manage our portfolio of assets to maintain and, if possible, improve the quality and income-producing ability of our properties to enhance property stability and better position our assets for a potential sale.

In connection with our consideration of the Plan of Liquidation, our board of directors determined to cease regular distributions and terminated the share redemption program. We expect any future liquidity to our stockholders will be provided in the form of liquidating distributions. We expect to distribute all of the net proceeds from liquidation to our stockholders within 24 months from May 9, 2023. We can give no assurance regarding the timing of asset dispositions in connection with the implementation of the Plan of Liquidation, the sale prices we will receive for our assets, and the amount or timing of any liquidating distributions to be received by our stockholders. However, if we cannot sell or otherwise dispose of our properties and pay our debts within 24 months from May 9, 2023, or if the board of directors and the Special Committee determine that it is otherwise advisable to do so, we may transfer and assign our remaining assets to a liquidating trust. Upon such transfer and assignment, our stockholders would receive beneficial interests in the liquidating trust.

Since stockholder approval of the Plan of Liquidation, we have sold or otherwise disposed of two properties during the year ended December 31, 2023. We did not dispose of any real estate assets during the year ended December 31, 2022. As of February 29, 2024, we owned two office buildings.

Borrowing Policies. In order to execute our investment strategy, we primarily utilized secured debt to finance a portion of our investment portfolio. We have used debt financing to pay for capital improvements, repairs or tenant build-outs to properties; to refinance existing indebtedness; to pay distributions; to provide working capital and for other liquidity needs. With the proceeds from the sale of a real estate property, we repaid a total of \$16.2 million of outstanding notes payable during the year ended December 31, 2023. As of December 31, 2023, our outstanding notes payable was \$39.6 million. We do not intend to obtain additional debt financing in the future.

As of February 29, 2024, our aggregate borrowings were approximately 82% of our net asset before deducting depreciation and other noncash reserves. Due to the current market environment, the value of our assets has been significantly impacted and our aggregate borrowing as a percentage of the current fair value of our assets is substantially higher.

Policy Regarding Capital Reserves. We establish an annual budget for capital requirements and working capital reserves that we update periodically during the year. We may use cash on hand and cash flow from operations to meet our needs for working capital for the upcoming year and to build a moderate level of cash reserves. In addition, contractual obligations may require us to maintain a minimum working capital reserve related to our properties.

Policies Regarding Operating Expenses. Under our charter, we are required to limit our total operating expenses to the greater of 2% of our average invested assets or 25% of our net income for the four most recently completed fiscal quarters, as these terms are defined in our charter, unless the conflicts committee has determined that such excess expenses were justified based on unusual and non-recurring factors. Operating expenses for the four fiscal quarters ended December 31, 2023 did not exceed the charter-imposed limitation. For the four consecutive quarters ended December 31, 2023, total operating expenses represented approximately 1.3% and (97.1%) of our average invested assets and our net income (loss), respectively.

Policy Regarding Transactions with Related Persons

Our charter requires the conflicts committee to review and approve all transactions between us and our advisor, and any of our officers or directors or any of their affiliates. Prior to entering into a transaction with a related party, a majority of the conflicts committee must conclude that the transaction is fair and reasonable to us and on terms and conditions not less favorable to us than those available from unaffiliated third parties. In addition, our Code of Conduct and Ethics lists examples of types of transactions with related parties that would create prohibited conflicts of interest and requires our officers and directors to be conscientious of actual and potential conflicts of interest with respect to our interests and to seek to avoid such conflicts or handle such conflicts in an ethical manner at all times consistent with applicable law. Our executive officers and directors are required to report potential and actual conflicts to the Compliance Officer, currently our advisor's Director of Internal Audit, via the Ethics Hotline, or directly to the audit committee chair, as appropriate.

Certain Transactions with Related Persons

The conflicts committee has reviewed the material transactions between our affiliates and us since the beginning of 2022 as well as any such currently proposed transactions. Set forth below is a description of such transactions and the conflicts committee's report on their fairness.

We have entered into agreements with certain affiliates pursuant to which they provide services to us. All of our executive officers and our affiliated director are also officers, directors, managers, or key professionals of and/or holders of a direct or indirect controlling interest in our advisor and other affiliated KBS entities. Charles J. Schreiber, Jr. is the Chairman of our Board, our Chief Executive Officer, our President and our affiliated director. Our advisor is owned and controlled by KBS Holdings, our sponsor. Charles J. Schreiber, Jr. indirectly controls our sponsor and our advisor.

Our Relationship with KBS Capital Advisors. Since our inception, our advisor has provided day-to-day management of our business. Among the services that are provided or have been provided by our advisor under the terms of our advisory agreement are the following:

- finding, presenting and recommending to us real estate investment opportunities consistent with our investment policies and objectives;
- structuring the terms and conditions of our investments, sales and joint ventures;
- acquiring properties on our behalf in compliance with our investment objectives and policies;
- arranging for financing and refinancing of our properties;
- entering into leases and service contracts for our properties;
- supervising and evaluating each property manager's performance;
- reviewing and analyzing the properties' operating and capital budgets;
- assisting us in obtaining insurance;
- generating an annual budget for us;
- reviewing and analyzing financial information for each of our assets and our overall portfolio;
- formulating and overseeing the implementation of strategies for the administration, promotion, management, operation, maintenance, improvement, financing and refinancing, marketing, leasing and disposition of our properties;
- performing investor-relations services;
- maintaining our accounting and other records and assisting us in filing all reports required to be filed with the SEC, the IRS and other regulatory agencies;
- engaging in and supervising the performance of our agents, including our registrar and transfer agent; and
- performing any other services reasonably requested by us.

Our advisor is subject to the supervision of our board of directors and only has such authority as we may delegate to it as our agent. The advisory agreement has a one-year term expiring April 28, 2024, subject to an unlimited number of successive one-year renewals upon the mutual consent of the parties. For the period from January 1, 2022 through the most recent date practicable, which was February 29, 2024, we compensated our advisor as set forth below.

Pursuant to our advisory agreement, our advisor earns a monthly fee for asset management services equal to one-twelfth of 1.0% of the cost of our investments, including the portion of the investment that is debt financed. However, we have not paid asset management fees to our advisor since the first quarter of 2017. Our advisor waived asset management fees for the second and third quarters of 2017 and deferred payment of asset management fees related to the periods from October 2017 through September 2022. Effective October 1, 2022, our advisor waived payment of its asset management fee through our liquidation. From January 1, 2022 through September 2022, our asset management fees totaled \$1.3 million. Asset management fees of \$8.9 million relating to period from October 1, 2017 to September 30, 2022 were accrued but payment was deferred by our advisor. In January 2023, our advisor waived \$3.0 million of accrued asset management fees. As a result, \$5.9 million of fees were outstanding as of December 31, 2023. For purposes of the consolidated statement of net assets as of December 31, 2023 and consolidated statement of changes in net assets for the period April 1, 2023 to December 31, 2023, we estimated the asset management fee payable to our advisor to be \$0, as our advisor informed us it will not seek the payment for the deferred asset management fees. In March 2024, our advisor waived the deferred asset management fees and no asset management fees are owed to our advisor.

Under our advisory agreement, we reimburse our advisor and its affiliates for certain expenses they incur in connection with their provision of services to us, including our allocable share of the salaries, benefits and overhead of internal audit department personnel providing services to us and promotional costs and expenses related to the leasing of properties. We do not reimburse our advisor or its affiliates for the salaries and benefits our advisor or its affiliates may pay to our executive officers. From January 1, 2022 through December 31, 2022, we reimbursed our advisor for \$113,000 of operating expenses, of which \$109,000 was related to employee costs. From January 1, 2023 through February 29, 2024, we had incurred \$132,000 of operating expenses reimbursable to our advisor, including \$81,000 that was related to employee costs, of which \$26,000 was payable as of February 29, 2024.

Our advisor advanced funds to us, which are non-interest bearing, for distribution record dates through the period ended May 31, 2016. As of September 30, 2022, the total advanced funds due to our advisor from us was approximately \$1.3 million. In connection with the consideration of the Plan of Liquidation by our board of directors, our advisor waived payment of the \$1.3 million advanced funds.

The conflicts committee considers our relationship with our advisor during 2023 and 2022 to be fair. The conflicts committee believes that the amounts payable to our advisor under the advisory agreement are similar to those paid by other publicly offered, unlisted, externally advised REITs and this compensation is necessary in order for our advisor to provide the desired level of services to us and our stockholders.

Our Relationship with KBS Capital Markets Group. We have entered into a fee reimbursement agreement (the “AIP Reimbursement Agreement”) with our dealer manager pursuant to which we agreed to reimburse our dealer manager for certain fees and expenses it incurs for administering our participation in the DTCC Alternative Investment Product Platform with respect to certain accounts of our stockholders serviced through the platform. From January 1, 2022 through December 31, 2022, and from January 1, 2023 through February 29, 2024, we incurred \$610 and \$800, respectively, of costs and expenses related to the AIP Reimbursement Agreement, of which \$270 was payable as of February 29, 2024.

The conflicts committee believes that this arrangement with KBS Capital Markets Group is fair.

Our Relationship with KBS Management Group, LLC. For property management services with respect to certain properties, we pay KBS Management Group, LLC, our property co-manager and an affiliate of our advisor, a monthly fee equal to a percentage of the rent (to be determined on a property-by-property basis, consistent with current market rates), payable and actually collected for the month. From January 1, 2022 through September 2022, our property management fees totaled \$70,000. KBS Capital Management Group, LLC agreed to waive payment of its property management fees as of October 1, 2022 through our liquidation.

The conflicts committee believes that this arrangement with KBS Management Group, LLC is fair.

Insurance Program. As of January 1, 2022, we, together with KBS Real Estate Investment Trust II (“KBS REIT II”), KBS Real Estate Investment Trust III (“KBS REIT III”), our dealer manager, our advisor and other KBS-affiliated entities, had entered into an errors and omissions and directors and officers liability insurance program where the lower tiers of such insurance coverage were shared. The cost of these lower tiers is allocated by our advisor and its insurance broker among each of the various entities covered by the program, and is billed directly to each entity. In June 2022, due to its liquidation, KBS REIT II elected to cease participation in the program and obtained separate insurance coverage. In connection with our liquidation, we ceased participation in the program as of June 30, 2023 and obtained separate insurance coverage.

The conflicts committee believes this arrangement is fair.

From January 1, 2022 through December 31, 2022 and from January 1, 2023 through February 29, 2024, no other transactions occurred between us and KBS REIT II, KBS REIT III, our dealer manager, our advisor or other KBS-affiliated entities.

Currently Proposed Transactions. There are no currently proposed material transactions with related persons other than those covered by the terms of the agreements described above.

The conflicts committee has determined that the policies set forth in this Report of the Conflicts Committee are in the best interests of our stockholders because they provide us with the highest likelihood of achieving our objectives.

March 26, 2024

The Conflicts Committee of the Board of Directors:
Jon D. Kline (chair), George R. Bravante, Jr. and Keith P. Russell

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Independent Registered Public Accounting Firm

During the year ended December 31, 2023, Ernst & Young LLP served as our independent registered public accounting firm and provided certain tax and other services. Ernst & Young has served as our independent registered public accounting firm since our formation.

Pre-Approval Policies

In order to ensure that the provision of such services does not impair the auditors’ independence, the audit committee charter imposes a duty on the audit committee to pre-approve all auditing services performed for us by our independent auditors, as well as all permitted non-audit services. In determining whether or not to pre-approve services, the audit committee considers whether the service is a permissible service under the rules and regulations promulgated by the SEC. The audit committee may, in its discretion, delegate to one or more of its members the authority to pre-approve any audit or non-audit services to be performed by our independent auditors, provided any such approval is presented to and approved by the full audit committee at its next scheduled meeting.

For the years ended December 31, 2023 and 2022 all services rendered by Ernst & Young were pre-approved in accordance with the policies and procedures described above.

Principal Independent Registered Public Accounting Firm Fees

The audit committee reviewed the audit and non-audit services performed by Ernst & Young, as well as the fees charged by Ernst & Young for such services. In its review of the non-audit service fees, the audit committee considered whether the provision of such services is compatible with maintaining the independence of Ernst & Young. The aggregate fees billed to us for professional accounting services, including the audit of our annual financial statements by Ernst & Young for the years ended December 31, 2023 and 2022, are set forth in the table below.

	2023	2022
Audit fees	\$ 310,000	\$ 370,000
Audit-related fees	—	—
Tax fees	24,155	21,812
All other fees	—	2,400
Total	<u>\$ 334,155</u>	<u>\$ 394,212</u>

For purposes of the preceding table, Ernst & Young's professional fees are classified as follows:

- Audit fees - These are fees for professional services performed for the audit of our annual financial statements and the required review of quarterly financial statements and other procedures performed by Ernst & Young in order for them to be able to form an opinion on our consolidated financial statements. These fees also cover services that are normally provided by independent auditors in connection with statutory and regulatory filings or engagements.
- Audit-related fees - These are fees for assurance and related services that traditionally are performed by independent auditors that are reasonably related to the performance of the audit or review of our financial statements, such as due diligence related to acquisitions and dispositions, attestation services that are not required by statute or regulation, internal control reviews and consultation concerning financial accounting and reporting standards.
- Tax fees - These are fees for all professional services performed by professional staff in our independent auditor's tax division, except those services related to the audit of our financial statements. These include fees for tax compliance, tax planning and tax advice, including federal, state and local issues. Services may also include assistance with tax audits and appeals before the IRS and similar state and local agencies, as well as federal, state and local tax issues related to due diligence.
- All other fees - These are fees for any services not included in the above-described categories.

PART IV**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES****(a) Financial Statement Schedules**

See the Index to Financial Statements at page F-1 of this report.

(b) Exhibits

Ex.	Description
3.1	Second Articles of Amendment and Restatement, incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-11 filed October 16, 2015
3.2	Second Amended and Restated Bylaws, incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-11 filed October 16, 2015
3.3	Articles Supplementary for Class T Shares, incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form S-11 filed April 20, 2016
4.1	Statement regarding restrictions in transferability of shares of common stock issued in a private offering (to be sent upon request and without charge to stockholders), incorporated by reference to Exhibit 4.1 on the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, filed November 9, 2017
4.2	Statement regarding restrictions on transferability of shares of common stock issued in a public offering (to be sent upon request and without charge to stockholders), incorporated by reference to Exhibit 4.2 on the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, filed November 9, 2017
4.3	Multiple Class Plan, effective as of April 11, 2016, incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-11 filed April 20, 2016
4.4	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, incorporated by reference to Exhibit 4.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed March 6, 2020
10.1	Advisory Agreement, by and between the Company and KBS Capital Advisors LLC, dated April 28, 2023, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed April 28, 2023
10.2	Real Estate Property Co-Management Agreement (related to The Offices at Greenhouse), by and between KBSGI Offices at Greenhouse, LLC, KBS Capital Advisors, LLC and KBS Management Group, LLC dated as of November 21, 2016, incorporated by reference to Exhibit 10.37 to Post-Effective Amendment no. 2 to the Company's Registration Statement (Form S-11 No. 333-207471), filed December 20, 2016
10.3	Office Lease Agreement between Greenhouse Office Investors I, LLC and URS Corporation dated as of May 23, 2013, incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016, filed March 9, 2017
10.4	First Amendment to Office Lease Agreement between Greenhouse Office Investors I, LLC and URS Corporation dated as of September 13, 2013, incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016, filed March 9, 2017
10.5	Second Amendment to Office Lease Agreement between Greenhouse Office Investors I, LLC and URS Corporation dated as of November 26, 2013, incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016, filed March 9, 2017
10.6	Third Amendment to Office Lease Agreement between Greenhouse Office Investors I, LLC and URS Corporation dated as of November 24, 2014, incorporated by reference to Exhibit 10.23 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016, filed March 9, 2017
10.7	Fourth Amendment to Office Lease Agreement between Greenhouse Office Investors I, LLC and AECOM dated as of April 30, 2016, incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016, filed March 9, 2017

Ex.	Description
10.8	Commencement Letter between URS Corporation and Greenhouse Office Investors I, LLC dated as of January 30, 2015, incorporated by reference to Exhibit 10.25 to the Company’s Annual Report on Form 10-K for the year ended December 31, 2016, filed March 9, 2017
10.9	Commencement Letter to Fourth Amendment to Office Lease Agreement between Greenhouse Office Investors I, LLC and AECOM dated as of September 2, 2016, incorporated by reference to Exhibit 10.26 to the Company’s Annual Report on Form 10-K for the year ended December 31, 2016, filed March 9, 2017
10.10	Amended and Restated Promissory Note with J.P. Morgan Chase Bank, N.A. dated November 9, 2017, incorporated by reference to Exhibit 10.12 to the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, filed March 12, 2018
10.11	Amended and Restated Term Loan and Security Agreement with J.P. Morgan Chase Bank, N.A. dated November 9, 2017, incorporated by reference to Exhibit 10.13 to the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, filed March 12, 2018
10.12	Second Modification Agreement by and among KBSGI Office at Greenhouse, LLC and KBSGI 213 West Institute Place, LLC and JPMORGAN CHASE BANK, N.A. dated August 1, 2022, incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, filed August 12, 2022
10.13	Second Amended and Restated Guaranty by KBSGI REIT Properties, LLC for the benefit of JPMorgan Chase Bank, N.A. dated August 1, 2022, incorporated by reference to Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, filed August 12, 2022
10.14	Third Modification Agreement by and among KBSGI Office at Greenhouse, LLC and KBSGI 213 West Institute Place, LLC and JPMORGAN CHASE BANK, N.A. dated November 6, 2023
10.15	Third Amended and Restated Guaranty by KBSGI REIT Properties, LLC for the benefit of JPMorgan Chase Bank, N.A. dated November 6, 2023
10.16	Purchase and Sale Agreement and Escrow Instructions between KBSGI 213 West Institute Place, LLC and CP 213 Institute, LLC dated November 7, 2023
21.1	Subsidiaries of the Company
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

Appendix A

Capitalized terms used herein shall have the meaning set forth in our charter.

Independent Directors. The directors of the Corporation who are not associated and have not been associated within the last two years, directly or indirectly, with the Sponsor or Advisor of the Corporation.

- (a) A director shall be deemed to be associated with the Sponsor or Advisor if he or she:
 - (i) owns an interest in the Sponsor, Advisor or any of their Affiliates;
 - (ii) is employed by the Sponsor, Advisor or any of their Affiliates;
 - (iii) is an officer or director of the Sponsor, Advisor or any of their Affiliates;
 - (iv) performs services, other than as a director, for the Corporation;
 - (v) is a director for more than three REITs organized by the Sponsor or advised by the Advisor; or
 - (vi) has any material business or professional relationship with the Sponsor, Advisor or any of their Affiliates.
- (b) For purposes of determining whether or not a business or professional relationship is material pursuant to (a)(vi) above, the annual gross revenue derived by the director from the Sponsor, Advisor and their Affiliates shall be deemed material per se if it exceeds 5% of the director's:
 - (i) annual gross revenue, derived from all sources, during either of the last two years; or
 - (ii) net worth, on a fair market value basis.
- (c) An indirect relationship shall include circumstances in which a director's spouse, parent, child, sibling, mother- or father-in-law, son- or daughter-in-law or brother- or sister-in-law is or has been associated with the Sponsor, Advisor any of their Affiliates or the Corporation.

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All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of
KBS Growth & Income REIT, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of KBS Growth & Income REIT, Inc. (the Company) as of December 31, 2022, the related consolidated statements of operations, stockholders' (deficit) equity and cash flows for the period from January 1, 2023 to March 31, 2023 and for the years ended December 31, 2022 and 2021, the consolidated statement of net assets (liquidation basis) as of December 31, 2023, the related consolidated statement of changes in net assets (liquidation basis) for the period from April 1, 2023 to December 31, 2023, and the related notes collectively referred to as the "consolidated financial statements". In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, the results of its operations and its cash flows for the period from January 1, 2023 to March 31, 2023 and for the years ended December 31, 2022 and 2021, its net assets in liquidation as of December 31, 2023, and the changes in its net assets in liquidation for the period from April 1, 2023 to December 31, 2023, in conformity with U.S. generally accepted accounting principles applied on the basis described below.

As described in Notes 2 and 3 to the financial statements, the stockholders of the Company approved a plan of liquidation and the Company has commenced liquidation. As a result, the Company has changed its basis of accounting for periods subsequent to March 31, 2023 from the going concern basis to a liquidation basis.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Net assets in liquidation

Description of the Matter

The Company's net assets in liquidation totaled \$1.0 million as of December 31, 2023. As discussed in Notes 2 and 3 to the consolidated financial statements, the Company adopted the liquidation basis of accounting on April 1, 2023. As a result of the adoption of the liquidation basis of accounting, the Company adjusted its investments in real estate to their estimated net realizable values, or liquidation values, which represents the estimated amount of cash or other consideration, such as debt relief, that the Company expects to receive upon the disposal of its assets as it carries out its plan of liquidation. The Company's net assets in liquidation also includes accruals of costs and income that it expects to incur and earn through the completion of its liquidation and reflects other liabilities at their contractual amounts due or estimated settlement amounts.

Auditing management's net assets in liquidation includes a high degree of subjective auditor judgment necessary in evaluating management's estimates and assumptions used in determining the net assets expected to be available for distribution to stockholders as it carries out its plan of liquidation. Such estimates and assumptions include the manner and timeline for disposition of its remaining real estate properties, existing rights and obligations related to the use of cash and other assets held by the entity, and nature and timing of costs to be incurred through liquidation and dissolution of the entity.

How We Addressed the Matter in Our Audit

To test the Company's net assets in liquidation, our audit procedures included, among others, evaluating the methodology and significant judgments used by management, including obtaining evidence to corroborate such judgments and searching for evidence contrary to such judgments. We held discussions with management about plans for disposition of its remaining real estate properties and the judgments used in determining the expected timeline and estimates of other costs to be incurred through liquidation of the entity, and compared information used in the estimates of remaining net assets in liquidation to information included in materials presented to the Company's Board of Directors. We also evaluated the terms of existing agreements, compared the significant assumptions used by management to costs incurred and other information available subsequent to the reporting period, and held discussions with legal counsel to corroborate management's judgments regarding factors affecting rights and obligations of the entity considered in determining the net assets in liquidation presented.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2015.

Irvine, California
March 28, 2024

KBS GROWTH & INCOME REIT, INC.
CONSOLIDATED STATEMENT OF NET ASSETS
(Liquidation Basis)
(in thousands)

	<u>December 31, 2023</u>
Assets	
Real estate	\$ 37,868
Cash and cash equivalents	3,675
Restricted cash	1,825
Other assets	19
Total assets	<u>43,387</u>
Liabilities	
Liabilities for estimated costs in excess of estimated receipts during liquidation	966
Notes payable	39,617
Accounts payable and accrued liabilities	1,529
Due to affiliates	25
Other liabilities	225
Total liabilities	<u>42,362</u>
Commitments and contingencies (Note 9)	
Net assets in liquidation	<u>\$ 1,025</u>

See accompanying notes to consolidated financial statements.

KBS GROWTH & INCOME REIT, INC.

CONSOLIDATED BALANCE SHEET

As of December 31, 2022

(Going Concern Basis)

(in thousands, except share and per share amounts)

Assets	
Real estate:	
Land	\$ 16,764
Buildings and improvements	91,904
Tenant origination and absorption costs	<u>6,565</u>
Total real estate, cost	115,233
Less accumulated depreciation and amortization	<u>(15,233)</u>
Total real estate, net	100,000
Cash and cash equivalents	5,281
Restricted cash	1,252
Rents and other receivables	5,452
Above-market leases, net	51
Due from affiliates	2
Prepaid expenses and other assets	<u>2,872</u>
Total assets	<u>\$ 114,910</u>
Liabilities and stockholders' equity	
Notes payable, net	\$ 102,099
Accounts payable and accrued liabilities	3,846
Due to affiliates	5,906
Below-market leases, net	436
Other liabilities	<u>1,537</u>
Total liabilities	<u>113,824</u>
Commitments and contingencies (Note 9)	
Redeemable common stock	—
Stockholders' equity:	
Preferred stock, \$.01 par value; 10,000,000 shares authorized, no shares issued and outstanding	—
Class A common stock, \$.01 par value per share; 500,000,000 shares authorized, 9,838,569 shares issued and outstanding as of December 31, 2022	99
Class T common stock, \$.01 par value per share; 500,000,000 shares authorized, 307,606 shares issued and outstanding as of December 31, 2022	3
Additional paid-in capital	85,340
Cumulative distributions and net losses	<u>(84,356)</u>
Total stockholders' equity	<u>1,086</u>
Total liabilities and stockholders' equity	<u>\$ 114,910</u>

See accompanying notes to consolidated financial statements.

KBS GROWTH & INCOME REIT, INC.
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the Period from April 1, 2023 to December 31, 2023

(Liquidation Basis)

(in thousands)

Net assets in liquidation, beginning of period	\$	1,398
<i>Changes in net assets in liquidation</i>		
Change in liquidation value of real estate properties after closing costs/disposition fees		179
Change in estimated cash flow during liquidation		(466)
Change in estimated capital expenditures		(239)
Other changes, net		153
Changes in net assets in liquidation		<u>(373)</u>
Net assets in liquidation, end of period	\$	<u>1,025</u>

See accompanying notes to consolidated financial statements.

KBS GROWTH & INCOME REIT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Going Concern Basis)
(in thousands, except share and per share amounts)

	For the Three Months Ended March 31,		
	2023	Years Ended December 31,	
		2022	2021
Revenues:			
Rental income	\$ 3,701	\$ 14,466	\$ 16,099
Other operating income	33	136	177
Total revenues	3,734	14,602	16,276
Expenses:			
Operating, maintenance, and management	897	3,721	3,926
Property management fees and expenses to affiliate	—	70	114
Real estate taxes and insurance	864	3,182	2,899
Asset management fees to affiliate	—	(1,740)	1,740
General and administrative expenses	514	1,871	1,509
Depreciation and amortization	1,351	5,926	7,536
Interest expense	2,244	4,185	2,343
Impairment charges on real estate	—	18,665	13,164
Total expenses	5,870	35,880	33,231
Other income:			
Interest and other income	29	44	—
Gain related to forgiveness of advance from the Advisor	—	1,338	—
Total other income	29	1,382	—
Net loss	\$ (2,107)	\$ (19,896)	\$ (16,955)
Net loss per common share, basic and diluted	\$ (0.21)	\$ (1.96)	\$ (1.67)
Weighted-average number of common shares outstanding, basic and diluted	10,146,175	10,160,159	10,173,891

See accompanying notes to consolidated financial statements.

KBS GROWTH & INCOME REIT, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIT) EQUITY
 (Going Concern Basis)
 (dollars in thousands)

	Common Stock				Additional Paid-in Capital	Cumulative Distributions and Net Losses	Total Stockholders' Equity (Deficit)
	Class A		Class T				
	Shares	Amounts	Shares	Amounts			
Balance, December 31, 2020	9,873,729	\$ 99	310,974	\$ 3	\$ 85,248	\$ (45,760)	\$ 39,590
Net loss	—	—	—	—	—	(16,955)	(16,955)
Redemptions of common stock	(18,399)	—	—	—	(90)	—	(90)
Distributions declared	—	—	—	—	—	(1,745)	(1,745)
Balance, December 31, 2021	9,855,330	99	310,974	3	85,158	(64,460)	20,800
Net loss	—	—	—	—	—	(19,896)	(19,896)
Transfers from redeemable common stock	—	—	—	—	250	—	250
Redemptions of common stock	(16,761)	—	(3,368)	—	(68)	—	(68)
Balance, December 31, 2022	9,838,569	99	307,606	3	85,340	(84,356)	1,086
Net loss	—	—	—	—	—	(2,107)	(2,107)
Balance, March 31, 2023	9,838,569	\$ 99	307,606	\$ 3	\$ 85,340	\$ (86,463)	\$ (1,021)

See accompanying notes to consolidated financial statements.

KBS GROWTH & INCOME REIT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Going Concern Basis)
(in thousands)

	Three Months Ended March 31,			Years Ended December 31,		
	2023	2022	2021	2023	2022	2021
Cash Flows from Operating Activities:						
Net loss	\$ (2,107)	\$ (19,896)	\$ (16,955)			
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:						
Depreciation and amortization	1,351	5,926	7,536			
Impairment charges on real estate	—	18,665	13,164			
Deferred rents	(160)	(786)	262			
Amortization of above- and below-market leases, net	(39)	(381)	(651)			
Amortization of deferred financing costs	27	223	237			
Unrealized gain on derivative instruments	—	(610)	(1,629)			
Changes in operating assets and liabilities:						
Rents and other receivables	(146)	(394)	(1,704)			
Prepaid expenses and other assets	(217)	(995)	(1,158)			
Accounts payable and accrued liabilities	(1,038)	62	1,609			
Due from affiliates	2	274	(276)			
Due to affiliates	7	(3,100)	1,731			
Other liabilities	(230)	172	(446)			
Net cash (used in) provided by operating activities	<u>(2,550)</u>	<u>(840)</u>	<u>1,720</u>			
Cash Flows from Investing Activities:						
Improvements to real estate	(86)	(1,110)	(709)			
Net cash used in investing activities	<u>(86)</u>	<u>(1,110)</u>	<u>(709)</u>			
Cash Flows from Financing Activities:						
Proceeds from notes payable	1,494	587	4,710			
Principal payments on notes payable	(19)	(74)	(37)			
Payments of deferred financing costs	—	(91)	(79)			
Payments to redeem common stock	—	(68)	(90)			
Distributions paid to common stockholders	—	—	(1,745)			
Net cash provided by financing activities	<u>1,475</u>	<u>354</u>	<u>2,759</u>			
Net (decrease) increase in cash and cash equivalents and restricted cash	(1,161)	(1,596)	3,770			
Cash and cash equivalents and restricted cash, beginning of period	6,533	8,129	4,359			
Cash and cash equivalents and restricted cash, end of period	<u>\$ 5,372</u>	<u>\$ 6,533</u>	<u>\$ 8,129</u>			
Supplemental Disclosure of Cash Flow Information:						
Interest paid	<u>\$ 2,056</u>	<u>\$ 4,244</u>	<u>\$ 3,807</u>			
Supplemental Disclosure of Noncash Investing and Financing Activities:						
Accrued improvements to real estate	<u>\$ 50</u>	<u>\$ 86</u>	<u>\$ 127</u>			

See accompanying notes to consolidated financial statements.

KBS GROWTH & INCOME REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

1. ORGANIZATION

KBS Growth & Income REIT, Inc. (the “Company”) was formed on January 12, 2015 as a Maryland corporation that elected to be taxed as a real estate investment trust (“REIT”) beginning with the taxable year ended December 31, 2015. Substantially all of the Company’s business is conducted through KBS Growth & Income Limited Partnership (the “Operating Partnership”), a Delaware limited partnership formed on January 14, 2015. The Company is the sole general partner of, and owns a 0.1% partnership interest in, the Operating Partnership. KBS Growth & Income REIT Holdings LLC (“REIT Holdings”), a Delaware limited liability company formed on January 14, 2015, owns the remaining 99.9% partnership interest in the Operating Partnership and is the sole limited partner. The Company is the sole member and manager of REIT Holdings.

Subject to certain restrictions and limitations, the business of the Company is externally managed by KBS Capital Advisors LLC (the “Advisor”), an affiliate of the Company, pursuant to an advisory agreement between the Company and the Advisor initially entered into on June 11, 2015, and amended at various times thereafter (the “Advisory Agreement”). The Advisor conducts the Company’s operations and manages its portfolio of core real estate properties. On January 27, 2015, the Company issued 20,000 shares of its common stock to the Advisor at a purchase price of \$10.00 per share. On June 11, 2015, these outstanding shares of common stock were designated Class A shares of common stock.

As of December 31, 2023, the Company had remaining investments in two office properties.

The Company commenced capital raising activities in June 2015 through a private placement offering. The private offering was followed by a public offering and a second private offering. In August 2020, the Company’s board of directors approved the termination of capital raising activities with the termination of the Company’s distribution reinvestment plan offering and second private offering. As of December 31, 2023, the Company had 9,838,569 and 307,606 shares of Class A and Class T common stock outstanding, respectively.

On December 15, 2022 and affirmed on February 2, 2023, the Company’s board of directors and a special committee composed of all of the Company’s independent directors (the “Special Committee”) each approved the sale of all of the Company’s assets and the Company’s dissolution pursuant to the terms of a plan of complete liquidation and dissolution (the “Plan of Liquidation”). The principal purpose of the Plan of Liquidation is to provide liquidity to the Company’s stockholders by selling its assets, paying its debts and distributing the net proceeds from liquidation to the Company’s stockholders. On May 9, 2023, the Company’s stockholders approved the Plan of Liquidation.

In connection with its consideration of the Plan of Liquidation, the Company’s board of directors determined to cease regular distributions and terminated the share redemption program. The Company expects any future liquidity to its stockholders will be provided in the form of liquidating distributions. Subject to successful completion of the sale of the Company’s remaining property, the Company intends to make a final liquidating distribution to its stockholders promptly upon payment of all liabilities and establishment of any reserves. The Company can provide no assurances as to the ultimate timing of its final liquidating distribution and complete liquidation and dissolution of the Company; however, the Company anticipates paying its final liquidating distribution and dissolving within 60 days of completion of the sale of its final property, which it expects to occur during the second quarter of 2024. The Company can give no assurance regarding the timing of asset dispositions in connection with the implementation of the Plan of Liquidation, the sale prices it will receive for its assets, and the amount or timing of any liquidating distributions to be received by its stockholders.

KBS GROWTH & INCOME REIT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023

2. PLAN OF LIQUIDATION

The Plan of Liquidation authorizes the Company to undertake an orderly liquidation. In an orderly liquidation, the Company intends to sell or otherwise dispose of its remaining properties, pay or otherwise settle all of its known liabilities, provide for the payment of its unknown or contingent liabilities, distribute any remaining cash to its stockholders, wind up its operations and dissolve. The Company is authorized to provide for the payment of any unascertained or contingent liabilities and may do so by purchasing insurance, by establishing a reserve fund or in other ways.

The Plan of Liquidation enables the Company to sell any and all of its assets without further approval of its stockholders and provides that the amounts and timing of liquidating distributions will be determined by the Company's board of directors or, if a liquidating trust is formed, by the trustees of the liquidating trust, in their discretion. Pursuant to applicable REIT rules, liquidating distributions the Company pays pursuant to the Plan of Liquidation will qualify for the dividends paid deduction, provided that they are paid within 24 months of the May 9, 2023 approval of the plan by the Company's stockholders. However, if the Company cannot sell or otherwise dispose of its properties and pay its debts within such time period, or if the board of directors and the Special Committee determine that it is otherwise advisable to do so, the Company may transfer and assign its remaining assets to a liquidating trust. Upon such transfer and assignment, the Company's stockholders would receive beneficial interests in the liquidating trust. The liquidating trust would pay or provide for all of the Company's liabilities and distribute any remaining net proceeds from liquidation to the holders of beneficial interests in the liquidating trust. If the Company is not able to sell or otherwise dispose of its properties and pay its debt within the 24-month period and the remaining assets are not transferred to a liquidating trust, any distributions made during the 24 months may not qualify for the dividends paid deduction and may increase the Company's tax liability.

The Company's expectations about the implementation of the Plan of Liquidation and the amount of any liquidating distributions that the Company pays to its stockholders and when the Company will pay them are subject to risks and uncertainties and are based on certain estimates and assumptions, one or more of which may prove to be incorrect. As a result, the actual amount of any liquidating distributions the Company pays to its stockholders may be more or less than the Company estimates and the liquidating distributions may be paid later than the Company predicts. There are many factors that may affect the amount of liquidating distributions the Company will ultimately pay to its stockholders. If the Company underestimates its existing obligations and liabilities or the amount of taxes, transaction fees and expenses relating to the liquidation and dissolution or if unanticipated or contingent liabilities arise, the amount of liquidating distributions ultimately paid to the Company's stockholders could be less than estimated. Moreover, the liquidation value will fluctuate over time in response to developments related to individual assets in the Company's portfolio and the management of those assets, in response to the real estate and finance markets, based on the amount of net proceeds received from the disposition of the remaining assets and due to other factors. Accordingly, it is not possible to precisely predict the timing of any liquidating distributions the Company pays to its stockholders or the aggregate amount of liquidating distributions that the Company will ultimately pay to its stockholders. No assurance can be given that any liquidating distributions the Company pays to its stockholders will equal or exceed the estimate of net assets in liquidation presented on the Consolidated Statement of Net Assets as of December 31, 2023.

The Company expects to comply with the requirements necessary to continue to qualify as a REIT through the completion of the liquidation process, or until such time as any remaining assets are transferred into a liquidating trust. The board of directors shall use commercially reasonable efforts to continue to cause the Company to maintain its REIT status; provided, however, that the board of directors may elect to terminate the Company's status as a REIT if it determines that such termination would be in the best interest of the stockholders.

KBS GROWTH & INCOME REIT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements and notes thereto have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) as contained within the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”), including Subtopic 205-30, “Liquidation Basis of Accounting,” as indicated, and the rules and regulations of the Securities and Exchange Commission (“SEC”).

Pursuant to the Company’s stockholders’ approval of the Plan of Liquidation, the Company adopted the liquidation basis of accounting as of and for the periods subsequent to April 1, 2023 (as the approval of the Plan of Liquidation by the Company’s stockholders became imminent during the month of April 2023 based on the results of the Company’s solicitation of proxies from its stockholders for their approval of the Plan of Liquidation). Accordingly, on April 1, 2023, assets were adjusted to their estimated net realizable value, or liquidation value, which represents the estimated amount of cash or other consideration, such as debt relief, that the Company expects to realize through the disposal of assets as it carries out the Plan of Liquidation. The liquidation values of the Company’s remaining real estate properties are presented on an undiscounted basis and are generally based on either an offer received on the properties or the amount of debt anticipated to be relieved with the sale or transfer of the properties. Liabilities are carried at their contractual amounts due or estimated settlement amounts.

The Company accrues costs and income that it expects to incur and earn through the completion of its liquidation, including the estimated amount of cash or other consideration that the Company expects to realize through the disposal of its assets and the estimated costs to dispose of its assets, to the extent it has a reasonable basis for estimation. These amounts are classified as a liability for estimated costs in excess of estimated receipts during liquidation on the Consolidated Statement of Net Assets. Actual costs and income may differ from amounts reflected in the financial statements because of the inherent uncertainty in estimating future events. These differences may be material. See Note 2, “Plan of Liquidation” and Note 4, “Liabilities for Estimated Costs in Excess of Estimated Receipts During Liquidation” for further discussion. Actual costs incurred but unpaid as of December 31, 2023 are included in accounts payable and accrued liabilities, due to affiliates and other liabilities on the Consolidated Statement of Net Assets.

Net assets in liquidation represents the remaining estimated liquidation value available to stockholders upon liquidation. Due to the uncertainty in the timing of the sale or transfer of the Company’s remaining real estate properties and the estimated cash flows from operations, actual liquidation costs and sale proceeds may differ materially from the amounts estimated.

All financial results and disclosures through March 31, 2023, prior to the adoption of the liquidation basis of accounting, are presented on a going concern basis, which contemplates the realization of assets and liabilities in the normal course of business. As a result, the balance sheet as of December 31, 2022, the statements of operations, the statements of stockholders’ (deficit) equity and the statements of cash flows for the three months ended March 31, 2023 and the years ended December 31, 2022 and 2021 are presented using the going concern basis of accounting. The Company’s consolidated financial statements included its accounts and the accounts of REIT Holdings, the Operating Partnership and their direct and indirect wholly owned subsidiaries. All significant intercompany balances and transactions were eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements and the accompanying notes thereto in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could materially differ from those estimates.

Revenue Recognition - Operating Leases

Liquidation Basis of Accounting

Under the liquidation basis of accounting, the Company has accrued all income that it expects to earn through the completion of its liquidation to the extent it has a reasonable basis for estimation. Revenue from tenants is estimated based on the contractual in-place leases and projected leases through the anticipated disposition date of the property. These amounts are presented net of estimated expenses and other liquidation costs and are classified in liabilities for estimated costs in excess of estimated receipts during liquidation on the Consolidated Statement of Net Assets.

KBS GROWTH & INCOME REIT, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Going Concern Basis******Real Estate***

Until the Company's adoption of the liquidation basis of accounting as of and for the periods subsequent to April 1, 2023, the Company recognized minimum rent, including rental abatements, lease incentives and contractual fixed increases attributable to operating leases, on a straight-line basis over the term of the related leases when collectibility was probable and recorded amounts expected to be received in later years as deferred rent receivable. If the lease provided for tenant improvements, the Company determined whether the tenant improvements, for accounting purposes, were owned by the tenant or the Company. When the Company was the owner of the tenant improvements, the tenant was not considered to have taken physical possession or have control of the physical use of the leased asset until the tenant improvements were substantially completed. When the tenant was the owner of the tenant improvements, any tenant improvement allowance (including amounts that can be taken in the form of cash or a credit against the tenant's rent) that was funded was treated as a lease incentive and amortized as a reduction of rental revenue over the lease term. Tenant improvement ownership is determined based on various factors including, but not limited to:

- whether the lease stipulates how a tenant improvement allowance may be spent;
- whether the lessee or lessor supervises the construction and bears the risk of cost overruns;
- whether the amount of a tenant improvement allowance is in excess of market rates;
- whether the tenant or landlord retains legal title to the improvements at the end of the lease term;
- whether the tenant improvements are unique to the tenant or general purpose in nature; and
- whether the tenant improvements are expected to have any residual value at the end of the lease.

In accordance with Topic 842, tenant reimbursements for property taxes and insurance were included in the single lease component of the lease contract (the right of the lessee to use the leased space) and therefore were accounted for as variable lease payments and were recorded as rental income on the Company's statement of operations until the Company's adoption of the liquidation basis of accounting as of and for the periods subsequent to April 1, 2023. In addition, the Company adopted the practical expedient available under Topic 842 to not separate nonlease components from the associated lease component and instead to account for those components as a single component if the nonlease components otherwise would be accounted for under the new revenue recognition standard (Topic 606) and if certain conditions are met, specifically related to tenant reimbursements for common area maintenance which would otherwise be accounted for under the revenue recognition standard. The Company believes the two conditions have been met for tenant reimbursements for common area maintenance as (i) the timing and pattern of transfer of the nonlease components and associated lease components are the same and (ii) the lease component would be classified as an operating lease. Accordingly, tenant reimbursements for common area maintenance were also accounted for as variable lease payments and recorded as rental income on the Company's statement of operations until the Company's adoption of the liquidation basis of accounting as of and for periods subsequent to April 1, 2023.

In accordance with Topic 842, the Company made a determination of whether the collectibility of the lease payments in an operating lease was probable. If the Company determined the lease payments were not probable of collection, the Company fully reserved for any contractual lease payments, deferred rent receivable, and variable lease payments and recognized rental income only if cash was received. These changes to the Company's collectibility assessment were reflected as an adjustment to rental income.

The Company, as a lessor, recorded costs to negotiate or arrange a lease that would have been incurred regardless of whether the lease was obtained, such as legal costs incurred to negotiate an operating lease, as an expense and classified such costs as operating, maintenance, and management expense on the Company's consolidated statement of operations, as these costs were no longer capitalizable under the definition of initial direct costs under Topic 842.

KBS GROWTH & INCOME REIT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sales of Real Estate

The Company follows the guidance of ASC 610-20, *Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets* (“ASC 610-20”), which applies to sales or transfers to noncustomers of nonfinancial assets or in substance nonfinancial assets that do not meet the definition of a business. Generally, the Company’s sales of real estate would be considered a sale of a nonfinancial asset as defined by ASC 610-20.

ASC 610-20 refers to the revenue recognition principles under ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Under ASC 610-20, if the Company determined it did not have a controlling financial interest in the entity that held the asset and the arrangement met the criteria to be accounted for as a contract, the Company derecognized the asset and recognized a gain or loss on the sale of the real estate when control of the underlying asset transferred to the buyer.

Cash and Cash Equivalents

The Company recognized interest income on its cash and cash equivalents as it is earned and classified such amounts as other interest income.

Real Estate

Liquidation Basis of Accounting

As of April 1, 2023, the Company’s investments in real estate were adjusted to their estimated net realizable value, or liquidation value, to reflect the change to the liquidation basis of accounting. The liquidation value represents the estimated amount of cash or other consideration, such as debt relief, that the Company expects to realize through the disposal of its assets, including any residual value attributable to lease intangibles, as it carries out the Plan of Liquidation. The Company estimated the liquidation value of its investments in real estate generally based on either an offer received on the properties or the amount of debt anticipated to be relieved with the sale or transfer of the properties. The liquidation values of the Company’s investments in real estate are presented on an undiscounted basis and investments in real estate are no longer depreciated. Subsequent to April 1, 2023, all changes in the estimated liquidation value of the investments in real estate are reflected as a change to the Company’s net assets in liquidation.

Going Concern Basis

Depreciation and Amortization

Real estate costs related to the acquisition and improvement of properties are capitalized and amortized over the expected useful life of the asset on a straight-line basis. Repair and maintenance costs are charged to expense as incurred and significant replacements and betterments are capitalized. Repair and maintenance costs include all costs that do not extend the useful life of the real estate asset. The Company considered the period of future benefit of an asset to determine its appropriate useful life. Expenditures for tenant improvements are capitalized and amortized over the shorter of the tenant’s lease term or expected useful life. The Company estimated useful lives of its assets by class to be generally as follows:

Land	N/A
Buildings	25 - 40 years
Building improvements	10 - 25 years
Tenant improvements	Shorter of lease term or expected useful life
Tenant origination and absorption costs	Remaining term of related leases, including below-market renewal periods

KBS GROWTH & INCOME REIT, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*Impairment of Real Estate and Related Intangible Assets and Liabilities*

The Company continually monitored events and changes in circumstances that could indicate that the carrying amounts of its real estate and related intangible assets and liabilities may not be recoverable or realized. When indicators of potential impairment suggested that the carrying value of real estate and related intangible assets and liabilities may not be recoverable, the Company assessed the recoverability by estimating whether the Company would recover the carrying value of the real estate and related intangible assets and liabilities through its undiscounted future cash flows and its eventual disposition. If, based on this analysis, the Company did not believe that it would be able to recover the carrying value of the real estate and related intangible assets and liabilities, the Company recorded an impairment loss to the extent that the carrying value exceeded the estimated fair value of the real estate and related intangible assets and liabilities. During the years ended December 31, 2022 and 2021, the Company recorded \$18.7 million and \$13.2 million, respectively, of impairment losses on its real estate and related intangible assets. The Company did not record any impairment loss on its real estate and related intangible assets during the three months ended March 31, 2023.

Cash and Cash Equivalents

The Company considered all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents may include cash and short-term investments. Cash and cash equivalents were stated at cost, which approximates fair value. The Company's cash and cash equivalents balance exceeds federally insurable limits as of December 31, 2023. The Company intends to mitigate this risk by depositing funds with a major financial institution; however, these cash balances could be impacted if the underlying financial institutions fail or are subject to other adverse conditions in the financial markets. There were no restrictions on the use of the Company's cash and cash equivalents as of December 31, 2023.

Restricted Cash

Restricted cash is composed of cash flow sweep and lender impound reserve accounts related to the Company's borrowings.

Rents and Other Receivables*Liquidation Basis of Accounting*

In accordance with the liquidation basis of accounting, as of April 1, 2023, rents and other receivables were adjusted to their net realizable value. The Company periodically evaluates the collectibility of amounts due from tenants. Any changes in the collectibility of the receivables are reflected as a change to the Company's net assets in liquidation.

Going Concern Basis

The Company made a determination of whether the collectibility of the lease payments in its operating leases was probable. If the Company determined the lease payments were not probable of collection, the Company fully reserved for any outstanding rent receivables related to contractual lease payments and variable leases payments and wrote-off any deferred rent receivable and recognized rental income only if cash was received. The Company exercised judgment in assessing collectibility and considered payment history, current credit status, the tenant's financial condition, security deposits, letters of credit, lease guarantees and current market conditions that may impact the tenant's ability to make payments in accordance with its lease agreements in making the determination.

Accrued Liquidation Costs

In accordance with the liquidation basis of accounting, the Company accrues for certain estimated liquidation costs to the extent it has a reasonable basis for estimation. These consist of legal fees, dissolution costs, final audit/tax costs, insurance, and transfer agent related costs.

KBS GROWTH & INCOME REIT, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Derivative Instruments**

The Company entered into derivative instruments for risk management purposes to hedge its exposure to cash flow variability caused by changing interest rates on its variable rate notes payable. The Company recorded these derivative instruments at fair value on the accompanying consolidated balance sheets. The changes in fair value for derivative instruments that were not designated as a hedge or that did not meet the hedge accounting criteria were recorded as gain or loss on derivative instruments and included in interest expense as presented in the accompanying consolidated statements of operations. On November 1, 2022, the Company's remaining interest rate swap expired.

Deferred Financing Costs

Prior to the adoption of the liquidation basis of accounting, deferred financing costs represented commitment fees, loan fees, legal fees and other third-party costs associated with obtaining financing and were presented on the balance sheet as a direct deduction from the carrying value of the associated debt liability. These costs were amortized over the terms of the respective financing agreements using the effective interest method. Unamortized deferred financing costs were generally expensed when the associated debt was refinanced or repaid before maturity unless specific rules were met that would allow for the carryover of such costs to the refinanced debt. Deferred financing costs incurred before an associated debt liability was recognized were included in prepaid and other assets on the balance sheet. Costs incurred in seeking financing transactions that did not close were expensed in the period in which it was determined that the financing would not close.

Redeemable Common Stock

The Company had adopted a share redemption program, which was terminated effective December 30, 2022, pursuant to which stockholders could sell their shares to the Company in connection with a stockholder's death, "qualifying disability" or "determination of incompetence" (each as defined in the share redemption program, and collectively "special redemptions"). Prior to the termination of share redemption program, such redemptions were subject to the limitations described in the share redemption program document, including:

- During each calendar year, special redemptions were limited to an annual dollar amount determined by the board of directors, which could be reviewed during the year and increased or decreased upon ten business days' notice to the Company's stockholders. The annual dollar limitation for special redemptions for the calendar year 2022 was \$250,000 in the aggregate.
- During any calendar year, the Company could redeem no more than 5% of the weighted-average number of shares outstanding during the prior calendar year.
- The Company had no obligation to redeem shares if the redemption would violate the restrictions on distributions under Maryland law, which prohibits distributions that would cause a corporation to fail to meet statutory tests of solvency.

Special redemptions were redeemed at a price equal to the most recent estimated NAV per share as of the applicable redemption date.

On December 7, 2020, the Company's board of directors approved an estimated value per share of the Company's common stock of \$4.90 (unaudited) based on the estimated value of the Company's assets less the estimated value of the Company's liabilities, divided by the number of shares outstanding, all as of September 30, 2020. The change in the redemption price was effective for the December 2020 through November 2021 redemption dates.

On December 6, 2021, the Company's board of directors approved an estimated value per share of the Company's common stock of \$3.38 (unaudited) based on the estimated value of the Company's assets less the estimated value of the Company's liabilities, divided by the number of shares outstanding, all as of September 30, 2021. The change in the redemption price was effective for the December 2021 through November 2022 redemption dates.

KBS GROWTH & INCOME REIT, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Going Concern Basis***

The Company recorded amounts that were redeemable under the share redemption program as redeemable common stock liability in its consolidated balance sheets because the shares would be mandatorily redeemable at the option of the holder and therefore their redemption was outside the control of the Company. The maximum amount redeemable under the Company's share redemption program during a calendar year was limited to an annual dollar amount determined by the board of directors. On December 7, 2020, the Company's board of directors approved an annual dollar amount limitation for special redemptions for calendar year 2021 of \$250,000 in the aggregate. On December 6, 2021, the Company's board of directors approved the same annual dollar amount limitation for special redemptions for calendar year 2022 of \$250,000 in the aggregate. On December 15, 2022, in connection with its approval of the Plan of Liquidation, the Company's board of directors approved the termination of the Company's share redemption program. The termination was effective as of December 30, 2022, and as such, no redemptions were processed on the December 2022 redemption date. The Company did not redeem or repurchase any shares of its common stock during the year ended December 31, 2023. The board of directors expects that future liquidity will be provided to the Company's stockholders through liquidating distributions.

The Company classified financial instruments that represented a mandatory obligation of the Company to redeem shares as liabilities. During periods in which the share redemption program was active, the Company's common shares were considered redeemable at the option of the holder and, accordingly, the Company separately classified an amount equal to the maximum potential redemption obligation under the share redemption program as redeemable common stock on the consolidated balance sheet. When the Company determined it had a mandatory obligation to repurchase shares under the share redemption program, it reclassified such obligations from temporary equity to a liability based upon their respective settlement values.

Related Party Transactions

Pursuant to the Advisory Agreement, the Company is obligated to pay the Advisor specified fees upon the provision of certain services related to the management of the Company's investments and for other services (including, but not limited to, the disposition of investments). The Company is also obligated to reimburse the Advisor for certain operating expenses incurred on behalf of the Company or incurred in connection with providing services to the Company. These fees are detailed in the Advisory Agreement. See Note 8, "Related Party Transactions."

In addition, in connection with property acquisitions, the Company, through indirect wholly owned subsidiaries, has entered into separate property management agreements (each, a "Property Management Agreement") with KBS Management Group, LLC (the "Co-Manager"), an affiliate of the Advisor.

The Company records all related party fees as incurred, subject to any limitations described in the respective agreements.

Asset Management Fee

The Advisor earns a monthly asset management fee equal to one-twelfth of 1.0% of the cost of the real property investments, including any debt financing on the property. The Advisor has waived asset management fees from October 1, 2022 through liquidation of the Company. In January 2023, the Advisor waived \$3.0 million of accrued asset management fees which was recorded as a reduction in asset management fees to affiliate during the year ended December 31, 2022 in the Company's accompanying consolidated statement of operations. For purposes of the consolidated statement of net assets as of December 31, 2023 and consolidated statement of changes in net assets for the period April 1, 2023 to December 31, 2023, the Company estimated the asset management fee payable to the Advisor to be \$0, as the Advisor informed the Company it will not seek the payment for the deferred asset management fees. In March 2024, the Advisor waived the deferred asset management fees and no asset management fees are owed to the Advisor.

Property Management Fee

The Company pays the Co-Manager a monthly fee equal to a percentage of the rent (determined on a property by property basis), payable and actually collected for the month, from certain property acquisitions for which the Company has entered a Property Management Agreement with the Co-Manager. The Co-Manager has waived payment of its property management fees effective October 1, 2022 through the Company's liquidation. See Note 8, "Related-Party Transactions — Real Estate Property Co-Management Agreements."

KBS GROWTH & INCOME REIT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Disposition Fee

For substantial assistance in connection with the sale of the Company's assets, which includes the sale of a single asset or the sale of all or a portion of the Company's assets through a portfolio sale, merger or business combination transaction, the Company will pay the Advisor or its affiliates a percentage of the contract sales price of the assets sold. The disposition fee will equal 1.5% of the contract sales price. The Advisor agreed to waive the receipt of a disposition fee in connection with the sale of the assets of the Company in connection with the Plan of Liquidation.

Reimbursement of Operating Expenses

The Company reimburses the Advisor for the following expenses it incurs in connection with providing services to the Company under the Advisory Agreement: the Company's allocable portion of the costs of internal audit department personnel and promotional costs and expenses related to the leasing of properties.

The Company reimbursed the Dealer Manager for certain fees and expenses it incurred for administering the Company's participation in the DTCC Alternative Investment Product Platform, or the AIP Platform, with respect to certain accounts of the Company's investors serviced through the AIP Platform.

Income Taxes

The Company has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended. To continue to qualify as a REIT, the Company must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of the Company's annual REIT taxable income to stockholders (which is computed without regard to the dividends-paid deduction or net capital gain and which does not necessarily equal net income as calculated in accordance with GAAP). As a REIT, the Company generally will not be subject to federal income tax on income that it distributes as dividends to its stockholders. If the Company fails to qualify as a REIT in any taxable year, it will be subject to federal income tax on its taxable income at regular corporate income tax rates and generally will not be permitted to qualify for treatment as a REIT for federal income tax purposes for the four taxable years following the year during which qualification is lost, unless the Internal Revenue Service grants the Company relief under certain statutory provisions. Such an event could materially and adversely affect the Company's net income and net cash available for distribution to stockholders. However, the Company believes that it is organized and operates in such a manner as to qualify for treatment as a REIT.

The Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. Neither the Company nor its subsidiaries have been assessed interest or penalties by any major tax jurisdictions. The Company's evaluations were performed for all open tax years through December 31, 2023. As of December 31, 2023, returns for the calendar years 2019 through 2022 remain subject to examination by major tax jurisdictions.

Per Share Data

Basic net income (loss) per share of common stock is calculated by dividing net income (loss) by the weighted-average number of shares of common stock issued and outstanding during such period. Diluted net income (loss) per share of common stock equals basic net income (loss) per share of common stock as there were no potentially dilutive securities outstanding for the three months ended March 31, 2023 and the years ended December 31, 2022 and 2021, respectively. Basic and diluted net income (loss) per share of Class A common stock and basic and diluted net income (loss) per share of Class T common stock were equal for the three months ended March 31, 2023 and the years ended December 31, 2022 and 2021 as aggregate cash distributions for each share class were equal during those periods.

During the year ended December 31, 2021, aggregate cash distribution declared per share of Class A and Class T common stock was \$0.17150000, assuming the share was issued and outstanding each date that was a record date for distributions during the period. During the three months ended March 31, 2023 and the year ended December 31, 2022, the Company did not declare any distributions.

Square Footage, Occupancy and Other Measures

Square footage, occupancy, number of tenants and other similar measures used to describe real estate investments included in these Notes to Consolidated Financial Statements are presented on an unaudited basis.

KBS GROWTH & INCOME REIT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023

4. LIABILITIES FOR ESTIMATED COSTS IN EXCESS OF ESTIMATED RECEIPTS DURING LIQUIDATION

The liquidation basis of accounting requires the Company to estimate net cash flows from operations and to accrue all costs associated with implementing and completing the Plan of Liquidation. As of December 31, 2023, the Company estimated that it will have costs in excess of estimated receipts during the liquidation process. These amounts can vary significantly due to, among other things, the timing and estimates for executing and renewing leases, estimates of tenant improvement costs and capital expenditures, the timing of sale or transfer of properties, direct costs incurred to complete the sales, the timing and amounts associated with discharging known and contingent liabilities and the costs associated with the winding down of operations. These costs are estimated and are anticipated to be paid out over the liquidation period.

Upon transition to the liquidation basis of accounting on April 1, 2023, the Company accrued the following revenues and expenses expected to be incurred during liquidation (in thousands):

	As of April 1, 2023
Rental income	\$ 9,806
Other operating income	124
Operating, maintenance, and management	(2,495)
Real estate taxes and insurance	(2,066)
General and administrative expenses	(976)
Interest expense	(3,866)
Liquidating transaction costs	(600)
Capital expenditures	(302)
Liabilities for estimated costs in excess of estimated receipts during liquidation	<u>\$ (375)</u>

The change in the liabilities for estimated costs in excess of estimated receipts during liquidation as of December 31, 2023 is as follows (in thousands):

	April 1, 2023	Cash Payments (Receipts)	Remeasurement of Assets and Liabilities	December 31, 2023
Assets:				
Estimated net inflows from investments in real estate	\$ 1,503	\$ (1,526)	\$ 118	\$ 95
	1,503	(1,526)	118	95
Liabilities:				
Liquidation transaction costs	(600)	212	88	(300)
Corporate expenditures	(976)	1,158	(672)	(490)
Capital expenditures	(302)	270	(239)	(271)
	(1,878)	1,640	(823)	(1,061)
Total liabilities for estimated costs in excess of estimated receipts during liquidation	<u>\$ (375)</u>	<u>\$ 114</u>	<u>\$ (705)</u>	<u>\$ (966)</u>

KBS GROWTH & INCOME REIT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023

5. NET ASSETS IN LIQUIDATION

The net assets in liquidation as of December 31, 2023 would result in the payment of estimated liquidating distributions of approximately \$0.10 per share of common stock to the Company's stockholders of record as of December 31, 2023. This estimate of liquidating distributions includes projections of costs and expenses to be incurred during the estimated period required to complete the Plan of Liquidation. There is inherent uncertainty with these estimates and projections, and they could change materially based on the timing of the disposition or transfer of the Company's remaining real estate properties, the performance of the Company's remaining assets and any changes in the underlying assumptions of the projected cash flows from such properties. See Note 2, "Plan of Liquidation."

6. REAL ESTATE

As of December 31, 2023, the Company's portfolio of real estate was composed of two office buildings containing 219,523 rentable square feet, which were collectively 90.3% occupied. As of December 31, 2023, the Company's liquidation value of real estate was \$37.9 million.

As a result of adopting the liquidation basis of accounting in April 1, 2023, as of December 31, 2023, real estate properties were recorded at their estimated liquidation value, which represents the estimated gross amount of cash or other consideration, such as debt relief, the Company expects to realize through the disposition or transfer of its real estate properties owned as of December 31, 2023 as it carries out its Plan of Liquidation.

Foreclosure of the Commonwealth Building

As previously disclosed, on February 13, 2023, the borrower under the Commonwealth Building Mortgage Loan (the "Commonwealth Borrower") was in maturity default with respect to the Commonwealth Building Mortgage Loan following its failure to pay the amount of the debt outstanding on the loan on its February 1, 2023 due date. On July 18, 2023, the Commonwealth Building was sold at public auction in a foreclosure sale to a buyer affiliated with the Metropolitan Life Insurance Company (the "Commonwealth Lender") and all interest in the Commonwealth Building was transferred to the buyer on that date and the Commonwealth Borrower was relieved of all debt obligations and future liabilities associated with the Commonwealth Building in conjunction with the foreclosure transaction.

Disposition of the Institute Property

On November 9, 2017, the Company, through an indirect wholly owned subsidiary, acquired a seven-story office building containing 155,385 rentable square feet located on approximately 0.5 acres of land and a parking lot containing approximately 8,038 square feet on approximately 0.18 acres of land in Chicago, Illinois (together the "Institute Property").

On November 7, 2023, the Company, through an indirect wholly owned subsidiary, entered into a purchase and sale agreement and escrow instructions (the "Agreement") for the sale of the Institute Property to CP 213 Institute, LLC (the "Purchaser"), an affiliate of Coastal Partners, LLC. The Purchaser is unaffiliated with the Company or its advisor.

On November 30, 2023, the Company completed the sale of the Institute Property for \$17.0 million, before third-party closing costs and prorations of approximately \$0.5 million and security deposit obligations transferred to the Purchaser of \$0.3 million. The Company repaid \$16.2 million principal balance under the Modified Term Loan upon disposition of the Institute Property.

KBS GROWTH & INCOME REIT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

7. NOTES PAYABLE

As of December 31, 2023 and 2022, the Company’s notes payable consisted of the following (dollars in thousands):

	Book Value as of December 31, 2023	Book Value as of December 31, 2022	Contractual Interest Rate as of December 31, 2023 ⁽¹⁾	Effective Interest Rate at December 31, 2023 ⁽¹⁾	Payment Type	Maturity Date ⁽²⁾
Commonwealth Building Mortgage Loan ⁽³⁾	\$ —	\$ 46,268	(3)	(3)	(3)	(3)
Modified Term Loan ⁽⁴⁾	36,035	52,260	One-month Term SOFR + 0.10% + 2.50% ⁽⁴⁾	7.95%	Interest Only	05/09/2024
210 W. Chicago Mortgage Loan ⁽⁵⁾	3,582	3,651	One-month Term SOFR + 0.10% + 2.20% ⁽⁵⁾	12.68%	Principal & Interest ⁽⁵⁾	06/28/2024
Notes payable principal outstanding	\$ 39,617	\$ 102,179				
Deferred financing costs, net ⁽⁶⁾	—	(80)				
Notes payable, net	<u>\$ 39,617</u>	<u>\$ 102,099</u>				

⁽¹⁾ Contractual interest rate represents the interest rate in effect under the loan as of December 31, 2023. Effective interest rate is calculated as the actual interest rate in effect as of December 31, 2023 using interest rate indices as of December 31, 2023.

⁽²⁾ Represents the maturity date as of December 31, 2023.

⁽³⁾ On December 22, 2022, the Commonwealth Borrower defaulted on the loan as a result of a failure to pay the full amount of the outstanding debt service due on the loan. Effective February 13, 2023, the Commonwealth Borrower was in maturity default for failure to pay the amount of the debt outstanding and due to the lender on the February 1, 2023 maturity date. On July 18, 2023, the Commonwealth Building was sold at public auction in a foreclosure sale to a buyer affiliated with the Commonwealth Lender and all interest in the Commonwealth Building was transferred to the buyer. See Note 6, “Real Estate – Foreclosure of the Commonwealth Building.”

⁽⁴⁾ The Modified Term Loan is secured by the Offices at Greenhouse and prior to its disposition was also secured by the Institute Property. It bore interest at the forward-looking term rate based on Secured Overnight Financing Rate (“SOFR”) with a tenor comparable to the one-month Term SOFR plus 10 basis points (collectively, the “Adjusted Term SOFR”) plus 200 basis points per annum prior to May 9, 2023. On and after May 9, 2023, the Modified Term Loan bears interest at Adjusted Term SOFR plus 250 basis points per annum. On a monthly basis, any excess cash flow (as defined in the modification agreement) from the Offices at Greenhouse and the Institute Property is required to be deposited into an account which will serve as additional security for the Modified Term Loan. Subject to certain terms and conditions contained in the loan documents, cash currently held by the Company may only be used for the Company’s operating costs including but not limited to the Company’s general and administrative costs, liquidation costs, capital costs and any other reasonable costs and expenses required to maintain the Company as a going concern (collectively “REIT Operating Costs”), but for no other purpose. The Modified Term Loan is full recourse under the guaranty provided by KBSGI REIT Properties, LLC (“KBS GI REIT Properties”), the Company’s wholly owned subsidiary. On November 6, 2023, the Company entered into a modification agreement with the lender under the Modified Term Loan and extended the maturity date to May 9, 2024. On November 30, 2023, in connection with the disposition of the Institute Property, the Company repaid \$16.2 million principal balance under the Modified Term Loan and the Institute Property was released as a security from the Modified Term Loan.

⁽⁵⁾ Monthly payments for the 210 W. Chicago Mortgage Loan include principal and interest with principal payments calculated using an amortization schedule of 25 years at an interest rate of 6.0%, with the remaining principal balance, all accrued and unpaid interest and any other amounts due at maturity. On June 7, 2023, the borrower under the 210 W. Chicago Mortgage Loan entered into an early opt-in election and related amendment to the loan agreement with the lender which modified the interest rate to Adjusted Term SOFR plus 220 basis points per annum (the “210 W. Chicago Interest Rate”). On December 10, 2023, the borrower under the 210 W. Chicago Mortgage Loan defaulted on the loan as a result of a failure to pay in full the entire November 2023 monthly interest payment. During the time the default exists, the interest rate under this loan is calculated at the 210 W. Chicago Interest Rate, plus 5%. Subsequent to December 31, 2023, the borrower under the 210 W. Chicago Mortgage Loan entered into a discounted payoff agreement with the lender. See Note 10, “Subsequent Event – Discounted Payoff Agreement for 210 W. Chicago Mortgage Loan.”

⁽⁶⁾ As described in Note 3, “Summary of Significant Accounting Policies – Principles of Consolidation and Basis of Presentation,” on April 1, 2023, the Company adopted the liquidation basis of accounting which requires the Company to record notes payable at their contractual amounts.

During the three months ended March 31, 2023 and the years ended December 31, 2022 and 2021, the Company incurred \$2.2 million, \$4.2 million and \$2.3 million of interest expense, respectively. As of December 31, 2023 and 2022, \$0.3 million and \$0.6 million of interest expense were payable, respectively. Included in interest expense during each of the three months ended March 31, 2023 and the years ended December 31, 2022 and 2021 were \$0.1 million, \$0.2 million and \$0.2 million of amortization of deferred financing costs, respectively. Interest expense (including gains and losses) incurred as a result of the Company’s derivative instruments decreased interest expense by \$0.2 million and \$3,000 during the years ended December 31, 2022 and 2021, respectively. As of November 1, 2022, the Company’s remaining interest rate swap had expired and the Company did not enter any additional derivative instruments upon its expiration.

KBS GROWTH & INCOME REIT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023

7. NOTES PAYABLE (CONTINUED)

Recent Financing Transactions

Modified Term Loan

On November 6, 2023, the Company, through the borrower under the Modified Term Loan, entered into a third modification agreement with JP Morgan Chase Bank, N.A. (the “Lender”) to extend the maturity date of the Modified Term Loan to May 9, 2024 (the “Third Modification Agreement”). On November 30, 2023, in connection with the disposition of the Institute Property, the Company repaid \$16.2 million principal balance under the Modified Term Loan and the Institute Property was released as a security from the Modified Term Loan. See Note 6, “Real Estate – Disposition of the Institute Property.” As of December 31, 2023, the Modified Term Loan had an outstanding balance of \$36.0 million. The Modified Term Loan is secured by the Offices at Greenhouse.

KBS GI REIT Properties is providing a guaranty for the Modified Term Loan (the “Guarantor”). In connection with the Third Modification Agreement, the Company under the Modified Term Loan is prohibited from making any cash distributions. Further, the Guarantor was required to deposit \$42,315 into an account controlled by the Lender for the purpose of holding the Guarantor cash (the “Guarantor Cash Collateral Account”) on or prior to November 30, 2023 (such date, referred to as the “Outside Deposit Date”). After the Outside Deposit Date, the Guarantor shall immediately deposit any and all revenues received by the Guarantor and/or cash currently held by the Guarantor into the Guarantor Cash Collateral Account.

8. RELATED PARTY TRANSACTIONS

Pursuant to the Advisory Agreement, the Company is obligated to pay the Advisor specified fees upon the provision of certain services related to the management of the Company’s investments and for other services (including, but not limited to, the disposition of investments). The Company is also obligated to reimburse the Advisor for certain operating expenses incurred on behalf of the Company or incurred in connection with providing services to the Company.

In addition, in connection with property acquisitions, the Company, through indirect wholly owned subsidiaries, has entered into separate Property Management Agreements (defined below) with KBS Management Group, LLC, an affiliate of the Advisor (the “Co-Manager”).

The Company has also entered into a fee reimbursement agreement with the Dealer Manager pursuant to which the Company agreed to reimburse the Dealer Manager for certain fees and expenses it incurs for administering the Company’s participation in the DTCC Alternative Investment Product Platform with respect to certain accounts of the Company’s investors serviced through the platform.

The Advisor also serves or served as the advisor for KBS Real Estate Investment Trust II, Inc. (“KBS REIT II”) (liquidated May 2023) and KBS Real Estate Investment Trust III, Inc. (“KBS REIT III”). The Dealer Manager also served as the dealer manager for KBS REIT II and KBS REIT III.

As of January 1, 2021, the Company, together with KBS REIT II, KBS REIT III, the Dealer Manager, the Advisor and other KBS affiliated entities, had entered into an errors and omissions and directors and officers liability insurance program where the lower tiers of such insurance coverage were shared. The cost of these lower tiers is allocated by the Advisor and its insurance broker among each of the various entities covered by the program and is billed directly to each entity. At renewal on June 30, 2022, due to its liquidation, KBS REIT II elected to cease participation in the program and obtained separate insurance coverage. In connection with the Company’s liquidation, the Company ceased participation in the program as of June 30, 2023 and obtained separate insurance coverage.

During the years ended December 31, 2023, 2022 and 2021, no other business transactions occurred between the Company and KBS REIT II and KBS REIT III.

KBS GROWTH & INCOME REIT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023

8. RELATED PARTY TRANSACTIONS (CONTINUED)

Pursuant to the terms of these agreements, summarized below are the related-party costs incurred by the Company for the years ended December 31, 2023, 2022 and 2021, respectively, and any related amounts receivable and payable as of December 31, 2023 and 2022 (in thousands):

	Incurred Years Ended December 31,			Receivable as of December 31,		Payable as of December 31,	
	2023	2022	2021	2023	2022	2023	2022
<i>Expensed</i>							
Asset management fees ⁽¹⁾	\$ —	\$ (1,740)	\$ 1,740	\$ —	\$ —	\$ —	\$ 5,901
Reimbursement of operating expenses ⁽²⁾	105	113	273	—	2	25	5
Property management fees ⁽³⁾	—	70	114	—	—	—	—
	<u>\$ 105</u>	<u>\$ (1,557)</u>	<u>\$ 2,127</u>	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ 25</u>	<u>\$ 5,906</u>

⁽¹⁾ The asset management fee is a monthly fee payable to the Advisor in an amount equal to one-twelfth of 1.0% of the cost of the Company's investments including the portion of the investment that is debt financed. For the period from October 2017 through September 2022, the Company had accrued and deferred payment of \$8.9 million of asset management fees. In January 2023, the Advisor waived payment of its asset management fees from October 1, 2022 through the Company's liquidation and waived \$3.0 million of accrued asset management fees and as a result, as of December 31, 2023, the Company had \$5.9 million of accrued asset management fees payable to the Advisor. For purposes of the consolidated statement of net assets as of December 31, 2023 and consolidated statement of changes in net assets for the period April 1, 2023 to December 31, 2023, the Company has estimated the asset management fee payable to the Advisor to be \$0, as the Advisor informed the Company it will not seek payment for the deferred asset management fees. In March 2024, the Advisor waived the deferred asset management fees and no asset management fees are owed to the Advisor.

⁽²⁾ See "Reimbursable Operating Expenses" below.

⁽³⁾ See "Real Estate Property Co-Management Agreements" below. The Co-Manager has waived payment of its property management fees effective October 1, 2022 through the Company's liquidation.

Reimbursable Operating Expenses

Reimbursable operating expenses primarily related to directors and officers liability insurance, legal fees, state and local taxes, accounting software and cybersecurity related expenses incurred by the Advisor under the Advisory Agreement. The Company has reimbursed the Advisor for the Company's allocable portion of the salaries, benefits and overhead of internal audit department personnel providing services to the Company. These amounts totaled \$0.1 million, \$0.1 million and \$0.3 million for the years ended December 31, 2023, 2022 and 2021, respectively, and were the only type of employee costs reimbursed under the Advisory Agreement for the periods. The Company does not reimburse for employee costs in connection with services for which the Advisor earned or earns acquisition, origination or disposition fees (other than reimbursement of travel and communication expenses) or for the salaries or benefits the Advisor or its affiliates may pay to the Company's executive officers. In addition to the amounts above, the Company reimburses the Advisor for certain of the Company's direct costs incurred from third parties that were initially paid by the Advisor on behalf of the Company.

The Advisor must reimburse the Company the amount by which the Company's aggregate total operating expenses for the four fiscal quarters then ended exceed the greater of 2% of the Company's average invested assets or 25% of the Company's net income, unless the conflicts committee has determined that such excess expenses were justified based on unusual and non-recurring factors. Operating expenses for the four fiscal quarters ended December 31, 2023 did not exceed the charter-imposed limitation.

KBS GROWTH & INCOME REIT, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2023

8. RELATED PARTY TRANSACTIONS (CONTINUED)**Real Estate Property Co-Management Agreements**

In connection with its property acquisitions, the Company, through separate, indirect, wholly-owned subsidiaries, entered into separate property management agreements (each, a “Property Management Agreement”) with the Co-Manager for each of its properties. Under each Property Management Agreement, the Co-Manager will provide certain management services related to these properties in addition to those provided by the third-party property managers. In exchange for these services, the Company pays the Co-Manager a monthly fee equal to a percentage of the rent, payable and actually collected for the month from each of the properties. Each Property Management Agreement has an initial term of one year and will be deemed renewed for successive one-year periods provided it is not terminated. Each party may terminate the Property Management Agreement without cause on 30 days’ written notice to the other party and may terminate each Property Management Agreement for cause on 5 days’ written notice to the other party upon the occurrence of certain events as detailed in each Property Management Agreement. The Co-Manager has waived payment of its property management fees effective October 1, 2022 through the Company’s liquidation.

Property Name	Effective Date	Annual Fee Percentage
Commonwealth Building	07/01/2016	1.25%
The Offices at Greenhouse	11/14/2016	0.25%
Institute Property	11/09/2017	1.00%

9. COMMITMENTS AND CONTINGENCIES**Economic Dependency**

The Company depends on the Advisor for certain services that are essential to the Company, including the implementation of the Plan of Liquidation, management of the daily operations of the Company’s investment portfolio, disposition of investments and other general and administrative responsibilities. In the event that the Advisor is unable to provide such services, the Company will be required to obtain such services from other sources.

Legal Matters

From time to time, the Company may become party to legal proceedings that arise in the ordinary course of its business. Management is not aware of any legal proceedings of which the outcome is probable or reasonably possible to have a material adverse effect on the Company’s results of operations or financial condition, which would require accrual or disclosure of the contingency and possible range of loss. Additionally, the Company has not recorded any loss contingencies related to legal proceedings in which the potential loss is deemed to be remote.

Environmental

As an owner of real estate, the Company is subject to various environmental laws of federal, state and local governments. Although there can be no assurance, the Company is not aware of any environmental liability that could have a material adverse effect on its financial condition or results of operations. However, changes in applicable environmental laws and regulations, the uses and conditions of properties in the vicinity of the Company’s property, the activities of its tenants and other environmental conditions of which the Company is unaware with respect to the property could result in future environmental liabilities.

KBS GROWTH & INCOME REIT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023

10. SUBSEQUENT EVENTS

The Company evaluates subsequent events up until the date the consolidated financial statements are issued.

Disposition of 210 W. Chicago

On March 4, 2024, the Company, through an indirect wholly owned subsidiary, entered into a purchase and sale agreement and escrow instructions (the “210 W. Chicago Agreement”) for the sale of 210 W. Chicago to an unaffiliated purchaser (the “210 W. Chicago Purchaser”).

On March 27, 2024, the Company completed the sale of 210 W. Chicago for \$2.7 million, before third-party closing costs and prorations and security deposit obligations transferred to the 210 W. Chicago Purchaser.

Discounted Payoff Agreement for 210 W. Chicago Mortgage Loan

In connection with the purchase and sale agreement for sale of 210 W. Chicago, the Company, through the borrower under the 210 W. Chicago Mortgage Loan, entered into a discounted payoff agreement with the lender of the loan (the “210 W. Chicago Lender”), effective as of March 1, 2024 (the “210 W. Chicago Discounted Payoff Agreement”). Pursuant to the 210 W. Chicago Discounted Payoff Agreement, the borrower has the option to pay off the 210 W. Chicago Mortgage Loan in full at a discount by paying to the 210 W. Chicago Lender on or before March 29, 2024 an amount equal to the greater of (a) 100% of the net sales proceeds generated by the sale of 210 W. Chicago or (b) \$2.3 million. If the Company is unable to make payment by March 29, 2024 due to the failure of the 210 W. Chicago sale to close, all amounts outstanding and due to the 210 W. Chicago Lender of \$3.7 million would remain outstanding and immediately due and payable in full due to the event of default having occurred and continuing under the loan agreements.

Upon the disposition of 210 W. Chicago on March 27, 2024, the Company paid the 210 W. Chicago Mortgage Lender \$2.3 million, the full amount due under the 210 W. Chicago Discounted Payoff Agreement.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newport Beach, State of California, on March 28, 2024.

KBS GROWTH & INCOME REIT, INC.

By: /s/ Charles J. Schreiber, Jr.

Charles J. Schreiber, Jr.

*Chairman of the Board,
Chief Executive Officer, President and Director*
(principal executive officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ CHARLES J. SCHREIBER, JR.</u> Charles J. Schreiber, Jr.	Chairman of the Board, Chief Executive Officer, President and Director (principal executive officer)	March 28, 2024
<u>/s/ JEFFREY K. WALDVOGEL</u> Jeffrey K. Waldvogel	Chief Financial Officer, Treasurer and Secretary (principal financial officer)	March 28, 2024
<u>/s/ STACIE K. YAMANE</u> Stacie K. Yamane	Chief Accounting Officer and Assistant Secretary (principal accounting officer)	March 28, 2024
<u>/s/ GEORGE R. BRAVANTE, JR.</u> George R. Bravante, Jr.	Director	March 28, 2024
<u>/s/ JON D. KLINE</u> Jon D. Kline	Director	March 28, 2024
<u>/s/ KEITH P. RUSSELL</u> Keith P. Russell	Director	March 28, 2024

