

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, 2025
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 000-54687

KBS REAL ESTATE INVESTMENT TRUST III, INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland

27-1627696

(State or Other Jurisdiction of
Incorporation or Organization)

(I.R.S. Employer
Identification No.)

**800 Newport Center Drive, Suite 700
Newport Beach, California**

92660

(Address of Principal Executive Offices)

(Zip Code)

(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

Trading Symbol(s)

None

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

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

☐

Accelerated Filer

☐

Non-Accelerated Filer

☒

Smaller reporting company

☐

Emerging growth company

☐

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 no established market for the Registrant's shares of common stock. On December 12, 2024, the board of directors of the Registrant approved an estimated value per share of the Registrant's common stock of \$3.89 based on the estimated value of the Registrant's assets less the estimated value of the Registrant's liabilities, or net asset value, divided by the number of shares outstanding, all as of September 30, 2024, with the exception of adjustments to the Registrant's net asset value to give effect to (i) the change in the estimated value of the Registrant's investment in units of Prime US REIT (SGX-ST Ticker: OXMU) as of November 14, 2024, (ii) the contractual sales price, net of closing credits and disposition costs, of one property that was sold on November 15, 2024 and (iii) estimated contractual loan financing fees and costs incurred for the period from October 1, 2024 through December 20, 2024. For a full description of the methodologies used to value the Registrant's assets and liabilities in connection with the calculation of the estimated value per share as of December 12, 2024, see Part II, Item 5, "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities - Market Information" of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2024. On December 18, 2025, the board of directors of the Registrant approved an estimated value per share of the Registrant's common stock of \$2.70 based on the estimated value of the Registrant's assets less the estimated value of the Registrant's liabilities, or net asset value, divided by the number of shares outstanding, all as of September 30, 2025, with the exception of an adjustment to the Registrant's net asset value to give effect to the change in the estimated value of the Registrant's investment in units of Prime US REIT (SGX-ST Ticker: OXMU) as of November 14, 2025. For a full description of the methodologies used to value the Registrant's assets and liabilities in connection with the calculation of the estimated value per share as of December 18, 2025, see Part II, Item 5, "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities - Market Information" in this Annual Report on Form 10-K.

There were approximately 148,495,389 shares of common stock held by non-affiliates as of June 30, 2025, the last business day of the Registrant's most recently completed second fiscal quarter.

As of March 24, 2026, there were 148,516,246 outstanding shares of 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 Real Estate Investment Trust III, 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, and prospects 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 and in Part I, Item 1A of this Annual Report on Form 10-K (the “Annual Report”).

SUMMARY RISK FACTORS

The following is a summary of the principal risks that could adversely affect our business, financial condition, results of operations and cash flows and our ability to continue as a going concern. This summary highlights certain of the risks that are discussed further in this Annual Report but does not address all the risks that we face. For additional discussion of the risks summarized below and a discussion of other risks that we face, see “Risk Factors” in Part I, Item 1A of this Annual Report. You should interpret many of the risks identified in this summary and under “Risk Factors” 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, continue to be one of the most significant risks and uncertainties we face. The combination of elevated interest rates and persistent inflation (or the perception that any of these events may continue), as well as a low level of lending activity in the debt markets, have contributed to continued weakness in the commercial real estate markets. The usage and leasing activity of our assets in several markets remains lower than pre-pandemic levels. Upcoming and recent tenant lease expirations and leasing challenges in certain markets amidst the aforementioned headwinds coupled with slower than expected return-to-office, most notably in the greater San Francisco Bay Area where we own several assets, have had direct and material impacts to property appraisal values used by our lenders and have impacted our ability to access certain credit facilities and our ongoing cash flow.
- In order to refinance, restructure or extend our maturing debt obligations, we have been required to reduce the loan commitments and/or make paydowns on certain loans, and we have agreed to satisfy certain conditions that are not in our sole control, including making principal paydowns during the terms of the loans, selling assets and taking identified actions relating to our portfolio. Selling real estate assets in the current market may result in a lower sale price than we would otherwise obtain. We will be adversely affected if we are unable to satisfy the terms and conditions contained in our loan agreements. There is no assurance that we will be able to satisfy the terms and conditions of our existing loan agreements or the terms and conditions of any future extension or refinancing agreements that are entered into. If we are unable to make required principal paydowns under certain loans, sell assets or satisfy certain covenants and conditions in our loan agreements, the lenders may seek to foreclose on the underlying collateral. Our loan agreements contain cross default provisions whereby the occurrence of (or a demand following) an “event of default” under one or more of our debt facilities may trigger a default under certain other debt facilities and the guaranty obligations in respect thereof, thereby giving lenders a right to accelerate the relevant debt obligations and exercise their enforcement rights with respect thereto. We have pledged the equity of certain of our subsidiaries (and all proceeds therefrom) in connection with the restructuring of certain debt facilities. If an event of default occurs under certain debt facilities and the lenders party thereto elect to exercise their enforcement rights thereunder, one of the remedies available to them is to take possession of the relevant pledged equity. If we are unable to satisfy the terms and conditions contained in our loan agreements, we anticipate we will make efforts to further refinance or restructure certain of our debt instruments or make additional asset sales to pay off the debt, though there can be no certainty that we will be able to complete such refinancing, restructuring or asset sales. We may relinquish ownership of one or more secured properties to the mortgage lender. We may also seek the protection of the bankruptcy court to implement a restructuring plan, which would constitute an event of default under our indebtedness. As a result of certain upcoming loan maturities and required principal paydowns, the challenging commercial real estate lending environment and the lack of transaction volume in the U.S. office market as well as general market instability, management’s plans may not be considered probable and thus do not alleviate substantial doubt about our ability to continue as a going concern for at least a year from the date of the issuance of our financial statements.
- As of March 27, 2026, six of our debt facilities (representing \$1.3 billion of our outstanding debt that are secured by 12 of our properties) are subject to cash sweep arrangements, whereby each month the excess cash flow from the properties securing the loan is deposited into a cash management account held for the benefit of our lenders. In certain cases, we may request disbursements from the cash management accounts to fund capital or operating shortfalls at the underlying assets. Cash management accounts place limits on our access to cash flows from these properties and restrict our operating flexibility.

- Continued disruptions in the financial markets and economic uncertainty impacting the U.S. commercial real estate industry could further impact our ability to implement our business strategy and continue as a going concern. Overall, there remains significant uncertainty regarding the timing and duration of the economic recovery, which precludes any prediction as to the ultimate adverse impact the current disruptions in the markets may have on our business. Potential long-term changes in customer behavior, such as continued work-from-home arrangements, could materially and negatively impact the future demand for office space, further adversely impacting our operations.
- We are unable to predict when or if we will be in a position to pay distributions to our stockholders. Due to certain restrictions and covenants included in our loan agreements as a result of refinancing certain of our debt facilities, we do not expect to pay any dividends or distributions until certain loans are repaid or refinanced. One of the loans with these restrictions has a current maturity of January 2027 but may be extended subject to the terms and conditions of the loan agreement. We have not declared any distributions since June 2023. If and when we pay distributions, we will likely fund distributions from the sale of assets.
- Stockholders may have to hold their shares an indefinite period of time. We can provide no assurance when we will be able to provide additional liquidity to stockholders. Due to certain restrictions and covenants included in our loan agreements as a result of refinancing certain of our debt facilities, we do not expect to redeem any shares of common stock until certain loans are repaid or refinanced. One of the loans with these restrictions has a current maturity of January 2027 but may be extended subject to the terms and conditions of the loan agreement. We terminated our share redemption program on March 15, 2024.
- Our charter does not require us to liquidate our assets and dissolve by a specified date, nor does our charter require our directors to list our shares for trading by a specified date. No public market currently exists for our shares of common stock. There are limits on the ownership and transferability of our shares. Our shares cannot be readily sold and, if our stockholders are able to sell their shares, they would likely have to sell them at a substantial discount.
- We are dependent on KBS Capital Advisors LLC (“KBS Capital Advisors”), our advisor, to conduct our operations.
- All of our executive officers, our affiliated directors and other key professionals are also officers, affiliated directors, managers, key professionals and/or holders of a direct or indirect controlling interest in our advisor and/or its affiliates. These individuals, our advisor and its affiliates face conflicts of interest, including conflicts created by our advisor’s and its affiliates’ compensation arrangements with us and other programs and investors and conflicts in allocating time among us and other programs and investors. These conflicts could result in action or inaction that is not in the best interests of our stakeholders.
- Our advisor and its affiliates currently receive fees in connection with transactions involving the management and disposition of our investments. Asset management fees are based on the cost of the investment, and not based on the quality of the investment or the quality of the services rendered to us. We may also pay significant fees during our listing/liquidation stage. Compensation to be paid to our advisor may be increased with the approval of our conflicts committee and subject to the limitations in our charter and the restrictions of our loan agreements. These payments increase the risk of loss to our stakeholders.
- We may incur debt until our total liabilities would exceed 75% of the cost of our tangible assets (before deducting depreciation and other non-cash reserves), and we may exceed this limit with the approval of the conflicts committee of our board of directors. High debt levels would impact our net revenues and could cause our financial condition to suffer.
- We depend on tenants for the revenue generated by our real estate investments. 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), rent deferrals or abatements, tenants becoming unable to pay their rent, lower rental rates and/or potential changes in customer behavior, such as continued work from home arrangements, making it more difficult for us to meet our debt service obligations and causing our operations to suffer.
- Our significant investment in the equity securities of Prime US REIT (the “SREIT”), a traded Singapore real estate investment trust, is subject to the risks associated with real estate investments as well as the risks inherent in investing in traded securities, including, in this instance, risks related to the quantity of units held by us relative to the trading volume of the units. Due to the disruptions in the financial markets, the trading price of the common units of the SREIT has experienced substantial volatility and has been significantly impacted by the market sentiment for stock with significant investment in U.S. office buildings.

PART I

ITEM 1. BUSINESS

Overview

KBS Real Estate Investment Trust III, Inc. (the “Company”) is a Maryland corporation that has elected to be taxed as a real estate investment trust (“REIT”) and it intends to continue to operate in such a manner. As used herein, the terms “we,” “our” and “us” refer to the Company and as required by context, KBS Limited Partnership III, a Delaware limited partnership, which we refer to as our “Operating Partnership,” and to their subsidiaries. We conduct our business primarily through our Operating Partnership, of which we are the sole general partner.

We have invested in a diverse portfolio of real estate investments. As of December 31, 2025, we owned 12 office properties and an investment in the equity securities of a Singapore real estate investment trust (the “SREIT”).

We commenced our initial public offering on October 26, 2010, the primary portion of which terminated in July 2015. KBS Capital Markets Group LLC served as dealer manager for the offering. We sold 169,006,162 shares of common stock in our now-terminated primary initial public offering for gross offering proceeds of \$1.7 billion. We sold 46,154,757 shares of common stock under our dividend reinvestment plan for gross offering proceeds of \$471.3 million. We have redeemed or repurchased 74,644,349 shares for \$789.2 million. On March 15, 2024, we terminated our dividend reinvestment plan and our share redemption program.

Additionally, on October 3, 2014, we issued 258,462 shares of common stock, for \$2.4 million, in private transactions exempt from the registration requirements pursuant to Section 4(a)(2) of the Securities Act of 1933.

Section 5.11 of our charter requires that we seek stockholder approval of our liquidation if our shares of common stock are not listed on a national securities exchange by September 30, 2020, unless a majority of the conflicts committee of our board of directors, composed solely of all of our independent directors, determines that liquidation is not then in the best interest of our stockholders. Pursuant to our charter requirement, the conflicts committee considered the ongoing challenges affecting the U.S. commercial real estate industry, especially as it pertains to commercial office properties, the challenging interest rate environment, the limited availability in the debt markets for commercial real estate transactions in the office sector, and the low amount of transaction volume in the U.S. office market for assets similar in size to those of ours, and on August 13, 2025, our conflicts committee unanimously determined to postpone approval of our liquidation. Section 5.11 of our charter requires that the conflicts committee revisit the issue of liquidation at least annually.

As our advisor, KBS Capital Advisors manages our day-to-day operations and our portfolio of real estate investments. KBS Capital Advisors provides asset-management, disposition, marketing, investor-relations and other administrative services on our behalf. Our advisor owns 20,857 shares of our common stock. We have no paid employees.

Going Concern Considerations

The accompanying consolidated financial statements and notes in this Annual Report have been prepared assuming we will continue as a going concern. 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 elevated interest rates and persistent inflation (or the perception that any of these events may continue), as well as a low level of lending activity in the debt markets, have contributed to continued weakness in the commercial real estate markets. The usage and leasing activity of our assets in several markets remains lower than pre-pandemic levels, and we cannot predict when economic activity and demand for office space will return to pre-pandemic levels in those markets. Both upcoming and recent tenant lease expirations and leasing challenges in certain markets amidst the aforementioned headwinds coupled with slower than expected return-to-office, most notably in the greater San Francisco Bay Area where we own several assets, have had direct and material impacts to property appraisal values used by our lenders and have impacted our ability to access certain credit facilities and our ongoing cash flow, which, in large part, provide liquidity for capital expenditures needed to manage our real estate assets.

Since February 2024, we have refinanced, restructured or extended \$1.4 billion of maturing debt obligations. As of March 27, 2026, we had debt obligations in the aggregate principal amount of \$1.3 billion, with a weighted-average remaining term of 0.5 years.

In order to refinance, restructure or extend our maturing debt obligations, we have been required to reduce the loan commitments and/or make paydowns on certain loans, and we have agreed to satisfy certain conditions that are not in our sole control, including making principal paydowns during the terms of the loans, selling assets and taking identified actions relating to our portfolio.

As of March 27, 2026, we have \$1.3 billion of loan maturities and required principal paydowns during the next 12 months. Our loan agreements require us to sell two properties in 2025 (which we completed), three properties in 2026 and up to four properties in 2027. Selling real estate assets in the current market may result in a lower sale price than we would otherwise obtain.

We will be adversely affected if we are unable to satisfy the terms and conditions contained in our loan agreements. There is no assurance that we will be able to satisfy the terms and conditions of our existing loan agreements or the terms and conditions of any future extension or refinancing agreements that are entered into. If we are unable to make required principal paydowns under certain loans, sell assets or satisfy certain covenants and conditions in our loan agreements, the lenders may seek to foreclose on the underlying collateral. Our loan agreements contain cross default provisions whereby the occurrence of (or a demand following) an “event of default” under one or more of our debt facilities may trigger a default under certain other debt facilities and the guaranty obligations in respect thereof. The cross default provisions vary across the loan agreements and some require that lenders affirmatively elect that an event of default is triggered and/or that payment demands are made in excess of a threshold amount before an event of default is triggered; however, depending upon which facilities default and the guaranty obligations thereunder, there is a risk that an event of default under one loan agreement could cause an event of default under other debt facilities thereby giving lenders a right to accelerate the relevant debt obligations and exercise their enforcement rights with respect thereto. In addition, we have pledged the equity of certain of our subsidiaries (and all proceeds therefrom) in connection with the restructuring of certain of our subsidiaries’ debt facilities and, therefore, if an event of default occurs under certain debt facilities and the lenders party thereto elect to exercise their enforcement rights thereunder, one of the remedies available to them is to take possession of the relevant pledged equity. We have directly and/or indirectly pledged the equity of subsidiaries owning the following properties: Gateway Tech Center, 201 17th Street, 515 Congress, Carillon and Accenture Tower. In order to facilitate certain alternative collateral arrangements and in full and final satisfaction of our obligations set forth in the letter agreement entered into July 10, 2025 with respect to the SREIT units, our indirect wholly owned subsidiary, KBS REIT Properties III, LLC (“REIT Properties III”) agreed with the Portfolio Loan Lenders to (i) establish a deposit account (the “Prime Proceeds Account”) for the benefit of the Portfolio Loan Lenders pursuant to which the proceeds of certain SREIT units (“Prime Proceeds”) shall be deposited and (ii) grant to the Portfolio Loan Lenders a first priority perfected security interest in the Prime Proceeds Account and the other collateral, all as described in and upon the terms and subject to the conditions set forth in a Cash Collateral Account Security, Pledge and Assignment Agreement (the “Cash Collateral Agreement”). Pursuant to the terms of the Cash Collateral Agreement, REIT Properties III agreed that all Prime Proceeds deposited into the Prime Proceeds Account shall be held as additional collateral for the benefit of the Portfolio Loan Lenders until such time as the Prime Proceeds are applied in accordance with the terms of the Amended and Restated Portfolio Loan Facility. For information regarding the Amended and Restated Portfolio Loan Facility, see Note 8, “Notes Payable – Recent Financing Transactions – Amended and Restated Portfolio Loan Facility” in this Annual Report.

In addition, as of March 27, 2026, six of our debt facilities (representing \$1.3 billion of our outstanding debt that are secured by 12 of our properties) are subject to cash sweep arrangements, whereby each month the excess cash flow from the properties securing the loan is deposited into a cash management account held for the benefit of our lenders. In certain cases, we may request disbursements from the cash management accounts to fund capital or operating shortfalls at the underlying assets. However, such cash management accounts place limits on our access to cash flows from these properties and restrict our operating flexibility.

Despite the substantial amount of refinancing activity since February 2024 (over \$1.4 billion of debt refinanced or extended), there can be no assurances as to the certainty or timing of management’s future plans in regards to the matters above, as certain elements of management’s plans are outside our control, including our ability to repay our outstanding debt obligations at maturity, make required principal paydowns during the terms of the loans, satisfy other terms and conditions contained in our loan agreements, refinance, restructure or extend certain debt obligations and sell assets in the current real estate and financial markets. If we are unable to satisfy the terms and conditions contained in our loan agreements, we anticipate we will make efforts to further refinance or restructure certain of our debt instruments or make additional asset sales to pay off the debt, though there can be no certainty that we will be able to complete such refinancing, restructuring or asset sales. We may relinquish ownership of one or more secured properties to the mortgage lender. We may also seek the protection of the bankruptcy court to implement a restructuring plan, which would constitute an event of default under our indebtedness.

As a result of certain upcoming loan maturities and required principal paydowns, the challenging commercial real estate lending environment and the lack of transaction volume in the U.S. office market as well as general market instability, management’s plans may not be considered probable and thus do not alleviate substantial doubt about our ability to continue as a going concern for at least a year from the date of the issuance of our financial statements.

Continued disruptions in the financial markets and economic uncertainty impacting the U.S. commercial real estate industry could further impact our ability to implement our business strategy and continue as a going concern. Overall, there remains significant uncertainty regarding the timing and duration of the economic recovery, which precludes any prediction as to the ultimate adverse impact the current disruptions in the markets may have on our business. Potential long-term changes in customer behavior, such as continued work-from-home arrangements, could materially and negatively impact the future demand for office space, further adversely impacting our operations.

Objectives and Strategies

Our primary objective is to maximize the long-term value of our company for all of our stakeholders. To that end, our current goals and objectives are to effectively manage our loan maturity and loan paydown schedule, efficiently manage our real estate portfolio through the economic downturn in order to maximize the long-term portfolio value, and monitor the office market and properties in the portfolio for beneficial sale opportunities in order to maximize value and further enhance liquidity.

Real Estate Portfolio

We have acquired and manage a diverse portfolio of core real estate properties. Our primary investment focus was core office properties located throughout the United States.

When making an acquisition, we emphasized the performance and risk characteristics of that investment, how that investment would fit with our portfolio-level performance objectives, the other assets in our portfolio and how the returns and risks of that investment compared to the returns and risks of available investment alternatives.

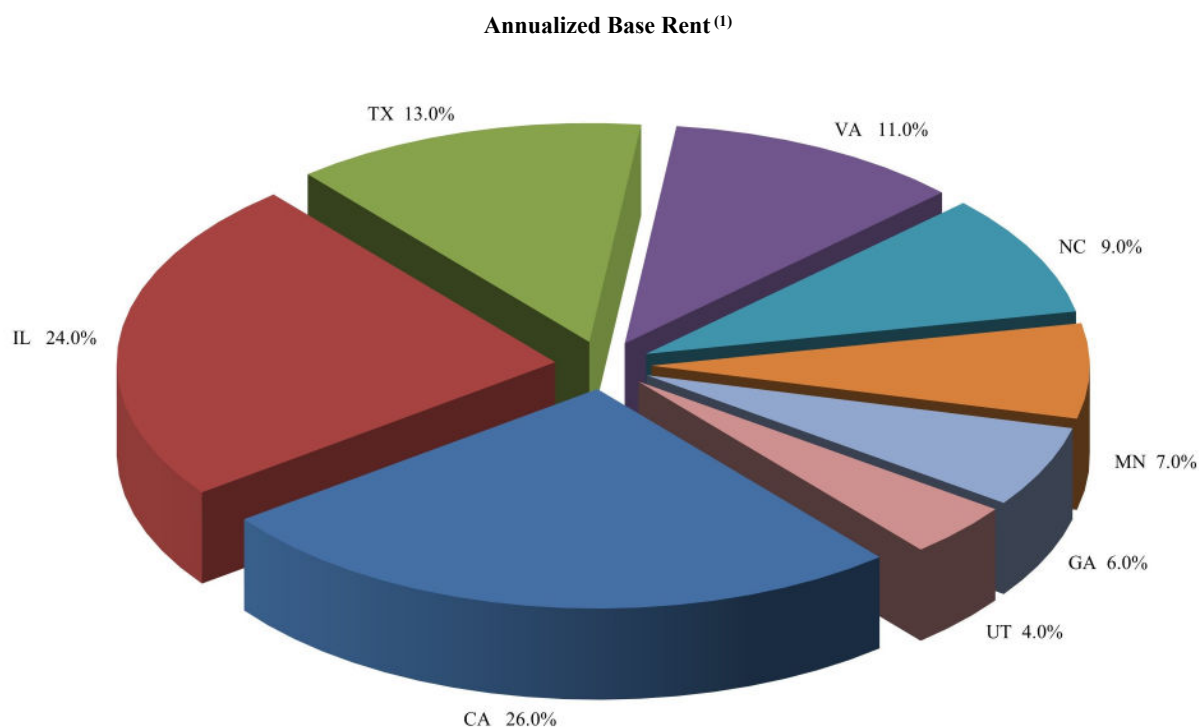
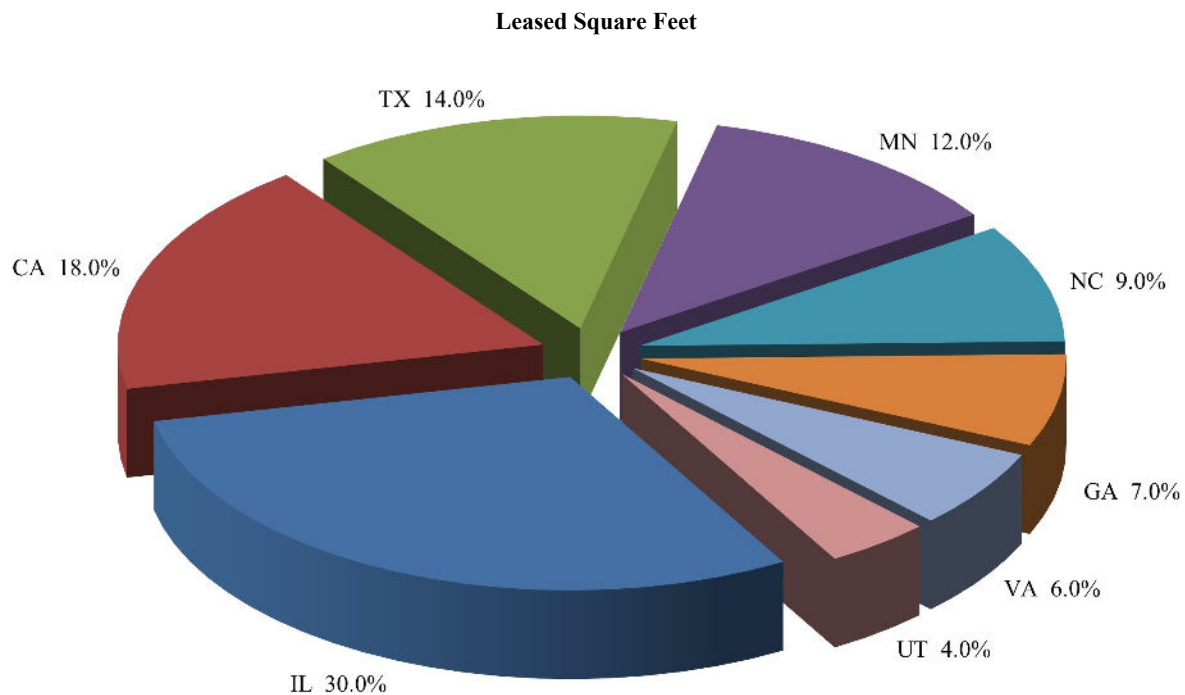
We hold fee title to our real estate properties.

Our advisor develops a well-defined exit strategy for each investment we make and periodically performs a hold-sell analysis on each asset. These periodic analyses focus on the remaining available value enhancement opportunities for the asset, the demand for the asset in the marketplace, market conditions and our overall portfolio objectives to determine if the sale of the asset, whether via an individual sale or as part of a portfolio sale or merger, would maximize value for our stakeholders. Economic and market conditions may influence us to hold our assets for different periods of time. We may sell an asset before the end of the expected holding period if we believe that market conditions and asset positioning have maximized its value to us, if it is required to meet maturing debt obligations or loan paydowns, or the sale of the asset would otherwise be in the best interests of our stakeholders.

We acquired our first real estate property on September 29, 2011. As of December 31, 2025, our portfolio of real estate properties was composed of 12 office properties. For more information on our real estate investments, including tenant information, see Part I, Item 2 “Properties.”

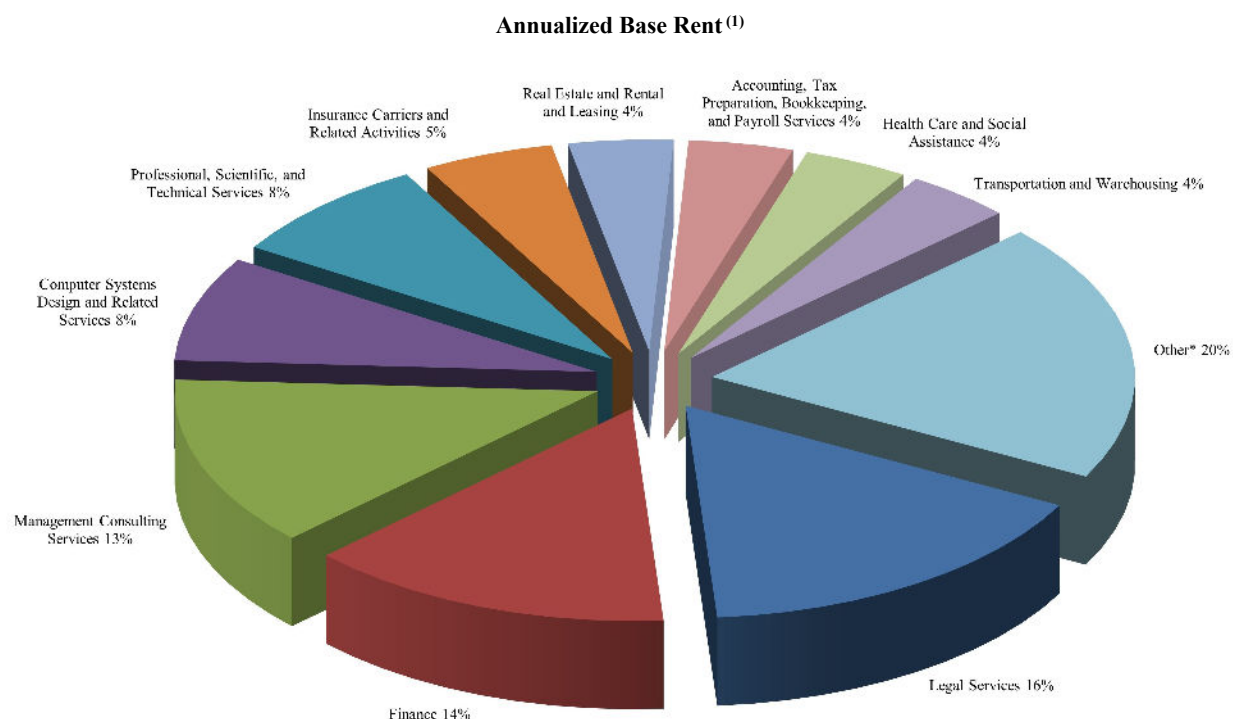
We also own an investment in the equity securities of the SREIT. On July 18, 2019, we sold 11 of our properties (the “Singapore Portfolio”) to various subsidiaries of the SREIT, a Singapore real estate investment trust that listed on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) (SGX-ST Ticker: OXMU) on July 19, 2019, and on July 19, 2019, we, through our indirect wholly owned subsidiary, REIT Properties III, acquired 307,953,999 units in the SREIT at a price of \$0.88 per unit representing a 33.3% ownership interest in the SREIT (together, the “Singapore Transaction”). On August 21, 2019, REIT Properties III sold 18,392,100 of its units in the SREIT for \$16.2 million pursuant to an over-allotment option granted to the underwriters of the SREIT’s offering, reducing REIT Properties III’s ownership in the SREIT to 31.3% of the outstanding units of the SREIT as of that date. On November 9, 2021, REIT Properties III sold 73,720,000 units in the SREIT for \$58.9 million, net of fees and costs, pursuant to a block trade, reducing REIT Properties III’s ownership in the SREIT to 18.5% of the outstanding units of the SREIT as of that date. On March 28, 2024, the SREIT issued an additional unit for every 10 existing units held by its unitholders as of March 4, 2024, increasing REIT Properties III’s investment in the units of the SREIT to 237,426,088 units. On October 6, 2025, the SREIT issued additional units related to a private placement transaction, which reduced our ownership in the SREIT to 16.5% of the outstanding units of the SREIT as of October 6, 2025. As of December 31, 2025, REIT Properties III held 237,426,088 units of the SREIT, which represented 16.5% of the outstanding units of the SREIT as of that date. As of December 31, 2025, the aggregate value of our investment in the units of the SREIT was \$46.8 million, which was based solely on the closing price of the units on the SGX-ST of \$0.197 per unit as of December 31, 2025 and did not take into account any potential discount for the holding period risk due to the quantity of units we hold.

The following charts illustrate the geographic diversification of our real estate properties based on total leased square feet and total annualized base rent as of December 31, 2025:



⁽¹⁾ Annualized base rent represents annualized contractual base rental income as of December 31, 2025, adjusted to straight-line any contractual tenant concessions (including free rent), rent increases and rent decreases from the lease's inception through the balance of the lease term.

We have a stable tenant base and we have tried to diversify our tenant base in order to limit exposure to any one tenant or industry. Our top ten tenants leasing space in our real estate portfolio represented approximately 30% of our total annualized base rent as of December 31, 2025. The chart below illustrates the diversity of tenant industries in our real estate portfolio based on total annualized base rent as of December 31, 2025:



⁽¹⁾ Annualized base rent represents annualized contractual base rental income as of December 31, 2025, adjusted to straight-line any contractual tenant concessions (including free rent), rent increases and rent decreases from the lease's inception through the balance of the lease term.

* "Other" includes any industry less than 4% of total.

Financing Objectives

We financed our real estate acquisitions with a combination of the proceeds received from our now-terminated initial public offering and debt. We may use proceeds from borrowings to maintain liquidity and to fund property improvements, repairs and tenant build-outs to properties; for other capital needs; to refinance existing indebtedness; and to provide working capital. We have also funded distributions to stockholders and redemptions of common stock with borrowings. Our investment strategy is to utilize primarily secured debt to finance our investment portfolio, though from time to time we also use unsecured debt.

As of December 31, 2025, we had debt obligations in the aggregate principal amount of \$1.3 billion, with a weighted-average remaining term of 0.7 years. As of December 31, 2025, we had \$868.1 million of notes payable maturing during the 12 months ending December 31, 2026 and approximately \$97.8 million of required paydowns. Considering the current commercial real estate lending environment and the ongoing required loan paydowns and loan maturity schedule, this raises substantial doubt as to our ability to continue as a going concern for at least a year from the date of issuance of these financial statements. See above, "— Going Concern Considerations" for additional information about our outstanding debt obligations. As of December 31, 2025, our debt obligations consisted of \$116.9 million of fixed rate notes payable and \$1.2 billion of variable rate notes payable. As of December 31, 2025, the interest rates on \$1.0 billion of our variable rate notes payable were effectively fixed through interest rate swap agreements. We utilize interest rate swaps to manage interest rate risk, and in particular fluctuations in the variable rate, namely SOFR, but these interest rate swaps will not mitigate any risk related to higher interest rate spreads. Additionally, we have entered into various interest rate swap agreements that are currently below market and as those swaps expire, our interest expense will increase and further impact our liquidity position and ongoing cash flows. As a result, we expect interest expense and our weighted-average effective interest rate to increase in the future. The interest rate and weighted-average effective interest rate of our fixed rate debt and variable rate debt as of December 31, 2025 were 7.5% and 6.2%, respectively. The weighted-average effective interest rate represents the actual interest rate in effect as of December 31, 2025 (consisting of the contractual interest rate and the effect of interest rate swaps, if applicable), using interest rate indices as of December 31, 2025, where applicable.

The following table shows the current maturities, including principal amortization payments, of our debt obligations as of December 31, 2025 (in thousands):

	December 31, 2025
2026	\$ 965,894
2027	327,500
2028	—
2029	—
2030	—
Thereafter	—
	<u>\$ 1,293,394</u>

We expect that our debt financing and other liabilities will be between 45% and 65% of the cost of our tangible assets (before deducting depreciation and other non-cash reserves). There is no limitation on the amount we may borrow with respect to any single asset. We limit our total liabilities to 75% of the cost of our tangible assets (before deducting depreciation and other non-cash reserves) meaning that our borrowings and other liabilities may exceed our maximum target leverage of 65% of the cost of our tangible assets without violating these borrowing restrictions. We may exceed the 75% limit only if a majority of the conflicts committee approves each borrowing in excess of this limitation and we disclose such borrowings to our stockholders in our next quarterly report with an explanation from the conflicts committee of the justification for the excess borrowing. To the extent financing in excess of this limit is available on attractive terms, the conflicts committee may approve debt in excess of this limit. From time to time, our total liabilities could also be below 45% of the cost of our tangible assets due to the lack of availability of debt financing. As of December 31, 2025, our borrowings and other liabilities were approximately 54% of the cost (before deducting depreciation and other noncash reserves) and 56% of the book value (before deducting depreciation) of our tangible assets, respectively. This leverage limitation is based on cost and not fair value and our leverage may exceed 75% of the fair value of our tangible assets.

Economic Dependency

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

Competitive Market Factors

The U.S. commercial real estate investment and leasing markets remain competitive. We face competition from various entities for disposition opportunities, 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. Further, 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. As a result, our financial condition, results of operations, cash flow and ability to satisfy our debt service obligations 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 some 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 and financial conditions.

There is enormous competition in our market sector and there can be no assurance that we will compete effectively or that we will not encounter increased competition in the future that could limit our ability to conduct our business effectively.

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 net income and adversely impact our results of operations. All of our real estate properties are subject to Phase I environmental assessments prior to the time they are acquired.

Industry Segments

We invested in core real estate properties and real estate-related investments with the goal of acquiring a portfolio of income-producing investments. Our real estate properties exhibit similar long-term financial performance and have similar economic characteristics to each other. Accordingly, we aggregated our investments in real estate properties into one reportable business segment.

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 www.kbsreitiii.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, www.kbsreitiii.com, or through the SEC's website, www.sec.gov. These filings are available promptly after we file them with, or furnish them to, the SEC.

ITEM 1A. RISK FACTORS

The following are some of the risks and uncertainties that could cause our actual results to differ materially from those presented in our forward-looking statements. The risks and uncertainties described below are not the only ones we face but do represent those risks and uncertainties that we believe are material to us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also harm our business.

Risks Associated with Debt Financing and Going Concern Considerations

The risks in this section should be read together with the risks discussed under “—Risks Related to an Investment in Our Common Stock—Elevated market volatility due to adverse economic and geopolitical conditions has had and may continue to have a material adverse effect on our results of operations and financial condition,” and “—Risks Related to an Investment in Our Common Stock—Elevated interest rates and persistent inflation have had and may continue to have an adverse effect on our financial condition and results of operations.”

We have substantial loan maturities and required principal paydowns on indebtedness over the next 12 months. Further, in order to refinance, restructure or extend maturing debt obligations, we have been required to reduce the loan commitments and/or make paydowns on certain loans, and we have agreed to satisfy certain conditions that are not in our sole control, including making principal paydowns during the terms of the loans, selling assets and taking identified actions relating to our portfolio. As a result of certain upcoming loan maturities and required principal paydowns, the challenging commercial real estate lending environment and the lack of transaction volume in the U.S. office market as well as general market instability, this raises substantial doubt as to our ability to continue as a going concern for at least a year from the date of the issuance of our financial statements.

Since February 2024, we have refinanced, restructured or extended \$1.4 billion of maturing debt obligations. As of March 27, 2026, we had debt obligations in the aggregate principal amount of \$1.3 billion, with a weighted-average remaining term of 0.5 years.

In order to refinance, restructure or extend our maturing debt obligations, we have been required to reduce the loan commitments and/or make paydowns on certain loans, and we have agreed to satisfy certain conditions that are not in our sole control, including making principal paydowns during the terms of the loans, selling assets and taking identified actions relating to our portfolio.

As of March 27, 2026, we have \$1.3 billion of loan maturities and required principal paydowns during the next 12 months. Our loan agreements require us to sell two properties in 2025 (which we completed), three properties in 2026 and up to four properties in 2027. Selling real estate assets in the current market may result in a lower sale price than we would otherwise obtain.

We will be adversely affected if we are unable to satisfy the terms and conditions contained in our loan agreements. There is no assurance that we will be able to satisfy the terms and conditions of our existing loan agreements or the terms and conditions of any future extension or refinancing agreements that are entered into. If we are unable to make required principal paydowns under certain loans, sell assets or satisfy certain covenants and conditions in our loan agreements, the lenders may seek to foreclose on the underlying collateral. Our loan agreements contain cross default provisions whereby the occurrence of (or a demand following) an “event of default” under one or more of our debt facilities may trigger a default under certain other debt facilities and the guaranty obligations in respect thereof. The cross default provisions vary across the loan agreements and some require that lenders affirmatively elect that an event of default is triggered and/or that payment demands are made in excess of a threshold amount before an event of default is triggered; however, depending upon which facilities default and the guaranty obligations thereunder, there is a risk that an event of default under one loan agreement could cause an event of default under other debt facilities thereby giving lenders a right to accelerate the relevant debt obligations and exercise their enforcement rights with respect thereto. In addition, we have pledged the equity of certain of our subsidiaries (and all proceeds therefrom) in connection with the restructuring of certain of our subsidiaries’ debt facilities and, therefore, if an event of default occurs under certain debt facilities and the lenders party thereto elect to exercise their enforcement rights thereunder, one of the remedies available to them is to take possession of the relevant pledged equity. We have directly and/or indirectly pledged the equity of subsidiaries owning the following properties: Gateway Tech Center, 201 17th Street, 515 Congress, Carillon and Accenture Tower. In order to facilitate certain alternative collateral arrangements and in full and final satisfaction of our obligations set forth in the letter agreement entered into July 10, 2025 with respect to the SREIT units, REIT Properties III agreed with the Portfolio Loan Lenders to (i) establish a deposit account (the “Prime Proceeds Account”) for the benefit of the Portfolio Loan Lenders pursuant to which the proceeds of certain SREIT units (“Prime Proceeds”) shall be deposited and (ii) grant to the Portfolio Loan Lenders a first priority perfected security interest in the Prime Proceeds Account and the other collateral, all as described in and upon the terms and subject to the conditions set forth in a Cash Collateral Account Security, Pledge and Assignment Agreement (the “Cash Collateral Agreement”). Pursuant to the terms of the Cash Collateral Agreement, REIT Properties III agreed that all Prime Proceeds deposited into the Prime Proceeds Account shall be held as additional collateral for the benefit of the Portfolio Loan Lenders until such time as the Prime Proceeds are applied in accordance with the terms of the Amended and Restated Portfolio Loan Facility. For information regarding the Amended and Restated Portfolio Loan Facility, see Note 8, “Notes Payable – Recent Financing Transactions – Amended and Restated Portfolio Loan Facility” in this Annual Report.

We have interest rate swaps outstanding with several bank counterparties. An event of default under our debt facilities that triggers an acceleration of our debt could result in an event of default under our swap agreements with bank counterparties. If such an event of default is continuing, the swap counterparty would have the right to designate an early termination date in respect of all outstanding interest rate swaps and determine a net amount payable by one of the parties using standard ISDA close-out methodology. Prior to any such early termination, subject to applicable insolvency law, the swap counterparty would have the right to suspend payments to us under all outstanding interest rate swaps for as long as such event of default is continuing.

In addition, as of March 27, 2026, six of our debt facilities (representing \$1.3 billion of our outstanding debt that are secured by 12 of our properties) are subject to cash sweep arrangements, whereby each month the excess cash flow from the properties securing the loan is deposited into a cash management account held for the benefit of our lenders. In certain cases, we may request disbursements from the cash management accounts to fund capital or operating shortfalls at the underlying assets. However, such cash management accounts place limits on our access to cash flows from these properties and restrict our operating flexibility.

Despite the substantial amount of refinancing activity since February 2024 (over \$1.4 billion of debt refinanced or extended), there can be no assurances as to the certainty or timing of management’s future plans in regards to the matters above, as certain elements of management’s plans are outside our control, including our ability to repay our outstanding debt obligations at maturity, make required principal paydowns during the terms of the loans, satisfy other terms and conditions contained in our loan agreements, refinance, restructure or extend certain debt obligations and sell assets in the current real estate and financial markets. If we are unable to satisfy the terms and conditions contained in our loan agreements, we anticipate we will make efforts to further refinance or restructure certain of our debt instruments or make additional asset sales to pay off the debt, though there can be no certainty that we will be able to complete such refinancing, restructuring or asset sales. We may relinquish ownership of one or more secured properties to the mortgage lender. We may also seek the protection of the bankruptcy court to implement a restructuring plan, which would constitute an event of default under our indebtedness.

As a result of certain upcoming loan maturities and required principal paydowns, the challenging commercial real estate lending environment and the lack of transaction volume in the U.S. office market as well as general market instability, management's plans may not be considered probable and thus do not alleviate substantial doubt about our ability to continue as a going concern for at least a year from the date of the issuance of our financial statements.

Continued disruptions in the financial markets and economic uncertainty impacting the U.S. commercial real estate industry could further impact our ability to implement our business strategy and continue as a going concern. Overall, there remains significant uncertainty regarding the timing and duration of the economic recovery, which precludes any prediction as to the ultimate adverse impact the current disruptions in the markets may have on our business. Potential long-term changes in customer behavior, such as continued work-from-home arrangements, could materially and negatively impact the future demand for office space, further adversely impacting our operations.

If we seek an in-court restructuring of our liabilities under chapter 11 of the U.S. Bankruptcy Code ("Chapter 11"), we may be unable to negotiate support of our lenders to implement a prepackaged or otherwise consensual proceeding under Chapter 11, which would likely significantly delay the time in which we operate under bankruptcy court protection. Operating under bankruptcy court protection for a long period of time may harm our business.

Our operations and our ability to develop and execute our business plans, as well as our continuation as a going concern, may be subject to the risks and uncertainties associated with a bankruptcy proceeding. If we commence Chapter 11 proceedings without the support of the lenders under outstanding indebtedness, such proceedings could continue for a long period of time, which would limit the flexibility of management to run our business and require us to incur significant costs for professional fees and other expenses associated with the administration of the Chapter 11 proceedings. Negative events associated with Chapter 11 proceedings could adversely affect our relationships with business partners, counterparties and other third parties, which in turn could adversely affect our operations and financial condition. Additionally, we would need the prior approval of the bankruptcy court for transactions outside the ordinary course of business, which could limit our ability to respond timely to certain events or take advantage of certain opportunities. Because of the risks and uncertainties associated with Chapter 11 proceedings, we cannot accurately predict or quantify the ultimate impact of events that may occur during any such proceedings that may be inconsistent with our plans or that may impact the ultimate recovery for stakeholders, including creditors and stockholders.

Lenders have required us to enter into restrictive covenants relating to our operations and may do so in the future, which could decrease our operating flexibility and cause our results of operations and financial condition to suffer.

Lenders have imposed, and may in the future impose, restrictions on us that affect our distribution and operating policies and our ability to incur additional senior debt. Due to certain restrictions and covenants included in our loan agreements as a result of refinancing certain of our debt facilities, we do not expect to pay any dividends or distributions or redeem any shares of common stock until certain loans are repaid or refinanced. One of the loans with these restrictions has a current maturity of January 2027 but may be extended subject to the terms and conditions of the loan agreement. Additionally, we have terminated our share redemption program and we are unable to predict when or if we will be in a position to pay distributions to or provide liquidity to our stockholders.

In addition, as of March 27, 2026, six of our debt facilities (representing \$1.3 billion of our outstanding debt that are secured by 12 of our properties) are subject to cash sweep arrangements, whereby each month the excess cash flow from the properties securing the loan is deposited into a cash management account held for the benefit of our lenders. Generally excess cash flow means an amount equal to (a) gross revenues from the properties securing the facility less (b) an amount equal to principal and interest paid with respect to the associated debt facility, operating expenses of the properties securing the facility and in certain cases a limited amount of REIT-level expenses. In certain cases, we may request disbursements from the cash management accounts to fund capital or operating shortfalls at the underlying assets. However, such cash management accounts place limits on our access to cash flows from these properties and restrict our operating flexibility.

Loan agreements we have entered into also contain financial and other affirmative and negative covenants, including provisions that limit our ability to further mortgage a property, that require that we comply with various coverage ratios, that prohibit us from discontinuing insurance coverage or that prohibit us from replacing our advisor.

These or other limitations decrease our operating flexibility and could cause our results of operations and financial condition to suffer.

We obtain lines of credit, mortgage indebtedness and other borrowings and have given guarantees, which increases our risk of loss due to potential foreclosure.

We obtain lines of credit and long-term financing secured by our properties and other assets and other borrowings. We have acquired our real estate properties by financing a portion of the price of the properties and mortgaging or pledging some or all of the properties purchased as security for that debt. We may also incur mortgage debt on properties that we already own in order to fund property improvements, repairs and tenant build-outs to properties, for other capital needs, to refinance existing indebtedness and to provide working capital. We have also funded distributions to stockholders and redemptions of common stock with borrowings. In addition, we may borrow as necessary or advisable to ensure that we maintain our qualification as a REIT for U.S. federal income tax purposes, including borrowings to satisfy the REIT requirement that we distribute at least 90% of our annual REIT taxable income to our stockholders (computed without regard to the dividends-paid deduction and excluding net capital gain). However, we can give our stockholders no assurance that we will be able to obtain such borrowings on satisfactory terms or at all.

If we mortgage a property and there is a shortfall between the cash flow generated by that property and the cash flow needed to service mortgage debt on that property, then we will need to fund such payments from other sources. In addition, incurring mortgage debt increases the risk of loss of a property since defaults on indebtedness secured by a property may result in lenders initiating foreclosure actions. In that case, we could lose the property securing the loan that is in default, reducing the value of our stockholders' investment in us. For tax purposes, a foreclosure of any of our properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure even though we would not necessarily receive any cash proceeds. We have given and may give partial guarantees to lenders of mortgage or other debt on behalf of the entities that own our properties. When we give a guaranty on behalf of an entity that owns one of our properties, we will be responsible to the lender for satisfaction of all or a part of the debt or other amounts related to the debt if it is not paid by such entity.

In addition, the loan documents for indebtedness may include various coverage ratios, the continued compliance with which may not be completely within our control. If such coverage ratios are not met, the lenders under such indebtedness may declare any unfunded commitments to be terminated and declare any amounts outstanding to be due and payable. Moreover, our loan agreements contain cross default provisions, as described above.

Many of these same issues also apply to credit facilities which are expected to be in place at various times as well. Credit facilities may be secured by our properties or unsecured. If we have insufficient income to service our recourse debt obligations, our lenders could institute proceedings against us to foreclose upon our assets. If a lender successfully forecloses upon any of our assets, our stockholders could lose all or part of their investment in us.

We may not be able to access financing sources on attractive terms, which could adversely affect our ability to execute our business plan.

We may finance our assets over the long-term through a variety of means, including credit facilities and other structured financings. Our ability to execute this strategy will depend on various conditions in the markets for financing in this manner that are beyond our control, including lack of liquidity and greater credit spreads. We cannot be certain that these markets will remain an efficient source of long-term financing for our assets. If our strategy is not viable, we will have to find alternative forms of long-term financing for our assets. This could subject us to more recourse indebtedness and the risk that debt service on less efficient forms of financing would require a larger portion of our cash flow, thereby reducing funds available for operations and causing our financial condition to suffer.

Elevated interest rates and higher interest rate spreads, and any future increases in interest rates and interest rate spreads, could increase the amount of our interest and/or hedge payments and/or mitigate the effectiveness of our interest rate hedges.

As of December 31, 2025, our debt obligations consisted of \$116.9 million of fixed rate notes payable and \$1.2 billion of variable rate notes payable. As of December 31, 2025, the interest rates on \$1.0 billion of our variable rate notes payable were effectively fixed through interest rate swap agreements. Given the challenges affecting the U.S. commercial real estate industry and the challenging interest rate environment, in order to refinance or extend loans, our lenders have required higher interest rate spreads compared to the terms in the loans that have been refinanced or extended. We utilize interest rate swaps to manage interest rate risk, and in particular fluctuations in the variable rate, namely SOFR, but these interest rate swaps will not mitigate any risk related to higher interest rate spreads. Additionally, we have entered into various interest rate swap agreements that are currently below market and as those swaps expire, our interest expense will increase and further impact our liquidity position and ongoing cash flows. As a result, we expect interest expense and our weighted-average effective interest rate to increase in the future.

Interest we pay reduces our net cash flow. Since we have incurred and expect to continue to incur variable rate debt, increases in interest rates raise our interest costs to the extent such debt is not effectively hedged, which reduces our cash flows and may cause our operations to suffer. In addition, if we need to repay existing debt during periods of elevated interest rates, we could be required to sell one or more of our properties at times or on terms which may not permit realization of the maximum return on such investments. Increases in interest rates and high interest rates may cause our operations and financial condition to suffer.

High mortgage rates or changes in underwriting standards may make it difficult for us to finance or refinance properties, which could cause our operations and financial condition to suffer.

When we place mortgage debt on a property, we run the risk of being unable to refinance part or all of the debt when it becomes due or of being unable to refinance on as favorable terms as existing debt, as has been the case with loans refinanced or extended over the last two years. If interest rates are higher when we refinance properties subject to mortgage debt or interest rate spreads are higher, our income could be reduced. We may be unable to finance or refinance or may only be able to partly finance or refinance properties if underwriting standards, including loan to value ratios and yield requirements, among other requirements, are stricter. If any of these events occurs, our cash flow could be reduced and/or we might have to pay down existing mortgages. This, in turn, would reduce our cash flows, could cause us to require additional capital and may hinder our ability to raise capital by issuing more stock or by borrowing more money.

We have broad authority to incur debt and high debt levels could cause our operations to suffer and decrease the value of our stockholders' investment in us.

We expect our debt financing and other liabilities to be between 45% and 65% of the cost of our tangible assets (before deducting depreciation or other non-cash reserves). There is no limitation on the amount we may borrow for the purchase of any single asset. Our charter limits our aggregate borrowings to 300% of our net assets, which approximates aggregate liabilities of 75% of the cost of our tangible assets (before deducting depreciation or other non-cash reserves), meaning that our borrowings and other liabilities may exceed our maximum target leverage of 65% of the cost of our tangible assets without violating the borrowing restrictions in our charter. We may exceed our charter limit only if a majority of the conflicts committee approves each borrowing in excess of our charter limitation and we disclose such borrowings to our stockholders in our next quarterly report with an explanation from the conflicts committee of the justification for the excess borrowing. As of December 31, 2025, our borrowings and other liabilities were approximately 54% of the cost (before deducting depreciation and other noncash reserves) and 56% of the book value (before deducting depreciation) of our tangible assets, respectively. High debt levels would cause us to incur higher interest charges and higher debt service payments and may also be accompanied by restrictive covenants. This leverage limitation is based on cost and not fair value and our leverage may exceed 75% of the fair value of our tangible assets. These factors could cause our operations to suffer and could result in a decline in the value of our stockholders' investment in us.

In certain cases, financings for our properties may be recourse to us or certain of our subsidiaries.

Generally, commercial real estate financings are structured as non-recourse to the borrower, which limits a lender's recourse to the property and other assets pledged as collateral for the loan, and not the other assets of the borrower or to any parent of the borrower, in the event of a loan default. However, certain of our facilities require, and future facilities may require, that we or one of our subsidiaries provide a guaranty on behalf of the borrower entity that owns one of our properties, and in such cases we or our subsidiary will be responsible to the lender for satisfaction of all or a part of the debt or other amounts related to the debt if it is not paid by the borrower entity. In addition, lenders customarily will require that a creditworthy parent entity enter into so-called "recourse carveout" guarantees to protect the lender against certain bad-faith or other intentional acts of the borrower in violation of the loan documents. A "bad boy" guarantee typically provides that the lender can recover losses from the guarantors for certain bad acts, such as fraud or intentional misrepresentation, intentional waste, willful misconduct, criminal acts, misappropriation of funds, voluntary incurrence of prohibited debt and environmental losses sustained by lender. In addition, "bad boy" guarantees typically provide that the loan will be a full personal recourse obligation of the guarantor, for certain actions, such as prohibited transfers of the collateral or changes of control and voluntary bankruptcy of the borrower. It is expected that the financing arrangements with respect to our investments generally will require "bad boy" guarantees from certain of our subsidiaries that are the parent to the borrower entity. In the event that such a guarantee is called, our assets could be adversely affected.

Hedging against interest rate exposure may adversely affect our earnings, limit our gains or result in losses, which could adversely affect our financial condition.

We have entered into and in the future may enter into interest rate swap agreements or pursue other interest rate hedging strategies. Our hedging activity will vary in scope based on the level of interest rates, the type of investments we hold, and other changing market conditions. Interest rate hedging may fail to protect or could adversely affect us because, among other things:

- interest rate hedging can be expensive, particularly during periods of elevated, rising and volatile interest rates;
- available interest rate hedging products may not correspond directly with the interest rate risk for which protection is sought;
- the duration of the hedge may not match the duration of the related liability or asset;
- the amount of income that a REIT may earn from hedging transactions to offset losses due to fluctuations in interest rates is limited by federal tax provisions governing REITs;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs our ability to sell or assign our side of the hedging transaction;
- the party owing money in the hedging transaction may default on its obligation to pay; and
- we may purchase a hedge that turns out not to be necessary, i.e., a hedge that is out of the money.

Any hedging activity we engage in may adversely affect our earnings. Therefore, while we may enter into such transactions to seek to reduce interest rate risks, unanticipated changes in interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the investments being hedged or liabilities being hedged may vary materially. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the interest rate risk sought to be hedged. Any such imperfect correlation may prevent us from achieving the intended accounting treatment and may expose us to risk of loss.

We assume the credit risk of our counterparties with respect to derivative transactions.

We enter into derivative contracts for risk management purposes to hedge our exposure to cash flow variability caused by changing interest rates on our variable rate notes payable. These derivative contracts generally are entered into with bank counterparties and are not traded on an organized exchange or guaranteed by a central clearing organization. We would therefore assume the credit risk that our counterparties will fail to make periodic payments when due under these contracts or become insolvent. If a counterparty fails to make a required payment, becomes the subject of a bankruptcy case, or otherwise defaults under the applicable contract, we would have the right to terminate all outstanding derivative transactions with that counterparty and settle them based on their net market value or replacement cost. In such an event, we may be required to make a termination payment to the counterparty, or we may have the right to collect a termination payment from such counterparty. We assume the credit risk that the counterparty will not be able to make any termination payment owing to us. We may not receive any collateral from a counterparty, or we may receive collateral that is insufficient to satisfy the counterparty's obligation to make a termination payment. If a counterparty is the subject of a bankruptcy case, we will be an unsecured creditor in such case unless the counterparty has pledged sufficient collateral to us to satisfy the counterparty's obligations to us.

We assume the risk that our derivative counterparty may terminate transactions early.

If we fail to make a required payment or otherwise default under the terms of a derivative contract, the counterparty would have the right to terminate all outstanding derivative transactions between us and that counterparty and settle them based on their net market value or replacement cost. In certain circumstances, the counterparty may have the right to terminate derivative transactions early even if we are not defaulting. If our derivative transactions are terminated early, it may not be possible for us to replace those transactions with another counterparty, on as favorable terms or at all.

We may be required to collateralize our derivative transactions.

We may be required to secure our obligations to our counterparties under our derivative contracts by pledging collateral to our counterparties. That collateral may be in the form of cash, securities or other assets. If we default under a derivative contract with a counterparty, or if a counterparty otherwise terminates one or more derivative contracts early, that counterparty may apply such collateral toward our obligation to make a termination payment to the counterparty. If we have pledged securities or other assets, the counterparty may liquidate those assets in order to satisfy our obligations. If we are required to post cash or securities as collateral, such cash or securities will not be available for use in our business. Cash or securities pledged to counterparties may be repledged by counterparties and may not be held in segregated accounts. Therefore, in the event of a counterparty insolvency, we may not be entitled to recover some or all collateral pledged to that counterparty, which could result in losses and have an adverse effect on our operations.

Our investments in derivatives are carried at estimated fair value as determined by us and, as a result, there may be uncertainty as to the value of these instruments.

Our investments in derivatives are recorded at fair value but have limited liquidity and are not publicly traded. The fair value of our derivatives may not be readily determinable. We will estimate the fair value of any such investments on a quarterly basis. Because such valuations are inherently uncertain, may fluctuate over short periods of time and may be based on numerous estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these investments existed. The value of our common stock could be adversely affected if our determinations regarding the fair value of these investments are materially higher than the values that we ultimately realize upon their disposal or maturity.

Risks Related to an Investment in Our Common Stock

The risks in this section should be read together with the risks discussed above under “—Risks Associated with Debt Financing and Going Concern Considerations.”

There is no public trading market for the shares of our common stock and we do not anticipate that there will be a public trading market for our shares; therefore, it will be difficult for our stockholders to sell their shares and, if they are able to sell their shares, they will likely sell them at a substantial discount to the public offering price and the estimated value per share. Stockholders may have to hold their shares an indefinite period of time.

Our charter does not require our directors to seek stockholder approval to liquidate our assets and dissolve by a specified date, nor does our charter require our directors to list our shares for trading on a national securities exchange by a specified date. There is no public market for our shares and we have no plans at this time to list our shares on a national securities exchange. Until our shares are listed, if ever, our stockholders may not sell their shares unless the buyer meets the applicable suitability and minimum purchase standards. Any sale must comply with applicable state and federal securities laws. Our charter prohibits the ownership of more than 9.8% of our stock by any person, unless exempted by our board of directors, which may inhibit large investors from desiring to purchase our stockholders' shares.

Stockholders may have to hold their shares an indefinite period of time. We can provide no assurance that we will be able to provide additional liquidity to stockholders. Due to certain restrictions and covenants included in our loan agreements as a result of refinancing certain of our debt facilities, we do not expect to redeem any shares of common stock until certain loans are repaid or refinanced. One of the loans with these restrictions has a current maturity of January 2027 but may be extended subject to the terms and conditions of the loan agreement. Since 2019, due to the limitations under our share redemption program, our pursuit of strategic alternatives and/or disruptions in the financial markets, we either exhausted the funds available for Ordinary Redemptions (defined below) under our share redemption program or implemented suspensions of Ordinary Redemptions for all or a portion of the calendar year. Ordinary Redemptions are all redemptions other than those that qualify for the special provisions for redemptions sought in connection with a stockholder's death, "Qualifying Disability" or "Determination of Incompetence" (each as defined in the share redemption program and, together, "Special Redemptions"). We terminated our share redemption program on March 15, 2024.

Therefore, it will be difficult for our stockholders to sell their shares promptly or at all. If our stockholders are able to sell their shares, they will likely have to sell them at a substantial discount to their public offering price or the estimated value per share. It is also likely that our stockholders' shares will not be accepted as the primary collateral for a loan. Investors should be prepared to hold our shares for an indefinite period of time because of the illiquid nature of our shares.

We face significant competition for tenants and in the disposition of real estate, which may limit our ability to achieve our business objectives and may cause our financial condition and results of operations to suffer.

The U.S. commercial real estate investment and leasing markets remain competitive. We face competition from various entities for disposition opportunities, for prospective tenants and to retain our current tenants, including other REITs, pension funds, banks and 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.

We depend upon the performance of our property managers in the selection of tenants and negotiation of leasing arrangements. The U.S. commercial real estate industry has created increased pressure on real estate investors and their property managers to find new tenants and keep existing tenants. In order to do so, we have offered and may have to offer inducements, such as free rent and tenant improvements, to compete for attractive tenants. Further, as a result of their greater resources, the entities referenced above may have more flexibility than we do in their ability to offer rental concessions to attract and retain tenants, which could put additional pressure on our ability to maintain or raise rents and could adversely affect our ability to attract or retain tenants. Our investors must rely entirely on the management abilities of our advisor, the property managers our advisor selects and the oversight of our board of directors. In the event we are unable to find new tenants and keep existing tenants, or if we are forced to offer significant inducements to such tenants, we may not be able to meet our business objectives and our financial condition, results of operations, cash flow and ability to satisfy our debt service obligations 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 some 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 and financial condition.

There is enormous competition in our market sector and there can be no assurance that we will compete effectively or that we will not encounter increased competition in the future that could limit our ability to conduct our business effectively.

Elevated market volatility due to adverse economic and geopolitical conditions has had and may continue to have a material adverse effect on our results of operations and financial condition.

Our business has been and may continue to be adversely affected by market and economic volatility experienced by the U.S. and global economies, the U.S. office market as a whole and/or the local economies in the markets in which our properties are located. Such adverse economic and geopolitical conditions may be due to, among other issues, persistent inflation and elevated interest rates; volatility in the public equity and debt markets; uncertainties regarding actual and potential shifts in U.S. and foreign policies on trade and other fiscal, monetary and regulatory policies, including with respect to treaties, tariffs and sanctions; trade disputes between the U.S. and foreign trading partners; ongoing conflicts between Russia and Ukraine and in the Middle East (including between Israel and Hamas, which as of the filing of this Annual Report has expanded to include the U.S., Lebanon (and/or Hezbollah), Iran and other Middle Eastern countries) and the international community's response thereto; other geopolitical events affecting the markets generally, including pandemics (such as the COVID-19 pandemic); the actual or perceived instability in the U.S. banking system; and labor market challenges. These current conditions, or similar conditions existing in the future, have and may continue to adversely affect our results of operations and financial condition, as a result of one or more of the following, among other potential consequences:

- revenues from our properties could further decrease due to fewer tenants and/or lower rental rates, making it more difficult for us to meet our debt service obligations on debt financing;
- the financial condition of our tenants may be adversely affected, which may result in tenant defaults under leases due to bankruptcy, lack of liquidity, lack of funding, operational failures or for other reasons;
- potential changes in customer behavior, such as continued work-from-home arrangements, could materially and negatively impact the future demand for office space, resulting in slower overall leasing and an adverse impact to our operations and the valuation of our investments;
- significant job losses may occur, which may decrease demand for our office space, causing market rental rates and property values to be negatively impacted;
- our ability to borrow on terms and conditions that we find acceptable, or at all, may be limited, which could reduce our ability to refinance existing debt and increase our future interest expense;
- reduced values of our properties and reduced revenues from our properties may (i) limit our ability to dispose of assets at attractive prices, (ii) limit our ability to obtain debt financing secured by our properties, and (iii) limit our ability to make additional draws under our existing credit facilities;
- the value and liquidity of our short-term investments and cash deposits could be reduced as a result of a deterioration of the financial condition of the institutions that hold our cash deposits or the institutions or assets in which we have made short-term investments, a dislocation of the markets for our short-term investments, increased volatility in market rates for such investments or other factors; and
- to the extent we enter into derivative financial instruments, one or more counterparties to our derivative financial instruments could default on their obligations to us, or could fail, increasing the risk that we may not realize the benefits of these instruments.

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 elevated interest rates and persistent inflation (or the perception that any of these events may continue), as well as a low level of lending activity in the debt markets, have contributed to continued weakness in the commercial real estate markets. The usage and leasing activity of our assets in several markets remains lower than pre-pandemic levels. Upcoming and recent tenant lease expirations and leasing challenges in certain markets amidst the aforementioned headwinds coupled with slower than expected return-to-office, most notably in the greater San Francisco Bay Area where we own several assets, have had direct and material impacts to property appraisal values used by our lenders and have impacted our ability to access certain credit facilities and our ongoing cash flow.

As of March 27, 2026, we have \$1.3 billion of loan maturities and required principal paydowns during the next 12 months. Considering the current commercial real estate lending environment and the ongoing required loan paydowns and loan maturity schedule, this raises substantial doubt as to our ability to continue as a going concern for at least a year from the date of the issuance of our financial statements. See the discussion under “—Risks Associated with Debt Financing and Going Concern Considerations.” Due to certain restrictions and covenants included in our loan agreements as a result of refinancing certain of our debt facilities, we do not expect to pay any dividends or distributions or redeem any shares of common stock until certain loans are repaid or refinanced. One of the loans with these restrictions has a current maturity of January 2027 but may be extended subject to the terms and conditions of the loan agreement. Additionally, we have terminated our share redemption program and we are unable to predict when or if we will be in a position to pay distributions to or provide liquidity to our stockholders.

Further, we have made a significant investment in the common units of the SREIT. Due to the disruptions in the financial markets discussed above, since early March 2020, the trading price of the common units of the SREIT has experienced substantial volatility. The trading price of the common units of the SREIT has been significantly impacted by the market sentiment for stock with significant investment in U.S. commercial office buildings. As of March 27, 2026, the aggregate value of our investment in the units of the SREIT was \$40.1 million, which was based solely on the closing price of the units on the SGX-ST of \$0.169 per unit as of March 27, 2026, and did not take into account any potential discount for the holding period risk due to the quantity of units we hold. This is a decrease of \$0.711 per unit from our initial acquisition of the SREIT units at \$0.880 per unit on July 19, 2019.

Continued disruptions in the financial markets and economic uncertainty impacting the U.S. commercial real estate industry could further impact our ability to implement our business strategy and continue as a going concern. Overall, there remains significant uncertainty regarding the timing and duration of the economic recovery, which precludes any prediction as to the ultimate adverse impact the current disruptions in the markets may have on our business. Potential long-term changes in customer behavior, such as continued work-from-home arrangements, could materially and negatively impact the future demand for office space, further adversely impacting our operations

Elevated interest rates and persistent inflation have had and may continue to have an adverse effect on our financial condition and results of operations.

The combination of elevated interest rates and persistent inflation (or the perception that any of these events may continue) have contributed to continued weakness in the commercial real estate markets especially as it pertains to commercial office properties. Elevated interest rates and persistent inflation have had and could continue to have an adverse impact on our variable rate debt; our ability to refinance and extend debt at favorable terms relative to the debt that was or is to be refinanced; our ability to sell assets at the price, on the terms or within the time frame that we desire; and on our general and administrative expenses. In addition, due to elevated interest rates and higher interest rate spreads that lenders have required in loans we have refinanced or extended in the last two years, we may experience further restrictions in our liquidity due to higher debt service costs and reduced yields relative to the cost of debt. Further, increases in the costs of owning and operating our properties due to inflation could reduce our net operating income and the value of an investment in us to the extent such increases are not reimbursed or paid by our tenants. If we are materially impacted by persistent inflation because, for example, inflationary increases in costs are not sufficiently offset by the contractual rent increases and operating expense reimbursement provisions or escalations in the leases with our tenants, we may implement additional measures to conserve cash or preserve liquidity.

In addition, tenants and potential tenants of our properties may be adversely impacted by persistent inflation and elevated interest rates, which could negatively impact our tenants' ability to pay rent and the demand for our properties. Such adverse impacts on our tenants may cause increased vacancies, which may add pressure to lower rents, increase our expenditures for re-leasing and adversely affect property sales.

Uncertainty about U.S. federal initiatives could negatively impact our business, financial condition and results of operations.

There is significant uncertainty with respect to legislation, regulation and government policy at the federal level, as well as the state and local levels. Recent events have created a climate of heightened uncertainty and introduced new and difficult-to-quantify macroeconomic and political risks with potentially far-reaching implications. The current U.S. presidential administration's changes to U.S. policy may impact, among other things, the U.S. and global economy, international trade and relations, unemployment, immigration, taxes, healthcare, the U.S. regulatory environment, inflation and other areas. Although we cannot predict the impact, if any, of these changes to our business, they could adversely affect our business, financial condition, operating results and cash flows. Until we know what policy changes are made and how those changes impact our business and the business of our competitors over the long term, we will not know the impact of them.

Adverse developments affecting the financial services industry may adversely affect our business, financial condition and results of operations.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. If a depository institution in which we deposit funds is adversely impacted from conditions in the financial or credit markets or otherwise, it could impact access to our cash or cash equivalents and could adversely impact our financial condition. Our cash and cash equivalents balance exceeds federally insurable limits as of December 31, 2025. In addition, if any parties with whom we conduct business are unable to access funds pursuant to such instruments or lending arrangements with such a financial institution, such parties' ability to pay their obligations to us or to enter into new commercial arrangements requiring additional payments to us could be adversely affected. Although we assess our banking relationships as we believe necessary or appropriate, our access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired by factors that affect us, the financial services industry or economy in general. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry.

Because of the concentration of a significant portion of our assets in three geographic areas and in core office properties, any adverse economic, real estate or business conditions in these geographic areas or in the U.S. office market could affect our operating results.

As of March 1, 2026, a significant portion of our real estate properties was located in Illinois, California and Texas. As such, the geographic concentration of our portfolio makes us particularly susceptible to adverse economic developments in the Illinois, California and Texas real estate markets. In addition, the majority of our real estate properties consists of core office properties. Any adverse economic or real estate developments in these geographic markets, such as business layoffs or downsizing, industry slowdowns, relocations of businesses, changing demographics and other factors, or any decrease in demand for office space could adversely affect our operating results.

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 elevated interest rates and persistent inflation (or the perception that any of these events may continue), as well as a low level of lending activity in the debt markets, have contributed to continued weakness in the commercial real estate markets. The usage and leasing activity of our assets in several markets remains lower than pre-pandemic levels. Upcoming and recent tenant lease expirations and leasing challenges in certain markets amidst the aforementioned headwinds coupled with slower than expected return-to-office, most notably in the greater San Francisco Bay Area where we own several assets, have had direct and material impacts to property appraisal values used by our lenders and have impacted our ability to access certain credit facilities and our ongoing cash flow.

A significant percentage of our assets is invested in Accenture Tower and the value of our stockholders' investment in us will fluctuate with the performance of this investment.

As of December 31, 2025, Accenture Tower represented approximately 24% of our total assets and represented approximately 24% of our total annualized base rent. Further, as a result of this investment, the geographic concentration of our portfolio makes us particularly susceptible to adverse economic developments in the Chicago real estate market. Any adverse economic or real estate developments in this market, such as business layoffs or downsizing, industry slowdowns, relocations of businesses, changing demographics and other factors, or any decrease in demand for office space resulting from the local business climate, could adversely affect our operating results.

Because we depend upon our advisor and its affiliates to manage and dispose of our real estate investments and to conduct our operations, any adverse changes in the financial health of our advisor or its affiliates or our relationship with them could cause our operations to suffer.

We depend on our advisor to manage and dispose of our real estate investments and to conduct our operations. Our advisor depends upon the fees and other compensation that it receives from us and any future KBS-sponsored programs that it advises to conduct its operations. Any adverse changes to our relationship with, or the financial condition of, our advisor and its affiliates could hinder their ability to successfully manage our operations and our portfolio of investments.

We are unable to predict when or if we will be in a position to pay distributions to our stockholders.

Due to certain restrictions and covenants included in our loan agreements as a result of refinancing certain of our debt facilities, we do not expect to pay any dividends or distributions until certain loans are repaid or refinanced. One of the loans with these restrictions has a current maturity of January 2027 but may be extended subject to the terms and conditions of the loan agreement. We have not declared any distributions since June 2023. We are unable to predict when or if we will be in a position to pay distributions to our stockholders.

If and when we pay distributions, we will likely fund distributions from the sale of assets.

The loss of or the inability to retain or obtain key real estate and debt finance professionals at our advisor could delay or hinder implementation of our management and disposition strategies, which could cause our financial condition and results of operations to suffer.

Our success depends to a significant degree upon the contributions of Messrs. DeLuca, Schreiber and Waldvogel and the team of real estate and debt finance professionals at our advisor. Neither we nor our advisor or its affiliates have employment agreements with these individuals and they may not remain associated with us, our advisor or its affiliates. If any of these persons were to cease their association with us, our advisor or its affiliates, we may be unable to find suitable replacements and our operating results could suffer as a result. We do not maintain key person life insurance on any person. We believe that our future success depends, in large part, upon our advisor's and its affiliates' ability to attract and retain highly skilled managerial, operational and marketing professionals. Competition for such professionals is intense, and our advisor and its affiliates may be unsuccessful in attracting and retaining such skilled professionals. Further, we have established strategic relationships with firms that have special expertise in certain services or detailed knowledge regarding real properties in certain geographic regions. Maintaining such relationships will be important for us to effectively compete in such regions. We may be unsuccessful in maintaining such relationships. If we lose or are unable to obtain the services of highly skilled professionals or do not establish or maintain appropriate strategic relationships, our ability to implement our management and disposition strategies could be delayed or hindered, which could cause our financial condition and results of operations to suffer.

Our rights and the rights of our stockholders to recover claims against our independent directors are limited, which could reduce our stockholders' and our recovery against our independent directors if they negligently cause us to incur losses.

Maryland law provides that a director has no liability in that capacity if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. Our charter provides that none of our independent directors shall be liable to us or our stockholders for monetary damages and that we will generally indemnify them for losses unless they are grossly negligent or engage in willful misconduct. As a result, our stockholders and we may have more limited rights against our independent directors than might otherwise exist under common law, which could reduce our stockholders' and our recovery from these persons if they act in a negligent manner. In addition, we may be obligated to fund the defense costs incurred by our independent directors (as well as by our other directors, officers, employees (if we ever have employees) and agents) in some cases, which would decrease the cash otherwise available to us.

We face risks associated with security breaches through cyber-attacks, cyber intrusions or otherwise, as well as other significant disruptions of our information technology (IT) networks and related systems.

We face risks associated with security breaches, whether through cyber-attacks or cyber intrusions over the Internet, malware, computer viruses, attachments to e-mails, persons inside our organization or persons with access to systems inside our organization, and other significant disruptions of our IT networks and related systems. The risk of a security breach or disruption, particularly through cyber-attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. The rapid evolution and increased adoption of artificial intelligence technologies by us, our advisor or third parties, may also heighten our cybersecurity risks by making cyberattacks more difficult to detect, contain and mitigate. Our IT networks and related systems are essential to the operation of our business and our ability to perform day-to-day operations. Although we make efforts to maintain the security and integrity of these types of IT networks and related systems, and we have implemented various measures to manage the risk of a security breach or disruption, there can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. Even the most well protected information, networks, systems and facilities remain potentially vulnerable because the techniques used in such attempted security breaches evolve and generally are not recognized until launched against a target, and in some cases are designed not to be detected and, in fact, may not be detected. Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is impossible for us to entirely mitigate this risk.

A security breach or other significant disruption involving our IT networks and related systems could:

- disrupt the proper functioning of our networks and systems and therefore our operations;
- result in misstated financial reports, violations of loan covenants and/or missed reporting deadlines;
- result in our inability to properly monitor our compliance with the rules and regulations regarding our qualification as a REIT;
- result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of, proprietary, confidential, sensitive or otherwise valuable information of ours or others, which others could use to compete against us or which could expose us to damage claims by third-parties for disruptive, destructive or otherwise harmful purposes and outcomes;
- require significant management attention and resources to remedy any damages that result;
- subject us to claims for breach of contract, damages, credits, penalties or termination of leases or other agreements; or
- damage our reputation among our stockholders.

Any or all of the foregoing could have a material adverse effect on our results of operations, financial condition and cash flows.

We are subject to risks associated with artificial intelligence and machine learning technology.

Technological developments in artificial intelligence, including machine learning, generative artificial intelligence and similar technologies that collect, aggregate, analyze or generate data or other materials (collectively “AI”), and their current and potential future applications including in the real estate, capital and financial markets, as well as the legal and regulatory frameworks within which they operate, are rapidly evolving. While our advisor is currently considering how to most efficiently implement the use of AI, the use of AI has not currently been implemented into our business. As AI technology and its applications continue to develop rapidly, it is impossible to predict the future risks that may arise from such developments to our industry or business.

Risks Related to Conflicts of Interest

Our advisor and its affiliates, including all of our executive officers, our affiliated directors and other key real estate and debt finance professionals, face conflicts of interest caused by their compensation arrangements with us and with other KBS-sponsored programs, which could result in actions that are not in the long-term best interests of our stakeholders.

All of our executive officers, our affiliated 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, our dealer manager and/or other KBS-affiliated entities. Our advisor and its affiliates receive substantial fees from us. These fees could influence our advisor’s advice to us as well as the judgment of its affiliates. Among other matters, these compensation arrangements could affect their judgment with respect to:

- the continuation, renewal or enforcement of our agreements with our advisor and its affiliates, including the advisory agreement;
- equity offerings and borrowings by us, which may entitle our advisor to additional advisory fees;
- sales of real estate investments, which under our advisory fee structure entitle our advisor to disposition fees and possible subordinated incentive fees;
- whether we engage affiliates of our advisor for other services, which affiliates may receive fees in connection with the services regardless of the quality of the services provided to us;
- whether we pursue a liquidity event such as a listing of our shares of common stock on a national securities exchange, a sale of the company or a liquidation of our assets, which (i) may make it more likely for us to become self-managed or internalize our management, and/or (ii) would affect the advisory fees received by our advisor; and
- whether and when we seek to sell the company or its assets, which could entitle our advisor to a subordinated incentive fee and terminate the asset management fee.

Our advisor and its affiliates face conflicts of interest relating to the leasing of properties and the disposition of properties due to their relationship with other KBS-sponsored programs and/or KBS-advised investors, which could result in decisions that are not in our best interest or the best interests of our stakeholders.

We rely on our sponsor, KBS Holdings LLC, and other key real estate and debt finance professionals at our advisor, including Messrs. DeLuca, Schreiber and Waldvogel to supervise property management and leasing of properties and to sell our properties. Messrs. DeLuca, Schreiber and Waldvogel and several of the other key real estate professionals at KBS Capital Advisors are also the key real estate professionals at KBS Realty Advisors LLC (“KBS Realty Advisors”) and its affiliates, the advisors to the private KBS-sponsored programs and the investment advisors to KBS-advised investors. In addition, KBS Realty Advisors serves as the U.S. asset manager for the SREIT, a Singapore real estate investment trust. As such, KBS-sponsored programs and KBS-advised investors rely on many of the same real estate and debt finance professionals, as will future KBS-sponsored programs and KBS-advised investors.

In connection with the Singapore Transaction (defined herein), our advisor and KBS Realty Advisors proposed that our conflicts committee and board of directors adopt an asset allocation policy (the “Allocation Process”) among us, KBS Real Estate Investment Trust II, Inc. (“KBS REIT II”) (liquidated May 2023) and KBS Growth & Income REIT, Inc. (“KBS Growth & Income REIT”) (liquidated August 2024) (collectively, the “Core Strategy REITs”) and the SREIT. The board of directors and conflicts committee adopted the Allocation Process as proposed. The Allocation Process provides that, in order to mitigate potential conflicts of interest that may arise among the Core REITs and the SREIT, upon the listing of the SREIT (which occurred on July 19, 2019), potential asset acquisitions that meet all of the following criteria would be offered first to the SREIT:

- i. Class A office building;
- ii. Purchase price of at least \$125.0 million;
- iii. Average occupancy of at least 90% for the first two years based on contractual in-place leases; and
- iv. Stabilized property investment yield that is generally supportive of the distributions per unit of the SREIT.

To the extent the SREIT does not have the funds to acquire the asset or to the extent the external manager of the SREIT decides to forego the acquisition opportunity, such asset may then be offered to the Core Strategy REITs at the discretion of KBS Capital Advisors. For so long as we are externally advised, our charter provides that it shall not be a proper purpose of the company for us to make any significant investment unless our advisor has recommended the investment to us. We do not expect to make new acquisitions of real estate in the future.

We and other KBS-sponsored programs and KBS-advised investors rely on the KBS real estate professionals at our advisor and its affiliates to supervise the property management and leasing of properties. If the KBS team of real estate professionals directs creditworthy prospective tenants to properties owned by another KBS-sponsored program or KBS-advised investor when it could direct such tenants to our properties, our tenant base may have more inherent risk and our properties’ occupancy may be lower than might otherwise be the case.

In addition, we and other KBS-sponsored programs and KBS-advised investors rely on our sponsor and other key real estate professionals at our advisor to sell our properties. These KBS-sponsored programs and KBS-advised investors may possess properties in similar locations and/or of the same property types as ours and may be attempting to sell these properties at the same time we are attempting to sell some of our properties. If our advisor directs potential purchasers to properties owned by another KBS-sponsored program or KBS-advised investor when it could direct such purchasers to our properties, we may be unable to sell some or all of our properties at the time or at the price we otherwise would, which could adversely impact our financial condition and results of operations.

Further, existing and future KBS-sponsored programs and KBS-advised investors and Mr. Schreiber generally are not and will not be prohibited from engaging, directly or indirectly, in any business or from possessing interests in any other business venture or ventures, including businesses and ventures involved in the acquisition, origination, development, ownership, leasing or sale of real estate-related investments.

Our sponsor, our officers, our advisor and the real estate, debt finance, management and accounting professionals assembled by our advisor face competing demands on their time and this may cause our operations and financial condition to suffer.

We rely on our sponsor, our officers, our advisor and the real estate, debt finance, management and accounting professionals that our advisor retains, including Charles J. Schreiber, Jr., Marc DeLuca, Jeffrey K. Waldvogel and Stacie K. Yamane, to provide services to us for the day-to-day operation of our business. KBS Capital Advisors may serve as the advisor to future KBS-sponsored programs and KBS-advised investors. Messrs. Schreiber, DeLuca and Waldvogel and Ms. Yamane are executive officers of KBS Realty Advisors and its affiliates, the advisors of the private KBS-sponsored programs and the KBS-advised investors and the U.S. asset manager for the SREIT.

As a result of their interests in other KBS-sponsored programs, their obligations to KBS-advised investors and the fact that they engage in and will continue to engage in other business activities on behalf of themselves and others, Messrs. Schreiber, DeLuca and Waldvogel and Ms. Yamane face conflicts of interest in allocating their time among us, KBS Capital Advisors, KBS Realty Advisors, other KBS-sponsored programs and/or other KBS-advised investors, as well as other business activities in which they are involved. In addition, KBS Capital Advisors and KBS Realty Advisors and their affiliates share many of the same key real estate, management and accounting professionals. During times of intense activity in other programs and ventures, these individuals may devote less time and fewer resources to our business than are necessary or appropriate to manage our business. Furthermore, some or all of these individuals may become employees of another KBS-sponsored program in an internalization transaction or, if we internalize our advisor, may not become our employees as a result of their relationship with other KBS-sponsored programs. If these events occur, our financial condition and results of operations may suffer.

All of our executive officers, our affiliated directors and the key real estate and debt finance professionals assembled by our advisor face conflicts of interest related to their positions and/or interests in our advisor and its affiliates, which could hinder our ability to implement our business strategy and to generate returns to our stockholders.

All of our executive officers, our affiliated directors and the key real estate and debt finance professionals assembled by our advisor are also executive officers, directors, managers, key professionals and/or holders of a direct or indirect controlling interest in our advisor and/or other KBS-affiliated entities. Through KBS-affiliated entities, some of these persons also serve as the investment advisors to KBS-advised investors and, through KBS Realty Advisors, these persons serve as the advisor to other KBS-sponsored programs. In addition, KBS Realty Advisors serves as the U.S. asset manager for the SREIT. As a result, they owe fiduciary duties to each of these entities, their stockholders, members and limited partners and these investors, which fiduciary duties may from time to time conflict with the fiduciary duties that they owe to us and our stakeholders. Their loyalties to these other entities and investors could result in action or inaction that is detrimental to our business, which could harm the implementation of our business strategy and our disposition and leasing opportunities. Further, Mr. Schreiber and existing and future KBS-sponsored programs and KBS-advised investors generally are not and will not be prohibited from engaging, directly or indirectly, in any business or from possessing interests in any other business venture or ventures, including businesses and ventures involved in the acquisition, development, ownership, leasing or sale of real estate investments. If we do not successfully implement our business strategy, we may be unable to generate the cash needed to maintain or increase the value of our assets and our financial condition and results of operations may suffer.

Risks Related to Our Corporate Structure

Our charter limits the number of shares a person may own and permits our board of directors to issue stock with terms that may subordinate the rights of our common stockholders or discourage a third party from acquiring us in a manner that could result in a premium price to our stockholders.

Our charter, with certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT. To help us comply with the REIT ownership requirements of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), our charter prohibits a person from directly or constructively owning more than 9.8% of our outstanding shares, unless exempted by our board of directors. In addition, our board of directors may classify or reclassify any unissued common stock or preferred stock and establish the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms or conditions of redemption of any such stock. Thus, our board of directors could authorize the issuance of preferred stock with priority as to distributions and amounts payable upon liquidation over the rights of the holders of our common stock. These charter provisions may have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price to holders of our common stock.

Our stockholders will have limited control over changes in our policies and operations, which increases the uncertainty and risks our stockholders face.

Our board of directors determines our major policies, including our policies regarding investments, dispositions, financings, REIT qualification and distributions. Our board of directors may amend or revise these and other policies without a vote of the stockholders. Under Maryland General Corporation Law and our charter, our stockholders have a right to vote only on limited matters. Our board's broad discretion in setting policies and our stockholders' inability to exert control over those policies increases the uncertainty and risks our stockholders face.

We are unable to predict when or if we will be in a position to redeem shares of our common stock.

Stockholders may have to hold their shares an indefinite period of time. We can provide no assurance that we will be able to provide additional liquidity to stockholders. Due to certain restrictions and covenants included in our loan agreements as a result of refinancing certain of our debt facilities, we do not expect to redeem any shares of common stock until certain loans are repaid or refinanced. One of the loans with these restrictions has a current maturity of January 2027 but may be extended subject to the terms and conditions of the loan agreement. Further, since 2019, due to the limitations under our share redemption program, our pursuit of strategic alternatives and/or disruptions in the financial markets, we either exhausted the funds available for Ordinary Redemptions (defined below) under our share redemption program or implemented suspensions of Ordinary Redemptions for all or a portion of the calendar year. Ordinary Redemptions are all redemptions other than those that qualify for the special provisions for redemptions sought in connection with a stockholder's death, "Qualifying Disability" or "Determination of Incompetence" (each as defined in the share redemption program and, together, "Special Redemptions"). We terminated our share redemption program on March 15, 2024.

Therefore, it will be difficult for our stockholders to sell their shares promptly or at all. If our stockholders are able to sell their shares, they will likely have to sell them at a substantial discount to their public offering price or the estimated value per share. Investors should be prepared to hold our shares for an indefinite period of time because of the illiquid nature of our shares.

During their operating stages, other KBS-sponsored REITs amended their share redemption programs to limit redemptions to Special Redemptions or place restrictive limitations on the amount of funds available for redemptions. As a result, these programs were not able to honor all redemption requests and stockholders in these programs were unable to have their shares redeemed when requested. In some instances, Ordinary Redemptions were suspended for several years. When implementing these amendments, stockholders did not always have a final opportunity to submit redemptions prior to the effectiveness of the amendment to the program.

Our bylaws designate the Circuit Court for Baltimore City, Maryland, or, if that court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division, as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division, shall be the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders with respect to our company, our directors, our officers or our employees (we note we currently have no employees). This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that the stockholder believes is favorable for disputes with us or our directors, officers or employees, which may discourage meritorious claims from being asserted against us and our directors, officers and employees. Alternatively, if a court were to find this provision of our bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations. We adopted this provision because we believe it makes it less likely that we will be forced to incur the expense of defending duplicative actions in multiple forums and less likely that plaintiffs' attorneys will be able to employ such litigation to coerce us into otherwise unjustified settlements, and we believe the risk of a court declining to enforce this provision is remote, as the General Assembly of Maryland has specifically amended the Maryland General Corporation Law to authorize the adoption of such provisions. This provision of our bylaws does not apply to claims brought to enforce a duty or liability created by the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or any other claim for which the federal courts have exclusive jurisdiction or to claims under state securities laws.

The estimated value per share of our common stock (i) may not reflect the value that stockholders will receive for their investment, (ii) does not take into account how developments subsequent to the valuation date related to individual assets, the financial or real estate markets or other events may have decreased the value of our portfolio and (iii) does not include the impact of future costs related to the disposition of assets and our liquidation.

On December 18, 2025, our board of directors approved an estimated value per share of our common stock of \$2.70 (unaudited) based on the estimated value of our assets less the estimated value of our liabilities, or net asset value, divided by the number of shares outstanding, all as of September 30, 2025, with the exception of an adjustment to our net asset value to give effect to the change in the estimated value of our investment in units of the SREIT (SGX-ST Ticker: OXMU) as of November 14, 2025. We did not make any other adjustments to the December 18, 2025 estimated value per share from the date of the valuations above, including any adjustments relating to, among others, net operating income earned. We provided this estimated 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 Financial Industry Regulatory Authority (“FINRA”) Rule 2231. This valuation was performed in accordance with the provisions of and also to comply with Practice Guideline 2013–01, Valuations of Publicly Registered, Non-Listed REITs, issued by the Institute for Portfolio Alternatives (“IPA”) in April 2013 (the “IPA Valuation Guidelines”).

We engaged Kroll, LLC (“Kroll”), an independent third-party real estate valuation firm, to provide (i) appraisals for 12 of our consolidated real estate properties owned as of September 30, 2025 (the “Appraised Properties”), (ii) an estimated value for our investment in units of the SREIT and (iii) a calculation of the range in estimated value per share of our common stock as of December 18, 2025. Kroll based this range in estimated value per share upon (i) its appraisals of the Appraised Properties, (ii) its estimated value for our investment in units of the SREIT and (iii) valuations performed by our advisor of our cash, other assets, notes payable and other liabilities, which are disclosed in our Quarterly Report on Form 10-Q for the period ended September 30, 2025, with the exception of the valuation for The Almaden Mortgage Loan as discussed under Part II, Item 5, “Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities – Market Information – Methodology – Notes Payable” of this Annual Report.

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 using different assumptions and estimates could derive a different estimated value per share of our common stock, and this difference could be significant. The estimated value per share is not audited and does not represent the fair value of our assets less the fair value of our liabilities according to U.S. generally accepted accounting principles (“GAAP”), nor does it represent a liquidation value of our assets and liabilities or the price at which our shares of common stock would trade on a national securities exchange. The estimated value per share does not reflect a discount for the fact that we are externally managed, nor does it reflect a real estate portfolio premium/discount versus the sum of the individual property values. The estimated value per share also does not take into account estimated disposition costs and fees for real estate properties that were not under contract to sell as of December 18, 2025 nor does it include any future liquidation costs. We generally have incurred disposition costs and fees related to the sale of each real estate property since inception of 0.6% to 2.9% of the gross sales price less concessions and credits, with the weighted average being approximately 1.5%. The estimated value per share also does not take into consideration any financing and refinancing costs subsequent to December 18, 2025. Accordingly, with respect to the estimated value per share, we can give no assurance that:

- a stockholder would be able to resell his or her shares at our estimated value per share;
- a stockholder would ultimately realize distributions per share equal to our estimated value per share upon liquidation of our assets and settlement of our liabilities or a sale of our company;
- our shares of common stock would trade at the estimated value per share on a national securities exchange;
- another independent third-party appraiser or third-party valuation firm would agree with our estimated value per share; or
- the methodology used to determine our estimated value per share would be acceptable to FINRA or for compliance with ERISA reporting requirements.

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 elevated interest rates and persistent inflation (or the perception that any of these events may continue), as well as a low level of lending activity in the debt markets, have contributed to continued weakness in the commercial real estate markets. The usage and leasing activity of our assets in several markets remains lower than pre-pandemic levels, and we cannot predict when economic activity and demand for office space will return to pre-pandemic levels in those markets. Both upcoming and recent tenant lease expirations and leasing challenges in certain markets amidst the aforementioned headwinds coupled with slower than expected return-to-office, most notably in the greater San Francisco Bay Area where we own several assets, have had direct and material impacts to property appraisal values used by our lenders and have impacted our ability to access certain credit facilities and our ongoing cash flow, which, in large part, provide liquidity for capital expenditures needed to manage our real estate assets.

In order to refinance, restructure or extend our maturing debt obligations, we have been required to reduce the loan commitments and/or make paydowns on certain loans, and we have agreed to satisfy certain conditions that are not in our sole control, including making principal paydowns during the terms of the loans, selling assets and taking identified actions relating to our portfolio.

As of March 27, 2026, we have \$1.3 billion of loan maturities and required principal paydowns during the next 12 months. Our loan agreements require us to sell two properties in 2025 (which we completed), three properties in 2026 and up to four properties in 2027. Selling real estate assets in the current market may result in a lower sale price than we would otherwise obtain.

We may be adversely affected if we are unable to satisfy the terms and conditions contained in our loan agreements. There is no assurance that we will be able to satisfy the terms and conditions of our existing loan agreements or the terms and conditions of any future extension or refinancing agreements that are entered into. If we are unable to make required principal paydowns under certain loans, sell assets or satisfy certain covenants and conditions in our loan agreements, the lenders may seek to foreclose on the underlying collateral. Our loan agreements contain cross default provisions whereby the occurrence of (or a demand following) an “event of default” under one or more of our debt facilities may trigger a default under certain other debt facilities and the guaranty obligations in respect thereof, thereby giving lenders a right to accelerate the relevant debt obligations and exercise their enforcement rights with respect thereto. In addition, we have pledged the equity of certain of our subsidiaries (and all proceeds therefrom) in connection with the restructuring of certain debt facilities. If an event of default occurs under certain debt facilities and the lenders party thereto elect to exercise their enforcement rights thereunder, one of the remedies available to them is to take possession of the relevant pledged equity.

If we are unable to satisfy the terms and conditions contained in our loan agreements, we anticipate we will make efforts to further refinance or restructure certain of our debt instruments or make additional asset sales to pay off the debt, though there can be no certainty that we will be able to complete such refinancing, restructuring or asset sales. We may relinquish ownership of one or more secured properties to the mortgage lender. We may also seek the protection of the bankruptcy court to implement a restructuring plan, which would constitute an event of default under our indebtedness.

Despite the substantial amount of refinancing activity since February 2024 (over \$1.4 billion of debt refinanced or extended), there can be no assurances as to the certainty or timing of management’s future plans in regards to the matters above, as certain elements of management’s plans are outside our control, including our ability to repay our outstanding debt obligations at maturity, make required principal paydowns during the terms of the loans, satisfy other terms and conditions contained in our loan agreements, refinance, restructure or extend certain debt obligations and sell assets in the current real estate and financial markets.

As a result of certain upcoming loan maturities and required principal paydowns, the challenging commercial real estate lending environment and the lack of transaction volume in the U.S. office market as well as general market instability, management’s plans may not be considered probable and thus do not alleviate substantial doubt about our ability to continue as a going concern for at least a year from the date of the issuance of our financial statements.

Continued disruptions in the financial markets and economic uncertainty impacting the U.S. commercial real estate industry could further impact our ability to implement our business strategy and continue as a going concern. Overall, there remains significant uncertainty regarding the timing and duration of the economic recovery, which precludes any prediction as to the ultimate adverse impact the current disruptions in the markets may have on our business. Potential long-term changes in customer behavior, such as continued work-from-home arrangements, could materially and negatively impact the future demand for office space, further adversely impacting our operations.

For more information see Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Going Concern Considerations.”

These risks are not priced into the December 18, 2025 estimated value per share. As such, the estimated value per share does not take into account developments in our portfolio since December 18, 2025. For a full description of the methodologies and assumptions used to value our assets and liabilities in connection with the calculation of the estimated value per share, see Part II, Item 5, “Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities — Market Information.”

We currently expect to utilize an independent valuation firm to update the estimated value per share no later than December 2026.

Our stockholders’ interest in us will be diluted if we issue additional equity interests, which could reduce the overall value of their investment.

Our common stockholders do not have preemptive rights to any shares we issue in the future. Our charter authorizes us to issue 1,010,000,000 shares of capital stock, of which 1,000,000,000 shares are designated as common stock and 10,000,000 shares are designated as preferred stock. Our board of directors may increase the number of authorized shares of capital stock without stockholder approval. Our board may elect to (i) sell additional shares in a dividend reinvestment plan or in future primary offerings; (ii) issue equity interests in private offerings; (iii) issue equity interests to our advisor, or its successors or assigns, in payment of fee obligations; or (iv) otherwise issue additional shares of our capital stock, units of our Operating Partnership or equity in our other subsidiaries. To the extent we issue additional equity interests, our stockholders’ percentage ownership interest in our assets would be diluted. In addition, depending upon the terms and pricing of any additional issuance of equity interests, the use of the proceeds and the value of our real estate investments, our stockholders may also experience dilution in the book value and fair value of their shares and in the earnings and distributions per share.

Payment of fees to our advisor and its affiliates reduces cash available for our operations.

Our advisor and its affiliates perform services for us in connection with the management and leasing of our real estate properties and the disposition of our investments. We pay them substantial fees for these services, which reduces cash available for our operations. Compensation to be paid to our advisor may be increased with the approval of our conflicts committee and subject to the limitations in our charter and the restrictions of our loan agreements.

We may also pay significant fees during our listing/liquidation stage. Although most of the fees expected to be paid during our listing/liquidation stage are contingent on our stockholders first receiving agreed-upon investment returns, the investment-return thresholds may be reduced with the approval of our conflicts committee and subject to the limitations in our charter.

If we are unable to obtain funding for future capital needs, our financial condition and results of operations may suffer.

When tenants do not renew their leases or otherwise vacate their space, we will often need to expend substantial funds for improvements to the vacated space in order to attract replacement tenants. Even when tenants do renew their leases, we may agree to make improvements to their space as part of our negotiations. If we need additional capital in the future to improve or maintain our properties or for any other reason, we may have to obtain funding from sources other than our cash flow from operations, such as borrowings or future equity offerings. These sources of funding may not be available on attractive terms or at all. If we cannot procure additional funding for capital improvements, our investments may generate lower cash flows or decline in value, or both, which would cause our financial condition and results of operations to suffer.

These risks are heightened as a result of the risks discussed above. See “—Risks Associated with Debt Financing and Going Concern Considerations,” “—Risks Related to an Investment in Our Common Stock—Elevated market volatility due to adverse economic and geopolitical conditions has had and may continue to have a material adverse effect on our results of operations and financial condition,” and “—Risks Related to an Investment in Our Common Stock—Elevated interest rates and persistent inflation have had and may continue to have an adverse effect on our financial condition and results of operations.”

Although we are not currently afforded the protection of the Maryland General Corporation Law relating to deterring or defending hostile takeovers, our board of directors could opt into these provisions of Maryland law in the future, which may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Under Maryland law, “business combinations” between a Maryland corporation and certain interested stockholders or affiliates of interested stockholders are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. Also under Maryland law, control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquirer, an officer of the corporation or an employee of the corporation who is also a director of the corporation are excluded from the vote on whether to accord voting rights to the control shares. Should our board of directors opt into these provisions of Maryland law, it may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer. Similarly, provisions of Title 3, Subtitle 8 of the Maryland General Corporation Law could provide similar anti-takeover protection.

Our charter includes an anti-takeover provision that may discourage a stockholder from launching a tender offer for our shares.

Our charter provides that any tender offer made by a stockholder, including any “mini-tender” offer, must comply with most provisions of Regulation 14D of the Securities Exchange Act of 1934, as amended. The offering stockholder must provide our company notice of such tender offer at least 10 business days before initiating the tender offer. If the offering stockholder does not comply with these requirements, our company will have the right to redeem that stockholder’s shares and any shares acquired in such tender offer. In addition, the noncomplying stockholder shall be responsible for all of our company’s expenses in connection with that stockholder’s noncompliance. This provision of our charter may discourage a stockholder from initiating a tender offer for our shares and prevent our stockholders from receiving a premium price for their shares in such a transaction.

If we are required to register as an investment company under the Investment Company Act, our financial condition and results of operations would suffer.

We intend to continue to conduct our operations so that neither we, nor our Operating Partnership nor the subsidiaries of our Operating Partnership are investment companies under the Investment Company Act of 1940, as amended (the “Investment Company Act”). However, there can be no assurance that we and our subsidiaries will be able to successfully avoid operating as an investment company. A change in the value of any of our assets could negatively affect our ability to maintain our exemption from regulation under the Investment Company Act. To maintain compliance with the applicable exemption under the Investment Company Act, we may be unable to sell assets we would otherwise want to sell and may need to sell assets we would otherwise wish to retain. In addition, we may have to acquire additional assets that we might not otherwise have acquired or may have to forego opportunities to acquire assets that we would otherwise want to acquire and would be important to our investment strategy.

If we were required to register as an investment company but failed to do so, we would become subject to substantial regulation with respect to our capital structure (including our ability to use borrowings), management, operations, transactions with affiliated persons (as defined in the Investment Company Act), and portfolio composition, including disclosure requirements and restrictions with respect to diversification and industry concentration, and other matters. Compliance with the Investment Company Act would, accordingly, limit our ability to make certain investments and require us to significantly restructure our business plan, which could materially adversely affect our financial condition and results of operations.

General Risks Related to Investments in Real Estate

The risks in this section should be read together with the risks discussed above under “—Risks Associated with Debt Financing and Going Concern Considerations.”

Economic, market and regulatory changes that impact the real estate market generally may decrease the value of our investments and weaken our operating results.

Our operating results and the performance of our real estate properties are subject to the risks typically associated with real estate, any of which could decrease the value of our investments and could weaken our operating results, including:

- downturns in national, regional and local economic conditions;
- competition from similar properties in the same or competing markets or submarkets;
- adverse local conditions, such as oversupply or reduction in demand for office properties and changes in real estate zoning laws that may reduce the desirability of real estate in an area;
- vacancies, changes in market rental rates and the need to periodically repair, renovate and re-let space;
- changes in interest rates and the availability of permanent mortgage financing, which may render the sale of a property or loan difficult or unattractive;
- changes in tax (including real and personal property tax), real estate, environmental and zoning laws;
- natural disasters such as hurricanes, earthquakes and floods;
- acts of war or terrorism, including the consequences of terrorist attacks, such as those that occurred on September 11, 2001;
- the potential for uninsured or underinsured property losses; and
- periods of high interest rates and tight money supply.

Any of the above factors, or a combination thereof, could result in a decrease in our cash flow from operations and a decrease in the value of our investments, which would have an adverse effect on our operations and financial condition.

These risks are heightened as a result of the risks discussed above. See “—Risks Associated with Debt Financing and Going Concern Considerations,” “—Risks Related to an Investment in Our Common Stock—Elevated market volatility due to adverse economic and geopolitical conditions has had and may continue to have a material adverse effect on our results of operations and financial condition,” and “—Risks Related to an Investment in Our Common Stock—Elevated interest rates and persistent inflation have had and may continue to have an adverse effect on our financial condition and results of operations.”

If our acquisitions do not perform as expected, our financial condition and results of operations would suffer.

As of March 1, 2026, our real estate portfolio held for investment was composed of 12 office properties encompassing in the aggregate approximately 5.6 million rentable square feet and was collectively 77% occupied. We also own an investment in the equity securities of the SREIT, a Singapore real estate investment trust listed on the SGX-ST. We made these investments based on an underwriting analysis with respect to each asset and how the asset fits into our portfolio. If these assets do not perform as expected, we may have less cash flow from operating activities and our financial condition and results of operations would suffer.

Properties that have significant vacancies could result in lower revenues for us and be difficult to sell, which could diminish the return on these properties, impact our ability to access certain credit facilities and meet our outstanding debt obligations and cause our operations to suffer.

A property may incur vacancies either by the expiration and non-renewal of tenant leases or the continued default of tenants under their leases. If vacancies continue for a long period of time, we may suffer reduced revenues. Further, some of our assets may be outfitted to suit the particular needs of the tenants. We may have difficulty replacing the tenants of these properties if the outfitted space limits the types of businesses that could lease that space without major renovation. If a tenant does not renew a lease or, terminates or defaults on a lease, we may be unable to lease the property for the rent previously received or sell the property without incurring a loss. Because the market value of a particular property depends principally upon the value of the cash flow generated by the leases associated with such property, we may incur a loss upon the sale of a property with significant vacant space. These events could diminish the return on properties with significant vacancies, reduce our revenues, impact our ability to access certain credit facilities and meet our outstanding debt obligations and cause our operations to suffer.

We have entered into long-term leases with tenants at certain of our office properties and in the future we may enter into long-term leases when renewing or releasing space, which may not result in fair market rental rates over time.

We may enter into long-term leases with tenants of certain of our properties, or include renewal options that specify a maximum rate increase. These leases would provide for rent to increase over time; however, if we do not accurately judge the potential for increases in market rental rates, we may set the terms of these long-term leases at levels such that, even after contractual rent increases, the rent under our long-term leases is less than then-current market rates. Further, we may have no ability to terminate those leases or to adjust the rent to then-prevailing market rates. As a result, our revenues and financial condition could suffer.

We may be adversely affected by trends in the office real estate market.

Changes in tenant space utilization, including from the continuation of work from home and flexible work arrangement policies, may continue to cause office tenants to reassess their long-term physical space needs. There is also an increasing trend among some businesses to utilize shared office spaces and co-working spaces. A continuation of the movement towards these practices could, over time, erode the overall demand for office space and, in turn, place downward pressure on occupancy, rental rates and property valuations. These events could have an adverse effect on our financial condition and results of operations.

Further, as office tenants reevaluate their physical space needs and focus on attracting and retaining talent, many tenants have become more selective and are focused on leasing space in high-quality, modern and well-amenitized buildings near transit hubs. These factors have resulted in increased competition among landlords to attract tenants and significant landlord capital expenditures for a building to maintain Class A status.

To date, slower than expected return-to-office, most notably in the greater San Francisco Bay Area where we own several assets, has had direct and material impacts to property appraisal values used by our lenders and have impacted our ongoing cash flow and our ability to access certain credit facilities.

We depend on tenants for our revenue generated by our real estate investments and, accordingly, our revenue generated by our real estate investments is partially dependent upon the success and economic viability of our tenants and our ability to retain and attract tenants. Non-renewals, terminations or lease defaults could reduce our net income and cause our financial condition to suffer.

The success of our real estate investments materially depends upon the financial stability of the tenants leasing the properties we own. The inability of a single major tenant or a significant number of smaller tenants to meet their rental obligations would significantly lower our net income. A non-renewal after the expiration of a lease term, termination or default by a tenant on its lease payments to us would cause us to lose the revenue associated with such lease and require us to find an alternative source of revenue to meet mortgage payments and prevent a foreclosure if the property is subject to a mortgage. In the event of a tenant default or bankruptcy, we may experience delays in enforcing our rights as landlord of a property and may incur substantial costs in protecting our investment and re-leasing the property. Tenants may have the right to terminate their leases upon the occurrence of certain customary events of default and, in other circumstances, may not renew their leases or, because of market conditions, may only be able to renew their leases on terms that are less favorable to us than the terms of their initial leases.

The bankruptcy or insolvency of our tenants or delays by our tenants in making rental payments could seriously harm our operating results and financial condition.

Any bankruptcy filings by or relating to any of our tenants could bar us from collecting pre-bankruptcy debts from that tenant, unless we receive an order permitting us to do so from the bankruptcy court. A tenant bankruptcy could delay our efforts to collect past due balances under the relevant leases, and could ultimately preclude full collection of these sums. If a lease is rejected by a tenant in bankruptcy, we would have only a general unsecured claim for damages. Any unsecured claim we hold against a bankrupt entity may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims. We may recover substantially less than the full value of any unsecured claims, which would harm our financial condition.

Our inability to sell a property at the time and on the terms we want could cause our results of operations and financial condition to suffer.

Many factors that are beyond our control affect the real estate market and could affect our ability to sell properties for the price, on the terms or within the time frame that we desire. These factors include general economic conditions, the availability of financing, interest rates and other factors, including supply and demand. Because real estate investments are relatively illiquid, we have a limited ability to vary our portfolio in response to changes in economic or other conditions. Further, before we can sell a property on the terms we want, it may be necessary to expend funds to correct defects or to make improvements. However, we can give no assurance that we will have the funds available to correct such defects or to make such improvements. We may be unable to sell our properties at a profit. Our inability to sell properties at the time and on the terms we want could reduce our cash flow and cause our financial condition to suffer.

These risks are heightened as a result of the ongoing challenges affecting the U.S. commercial real estate industry, especially as it pertains to commercial office properties, the challenging interest rate environment, the limited availability in the debt markets for commercial real estate transactions and the lack of transaction volume in the U.S. office market.

If we sell a property by providing financing to the purchaser, we will bear the risk of default by the purchaser, which could delay or reduce net cash available from the disposition.

When we decide to sell properties, we intend to use our best efforts to sell them for cash; however, in some instances, we may sell our properties by providing financing to purchasers. When we provide financing to a purchaser, we will bear the risk that the purchaser may default, which would reduce net cash available from the disposition. Even in the absence of a purchaser default, the net proceeds from the sale will be delayed until the promissory note or other property we may accept upon a sale is actually paid, sold, refinanced or otherwise disposed.

Construction delays and resultant increased costs and risks may hinder our operating results and decrease our net income.

We engage contractors for capital improvements to our properties. Such capital improvements will be subject to the uncertainties associated with the construction of real property, including those related to re-zoning land for development, environmental concerns of governmental entities and/or community groups and our builders' ability to build in conformity with plans, specifications, budgeted costs and timetables. If a builder fails to perform, we may resort to legal action to rescind the construction contract or to compel performance. A builder's performance may also be affected or delayed by conditions beyond the builder's control. Delays in completing construction could also give tenants the right to terminate preconstruction leases. We may incur additional risks when we make periodic progress payments or other advances to builders before they complete construction. These and other factors can result in increased costs of a project or loss of our investment. In addition, we will be subject to normal lease-up risks relating to newly-constructed projects.

Actions of our joint venture partners could reduce the returns on joint venture investments.

We may enter into joint ventures to own properties and other assets. Such joint ventures may involve risks not otherwise present with other methods of investment, including, for example, the following risks:

- that our co-venturer, co-tenant or partner in an investment could become insolvent or bankrupt;
- that such co-venturer, co-tenant or partner may at any time have economic or business interests or goals that are or that become inconsistent with our business interests or goals;
- that such co-venturer, co-tenant or partner may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives; or
- that disputes between us and our co-venturer, co-tenant or partner may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our operations.

Any of the above might subject a property to liabilities in excess of those contemplated and thus reduce our returns on that investment.

Costs imposed pursuant to laws and governmental regulations may reduce our net income and adversely impact our results of operations.

Real property and the operations conducted on real property are subject to federal, state and local laws and regulations relating to protection of the environment and human health. We could be subject to liability in the form of fines, penalties or damages for noncompliance with these laws and regulations. These laws and regulations generally govern wastewater discharges, air emissions, the operation and removal of underground and above-ground storage tanks, the use, storage, treatment, transportation and disposal of solid and hazardous materials, the remediation of contamination associated with the release or disposal of solid and hazardous materials, the presence of toxic building materials and other health and safety-related concerns.

Some of these laws and regulations may impose joint and several liability on the tenants, owners or operators of real property for the costs to investigate or remediate contaminated properties, regardless of fault, whether the contamination occurred prior to purchase, or whether the acts causing the contamination were legal. Our tenants' operations, the condition of properties at the time we buy them, operations in the vicinity of our properties, such as the presence of underground storage tanks, or activities of unrelated third parties may affect our properties.

The presence of hazardous substances, or the failure to properly manage or remediate these substances, may hinder our ability to sell, rent or pledge such property as collateral for future borrowings. Any material expenditures, fines, penalties or damages we must pay will reduce our net income and adversely impact our results of operations.

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 or other damage claims could reduce our net income and adversely impact our results of operations.

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 net income and adversely impact our results of operations.

All of our real estate properties were subject to Phase I environmental assessments prior to the time they were acquired; however, such assessments may not provide complete environmental histories due, for example, to limited available information about prior operations at the properties or other gaps in information at the time we acquire the property. A Phase I environmental assessment is an initial environmental investigation to identify potential environmental liabilities associated with the current and past uses of a given property. If any of our properties were found to contain hazardous or toxic substances after our acquisition, the value of our investment could decrease below the amount paid for such investment.

Costs associated with complying with the Americans with Disabilities Act may reduce our net income and adversely impact our results of operations.

Our properties may be subject to the Americans with Disabilities Act of 1990, as amended, or the Disabilities Act. Under the Disabilities Act, all places of public accommodation are required to comply with federal requirements related to access and use by disabled persons. The Disabilities Act has separate compliance requirements for "public accommodations" and "commercial facilities" that generally require that buildings and services be made accessible and available to people with disabilities. The Disabilities Act's requirements could require removal of access barriers and could result in the imposition of injunctive relief, monetary penalties or, in some cases, an award of damages. Any funds used for Disabilities Act compliance will reduce our net income and adversely impact our results of operations.

Uninsured losses relating to real property or excessively expensive premiums for insurance coverage could reduce our cash flow from operations and adversely impact our results of operations.

There are types of losses, generally catastrophic in nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution or environmental matters, that are uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or co-payments. Insurance risks associated with potential acts of terrorism could sharply increase the premiums we pay for coverage against property and casualty claims. We may not be able to obtain insurance against the risk of terrorism because it may not be available or may not be available on terms that are economically feasible. The terrorism insurance that we obtain may not be sufficient to cover loss for damages to our properties as a result of terrorist attacks. The inability to obtain sufficient terrorism insurance or any terrorism insurance at all could limit our financing and refinancing options as mortgage lenders sometimes require that specific coverage against terrorism be purchased by commercial owners as a condition for providing loans. In such instances, we may be required to provide other financial support, either through financial assurances or self-insurance, to cover potential losses. We may not have adequate coverage for such losses. If any of our properties incurs a casualty loss that is not fully insured, the value of our assets will be reduced by any such uninsured loss, which will reduce the value of our stockholders' investment in us. In addition, other than any working capital reserve or other reserves we may establish, we have limited sources of funding to repair or reconstruct any uninsured property. Also, to the extent we must pay unexpectedly large amounts for insurance, we could suffer reduced earnings.

We rely on property managers to operate our properties and leasing agents to lease vacancies in our properties.

Our advisor hires property managers to manage our properties and leasing agents to lease vacancies in our properties. The property managers have significant decision-making authority with respect to the management of our properties. Our ability to direct and control how our properties are managed on a day-to-day basis may be limited because we engage other parties to perform this function. Thus, the success of our business may depend in large part on the ability of our property managers to manage the day-to-day operations and the ability of our leasing agents to lease vacancies in our properties. Any adversity experienced by, or problems in our relationship with, our property managers or leasing agents could adversely impact the operation and profitability of our properties.

Risks Related to Real Estate-Related Investments

Our investment in common equity securities is subject to specific risks relating to the issuer of the securities and may involve greater risk of loss than secured debt financings.

We have made a significant investment in the common equity of the SREIT. Our investment in the common equity securities of the SREIT involves special risks relating to the issuer of the securities, including the financial condition and business outlook of the issuer. As a REIT, the SREIT is subject to the inherent risks associated with real estate investments. See above “—General Risks Related to Investments in Real Estate.” Furthermore, our investment in common equity securities may involve greater risk of loss than secured debt financings due to a variety of factors, including that such investment is unsecured and is subordinated to other obligations of the issuer. As a result, our investment in the common equity of the SREIT is subject to risks of (i) limited liquidity in the secondary trading market, (ii) substantial market price volatility resulting from changes in prevailing interest rates, (iii) subordination to the claims of banks and senior lenders to the issuer, (iv) the possibility that earnings of the issuer may be insufficient to meet its debt service and distribution obligations, and (v) the declining creditworthiness and potential for insolvency of the issuer during periods of rising interest rates and economic downturn. These risks may adversely affect the value of the securities and the ability of the SREIT to make distribution payments to us.

Our significant investment in the SREIT is subject to the risks inherent in investing in traded securities. As of March 27, 2026, based solely on the closing trading price of the units of the SREIT on the SGX-ST of \$0.169 per unit on such date and without taking into account any potential discount for the holding period risk due to the quantity of units held by us relative to the normal level of trading in the units, we owned approximately \$40.1 million of units in the SREIT, representing an approximate 16.5% interest in the units of the SREIT. The SREIT's units were first listed for trading on the SGX-ST on July 19, 2019. If an active trading market for the units does not develop or is not sustained, it may be difficult to sell our units. The market for Singapore REITs may trade a small number of securities and may be unable to respond effectively to increases in trading volume, potentially making prompt liquidation of our investment in the SREIT difficult. Even if an active trading market develops or we are able to negotiate block trades, if we or other significant investors sell or are perceived as intending to sell a substantial amount of units in a short period of time, the market price of our remaining units could be adversely affected. In addition, as a foreign equity investment, the trading price of units of the SREIT may be affected by political, economic, financial and social factors in the Singapore and Asian markets, including changes in government, economic and fiscal policies. Furthermore, we may be limited in our ability to sell our investment in the SREIT if our advisor and/or its affiliates are deemed to have material, non-public information regarding the SREIT. Charles J. Schreiber, Jr., our Chief Executive Officer, our President and our affiliated director, is a former director of the external manager of the SREIT, and Mr. Schreiber holds an indirect ownership interest in the external manager of the SREIT. An affiliate of our advisor serves as the U.S. asset manager to the SREIT.

Due to the disruptions in the financial markets, since early March 2020, the trading price of the common units of the SREIT has experienced substantial volatility. The trading price of the common units of the SREIT has been significantly impacted by the market sentiment for stock with significant investment in U.S. commercial office buildings. The inability to dispose of our investment in the SREIT at the time and on the terms we want could materially adversely affect the investment results.

Federal Income Tax Risks

Failure to qualify as a REIT would subject us to U.S. federal income tax, which would reduce our net cash flows and our net earnings.

We believe that we have operated and will continue to operate in a manner that will allow us to continue to qualify as a REIT for U.S. federal income tax purposes, commencing with our initial taxable year ended December 31, 2011. However, the U.S. federal income tax laws governing REITs are extremely complex, and interpretations of the U.S. federal income tax laws governing qualification as a REIT are limited. Qualifying as a REIT requires us to meet various tests regarding the nature of our assets and our income, the ownership of our outstanding stock, and the amount of our distributions on an ongoing basis. Accordingly, despite being able to do so in the past, we cannot be certain that we will be successful in operating so we can remain qualified as a REIT. While we intend to continue to operate so that we will qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, including the tax treatment of certain investments we may make, the terms of our debt obligations, and the possibility of future changes in our circumstances, no assurance can be given that we will so qualify for any particular year. If we fail to qualify as a REIT in any calendar year and we do not qualify for certain statutory relief provisions, we would be required to pay U.S. federal income tax and applicable state and local income tax on our taxable income at the regular corporate income tax rate, and distributions to our stockholders would not be deductible by us in determining our taxable income. We might need to borrow money or sell assets to pay that tax. Our payment of income tax would decrease the amount of our income available for distribution to our stockholders. Furthermore, if we fail to maintain our qualification as a REIT and we do not qualify for certain statutory relief provisions, we no longer would be required to distribute substantially all of our REIT taxable income to our stockholders. Unless our failure to qualify as a REIT were excused under federal tax laws, we could not re-elect to be taxed as a REIT until the fifth calendar year following the year in which we failed to qualify.

Our stockholders may have tax liability on distributions they elected to reinvest in our common stock.

If our stockholders participated in our dividend reinvestment plan, they will be deemed to have received, and for income tax purposes will be taxed on, the amount reinvested in shares of our common stock to the extent the amount reinvested was not a tax-free return of capital. In addition, our stockholders will be treated for tax purposes as having received an additional distribution to the extent the shares were purchased at a discount to fair market value, if any. As a result, unless our stockholders are tax-exempt entities, they may have to use funds from other sources to pay their tax liability on the value of the shares of common stock received.

Even if we qualify as a REIT for U.S. federal income tax purposes, we may be subject to federal, state, local or other tax liabilities that reduce our cash flow.

Even if we qualify as a REIT for U.S. federal income tax purposes, we may be subject to some federal, state and local taxes on our income or property. For example:

- In order to qualify as a REIT, we must distribute annually at least 90% of our REIT taxable income to our stockholders (which is determined without regard to the dividends-paid deduction, excludes net capital gain and does not necessarily equal net income as calculated in accordance with GAAP). To the extent that we satisfy the 90% distribution requirement but distribute less than 100% of our REIT taxable income, we will be subject to U.S. federal corporate income tax on the undistributed income (including net capital gain).
- We will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions we pay in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years.
- If we elect to treat property that we acquire in connection with a foreclosure of a mortgage loan or certain leasehold terminations as “foreclosure property,” we may avoid the 100% tax on the gain from a resale of that property, but the income from the sale or operation of that property may be subject to corporate income tax at the highest applicable rate.
- If we sell an asset, other than foreclosure property, that we hold primarily for sale to customers in the ordinary course of business, our gain would be subject to the 100% “prohibited transaction” tax unless such sale were made by one of our taxable REIT subsidiaries or the sale met certain “safe harbor” requirements under the Internal Revenue Code.

REIT distribution requirements could adversely affect our ability to execute our business plan, including our ability to satisfy the terms and conditions of our existing loan agreements or any future extension or refinancing agreements entered into.

We generally must distribute annually at least 90% of our REIT taxable income, subject to certain adjustments and excluding any net capital gain, in order for federal corporate income tax not to apply to earnings that we distribute. To the extent that we satisfy this 90% distribution requirement, but distribute less than 100% of our REIT taxable income, we will be subject to U.S. federal corporate income tax on our undistributed REIT taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our stockholders in a calendar year is less than a minimum amount specified under federal tax laws. We also may decide to retain net capital gain we earn from the sale or other disposition of our property and pay U.S. federal income tax directly on such income. In that event, our stockholders would be treated as if they earned that income and paid the tax on it directly. However, stockholders that are tax-exempt, such as charities or qualified pension plans, would have no benefit from their deemed payment of such tax liability unless they file U.S. federal income tax returns and thereon seek a refund of such tax. We also will be subject to corporate tax on any undistributed REIT taxable income. We intend to make distributions to our stockholders to comply with the REIT requirements of the Internal Revenue Code.

From time to time, we may generate taxable income greater than our income for financial reporting purposes, or our taxable income may be greater than our cash flow available for distribution to stockholders (for example, where a borrower defers the payment of interest in cash pursuant to a contractual right or otherwise). If we do not have other funds available in these situations we could be required to borrow funds, sell investments at disadvantageous prices or find another alternative source of funds to pay distributions sufficient to enable us to pay out enough of our taxable income to satisfy the REIT distribution requirements and to avoid corporate income tax and the 4% excise tax in a particular year. These alternatives could increase our costs or reduce our equity. Thus, compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits. In addition, as we extend or refinance our debt, lenders may scrutinize our REIT distribution requirements. Therefore, compliance with the REIT distribution requirements may hinder our ability to extend or refinance our debt.

To maintain our REIT status, we may be forced to forego otherwise attractive business opportunities, which may hinder our ability to operate solely on the basis of maximizing profits and reduce the value of our stockholders' investment.

To qualify as a REIT for U.S. federal income tax purposes, we must continually satisfy certain tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the ownership of our common stock and the amounts we distribute to our stockholders. We may be required to pay distributions to stockholders at times when it would be more advantageous to reinvest cash in our business or when we do not have cash readily available for distribution, and we may be forced to sell assets on terms and at times unfavorable to us, which could have a material adverse effect on us. Compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits and reduce the value of our stockholders' investment. In addition, the terms and conditions of our existing loan agreements or any future extension or refinancing agreements entered into may impact our ability to qualify as a REIT as an operational matter or we may determine that qualifying as a REIT is no longer in our best interests.

If our operating partnership fails to maintain its status as a partnership for U.S. federal income tax purposes, its income would be subject to taxation and our REIT status could be terminated.

We intend to maintain the status of our operating partnership as a partnership for U.S. federal income tax purposes. However, if the Internal Revenue Service ("IRS") were to successfully challenge the status of our operating partnership as a partnership, it would be taxable as a corporation. In such event, this would reduce the amount of distributions that our operating partnership could make to us. This could also result in our losing REIT status and becoming subject to a corporate level tax on our own income. This would adversely impact our financial condition and results of operations. In addition, if any of the entities through which our operating partnership owns its properties, in whole or in part, loses its characterization as a partnership for U.S. federal income tax purposes, the underlying entity would become subject to taxation as a corporation, thereby reducing distributions to our operating partnership and jeopardizing our ability to maintain REIT status.

Potential characterization of distributions or gain on sale may be treated as unrelated business taxable income to tax-exempt investors.

If (i) all or a portion of our assets are subject to the rules relating to taxable mortgage pools, (ii) we are a "pension-held REIT," or (iii) a U.S. tax-exempt stockholder has incurred debt to purchase or hold our common stock, then a portion of the distributions to and, in the case of a stockholder described in clause (iii), gains realized on the sale of common stock by such tax-exempt stockholder may be subject to U.S. federal income tax as unrelated business taxable income under the Internal Revenue Code.

The tax on prohibited transactions will limit our ability to engage in transactions that would be treated as sales for U.S. federal income tax purposes.

A REIT's net income from prohibited transactions is subject to a 100% penalty tax. In general, prohibited transactions are sales or other dispositions of assets, other than foreclosure property, deemed held primarily for sale to customers in the ordinary course of business. Whether property is held primarily for sale to customers in the ordinary course of a trade or business depends on the specific facts and circumstances. No assurance can be given that the IRS would agree with our characterization of our assets or that we will always be able to make use of the available safe harbors. If the IRS were to successfully challenge our characterization of a sale, we would be liable for the aforementioned 100% penalty tax, which could be significant in size.

Complying with REIT requirements may force us to liquidate otherwise attractive investments.

To qualify as a REIT, we must ensure that at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities and qualified REIT real estate assets. The remainder of our investment in securities (other than government securities and qualified real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets (other than government securities and qualified real estate assets) can consist of the securities of any one issuer, no more than 25% of the value of our total assets can be represented by securities of one or more taxable REIT subsidiaries (20% for taxable years between January 1, 2018 and December 31, 2025) and no more than 25% of the value of our total assets can be represented by "non-qualified publicly offered REIT debt instruments." If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate from our portfolio otherwise attractive investments. These actions could have the effect of reducing our income and adversely impact our financial condition and results of operations.

Liquidation of assets may jeopardize our REIT qualification.

To qualify as a REIT, we must comply with requirements regarding our assets and our sources of income. If we are compelled to liquidate our investments to repay obligations to our lenders, we may be unable to comply with these requirements, ultimately jeopardizing our qualification as a REIT, or we may be subject to a 100% tax on any resultant gain if we sell assets that are treated as dealer property or inventory.

Complying with REIT requirements may limit our ability to hedge effectively.

The REIT provisions of the Internal Revenue Code may limit our ability to hedge our assets and operations. Under these provisions, any income that we generate from transactions intended to hedge our interest rate, inflation and/or currency risks will be excluded from gross income for purposes of the REIT 75% and 95% gross income tests if the purpose of the instrument is to (i) hedge interest rate risk on liabilities incurred to carry or acquire real estate, (ii) hedge risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the REIT 75% or 95% gross income tests, or (iii) manage risk with respect to the termination of certain prior hedging transactions described in (i) and/or (ii) above and, in each case, such instrument is properly and timely identified under applicable Department of the Treasury regulations (“Treasury Regulations”). Income from hedging transactions that do not meet these requirements will generally constitute nonqualifying income for purposes of both the REIT 75% and 95% gross income tests. As a result of these rules, we may have to limit our use of hedging techniques that might otherwise be advantageous, which could result in greater risks associated with interest rate or other changes than we would otherwise incur.

Our ownership of and relationship with our taxable REIT subsidiaries will be limited and a failure to comply with the limits would jeopardize our REIT status and may result in the application of a 100% excise tax.

A REIT may own up to 100% of the stock of one or more taxable REIT subsidiaries. A taxable REIT subsidiary may earn income that would not be qualifying income if earned directly by the parent REIT. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a taxable REIT subsidiary. A corporation of which a taxable REIT subsidiary directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a taxable REIT subsidiary. Overall, no more than 25% of the value of a REIT’s assets may consist of stock or securities of one or more taxable REIT subsidiaries (20% for taxable years between January 1, 2018 and December 31, 2025). A domestic taxable REIT subsidiary will pay federal, state and local income tax at regular corporate rates on any income that it earns. In addition, the taxable REIT subsidiary rules limit the deductibility of interest paid or accrued by a taxable REIT subsidiary to its parent REIT to assure that the taxable REIT subsidiary is subject to an appropriate level of corporate taxation. The rules also impose a 100% excise tax on certain transactions between a taxable REIT subsidiary and its parent REIT that are not conducted on an arm’s-length basis. We cannot assure our stockholders that we will be able to comply with the 25% value limitation on ownership of taxable REIT subsidiary stock and securities on an ongoing basis so as to maintain REIT status or to avoid application of the 100% excise tax imposed on certain non-arm’s length transactions.

The ability of our board of directors to revoke our REIT qualification without stockholder approval may subject us to U.S. federal income tax and reduce our income.

Our charter authorizes our board of directors to revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. While we believe we have qualified and intend to continue to qualify to be taxed as a REIT, we may terminate our REIT election if we determine that qualifying as a REIT is no longer in our best interests. For example, due to the terms and conditions of our existing loan agreements or any future extension or refinancing agreements entered into or if we would seek the protection of the bankruptcy court to implement a restructuring plan, we may determine that qualifying as a REIT is no longer in our best interests. If we cease to be a REIT, we would become subject to U.S. federal income tax on our taxable income and would no longer be required to distribute most of our taxable income to our stockholders, which may have adverse consequences on our operations and on the value of our common stock.

Generally, ordinary dividends payable by REITs do not qualify for the reduced tax rates applicable to qualified dividend income.

In general, the maximum tax rate for qualified dividends payable by C corporations to domestic stockholders that are individuals, trusts and estates is 20%. Ordinary dividends payable by REITs, however, are generally not eligible for this reduced rate. While this tax treatment does not adversely affect the taxation of REITs or dividends paid by REITs, the more favorable rates applicable to regular corporate dividends could cause investors who are individuals, trusts or estates to perceive investments in REITs to be relatively less attractive than investments in stock of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including our common stock. Individual taxpayers may be entitled to claim a deduction in determining their taxable income of 20% of ordinary REIT dividends (dividends other than capital gain dividends and dividends attributable to certain qualified dividend income received by us). The deduction, if allowed in full, equates to a maximum effective U.S. federal income tax rate on ordinary REIT dividends of 29.6%.

Qualifying as a REIT involves highly technical and complex provisions of the Internal Revenue Code.

Qualification as a REIT involves the application of highly technical and complex Internal Revenue Code provisions and the Treasury Regulations promulgated thereunder for which only limited judicial and administrative authorities exist. Even a technical or inadvertent violation could jeopardize our REIT qualification. Our continued qualification as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis. In addition, our ability to satisfy the requirements to qualify as a REIT depends in part on the actions of third parties over which we have no control or only limited influence, including in cases where we own an equity interest in an entity that is classified as a partnership or REIT for U.S. federal income tax purposes. Furthermore, new tax legislation, administrative guidance or court decisions, in each instance potentially with retroactive effect, could make it more difficult or impossible for us to qualify as a REIT.

The taxation of distributions to our stockholders can be complex; however, distributions that we make to our stockholders generally will be taxable as ordinary income, which may reduce your anticipated return from an investment in us.

Distributions that we make to our taxable stockholders to the extent of our current and accumulated earnings and profits (and not designated as capital gain dividends or qualified dividend income) generally will be taxable as ordinary income. However, a portion of our distributions may (i) be designated by us as capital gain dividends generally taxable as long-term capital gain to the extent that they are attributable to net capital gain recognized by us, (ii) be designated by us as qualified dividend income generally to the extent they are attributable to dividends we receive from non-REIT corporations, such as our taxable REIT subsidiaries, or (iii) constitute a return of capital generally to the extent that they exceed our current and accumulated earnings and profits as determined for U.S. federal income tax purposes. A return of capital distribution is not taxable, but has the effect of reducing the basis of a stockholder's investment in our common stock.

We may be required to pay some taxes due to actions of a taxable REIT subsidiary which would reduce our cash available for distribution to you.

Any net taxable income earned directly by a taxable REIT subsidiary, or through entities that are disregarded for U.S. federal income tax purposes as entities separate from our taxable REIT subsidiaries, will be subject to federal and possibly state corporate income tax. In this regard, several provisions of the laws applicable to REITs and their subsidiaries ensure that a taxable REIT subsidiary will be subject to an appropriate level of U.S. federal income taxation. For example, a taxable REIT subsidiary may be limited in its ability to deduct certain interest payments made to an affiliated REIT. In addition, the REIT has to pay a 100% penalty tax on some payments that it receives or on some deductions taken by or payments made to a taxable REIT subsidiary if the economic arrangements between the REIT, the REIT's customers, and the taxable REIT subsidiary are not comparable to similar arrangements between unrelated parties. Finally, some state and local jurisdictions may tax some of our income even though as a REIT we are not subject to U.S. federal income tax on that income because not all states and localities follow the U.S. federal income tax treatment of REITs. To the extent that we and our affiliates are required to pay federal, state and local taxes, this will reduce our income.

We may distribute our common stock in a taxable distribution, in which case you may sell shares of our common stock to pay tax on such distributions, and you may receive less in cash than the amount of the dividend that is taxable.

We may make taxable distributions that are payable in cash and common stock. Under IRS Revenue Procedure 2017-45, as a publicly offered REIT, we may give stockholders a choice, subject to various limits and requirements, of receiving a dividend in cash or in common stock of the REIT. As long as at least 20% of the total dividend is available in cash and certain other requirements are satisfied, the IRS will treat the stock distribution as a dividend (to the extent applicable rules treat such distribution as being made out of the REIT's earnings and profits). This threshold has been temporarily reduced in the past, and may be reduced in the future, by IRS guidance. Taxable stockholders receiving stock will be required to include in income, as a dividend, the full value of such stock, to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be required to pay income taxes with respect to such dividends in excess of the cash dividends received. If a U.S. stockholder sells the stock it receives as a dividend to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock.

Investments in other REITs and real estate partnerships could subject us to the tax risks associated with the tax status of such entities.

We may invest in the securities of other REITs and real estate partnerships. Such investments are subject to the risk that any such REIT or partnership may fail to satisfy the requirements to qualify as a REIT or a partnership, as the case may be, in any given taxable year. In the case of a REIT, such failure would subject such entity to taxation as a corporation, may require such REIT to incur indebtedness to pay its tax liabilities, may reduce its ability to make distributions to us, and may render it ineligible to elect REIT status prior to the fifth taxable year following the year in which it fails to so qualify. In the case of a partnership, such failure could subject such partnership to an entity level tax and reduce the entity's ability to make distributions to us. In addition, such failures could, depending on the circumstances, jeopardize our ability to qualify as a REIT because we may then own more than 10% of the securities of an issuer that was neither a REIT, a qualified REIT subsidiary nor a taxable REIT subsidiary.

Non-U.S. stockholders will be subject to U.S. federal withholding tax and may be subject to U.S. federal income tax on distributions received from us and upon the disposition of our shares.

Subject to certain exceptions, distributions received from us will be treated as dividends of ordinary income to the extent of our current or accumulated earnings and profits. Such dividends ordinarily will be subject to U.S. withholding tax at a 30% rate, or such lower rate as may be specified by an applicable income tax treaty, unless the distributions are treated as "effectively connected" with the conduct by the non-U.S. stockholder of a U.S. trade or business. Pursuant to the Foreign Investment in Real Property Tax Act of 1980, or FIRPTA, capital gain distributions attributable to sales or exchanges of "U.S. real property interests," or USRPIs, generally (subject to certain exceptions for "qualified foreign pension funds," entities all the interests of which are held by "qualified foreign pension funds" and certain "qualified shareholders") will be taxed to a non-U.S. stockholder as if such gain were effectively connected with a U.S. trade or business unless FIRPTA provides an exemption. However, a capital gain dividend will not be treated as effectively connected income if (i) the distribution is received with respect to a class of stock that is regularly traded on an established securities market located in the United States and (ii) the non-U.S. stockholder does not own more than 10% of the class of our stock at any time during the one-year period ending on the date the distribution is received. We do not anticipate that our shares will be "regularly traded" on an established securities market for the foreseeable future, and therefore, this exception is not expected to apply.

Gain recognized by a non-U.S. stockholder upon the sale or exchange of our common stock generally will not be subject to U.S. federal income taxation unless such stock constitutes a USRPI under FIRPTA (subject to specific FIRPTA exemptions for certain non-U.S. stockholders). Our common stock will not constitute a USRPI so long as we are a "domestically-controlled qualified investment entity." A domestically-controlled qualified investment entity includes a REIT if at all times during a specified testing period, less than 50% in value of such REIT's stock is held directly or indirectly by non-U.S. stockholders. Even if we do not qualify as a domestically-controlled qualified investment entity at the time a non-U.S. stockholder sells or exchanges our common stock, gain arising from such a sale or exchange would not be subject to U.S. taxation under FIRPTA as a sale of a USRPI if: (a) our common stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and (b) such non-U.S. stockholder owned, actually and constructively, 10% or less of our common stock at any time during the five-year period ending on the date of the sale. However, it is not anticipated that our common stock will be "regularly traded" on an established market. We encourage stockholders to consult their tax advisors to determine the tax consequences applicable to them if they are non-U.S. stockholders.

We may be subject to adverse legislative or regulatory tax changes that could increase our tax liability, reduce our operating flexibility and reduce the price of our common stock.

Legislative, regulatory or administrative changes could be enacted or promulgated at any time, either prospectively or with retroactive effect, and may adversely affect us, our stockholders or our borrowers.

Further changes to the tax laws are possible. In particular, the federal income taxation of REITs may be modified, possibly with retroactive effect, by legislative, administrative or judicial action at any time. There can be no assurance that future tax law changes will not increase income tax rates, impose new limitations on deductions, credits or other tax benefits, or make other changes that may adversely affect our business, cash flows or financial performance or the tax impact to a stockholder of an investment in our common stock.

Investors are urged to consult with their tax adviser with respect to the impact of any regulatory or administrative developments and proposals and their potential effect on an investment in our common stock.

Retirement Plan Risks

If the fiduciary of an employee benefit plan subject to ERISA (such as a profit sharing, Section 401(k) or pension plan) or an owner of a retirement arrangement subject to Section 4975 of the Internal Revenue Code (such as an individual retirement account (“IRA”)) fails to meet the fiduciary and other standards under ERISA or the Internal Revenue Code as a result of an investment in our stock, the fiduciary could be subject to penalties and other sanctions.

There are special considerations that apply to employee benefit plans subject to the Employee Retirement Income Security Act (“ERISA”) (such as profit sharing, Section 401(k) or pension plans) and other retirement plans or accounts subject to Section 4975 of the Internal Revenue Code (such as an IRA) or any entity whose assets include such assets (each a “Benefit Plan”) that are investing or have invested in our shares. Fiduciaries, IRA owners and other benefit plan investors investing or that have invested the assets of such a plan or account in our common stock should satisfy themselves that:

- the investment is consistent with their fiduciary and other obligations under ERISA and the Internal Revenue Code;
- the investment is made in accordance with the documents and instruments governing the plan or IRA, including the plan’s or account’s investment policy;
- the investment satisfies the prudence and diversification requirements of Sections 404(a)(1)(B) and 404(a)(1)(C) of ERISA and other applicable provisions of ERISA and the Internal Revenue Code;
- the investment in our shares, for which no trading market currently exists, is consistent with the liquidity needs of the plan or IRA;
- the investment will not produce an unacceptable amount of “unrelated business taxable income” for the plan or IRA;
- our stockholders will be able to comply with the requirements under ERISA and the Internal Revenue Code to value the assets of the plan or IRA annually; and
- the investment will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code.

With respect to the annual valuation requirements described above, we will provide an estimated value per share for our common stock annually to those fiduciaries (including IRA trustees and custodians) who request it. We can make no claim whether such estimated value per share will or will not satisfy the applicable annual valuation requirements under ERISA and the Internal Revenue Code. The Department of Labor or the Internal Revenue Service may determine that a plan fiduciary or a fiduciary acting for an IRA is required to take further steps to determine the value of our common stock. In the absence of an appropriate determination of value, a plan fiduciary or a fiduciary acting for an IRA may be subject to damages, penalties or other sanctions. For information regarding our estimated value per share, see Part II, Item 5, “Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities – Market Information” of this Annual Report on Form 10-K.

Failure to satisfy the fiduciary standards of conduct and other applicable requirements of ERISA and the Internal Revenue Code may result in the imposition of civil and criminal penalties, and can subject the fiduciary to claims for damages or for equitable remedies, including liability for investment losses. In addition, if an investment in our shares constitutes a non-exempt prohibited transaction under ERISA or the Internal Revenue Code, the fiduciary or IRA owner who authorized or directed the investment may be subject to the imposition of excise taxes with respect to the amount invested. Additionally, the investment transaction may have to be undone. In the case of a prohibited transaction involving an IRA owner, the IRA may be disqualified as a tax-exempt account and all of the assets of the IRA may be deemed distributed and subjected to tax. ERISA plan fiduciaries and IRA owners should consult with counsel before making an investment in our shares.

If our assets are deemed to be plan assets, our advisor and we may be exposed to liabilities under Title I of ERISA and the Internal Revenue Code.

In some circumstances where an ERISA plan holds an interest in an entity, the assets of the entity are deemed to be ERISA plan assets unless an exception applies. This is known as the “look-through rule.” Under those circumstances, the obligations and other responsibilities of plan sponsors, plan fiduciaries and plan administrators, and of parties in interest and disqualified persons, under Title I of ERISA and Section 4975 of the Internal Revenue Code, as applicable, may be applicable, and there may be liability under these and other provisions of ERISA and the Internal Revenue Code. We believe that our assets should not be treated as plan assets because the shares should qualify as “publicly-offered securities” that are exempt from the look-through rules under applicable Treasury Regulations. We note, however, that because certain limitations are imposed upon the transferability of shares so that we may qualify as a REIT, and perhaps for other reasons, it is possible that this exemption may not apply. If that is the case, and if KBS Capital Advisors or we are exposed to liability under ERISA or the Internal Revenue Code, our performance and results of operations could be adversely affected. Stockholders should consult with their legal and other advisors concerning the impact of ERISA and the Internal Revenue Code on their investment and our performance.

We do not intend to provide investment advice to any potential investor for a fee. However, we, our advisor and our respective affiliates receive certain fees and other consideration disclosed herein in connection with an investment. If it were determined we provided a Benefit Plan investor with investment advice for a fee, it could give rise to a determination that we constitute an investment advice fiduciary under ERISA. Such a determination could give rise to claims that our fee arrangements constitute non-exempt prohibited transactions under ERISA or the Internal Revenue Code and/or claims that we have breached a fiduciary duty to a Benefit Plan investor. Adverse determinations with respect to ERISA fiduciary status or non-exempt prohibited transactions could result in significant civil penalties and excise taxes.

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, future incidents could have a material impact on our business strategy, results of operations, or financial condition. For additional information, see “Item 1A. Risk Factors – We face risks associated with security breaches through cyber-attacks, cyber intrusions or otherwise, as well as other significant disruptions of our information technology (IT) networks and related systems.”

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"), comprised of 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 (also our Chairman of the Board of Directors) 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 meet 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 over 15 years of prior management experience in digital technologies. He has over 10 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, 2025, our real estate portfolio was composed of 12 office properties encompassing 5.6 million rentable square feet in the aggregate that were collectively 77% occupied with a weighted-average remaining lease term of 5.3 years. The following table provides summary information regarding the properties owned by us as of December 31, 2025:

Property Location of Property	Date Acquired	Property Type	Rentable Square Feet	Total Real Estate at Cost ⁽¹⁾ (in thousands)	Annualized Base Rent ⁽²⁾ (in thousands)	Average Annualized Base Rent per Square Foot ⁽³⁾	Average Remaining Lease Term in Years	% of Total Assets	Occupancy
Town Center Plano, TX	03/27/2012	Office	522,043	\$ 147,694	\$ 11,688	\$ 28.52	5.2	5.3 %	78.5 %
Gateway Tech Center Salt Lake City, UT ⁽⁴⁾	05/09/2012	Office	210,938	37,935	5,575	33.22	4.8	1.4 %	79.6 %
60 South Sixth Minneapolis, MN	01/31/2013	Office	710,332	88,241	10,192	19.43	6.3	5.6 %	73.8 %
Accenture Tower Chicago, IL	12/16/2013	Office	1,457,724	580,977	36,952	28.59	6.7	23.9 %	88.7 %
Ten Almaden San Jose, CA	12/05/2014	Office	309,255	131,720	7,542	49.21	1.9	5.2 %	49.6 %
Towers at Emeryville Emeryville, CA	12/23/2014	Office	593,484	128,576	16,237	51.89	3.2	8.1 %	52.7 %
3003 Washington Boulevard Arlington, VA	12/30/2014	Office	211,054	154,908	11,137	61.31	8.2	6.5 %	86.1 %
201 17th Street Atlanta, GA	06/23/2015	Office	355,870	105,854	9,733	31.16	4.8	4.1 %	87.8 %
515 Congress Austin, TX	08/31/2015	Office	267,956	139,164	8,534	40.32	4.1	6.0 %	79.0 %
The Almaden San Jose, CA	09/23/2015	Office	416,126	103,357	16,799	56.28	2.8	6.5 %	71.7 %
3001 Washington Boulevard Arlington, VA	11/06/2015	Office	94,836	61,048	4,952	54.67	7.4	2.7 %	95.5 %
Carillon Charlotte, NC	01/15/2016	Office	488,277	181,992	13,768	35.03	4.5	8.1 %	80.5 %
			<u>5,637,895</u>	<u>\$ 1,861,466</u>	<u>\$ 153,109</u>	<u>\$ 35.21</u>	<u>5.3</u>		<u>77.1 %</u>

⁽¹⁾ Total real estate at cost represents the total cost of real estate net of impairment charges and write-offs of fully depreciated/amortized assets.

⁽²⁾ Annualized base rent represents annualized contractual base rental income as of December 31, 2025, adjusted to straight-line any contractual tenant concessions (including free rent), rent increases and rent decreases from the lease's inception through the balance of the lease term.

⁽³⁾ Average annualized base rent per square foot is calculated as the annualized base rent divided by the leased square feet.

⁽⁴⁾ Subsequent to December 31, 2025, we entered into a purchase and sale agreement with a purchaser unaffiliated with us or our advisor for the sale of Gateway Tech Center. There can be no certainty that we will complete the sale of Gateway Tech Center.

Portfolio Lease Expirations

The following table sets forth a schedule of expiring leases for our real estate portfolio by square footage and by annualized base rent as of December 31, 2025:

Year of Expiration	Number of Leases Expiring	Annualized Base Rent Expiring ⁽¹⁾ (in thousands)	% of Portfolio Annualized Base Rent Expiring	Leased Square Feet Expiring	% of Portfolio Leased Square Feet Expiring
Month to Month	11	\$ 1,893	1.2 %	124,449	2.9 %
2026	57	15,750	10.3 %	445,813	10.2 %
2027	68	22,119	14.5 %	642,526	14.8 %
2028	68	15,211	9.9 %	406,760	9.3 %
2029	48	20,785	13.6 %	507,318	11.7 %
2030	36	14,886	9.7 %	387,067	8.9 %
2031	16	7,404	4.8 %	207,311	4.8 %
2032	15	8,429	5.5 %	232,980	5.4 %
2033	12	7,410	4.8 %	260,841	6.0 %
2034	10	14,967	9.8 %	294,540	6.8 %
2035	13	8,398	5.5 %	331,030	7.6 %
Thereafter	8	15,857	10.4 %	508,062	11.6 %
Total	362	\$ 153,109	100.0 %	4,348,697	100.0 %

⁽¹⁾ Annualized base rent represents annualized contractual base rental income as of December 31, 2025, adjusted to straight-line any contractual tenant concessions (including free rent), rent increases and rent decreases from the lease's inception through the balance of the lease term.

As of December 31, 2025, our portfolio's highest tenant industry concentrations (greater than 10% of annualized base rent) were as follows:

Industry	Number of Tenants	Annualized Base Rent ⁽¹⁾ (in thousands)	Percentage of Annualized Base Rent
Legal Services	45	\$ 23,797	15.5 %
Finance	54	21,997	14.4 %
Management Consulting Services	12	19,084	12.5 %
		\$ 64,878	42.4 %

⁽¹⁾ Annualized base rent represents annualized contractual base rental income as of December 31, 2025, adjusted to straight-line any contractual tenant concessions (including free rent), rent increases and rent decreases from the lease's inception through the balance of the lease term.

As of December 31, 2025, no other tenant industries accounted for more than 10% of annualized base rent and no tenant accounted for more than 10% of the annualized base rent.

For more information about our real estate portfolio, see Part I, Item 1, "Business."

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 24, 2026, we had 148.5 million shares of common stock outstanding held by a total of approximately 28,929 stockholders. 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

There is no public trading market for the shares of our common stock and we do not anticipate that there will be a public trading market for our shares. We currently have no plans to list our shares on a national securities exchange. Until our shares are listed, if ever, our stockholders may not sell their shares unless the buyer meets the applicable suitability and minimum purchase requirements. Any sale must comply with applicable state and federal securities laws. In addition, 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.

We provide an estimated 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 FINRA Rule 2231. This valuation was performed in accordance with the provisions of and also to comply with the IPA Valuation Guidelines. For this purpose, we estimated the value of the shares of our common stock as \$2.70 per share as of December 31, 2025. This estimated value per share is based on our board of directors' approval on December 18, 2025 of an estimated value per share of our common stock of \$2.70 based on the estimated value of our assets less the estimated value of our liabilities, or net asset value, divided by the number of shares outstanding, all as of September 30, 2025, with the exception of an adjustment to our net asset value to give effect to the change in the estimated value of our investment in units of the SREIT (SGX-ST Ticker: OXMU) as of November 14, 2025. Other than this adjustment, there were no material changes between September 30, 2025 and December 18, 2025 to the net values of our assets and liabilities that impacted the overall estimated value per share.

The conflicts committee, composed solely of all of our independent directors, is responsible for the oversight of the valuation process used to determine the estimated value per share of our common stock, including the review and approval of the valuation and appraisal processes and methodologies used to determine our estimated value per share, the consistency of the valuation and appraisal methodologies with real estate industry standards and practices and the reasonableness of the assumptions used in the valuations and appraisals. With the approval of the conflicts committee, we engaged Kroll, LLC ("Kroll"), an independent third party real estate valuation firm, to provide (i) appraisals for 12 of our consolidated real estate properties owned as of September 30, 2025 (the "Appraised Properties"), (ii) an estimated value for our investment in units of the SREIT (described below) and (iii) a calculation of the range in estimated value per share of our common stock as of December 18, 2025. Kroll based this range in estimated value per share upon (i) its appraisals of the Appraised Properties, (ii) its estimated value for our investment in units of the SREIT and (iii) valuations performed by our advisor with respect to our cash, other assets, notes payable and other liabilities, which are disclosed in our Quarterly Report on Form 10-Q for the period ended September 30, 2025, with the exception of the valuation for The Almaden Mortgage Loan as discussed below under "– Methodology – Notes Payable." The appraisal reports Kroll prepared summarized the key inputs and assumptions involved in the appraisal of each of the Appraised Properties. The methodologies and assumptions used to determine the estimated value of our assets and the estimated value of our liabilities are described further below.

The conflicts committee reviewed Kroll's valuation report, which included an appraised value for each of the Appraised Properties, an estimated value of our investment in units of the SREIT and a summary of the estimated value of each of our other assets and our liabilities as determined by our advisor and reviewed by Kroll. In light of the valuation report and other factors considered by the conflicts committee and the conflicts committee's own extensive knowledge of our assets and liabilities, the conflicts committee: (i) concluded that the range in estimated value per share of \$2.30 to \$3.13, with an approximate mid-range value of \$2.70 per share, as determined by Kroll and recommended by our advisor, which approximate mid-range value was based on Kroll's appraisals of the Appraised Properties, Kroll's valuation of our investment in units of the SREIT and valuations performed by our advisor of our cash, other assets, notes payable and other liabilities, was reasonable and (ii) recommended to our board of directors that it adopt \$2.70 as the estimated value per share of our common stock, which estimated value per share is based on those factors discussed in (i) above. Our board of directors unanimously agreed to accept the recommendation of the conflicts committee and approved \$2.70 as the estimated value per share of our common stock, which determination is ultimately and solely the responsibility of the board of directors.

The table below sets forth the calculation of our estimated value per share as of December 18, 2025 as well as the calculation of our prior estimated value per share as of December 12, 2024. Kroll was not responsible for the determination of the estimated value per share as of December 18, 2025 or December 12, 2024, respectively.

	December 18, 2025 Estimated Value per Share	December 12, 2024 Estimated Value per Share ⁽¹⁾	Change in Estimated Value per Share
Real estate properties ⁽²⁾	\$ 10.98	\$ 14.51	\$ (3.53)
Investment in SREIT units	0.26	0.19	0.07
Cash, restricted cash and cash equivalents ⁽³⁾	0.54	0.31	0.23
Other assets	0.07	0.15	(0.08)
Notes payable ⁽⁴⁾	(8.63)	(10.69)	2.06
Other liabilities	(0.52)	(0.58)	0.06
Estimated value per share	\$ 2.70	\$ 3.89	\$ (1.19)
Estimated enterprise value premium	None assumed	None assumed	None assumed
Total estimated value per share	\$ 2.70	\$ 3.89	\$ (1.19)

⁽¹⁾ The December 12, 2024 estimated value per share was based upon a calculation of the range in estimated value per share of our common stock as of December 12, 2024 by Kroll and the recommendation of our advisor. Kroll based this range in estimated value per share upon (i) its appraisals of 14 of our consolidated real estate properties as of September 30, 2024, (ii) the contractual sales price, net of closing credits and disposition costs, of one property that was sold on November 15, 2024, (iii) its estimated value for our investment in units of the SREIT as of November 14, 2024, (iv) estimated contractual loan financing fees and costs incurred for the period from October 1, 2024 through December 20, 2024 and (v) valuations performed by our advisor with respect to our cash, other assets, notes payable and other liabilities as of September 30, 2024. For more information relating to the December 12, 2024 estimated value per share and the assumptions and methodologies used by Kroll and our advisor, see Part II, Item 5 of our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on March 14, 2025.

⁽²⁾ The estimated value of the Appraised Properties was \$1.6 billion. The decrease in the estimated value of real estate properties per share was primarily due to (i) the sale of three properties during the period from September 30, 2024 through September 30, 2025 and (ii) an overall decrease in the value of the Appraised Properties as a result of the ongoing challenges affecting the U.S. commercial real estate industry, especially as it pertains to commercial office buildings, and the elevated interest rate environment.

⁽³⁾ The increase in estimated value of cash, restricted cash and cash equivalents per share was primarily due to an increase in restricted cash related to cash sweep arrangements required by our loan agreements. As of September 30, 2025, six of our debt facilities (representing \$1.3 billion of our outstanding debt that are secured by 12 of our properties) are subject to cash sweep arrangements, whereby each month the excess cash flow from the properties securing the loan is deposited into a cash management account held for the benefit of our lenders. In addition, in connection with the disposition of one of our properties in July 2025, \$30.0 million of the net sales proceeds was deposited into a cash sweep collateral account established pursuant to one of our portfolio loan facilities to be used for approved tenant improvements, leasing commissions and capital improvements, for operating shortfalls for the properties included in that portfolio loan and for certain other limited fees and expenses, subject to the terms of loan agreement.

⁽⁴⁾ The decrease in estimated value of notes payable per share was primarily due to the paydown of notes payable in conjunction with the sale of three properties during the period from September 30, 2024 through September 30, 2025, partially offset by loan draws.

The decrease in our estimated value per share from the previous estimate was primarily due to the items noted in the table below, which reflect the significant contributors to the decrease in the estimated value per share from \$3.89 to \$2.70. The changes are not equal to the change in values of each asset and liability group presented in the table above due to the dispositions of three office properties and related loan paydowns, refinancings of our outstanding debt and other factors, which caused the value of certain asset or liability groups to change without an equivalent impact to our fair value of equity or the overall estimated value per share.

	Change in Estimated Value per Share
December 12, 2024 estimated value per share	\$ 3.89
<i>Changes to estimated value per share</i>	
Investments	
Real estate properties held as of September 30, 2025	(1.10)
Real estate properties sold through September 30, 2025	0.04
Investment in SREIT units	0.07
Capital expenditures on real estate	(0.21)
Total change related to investments	(1.20)
Modified operating cash flows ⁽¹⁾	0.06
Notes payable	0.05
Loan financing fees	(0.10)
Total change in estimated value per share	\$ (1.19)
December 18, 2025 estimated value per share	\$ 2.70

⁽¹⁾ Modified operating cash flows reflect modified funds from operations (“MFFO”) adjusted to add back the amortization of deferred financing costs. We compute MFFO in accordance with the definition included in the practice guideline issued by the IPA in November 2010.

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 using different assumptions and estimates could derive a different estimated value per share of our common stock, and this difference could be significant. The estimated value per share is not audited and does not represent the fair value of our assets less the fair value of our liabilities according to U.S. generally accepted accounting principles (“GAAP”), nor does it represent a liquidation value of our assets and liabilities or the price at which our shares of common stock would trade on a national securities exchange. The estimated value per share does not reflect a discount for the fact that we are externally managed, nor does it reflect a real estate portfolio premium/discount versus the sum of the individual property values. The estimated value per share also does not take into account estimated disposition costs and fees for real estate properties that were not under contract to sell as of December 18, 2025 nor does it include any future liquidation costs. We have generally incurred disposition costs and fees related to the sale of each real estate property since inception of 0.6% to 2.9% of the gross sales price less concessions and credits, with the weighted average being approximately 1.5%. The estimated value per share also does not take into consideration any financing and refinancing costs subsequent to December 18, 2025. See “—Limitations of and Risks Related to the Estimated Value per Share” below.

As of December 18, 2025, we had no potentially dilutive securities outstanding that would impact the estimated value per share of our common stock.

Our estimated value per share takes into consideration any potential liability related to a subordinated participation in cash flows our advisor is entitled to upon meeting certain stockholder return thresholds in accordance with the advisory agreement. For purposes of determining the estimated value per share, our advisor calculated the potential liability related to this incentive fee based on a hypothetical liquidation of the assets and liabilities at their estimated fair values, after considering the impact of any potential closing costs and fees related to the disposition of real estate properties, and determined that there would be no liability related to the subordinated participation in cash flows at that time.

Methodology

Our goal for the valuation was to arrive at a reasonable and supportable estimated value per share, using a process that was designed to be in compliance with the IPA Valuation Guidelines and using what we and our advisor deemed to be appropriate valuation methodologies and assumptions. The following is a summary of the valuation and appraisal methodologies, assumptions and estimates used to value our assets and liabilities:

Independent Valuation Firm

Kroll⁽¹⁾ was selected by our advisor and approved by our conflicts committee and board of directors to appraise each of the Appraised Properties, to provide an estimated value of our investment in units of the SREIT and to provide a calculation of the range in estimated value per share of our common stock as of December 18, 2025. Kroll is engaged in the business of appraising commercial real estate properties and is not affiliated with us or our advisor. The compensation we paid to Kroll was based on the scope of work and not on the appraised values of the Appraised Properties or the estimated value of our investment in units of the SREIT.

Real Estate

Appraisals

Kroll performed the appraisals in accordance with the Code of Ethics and the Uniform Standards of Professional Appraisal Practice, or USPAP, and the real estate appraisal industry standards created by The Appraisal Foundation, as well as the requirements of the state where each real property is located. Each appraisal was reviewed, approved and signed by an individual with the professional designation of MAI (Member of the Appraisal Institute). The use of the reports is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Kroll collected all reasonably available material information that it deemed relevant in appraising the Appraised Properties. Kroll obtained property-level information from our advisor, including (i) property historical and projected operating revenues and expenses; (ii) property lease agreements; and (iii) information regarding recent or planned capital expenditures. Kroll reviewed and relied in part on the property-level information provided by our advisor and considered this information in light of its knowledge of each property's specific market conditions.

In conducting its investigation and analyses, Kroll took into account customary and accepted financial and commercial procedures and considerations as it deemed relevant. Although Kroll reviewed information supplied or otherwise made available by us or our advisor for reasonableness, it assumed and relied upon the accuracy and completeness of all such information and of all information supplied or otherwise made available to it by any other party and did not independently verify any such information. With respect to operating or financial forecasts and other information and data provided to or otherwise reviewed by or discussed with Kroll, Kroll assumed that such forecasts and other information and data were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of our management and/or our advisor. Kroll relied on us to advise it promptly if any information previously provided became inaccurate or was required to be updated during the period of its review.

In performing its analyses, Kroll made numerous other assumptions as of various points in time with respect to industry performance, general business, economic and regulatory conditions and other matters, many of which are beyond its and our control, as well as certain factual matters. For example, unless specifically informed to the contrary, Kroll assumed that we had clear and marketable title to each of the Appraised Properties, that no title defects existed, that any improvements were made in accordance with law, that no hazardous materials were present or had been present previously, that no deed restrictions existed, and that no changes to zoning ordinances or regulations governing use, density or shape were pending or being considered. Furthermore, Kroll's analyses, opinions and conclusions were necessarily based upon market, economic, financial and other circumstances and conditions existing as of or prior to the date of the appraisals, and any material change in such circumstances and conditions may affect Kroll's analyses and conclusions. Kroll's appraisal reports contain other assumptions, qualifications and limitations that qualify the analyses, opinions and conclusions set forth therein. Furthermore, the prices at which the Appraised Properties may actually be sold could differ from their appraised values. See "—Limitations of and Risks Related to the Estimated Value per Share" below.

⁽¹⁾ Kroll is actively engaged in the business of appraising commercial real estate properties similar to those owned by us in connection with public securities offerings, private placements, business combinations and similar transactions. We engaged Kroll to prepare appraisal reports for each of the Appraised Properties, to provide an estimated value of our investment in units of the SREIT and to provide a calculation of the range in estimated value per share of our common stock and Kroll received fees upon the delivery of such reports and the calculation of the range in estimated value per share of our common stock. In addition, we have agreed to indemnify Kroll against certain liabilities arising out of this engagement. In the two years prior to the date of this filing, Kroll and its affiliates have provided a number of commercial real estate, appraisal, valuation and financial advisory services for our affiliates and have received fees in connection with such services. Kroll and its affiliates may from time to time in the future perform other commercial real estate, appraisal, valuation and financial advisory services for us and our affiliates in transactions related to the properties that are the subjects of the appraisals, so long as such other services do not adversely affect the independence of the applicable Kroll appraiser as certified in the applicable appraisal report.

Although Kroll considered any comments to its appraisal reports received from us or our advisor, the appraised values of the Appraised Properties were determined by Kroll. The appraisal reports for the Appraised Properties are addressed solely to us to assist in the calculation of the range in estimated value per share of our common stock. The appraisal reports are not addressed to the public and may not be relied upon by any other person to establish an estimated value per share of our common stock and do not constitute a recommendation to any person to purchase or sell any shares of our common stock. In preparing its appraisal reports, Kroll did not solicit third-party indications of interest for the Appraised Properties. In preparing its appraisal reports and in calculating the range in estimated value per share of our common stock, Kroll did not, and was not requested to, solicit third-party indications of interest for our common stock in connection with possible purchases thereof or the acquisition of all or any part of us.

The foregoing is a summary of the standard assumptions, qualifications and limitations that generally apply to Kroll's appraisal reports. All of Kroll's appraisal reports, including the analyses, opinions and conclusions set forth in such reports, are qualified by the assumptions, qualifications and limitations set forth in the respective appraisal reports.

Real Estate Valuation

As of September 30, 2025, we owned 12 real estate properties (all of which are office properties and are referred to as the Appraised Properties). Kroll appraised each of the Appraised Properties using various methodologies including the direct capitalization approach, discounted cash flow analyses and sales comparison approach and relied primarily on a discounted cash flow analyses for the final appraisal of each of the Appraised Properties. Kroll calculated the discounted cash flow value of each of the Appraised Properties using property-level cash flow estimates, terminal capitalization rates and discount rates that fall within ranges it believes would be used by similar investors to value the Appraised Properties, based on recent comparable market transactions adjusted for unique properties and market-specific factors.

Our 12 real estate properties were acquired for a total purchase price of \$1.7 billion, including \$24.1 million of acquisition fees and acquisition expenses, and as of September 30, 2025, we had invested \$711.6 million in capital expenses and tenant improvements in these properties. The total appraised value of the Appraised Properties as of September 30, 2025 and used in the December 18, 2025 estimated value per share was \$1.6 billion which, when compared to the total purchase price plus subsequent capital improvements through September 30, 2025 of \$2.4 billion, results in an overall decrease in the estimated value of these properties of approximately 31.6%.

The following table summarizes the key assumptions that Kroll used in the discounted cash flow analyses to arrive at the appraised value of the Appraised Properties:

	Range in Values	Weighted-Average Basis
Terminal capitalization rate	7.25% to 9.00%	8.17%
Discount rate	8.00% to 11.00%	9.50%
Net operating income compounded annual growth rate ⁽¹⁾	0.18% to 18.34%	5.35%

⁽¹⁾ The net operating income compounded annual growth rates (the "CAGRs") reflect both the contractual and market rents and reimbursements (in cases where the contractual lease period is less than the valuation period of the property) net of expenses over the valuation period for each of the properties. The range of CAGRs shown is the constant annual rate at which the net operating income is projected to grow to reach the net operating income in the final year of the hold period for each of the properties and can be significantly impacted by current occupancy at the properties. For appraised properties over 90% occupied, the CAGR range is 0.18% to 3.12% with a weighted average CAGR of 2.53%.

While we believe that Kroll's assumptions and inputs are reasonable, a change in these assumptions and inputs would significantly impact the appraised value of the Appraised Properties and thus, our estimated value per share. The table below illustrates the impact on our estimated value per share if the terminal capitalization rates or discount rates Kroll used to appraise the Appraised Properties were adjusted by 25 basis points, assuming all other factors remain unchanged. Additionally, the table below illustrates the impact on our estimated value per share if these terminal capitalization rates or discount rates were adjusted by 5% in accordance with the IPA Valuation Guidelines, assuming all other factors remain unchanged:

	Increase (Decrease) on the Estimated Value per Share due to			
	Decrease of 25 basis points	Increase of 25 basis points	Decrease of 5%	Increase of 5%
Terminal capitalization rate	\$ 0.21	\$ (0.20)	\$ 0.34	\$ (0.32)
Discount rate	0.22	(0.21)	0.41	(0.39)

Finally, a 1% increase in the appraised value of the Appraised Properties would result in an \$0.11 increase in our estimated value per share and a 1% decrease in the appraised value of the Appraised Properties would result in a decrease of \$0.11 to our estimated value per share, assuming all other factors remain unchanged.

Investment in the SREIT

As of September 30, 2025, we owned 237,426,088 units of the SREIT (SGX-ST Ticker: OXMU), a Singapore real estate investment trust listed on the SGX-ST, which represented 18.2% of the outstanding units of the SREIT at that time. Subsequent to September 30, 2025, the SREIT issued additional units in a private placement transaction, which reduced our ownership in the SREIT to 16.5% of the outstanding units of the SREIT as of October 6, 2025.

We engaged Kroll to value our investment in units of the SREIT as of November 14, 2025 based on the SGX-ST trading price of the units of the SREIT as of closing on November 14, 2025 less a discount to account for holding period risk due to the quantity of units held by us relative to the normal level of trading volume in the SREIT units (“blockage”). Kroll estimated the percentage discount for the holding period risk applicable to our holdings as the quotient of the value of a hypothetical series of at-the-money put options relative to the freely traded market value of our holdings (i.e., the average of the high and low trading prices of the units times the number of units held by us), where each such put option corresponds to one of the expected future sales of such units in the public market over a period of time in which we could reasonably sell such units if desired, given the constraints imposed by blockage. Ultimately, the discount for the holding period risk may be attributable to blockage, which constrains the rate at which the holder can sell the subject units into a public market without upsetting the market’s equilibrium. Kroll’s analysis of the discount for the holding period risk applicable to our holdings had three elements: (i) analysis of trading volume in the SREIT’s units and the shares of other listed REITs in order to estimate the quantity of units that might be saleable by us in the public market; (ii) an estimate of the expected future price volatility of the SREIT’s units, which is the key variable in the valuation of the hypothetical series of put options; and (iii) application of the Black-Scholes model in the valuation of the series of put options. Based on its analysis, the estimated value of the units of the SREIT held by us as of November 14, 2025 was \$39.1 million. We acquired 215,841,899 of our 237,426,088 units of the SREIT on July 19, 2019, at an aggregate purchase price of \$189.9 million. On March 28, 2024, the SREIT issued an additional unit for every 10 existing units held by its unitholders as of March 4, 2024, increasing our investment in the units of the SREIT to 237,426,088 units.

While we believe that Kroll’s assumptions and inputs are reasonable, a change in these assumptions and inputs would significantly impact the estimated value of the units of the SREIT held by us and thus, our estimated value per share. If the volatility rate Kroll used to value these units was adjusted by 5% in accordance with the IPA Valuation Guidelines, assuming all other factors remain unchanged, there would be no material impact to our estimated value per share.

Notes Payable

With the exception of The Almaden Mortgage Loan (discussed below), the estimated values of our notes payable are equal to the GAAP fair values disclosed in our Quarterly Report on Form 10-Q for the period ended September 30, 2025, but do not equal the book value of the loans in accordance with GAAP. Other than The Almaden Mortgage Loan, our advisor estimated the values of our notes payable using a discounted cash flow analysis. The discounted cash flow analysis was based on projected cash flow over the remaining loan terms and on management’s estimates of current market interest rates for instruments with similar characteristics, including remaining loan term, loan-to-value ratio, type of collateral and other credit enhancements. The weighted-average discount rate applied to the future estimated debt payments was approximately 7.6%. To estimate the fair value of The Almaden Mortgage Loan, we wrote down the value of the debt to approximate the fair value of the real estate property, after giving consideration to other assets and liabilities.

As of September 30, 2025, the GAAP fair value of our notes payable as adjusted for the valuation of The Almaden Mortgage Loan described above was \$1.3 billion. As of September 30, 2025, the carrying value of our notes payable was \$1.3 billion. Our notes payable had a weighted-average remaining term of 0.8 years as of November 14, 2025.

With respect to the notes payable valued using a discounted cash flow analysis, the table below illustrates the impact on our estimated value per share if the discount rates our advisor used to value our notes payable were adjusted by 25 basis points, assuming all other factors remain unchanged. Additionally, the table below illustrates the impact on our estimated value per share if these discount rates were adjusted by 5% in accordance with the IPA Valuation Guidelines, assuming all other factors remain unchanged:

	Increase (Decrease) on the Estimated Value per Share due to			
	Decrease of 25 basis points	Increase of 25 basis points	Decrease of 5%	Increase of 5%
Discount rate	\$ (0.02)	\$ 0.02	\$ (0.02)	\$ 0.03

Other Assets and Liabilities

The carrying values of a majority of our other assets and liabilities are considered to equal their fair value due to their short maturities or liquid nature. Certain balances, such as straight-line rent receivables, lease intangible assets and liabilities, accrued capital expenditures, deferred financing costs, unamortized lease commissions and unamortized lease incentives, have been eliminated for the purpose of the valuation due to the fact that the value of those balances was already considered in the valuation of the related asset or liability.

Limitations of and Risks Related to the Estimated Value per Share

As mentioned above, we provided this estimated value per share to assist broker-dealers that participated in our now-terminated initial public offering in meeting their customer account statement reporting obligations. The estimated value per share set forth above first appeared on the December 31, 2025 customer account statements that were mailed in January 2026. This valuation was performed in accordance with the provisions of and also to comply with the IPA Valuation Guidelines. 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 value per share of our common stock, and this difference could be significant. The estimated value per share is not audited and does not represent the fair value of our assets less the fair value of our liabilities according to GAAP.

Accordingly, with respect to the estimated value per share, we can give no assurance that:

- a stockholder would be able to resell his or her shares at our estimated value per share;
- a stockholder would ultimately realize distributions per share equal to our estimated value per share upon liquidation of our assets and settlement of our liabilities or a sale of our company;
- our shares of common stock would trade at the estimated value per share on a national securities exchange;
- another independent third-party appraiser or third-party valuation firm would agree with our estimated value per share; or
- the methodology used to determine our estimated value per share would be acceptable to FINRA or for compliance with ERISA reporting requirements.

Further, the estimated value per share is based on the estimated value of our assets less the estimated value of our liabilities, divided by the number of shares outstanding, all as of September 30, 2025, with the exception of an adjustment to our net asset value to give effect to the change in the estimated value of our investment in units of the SREIT (SGX-ST Ticker: OXMU) as of November 14, 2025. Other than this adjustment, there were no material changes between September 30, 2025 and December 18, 2025 to the net values of our assets and liabilities that impacted the overall estimated value per share, and we did not make any other adjustments to the estimated value per share from the date of the valuations above, including any adjustments relating to, among others, net operating income earned. However, valuations for U.S. office properties continue to fluctuate due to weakness in the current real estate capital markets and the lack of transaction volume for U.S. office properties, increasing the uncertainty of valuations in the current market environment. The valuation of our investment in the SREIT is also subject to increased uncertainty. Due to the disruptions in the financial markets, the trading price of the common units of the SREIT has experienced substantial volatility and has been significantly impacted by the market sentiment for stock with significant investment in U.S. office buildings.

The accompanying consolidated financial statements and notes in this Annual Report have been prepared assuming we will continue as a going concern. 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 elevated interest rates and persistent inflation (or the perception that any of these events may continue), as well as a low level of lending activity in the debt markets, have contributed to continued weakness in the commercial real estate markets. The usage and leasing activity of our assets in several markets remains lower than pre-pandemic levels, and we cannot predict when economic activity and demand for office space will return to pre-pandemic levels in those markets. Both upcoming and recent tenant lease expirations and leasing challenges in certain markets amidst the aforementioned headwinds coupled with slower than expected return-to-office, most notably in the greater San Francisco Bay Area where we own several assets, have had direct and material impacts to property appraisal values used by our lenders and have impacted our ability to access certain credit facilities and our ongoing cash flow, which, in large part, provide liquidity for capital expenditures needed to manage our real estate assets.

In order to refinance, restructure or extend our maturing debt obligations, we have been required to reduce the loan commitments and/or make paydowns on certain loans, and we have agreed to satisfy certain conditions that are not in our sole control, including making principal paydowns during the terms of the loans, selling assets and taking identified actions relating to our portfolio. Selling real estate assets in the current market may result in a lower sale price than we would otherwise obtain.

We may also be adversely affected if we are unable to satisfy the terms and conditions contained in our loan agreements. There is no assurance that we will be able to satisfy the terms and conditions of our existing loan agreements or the terms and conditions of any future extension or refinancing agreements that are entered into. If we are unable to make required principal paydowns under certain loans, sell assets or satisfy certain covenants and conditions in our loan agreements, the lenders may seek to foreclose on the underlying collateral. Our loan agreements contain cross default provisions whereby the occurrence of (or a demand following) an “event of default” under one or more of our debt facilities may trigger a default under certain other debt facilities and the guaranty obligations in respect thereof, thereby giving lenders a right to accelerate the relevant debt obligations and exercise their enforcement rights with respect thereto. In addition, we have pledged the equity of certain of our subsidiaries (and all proceeds therefrom) in connection with the restructuring of certain debt facilities. If an event of default occurs under certain debt facilities and the lenders party thereto elect to exercise their enforcement rights thereunder, one of the remedies available to them is to take possession of the relevant pledged equity.

If we are unable to satisfy the terms and conditions contained in our loan agreements, we anticipate we will make efforts to further refinance or restructure certain of our debt instruments or make additional asset sales to pay off the debt, though there can be no certainty that we will be able to complete such refinancing, restructuring or asset sales. We may relinquish ownership of one or more secured properties to the mortgage lender. We may also seek the protection of the bankruptcy court to implement a restructuring plan, which would constitute an event of default under our indebtedness.

Despite the substantial amount of refinancing activity since February 2024 (over \$1.4 billion of debt refinanced or extended), there can be no assurances as to the certainty or timing of management’s future plans in regards to the matters above, as certain elements of management’s plans are outside our control, including our ability to repay our outstanding debt obligations at maturity, make required principal paydowns during the terms of the loans, satisfy other terms and conditions contained in our loan agreements, refinance, restructure or extend certain debt obligations and sell assets in the current real estate and financial markets.

As a result of certain upcoming loan maturities and required principal paydowns, the challenging commercial real estate lending environment and the lack of transaction volume in the U.S. office market as well as general market instability, management’s plans may not be considered probable and thus do not alleviate substantial doubt about our ability to continue as a going concern for at least a year from the date of the issuance of our financial statements.

Continued disruptions in the financial markets and economic uncertainty impacting the U.S. commercial real estate industry could further impact our ability to implement our business strategy and continue as a going concern. Overall, there remains significant uncertainty regarding the timing and duration of the economic recovery, which precludes any prediction as to the ultimate adverse impact the current disruptions in the markets may have on our business. Potential long-term changes in customer behavior, such as continued work-from-home arrangements, could materially and negatively impact the future demand for office space, further adversely impacting our operations. These risks are not priced into the December 18, 2025 estimated value per share.

For more information see Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Going Concern Considerations.”

Our estimated value per share does not reflect a discount for the fact that we are externally managed, nor does it reflect a real estate portfolio premium/discount versus the sum of the individual property values. Our estimated value per share does not take into account estimated disposition costs and fees for real estate properties that were not under contract to sell as of December 18, 2025 nor does it include any future liquidation costs. We have generally incurred disposition costs and fees related to the sale of each real estate property since inception of 0.6% to 2.9% of the gross sales price less concessions and credits, with the weighted average being approximately 1.5%. The estimated value per share does not take into consideration any financing and refinancing costs subsequent to December 18, 2025. We currently expect to utilize an independent valuation firm to update our estimated value per share no later than December 2026.

Historical Estimated Values per Share

The historical reported estimated values per share of our common stock approved by the board of directors are set forth below:

Estimated Value per Share	Effective Date of Valuation	Filing with the Securities and Exchange Commission
\$3.89	December 12, 2024	Part II, Item 5 of our Annual Report on Form 10-K for the Year Ended December 31, 2024, filed March 14, 2025
\$5.60	December 12, 2023	Part II, Item 5 of our Annual Report on Form 10-K for the Year Ended December 31, 2023, filed March 19, 2024
\$9.00	September 28, 2022	Part II, Item 5 of our Annual Report on Form 10-K for the Year Ended December 31, 2022, filed March 13, 2023
\$10.78	November 1, 2021	Part II, Item 5 of our Annual Report on Form 10-K for the Year Ended December 31, 2021, filed March 31, 2022
\$10.77	May 13, 2021	Current Report on Form 8-K, filed with the SEC on May 14, 2021
\$10.74	December 7, 2020	Part II, Item 5 of our Annual Report on Form 10-K for the Year Ended December 31, 2020, filed March 12, 2021
\$11.65 ⁽¹⁾	December 4, 2019	Part II, Item 5 of our Annual Report on Form 10-K for the Year Ended December 31, 2019, filed March 6, 2020
\$12.02	December 3, 2018	Part II, Item 5 of our Annual Report on Form 10-K for the Year Ended December 31, 2018, filed March 14, 2019
\$11.73	December 6, 2017	Part II, Item 5 of our Annual Report on Form 10-K for the Year Ended December 31, 2017, filed March 8, 2018
\$10.63	December 9, 2016	Part II, Item 5 of our Annual Report on Form 10-K for the Year Ended December 31, 2016, filed March 13, 2017
\$10.04	December 8, 2015	Part II, Item 5 of our Annual Report on Form 10-K for the Year Ended December 31, 2015, filed March 14, 2016
\$9.42 ⁽²⁾	December 9, 2014	Part II, Item 5 of our Annual Report on Form 10-K for the Year Ended December 31, 2014, filed March 9, 2015
\$9.29 ⁽²⁾	May 5, 2014	Supplement no. 3 to our prospectus dated April 25, 2014 (Registration No. 333-164703), filed May 6, 2014

⁽¹⁾ Excluding the special dividend, our estimated value per share of common stock would have been \$12.45.

⁽²⁾ Determined solely to be used as a component in calculating the offering prices in our now-terminated primary initial public offering.

Distribution Information

Due to certain restrictions and covenants included in our loan agreements as a result of refinancing certain of our debt facilities, we do not expect to pay any dividends or distributions until certain loans are repaid or refinanced. One of the loans with these restrictions has a current maturity of January 2027 but may be extended subject to the terms and conditions of the loan agreement. We have not declared any distributions since June 2023. We are unable to predict when or if we will be in a position to pay distributions to our stockholders. See Part I, Item 1A, “Risk Factors—Risks Associated with Debt Financing and Going Concern Considerations.”

If and when we pay distributions, we will likely fund distributions from the sale of assets.

We have elected to be taxed as a REIT under the Internal Revenue Code and we intend to operate in such a manner. 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).

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

During the year ended December 31, 2025, we did not sell any equity securities that were not registered under the Securities Act of 1933.

Amended and Restated Share Redemption Program

Due to certain restrictions and covenants included in our loan agreements as a result of refinancing certain of our debt facilities, we do not expect to redeem any shares of common stock until certain loans are repaid or refinanced. One of the loans with these restrictions has a current maturity of January 2027 but may be extended subject to the terms and conditions of the loan agreement. As a result, on March 15, 2024, our board of directors terminated our share redemption program. We did not redeem or repurchase any shares of our common stock during the year ended December 31, 2025.

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 the accompanying consolidated financial statements and the notes thereto. Also see "Forward-Looking Statements" and "Summary Risk Factors" preceding Part I and Part I, Item 1A, "Risk Factors."

Overview

We were formed on December 22, 2009 as a Maryland corporation that elected to be taxed as a REIT beginning with the taxable year ended December 31, 2011 and we intend to continue to operate in such a manner. We conduct our business primarily through our Operating Partnership, of which we are the sole general partner. Subject to certain restrictions and limitations, our business is managed by our advisor pursuant to an advisory agreement and our advisor conducts our operations and manages our portfolio of real estate investments. Our advisor owns 20,857 shares of our common stock. We have no paid employees.

We have invested in a diverse portfolio of real estate investments. As of December 31, 2025, we owned 12 office properties and an investment in the equity securities of the SREIT.

Section 5.11 of our charter requires that we seek stockholder approval of our liquidation if our shares of common stock are not listed on a national securities exchange by September 30, 2020, unless a majority of the conflicts committee of our board of directors, composed solely of all of our independent directors, determines that liquidation is not then in the best interest of our stockholders. Pursuant to our charter requirement, the conflicts committee considered the ongoing challenges affecting the U.S. commercial real estate industry, especially as it pertains to commercial office properties, the challenging interest rate environment, the limited availability in the debt markets for commercial real estate transactions in the office sector, and the low amount of transaction volume in the U.S. office market for assets similar in size to those of ours, and on August 13, 2025, our conflicts committee unanimously determined to postpone approval of our liquidation. Section 5.11 of our charter requires that the conflicts committee revisit the issue of liquidation at least annually.

Going Concern Considerations

The accompanying consolidated financial statements and notes in this Annual Report have been prepared assuming we will continue as a going concern. 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 elevated interest rates and persistent inflation (or the perception that any of these events may continue), as well as a low level of lending activity in the debt markets, have contributed to continued weakness in the commercial real estate markets. The usage and leasing activity of our assets in several markets remains lower than pre-pandemic levels, and we cannot predict when economic activity and demand for office space will return to pre-pandemic levels in those markets. Both upcoming and recent tenant lease expirations and leasing challenges in certain markets amidst the aforementioned headwinds coupled with slower than expected return-to-office, most notably in the greater San Francisco Bay Area where we own several assets, have had direct and material impacts to property appraisal values used by our lenders and have impacted our ability to access certain credit facilities and our ongoing cash flow, which, in large part, provide liquidity for capital expenditures needed to manage our real estate assets.

Since February 2024, we have refinanced, restructured or extended \$1.4 billion of maturing debt obligations. As of March 27, 2026, we had debt obligations in the aggregate principal amount of \$1.3 billion, with a weighted-average remaining term of 0.5 years.

In order to refinance, restructure or extend our maturing debt obligations, we have been required to reduce the loan commitments and/or make paydowns on certain loans, and we have agreed to satisfy certain conditions that are not in our sole control, including making principal paydowns during the terms of the loans, selling assets and taking identified actions relating to our portfolio.

As of March 27, 2026, we have \$1.3 billion of loan maturities and required principal paydowns during the next 12 months. Our loan agreements require us to sell two properties in 2025 (which we completed), three properties in 2026 and up to four properties in 2027. Selling real estate assets in the current market may result in a lower sale price than we would otherwise obtain.

We will be adversely affected if we are unable to satisfy the terms and conditions contained in our loan agreements. There is no assurance that we will be able to satisfy the terms and conditions of our existing loan agreements or the terms and conditions of any future extension or refinancing agreements that are entered into. If we are unable to make required principal paydowns under certain loans, sell assets or satisfy certain covenants and conditions in our loan agreements, the lenders may seek to foreclose on the underlying collateral. Our loan agreements contain cross default provisions whereby the occurrence of (or a demand following) an “event of default” under one or more of our debt facilities may trigger a default under certain other debt facilities and the guaranty obligations in respect thereof. The cross default provisions vary across the loan agreements and some require that lenders affirmatively elect that an event of default is triggered and/or that payment demands are made in excess of a threshold amount before an event of default is triggered; however, depending upon which facilities default and the guaranty obligations thereunder, there is a risk that an event of default under one loan agreement could cause an event of default under other debt facilities thereby giving lenders a right to accelerate the relevant debt obligations and exercise their enforcement rights with respect thereto. In addition, we have pledged the equity of certain of our subsidiaries (and all proceeds therefrom) in connection with the restructuring of certain of our subsidiaries’ debt facilities and, therefore, if an event of default occurs under certain debt facilities and the lenders party thereto elect to exercise their enforcement rights thereunder, one of the remedies available to them is to take possession of the relevant pledged equity. We have directly and/or indirectly pledged the equity of subsidiaries owning the following properties: Gateway Tech Center, 201 17th Street, 515 Congress, Carillon and Accenture Tower. In order to facilitate certain alternative collateral arrangements and in full and final satisfaction of our obligations set forth in the letter agreement entered into July 10, 2025 with respect to the SREIT units, REIT Properties III agreed with the Portfolio Loan Lenders to (i) establish a deposit account (the “Prime Proceeds Account”) for the benefit of the Portfolio Loan Lenders pursuant to which the proceeds of certain SREIT units (“Prime Proceeds”) shall be deposited and (ii) grant to the Portfolio Loan Lenders a first priority perfected security interest in the Prime Proceeds Account and the other collateral, all as described in and upon the terms and subject to the conditions set forth in a Cash Collateral Account Security, Pledge and Assignment Agreement (the “Cash Collateral Agreement”). Pursuant to the terms of the Cash Collateral Agreement, REIT Properties III agreed that all Prime Proceeds deposited into the Prime Proceeds Account shall be held as additional collateral for the benefit of the Portfolio Loan Lenders until such time as the Prime Proceeds are applied in accordance with the terms of the Amended and Restated Portfolio Loan Facility. For information regarding the Amended and Restated Portfolio Loan Facility, see Note 8, “Notes Payable – Recent Financing Transactions – Amended and Restated Portfolio Loan Facility” in this Annual Report.

In addition, as of March 27, 2026, six of our debt facilities (representing \$1.3 billion of our outstanding debt that are secured by 12 of our properties) are subject to cash sweep arrangements, whereby each month the excess cash flow from the properties securing the loan is deposited into a cash management account held for the benefit of our lenders. In certain cases, we may request disbursements from the cash management accounts to fund capital or operating shortfalls at the underlying assets. However, such cash management accounts place limits on our access to cash flows from these properties and restrict our operating flexibility.

Despite the substantial amount of refinancing activity since February 2024 (over \$1.4 billion of debt refinanced or extended), there can be no assurances as to the certainty or timing of management’s future plans in regards to the matters above, as certain elements of management’s plans are outside our control, including our ability to repay our outstanding debt obligations at maturity, make required principal paydowns during the terms of the loans, satisfy other terms and conditions contained in our loan agreements, refinance, restructure or extend certain debt obligations and sell assets in the current real estate and financial markets. If we are unable to satisfy the terms and conditions contained in our loan agreements, we anticipate we will make efforts to further refinance or restructure certain of our debt instruments or make additional asset sales to pay off the debt, though there can be no certainty that we will be able to complete such refinancing, restructuring or asset sales. We may relinquish ownership of one or more secured properties to the mortgage lender. We may also seek the protection of the bankruptcy court to implement a restructuring plan, which would constitute an event of default under our indebtedness.

As a result of certain upcoming loan maturities and required principal paydowns, the challenging commercial real estate lending environment and the lack of transaction volume in the U.S. office market as well as general market instability, management's plans may not be considered probable and thus do not alleviate substantial doubt about our ability to continue as a going concern for at least a year from the date of the issuance of our financial statements.

Continued disruptions in the financial markets and economic uncertainty impacting the U.S. commercial real estate industry could further impact our ability to implement our business strategy and continue as a going concern. Overall, there remains significant uncertainty regarding the timing and duration of the economic recovery, which precludes any prediction as to the ultimate adverse impact the current disruptions in the markets may have on our business. Potential long-term changes in customer behavior, such as continued work-from-home arrangements, could materially and negatively impact the future demand for office space, further adversely impacting our operations.

Market Outlook – Real Estate and Real Estate Finance Markets

Volatility in global financial markets and changing political environments can cause fluctuations in the performance of the U.S. commercial real estate markets. Declines in rental rates, slower or potentially negative net absorption of leased space, increased rental concessions, including free rent to renew tenants early, to retain tenants who are up for renewal or to attract new tenants, may result in decreases in cash flows from investment properties. Further, revenues from our properties have decreased and could continue to 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), increased rent deferrals or abatements, tenants being unable to pay their rent and/or lower rental rates. Increases in the cost of financing due to elevated interest rates and higher market interest rate spreads has prevented us from refinancing debt obligations at terms as favorable as the terms of the debt we were refinancing. Further, increases in interest rates increase the amount of our debt payments on our variable rate debt to the extent the interest rates on such debt are not fixed through interest rate swap agreements or limited by interest rate caps. Market conditions can change quickly, potentially negatively impacting the value of real estate investments. The current challenging interest rate environment and low level of financing available in the current environment have had a downward impact on real estate values, especially for commercial office buildings, and these factors have significantly impacted the amount of transaction activity in the commercial real estate market and made valuing such assets increasingly difficult. Management continuously reviews our investment and debt financing strategies to optimize our portfolio and the cost of our debt exposure in this challenging environment.

Liquidity and Capital Resources

As described above under “—Going Concern Considerations,” our management determined that substantial doubt exists about our ability to continue as a going concern for at least a year from the date of the issuance of our financial statements. Our principal demands for funds during the short and long-term are and will be for payments (including maturity payments and required principal paydowns) under debt obligations and operating expenses, capital expenditures and general and administrative expenses. As discussed below, due to certain restrictions and covenants included in our loan agreements as a result of refinancing certain of our debt facilities, we do not expect to pay any dividends or distributions or redeem any shares of common stock until certain loans are repaid or refinanced. One of the loans with these restrictions has a current maturity of January 2027 but may be extended subject to the terms and conditions of the loan agreement. Our primary sources of capital for meeting our cash requirements are as follows:

- Cash flow generated by our real estate and real estate-related investments;
- Debt financings (including any amounts currently available under existing loan facilities); and
- Proceeds from the sale of our real estate properties and real estate-related investments.

Our real estate properties generate cash flow in the form of rental revenues and tenant reimbursements, which are reduced by operating expenditures, capital expenditures, debt service payments, the payment of asset management fees and corporate general and administrative expenses. Cash flow from operations from our real estate properties is primarily dependent upon the occupancy level of our portfolio, the net effective rental rates on our leases, the collectability of rent and operating recoveries from our tenants and how well we manage our expenditures. Due to uncertainties in the U.S. office real estate market, most notably in the greater San Francisco Bay Area where we own certain assets, our cash flows have been and we anticipate that our future cash flows from operations may be impacted due to lease rollover and reduced demand for office space.

We have also made a significant investment in the common units of the SREIT. Our investment in the equity securities of the SREIT generates cash flow in the form of dividend income, and dividends are typically declared and paid on a semi-annual basis, though dividends are not guaranteed. As of December 31, 2025, we held 237,426,088 units of the SREIT which represented 16.5% of the outstanding units of the SREIT as of that date. Due to the disruptions in the financial markets discussed above, since early March 2020, the trading price of the common units of the SREIT has experienced substantial volatility. The trading price of the common units of the SREIT has been significantly impacted by the market sentiment for stock with significant investment in U.S. commercial office buildings. As of March 27, 2026, the aggregate value of our investment in the units of the SREIT was \$40.1 million, which was based solely on the closing price of the units on the SGX-ST of \$0.169 per unit as of March 27, 2026, and did not take into account any potential discount for the holding period risk due to the quantity of units we hold. This is a decrease of \$0.711 per unit from our initial acquisition of the SREIT units at \$0.880 per unit on July 19, 2019.

As of March 27, 2026, we had mortgage debt obligations in the aggregate principal amount of \$1.3 billion, with a weighted-average remaining term of 0.5 years. As of March 27, 2026, our debt obligations consisted of \$116.5 million of fixed rate notes payable and \$1.2 billion of variable rate notes payable. As of March 27, 2026, the interest rates on \$800.0 million of our variable rate notes payable were effectively fixed through interest rate swap agreements, of which (i) one interest rate swap in the amount of \$100.0 million will mature on May 1, 2026, (ii) four interest rate swaps in the total amount of \$400.0 million will mature on July 1, 2026, (iii) one interest rate swap in the amount of \$100.0 million will mature on August 1, 2026 and (iv) two interest rate swaps in the total amount of \$200.0 million will mature on November 1, 2026.

As of March 27, 2026, we have \$1.3 billion of loan maturities and required principal paydowns during the next 12 months. As of December 31, 2025, we believe we were in compliance with the financial debt covenants under our notes payable.

Our loan agreements require us to sell two properties in 2025 (which we completed), three properties in 2026 and up to four properties in 2027. Selling real estate assets in the current market may result in a lower sale price than we would otherwise obtain.

If we are unable to make required principal paydowns under certain loans, sell assets or satisfy certain covenants and conditions in our loan agreements, the lenders may seek to foreclose on the underlying collateral. Our loan agreements contain cross default provisions whereby the occurrence of (or a demand following) an “event of default” under one or more of our debt facilities may trigger a default under certain other debt facilities and the guaranty obligations in respect thereof. The cross default provisions vary across the loan agreements and some require that lenders affirmatively elect that an event of default is triggered and/or that payment demands are made in excess of a threshold amount before an event of default is triggered; however, depending upon which facilities default and the guaranty obligations thereunder, there is a risk that an event of default under one loan agreement could cause an event of default under other debt facilities thereby giving lenders a right to accelerate the relevant debt obligations and exercise their enforcement rights with respect thereto. In addition, we have pledged the equity of certain of our subsidiaries (and all proceeds therefrom) in connection with the restructuring of certain of our subsidiaries’ debt facilities and, therefore, if an event of default occurs under certain debt facilities and the lenders party thereto elect to exercise their enforcement rights thereunder, one of the remedies available to them is to take possession of the relevant pledged equity. We have directly and/or indirectly pledged the equity of subsidiaries owning the following properties: Gateway Tech Center, 201 17th Street, 515 Congress, Carillon and Accenture Tower. In order to facilitate certain alternative collateral arrangements and in full and final satisfaction of our obligations set forth in the letter agreement entered into July 10, 2025 with respect to the SREIT units, REIT Properties III agreed with the Portfolio Loan Lenders to (i) establish the Prime Proceeds Account for the benefit of the Portfolio Loan Lenders pursuant to which the Prime Proceeds shall be deposited and (ii) grant to the Portfolio Loan Lenders a first priority perfected security interest in the Prime Proceeds Account and the other collateral, all as described in and upon the terms and subject to the conditions set forth in the Cash Collateral Agreement. Pursuant to the terms of the Cash Collateral Agreement, REIT Properties III agreed that all Prime Proceeds deposited into the Prime Proceeds Account shall be held as additional collateral for the benefit of the Portfolio Loan Lenders until such time as the Prime Proceeds are applied in accordance with the terms of the Amended and Restated Portfolio Loan Facility.

Despite the substantial amount of refinancing activity since February 2024 (over \$1.4 billion of debt refinanced or extended), there can be no assurances as to the certainty or timing of management's future plans in regards to the matters above, as certain elements of management's plans are outside our control, including our ability to repay our outstanding debt obligations at maturity, make required principal paydowns during the terms of the loans, satisfy other terms and conditions contained in our loan agreements, refinance, restructure or extend certain debt obligations and sell assets in the current real estate and financial markets. If we are unable to satisfy the terms and conditions contained in our loan agreements, we anticipate we will make efforts to further refinance or restructure certain of our debt instruments or make additional asset sales to pay off the debt, though there can be no certainty that we will be able to complete such refinancing, restructuring or asset sales. We may relinquish ownership of one or more secured properties to the mortgage lender. We may also seek the protection of the bankruptcy court to implement a restructuring plan, which would constitute an event of default under our indebtedness.

As a result of non-cash impairment charges to write down the carrying value of The Almaden to its estimated fair value as of September 30, 2025, The Almaden was valued at less than the outstanding mortgage debt. Subsequent to December 31, 2025, the maturity date of The Almaden mortgage debt was extended to May 1, 2026 with an option to further extend the maturity date to August 1, 2026 upon satisfaction of certain terms and conditions set forth in the loan documents. We are currently in discussions with the mortgage lender with regard to this asset and the upcoming loan maturity. For information on non-cash impairment charges during the year ended December 31, 2025, see "—Results of Operations."

As a result of certain upcoming loan maturities and required principal paydowns, the challenging commercial real estate lending environment and the lack of transaction volume in the U.S. office market as well as general market instability, management's plans may not be considered probable and thus do not alleviate substantial doubt about our ability to continue as a going concern for at least a year from the date of the issuance of our financial statements.

In addition, as of March 27, 2026, six of our debt facilities (representing \$1.3 billion of our outstanding debt that are secured by 12 of our properties) are subject to cash sweep arrangements, whereby each month the excess cash flow from the properties securing the loan is deposited into a cash management account held for the benefit of our lenders. Generally, excess cash flow means an amount equal to (a) gross revenues from the properties securing the facility less (b) an amount equal to principal and interest paid with respect to the associated debt facility, operating expenses of the properties securing the facility and in certain cases a limited amount of REIT-level expenses. In certain cases, we may request disbursements from the cash management accounts to fund capital or operating shortfalls at the underlying assets. However, such cash management accounts place limits on our access to cash flows from these properties and decrease our operating flexibility.

As a result of the current interest rate environment, the recent extensions and refinancings of certain of our loans have also reduced our available liquidity due to increased interest rate spreads. Additionally, we have entered into various interest rate swap agreements that are currently below market and as those swaps expire, our interest expense will increase and further impact our liquidity position and ongoing cash flows. See the discussion on the interest rate swap maturities above.

We expect that our debt financing and other liabilities will be between 45% and 65% of the cost of our tangible assets (before deducting depreciation and other non-cash reserves). There is no limitation on the amount we may borrow for the purchase of any single asset. We limit our total liabilities to 75% of the cost of our tangible assets (before deducting depreciation and other non-cash reserves), meaning that our borrowings and other liabilities may exceed our maximum target leverage of 65% of the cost of our tangible assets without violating these borrowing restrictions. We may exceed the 75% limit only if a majority of the conflicts committee approves each borrowing in excess of this limitation and we disclose such borrowings to our stockholders in our next quarterly report with an explanation from the conflicts committee of the justification for the excess borrowing. To the extent financing in excess of this limit is available on attractive terms, our conflicts committee may approve debt in excess of this limit. From time to time, our total liabilities could also be below 45% of the cost of our tangible assets due to the lack of availability of debt financing. As of December 31, 2025, our borrowings and other liabilities were approximately 54% of the cost (before deducting depreciation and other noncash reserves) and 56% of the book value (before deducting depreciation) of our tangible assets, respectively. This leverage limitation is based on cost and not fair value, and our leverage may exceed 75% of the fair value of our tangible assets.

We have not declared any distributions since June 2023. We have experienced a reduction in our net cash flows from operations in recent periods primarily due to higher interest expense and a decrease in dividend income received from the SREIT and to a lesser extent, due to lease rollover and reduced demand for office space. We are unable to predict when or if we will be in a position to pay distributions to our stockholders. Due to certain restrictions and covenants included in our loan agreements as a result of refinancing certain of our debt facilities, we do not expect to pay any dividends or distributions until certain loans are repaid or refinanced. One of the loans with these restrictions has a current maturity of January 2027 but may be extended subject to the terms and conditions of the loan agreement. On March 15, 2024, we terminated our dividend reinvestment plan.

We did not redeem any shares of our common stock during the year ended December 31, 2025. Due to certain restrictions and covenants included in our loan agreements as a result of refinancing certain of our debt facilities, we do not expect to redeem any shares of common stock until certain loans are repaid or refinanced. One of the loans with these restrictions has a current maturity of January 2027 but may be extended subject to the terms and conditions of the loan agreement. We terminated our share redemption program on March 15, 2024.

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, 2025 did not exceed the charter-imposed limitation.

Cash Flows from Operating Activities

During the year ended December 31, 2025, net cash used in operating activities was \$6.1 million. During the year ended December 31, 2024, net cash provided by operating activities was \$7.7 million. Net cash used in operating activities increased during the year ended December 31, 2025 primarily as a result of \$6.6 million of interest rate swap settlement proceeds received in 2024 for early terminated swaps, the sales of real estate properties in February 2024, November 2024, July 2025 and September 2025 and the timing of payments and cash receipts.

Cash Flows from Investing Activities

Net cash provided by investing activities was \$195.3 million for the year ended December 31, 2025 due to \$220.1 million of net proceeds from the sales of Sterling Plaza and Park Place Village, offset by \$24.8 million used in improvements to real estate.

Cash Flows from Financing Activities

During the year ended December 31, 2025, net cash used in financing activities was \$168.6 million as a result of principal payments on notes payable of \$188.7 million and payments of deferred financing costs of \$11.0 million, offset by proceeds from notes payable of \$31.1 million.

We also expect to use our capital resources to make certain payments to our advisor. We currently make payments to our advisor in connection with the management of our investments and costs incurred by our advisor in providing services to us. We also pay fees to our advisor in connection with the disposition of investments. We reimburse our advisor and dealer manager for certain stockholder services. In addition, our advisor is entitled to an incentive fee upon achieving certain performance goals.

Asset Management Fees

Among the fees payable to our advisor is an asset management fee. With respect to investments in real property, the asset management fee is a monthly fee equal to one-twelfth of 0.75% of the amount paid or allocated to acquire the investment, plus the cost of any subsequent development, construction or improvements to the property. This amount includes any portion of the investment that was debt financed and is inclusive of acquisition expenses related thereto (but excludes acquisition fees paid to our advisor). In the case of investments made through joint ventures, the asset management fee is determined based on our proportionate share of the underlying investment (but excluding acquisition fees paid to our advisor). With respect to investments in loans and any investments other than real property, the asset management fee is a monthly fee calculated, each month, as one-twelfth of 0.75% of the lesser of (i) the amount actually paid or allocated to acquire or fund the loan or other investment (which amount includes any portion of the investment that was debt financed and is inclusive of acquisition or origination expenses related thereto but is exclusive of acquisition or origination fees paid to our advisor) and (ii) the outstanding principal amount of such loan or other investment, plus the acquisition or origination expenses related to the acquisition or funding of such investment (excluding acquisition or origination fees paid to our advisor), as of the time of calculation. We currently do not pay asset management fees to our advisor on our investment in units of the SREIT.

On November 22, 2024, our advisor entered into a Management Fee and Disposition Fee Subordination Agreement (the “Subordination Agreement”) in favor of U.S. Bank National Association (the “Credit Facility Agent”) as agent for the lenders under the credit facility that was entered on July 30, 2021 (as subsequently modified and amended, the “Credit Facility”) among REIT Properties III, the Credit Facility Agent and the lenders party thereto (the “Credit Facility Lenders”). Pursuant to the Subordination Agreement, our advisor agreed that payment of certain asset management fees owed by us to our advisor pursuant to the advisory agreement will be subordinate to the obligations of REIT Properties III to the Credit Facility Lenders under the Credit Agreement (such obligations, the “Senior Debt”). Specifically, payment of asset management fees to our advisor associated with five of our real estate properties (Carillon, 515 Congress, Gateway Tech Center, 201 17th Street and Accenture Tower) is subordinated to the Senior Debt until the Senior Debt is paid in full, provided that we may pay our advisor 90% of the asset management fees associated with these five properties so long as an “Event of Default” under the Credit Facility is not in existence or would not result from such payment. For the avoidance of doubt, the remaining 10% of the asset management fees associated with these properties is subordinated and deferred until the Senior Debt is paid in full. Additionally, pursuant to the Fourth Modification Agreement (as defined in “— Subsequent Events — Fourth Modification of the Modified Portfolio Revolving Loan Facility”), with respect to 515 Congress, Gateway Tech Center and 201 17th Street, we agreed to limit the amount of asset management fees that we may pay to our advisor to 90% of the asset management fees associated with 515 Congress, Gateway Tech Center and 201 17th Street (with the remaining 10% of the asset management fees associated with these properties being deferred until the obligations under the Modified Portfolio Revolving Loan Facility have been paid in full).

In connection with the Accenture Tower Fourth Modification Agreement, on December 20, 2024, we and our advisor entered into an amendment to the advisory agreement to defer 10% of the asset management fees associated with Accenture Tower until the Accenture Tower Loan is paid in full; provided, that upon the occurrence and during the continuance of a restricted payment event under the loan agreement, all asset management fees with respect to Accenture Tower will be deferred and during the restricted payment event, such deferred fees may only be paid to our advisor with the consent of the required lenders.

Further, on February 6, 2025, in connection with an amendment to the Amended and Restated Portfolio Loan Facility, we and our advisor entered into an amendment to the advisory agreement to defer 10% of the asset management fees associated with 60 South Sixth, Sterling Plaza, Towers at Emeryville, Ten Almaden and Town Center until the obligations under the Amended and Restated Portfolio Loan Facility are paid in full, or the requirements to pay such deferred fees are met during the extension period of the loan; provided that no asset management fees with respect to 60 South Sixth, Sterling Plaza, Towers at Emeryville, Ten Almaden and Town Center may be paid during the occurrence and continuance of a default or potential default under the Amended and Restated Portfolio Loan Facility for which we have received notice that has not been waived or cured. We sold Sterling Plaza on July 11, 2025 and Sterling Plaza was released as security for the Amended and Restated Portfolio Loan Facility.

Notwithstanding the foregoing, on November 8, 2022, we and our advisor amended the advisory agreement and commencing with asset management fees accruing from October 1, 2022, we paid \$1.15 million of the monthly asset management fee to our advisor in cash and we deposited the remainder of the monthly asset management fee into an interest bearing account in our name, which amounts will be paid to our advisor from such account solely as reimbursement for payments made by our advisor pursuant to our advisor’s employee retention program (such account, the “Bonus Retention Fund”). The Bonus Retention Fund was established in order to incentivize and retain key employees of our advisor. The Bonus Retention Fund was fully funded in December 2023, when we had deposited \$8.5 million in cash into such account. Following such time and except as described herein, the monthly asset management fee became fully payable in cash to our advisor. Our advisor has acknowledged and agreed that payments by our advisor to employees under our advisor’s employee retention program that are reimbursed by us from the Bonus Retention Fund will be conditioned on (a) our liquidation and dissolution; (b) a transaction involving the acquisition, merger, conversion or consolidation, either directly or indirectly, of us in which (i) we are not the surviving entity and (ii) our advisor is no longer serving as an advisor or asset manager to the surviving entity in such transaction; (c) the sale or other disposition of all or substantially all of our assets; (d) the non-renewal or termination of the advisory agreement without cause; or (e) the termination of the employee without cause. To the extent the Bonus Retention Fund is not fully paid out to employees as set forth above, the advisory agreement provides that the residual amount will be deemed additional Deferred Asset Management Fees (defined below) and be treated in accordance with the provisions for payment of Deferred Asset Management Fees. Two of our executive officers, Mr. Waldvogel and Ms. Yamane, and one of our directors, Mr. DeLuca, participate in and have been allocated awards under our advisor’s employee retention program, which awards would only be paid as set forth above.

Prior to amending the advisory agreement in November 2022, the prior advisory agreement had provided that with respect to asset management fees accruing from March 1, 2014, our advisor would defer, without interest, our obligation to pay asset management fees for any month in which our modified funds from operations (“MFFO”) for such month, as such term is defined in the practice guideline issued by the Institute for Portfolio Alternatives (“IPA”) in November 2010 and interpreted by us, excluding asset management fees, did not exceed the amount of distributions declared by us for record dates of that month. We remained obligated to pay our advisor an asset management fee in any month in which our MFFO, excluding asset management fees, for such month exceeded the amount of distributions declared for the record dates of that month (such excess amount, an “MFFO Surplus”); however, any amount of such asset management fee in excess of the MFFO Surplus was deferred under the prior advisory agreement. If the MFFO Surplus for any month exceeded the amount of the asset management fee payable for such month, any remaining MFFO Surplus was applied to pay any asset management fee amounts previously deferred in accordance with the prior advisory agreement.

Pursuant to the current advisory agreement, asset management fees accruing from October 1, 2022 are no longer subject to the deferral provision described in the paragraph above. Asset management fees that remained deferred as of September 30, 2022 are “Deferred Asset Management Fees.” As of September 30, 2022, Deferred Asset Management Fees totaled \$8.5 million. The advisory agreement also provides that we remain obligated to pay our advisor outstanding Deferred Asset Management Fees in any month to the extent that MFFO for such month exceeds the amount of distributions declared for the record dates of that month (such excess amount, a “RMFFO Surplus”); provided however, that any amount of outstanding Deferred Asset Management Fees in excess of the RMFFO Surplus will continue to be deferred. We have not made any payments to our advisor related to the Deferred Asset Management Fees for the period from October 1, 2022 to December 31, 2025.

Consistent with the prior advisory agreement, the current advisory agreement provides that notwithstanding the foregoing, any and all Deferred Asset Management Fees that are unpaid will become immediately due and payable at such time as our stockholders have received, together as a collective group, aggregate distributions (including distributions that may constitute a return of capital for federal income tax purposes) sufficient to provide (i) an 8.0% per year cumulative, noncompounded return on such net invested capital (the “Stockholders’ 8% Return”) and (ii) a return of their net invested capital, or the amount calculated by multiplying the total number of shares purchased by stockholders by the issue price, reduced by any amounts to repurchase shares pursuant to our share redemption program. The Stockholders’ 8% Return is not based on the return provided to any individual stockholder. Accordingly, it is not necessary for each of our stockholders to have received any minimum return in order for our advisor to receive Deferred Asset Management Fees.

In addition, the current advisory agreement provides that any and all Deferred Asset Management Fees that are unpaid will also be immediately due and payable upon the earlier of:

- (i) a listing of our shares of common stock on a national securities exchange;
- (ii) our liquidation and dissolution;
- (iii) a transaction involving the acquisition, merger, conversion or consolidation, either directly or indirectly, of us in which (y) we are not the surviving entity and (z) our advisor is no longer serving as an advisor or asset manager to the surviving entity in such transaction; and
- (iv) the sale or other disposition of all or substantially all of our assets.

The advisory agreement may be terminated (i) upon 60 days written notice without cause or penalty by either us (acting through the conflicts committee) or our advisor or (ii) immediately by us for cause or upon the bankruptcy of our advisor. If the advisory agreement is terminated without cause, then our advisor will be entitled to receive from us any residual amount of the Bonus Retention Fund deemed to be additional Deferred Asset Management Fees, provided that upon such non-renewal or termination we do not retain an advisor in which our advisor or its affiliates have a majority interest. Upon termination of the advisory agreement, all unpaid Deferred Asset Management Fees will automatically be forfeited by our advisor, and if the advisory agreement is terminated for cause, any residual amount of the Bonus Retention Fund deemed to be additional Deferred Asset Management Fees will also automatically be forfeited by our advisor.

As of December 31, 2025, we had accrued \$19.7 million of asset management fees, of which \$8.5 million were Deferred Asset Management Fees. Also included in accrued asset management fees as of December 31, 2025 were \$8.5 million of restricted cash deposited into the Bonus Retention Fund and \$1.4 million of asset management fees that were deferred in connection with agreements related to the refinancing of our debt obligations. We had not made any payments to our advisor from the Bonus Retention Fund as of December 31, 2025. As of December 31, 2025, we had \$1.3 million of asset management fees payable related to asset management fees incurred for the month of December 2025, which were subsequently paid in January 2026.

Disposition Fees

For substantial assistance in connection with the sale of properties or other investments, we pay our advisor or one of its affiliates 1.0% of the contract sales price of each property or other investment sold; provided, however, that if, in connection with such disposition, commissions are paid to third parties unaffiliated with our advisor or one of its affiliates, the fee paid to our advisor or one of its affiliates may not exceed the commissions paid to such unaffiliated third parties, and provided further that the aggregate disposition fees paid to our advisor or one of its affiliates and unaffiliated third parties may not exceed 6.0% of the contract sales price. We will not pay a disposition fee upon the maturity, prepayment or workout of a loan or other debt-related investment, provided that if we take ownership of a property as a result of a workout or foreclosure of a loan, we will pay a disposition fee upon the sale of such property. No disposition fees will be paid with respect to any sales of our investment in units of the SREIT.

Notwithstanding the foregoing, our advisor has agreed to reduce and defer certain disposition fees. On October 11, 2024, in connection with an amendment to the Amended and Restated Portfolio Loan Facility, we and our advisor amended the advisory agreement to reduce the disposition fee payable in connection with the sale of Preston Commons to \$0.5 million and to defer payment of the disposition fee to December 1, 2025. On December 5, 2025, the disposition fee related to the sale of Preston Commons was paid to our advisor.

Additionally, pursuant to the Subordination Agreement, with respect to the disposition fees associated with the sale of Carillon, 515 Congress, Gateway Tech Center, 201 17th Street and Accenture Tower, our advisor agreed that the disposition fees will be reduced to not more than 0.65% of the contract sales price of each property and that payment of such disposition fees to our advisor is subordinated to the Senior Debt until the Senior Debt is paid in full. Such deferred disposition fees will be set aside and deposited to an interest bearing account under the control of the Credit Facility Agent. Pursuant to the Fourth Modification Agreement, we agreed not to pay any disposition fees to our advisor related to 515 Congress, Gateway Tech Center and 201 17th Street without the consent of the required lenders, except, provided no event of default has occurred and is continuing under the Modified Portfolio Revolving Loan Facility, payment of disposition fees in an amount not to exceed 0.65% of the contract sales price of such properties (with any remaining disposition fees payable to our advisor related to these properties being deferred until the obligations under the Modified Portfolio Revolving Loan Facility have been paid in full).

On February 6, 2025, in connection with another amendment to the Amended and Restated Portfolio Loan Facility, we and our advisor entered into an amendment to the advisory agreement to reduce the disposition fees associated with the sales of 60 South Sixth, Sterling Plaza, Towers at Emeryville, Ten Almaden, Town Center, Accenture Tower and The Almaden to 0.65% of the contract sales price of each property, in each case subject to the further limitations contained in the advisory agreement and our charter.

Debt Obligations

The following is a summary of our debt obligations as of December 31, 2025 (in thousands):

Debt Obligations	Total	Payments Due During the Years Ended December 31,		
		2026	2027	2028
Outstanding debt obligations ⁽¹⁾	\$ 1,293,394	\$ 965,894	\$ 327,500	\$ —
Interest payments on outstanding debt obligations ⁽²⁾	59,958	57,373	2,585	—
Interest payments on interest rate swaps ^{(3) (4)}	114	114	—	—

⁽¹⁾ Amounts include principal payments only based on maturity dates as of December 31, 2025. The maturity dates of certain loans may be extended beyond their current maturity dates; however, the extension options are subject to certain terms and conditions contained in the loan documents some of which are more stringent than our current loan compliance tests. See also the discussion above under “—Liquidity and Capital Resources” and “—Going Concern Considerations.”

⁽²⁾ Projected interest payments are based on the outstanding principal amounts, maturity dates and interest rates in effect as of December 31, 2025 (consisting of the contractual interest rate and using interest rate indices as of December 31, 2025, where applicable). We incurred interest expense related to notes payable of \$101.9 million, excluding amortization of deferred financing costs totaling \$12.4 million, during the year ended December 31, 2025.

⁽³⁾ Projected interest payments on interest rate swaps are calculated based on the notional amount, effective term of the swap contract, and fixed rate net of the swapped floating rate in effect as of December 31, 2025. In the case where the swapped floating rate (one-month Term SOFR) at December 31, 2025 is higher than the fixed rate in the swap agreement, interest payments on interest rate swaps in the above debt obligations table would reflect zero as we would not be obligated to make any interest payments on those swaps and instead expect to receive payments from our swap counter-parties.

⁽⁴⁾ We recognized net realized gains related to interest rate swaps of \$10.0 million, excluding unrealized losses on derivative instruments of \$10.2 million, during the year ended December 31, 2025.

For additional information regarding our debt obligations and loan maturities, see “—Going Concern Considerations,” “—Market Outlook—Real Estate and Real Estate Finance Markets,” “—Liquidity and Capital Resources” and “—Subsequent Events.”

Capital Expenditures Obligations

As of December 31, 2025, we had capital expenditure obligations of \$20.2 million, the majority of which is expected to be spent in the next twelve months and of which \$7.7 million has already been accrued and included in accounts payable and accrued liabilities on our consolidated balance sheet as of December 31, 2025. This amount includes unpaid contractual obligations for building improvements and unpaid portions of tenant improvement allowances which were granted pursuant to lease agreements executed as of December 31, 2025, including amounts that may be classified as lease incentives pursuant to GAAP. In certain cases, tenants may have discretion over when to utilize their tenant allowances and may delay the start of projects or tenants control the construction of their projects and may not submit timely requests for reimbursement or there are general construction delays, all of which could extend the timing of payment for a portion of these capital expenditure obligations beyond twelve months. The capital expenditure obligations will be funded from cash on hand, draws on current loan facilities with additional availability and future property cash flows. See “—Going Concern Considerations.”

Results of Operations

In this section, we discuss the results of our operations for the year ended December 31, 2025 compared to the year ended December 31, 2024. For a discussion of the year ended December 31, 2024 compared to the year ended December 31, 2023, 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, 2024, which was filed with the SEC on March 14, 2025 and which specific discussion is incorporated herein by reference.

As of December 31, 2024, we owned 13 office properties, one mixed-use office/retail property and an investment in the equity securities of the SREIT. Subsequent to December 31, 2024, we disposed of one office property and one mixed-use office/retail property. As a result, as of December 31, 2025, we owned 12 office properties and an investment in the equity securities of the SREIT. Therefore, the results of operations presented for the years ended December 31, 2025 and 2024 are not directly comparable. The following table provides summary information about our results of operations for the years ended December 31, 2025 and 2024 (dollar amounts in thousands):

Comparison of the year ended December 31, 2025 versus the year ended December 31, 2024

	For the Years Ended December 31,		Increase (Decrease)	Percentage Change	\$ Changes Due to Dispositions of Properties ⁽¹⁾	\$ Change Due to Properties Held Throughout Both Periods ⁽²⁾
	2025	2024				
Rental income	\$ 232,234	\$ 258,459	\$ (26,225)	(10)%	\$ (29,006)	\$ 2,781
Dividend income from real estate equity securities	1,116	967	149	15 %	—	149
Other operating income	16,611	18,239	(1,628)	(9)%	(2,158)	530
Operating, maintenance and management	68,919	72,872	(3,953)	(5)%	(6,520)	2,567
Real estate taxes and insurance	42,714	49,992	(7,278)	(15)%	(4,147)	(3,131)
Asset management fees to affiliate	17,966	19,568	(1,602)	(8)%	(1,725)	123
General and administrative expenses	7,470	18,544	(11,074)	(60)%	n/a	n/a
Depreciation and amortization	95,901	111,206	(15,305)	(14)%	(12,243)	(3,062)
Interest expense	114,289	126,588	(12,299)	(10)%	(2,163)	(10,136)
Net loss (gain) on derivative instruments	126	(17,634)	17,760	(101)%	—	17,760
Impairment charges on real estate	65,475	6,847	58,628	856 %	—	58,628
Unrealized gain (loss) on real estate equity securities	6,173	(11,202)	17,375	(155)%	—	17,375
Gain from extinguishment of debt	—	56,372	(56,372)	(100)%	(56,372)	—
Gain on sale of real estate, net	77,401	53,064	24,337	46 %	24,337	—
Other interest income	569	1,233	(664)	(54)%	n/a	n/a

⁽¹⁾ Represents the dollar amount increase (decrease) for the year ended December 31, 2025 compared to the year ended December 31, 2024 related to the dispositions of properties after January 1, 2024. Interest expense incurred on portfolio loans is not allocated to the individual properties that serve as collateral for these portfolio loans and therefore, the decrease in interest expense related to the two office properties sold during the year ended December 31, 2024 and one office property sold during the year ended December 31, 2025 which served as collateral for portfolio loans is not reflected in this column for changes due to dispositions of properties. During the year ended December 31, 2024, we repaid \$186.6 million of outstanding principal debt under portfolio loans with the net sale proceeds from the sale of two office properties during 2024. During the year ended December 31, 2025, we repaid \$87.7 million of outstanding principal debt under a portfolio loan with the net sale proceeds from the sale of one office property in July 2025.

⁽²⁾ Represents the dollar amount increase (decrease) for the year ended December 31, 2025 compared to the year ended December 31, 2024 related to real estate investments owned by us throughout both periods presented.

Rental income from our real estate properties decreased from \$258.5 million for the year ended December 31, 2024 to \$232.2 million for the year ended December 31, 2025, primarily due to the sales of real properties in February 2024, November 2024, July 2025 and September 2025 and the disposition of an office property in connection with a deed-in-lieu of foreclosure transaction in January 2024, and a decrease in property tax recoveries with respect to two properties held throughout both periods as a result of successful property tax appeals, partially offset by an increase in percentage rent as a result of higher demand due to physical occupancy and an increase in operating recoveries with respect to a property held throughout both periods. We expect rental income to decrease in future periods as a result of the disposition of the two properties in 2025 and to the extent we dispose of additional properties, to vary based on occupancy rates and rental rates of our real estate investments and to increase due to tenant reimbursements related to operating expenses to the extent physical occupancy increases as employees return to the office. See “—Going Concern Considerations,” “—Market Outlook – Real Estate and Real Estate Finance Markets” and “—Liquidity and Capital Resources.”

Dividend income from our real estate equity securities increased slightly from \$1.0 million for the year ended December 31, 2024 to \$1.1 million for the year ended December 31, 2025 due to a slight increase in the dividend rate per unit declared by the SREIT. We expect dividend income from our real estate equity securities to vary in future periods based on the occupancy and rental rates of the SREIT's portfolio, movements in interest rates and the underlying liquidity needs of the SREIT.

Other operating income decreased from \$18.2 million during the year ended December 31, 2024 to \$16.6 million for the year ended December 31, 2025, primarily due to the sales of real properties in February 2024, November 2024, July 2025 and September 2025 and the disposition of an office property in connection with a deed-in-lieu of foreclosure transaction in January 2024, partially offset by an increase in parking revenues at properties held throughout both periods as employees returned to the office. We expect other operating income to vary in future periods based on occupancy rates and parking rates at our real estate properties and to decrease to the extent we dispose of properties.

Operating, maintenance and management costs decreased from \$72.9 million for the year ended December 31, 2024 to \$68.9 million for the year ended December 31, 2025, primarily due to the sales of real properties in February 2024, November 2024, July 2025 and September 2025 and the disposition of an office property in connection with a deed-in-lieu of foreclosure transaction in January 2024, partially offset by an overall increase in repairs and maintenance costs and operating costs, including onsite costs, security, utility, and parking expenses, as a result of general inflation and an increase in physical occupancy at properties held throughout both periods. We expect operating, maintenance and management costs to increase in future periods as a result of general inflation and to the extent physical occupancy increases as employees return to the office and to decrease to the extent we dispose of properties.

Real estate taxes and insurance decreased from \$50.0 million for the year ended December 31, 2024 to \$42.7 million for the year ended December 31, 2025, primarily due to the sales of real properties in February 2024, November 2024, July 2025 and September 2025 and the disposition of an office property in connection with a deed-in-lieu of foreclosure transaction in January 2024, and a decrease in real estate taxes as a result of property tax refunds received and successful property tax appeals related to properties held throughout both periods. We expect real estate taxes and insurance to vary based on future property tax reassessments for properties that we continue to own and to decrease to the extent we dispose of properties.

Asset management fees decreased from \$19.6 million for the year ended December 31, 2024 to \$18.0 million for the year ended December 31, 2025, primarily due to the sales of real properties in February 2024, November 2024, July 2025 and September 2025 and the disposition of an office property in connection with a deed-in-lieu of foreclosure transaction in January 2024. We expect asset management fees to decrease to the extent we dispose of properties and to increase in future periods as a result of any improvements we make to our properties. As of December 31, 2025, there were \$19.7 million of accrued asset management fees, of which (i) \$8.5 million were Deferred Asset Management Fees, (ii) \$8.5 million were related to asset management fees that were restricted for payment and deposited in the Bonus Retention Fund, and (iii) \$1.4 million were related to asset management fees that were deferred in connection with agreements related to the refinancing of our debt obligations. As of December 31, 2025, we had \$1.3 million of asset management fees payable related to asset management fees incurred for the month of December 2025, which were subsequently paid in January 2026. For a discussion of asset management fees, see “— Liquidity and Capital Resources” herein.

General and administrative expenses decreased from \$18.5 million for the year ended December 31, 2024 to \$7.5 million for the year ended December 31, 2025, primarily due to legal fees and financial and advisory consulting fees related to our development and pursuit of our debt restructuring plan and capital raising efforts during the year ended December 31, 2024. General and administrative costs consisted primarily of portfolio legal fees, directors' and officers' insurance coverage costs, board of directors fees, third party transfer agent fees, financial and advisory consulting fees and audit costs.

Depreciation and amortization decreased from \$111.2 million for the year ended December 31, 2024 to \$95.9 million for the year ended December 31, 2025, primarily due to the sales of real properties in November 2024, July 2025 and September 2025 and a decrease in depreciation and amortization due to the reduced depreciable asset basis for The Almaden, Towers at Emeryville and 60 South Sixth as a result of non-cash impairment charges recorded during the year ended December 31, 2025 (see below). The decrease in depreciation and amortization is also due to fully amortized tenant origination and absorption costs as a result of scheduled lease expirations and the acceleration of amortization for an early lease termination at a property held throughout both periods, offset by an increase in capital improvements completed and placed in service subsequent to December 31, 2024. We expect depreciation and amortization to decrease in future periods to the extent we dispose of properties, decrease for the properties for which we recognized non-cash impairment charges during the year ended December 31, 2025 which reduced these properties' depreciable book value and decrease due to fully amortized tenant origination and absorption costs, offset by an increase as a result of additional capital improvements.

Interest expense decreased from \$126.6 million for the year ended December 31, 2024 to \$114.3 million for the year ended December 31, 2025. Included in interest expense was (i) \$117.1 million and \$101.9 million of interest expense payments for the years ended December 31, 2024 and 2025, respectively, and (ii) the amortization of deferred financing costs of \$9.5 million and \$12.4 million for the years ended December 31, 2024 and 2025, respectively. The decrease in interest expense was primarily due to less interest expense incurred as a result of loan paydowns in connection with the sales of real properties in February 2024, November 2024, July 2025 and September 2025 and the disposition of an office property and related forgiveness of debt in connection with a deed-in-lieu of foreclosure transaction in January 2024, partially offset by higher interest rate spreads as a result of refinancings subsequent to December 31, 2024 and the impact on interest expense of additional loan draws. In general, we expect interest expense to decrease due to required loan paydowns, to vary based on fluctuations in interest rates (for our variable rate debt) and the amount of future borrowings and to increase due to higher interest rate spreads as a result of recent refinancings.

We recognized net loss on derivative instruments of \$0.1 million for the year ended December 31, 2025. Included in net loss on derivative instruments was (i) unrealized loss on interest rate swaps of \$10.2 million, offset by (ii) realized gain on interest rate swaps of \$10.0 million, for the year ended December 31, 2025. We recognized net gain on derivative instruments of \$17.6 million for the year ended December 31, 2024. Included in net gain on derivative instruments was (i) realized gain on interest rate swaps of \$24.3 million, (ii) gains related to swap terminations of \$0.2 million, and offset by (iii) unrealized loss on interest rate swaps of \$6.8 million for the year ended December 31, 2024. The change in net loss (gain) on derivative instruments was primarily due to changes in fair values with respect to our interest rate swaps that are not accounted for as cash flow hedges. In general, we expect net gains or losses on derivative instruments to vary based on fair value changes with respect to our interest rate swaps that are not accounted for as cash flow hedges. In addition, as the remaining lives of our interest rate swaps that are not accounted for as cash flow hedges decrease, we expect the fair values of these interest rate swaps to move towards zero, decreasing the net gains or losses on derivative instruments.

During the year ended December 31, 2025, we recorded non-cash impairment charges of \$65.5 million to write down the carrying value of The Almaden (located in San Jose, California), Towers at Emeryville (located in Emeryville, California) and 60 South Sixth (located in Minneapolis, Minnesota) to their estimated fair values. The facts and circumstances leading to the impairments on our real estate held for investment during the year ended December 31, 2025 are as follows:

- *The Almaden:* During the year ended December 31, 2025, we recorded non-cash impairment charges of \$28.5 million for The Almaden, reflecting a decline in the estimated fair value of the property below its carrying value. The decrease was primarily attributable to changes in valuation assumptions and softening market conditions in the San Jose central business district. Key factors contributing to the decline included an increase in the terminal cap and discount rates, lower occupancy levels at the building, increased market leasing costs, and reduced projected revenue due to lower market rents, slower projected rent growth, and reduced lease renewal expectations in the San Jose office market.
- *Towers at Emeryville:* During the year ended December 31, 2025, we recorded non-cash impairment charges of \$16.3 million for the Towers at Emeryville, reflecting a decline in the estimated fair value of the property below its carrying value. The decrease was primarily attributable to changes in valuation assumptions and softening market conditions in the East Bay office sector. Key factors contributing to the decline included an increase in the terminal cap and discount rates, lower occupancy levels at the building, and an increase in general vacancy assumptions within the discounted cash flow model. The valuation also reflected lower projected revenue due to reduced effective rents and higher projected vacancy levels, consistent with broader trends in the East Bay office market, where vacancy rates have continued to rise amid slower leasing activity and elevated tenant turnover.
- *60 South Sixth:* During the year ended December 31, 2025, we recorded non-cash impairment charges of \$20.7 million for 60 South Sixth, reflecting a decline in the estimated fair value of the property below its carrying value. The decrease was primarily attributable to changes in valuation assumptions. Key factors contributing to the decline included an increase in the terminal cap and discount rates, reflecting a more cautious investment outlook and higher required returns for office assets in the Minneapolis central business district. The valuation also utilized an increased stabilized vacancy assumption and reflected a modest decrease in in-place occupancy, consistent with the current occupancy at the building and broader market trends indicating softening demand and rising availability in the downtown Minneapolis office market.

During the year ended December 31, 2024, we recorded non-cash impairment charges of \$6.8 million to write down the carrying value of 60 South Sixth to its estimated fair value as a result of changes in cash flow estimates which resulted in the future estimated undiscounted cash flows being lower than the net carrying value of the property. The decrease in cash flow projections was primarily due to the continued challenges in the leasing environment.

During the year ended December 31, 2025, we recorded an unrealized gain on real estate equity securities of \$6.2 million, and during the year ended December 31, 2024, we recorded unrealized losses on real estate equity securities of \$11.2 million, as a result of the change in the closing price of the units of the SREIT on the SGX-ST.

During the year ended December 31, 2024, we recognized a gain on extinguishment of debt of \$56.4 million in connection with the deed-in-lieu of foreclosure transaction related to the 201 Spear Street Mortgage Loan. The gain on extinguishment of debt related to the 201 Spear Street Mortgage Loan represents the difference between the carrying amount of the outstanding debt and other liabilities of approximately \$128.7 million and the carrying value of the real estate property and other assets of approximately \$72.3 million, at the time of the transfer of the 201 Spear Street property and other assets in satisfaction of the loan. We did not record any gain on extinguishment of debt during the year ended December 31, 2025.

We recognized a gain on sale of real estate of \$77.4 million during the year ended December 31, 2025 related to the dispositions of Sterling Plaza in July 2025 and Park Place Village in September 2025. We recognized a gain on sale of real estate of \$53.1 million during the year ended December 31, 2024 related to the dispositions of the McEwen Building in February 2024 and Preston Commons in November 2024.

Funds from Operations and Modified Funds from Operations

We believe that funds from operations (“FFO”) is a beneficial indicator of the performance of an equity REIT. We compute FFO in accordance with the current National Association of Real Estate Investment Trusts (“NAREIT”) definition. FFO represents net income, excluding gains and losses from sales of operating real estate assets (which can vary among owners of identical assets in similar conditions based on historical cost accounting and useful-life estimates), gains and losses from change in control, impairment losses on real estate assets, depreciation and amortization of real estate assets, and adjustments for unconsolidated partnerships and joint ventures. In addition, we elected the option to exclude mark-to-market changes in value recognized on real estate equity securities in the calculation of FFO. We believe FFO facilitates comparisons of operating performance between periods and among other REITs. However, our computation of FFO may not be comparable to other REITs that do not define FFO in accordance with the NAREIT definition or that interpret the current NAREIT definition differently than we do. Our management believes that historical cost accounting for real estate assets in accordance with U.S. generally accepted accounting principles (“GAAP”) implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered the presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. As a result, we believe that the use of FFO, together with the required GAAP presentations, provides a more complete understanding of our performance relative to our competitors and provides a more informed and appropriate basis on which to make decisions involving operating, financing, and investing activities.

Changes in accounting rules have resulted in a substantial increase in the number of non-operating and non-cash items included in the calculation of FFO. As a result, our management also uses MFFO as an indicator of our ongoing performance. MFFO excludes from FFO: acquisition fees and expenses (to the extent that such fees and expenses have been recorded as operating expenses); adjustments related to contingent purchase price obligations; amounts relating to straight-line rents and amortization of above and below market intangible lease assets and liabilities; accretion of discounts and amortization of premiums on debt investments; amortization of closing costs relating to debt investments; impairments of real estate-related investments; mark-to-market adjustments included in net income; and gains or losses included in net income for the extinguishment or sale of debt or hedges. We compute MFFO in accordance with the definition of MFFO included in the practice guideline issued by the IPA in November 2010 as interpreted by management. Our computation of MFFO may not be comparable to other REITs that do not compute MFFO in accordance with the current IPA definition or that interpret the current IPA definition differently than we do.

We believe that MFFO is helpful as a measure of ongoing operating performance because it excludes other non-operating items included in FFO. MFFO excludes non-cash items such as straight-line rental revenue. Additionally, we believe that MFFO provides investors with supplemental performance information that is consistent with the performance indicators and analysis used by management, in addition to net income and cash flows from operating activities as defined by GAAP, to evaluate the sustainability of our operating performance. MFFO provides comparability in evaluating the operating performance of our portfolio with other non-traded REITs. MFFO, or an equivalent measure, is routinely reported by non-traded REITs, and we believe often used by analysts and investors for comparison purposes.

FFO and MFFO are non-GAAP financial measures and do not represent net income as defined by GAAP. Net income as defined by GAAP is the most relevant measure in determining our operating performance because FFO and MFFO include adjustments that investors may deem subjective, such as adding back expenses such as depreciation and amortization and the other items described above. Accordingly, FFO and MFFO should not be considered as alternatives to net income as an indicator of our current and historical operating performance. In addition, FFO and MFFO do not represent cash flows from operating activities determined in accordance with GAAP and should not be considered an indication of our liquidity. We believe FFO and MFFO, in addition to net income and cash flows from operating activities as defined by GAAP, are meaningful supplemental performance measures. See also “—Going Concern Considerations,” “—Market Outlook—Real Estate and Real Estate Finance Markets” and “—Liquidity and Capital Resources.”

During periods of significant disposition activity, FFO and MFFO are much more limited measures of future performance as neither FFO nor MFFO reflects adjustments for the operations of properties sold or under contract to sale during the periods presented.

Although MFFO includes other adjustments, the exclusion of adjustments for straight-line rent, the amortization of above- and below-market leases, gain from extinguishment of debt, unrealized losses (gains) on derivative instruments and gains related to swap terminations are the most significant adjustments for the periods presented. We have excluded these items based on the following economic considerations:

- *Adjustments for straight-line rent.* These are adjustments to rental revenue as required by GAAP to recognize contractual lease payments on a straight-line basis over the life of the respective lease. We have excluded these adjustments in our calculation of MFFO to more appropriately reflect the current economic impact of our in-place leases, while also providing investors with a useful supplemental metric that addresses core operating performance by removing rent we expect to receive in a future period or rent that was received in a prior period;
- *Amortization of above- and below-market leases.* Similar to depreciation and amortization of real estate assets and lease related costs that are excluded from FFO, GAAP implicitly assumes that the value of intangible lease assets and liabilities diminishes predictably over time and requires that these charges be recognized currently in revenue. Since market lease rates in the aggregate have historically risen or fallen with local market conditions, management believes that by excluding these charges, MFFO provides useful supplemental information on the realized economics of the real estate;
- *Gain from extinguishment of debt.* A gain from extinguishment of debt represents the difference between the carrying value of any consideration transferred to the lender in return for the extinguishment of a debt and the net carrying value of the debt at the time of settlement. We have excluded the gain from extinguishment of debt in our calculation of MFFO because these gains do not impact the current operating performance of our investments and do not provide an indication of future operating performance;
- *Unrealized losses (gains) on derivative instruments.* These adjustments include unrealized losses (gains) from mark-to-market adjustments on interest rate swaps and the interest rate cap. The change in fair value of interest rate swaps and the interest rate cap not designated as a hedge are non-cash adjustments recognized directly in earnings and are included in interest expense. We have excluded these adjustments in our calculation of MFFO to more appropriately reflect the economic impact of our interest rate swap agreements and interest rate cap; and
- *Gains related to swap terminations.* Gains related to swap terminations represent the difference between the settlement fees received and the value of interest rate swaps terminated, which are included in net (gain) loss on derivative instruments. Although these amounts increase net income, we exclude them from MFFO to more appropriately reflect the ongoing impact of our interest rate swap agreements.

Our calculation of FFO, which we believe is consistent with the calculation of FFO as defined by NAREIT, is presented in the following table, along with our calculation of MFFO, for the years ended December 31, 2025, 2024 and 2023, respectively (in thousands). No conclusions or comparisons should be made from the presentation of these periods.

	For the Years Ended December 31,		
	2025	2024	2023
Net loss attributable to common stockholders	\$ (78,756)	\$ (10,851)	\$ (157,533)
Depreciation of real estate assets	81,963	94,580	97,331
Amortization of lease-related costs	13,938	16,626	17,904
Impairment charges on real estate	65,475	6,847	45,459
Unrealized (gain) loss on real estate equity securities	(6,173)	11,202	35,614
Gain on sale of real estate, net	(77,401)	(53,064)	—
FFO attributable to common stockholders ⁽¹⁾	(954)	65,340	38,775
Straight-line rent and amortization of above- and below-market leases, net	(6,350)	(9,009)	(8,404)
Gain from extinguishment of debt	—	(56,372)	—
Unrealized losses on derivative instruments	10,152	6,833	16,451
Gains related to swap terminations	—	(178)	—
MFFO attributable to common stockholders ⁽¹⁾	\$ 2,848	\$ 6,614	\$ 46,822

⁽¹⁾ FFO and MFFO for the year ended December 31, 2025 and 2024 include expenses of \$1.1 million and \$12.0 million, respectively, related to legal fees and financial and advisory consulting fees related to our development and pursuit of our debt restructuring plan and capital raising efforts.

FFO and MFFO may also be used to fund all or a portion of certain capitalizable items that are excluded from FFO and MFFO, such as tenant improvements, building improvements and deferred leasing costs.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with GAAP and in conjunction with the rules and regulations of the SEC. The preparation of our financial statements requires significant management judgments, assumptions and estimates about matters that are inherently uncertain. 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. Additionally, other companies may utilize different estimates that may impact the comparability of our results of operations to those of companies in similar businesses.

Revenue Recognition - Operating Leases

Real Estate

We recognize 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 is probable and record amounts expected to be received in later years as deferred rent receivable. If the lease provides for tenant improvements, we determine whether the tenant improvements, for accounting purposes, are owned by the tenant or us. When we are the owner of the tenant improvements, the tenant is not considered to have taken physical possession or have control of the physical use of the leased asset until the tenant improvements are substantially completed. When the tenant is 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 is funded is 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 ASU 2016-02, *Leases (Topic 842)* (“Topic 842”), tenant reimbursements for property taxes and insurance are included in the single lease component of the lease contract (the right of the lessee to use the leased space) and therefore are accounted for as variable lease payments and are recorded as rental income on our statement of operations. 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 are also accounted for as variable lease payments and recorded as rental income on our statement of operations.

In accordance with Topic 842, we make a determination of whether the collectibility of the lease payments in an operating lease is probable. If we determine the lease payments are not probable of collection, we would fully reserve for any contractual lease payments, deferred rent receivable, and variable lease payments and would recognize rental income only to the extent cash has been received. These changes to our collectibility assessment are reflected as an adjustment to rental income. We make estimates of the collectability of the lease payments which requires significant judgment by management. We consider 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, including the impact of the continued disruptions in the financial markets on the tenant’s business, in making the determination.

We, as a lessor, record 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 classify such costs as operating, maintenance, and management expense on our consolidated statement of operations, as these costs are 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 determine we do not have a controlling financial interest in the entity that holds the asset and the arrangement meets the criteria to be accounted for as a contract, we would derecognize the asset and recognize 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 Equity Securities

Dividend income from real estate equity securities is recognized on an accrual basis based on eligible units as of the ex-dividend date.

Real Estate

Depreciation and Amortization

Real estate costs related to the acquisition and improvement of properties are capitalized and depreciated 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 consider 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 anticipate the 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 monitor 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 suggest that the carrying value of real estate and related intangible assets and liabilities may not be recoverable, we assess the recoverability by estimating whether we will 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 do not believe that we will be able to recover the carrying value of the real estate and related intangible assets and liabilities, we would record an impairment loss to the extent that the carrying value exceeds 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.

Real Estate Held for Non-Sale Disposition

We consider real estate assets that do not meet the criteria for held for sale but are expected to be disposed of other than by sale as real estate held for non-sale disposition. The assets and liabilities related to real estate held for non-sale disposition are included in our consolidated balance sheets and the results of operations are presented as part of continuing operations in our consolidated statements of operations for all periods presented. Operating results of properties that will be disposed of other than by sale will be included in continuing operations on our consolidated statements of operations until the ultimate disposition of real estate.

Real Estate Equity Securities

Real estate equity securities are carried at fair value based on quoted market prices for the security. Unrealized gains and losses on real estate equity securities are recognized in earnings.

Derivative Instruments

We enter into derivative instruments for risk management purposes to hedge our exposure to cash flow variability caused by changing interest rates on our variable rate notes payable. We record these derivative instruments at fair value on the accompanying consolidated balance sheets. The changes in fair value for derivative instruments that are not designated as a hedge or that do not meet the hedge accounting criteria are recorded as gain or loss on derivative instruments and presented in the accompanying consolidated statements of operations.

The calculation of the fair value of derivative instruments is complex and different inputs used in the model can result in significant changes to the fair value of derivative instruments and the related gain or loss on derivative instruments in the accompanying consolidated statements of operations. The valuation of our derivative instruments is based on a proprietary model using the contractual terms of the derivatives, including the period to maturity, as well as observable market-based inputs, including interest rate curves and volatility. The fair values of interest rate swaps are estimated using the market standard methodology of netting the discounted fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of interest rates (forward curves) derived from observable market interest rate curves. In addition, credit valuation adjustments, which consider the impact of any credit risks to the contracts, are incorporated in the fair values to account for potential nonperformance risk.

Fair Value Election of Hybrid Financial Instruments with Embedded Derivatives

When we enter into interest rate swaps which include off-market terms, we determine if these contracts are hybrid financial instruments with embedded derivatives requiring bifurcation between the host contract and the derivative instrument. We elected to initially and subsequently measure these hybrid financial instruments in their entirety at fair value with concurrent documentation of this election. Changes in the fair value of the hybrid financial instrument under this fair value election are recorded in earnings and are recorded as gain or loss on derivative instruments in the accompanying consolidated statements of operations. The cash flows for these off-market swap instruments which contain an other-than-insignificant financing element at inception are included in cash flows provided by or used in financing activities on the accompanying consolidated statements of cash flows.

Cash Flow Classification of Derivative Settlements

We classify proceeds received or amounts paid related to early terminations or settlements of our derivative instruments not designated as hedges for accounting purposes in cash flows from operating activities in the statement of cash flows.

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.

Fourth Modification of the Modified Portfolio Revolving Loan Facility

On October 17, 2018, certain of our indirect wholly owned subsidiaries (the “Modified Portfolio Revolving Loan Borrowers”) entered into a loan facility (as subsequently modified and amended, the “Modified Portfolio Revolving Loan Facility”) with U.S. Bank National Association, as administrative agent (the “Modified Portfolio Revolving Loan Agent”). The current lenders under the Modified Portfolio Revolving Loan Facility are U.S. Bank National Association, Regions Bank, Citizens Bank, City National Bank and Associated Bank, National Association (the “Modified Portfolio Revolving Loan Lenders”). The Modified Portfolio Revolving Loan Facility is secured by 515 Congress, Gateway Tech Center and 201 17th Street (the “Modified Portfolio Revolving Loan Properties”). Prior to the Fourth Modification Agreement (defined below), the Modified Portfolio Revolving Loan Facility had a maturity date of March 1, 2026.

On January 27, 2026, we, through the Modified Portfolio Revolving Loan Borrowers, entered into a fourth modification agreement (the “Fourth Modification Agreement”) with the Modified Portfolio Revolving Loan Agent and the Modified Portfolio Revolving Loan Lenders to extend the maturity date of the Modified Portfolio Revolving Loan Facility to March 25, 2026 (the “Extended Maturity Date”), subject to the satisfaction of certain terms and conditions contained in the Fourth Modification Agreement, some of which conditions are not in our sole control, including our taking identified actions relating to our portfolio. Our failure to satisfy certain of these conditions will result in the Extended Maturity Date not being available and the maturity date of March 1, 2026 being reinstated. The Fourth Modification Agreement further provides that subject to the satisfaction of certain terms and conditions contained in the Fourth Modification Agreement, some of which conditions are not in our sole control, the maturity date of the loan may be further extended up to, but no later than, April 15, 2026. Notwithstanding the foregoing, the Fourth Modification Agreement provides that at any time following March 1, 2026, an immediate event of default will result under the Modified Portfolio Revolving Loan Facility two business days following our failure to meet certain conditions of the Fourth Modification Agreement.

Additionally, pursuant to the Fourth Modification Agreement, with respect to the Modified Portfolio Revolving Loan Properties, we agreed (i) to limit the amount of asset management fees that we may pay to our advisor, to 90% of the asset management fees associated with the Modified Portfolio Revolving Loan Properties (with the remaining 10% of the asset management fees associated with the Modified Portfolio Revolving Loan Properties being deferred until the obligations under the Modified Portfolio Revolving Loan Facility have been paid in full) and (ii) that we will not pay any disposition fees to our advisor related to the Modified Portfolio Revolving Loan Properties without the consent of the required lenders, except, provided no event of default has occurred and is continuing under the Modified Portfolio Revolving Loan Facility, payment of disposition fees in an amount not to exceed 0.65% of the contract sales price of the Modified Portfolio Revolving Loan Properties (with any remaining disposition fees payable to our advisor related to the Modified Portfolio Revolving Loan Properties being deferred until the obligations under the Modified Portfolio Revolving Loan Facility have been paid in full).

We continue to work with the Modified Portfolio Revolving Loan Agent to reach a longer-term extension of the Modified Portfolio Revolving Loan Facility, though there can be no assurance as to the certainty or timing of a longer-term extension.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to the effects of interest rate changes as a result of borrowings used to maintain liquidity and to fund property improvements, repairs and tenant build-outs to properties, to pay for other capital needs, to refinance existing indebtedness and to provide working capital. We have also funded distributions to stockholders and redemptions of common stock with 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 are to limit the impact of interest rate changes on earnings, prepayment penalties and cash flows and to lower overall borrowing costs. We may manage interest rate risk by utilizing 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. When we use these types of derivatives to hedge the risk of interest-earning assets or interest-bearing liabilities, we may be subject to certain risks, including the risk that losses on a hedge position will reduce the funds available for other capital needs and that the losses may exceed the amount we invested in the instruments.

The table below summarizes the outstanding principal balance, interest rate or weighted-average contractual interest rates and fair value for our notes payable for each category; and the notional amounts, average pay rates, average receive rates and fair value of our derivative instruments, based on maturity dates as of December 31, 2025 (dollars in thousands):

	Maturity Date					Total Value or Notional Amount	Fair Value
	2026	2027	2028	2029	2030		
Assets							
Derivative Instruments							
Interest rate swaps, notional amount	\$ 500,000	\$ —	\$ —	\$ —	\$ —	\$ 500,000	\$ 764
Average pay rate ⁽¹⁾	2.8 %	— %	— %	— %	— %	2.8 %	
Average receive rate ⁽²⁾	3.7 %	— %	— %	— %	— %	3.7 %	
Liabilities							
Notes payable, principal outstanding							
Fixed Rate	\$ 116,880	\$ —	\$ —	\$ —	\$ —	\$ 116,880	\$ 110,200
Interest rate	7.5 %	— %	— %	— %	— %	7.5 %	
Variable Rate	\$ 751,267	\$ 425,247	\$ —	\$ —	\$ —	\$ 1,176,514	\$ 1,164,376
Weighted-average contractual interest rate ⁽³⁾	6.6 %	6.7 %	— %	— %	— %	6.6 %	
Derivative Instruments							
Interest rate swaps, notional amount	\$ 500,000	\$ —	\$ —	\$ —	\$ —	\$ 500,000	\$ 407
Average pay rate ⁽¹⁾	3.7 %	— %	— %	— %	— %	3.7 %	
Average receive rate ⁽²⁾	3.7 %	— %	— %	— %	— %	3.7 %	

⁽¹⁾ The average pay rate is based on the interest rate swap fixed rate.

⁽²⁾ The average receive rate is based on the one-month Term SOFR rate as of December 31, 2025.

⁽³⁾ The weighted-average contractual interest rate represents the actual interest rate in effect as of December 31, 2025, consisting of the contractual interest rate and using interest rate indices as of December 31, 2025, where applicable.

We borrow funds at a combination of fixed and variable rates. Interest rate fluctuations will generally not affect our future earnings or cash flows on our fixed rate debt, unless such instruments mature or are otherwise terminated. However, interest rate changes will affect the fair value of our fixed rate instruments. As of December 31, 2025, the fair value of our fixed rate debt was \$110.2 million and the outstanding principal balance of our fixed rate debt was \$116.9 million. The fair value estimate of our fixed rate debt is calculated using a discounted cash flow analysis utilizing rates we would expect to pay for debt of a similar type and remaining maturity if the loan was originated as of December 31, 2025. As we expect to hold our fixed rate instruments to maturity (unless the property securing the debt is sold and the loan is repaid) and the amounts due under such instruments would be limited to the outstanding principal balance and any accrued and unpaid interest, we do not expect that fluctuations in interest rates, and the resulting change in fair value of our fixed rate instruments, would have a significant impact on our operations.

Conversely, movements in interest rates on our variable rate debt would change our future earnings and cash flows, but not significantly affect the fair value of those instruments. However, changes in required risk premiums would result in changes in the fair value of variable rate instruments. As of December 31, 2025, we were exposed to market risks related to fluctuations in interest rates on \$176.5 million of variable rate debt outstanding after giving consideration to the impact of interest rate swap agreements on approximately \$1.0 billion of our variable rate debt. All of our interest rate swap agreements will mature during the 12 months ending December 31, 2026. Based on interest rates as of December 31, 2025, and with the consideration of the maturity dates of our interest rate swap agreements, if interest rates were 100 basis points higher or lower during the 12 months ending December 31, 2026, interest expense on our variable rate debt would increase or decrease by \$7.0 million.

The interest rate and weighted-average effective interest rate of our fixed rate debt and variable rate debt as of December 31, 2025 were 7.5% and 6.2%, respectively. The weighted-average effective interest rate represents the actual interest rate in effect as of December 31, 2025 (consisting of the contractual interest rate and the effect of interest rate swaps, if applicable), using interest rate indices as of December 31, 2025 where applicable.

Given the challenges affecting the U.S. commercial real estate industry and the challenging interest rate environment, in order to refinance or extend loans, our lenders have required higher interest rate spreads compared to the terms in the loans that have been refinanced or extended. We utilize interest rate swaps to manage interest rate risk, and in particular fluctuations in the variable rate, namely SOFR, but these interest rate swaps will not mitigate any risk related to higher interest rate spreads. Additionally, we have entered into various interest rate swap agreements that are currently below market and as those swaps expire, our interest expense will increase and further impact our liquidity position and ongoing cash flows. As a result, we expect interest expense and our weighted-average effective interest rate to increase in the future. For a discussion of the interest rate risks related to the current capital and credit markets, see Part I, Item 1A, “Risk Factors” and Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Market Outlook – Real Estate and Real Estate Finance Markets.”

We are exposed to financial market risk with respect to our investment in the SREIT (SGX-ST Ticker: OXMU). Financial market risk is the risk that we will incur economic losses due to adverse changes in our investment’s security price. Our exposure to changes in security prices is a result of our investment in these types of securities. Market prices are subject to fluctuation and, therefore, the amount realized in the subsequent sale of an investment may significantly differ from our carrying value. Fluctuation in the market prices of a security may result from any number of factors, including perceived changes in the underlying fundamental characteristics of the issuer, the relative price of alternative investments, interest rates, default rates and general market conditions. The SREIT’s units were first listed for trading on the SGX-ST on July 19, 2019. If an active trading market for the units does not develop or is not sustained, it may be difficult to sell our units. The market for Singapore REITs may trade a small number of securities and may be unable to respond effectively to increases in trading volume, potentially making prompt liquidation of our investment in the SREIT difficult. Even if an active trading market develops or we are able to negotiate block trades, if we or other significant investors sell or are perceived as intending to sell a substantial amount of units in a short period of time, the market price of our remaining units could be adversely affected. In addition, as a foreign equity investment, the trading price of units of the SREIT may be affected by political, economic, financial and social factors in the Singapore and Asian markets, including changes in government, economic and fiscal policies. Furthermore, we may be limited in our ability to sell our investment in the SREIT if our advisor and/or its affiliates are deemed to have material, non-public information regarding the SREIT. Charles J. Schreiber, Jr., our Chief Executive Officer, our President and our affiliated director, is a former director of the external manager of the SREIT, and Mr. Schreiber currently holds an indirect ownership interest in the external manager of the SREIT. An affiliate of our advisor serves as the U.S. asset manager to the SREIT. We do not currently engage in derivative or other hedging transactions to manage our investment’s security price risk.

As of December 31, 2025, we held 237,426,088 units of the SREIT which represented 16.5% of the outstanding units of the SREIT as of that date. As of December 31, 2025, the aggregate value of our investment in the units of the SREIT was \$46.8 million, which was based solely on the closing price of the SREIT units on the SGX-ST of \$0.197 per unit as of December 31, 2025, and did not take into account any potential discount for the holding period risk due to the quantity of units held by us relative to the normal level of trading volume in the units. This is a decrease of \$0.683 per unit from our initial acquisition of the SREIT units at \$0.880 per unit on July 19, 2019. Due to the disruptions in the financial markets, since early March 2020, the trading price of the common units of the SREIT has experienced substantial volatility. The trading price of the common units of the SREIT has been significantly impacted by the market sentiment for stock with significant investment in U.S. commercial office buildings. Based solely on the closing price per unit of the SREIT units as of December 31, 2025, if prices were to increase or decrease by 10%, our net income would increase or decrease by approximately \$4.7 million.

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, 2025. 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, 2025, 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, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

(a) None.

(b) During the quarterly period ended December 31, 2025, none of our directors or officers (as defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted or terminated any "Rule 10b5-1 trading arrangement" or any "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Executive Officers

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

Name	Position(s)	Age ⁽¹⁾
Charles J. Schreiber, Jr.	Chief Executive Officer, President and Director	74
Jeffrey K. Waldvogel	Chief Financial Officer, Treasurer and Secretary	48
Stacie K. Yamane	Chief Accounting Officer and Assistant Secretary	61
Marc DeLuca	Chairman of the Board and Director	56
Stuart A. Gabriel, Ph.D.	Independent Director	72
Robert Milkovich	Independent Director	66
Ron D. Sturzenegger	Independent Director	66

⁽¹⁾ As of March 1, 2026.

Charles J. Schreiber, Jr. is our Chief Executive Officer and one of our directors, positions he has held since January 2010 and December 2009, respectively. In August 2019, he was also elected as our President, and he served as our Chairman of the Board from January 2010 until November 2022. Mr. Schreiber is the Chairman and President of our advisor, and he served as the Chief Executive Officer of our advisor from October 2004 through December 2021. Until the liquidation of KBS Growth & Income REIT in August 2024, he was the Chairman of the Board, Chief Executive Officer and a director of KBS Growth & Income REIT, positions he held since January 2015. From August 2019 until August 2024, Mr. Schreiber was also President of KBS Growth & Income REIT. Until the liquidation of KBS REIT II in May 2023, Mr. Schreiber was 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 Real Estate Investment Trust, Inc. (“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 (“KBS Holdings”), which is the sole owner of our advisor and our dealer manager. In addition, Mr. Schreiber controls the voting rights with respect to the 50% interest of KBS Holdings held indirectly by the estate of Peter M. Bren (together with other family members). KBS Holdings is the sponsor of our company and was a sponsor of KBS REIT I, KBS REIT II, Pacific Oak Strategic Opportunity REIT, Inc. (“Pacific Oak Strategic Opportunity REIT I”), KBS Legacy Partners Apartment REIT, Inc. (“KBS Legacy Partners Apartment REIT”), Pacific Oak Strategic Opportunity REIT II, Inc. (“Pacific Oak Strategic Opportunity REIT II”) and KBS Growth & Income REIT, which were formed in 2009, 2005, 2007, 2008, 2009, 2013 and 2015, respectively.

Mr. Schreiber is the Chairman and President of KBS Realty Advisors 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, 2025, KBS Realty Advisors, together with KBS affiliates, including KBS Capital Advisors, had been involved in the investment in or management of approximately \$29.7 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, Pacific Oak Strategic Opportunity REIT I (advisory agreement terminated as of October 31, 2019), KBS Legacy Partners Apartment REIT, Pacific Oak Strategic Opportunity REIT II (advisory agreement terminated as of October 31, 2019) and KBS Growth & Income REIT. 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 (the “SREIT”), both Singapore real estate investment trusts.

Mr. Schreiber oversees all aspects of KBS Capital Advisors’ 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 KBS Capital Advisors’ 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 Prime US REIT Management Pte. Ltd. (f/k/a KBS US Prime Property Management Pte. Ltd.), which is the external manager of the SREIT (SGX-ST Ticker: OXMU). Mr. Schreiber holds an indirect ownership interest in Prime US REIT Management Pte. Ltd. and KBS Asia Partners Pte. Ltd., which is the sponsor of the SREIT.

Mr. Schreiber has been involved in real estate development, management, acquisition, disposition and financing for more than 50 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 has served as 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 and has served 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 from August 2016 through 2024.

The board of directors has concluded that Mr. Schreiber is qualified to serve as a director and as our Chief Executive Officer and President for reasons including his extensive industry and leadership experience. With more than 50 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. 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 July 2018, he was also elected our Treasurer and Secretary. He has also served as the Chief Financial Officer of our advisor since June 2015. Until the liquidation of KBS REIT II in May 2023, Mr. Waldvogel was its Chief Financial Officer, Treasurer and Secretary, positions he held from June 2015, August 2018 and August 2018, respectively. Until the liquidation of KBS Growth & Income REIT in August 2024, he was also its Chief Financial Officer, Treasurer and Secretary, positions he held from June 2015, April 2017 and April 2017, respectively. From June 2015 until November 2019, he also served as the Chief Financial Officer, Treasurer and Secretary of Pacific Oak Strategic Opportunity REIT I 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 2010. In July 2018, she was also elected our Assistant Secretary. Ms. Yamane is also the Chief Accounting Officer, Portfolio Accounting of our advisor, a position she has held since October 2008. Ms. Yamane served as the Chief Accounting Officer of KBS Growth & Income REIT from January 2015 until its liquidation in August 2024. 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 I 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, 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).

Marc DeLuca is our Chairman of the Board and one of our directors, positions he had held since November 2022. Since January 2022, Mr. DeLuca has been the Chief Executive Officer of our advisor and KBS Realty Advisors, each nationally recognized real estate investment advisory firms. He has also served as the Regional President, Eastern Region, of our advisor and KBS Realty Advisors since November 2013. As Chief Executive Officer of our advisor and KBS Realty Advisors, Mr. DeLuca directs business activities and oversees all KBS operations including the acquisition and management of individual investments and portfolios of income-producing real estate assets. Mr. DeLuca is also responsible for all acquisitions, dispositions and asset management activities in the eastern United States, is a member of the Executive Committee and is chairman of the KBS Investment Committee that reviews and approves all new investments for the firm. In November 1999, Mr. DeLuca joined ING Clarion Partners, and from January 2009 to September 2013 he served as a managing director at ING Clarion Partners and was responsible for acquisitions and dispositions for the Mid-Atlantic region from Delaware to South Florida. Prior to that time, from May 1996 to November 1999, Mr. DeLuca worked at SFRE Management, where he directed all aspects of property management operations, including financial administration, marketing, leasing, disposition, and renovation, for a \$1.4 billion portfolio. From January 1994 to April 1996, Mr. DeLuca managed the operations of a multimillion-dollar commercial and residential real estate portfolio for American Property Services. Mr. DeLuca graduated from George Washington University with a Bachelor of Science degree in economics and public policy and earned a Master of Science degree in real estate from Johns Hopkins University.

The board of directors has concluded that Mr. DeLuca is qualified to serve as a director for reasons including his extensive industry and leadership experience. With more than 32 years of experience in the acquisition, management and disposition of real estate assets, Mr. DeLuca has the depth and breadth of experience to implement our business strategy. As Chief Executive Officer of our advisor, Mr. DeLuca is well-positioned to provide the board of directors with insights and perspectives on the execution of our business strategy, our operations and other internal matters.

Stuart A. Gabriel, Ph.D. is one of our independent directors and is chair of the audit committee, positions he has held since September 2010 and August 2018, respectively. Professor Gabriel was an independent director and chair of the audit committee of KBS REIT II, positions he held from March 2008 and August 2018, respectively, until KBS REIT II's liquidation in May 2023. Professor Gabriel was an independent director of KBS REIT I from June 2005 until its liquidation in December 2018. Since June 2007, Professor Gabriel has served as Director of the Richard S. Ziman Center for Real Estate and Professor of Finance and Arden Realty Chair at the UCLA Anderson School of Management. Prior to joining UCLA, he was Director and Lusk Chair in Real Estate at the USC Lusk Center for Real Estate, a position he held from 1999 to 2007. Professor Gabriel also served as Professor of Finance and Business Economics in the Marshall School of Business at the University of Southern California, a position he held from 1990 to 2007. He received a number of awards at UCLA and USC for outstanding graduate teaching. In 2004, he was elected President of the American Real Estate and Urban Economics Association. Professor Gabriel serves on the editorial boards of seven academic journals. Since March 2016, Professor Gabriel has served on the board of directors of KB Home and is a member of its audit committee. Professor Gabriel has published extensively on the topics of real estate finance and urban and regional economics. His teaching and academic research experience include analysis of real estate and real estate capital markets performance as well as structured finance products, including credit default swaps, commercial mortgage-backed securities and collateralized debt obligations. Professor Gabriel serves as a consultant to numerous corporate and governmental entities. From 1986 through 1990, Professor Gabriel served on the economics staff of the Federal Reserve Board in Washington, D.C. He also has been a Visiting Scholar at the Federal Reserve Bank of San Francisco. Professor Gabriel holds a Ph.D. in Economics from the University of California, Berkeley.

The board of directors has concluded that Professor Gabriel is qualified to serve as an independent director for reasons including his extensive knowledge and understanding of the real estate and finance markets and real estate finance products. As a professor of real estate finance and economics, Professor Gabriel brings unique perspective to the board of directors. His years of research and analysis of the real estate and finance markets make Professor Gabriel well-positioned to advise us with respect to our investment and financing strategy. This expertise also makes him an invaluable resource for assessing and managing risks facing our company. Through his experience as a director of KB Home and as a former director of KBS REIT I and KBS REIT II, he also has an understanding of the requirements of serving on a public company board.

Robert Milkovich is one of our independent directors, a position he has held since November 2022. Currently, Mr. Milkovich serves as the Chief Operating Officer of Rock Spring Contracting, a leading subcontractor in drywall, mission critical demolition, demountable walls and raised flooring in the Washington, D.C. metro area and throughout the Southeast. From January 2019 through December 2023, Mr. Milkovich served as Chief Executive Officer and member of the board of directors of rand* construction corporation, a premier general contractor specializing in commercial tenant interiors. He was responsible for developing, leading and communicating rand*'s short and long-term strategies, creating and implementing the company's vision, mission and culture, and overseeing all major operating businesses within rand*. Mr. Milkovich has over 30 years of commercial real estate and leadership experience in the greater Washington, D.C. area as well as elsewhere in the country. From November 2015 to October 2017, Mr. Milkovich was Chief Executive Officer, President, and Trustee of First Potomac Realty Trust ("First Potomac"), a then publicly traded REIT (NYSE:FPO) focusing on office properties, and he also served as First Potomac's Chief Operating Officer from June 2014 to October 2017. Prior to joining First Potomac, he served, from 2012 to 2014, as President and Head of the Investment Committee of Spaulding & Slye Investments, a comprehensive real estate services and investment company that is a wholly owned subsidiary of JLL. He also served as Regional Director of Archon Group, L.P., an investment arm of the Merchant Banking Division of Goldman Sachs, which he joined in 2004, where he spearheaded the asset management of \$2 billion for its Merchant Bank, Special Situations Group, and other parts of the firm, in addition to generating investment opportunities. Mr. Milkovich also previously served as Market Managing Director for CarrAmerica Realty Corporation, a then publicly traded office REIT headquartered in Washington, D.C., with primary responsibilities including overseeing asset management, development activities, portfolio investments and acquisition efforts. Mr. Milkovich also serves on the board of the Boomer Esiason Foundation and was a past president of The Real Estate Group in Washington, D.C. Mr. Milkovich graduated with a B.S. in Business Management from the University of Maryland.

The board of directors has concluded that Mr. Milkovich is qualified to serve as an independent director for reasons including his extensive experience in commercial real estate, his relationships in the commercial real estate industry, his current experience as the Chief Operating Officer of Rock Spring Contracting as well as his experience as the former Chief Executive Officer and member of the board of directors of rand* construction corporation, his experience as the former Chief Executive Officer, President and Trustee of First Potomac and his experience serving as President and Head of the Investment Committee of Spaulding & Slye Investments. His over 30 years of commercial real estate and leadership experience are of great benefit to our company and make him well-positioned to advise the board of directors.

Ron D. Sturzenegger is one of our independent directors, a position he has held since August 2019. From September 2019 until KBS REIT II's liquidation in May 2023, Mr. Sturzenegger also served as an independent director of KBS REIT II. Mr. Sturzenegger has over 30 years of experience in the real estate industry through his career at major financial institutions. From July 2014 to January 2018, Mr. Sturzenegger was Enterprise Business & Community Engagement Executive at Bank of America, responsible for leading Bank of America's strategy to integrate the delivery of its products and services to customers and clients in 90 key U.S. markets. In his role overseeing Enterprise Business & Community Engagement, he was responsible for driving global integration opportunities across the enterprise. In addition, Mr. Sturzenegger led Bank of America's strategy through which leaders representing all the company's various businesses in a given market or community worked together to integrate the delivery of products and services for customers and clients, including the oversight of the Market Presidents Organization.

From August 2011 to April 2015, Mr. Sturzenegger was on the Management Committee of Bank of America and Legacy Asset Servicing (LAS) Executive at Bank of America, whose responsibilities included resolving legacy mortgage issues following Bank of America's acquisition of Countrywide Financial and Merrill Lynch during the financial crisis and the downturn in the U.S. housing markets, the management of the servicing of current, delinquent and at-risk loans, and the development and implementation of operational capabilities and processes to address regulators' concerns regarding robo-signing.

From January 2009 to August 2011, Mr. Sturzenegger served as Managing Director and Global Head of Real Estate, Gaming and Lodging Investment Banking at Bank of America Merrill Lynch, and from January 2002 to December 2008, Mr. Sturzenegger served as Managing Director and Global Head of Real Estate, Gaming and Lodging Investment Banking for Bank of America Securities. From July 1998 to December 2001, he served as Head of Real Estate Mergers and Acquisitions at Bank of America Securities. From July 1986 to June 1998, Mr. Sturzenegger served in various roles at Morgan Stanley in Real Estate Investment Banking. From 1982 to 1984, Mr. Sturzenegger was a Financial Analyst with Bain & Company.

Since January 2020, Mr. Sturzenegger has served on the board of trustees of StepStone Private Markets. He is a member of its audit committee, independent trustees committee and nominating and governance committee and serves as the chair of its independent trustees committee. Since June 2022, Mr. Sturzenegger has served on the board of trustees of StepStone Private Venture and Growth Fund. He is a member of its audit committee, independent trustees committee and nominating and governance committee and serves as the chair of its independent trustees committee. Since June 2023, Mr. Sturzenegger has served on the board of trustees of StepStone Private Infrastructure Fund. He is a member of its audit committee, independent trustees committee and nominating and governance committee and serves as the chair of its independent trustees committee. Since February 2024, Mr. Sturzenegger has served on the board of trustees of StepStone Private Credit Income Fund. He is a member of its audit committee, independent trustees committee and nominating and governance committee and serves as the chair of its independent trustees committee. Since May 2025, Mr. Sturzenegger has served on the board of trustees of StepStone Private Equity Strategies Fund. He is a member of its audit committee, independent trustees committee and nominating and governance committee and serves as the chair of its independent trustees committee. Additionally, from March 2025 to February 2026, Mr. Sturzenegger served as an independent trustee of the Board of Elme Communities and was a member of the audit committee, corporate governance/nominating committee and transaction committee of its Board. Mr. Sturzenegger serves on the Executive Committee for the policy advisory board for the Fisher Center for Real Estate & Urban Economics. He is a member of the advisory board of the Stanford Professionals in Real Estate. Mr. Sturzenegger and his wife previously served as Chairs of the Parents' Advisory Board for Stanford University. Mr. Sturzenegger holds a Bachelor of Science Degree in Industrial Engineering from Stanford University and an MBA from Harvard Business School.

The board of directors has concluded that Mr. Sturzenegger is qualified to serve as an independent director for reasons including his extensive real estate industry, investment banking and leadership experience. Mr. Sturzenegger's 30 years of experience in the real estate industry through his career at major financial institutions given him the depth and breadth of experience from which to draw in advising our company. Through his executive and management roles at Bank of America, Mr. Sturzenegger brings to the board demonstrated management and leadership ability.

Corporate Governance

The Audit Committee

Our board of directors has established an audit committee. The audit committee's function is to assist the 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 independent registered public accounting firm's qualifications, performance and independence, and (iv) 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 www.kbsreitiii.com.

The members of the audit committee are Stuart A. Gabriel, Ph.D. (chair), Robert Milkovich and Ron D. Sturzenegger. 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 of the members of the audit committee have significant financial and/or accounting experience, and the board of directors has determined that all of the 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 www.kbsreitiii.com.

Insider Trading Policies

Our Code of Conduct and Ethics includes insider trading policies and procedures governing the purchase, sale and/or other dispositions of our securities by our directors and officers and the managers, officers and employees of our advisor and its affiliates who provide services to us, which policies and procedures are reasonably designed to promote compliance with insider trading laws, rules and regulations, and any listing standards applicable to us. A copy of our Code of Conduct and Ethics is filed as an exhibit to this Annual Report and is available on our website at www.kbsreitiii.com.

While there is no insider trading policy with respect to our company itself, we comply with all applicable securities laws when transacting in our own securities.

We currently do not grant stock options and as such we have not adopted a policy regarding the timing of awards of options.

ITEM 11. EXECUTIVE COMPENSATION

Compensation of Executive Officers

Our conflicts committee, which is composed of all of our independent directors, discharges our board of directors’ responsibilities relating to the compensation of our executives. However, we currently do not have any paid employees and our executive officers do not receive any compensation directly from us for services rendered to 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. 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, including information regarding future payments by our advisor to its employees under our advisor’s employee retention program that are reimbursed by us from the Bonus Retention Fund.

Compensation of Directors

If a director is also one of our executive officers or an executive officer of our advisor, 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 the conflicts committee, based upon recommendations from our advisor. All of our executive officers, Messrs. Schreiber and Waldvogel and Ms. Yamane, and our affiliated directors, Messrs. Schreiber and DeLuca, are also officers, directors, managers and/or holders of a direct or indirect controlling interest in our advisor, and through our advisor, these persons are involved in recommending the compensation to be paid to our independent directors. 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, including information regarding future payments by our advisor to its employees under our advisor’s employee retention program that are reimbursed by us from the Bonus Retention Fund.

We have provided below certain information regarding compensation earned by or paid to our directors during fiscal year 2025.

Name	Fees Earned or Paid in Cash in 2025	All Other Compensation	Total
Marc DeLuca ⁽¹⁾	\$ —	\$ —	\$ —
Stuart A. Gabriel, Ph.D.	165,000	—	165,000
Robert Milkovich	155,000	—	155,000
Ron D. Sturzenegger	165,000	—	165,000
Charles J. Schreiber, Jr. ⁽¹⁾	—	—	—

⁽¹⁾ Director who is also one of our executive officers or an executive officer of our advisor and does not receive compensation for services rendered as a director.

Cash Compensation

We compensate each of our independent directors with an annual retainer of \$135,000 as well as paying compensation to our independent directors for attending meetings as follows:

- each member of the audit committee and conflicts committee is paid \$10,000 annually for service on such committees (except that the chair of each of the audit committee and conflicts committee is paid \$20,000 annually for service as the chair of such committees);
- after the tenth board of directors meeting of each calendar year, each independent director is paid (i) \$2,500 for each in-person board of directors meeting attended for the remainder of the calendar year and (ii) \$2,000 for each teleconference board of directors meeting attended for the remainder of the calendar year;
- after the tenth audit committee meeting of each calendar year, each member of the audit committee is paid (i) \$2,500 for each in-person audit committee meeting attended for the remainder of the calendar year and (ii) \$2,000 for each teleconference audit committee meeting attended for the remainder of the calendar year (except that the audit committee chair is paid \$3,000 for each in-person and teleconference audit committee meeting attended after the tenth audit committee meeting of each calendar year, for the remainder of each calendar year); and
- after the tenth conflicts committee meeting of each calendar year, each member of the conflicts committee is paid (i) \$2,500 for each in-person conflicts committee meeting attended for the remainder of the calendar year and (ii) \$2,000 for each teleconference conflicts committee meeting attended for the remainder of the calendar year (except that the conflicts committee chair is paid \$3,000 for each in-person and teleconference conflicts committee meeting attended after the tenth conflicts committee meeting of each calendar year, for the remainder of each calendar year).

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

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

Equity Compensation Plan Information

As of December 31, 2025, we did not have an equity compensation plan or individual compensation arrangements under which our equity securities are authorized for issuance to our executive officers or directors.

Stock Ownership

The following table shows, as of March 24, 2026, the amount of our common stock beneficially owned (unless otherwise indicated) by (1) any person who is known by us to be the beneficial owner of more than 5% of the outstanding shares of our common stock, (2) our directors, (3) our executive officers, and (4) all of our directors and executive officers as a group.

Name and Address of Beneficial Owner ⁽¹⁾	Amount and Nature of Beneficial Ownership ⁽²⁾	Percentage of all Outstanding Shares
KBS Capital Advisors LLC	20,857 ⁽³⁾	*
Marc DeLuca, Chairman of the Board and Director	—	—
Stuart A. Gabriel, Ph.D., Independent Director	—	—
Robert Milkovich, Independent Director	—	—
Charles J. Schreiber, Jr., Chief Executive Officer, President and Director	20,857 ⁽³⁾	*
Ron D. Sturzenegger, Independent Director	—	—
Jeffrey K. Waldvogel, Chief Financial Officer, Treasurer and Secretary	—	—
Stacie K. Yamane, Chief Accounting Officer and Assistant Secretary	—	—
All executive officers and directors as a group	20,857 ⁽³⁾	*

* Less than 1% of the outstanding common stock.

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

⁽²⁾ None of the shares is pledged as security.

⁽³⁾ Includes 20,857 shares owned by KBS Capital Advisors, which is indirectly controlled by Charles J. Schreiber, Jr.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The Board of Directors

We operate under the direction of the board of directors. The board of directors oversees our operations and makes all major decisions concerning our business.

The board of directors currently is composed of Mr. Schreiber, who indirectly controls our sponsor and our advisor and who is one of our executive officers; Mr. DeLuca, the Chief Executive Officer of our advisor; and three independent directors that meet the independence criteria as specified in our charter. We currently have five seats on our board of directors.

Our charter provides that a majority of the seats on the board of directors will be for independent directors. The board composition and the corporate governance provisions in our charter ensure strong oversight by independent directors. The board of directors' two committees, the audit committee and the conflicts committee, are composed entirely of independent directors.

Director Independence

A majority of our board of directors, Messrs. Gabriel, Milkovich and Sturzenegger, meet the independence criteria as specified in our charter. Our charter defines an independent director as a director who is not and has not for the last two years been associated, directly or indirectly, with our sponsor, KBS Holdings, or our advisor, KBS Capital Advisors. A director is deemed to be associated with our sponsor or our advisor if he or she (i) owns an interest in our sponsor, our advisor or any of their affiliates; (ii) is employed by our sponsor, our advisor or any of their affiliates; (iii) is an officer or director of our sponsor, our advisor or any of their affiliates, (iv) performs services, other than as a director, for us; (v) is a director for more than three REITs organized by our sponsor or advised by our advisor; or (vi) has any material business or professional relationship with our sponsor, our advisor or any of their affiliates. A business or professional relationship will be deemed material per se if the annual gross revenue derived by the director from our sponsor, our advisor or any of their affiliates exceeds 5% of (1) the director's annual gross revenue derived from all sources during either of the last two years or (2) the director's net worth on a fair market value basis. An indirect relationship is defined to include circumstances in which the director's spouse, parents, children, siblings, mothers- or fathers-in-law, sons- or daughters-in-law or brothers- or sisters-in-law is or has been associated with us, our sponsor, our advisor or any of their affiliates.

In addition, and although our shares are not listed for trading on any national securities exchange, all of our independent directors are "independent" as defined by the New York Stock Exchange. The board of directors has affirmatively determined that Stuart A. Gabriel, Ph.D., Robert Milkovich and Ron D. Sturzenegger each satisfies the New York Stock Exchange independence standards.

The Conflicts Committee

The members of the conflicts committee are Stuart A. Gabriel, Ph.D., Robert Milkovich and Ron D. Sturzenegger (chair), all of whom are independent directors. Our charter empowers the conflicts committee to act on any matter permitted under Maryland law if the matter at issue is such that the exercise of independent judgment by directors who are affiliates of our advisor could reasonably be compromised. Among the duties of the conflicts committee are the following:

- reviewing and reporting on our policies;
- approving transactions with affiliates and reporting on their fairness to us;
- supervising and evaluating the performance and compensation of our advisor;
- reviewing our expenses and determining that they are reasonable and within the limits prescribed by our charter;
- approving borrowings in excess of the total liabilities limit set forth in our charter; and
- discharging the board of directors' responsibilities relating to compensation.

The primary responsibilities of the conflicts committee are enumerated in our charter. The conflicts committee does not have a separate committee charter.

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 common stockholders and other stakeholders. Set forth below is a discussion of the basis for that determination.

Offering Policy. On March 15, 2024, we terminated our dividend reinvestment plan. We did not sell any securities or incur any offering expenses during the year ended December 31, 2025.

Portfolio Management and Disposition Policies. As of February 28, 2026, we owned 12 office properties and an investment in the equity securities of the SREIT.

We have acquired and manage a diverse portfolio of core real estate properties. Our primary investment focus was core office properties located throughout the United States.

When making an acquisition, we emphasized the performance and risk characteristics of that investment, how that investment would fit with our portfolio-level performance objectives, the other assets in our portfolio and how the returns and risks of that investment compared to the returns and risks of available investment alternatives.

We hold fee title to our real estate properties.

Our advisor develops a well-defined exit strategy for each investment we make and periodically performs a hold-sell analysis on each asset. These periodic analyses focus on the remaining available value enhancement opportunities for the asset, the demand for the asset in the marketplace, market conditions and our overall portfolio objectives to determine if the sale of the asset, whether via an individual sale or as part of a portfolio sale or merger, would maximize value for our common stockholders and other stakeholders. Economic and market conditions may influence us to hold our assets for different periods of time. We may sell an asset before the end of the expected holding period if we believe that market conditions and asset positioning have maximized its value to us, if it is required to meet maturing debt obligations or loan paydowns, or if the sale of the asset would otherwise be in the best interests of our common stockholders and other stakeholders.

We sold one office property and one mixed-use office/retail property during the year ended December 31, 2025. On January 27, 2026, we entered into a purchase and sale agreement with a purchaser unaffiliated with us or our advisor for the sale of Gateway Tech Center. There can be no certainty that we will complete the sale of Gateway Tech Center.

As discussed under “— Borrowing Policies” below, our loan agreements require us to sell two properties in 2025 (which we completed), three properties in 2026 and up to four properties in 2027. Selling real estate assets in the current market may result in a lower sale price than we would otherwise obtain.

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 elevated interest rates and persistent inflation (or the perception that any of these events may continue), as well as a low level of lending activity in the debt markets, have contributed to continued weakness in the commercial real estate markets. The usage and leasing activity of our assets in several markets remains lower than pre-pandemic levels and we cannot predict when economic activity and demand for office space will return to pre-pandemic levels in those markets. Both upcoming and recent tenant lease expirations and leasing challenges in certain markets amidst the aforementioned headwinds coupled with slower than expected return-to-office, most notably in the greater San Francisco Bay Area where we own several assets, have had direct and material impacts to property appraisal values used by our lenders and have impacted our ability to access certain credit facilities and our ongoing cash flow, which, in large part, provide liquidity for capital expenditures needed to manage our real estate assets. For more information see Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Section 5.11 of our charter requires that we seek stockholder approval of our liquidation if our shares of common stock are not listed on a national securities exchange by September 30, 2020, unless a majority of the conflicts committee of our board of directors, composed solely of all of our independent directors, determines that liquidation is not then in the best interest of our stockholders. Pursuant to our charter requirement, the conflicts committee considered the ongoing challenges affecting the U.S. commercial real estate industry, especially as it pertains to commercial office properties, the challenging interest rate environment, the limited availability in the debt markets for commercial real estate transactions in the office sector, and the low amount of transaction volume in the U.S. office market for assets similar in size to those of ours, and on August 13, 2025, our conflicts committee unanimously determined to postpone approval of our liquidation. Section 5.11 of our charter requires that the conflicts committee revisit the issue of liquidation at least annually.

Our primary objective is to maximize the long-term value of our company for all of our common stockholders and other stakeholders. To that end, our current goals and objectives are to effectively manage our loan maturity and loan paydown schedule, efficiently manage our real estate portfolio through the economic downturn in order to maximize the long-term portfolio value, and monitor the office market and properties in the portfolio for beneficial sale opportunities in order to maximize value and further enhance liquidity. See “Forward-Looking Statements” and “Summary Risk Factors” preceding Part I and Part I, Item 1A, “Risk Factors.”

Borrowing Policies. We financed our real estate acquisitions with a combination of the proceeds received from our now-terminated initial public offering and debt. We may use proceeds from borrowings to maintain liquidity and to fund property improvements, repairs and tenant build-outs to properties; for other capital needs; to refinance existing indebtedness; and to provide working capital. We have also funded distributions to stockholders and redemptions of common stock with borrowings. Our investment strategy is to utilize primarily secured debt to finance our investment portfolio, though from time to time we also use unsecured debt.

Since February 2024, we have refinanced, restructured or extended \$1.4 billion of maturing debt obligations. As of February 28, 2026, we had debt obligations in the aggregate principal amount of \$1.3 billion, with a weighted-average remaining term of 0.6 years.

In order to refinance, restructure or extend our maturing debt obligations, we have been required to reduce the loan commitments and/or make paydowns on certain loans, and we have agreed to satisfy certain conditions that are not in our sole control, including making principal paydowns during the terms of the loans, selling assets and taking identified actions relating to our portfolio. As of February 28, 2026, we have \$1.3 billion of loan maturities and required principal paydowns during the next 12 months. Our loan agreements require us to sell two properties in 2025 (which we completed), three properties in 2026 and up to four properties in 2027. Selling real estate assets in the current market may result in a lower sale price than we would otherwise obtain.

As a result of certain upcoming loan maturities and required principal paydowns, the challenging commercial real estate lending environment and the lack of transaction volume in the U.S. office market as well as general market instability, management's plans may not be considered probable and thus do not alleviate substantial doubt about our ability to continue as a going concern for at least a year from the date of the issuance of our financial statements. For more information about our outstanding debt obligations and liquidity needs, see Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Going Concern Considerations"; Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources"; and Note 8, "Notes Payable" and Note 14, "Subsequent Events" to our consolidated financial statements in this Annual Report.

We expect that our debt financing and other liabilities will be between 45% and 65% of the cost of our tangible assets (before deducting depreciation and other non-cash reserves). There is no limitation on the amount we may borrow with respect to any single asset. We limit our total liabilities to 75% of the cost of our tangible assets (before deducting depreciation and other non-cash reserves) meaning that our borrowings and other liabilities may exceed our maximum target leverage of 65% of the cost of our tangible assets without violating these borrowing restrictions. We may exceed the 75% limit only if a majority of the conflicts committee approves each borrowing in excess of this limitation and we disclose such borrowings to our stockholders in our next quarterly report with an explanation from the conflicts committee of the justification for the excess borrowing. To the extent financing in excess of this limit is available on attractive terms, the conflicts committee may approve debt in excess of this limit. From time to time, our total liabilities could also be below 45% of the cost of our tangible assets due to the lack of availability of debt financing. As of February 28, 2026, our borrowings and other liabilities were approximately 54% of the cost (before deducting depreciation and other noncash reserves) and 56% of the book value (before deducting depreciation) of our tangible assets, respectively. This leverage limitation is based on cost and not fair value and our leverage may exceed 75% of the fair value of our tangible assets.

Policy Regarding Distributions and Redemptions. Due to certain restrictions and covenants included in our loan agreements as a result of refinancing certain of our debt facilities, we do not expect to pay any dividends or distributions or redeem any shares of common stock until certain loans are repaid or refinanced. One of the loans with these restrictions has a current maturity of January 2027 but may be extended subject to the terms and conditions of the loan agreement. We terminated our share redemption program on March 15, 2024. We are unable to predict when or if we will be in a position to pay distributions to or provide liquidity to our stockholders. If and when we pay distributions, we will likely fund distributions from the sale of assets.

Policy Regarding Working Capital Reserves. We establish an annual budget for capital requirements and working capital reserves that we update periodically during the year. As of February 28, 2026, six of our debt facilities (representing \$1.3 billion of our outstanding debt that are secured by 12 of our properties) are subject to cash sweep arrangements, whereby each month the excess cash flow from the properties securing the loan is deposited into a cash management account held for the benefit of our lenders. In certain cases, we may request disbursements from the cash management accounts to fund capital or operating shortfalls at the underlying assets. However, such cash management accounts place limits on our access to cash flows from these properties and restrict our operating flexibility.

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, 2025 did not exceed the charter-imposed limitation. For the four consecutive quarters ended December 31, 2025, total operating expenses represented approximately 0.9% and 232.3% of our average invested assets and our net income, respectively.

Allocation Policy. Although we currently do not intend to acquire additional real estate investments, in connection with the Singapore Transaction (defined under “— Certain Transactions with Related Persons – Singapore Transaction”), our board of directors and conflicts committee adopted an asset allocation process (the “Allocation Process”) proposed by our advisor and KBS Realty Advisors. The Allocation Process is currently among us and the SREIT. The Allocation Process provides that, in order to mitigate potential conflicts of interest that may arise between the SREIT and us, upon the listing of the SREIT on the SGX-ST on July 19, 2019, potential asset acquisitions that meet all of the following criteria would be offered first to the SREIT:

- Class A office building;
- Purchase price of at least \$125.0 million;
- Average occupancy of at least 90% for the first two years based on contractual in-place leases; and
- Stabilized property investment yield that is generally supportive of the distributions per unit of the SREIT.

To the extent the SREIT does not have the funds to acquire the asset or to the extent the external manager of the SREIT decides to forego the acquisition opportunity, such asset may then be offered to us at the discretion of our advisor.

Policy Regarding Transactions with Related Persons

Our charter requires the conflicts committee to review and approve all transactions between us and our advisor, 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. 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 2025 as well as any such currently proposed material 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 directors are also officers, directors, managers, or key professionals of and/or holders of a direct or indirect controlling interest in our advisor, KBS Capital Markets Group LLC, the entity that acted as the dealer manager for our public offering (“KBS Capital Markets Group”), and other affiliated KBS entities. Charles J. Schreiber, Jr. is our Chief Executive Officer, our President and an affiliated director. Our advisor and KBS Capital Markets Group are 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 the advisory agreement are the following:

- finding, presenting and recommending to us investment opportunities consistent with our investment policies and objectives;
- structuring the terms and conditions of our investments, sales and joint ventures;
- acquiring properties and other investments on our behalf in compliance with our investment objectives and policies;
- sourcing and structuring our loan originations and acquisitions;
- arranging for financing and refinancing of our investments;
- 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 investments;
- 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 the board of directors and only has such authority as we may delegate to it as our agent. The advisory agreement has a term expiring September 27, 2026, subject to an unlimited number of successive one-year renewals upon the mutual consent of the parties. From January 1, 2025 through the most recent date practicable, which was February 28, 2026, we compensated our advisor as set forth below.

For asset management services, we pay our advisor a monthly fee. With respect to investments in real property, the asset management fee is a monthly fee equal to one-twelfth of 0.75% of the amount paid or allocated to acquire the investment, plus the cost of any subsequent development, construction or improvements to the property. This amount includes any portion of the investment that was debt financed and is inclusive of acquisition expenses related thereto (but excludes acquisition fees paid to our advisor). In the case of investments made through joint ventures, the asset management fee is determined based on our proportionate share of the underlying investment (but excluding acquisition fees paid to our advisor). With respect to investments in loans and any investments other than real property, the asset management fee is a monthly fee calculated, each month, as one-twelfth of 0.75% of the lesser of (i) the amount actually paid or allocated to acquire or fund the loan or other investment (which amount includes any portion of the investment that was debt financed and is inclusive of acquisition or origination expenses related thereto, but is exclusive of acquisition or origination fees paid to our advisor) and (ii) the outstanding principal amount of such loan or other investment, plus the acquisition or origination expenses related to the acquisition or funding of such investment (excluding acquisition or origination fees paid to our advisor), as of the time of calculation. We currently do not pay any asset management fees in connection with our investment in the equity securities of the SREIT.

On November 22, 2024, our advisor entered into a Management Fee and Disposition Fee Subordination Agreement (the “Subordination Agreement”) in favor of U.S. Bank National Association (the “Credit Facility Agent”) as agent for the lenders under the credit facility that was entered on July 30, 2021 (as subsequently modified and amended, the “Credit Facility”) among KBS REIT Properties III, LLC, our indirect wholly owned subsidiary (“REIT Properties III”), the Credit Facility Agent and the lenders party thereto (the “Credit Facility Lenders”). Pursuant to the Subordination Agreement, our advisor agreed that payment of certain asset management fees owed by us to our advisor pursuant to the advisory agreement will be subordinate to the obligations of REIT Properties III to the Credit Facility Lenders under the Credit Agreement (such obligations, the “Senior Debt”). Specifically, payment of asset management fees to our advisor associated with five of our real estate properties (Carillon, 515 Congress, Gateway Tech Center, 201 17th Street and Accenture Tower) is subordinated to the Senior Debt until the Senior Debt is paid in full, provided that we may pay our advisor 90% of the asset management fees associated with these five properties so long as an “Event of Default” under the Credit Facility is not in existence or would not result from such payment. For the avoidance of doubt, the remaining 10% of the asset management fees associated with these properties is subordinated and deferred until the Senior Debt is paid in full. Additionally, pursuant to the Fourth Modification Agreement (as defined in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Subsequent Events – Fourth Modification of the Modified Portfolio Revolving Loan Facility”), with respect to 515 Congress, Gateway Tech Center and 201 17th Street, we agreed to limit the amount of asset management fees that we may pay to our advisor to 90% of the asset management fees associated with 515 Congress, Gateway Tech Center and 201 17th Street (with the remaining 10% of the asset management fees associated with these properties being deferred until the obligations under the Modified Portfolio Revolving Loan Facility have been paid in full).

In connection with the Accenture Tower Fourth Modification Agreement, on December 20, 2024, we and our advisor entered into an amendment to the advisory agreement to defer 10% of the asset management fees associated with Accenture Tower until the Accenture Tower Loan is paid in full; provided, that upon the occurrence and during the continuance of a restricted payment event under the loan agreement, all asset management fees with respect to Accenture Tower will be deferred and during the restricted payment event, such deferred fees may only be paid to our advisor with the consent of the required lenders.

Further, in connection with the Eighth Modification Agreement to the Amended and Restated Portfolio Loan Facility, on February 6, 2025, we and our advisor entered into an amendment to the advisory agreement to defer 10% of the asset management fees associated with 60 South Sixth, Sterling Plaza, Towers at Emeryville, Ten Almaden and Town Center until the obligations under the Amended and Restated Portfolio Loan Facility are paid in full, or the requirements to pay such deferred fees are met during the extension period of the loan; provided that no asset management fees with respect to 60 South Sixth, Sterling Plaza, Towers at Emeryville, Ten Almaden and Town Center may be paid during the occurrence and continuance of a default or potential default under the Amended and Restated Portfolio Loan Facility for which we have received notice that has not been waived or cured. We sold Sterling Plaza on July 11, 2025 and Sterling Plaza was released as security for the Amended and Restated Portfolio Loan Facility.

Notwithstanding the foregoing, on November 8, 2022, we and our advisor amended the advisory agreement and commencing with asset management fees accruing from October 1, 2022, we paid \$1.15 million of the monthly asset management fee to our advisor in cash and we deposited the remainder of the monthly asset management fee into an interest bearing account in our name, which amounts will be paid to our advisor from such account solely as reimbursement for payments made by our advisor pursuant to our advisor’s employee retention program (such account, the “Bonus Retention Fund”). This Bonus Retention Fund was established in order to incentivize and retain key employees of our advisor. The Bonus Retention Fund was fully funded in December 2023, when we had deposited \$8.5 million in cash into such account. Following such time and except as described herein, the monthly asset management fee became fully payable in cash to our advisor. Our advisor has acknowledged and agreed that payments by our advisor to employees under our advisor’s employee retention program that are reimbursed by us from the Bonus Retention Fund will be conditioned on (a) our liquidation and dissolution; (b) a transaction involving the acquisition, merger, conversion or consolidation, either directly or indirectly, of us in which (i) we are not the surviving entity and (ii) our advisor is no longer serving as an advisor or asset manager to the surviving entity in such transaction; (c) the sale or other disposition of all or substantially all of our assets; (d) the non-renewal or termination of the advisory agreement without cause; or (e) the termination of the employee without cause. To the extent the Bonus Retention Fund is not fully paid out to employees as set forth above, the advisory agreement provides that the residual amount will be deemed additional Deferred Asset Management Fees (defined below) and be treated in accordance with the provisions for payment of Deferred Asset Management Fees. Two of our executive officers, Mr. Waldvogel and Ms. Yamane, and one of our directors, Mr. DeLuca, participate in our advisor’s employee retention program, and our advisor has allocated awards of \$725,000, \$325,000, and \$1,000,000 to Mr. Waldvogel, Ms. Yamane and Mr. DeLuca, respectively, from the Bonus Retention Fund, which awards would only be paid as set forth above. We have not made any payments to our advisor from the Bonus Retention Fund as of February 28, 2026.

Prior to amending the advisory agreement in November 2022, the prior advisory agreement had provided that with respect to asset management fees accruing from March 1, 2014, our advisor would defer, without interest, our obligation to pay asset management fees for any month in which our modified funds from operations (“MFFO”) for such month, as such term is defined in the practice guideline issued by the Institute for Portfolio Alternatives (“IPA”) in November 2010 and interpreted by us, excluding asset management fees, did not exceed the amount of distributions declared by us for record dates of that month. We remained obligated to pay our advisor an asset management fee in any month in which our MFFO, excluding asset management fees, for such month exceeded the amount of distributions declared for the record dates of that month (such excess amount, an “MFFO Surplus”); however, any amount of such asset management fee in excess of the MFFO Surplus was deferred under the prior advisory agreement. If the MFFO Surplus for any month exceeded the amount of the asset management fee payable for such month, any remaining MFFO Surplus was applied to pay any asset management fee amounts previously deferred in accordance with the prior advisory agreement.

Pursuant to the current advisory agreement, asset management fees accruing from October 1, 2022 are no longer subject to the deferral provision described in the paragraph above. Asset management fees that remained deferred as of September 30, 2022 are “Deferred Asset Management Fees.” As of September 30, 2022, Deferred Asset Management Fees totaled \$8.5 million. The advisory agreement also provides that we remain obligated to pay our advisor outstanding Deferred Asset Management Fees in any month to the extent that MFFO for such month exceeds the amount of distributions declared for the record dates of that month (such excess amount, a “RMFFO Surplus”); provided however, that any amount of outstanding Deferred Asset Management Fees in excess of the RMFFO Surplus will continue to be deferred. We have not made any payments to our advisor related to the Deferred Asset Management Fees for the period from October 1, 2022 to February 28, 2026.

Consistent with the prior advisory agreement, the current advisory agreement provides that notwithstanding the foregoing, any and all Deferred Asset Management Fees that are unpaid will become immediately due and payable at such time as our stockholders have received, together as a collective group, aggregate distributions (including distributions that may constitute a return of capital for federal income tax purposes) sufficient to provide (i) an 8.0% per year cumulative, noncompounded return on such net invested capital (the “Stockholders’ 8% Return”) and (ii) a return of their net invested capital, or the amount calculated by multiplying the total number of shares purchased by stockholders by the issue price, reduced by any amounts to repurchase shares pursuant to our share redemption program. The Stockholders’ 8% Return is not based on the return provided to any individual stockholder. Accordingly, it is not necessary for each of our stockholders to have received any minimum return in order for our advisor to receive Deferred Asset Management Fees.

In addition, the current advisory agreement provides that any and all Deferred Asset Management Fees that are unpaid will also be immediately due and payable upon the earlier of:

- (i) a listing of our shares of common stock on a national securities exchange;
- (ii) our liquidation and dissolution;
- (iii) a transaction involving the acquisition, merger, conversion or consolidation, either directly or indirectly, of us in which (y) we are not the surviving entity and (z) our advisor is no longer serving as an advisor or asset manager to the surviving entity in such transaction; and
- (iv) the sale or other disposition of all or substantially all of our assets.

The advisory agreement may be terminated (i) upon 60 days written notice without cause or penalty by either us (acting through the conflicts committee) or our advisor or (ii) immediately by us for cause or upon the bankruptcy of our advisor. If the advisory agreement is terminated without cause, then our advisor will be entitled to receive from us any residual amount of the Bonus Retention Fund deemed to be additional Deferred Asset Management Fees, provided that upon such non-renewal or termination we do not retain an advisor in which our advisor or its affiliates have a majority interest. Upon termination of the advisory agreement, all unpaid Deferred Asset Management Fees will automatically be forfeited by our advisor, and if the advisory agreement is terminated for cause, any residual amount of the Bonus Retention Fund deemed to be additional Deferred Asset Management Fees will also automatically be forfeited by our advisor.

From January 1, 2025 through February 28, 2026, we incurred \$20.6 million in asset management fees. From January 1, 2025 through February 28, 2026, we paid \$19.4 million in asset management fees, none of which related to asset management fees incurred in prior periods. As of February 28, 2026, we had accrued \$19.8 million of asset management fees, of which (i) \$8.5 million were Deferred Asset Management Fees, (ii) \$8.5 million of asset management fees were restricted for payment pursuant to the advisory agreement related to the Bonus Retention Fund, and (iii) \$1.6 million were related to asset management fees that were deferred in connection with agreements related to the refinancing of our debt obligations. As of February 28, 2026, we had \$1.2 million of asset management fees that were payable related to asset management fees incurred for the month of February 2026, which were subsequently paid in March 2026.

Under the advisory agreement, our advisor has the right to seek reimbursement from us for all costs and expenses it incurs in connection with the provision of services to us, including our allocable share of our advisor's overhead (such as rent, employee costs and utilities), internal audit personnel costs, internal audit consulting costs, accounting software costs, environmental, social and governance costs and cybersecurity costs. With respect to employee costs, and other than future payments pursuant to the Bonus Retention Fund, at this time our advisor only expects to seek reimbursement for our allocable portion of the salaries, benefits and overhead of internal audit department personnel providing services to us. We currently do not reimburse our advisor for employee costs in connection with services for which our advisor earns acquisition or origination fees or disposition fees (other than reimbursement of travel and communication expenses), and other than future payments pursuant to the Bonus Retention Fund, we do not reimburse our advisor for the salaries and benefits our advisor or its affiliates may pay to our executive officers or our directors that are affiliated with our advisor.

From January 1, 2025 through February 28, 2026, we reimbursed our advisor for \$0.6 million of operating expenses (of which \$0.1 million was payable as of February 28, 2026), including \$0.2 million of our allocable portion of the salaries, benefits and overhead of internal audit department personnel providing services to us. We also reimburse our advisor for certain of our direct costs incurred from third parties that were initially paid by our advisor on behalf of us.

For substantial assistance in connection with the sale of properties or other investments, we pay our advisor or one of its affiliates 1.0% of the contract sales price of each property or other investment sold; provided, however, that if, in connection with such disposition, commissions are paid to third parties unaffiliated with our advisor or one of its affiliates, the fee paid to our advisor or one of its affiliates may not exceed the commissions paid to such unaffiliated third parties, and provided further that the aggregate disposition fees paid to our advisor or one of its affiliates and unaffiliated third parties may not exceed 6.0% of the contract sales price. We will not pay a disposition fee upon the maturity, prepayment or workout of a loan or other debt-related investment, provided that if we take ownership of a property as a result of a workout or foreclosure of a loan, we will pay a disposition fee upon the sale of such property. No disposition fees will be paid with respect to any sales of our investment in units of the SREIT.

Notwithstanding the foregoing, our advisor has agreed to reduce and defer certain disposition fees. On October 11, 2024, in connection with an amendment to the Amended and Restated Portfolio Loan Facility, we and our advisor amended the advisory agreement to reduce the disposition fee payable in connection with the sale of Preston Commons to \$0.5 million and to defer payment of the disposition fee to December 1, 2025. On December 5, 2025, the disposition fee related to the sale of Preston Commons was paid to our advisor.

Additionally, pursuant to the Subordination Agreement, with respect to the disposition fees associated with the sale of Carillon, 515 Congress, Gateway Tech Center, 201 17th Street and Accenture Tower, our advisor agreed that the disposition fees will be reduced to not more than 0.65% of the contract sales price of each property and that payment of such disposition fees to our advisor is subordinated to the Senior Debt until the Senior Debt is paid in full. Such deferred disposition fees will be set aside and deposited to an interest bearing account under the control of the Credit Facility Agent. Pursuant to the Fourth Modification Agreement, we agreed not to pay any disposition fees to our advisor related to 515 Congress, Gateway Tech Center and 201 17th Street without the consent of the required lenders, except, provided no event of default has occurred and is continuing under the Modified Portfolio Revolving Loan Facility, payment of disposition fees in an amount not to exceed 0.65% of the contract sales price of such properties (with any remaining disposition fees payable to our advisor related to these properties being deferred until the obligations under the Modified Portfolio Revolving Loan Facility have been paid in full).

In connection with the Eighth Modification Agreement to the Amended and Restated Portfolio Loan Facility, on February 6, 2025, we and our advisor entered into an amendment to the advisory agreement to reduce the disposition fees associated with the sales of 60 South Sixth, Sterling Plaza, Towers at Emeryville, Ten Almaden, Town Center, Accenture Tower and The Almaden to 0.65% of the contract sales price of each property, in each case subject to the further limitations contained in the advisory agreement and our charter.

From January 1, 2025 through February 28, 2026, we sold one office property and one mixed-use office/retail property and incurred \$1.5 million of disposition fees related to the sales of these two properties, all of which had been paid as of February 28, 2026. Additionally, as noted above, the \$0.5 million disposition fee related to the sale of Preston Commons in November 2024 was paid on December 5, 2025.

In connection with our initial public offering, Messrs. Peter M. Bren, Schreiber, Keith D. Hall and Peter McMillan III agreed to provide additional indemnification to one of the participating broker-dealers. We agreed to add supplemental coverage to our directors' and officers' insurance coverage to insure the obligations of Messrs. Bren, Hall, McMillan and Schreiber under this indemnification agreement in exchange for reimbursement to us by Messrs. Bren, Hall, McMillan and Schreiber for all costs, expenses and premiums related to this supplemental coverage, which does not dilute the directors and officers liability insurance coverage for the KBS entities. From January 1, 2025 through February 28, 2026, our advisor had incurred \$0.1 million for the costs of the supplemental coverage obtained by us, all of which had been paid to the insurer or reimbursed to us as of February 28, 2026.

The conflicts committee considers our relationship with our advisor, our sponsor and their affiliates during 2025 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 that 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 entered into a fee reimbursement agreement with KBS Capital Markets Group pursuant to which we agreed to reimburse KBS Capital Markets Group for certain fees and expenses it incurs for administering our participation in the Depository Trust Clearing Corporation ("DTCC") Alternative Investment Product Platform with respect to certain accounts of our stockholders serviced through the platform. From January 1, 2025 through February 28, 2026, we incurred \$35,000 of costs and expenses related to this agreement, of which \$8,000 was payable as of February 28, 2026.

The conflicts committee believes that this arrangement with KBS Capital Markets Group is fair. We believe that the reimbursements paid to KBS Capital Markets Group allowed us to provide necessary services to certain accounts of our stockholders serviced through the platform.

Our Relationship with other KBS-Affiliated Entities. On May 29, 2015, our indirect wholly owned subsidiary that owns 3003 Washington Boulevard (the "Lessor") entered into a lease with an affiliate of our advisor (the "Lessee") for 5,046 rentable square feet, or approximately 2.4% of the total rentable square feet, at 3003 Washington Boulevard. The lease commenced on October 1, 2015 and was amended on March 14, 2019 to extend the lease period commencing on September 1, 2019 and terminating on August 31, 2024 and set the annual base rent during the extension period. On August 12, 2024, the Lessor entered into a Second Amendment to Deed of Office Lease (the "Second Amended Lease") with the Lessee to extend the lease period commencing on September 1, 2024 and expiring on November 30, 2029, unless terminated earlier in accordance with certain terms and conditions contained therein, and set the annual base rent during the extension period. The annualized base rent for the Second Amended Lease is approximately \$0.3 million, and the average annual rental rate (net of rental abatements) over the term of the Second Amended Lease is \$53.75 per square foot.

From January 1, 2025 through February 28, 2026, we recognized \$325,000 of rental income related to the Second Amended Lease. Prior to their approval of the lease and each amendment, our conflicts committee and board of directors determined the lease and each amendment were fair and reasonable to us.

Insurance Program. As of January 1, 2025, we, together with KBS Capital Markets Group, 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 2025, we renewed our participation in the program. The program is effective through June 30, 2026. The conflicts committee believes the insurance program with our affiliates is fair.

Singapore Transaction. On July 18, 2019, we sold 11 of our properties (the “Singapore Portfolio”) to various subsidiaries of the SREIT, a Singapore real estate investment trust that listed on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) (SGX-ST Ticker: OXMU) on July 19, 2019, and on July 19, 2019, we, through an indirect wholly owned subsidiary, REIT Properties III, acquired 307,953,999 units in the SREIT at a price of \$0.88 per unit representing a 33.3% ownership interest in the SREIT (together, the “Singapore Transaction”). On August 21, 2019, REIT Properties III sold 18,392,100 of its units in the SREIT for \$16.2 million pursuant to an over-allotment option granted to the underwriters of the SREIT’s offering. On November 9, 2021, REIT Properties III sold 73,720,000 units in the SREIT for \$58.9 million, net of fees and costs, pursuant to a block trade. On March 28, 2024, the SREIT issued an additional unit for every 10 existing units held by its unitholders as of March 4, 2024, increasing REIT Properties III’s investment in the units of the SREIT to 237,426,088 units. On October 6, 2025, the SREIT issued additional units related to a private placement transaction, which reduced our ownership in the SREIT. As of March 11, 2026, REIT Properties III held 237,426,088 units of the SREIT, which represented 16.5% of the outstanding units of the SREIT as of that date. As of March 11, 2026, the aggregate value of our investment in the units of the SREIT was \$42.5 million, which was based solely on the closing price of the units on the SGX-ST of \$0.179 per unit as of March 11, 2026, and did not take into account any potential discount for the holding period risk due to the quantity of units we hold.

The SREIT is affiliated with Charles J. Schreiber, Jr., one of our directors and executive officers. The SREIT is externally managed by an entity (the “Manager”) in which Charles J. Schreiber, Jr. currently holds an indirect ownership interest. Mr. Schreiber is also a former director of the Manager. The SREIT pays the Manager an annual base fee of 10% of annual distributable income and an annual performance fee of 25% of the increase in distributions per unit of the SREIT from the preceding year. For acquisitions other than the Singapore Portfolio, the SREIT pays the Manager an acquisition fee of 1% of the acquisition price. The SREIT will also pay the Manager a divestment fee of 0.5% of the sale price of any real estate sold and a development management fee of 3% of the total project costs incurred for development projects. A portion of the fees paid to the Manager are paid to KBS Realty Advisors, an entity controlled by Mr. Schreiber, for sub-advisory services.

The Schreiber Trust, a trust whose beneficiaries are Charles J. Schreiber, Jr. and his family members, and the Linda Bren 2017 Trust also acquired units in the SREIT. The Schreiber Trust agreed it will not sell any portion of its units in the SREIT unless it has received the consent of our conflicts committee. The Linda Bren 2017 Trust has agreed it will not sell \$5.0 million of its investment in the SREIT unless it has received the consent of our conflicts committee.

Also in connection with the Singapore Transaction, our board of directors and conflicts committee adopted the Allocation Process. See above, “—Review of Our Policies – Allocation Policy.”

The conflicts committee reviewed and approved the fairness of the Singapore Transaction and the conflicts committee believes that the Allocation Process is fair.

No Other Transactions. From January 1, 2025 through February 28, 2026, no other transactions occurred between us and KBS Capital Markets Group, 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.

Conflicts Committee Determination

The conflicts committee has examined the fairness of the transactions described above, and has determined that all such transactions are fair and reasonable to us. The conflicts committee has also determined that the policies set forth in this Report of the Conflicts Committee are in the best interests of our common stockholders and other stakeholders because they provide us with the highest likelihood of achieving our investment objectives.

March 11, 2026

The Conflicts Committee of the Board of Directors:
Ron D. Sturzenegger (chair), Stuart A. Gabriel, Ph.D. and Robert Milkovich

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Independent Registered Public Accounting Firm

During the year ended December 31, 2025, Ernst & Young LLP (“Ernst & Young”) 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 independent registered public accounting firm’s independence, the audit committee charter imposes a duty on the audit committee to pre-approve all auditing services performed for us by our independent registered public accounting firm, 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 registered public accounting firm, 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, 2025 and 2024, 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, 2025 and 2024, are set forth in the table below.

	2025	2024
Audit fees	\$ 905,000	\$ 887,500
Audit-related fees	—	—
Tax fees	137,000	141,554
All other fees	7,200	7,200
Total	<u>\$ 1,049,200</u>	<u>\$ 1,036,254</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 LLP 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 registered public accounting firms 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 registered public accounting firms 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 registered public accounting firm’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. These include the cost of our annual subscription to our independent registered public accounting firm’s online accounting, tax and regulatory reference tool.

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.

The following financial statement schedule is included herein at pages F-42 through F-43 of this report:

Schedule III - Real Estate Assets and Accumulated Depreciation and Amortization

(b) Exhibits

Ex.	Description
3.1	Second Articles of Amendment and Restatement, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed January 25, 2011
3.2	Fourth Amended and Restated Bylaws, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed December 14, 2023
4.1	Statement regarding restrictions on transferability of shares of common stock (to appear on stock certificate or to be sent upon request and without charge to stockholders issued shares without certificates), incorporated by reference to Exhibit 4.2 to Pre-Effective Amendment No. 2 to the Company's Registration Statement on Form S-11, Commission File No. 333-164703, filed August 20, 2010
4.2	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2020, filed March 12, 2021
10.1.1	Advisory Agreement, by and between the Company and KBS Capital Advisors LLC, dated as of September 27, 2024, incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K, filed September 27, 2024
10.1.2	Amendment No. 1 to the Advisory Agreement, by and between the Company and KBS Capital Advisors LLC, dated as of October 11, 2024, incorporated by reference to Exhibit 10.1.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed March 14, 2025
10.1.3	Amendment No. 2 to the Advisory Agreement, by and between the Company and KBS Capital Advisors LLC, dated as of December 20, 2024, incorporated by reference to Exhibit 10.1.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed March 14, 2025
10.1.4	Amendment No. 3 to the Advisory Agreement, by and between the Company and KBS Capital Advisors LLC, dated as of February 6, 2025, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2025, filed May 12, 2025
10.1.5	Advisory Agreement Renewal Agreement, by and between the Company and KBS Capital Advisors LLC, dated as of September 27, 2025, incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K, filed September 29, 2025
10.2	Management Fee and Disposition Fee Subordination Agreement, by KBS Capital Advisors LLC in favor of U.S. Bank National Association, dated as of November 22, 2024, incorporated by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed March 14, 2025
10.3.1	Short Term Extension Agreement, by and among KBSIII 60 South Sixth Street, LLC, KBSIII Preston Commons, LLC, KBSIII Sterling Plaza, LLC, KBSIII Towers at Emeryville, LLC, KBSIII Ten Almaden, LLC, KBSIII Legacy Town Center, LLC, KBS REIT Properties III, LLC and Bank of America, N.A., effective as of January 23, 2025, incorporated by reference to Exhibit 10.3.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2025, filed May 12, 2025

Ex.	Description
10.3.2	<u>Eighth Loan Modification Agreement, including Conformed Loan Agreement, by and among KBSIII 60 South Sixth Street, LLC, KBSIII Preston Commons, LLC, KBSIII Sterling Plaza, LLC, KBSIII Towers at Emeryville, LLC, KBSIII Ten Almaden, LLC, KBSIII Legacy Town Center, LLC, KBS REIT Properties III, LLC and Bank of America, N.A., effective as of February 6, 2025, incorporated by reference to Exhibit 10.3.2 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2025, filed May 12, 2025</u>
10.3.3	<u>Amended and Restated Guaranty Agreement by and between KBS REIT Properties III, LLC and Bank of America, N.A., dated as of November 3, 2021, incorporated by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed March 31, 2022</u>
10.3.4	<u>Amended and Restated Promissory Note by and among KBSIII 60 South Sixth Street, LLC, KBSIII Preston Commons, LLC, KBSIII Sterling Plaza, LLC, KBSIII Towers at Emeryville, LLC, KBSIII Ten Almaden, LLC, KBSIII Legacy Town Center, LLC and Zions Bancorporation, N.A. (FKA ZB, N.A.) DBA California Bank & Trust, dated as of November 3, 2021, incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed March 31, 2022</u>
10.3.5	<u>Amended and Restated Promissory Note by and among KBSIII 60 South Sixth Street, LLC, KBSIII Preston Commons, LLC, KBSIII Sterling Plaza, LLC, KBSIII Towers at Emeryville, LLC, KBSIII Ten Almaden, LLC, KBSIII Legacy Town Center, LLC and Capital One, National Association, dated as of November 3, 2021, incorporated by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed March 31, 2022</u>
10.3.6	<u>Amended and Restated Promissory Note by and among KBSIII 60 South Sixth Street, LLC, KBSIII Preston Commons, LLC, KBSIII Sterling Plaza, LLC, KBSIII Towers at Emeryville, LLC, KBSIII Ten Almaden, LLC, KBSIII Legacy Town Center, LLC and Regions Bank, dated as of November 3, 2021, incorporated by reference to Exhibit 10.18 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed March 31, 2022</u>
10.3.7	<u>Amended and Restated Promissory Note by and among KBSIII 60 South Sixth Street, LLC, KBSIII Preston Commons, LLC, KBSIII Sterling Plaza, LLC, KBSIII Towers at Emeryville, LLC, KBSIII Ten Almaden, LLC, KBSIII Legacy Town Center, LLC and PNC Bank, National Association, dated as of November 3, 2021, incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed March 31, 2022</u>
10.3.8	<u>Second Amended and Restated Promissory Note by and among KBSIII 60 South Sixth Street, LLC, KBSIII Preston Commons, LLC, KBSIII Sterling Plaza, LLC, KBSIII Towers at Emeryville, LLC, KBSIII Ten Almaden, LLC, KBSIII Legacy Town Center, LLC and Bank of America, N.A., dated as of November 3, 2021, incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed March 31, 2022</u>
10.3.9	<u>Second Amended and Restated Promissory Note by and among KBSIII 60 South Sixth Street, LLC, KBSIII Preston Commons, LLC, KBSIII Sterling Plaza, LLC, KBSIII Towers at Emeryville, LLC, KBSIII Ten Almaden, LLC, KBSIII Legacy Town Center, LLC and U.S. Bank, National Association, dated as of November 3, 2021, incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed March 31, 2022</u>
10.3.10	<u>Second Amended and Restated Promissory Note by and among KBSIII 60 South Sixth Street, LLC, KBSIII Preston Commons, LLC, KBSIII Sterling Plaza, LLC, KBSIII Towers at Emeryville, LLC, KBSIII Ten Almaden, LLC, KBSIII Legacy Town Center, LLC and Wells Fargo Bank, National Association, dated as of November 3, 2021, incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed March 31, 2022</u>
10.3.11	<u>Cash Collateral Account Security, Pledge and Assignment Agreement between KBS REIT Properties III, LLC and Bank of America, N.A., effective as of October 8, 2025</u>
10.4.1	<u>Term Loan Agreement, by and among KBSIII Domain Gateway, LLC, KBSIII 515 Congress, LLC, KBSIII 155 North 400 West, LLC, KBSIII 1550 West McEwen Drive, LLC and U.S. Bank National Association, dated October 17, 2018, incorporated by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018, filed March 14, 2019</u>

Ex.	Description
10.4.2	<u>Recourse Carve-Out Guaranty Agreement, by KBS REIT Properties III, LLC for the benefit of U.S. Bank National Association, dated October 17, 2018, incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018, filed March 14, 2019</u>
10.4.3	<u>Payment Guaranty Agreement, by KBS REIT Properties III, LLC for the benefit of U.S. Bank National Association, dated October 17, 2018, incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018, filed March 14, 2019</u>
10.4.4	<u>First Modification and Additional Advance Agreement (Long Form), by and among KBSIII Domain Gateway, LLC, KBSIII 1550 West McEwen Drive, LLC, KBSIII 155 North 400 West, LLC, KBSIII 515 Congress, LLC, KBSIII 201 17th Street, LLC, U.S. Bank National Association and the Lenders party thereto, dated January 23, 2020, incorporated by reference to Exhibit 10.43 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed March 6, 2020</u>
10.4.5	<u>Assumption and Joinder Agreement, by and among KBSIII 201 17th Street, LLC, the other Borrowers thereto and U.S. Bank National Association, dated January 23, 2020, incorporated by reference to Exhibit 10.48 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed March 6, 2020</u>
10.4.6	<u>Amended and Restated Promissory Note, by and among KBSIII Domain Gateway, LLC, KBS 515 Congress, LLC, KBSIII 155 North 400 West, LLC, KBSIII 1550 West McEwen Drive, LLC, KBSIII 201 17th Street, LLC and Associated Bank, National Association, dated January 23, 2020, incorporated by reference to Exhibit 10.49 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed March 6, 2020</u>
10.4.7	<u>Amended and Restated Promissory Note, by and among KBSIII Domain Gateway, LLC, KBS 515 Congress, LLC, KBSIII 155 North 400 West, LLC, KBSIII 1550 West McEwen Drive, LLC, KBSIII 201 17th Street, LLC and City National Bank, dated January 23, 2020, incorporated by reference to Exhibit 10.50 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed March 6, 2020</u>
10.4.8	<u>Amended and Restated Promissory Note, by and among KBSIII Domain Gateway, LLC, KBS 515 Congress, LLC, KBSIII 155 North 400 West, LLC, KBSIII 1550 West McEwen Drive, LLC, KBSIII 201 17th Street, LLC and Regions Bank, dated January 23, 2020, incorporated by reference to Exhibit 10.51 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed March 6, 2020</u>
10.4.9	<u>Promissory Note, by and among KBSIII Domain Gateway, LLC, KBS 515 Congress, LLC, KBSIII 155 North 400 West, LLC, KBSIII 1550 West McEwen Drive, LLC, KBSIII 201 17th Street, LLC and Citizens Bank, dated January 23, 2020, incorporated by reference to Exhibit 10.52 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed March 6, 2020</u>
10.4.10	<u>Second Amended and Restated Promissory Note, by and among KBSIII Domain Gateway, LLC, KBS 515 Congress, LLC, KBSIII 155 North 400 West, LLC, KBSIII 1550 West McEwen Drive, LLC, KBSIII 201 17th Street, LLC and U.S. Bank National Association, dated January 23, 2020, incorporated by reference to Exhibit 10.53 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed March 6, 2020</u>
10.4.11	<u>Second Modification Agreement by and among KBSIII 1550 West McEwen Drive, LLC, KBSIII 155 North 400 West, LLC, KBSIII 515 Congress, LLC, and KBSIII 201 17th Street, LLC, U.S. Bank National Association, and Lenders dated as of February 28, 2023, incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2023, filed May 12, 2023</u>
10.4.12	<u>Additional Advance and Third Modification Agreement by and among KBSIII 1550 West McEwen Drive, LLC, KBSIII 155 North 400 West, LLC, KBSIII 515 Congress, LLC, and KBSIII 201 17th Street, LLC, U.S. Bank National Association, and Lenders dated as of February 9, 2024, incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2024, filed May 15, 2024</u>
10.4.13	<u>Modification of Guaranty and Consent and Reaffirmation of Guarantor by KBS REIT Properties III, LLC dated as of February 9, 2024, incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2024, filed May 15, 2024</u>

Ex.	Description
10.5.1	<u>Revolving and Term Loan Agreement, by and among KBSIII 500 West Madison, LLC, U.S. Bank National Association and Bank of America, N.A., dated November 2, 2020, incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2020, filed November 16, 2020</u>
10.5.2	<u>First Modification Agreement by and among KBSIII 500 West Madison, LLC, U.S. Bank National Association, and Lenders dated as of March 8, 2023, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2023, filed May 12, 2023</u>
10.5.3	<u>Second Modification Agreement by and among KBSIII 500 West Madison, LLC, U.S. Bank National Association, and Lenders dated as of November 2, 2023, incorporated by reference to Exhibit 10.55 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed March 19, 2024</u>
10.5.4	<u>Third Modification Agreement by and among KBSIII 500 West Madison, LLC, U.S. Bank National Association, and Lenders dated as of November 1, 2024, incorporated by reference to Exhibit 10.5.10 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed March 14, 2025</u>
10.5.5	<u>First Extension Agreement by and among KBSIII 500 West Madison, LLC, U.S. Bank National Association, and Lenders dated as of December 9, 2024, incorporated by reference to Exhibit 10.5.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed March 14, 2025</u>
10.5.6	<u>Second Extension Agreement by and among KBSIII 500 West Madison, LLC, U.S. Bank National Association, and Lenders dated as of December 12, 2024, incorporated by reference to Exhibit 10.5.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed March 14, 2025</u>
10.5.7	<u>Third Extension Agreement by and among KBSIII 500 West Madison, LLC, U.S. Bank National Association, and Lenders dated as of December 18, 2024, incorporated by reference to Exhibit 10.5.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed March 14, 2025</u>
10.5.8	<u>Fourth Modification Agreement by and among KBSIII 500 West Madison, LLC, U.S. Bank National Association, and Lenders dated as of December 20, 2024, incorporated by reference to Exhibit 10.5.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed March 14, 2025</u>
10.5.9	<u>Fifth Modification Agreement, by and among KBSIII 500 West Madison, LLC, U.S. Bank National Association, and Lenders dated as of January 17, 2025, incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2025, filed May 12, 2025</u>
10.5.10	<u>Amended and Restated Payment Guaranty Agreement by KBS REIT Properties III, LLC and U.S. Bank National Association, and Lenders dated as of December 20, 2024, incorporated by reference to Exhibit 10.5.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed March 14, 2025</u>
10.5.11	<u>Amended and Restated Promissory Note by and between KBSIII 500 West Madison, LLC and Bank of America, N.A., dated as of December 20, 2024, incorporated by reference to Exhibit 10.5.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed March 14, 2025</u>
10.5.12	<u>Amended and Restated Promissory Note by and between KBSIII 500 West Madison, LLC and Deutsche Pfandbriefbank AG dated as of December 20, 2024, incorporated by reference to Exhibit 10.5.17 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed March 14, 2025</u>
10.5.13	<u>Amended and Restated Promissory Note by and between KBSIII 500 West Madison, LLC and National Bank of Kuwait S.A.K.P. Grand Cayman Branch, dated as of December 20, 2024, incorporated by reference to Exhibit 10.5.18 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed March 14, 2025</u>
10.5.14	<u>Amended and Restated Promissory Note by and between KBSIII 500 West Madison, LLC and U.S. Bank National Association, dated as of December 20, 2024, incorporated by reference to Exhibit 10.5.19 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed March 14, 2025</u>
10.5.15	<u>Amended and Restated Recourse Carve-Out Guaranty Agreement by and among KBS REIT Properties III, LLC, U.S. Bank National Association, and Lenders dated as of December 20, 2024, incorporated by reference to Exhibit 10.5.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed March 14, 2025</u>

Ex.	Description
10.6.1	<u>Deed of Lease, by and between KBSIII 3003 Washington, LLC and KBS Realty Advisors, LLC, dated May 29, 2015, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2015, filed August 13, 2015</u>
10.6.2	<u>First Amendment to Deed of Lease, by and between KBSIII 3003 Washington, LLC and KBS Realty Advisors, LLC, dated March 14, 2019, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2019, filed May 15, 2019</u>
10.6.3	<u>Second Amendment to Deed of Lease, by and between KBSIII 3003 Washington, LLC and KBS Realty Advisors, LLC, dated August 12, 2024, incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2024, filed November 14, 2024</u>
14.1	<u>Code of Conduct and Ethics, incorporated by reference to Exhibit 14.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed March 14, 2025</u>
21.1	<u>Subsidiaries of the Company</u>
31.1	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1	<u>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</u>
32.2	<u>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</u>
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)

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements

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Financial Statement Schedule

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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 Shareholders and the Board of Directors of
KBS Real Estate Investment Trust III, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of KBS Real Estate Investment Trust III, Inc. (the Company) as of December 31, 2025 and 2024, the related consolidated statements of operations, equity and cash flows for each of the three years in the period ended December 31, 2025, and the related notes and financial statement schedule listed in the Index at Item 15(a) (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 at December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles.

The Company’s Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has \$1.3 billion of loan maturities and required principal paydowns within one year from the date of issuance of the consolidated financial statements, and has stated that substantial doubt exists about the Company’s ability to continue as a going concern. Management’s evaluation of the events and conditions and management’s plans regarding these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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.

Impairment evaluation of real estate investments

*Description of
the Matter*

The Company's real estate investments totaled \$1.3 billion as of December 31, 2025. As discussed in Note 3 to the consolidated financial statements, the Company monitors on an ongoing basis 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 are present, the Company assesses the recoverability by estimating whether the Company will recover the carrying value of the real estate and related intangible assets and liabilities through its undiscounted future cash flows and eventual disposition of the property. If the carrying value of the real estate is determined to not be recoverable, the Company records an impairment loss to the extent that the carrying value exceeds the estimated fair value of the real estate and related intangible assets and liabilities.

Auditing the Company's process to evaluate real estate investments for impairment was especially challenging as a result of the high degree of judgment and subjectivity in determining whether indicators of impairment were present for certain properties, and in determining the future cash flows and estimated fair values, where applicable, of properties where indicators of impairment were determined to be present. In particular, these estimates were sensitive to significant assumptions including market rental rates and related leasing assumptions, capitalization rates and discount rates, which are affected by expectations about future market or economic conditions.

*How We
Addressed the
Matter in Our
Audit*

To test the Company's real estate impairment assessment, our audit procedures included, among others, evaluating the significant judgments applied in determining whether indicators of impairment were present, obtaining evidence to corroborate such judgments and searching for evidence contrary to such judgments, evaluating the methodologies used and testing the significant assumptions listed above used to estimate future cash flows and, where applicable, fair values for certain properties with identified higher impairment risk characteristics. We also held discussions with management about business plans for the assets and other judgments used in determining cash flow estimates for the assets, and compared information used in the impairment assessment to information included in materials presented to the Company's Board of Directors. Further, we compared significant assumptions considered by management as listed above to current industry and economic trends, observable market-specific data, and historical results of the properties. In certain instances, we involved our internal real estate valuation specialists to assist in performing these procedures.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2010.

Irvine, California
March 27, 2026

KBS REAL ESTATE INVESTMENT TRUST III, INC.
CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

	December 31,	
	2025	2024
Assets		
Real estate:		
Land	\$ 197,889	\$ 211,205
Buildings and improvements	1,641,268	1,824,366
Tenant origination and absorption costs	22,309	24,431
Total real estate held for investment, cost	1,861,466	2,060,002
Less accumulated depreciation and amortization	(559,269)	(627,942)
Total real estate held for investment, net	1,302,197	1,432,060
Real estate held for sale, net	—	131,471
Total real estate, net	1,302,197	1,563,531
Real estate equity securities	46,773	40,600
Total real estate and real estate-related investments, net	1,348,970	1,604,131
Cash and cash equivalents	23,659	30,484
Restricted cash	38,557	11,090
Rents and other receivables, net	96,150	94,549
Above-market leases, net	52	120
Assets related to real estate held for sale, net	—	15,209
Prepaid expenses and other assets	55,721	67,862
Total assets	\$ 1,563,109	\$ 1,823,445
Liabilities and equity		
Notes payable:		
Notes payable, net	\$ 1,282,652	\$ 1,290,216
Notes payable related to real estate held for sale, net	—	152,445
Total notes payable, net	1,282,652	1,442,661
Accounts payable and accrued liabilities	31,223	46,911
Due to affiliate	19,817	19,520
Below-market leases, net	230	544
Liabilities related to real estate held for sale, net	—	2,999
Other liabilities	51,384	54,251
Total liabilities	1,385,306	1,566,886
Commitments and contingencies (Note 13)		
Redeemable common stock	—	—
Stockholders' equity:		
Preferred stock, \$.01 par value per share; 10,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, \$.01 par value per share; 1,000,000,000 shares authorized, 148,516,246 and 148,516,246 shares issued and outstanding as of December 31, 2025 and 2024, respectively	1,485	1,485
Additional paid-in capital	1,313,297	1,313,297
Cumulative distributions in excess of net income	(1,136,979)	(1,058,223)
Total stockholders' equity	177,803	256,559
Total liabilities and equity	\$ 1,563,109	\$ 1,823,445

See accompanying notes to consolidated financial statements.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)

	Years Ended December 31,		
	2025	2024	2023
Revenues:			
Rental income	\$ 232,234	\$ 258,459	\$ 270,158
Dividend income from real estate equity securities	1,116	967	11,850
Other operating income	16,611	18,239	18,669
Total revenues	249,961	277,665	300,677
Expenses:			
Operating, maintenance and management	68,919	72,872	75,914
Real estate taxes and insurance	42,714	49,992	52,789
Asset management fees to affiliate	17,966	19,568	20,839
General and administrative expenses	7,470	18,544	7,297
Depreciation and amortization	95,901	111,206	115,235
Interest expense	114,289	126,588	120,475
Net loss (gain) on derivative instruments	126	(17,634)	(14,907)
Impairment charges on real estate	65,475	6,847	45,459
Total expenses	412,860	387,983	423,101
Other income (loss):			
Unrealized gain (loss) on real estate equity securities	6,173	(11,202)	(35,614)
Gain from extinguishment of debt	—	56,372	—
Gain on sale of real estate, net	77,401	53,064	—
Other interest income	569	1,233	505
Total other income (loss), net	84,143	99,467	(35,109)
Net loss	\$ (78,756)	\$ (10,851)	\$ (157,533)
Net loss per common share, basic and diluted	\$ (0.53)	\$ (0.07)	\$ (1.06)
Weighted-average number of common shares outstanding, basic and diluted	148,516,246	148,516,246	148,738,748

See accompanying notes to consolidated financial statements.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
CONSOLIDATED STATEMENTS OF EQUITY

(dollars in thousands)

	Common Stock		Additional Paid-in Capital	Cumulative Distributions in Excess of Net Income	Total Stockholders' Equity
	Shares	Amounts			
Balance, December 31, 2022	147,964,954	\$ 1,480	\$ 1,275,833	\$ (855,645)	\$ 421,668
Net loss	—	—	—	(157,533)	(157,533)
Issuance of common stock	1,900,374	19	16,230	—	16,249
Transfers from redeemable common stock	—	—	33,392	—	33,392
Redemptions of common stock	(1,349,082)	(14)	(12,128)	—	(12,142)
Distributions declared	—	—	—	(34,194)	(34,194)
Other offering costs	—	—	(28)	—	(28)
Balance, December 31, 2023	148,516,246	\$ 1,485	\$ 1,313,299	\$ (1,047,372)	\$ 267,412
Net loss	—	—	—	(10,851)	(10,851)
Other offering costs	—	—	(2)	—	(2)
Balance, December 31, 2024	148,516,246	\$ 1,485	\$ 1,313,297	\$ (1,058,223)	\$ 256,559
Net loss	—	—	—	(78,756)	(78,756)
Balance, December 31, 2025	148,516,246	\$ 1,485	\$ 1,313,297	\$ (1,136,979)	\$ 177,803

See accompanying notes to consolidated financial statements.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31,		
	2025	2024	2023
Cash Flows from Operating Activities:			
Net loss	\$ (78,756)	\$ (10,851)	\$ (157,533)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation and amortization	95,901	111,206	115,235
Impairment charges on real estate	65,475	6,847	45,459
Unrealized (gain) loss on real estate equity securities	(6,173)	11,202	35,614
Deferred rents	(6,104)	(8,553)	(7,635)
Amortization of above- and below-market leases, net	(246)	(456)	(769)
Amortization of deferred financing costs	12,401	9,524	4,243
Unrealized losses on derivative instruments	10,152	6,833	16,451
Gain related to swap terminations	—	(178)	—
Interest rate swap settlement for early terminated swaps	—	6,552	—
Gain from extinguishment of debt	—	(56,372)	—
Gain on sale of real estate	(77,401)	(53,064)	—
Interest rate swap settlements for off-market swap instruments	—	—	(9,138)
Changes in operating assets and liabilities:			
Rents and other receivables	(317)	(7,317)	(3,149)
Due from affiliates	—	—	10
Prepaid expenses and other assets	(9,044)	(12,833)	(14,441)
Accounts payable and accrued liabilities	(15,085)	3,337	(1,323)
Due to affiliates	2,824	1,612	7,043
Other liabilities	297	164	11,567
Net cash (used in) provided by operating activities	(6,076)	7,653	41,634
Cash Flows from Investing Activities:			
Improvements to real estate	(24,755)	(34,469)	(81,219)
Proceeds from sale of real estate, net	220,098	192,371	—
Purchase of interest rate cap	—	—	(25)
Net cash provided by (used in) investing activities	195,343	157,902	(81,244)
Cash Flows from Financing Activities:			
Proceeds from notes payable	31,053	35,913	77,170
Principal payments on notes payable	(188,722)	(198,463)	(9,952)
Payments of deferred financing costs	(10,956)	(10,465)	(2,887)
Interest rate swap settlements for off-market swap instruments	—	—	9,853
Restricted cash surrendered from deed-in-lieu of foreclosure	—	(1,886)	—
Payments to redeem common stock	—	—	(12,142)
Payments of other offering costs	—	(2)	(28)
Distributions paid to common stockholders	—	—	(25,319)
Net cash (used in) provided by financing activities	(168,625)	(174,903)	36,695
Net increase (decrease) in cash, cash equivalents and restricted cash	20,642	(9,348)	(2,915)
Cash, cash equivalents and restricted cash, beginning of period	41,574	50,922	53,837
Cash, cash equivalents and restricted cash, end of period	\$ 62,216	\$ 41,574	\$ 50,922
Supplemental Disclosure of Cash Flow Information:			
Interest paid	\$ 98,924	\$ 92,521	\$ 93,657
Supplemental Disclosure of Noncash Investing and Financing Activities:			
Mortgage loan extinguished in connection with deed-in-lieu of foreclosure	\$ —	\$ 125,000	\$ —
Real estate transferred in connection with deed-in-lieu of foreclosure	\$ —	\$ 69,028	\$ —
Net liabilities transferred in connection with deed-in-lieu of foreclosure	\$ —	\$ 2,286	\$ —
Distributions paid to common stockholders through common stock issuances pursuant to the dividend reinvestment plan	\$ —	\$ —	\$ 16,249
Accrued improvements to real estate	\$ 3,112	\$ 6,885	\$ 14,222
Accrued deferred loan financing costs	\$ 8,517	\$ 5,347	\$ —
Accrued disposition fees	\$ —	\$ 500	\$ —

See accompanying notes to consolidated financial statements.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

1. ORGANIZATION

KBS Real Estate Investment Trust III, Inc. (the “Company”) was formed on December 22, 2009 as a Maryland corporation that elected to be taxed as a real estate investment trust (“REIT”) beginning with the taxable year ended December 31, 2011 and it intends to continue to operate in such manner. Substantially all of the Company’s business is conducted through KBS Limited Partnership III (the “Operating Partnership”), a Delaware limited partnership. The Company is the sole general partner of and owns a 0.1% partnership interest in the Operating Partnership. KBS REIT Holdings III LLC (“REIT Holdings III”), the limited partner of the Operating Partnership, owns the remaining 99.9% interest in the Operating Partnership and is its sole limited partner. The Company is the sole member and manager of REIT Holdings III.

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 the Company entered into with the Advisor (as amended, the “Advisory Agreement”). On January 26, 2010, the Company issued 20,000 shares of its common stock to the Advisor at a purchase price of \$10.00 per share. As of December 31, 2025, the Advisor owned 20,857 shares of the Company’s common stock.

The Company owns a diverse portfolio of real estate investments. As of December 31, 2025, the Company owned 12 office properties and an investment in the equity securities of Prime US REIT, a Singapore real estate investment trust (the “SREIT”).

The Company commenced its initial public offering (the “Offering”) on October 26, 2010. Upon commencing the Offering, the Company retained KBS Capital Markets Group LLC (the “Dealer Manager”), an affiliate of the Company, to serve as the dealer manager of the Offering pursuant to a dealer manager agreement, as amended and restated (the “Dealer Manager Agreement”). The Company ceased offering shares of common stock in the primary Offering on May 29, 2015 and terminated the primary Offering on July 28, 2015.

The Company sold 169,006,162 shares of common stock in the primary Offering for gross proceeds of \$1.7 billion. The Company sold 46,154,757 shares of common stock under its dividend reinvestment plan for gross offering proceeds of \$471.3 million. The Company has redeemed or repurchased 74,644,349 shares sold in the Offering for \$789.2 million. On March 15, 2024, the Company terminated its dividend reinvestment plan and its share redemption program.

Additionally, on October 3, 2014, the Company issued 258,462 shares of common stock for \$2.4 million in private transactions exempt from the registration requirements pursuant to Section 4(a)(2) of the Securities Act of 1933.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

2. GOING CONCERN

Each reporting period, management evaluates the Company's ability to continue as a going concern by evaluating conditions and events, including assessing the Company's liquidity needs in order to satisfy upcoming debt obligations and the Company's ability to satisfy debt covenant requirements. Through the normal course of operations, the Company has \$1.3 billion of notes payable maturities and required principal paydowns during the 12-month period from the issuance of these financial statements. In order to refinance, restructure or extend the Company's maturing debt obligations, the Company has been required to reduce the loan commitments and/or make paydowns on certain loans, and the Company may be required to make additional reductions to loan commitments and paydowns on the loans maturing during the next 12 months in order to refinance, restructure or extend those loans. As a result of reductions in loan commitments and paydowns and the ongoing liquidity needs in the Company's real estate portfolio, the Company may be required to sell assets into a challenged real estate market in an effort to manage its liquidity needs. Selling real estate assets in the current market may result in a lower sale price than the Company would otherwise obtain. Additionally, the Company may relinquish ownership of one or more secured properties to the mortgage lender. However, there can be no assurances as to the certainty or timing of management's plans to be effectively implemented within one year from the date the financial statements are issued, as certain elements of management's plans are outside the control of the Company, including its ability to repay outstanding debt obligations at maturity, make certain required principal paydowns during the terms of the loans, satisfy other terms and conditions contained in its loan agreements, refinance, restructure or extend certain debt obligations and sell assets in the current real estate and financial markets. As a result of the Company's upcoming loan maturities and required principal paydowns, the challenging commercial real estate lending environment and the lack of transaction volume in the U.S. office market as well as general market instability, management's plans may not be considered probable and thus do not alleviate substantial doubt about the Company's ability to continue as a going concern. See Note 8, "Notes Payable" for further information regarding the Company's notes payable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation

The consolidated financial statements 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") and the rules and regulations of the Securities and Exchange Commission (the "SEC").

The consolidated financial statements include the accounts of the Company, REIT Holdings III, the Operating Partnership and their direct and indirect wholly owned subsidiaries. All significant intercompany balances and transactions are eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements and 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.

Reclassifications

Certain amounts in the Company's prior period consolidated financial statements have been reclassified to conform to the current period presentation. These reclassifications have not changed the results of operations of prior periods.

During the year ended December 31, 2025, the Company sold one office property and one mixed-use office/retail property. As a result, certain assets and liabilities related to these properties were reclassified to held for sale on the consolidated balance sheets for all periods presented.

Comprehensive Income (Loss)

Comprehensive income (loss) for each of the years ended December 31, 2025, 2024 and 2023 was equal to net income (loss) for these respective periods.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition - Operating Leases

Real Estate

The Company recognizes 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 is probable and records amounts expected to be received in later years as deferred rent receivable. If the lease provides for tenant improvements, the Company determines whether the tenant improvements, for accounting purposes, are owned by the tenant or the Company. When the Company is the owner of the tenant improvements, the tenant is not considered to have taken physical possession or have control of the physical use of the leased asset until the tenant improvements are substantially completed. When the tenant is 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 is funded is 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 ASU 2016-02, *Leases (Topic 842)* ("Topic 842"), tenant reimbursements for property taxes and insurance are included in the single lease component of the lease contract (the right of the lessee to use the leased space) and therefore are accounted for as variable lease payments and are recorded as rental income on the Company's statement of operations. 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 are also accounted for as variable lease payments and recorded as rental income on the Company's statement of operations.

In accordance with Topic 842, the Company makes a determination of whether the collectibility of the lease payments in an operating lease is probable. If the Company determines the lease payments are not probable of collection, the Company would fully reserve for any contractual lease payments, deferred rent receivable, and variable lease payments and would recognize rental income only to the extent cash has been received. These changes to the Company's collectibility assessment are reflected as an adjustment to rental income.

The Company, as a lessor, records 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 classifies such costs as operating, maintenance, and management expense on the Company's consolidated statement of operations, as these costs are not capitalizable under the definition of initial direct costs under Topic 842.

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.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 determines it does not have a controlling financial interest in the entity that holds the asset and the arrangement meets the criteria to be accounted for as a contract, the Company would derecognize the asset and recognize a gain or loss on the sale of the real estate when control of the underlying asset transfers to the buyer.

Real Estate Equity Securities

Dividend income from real estate equity securities is recognized on an accrual basis based on eligible units as of the ex-dividend date.

Cash and Cash Equivalents

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

Real Estate

Depreciation and Amortization

Real estate costs related to the acquisition and improvement of properties are capitalized and depreciated 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 considers 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 anticipates the 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

Impairment of Real Estate and Related Intangible Assets and Liabilities

The Company continually monitors 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 suggest that the carrying value of real estate and related intangible assets and liabilities may not be recoverable, the Company assesses the recoverability by estimating whether the Company will 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 does not believe that it will be able to recover the carrying value of the real estate and related intangible assets and liabilities, the Company would record an impairment loss to the extent that the carrying value exceeds the estimated fair value of the real estate and related intangible assets and liabilities. The Company recorded impairment losses of \$65.5 million, \$6.8 million and \$45.5 million on its real estate and related intangible assets during the years ended December 31, 2025, 2024 and 2023, respectively. See Note 4, "Real Estate — Impairment of Real Estate."

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Real Estate Held for Sale

The Company generally considers real estate to be “held for sale” when the following criteria are met: (i) management commits to a plan to sell the property, (ii) the property is available for sale immediately, (iii) the property is actively being marketed for sale at a price that is reasonable in relation to its current fair value, (iv) the sale of the property within one year is considered probable and (v) significant changes to the plan to sell are not expected. Real estate that is held for sale and its related assets are classified as “real estate held for sale” and “assets related to real estate held for sale,” respectively, for all periods presented in the accompanying consolidated financial statements. Notes payable and other liabilities related to real estate held for sale are classified as “notes payable related to real estate held for sale” and “liabilities related to real estate held for sale,” respectively, for all periods presented in the accompanying consolidated financial statements. Real estate classified as held for sale is no longer depreciated and is reported at the lower of its carrying value or its estimated fair value less estimated costs to sell. Operating results of properties and related gains on sale of properties that were disposed of or classified as held for sale in the ordinary course of business are included in continuing operations on the Company’s consolidated statements of operations.

Real Estate Held for Non-Sale Disposition

The Company considers real estate assets that do not meet the criteria for held for sale but are expected to be disposed of other than by sale as real estate held for non-sale disposition. The assets and liabilities related to real estate held for non-sale disposition are included in the Company’s consolidated balance sheets and the results of operations are presented as part of continuing operations in the Company’s consolidated statements of operations for all periods presented. Operating results of properties that will be disposed of other than by sale are included in continuing operations on the Company’s consolidated statements of operations until the ultimate disposition of real estate.

Real Estate Equity Securities

Real estate equity securities are carried at fair value based on quoted market prices for the security. Unrealized gains and losses on real estate equity securities are recognized in earnings.

Cash and Cash Equivalents

The Company considers 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 are stated at cost, which approximates fair value. There are no restrictions on the use of the Company’s cash and cash equivalents as of December 31, 2025.

The Company’s cash and cash equivalents balance exceeds federally insurable limits as of December 31, 2025. The Company monitors the cash balances in its operating accounts and adjusts the cash balances as appropriate; however, these cash balances could be impacted if the underlying financial institutions fail or are subject to other adverse conditions in the financial markets. To date, the Company has experienced no loss or lack of access to cash in its operating accounts.

Restricted Cash

Restricted cash is composed of lender impound reserve accounts on the Company’s borrowings. In addition, restricted cash includes asset management fees restricted from payment to the Advisor pursuant to the Advisory Agreement and held in a separate account for purposes of the Bonus Retention Fund. See below under, “— Related Party Transactions — Asset Management Fee.”

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rents and Other Receivables

The Company makes a determination of whether the collectibility of the lease payments in its operating leases is probable. If the Company determines the lease payments are not probable of collection, the Company would fully reserve for any outstanding rent receivables related to contractual lease payments and variable leases payments, would write-off any deferred rent receivable and would recognize rental income only to the extent cash has been received. The Company exercises judgment in assessing collectibility and considers 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, including the impact of the continued disruptions in the financial markets on the tenant's business, in making the determination.

Derivative Instruments

The Company enters 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 records these derivative instruments at fair value on the accompanying consolidated balance sheets. The changes in fair value for derivative instruments that are not designated as a hedge or that do not meet the hedge accounting criteria are recorded as gain or loss on derivative instruments and presented in the accompanying consolidated statements of operations.

Fair Value Election of Hybrid Financial Instruments with Embedded Derivatives

When the Company enters into interest rate swaps which include off-market terms, the Company determines if these contracts are hybrid financial instruments with embedded derivatives requiring bifurcation between the host contract and the derivative instrument. The Company elected to initially and subsequently measure these hybrid financial instruments in their entirety at fair value with concurrent documentation of this election. Changes in the fair value of the hybrid financial instrument under this fair value election are recorded in earnings and are recorded as gain or loss on derivative instruments in the accompanying consolidated statements of operations. The cash flows for these off-market swap instruments which contain an other-than-insignificant financing element at inception are included in cash flows provided by or used in financing activities on the accompanying consolidated statements of cash flows.

Cash Flow Classification of Derivative Settlements

The Company classifies proceeds received or amounts paid related to early terminations or settlements of its derivative instruments not designated as hedges for accounting purposes in cash flows from operating activities in the statement of cash flows. During the year ended December 31, 2024, the Company terminated two interest rate swap agreements and received aggregate settlement proceeds of \$6.6 million which was included in net cash flow provided by operating activities in the accompanying consolidated statement of cash flows.

Deferred Financing Costs

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

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Company is required to measure certain financial instruments at fair value on a recurring basis. In addition, the Company is required to measure other non-financial and financial assets at fair value on a non-recurring basis (e.g., carrying value of impaired real estate loans receivable and long-lived assets). Fair value is defined as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value framework uses a three-tiered approach. Fair value measurements are classified and disclosed in one of the following three categories:

- Level 1: unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2: quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and
- Level 3: prices or valuation techniques where little or no market data is available that requires inputs that are both significant to the fair value measurement and unobservable.

When available, the Company utilizes quoted market prices from independent third-party sources to determine fair value and classifies such items in Level 1 or Level 2. In instances where the market for a financial instrument is not active, regardless of the availability of a nonbinding quoted market price, observable inputs might not be relevant and could require the Company to make a significant adjustment to derive a fair value measurement. Additionally, in an inactive market, a market price quoted from an independent third party may rely more on models with inputs based on information available only to that independent third party. When the Company determines the market for a financial instrument owned by the Company to be illiquid or when market transactions for similar instruments do not appear orderly, the Company uses several valuation sources (including internal valuations, discounted cash flow analysis and quoted market prices) and establishes a fair value by assigning weights to the various valuation sources. Additionally, when determining the fair value of liabilities in circumstances in which a quoted price in an active market for an identical liability is not available, the Company measures fair value using (i) a valuation technique that uses the quoted price of the identical liability when traded as an asset or quoted prices for similar liabilities when traded as assets or (ii) another valuation technique that is consistent with the principles of fair value measurement, such as the income approach or the market approach.

Changes in assumptions or estimation methodologies can have a material effect on these estimated fair values. In this regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, may not be realized in an immediate settlement of the instrument.

The Company considers the following factors to be indicators of an inactive market: (i) there are few recent transactions, (ii) price quotations are not based on current information, (iii) price quotations vary substantially either over time or among market makers (for example, some brokered markets), (iv) indexes that previously were highly correlated with the fair values of the asset or liability are demonstrably uncorrelated with recent indications of fair value for that asset or liability, (v) there is a significant increase in implied liquidity risk premiums, yields, or performance indicators (such as delinquency rates or loss severities) for observed transactions or quoted prices when compared with the Company's estimate of expected cash flows, considering all available market data about credit and other nonperformance risk for the asset or liability, (vi) there is a wide bid-ask spread or significant increase in the bid-ask spread, (vii) there is a significant decline or absence of a market for new issuances (that is, a primary market) for the asset or liability or similar assets or liabilities, and (viii) little information is released publicly (for example, a principal-to-principal market).

The Company considers the following factors to be indicators of non-orderly transactions: (i) there was not adequate exposure to the market for a period before the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets or liabilities under current market conditions, (ii) there was a usual and customary marketing period, but the seller marketed the asset or liability to a single market participant, (iii) the seller is in or near bankruptcy or receivership (that is, distressed), or the seller was required to sell to meet regulatory or legal requirements (that is, forced), and (iv) the transaction price is an outlier when compared with other recent transactions for the same or similar assets or liabilities.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividend Reinvestment Plan

The Company had a dividend reinvestment plan pursuant to which common stockholders could elect to have all or a portion of their dividends and other distributions, exclusive of dividends and other distributions that the Company's board of directors designated as ineligible for reinvestment through the dividend reinvestment plan, reinvested in additional shares of the Company's common stock in lieu of receiving cash distributions. Participants in the dividend reinvestment plan acquired shares of the Company's common stock at a price equal to 95% of the estimated value per share of the Company's common stock, as determined by the Advisor or another firm chosen by the Company's board of directors for that purpose. On March 15, 2024, the Company's board of directors approved the termination of the Company's dividend reinvestment plan.

Redeemable Common Stock

On March 15, 2024, the Company terminated its share redemption plan. Prior to termination, the Company's share redemption program enabled stockholders to sell their shares to the Company in limited circumstances. When active, the restrictions of the Company's share redemption program limited its stockholders' ability to sell their shares should they require liquidity and limited the stockholders' ability to recover an amount equal to the Company's estimated value per share.

The Company classifies financial instruments that represent 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 current maximum potential redemption obligation under the share redemption program as redeemable common stock on the consolidated balance sheet. When the Company determined it has 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.

During the year ended December 31, 2025, the Company did not redeem or repurchase any shares of its common stock.

Related Party Transactions

The Company has entered into the Advisory Agreement with the Advisor. The Company's Dealer Manager Agreement with the Dealer Manager terminated on March 15, 2024 upon termination of the Company's dividend reinvestment plan. These agreements entitled the Advisor and/or the Dealer Manager to specified fees upon the provision of certain services with regard to the Offering and reimbursement of organization and offering costs incurred by the Advisor and the Dealer Manager on behalf of the Company and entitle the Advisor to specified fees upon the provision of certain services with regard to the investment of funds in real estate investments, the management of those investments, among other services, and the disposition of investments, and entitle the Advisor to reimbursement of certain costs incurred by the Advisor in providing services to the Company. In addition, the Advisor is entitled to certain other fees, including an incentive fee upon achieving certain performance goals, as detailed in the Advisory Agreement. The Company has also entered into a fee reimbursement agreement (the "AIP 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 and Dealer Manager also served as the advisor and dealer manager, respectively, for KBS Real Estate Investment Trust II, Inc. ("KBS REIT II") (liquidated May 2023) and KBS Growth & Income REIT, Inc. ("KBS Growth & Income REIT") (liquidated August 2024).

The Company records all related party fees as incurred, subject to any limitations described in the Advisory Agreement, the Dealer Manager Agreement or the AIP Reimbursement Agreement. See Note 11, "Related Party Transactions."

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Expenses

Under the Advisory Agreement, the Advisor has the right to seek reimbursement from the Company for all costs and expenses it incurs in connection with the provision of services to the Company, including the Company's allocable share of the Advisor's overhead (such as rent, employee costs and utilities), internal audit personnel costs, internal audit consulting costs, accounting software costs, environmental, social and governance costs and cybersecurity costs. With respect to employee costs, and other than future payments pursuant to the Bonus Retention Fund (defined below), at this time, the Company reimburses the Advisor for the Company's allocable portion of the salaries, benefits and overhead of internal audit department personnel providing services to the Company. The Company currently does not reimburse the Advisor for employee costs in connection with services for which the Advisor earns acquisition, origination or disposition fees (other than reimbursement of travel and communication expenses), and other than further payments pursuant to the Bonus Retention Fund, the Company does not reimburse the Advisor for the salaries and benefits the Advisor or its affiliates may pay to the Company's executive officers and affiliated directors. In addition, 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.

Asset Management Fees

For asset management services, the Company pays the Advisor a monthly fee. With respect to investments in real property, the asset management fee is a monthly fee equal to one-twelfth of 0.75% of the amount paid or allocated to acquire the investment, plus the cost of any subsequent development, construction or improvements to the property. This amount includes any portion of the investment that was debt financed and is inclusive of acquisition expenses related thereto (but excludes acquisition fees paid to the Advisor). In the case of investments made through joint ventures, the asset management fee is determined based on the Company's proportionate share of the underlying investment (but excluding acquisition fees paid to the Advisor). With respect to investments in loans and any investments other than real property, the asset management fee is a monthly fee calculated, each month, as one-twelfth of 0.75% of the lesser of (i) the amount actually paid or allocated to acquire or fund the loan or other investment (which amount includes any portion of the investment that was debt financed and is inclusive of acquisition or origination expenses related thereto, but is exclusive of acquisition or origination fees paid to the Advisor) and (ii) the outstanding principal amount of such loan or other investment, plus the acquisition or origination expenses related to the acquisition or funding of such investment (excluding acquisition or origination fees paid to the Advisor), as of the time of calculation. The Company currently does not pay any asset management fees in connection with the Company's investment in the equity securities of the SREIT.

On November 22, 2024, the Advisor entered into a Management Fee and Disposition Fee Subordination Agreement (the "Subordination Agreement") in favor of U.S. Bank National Association (the "Credit Facility Agent") as agent for the lenders under the credit facility that was entered on July 30, 2021 (as subsequently modified and amended, the "Credit Facility") among an indirect wholly owned subsidiary of the Company ("REIT Properties III"), the Credit Facility Agent and the lenders party thereto (the "Credit Facility Lenders"). Pursuant to the Subordination Agreement, the Advisor agreed that payment of certain asset management fees owed by the Company to the Advisor pursuant to the Advisory Agreement will be subordinate to the obligations of REIT Properties III to the Credit Facility Lenders under the Credit Agreement (such obligations, the "Senior Debt"). Specifically, payment of asset management fees to the Advisor associated with five of the Company's real estate properties (Carillon, 515 Congress, Gateway Tech Center, 201 17th Street and Accenture Tower) is subordinated to the Senior Debt until the Senior Debt is paid in full, provided that the Company may pay the Advisor 90% of the asset management fees associated with these five properties so long as an "Event of Default" under the Credit Facility is not in existence or would not result from such payment. For the avoidance of doubt, the remaining 10% of the asset management fees associated with these properties is subordinated and deferred until the Senior Debt is paid in full. Additionally, pursuant to the Fourth Modification Agreement (as defined in Note 14, "Subsequent Events – Fourth Modification of the Modified Portfolio Revolving Loan Facility"), with respect to 515 Congress, Gateway Tech Center and 201 17th Street, the Company agreed to limit the amount of asset management fees that may be paid by the Company to the Advisor to 90% of the asset management fees associated with 515 Congress, Gateway Tech Center and 201 17th Street (with the remaining 10% of the asset management fees associated with these properties being deferred until the obligations under the Modified Portfolio Revolving Loan Facility have been paid in full).

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In connection with the Accenture Tower Fourth Modification Agreement, on December 20, 2024, the Company and the Advisor entered into an amendment to the Advisory Agreement to defer 10% of the asset management fees associated with Accenture Tower until the Accenture Tower Loan is paid in full; provided, that upon the occurrence and during the continuance of a restricted payment event under the loan agreement, all asset management fees with respect to Accenture Tower will be deferred and during the restricted payment event, such deferred fees may only be paid to the Advisor with the consent of the required lenders.

Further, in connection with the Eighth Modification Agreement to the Amended and Restated Portfolio Loan Facility, on February 6, 2025, the Company and the Advisor entered into an amendment to the Advisory Agreement to defer 10% of the asset management fees associated with 60 South Sixth, Sterling Plaza, Towers at Emeryville, Ten Almaden and Town Center until the obligations under the Amended and Restated Portfolio Loan Facility are paid in full, or the requirements to pay such deferred fees are met during the extension period of the loan; provided that no asset management fees with respect to 60 South Sixth, Sterling Plaza, Towers at Emeryville, Ten Almaden and Town Center may be paid during the occurrence and continuance of a default or potential default under the Amended and Restated Portfolio Loan Facility for which the Company has received notice that has not been waived or cured. The Company sold Sterling Plaza on July 11, 2025 and Sterling Plaza was released as security for the Amended and Restated Portfolio Loan Facility.

Notwithstanding the foregoing, on November 8, 2022, the Company and the Advisor amended the advisory agreement and commencing with asset management fees accruing from October 1, 2022, the Company paid \$1.15 million of the monthly asset management fee to the Advisor in cash and the Company deposited the remainder of the monthly asset management fee into an interest bearing account in the Company's name, which amounts will be paid to the Advisor from such account solely as reimbursement for payments made by the Advisor pursuant to the Advisor's employee retention program (such account, the "Bonus Retention Fund"). The Bonus Retention Fund was established in order to incentivize and retain key employees of the Advisor. The Bonus Retention Fund was fully funded in December 2023 when the Company had deposited \$8.5 million in cash into such account. Following such time and except as described herein, the monthly asset management fee became fully payable in cash to the Advisor. The Advisor has acknowledged and agreed that payments by the Advisor to employees under the Advisor's employee retention program that are reimbursed by the Company from the Bonus Retention Fund will be conditioned on (a) the Company's liquidation and dissolution; (b) a transaction involving the acquisition, merger, conversion or consolidation, either directly or indirectly, of the Company in which (i) the Company is not the surviving entity and (ii) the Advisor is no longer serving as an advisor or asset manager to the surviving entity in such transaction; (c) the sale or other disposition of all or substantially all of the Company's assets; (d) the non-renewal or termination of the Advisory Agreement without cause; or (e) the termination of the employee without cause. To the extent the Bonus Retention Fund is not fully paid out to employees as set forth above, the Advisory Agreement provides that the residual amount will be deemed additional Deferred Asset Management Fees (defined below) and be treated in accordance with the provisions for payment of Deferred Asset Management Fees. Two of the Company's executive officers, Jeff Waldvogel and Stacie Yamane, and one of the Company's directors, Marc DeLuca, participate in and have been allocated awards under the Advisor's employee retention program, which awards would only be paid as set forth above. As of December 31, 2025, the Company had deposited \$8.5 million of restricted cash into the Bonus Retention Fund and the Company had not made any payments to the Advisor from the Bonus Retention Fund.

Prior to amending the Advisory Agreement in November 2022, the prior advisory agreement had provided that with respect to asset management fees accruing from March 1, 2014, the Advisor would defer, without interest, the Company's obligation to pay asset management fees for any month in which the Company's modified funds from operations ("MFFO") for such month, as such term is defined in the practice guideline issued by the Institute for Portfolio Alternatives ("IPA") in November 2010 and interpreted by the Company, excluding asset management fees, did not exceed the amount of distributions declared by the Company for record dates of that month. The Company remained obligated to pay the Advisor an asset management fee in any month in which the Company's MFFO, excluding asset management fees, for such month exceeded the amount of distributions declared for the record dates of that month (such excess amount, an "MFFO Surplus"); however, any amount of such asset management fee in excess of the MFFO Surplus was deferred under the prior advisory agreement. If the MFFO Surplus for any month exceeded the amount of the asset management fee payable for such month, any remaining MFFO Surplus was applied to pay any asset management fee amounts previously deferred in accordance with the prior advisory agreement.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pursuant to the current Advisory Agreement, asset management fees accruing from October 1, 2022 are no longer subject to the deferral provision described in the paragraph above. Asset management fees that remained deferred as of September 30, 2022 are “Deferred Asset Management Fees.” As of September 30, 2022, Deferred Asset Management Fees totaled \$8.5 million and the Company had not made any payments to the Advisor related to the Deferred Asset Management Fees for the period from October 1, 2022 to December 31, 2025. The Advisory Agreement also provides that the Company remains obligated to pay the Advisor outstanding Deferred Asset Management Fees in any month to the extent that MFFO for such month exceeds the amount of distributions declared for the record dates of that month (such excess amount, a “RMFFO Surplus”); provided however, that any amount of outstanding Deferred Asset Management Fees in excess of the RMFFO Surplus will continue to be deferred.

Consistent with the prior advisory agreement, the current Advisory Agreement provides that notwithstanding the foregoing, any and all Deferred Asset Management Fees that are unpaid will become immediately due and payable at such time as the Company’s stockholders have received, together as a collective group, aggregate distributions (including distributions that may constitute a return of capital for federal income tax purposes) sufficient to provide (i) an 8.0% per year cumulative, noncompounded return on such net invested capital (the “Stockholders’ 8% Return”) and (ii) a return of their net invested capital, or the amount calculated by multiplying the total number of shares purchased by stockholders by the issue price, reduced by any amounts to repurchase shares pursuant to the Company’s share redemption program. The Stockholders’ 8% Return is not based on the return provided to any individual stockholder. Accordingly, it is not necessary for each of the Company’s stockholders to have received any minimum return in order for the Advisor to receive Deferred Asset Management Fees.

In addition, the current Advisory Agreement provides that any and all Deferred Asset Management Fees that are unpaid will also be immediately due and payable upon the earlier of:

- (i) a listing of the Company’s shares of common stock on a national securities exchange;
- (ii) the Company’s liquidation and dissolution;
- (iii) a transaction involving the acquisition, merger, conversion or consolidation, either directly or indirectly, of the Company in which (y) the Company is not the surviving entity and (z) the Advisor is no longer serving as an advisor or asset manager to the surviving entity in such transaction; and
- (iv) the sale or other disposition of all or substantially all of the Company’s assets.

The Advisory Agreement has a term expiring on September 27, 2026 but may be renewed for an unlimited number of successive one-year periods upon the mutual consent of the Company and the Advisor. The Advisory Agreement may be terminated (i) upon 60 days written notice without cause or penalty by either the Company (acting through the conflicts committee) or the Advisor or (ii) immediately by the Company for cause or upon the bankruptcy of the Advisor. If the Advisory Agreement is terminated without cause, then the Advisor will be entitled to receive from the Company any residual amount of the Bonus Retention Fund deemed to be additional Deferred Asset Management Fees, provided that upon such non-renewal or termination the Company does not retain an advisor in which the Advisor or its affiliates have a majority interest. Upon termination of the Advisory Agreement, all unpaid Deferred Asset Management Fees will automatically be forfeited by the Advisor, and if the Advisory Agreement is terminated for cause, any residual amount of the Bonus Retention Fund deemed to be additional Deferred Asset Management Fees will also automatically be forfeited by the Advisor.

Disposition Fees

For substantial assistance in connection with the sale of properties or other investments, the Company pays the Advisor or one of its affiliates 1.0% of the contract sales price of each property or other investment sold; provided, however, that if, in connection with such disposition, commissions are paid to third parties unaffiliated with the Advisor or one of its affiliates, the fee paid to the Advisor or one of its affiliates may not exceed the commissions paid to such unaffiliated third parties, and provided further that the aggregate disposition fees paid to the Advisor or one of its affiliates and unaffiliated third parties may not exceed 6.0% of the contract sales price. The Company will not pay a disposition fee upon the maturity, prepayment or workout of a loan or other debt-related investment, provided that if the Company takes ownership of a property as a result of a workout or foreclosure of a loan, the Company will pay a disposition fee upon the sale of such property. No disposition fees will be paid with respect to any sales of the Company’s investment in units of the SREIT.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Notwithstanding the foregoing, the Advisor has agreed to reduce and defer certain disposition fees. On October 11, 2024, in connection with an amendment to the Amended and Restated Portfolio Loan Facility, the Company and the Advisor amended the Advisory Agreement to reduce the disposition fee payable in connection with the sale of Preston Commons to \$0.5 million and to defer payment of the disposition fee to December 1, 2025. On December 5, 2025, the disposition fee related to the sale of Preston Commons was paid to the Advisor.

Additionally, pursuant to the Subordination Agreement, with respect to the disposition fees associated with the sale of Carillon, 515 Congress, Gateway Tech Center, 201 17th Street and Accenture Tower, the Advisor agreed that the disposition fees will be reduced to not more than 0.65% of the contract sales price of each property and that payment of such disposition fees to the Advisor is subordinated to the Senior Debt until the Senior Debt is paid in full. Such deferred disposition fees will be set aside and deposited to an interest bearing account under the control of the Credit Facility Agent. Pursuant to the Fourth Modification Agreement, the Company agreed not to pay any disposition fees to the Advisor related to 515 Congress, Gateway Tech Center and 201 17th Street without the consent of the required lenders, except, provided no event of default has occurred and is continuing under the Modified Portfolio Revolving Loan Facility, payment of disposition fees in an amount not to exceed 0.65% of the contract sales price of such properties (with any remaining disposition fees payable to the Advisor related to these properties being deferred until the obligations under the Modified Portfolio Revolving Loan Facility have been paid in full).

In connection with the Eighth Modification Agreement, on February 6, 2025, the Company and the Advisor entered into an amendment to the Advisory Agreement to reduce the disposition fees associated with the sales of 60 South Sixth, Sterling Plaza, Towers at Emeryville, Ten Almaden, Town Center, Accenture Tower and The Almaden to 0.65% of the contract sales price of each property, in each case subject to the further limitations contained in the Advisory Agreement and the Company's charter.

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 continue to 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 has been assessed interest or penalties by any major tax jurisdictions. The Company's evaluations were performed for all open tax years through December 31, 2025. As of December 31, 2025, the returns for calendar years 2021 through 2024 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) attributable to common stockholders 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 during the years ended December 31, 2025, 2024 and 2023, respectively.

Distributions declared per common share were \$0.230 during the year ended December 31, 2023. Distributions declared per common share assumes each share was issued and outstanding each day that was a record date for distributions and were based on a monthly record date for each month during the period commencing January 2023 through June 2023. For each monthly record date for distributions during the period from January 1, 2023 through June 30, 2023, distributions were calculated at a rate of \$0.03833333 per share. No distributions were declared for the years ended December 31, 2025 and 2024 and the six months ended December 31, 2023, respectively.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Square Footage, Occupancy and Other Measures

Square footage, occupancy, number of tenants and other measures, including annualized base rent and annualized base rent per square foot, used to describe real estate investments included in these notes to the consolidated financial statements are presented on an unaudited basis.

Recently Issued Accounting Standards Update

In November 2024, the FASB issued accounting standards update (“ASU”) No. 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* (“ASU 2024-03”). ASU 2024-03 requires public entities to disaggregate, in a tabular presentation, certain income statement expenses into different categories, such as purchases of inventory, employee compensation, depreciation, and intangible asset amortization. The guidance is effective for fiscal years beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted and should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date or (2) retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating the impact of the adoption of ASU 2024-03 on its consolidated financial statements and future disclosures but does not expect the adoption of ASU 2024-03 to have a material impact on its consolidated financial statements.

4. REAL ESTATE

Real Estate Held for Investment

As of December 31, 2025, the Company’s real estate portfolio held for investment was composed of 12 office properties encompassing in the aggregate approximately 5.6 million rentable square feet. As of December 31, 2025, the Company’s real estate portfolio held for investment was collectively 77.1% occupied. The following table summarizes the Company’s investments in real estate held for investment as of December 31, 2025 (in thousands):

Property	Date Acquired	City	State	Property Type	Total Real Estate, at Cost ⁽¹⁾	Accumulated Depreciation and Amortization ⁽¹⁾	Total Real Estate, Net ⁽¹⁾
Town Center	03/27/2012	Plano	TX	Office	\$ 147,694	\$ (65,259)	\$ 82,435
Gateway Tech Center	05/09/2012	Salt Lake City	UT	Office	37,935	(15,826)	22,109
60 South Sixth	01/31/2013	Minneapolis	MN	Office	88,241	(1,448)	86,793
Accenture Tower	12/16/2013	Chicago	IL	Office	580,977	(208,066)	372,911
Ten Almaden	12/05/2014	San Jose	CA	Office	131,720	(50,073)	81,647
Towers at Emeryville	12/23/2014	Emeryville	CA	Office	128,576	(1,260)	127,316
3003 Washington Boulevard	12/30/2014	Arlington	VA	Office	154,908	(53,735)	101,173
201 17th Street	06/23/2015	Atlanta	GA	Office	105,854	(42,313)	63,541
515 Congress	08/31/2015	Austin	TX	Office	139,164	(45,668)	93,496
The Almaden	09/23/2015	San Jose	CA	Office	103,357	(1,230)	102,127
3001 Washington Boulevard	11/06/2015	Arlington	VA	Office	61,048	(18,518)	42,530
Carillon	01/15/2016	Charlotte	NC	Office	181,992	(55,873)	126,119
					<u>\$ 1,861,466</u>	<u>\$ (559,269)</u>	<u>\$ 1,302,197</u>

⁽¹⁾ Amounts presented are net of impairment charges and write-offs of fully depreciated/amortized assets.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

4. REAL ESTATE (CONTINUED)

As of December 31, 2025, the following property represented more than 10% of the Company's total assets:

Property	Location	Rentable Square Feet	Total Real Estate, Net (in thousands)	Percentage of Total Assets	Annualized Base Rent (in thousands) ⁽¹⁾	Occupancy
Accenture Tower	Chicago, IL	1,457,724	\$ 372,911	23.9 %	\$ 36,952	88.7 %

⁽¹⁾ Annualized base rent represents annualized contractual base rental income as of December 31, 2025, adjusted to straight-line any contractual tenant concessions (including free rent), rent increases and rent decreases from the lease's inception through the balance of the lease term.

Operating Leases

The Company's office properties are leased to tenants under operating leases for which the terms and expirations vary. As of December 31, 2025, the leases, including leases that have been executed but not yet commenced, had remaining terms, excluding options to extend, of up to 13.5 years with a weighted-average remaining term of 5.3 years. Some of the leases have provisions to extend the term of the leases, options for early termination for all or a part of the leased premises after paying a specified penalty, and other terms and conditions as negotiated. The Company retains substantially all of the risks and benefits of ownership of the real estate assets leased to tenants. Generally, upon the execution of a lease, the Company requires a security deposit from the tenant in the form of a cash deposit and/or a letter of credit. The amount required as a security deposit varies depending upon the terms of the respective lease and the creditworthiness of the tenant, but generally is not a significant amount. Therefore, exposure to credit risk exists to the extent that a receivable from a tenant exceeds the amount of its security deposit. Security deposits received in cash related to tenant leases are included in other liabilities in the accompanying consolidated balance sheets and totaled \$7.1 million and \$8.4 million as of December 31, 2025 and 2024, respectively.

During the years ended December 31, 2025, 2024 and 2023, the Company recognized deferred rent from tenants of \$6.1 million, \$8.6 million and \$7.6 million, respectively. As of December 31, 2025 and 2024, the cumulative deferred rent balance was \$92.3 million and \$88.3 million, respectively, and is included in rents and other receivables on the accompanying balance sheets. The cumulative deferred rent balance included \$16.3 million and \$16.6 million of unamortized lease incentives as of December 31, 2025 and 2024, respectively.

As of December 31, 2025, the future minimum rental income from the Company's properties held for investment under its non-cancelable operating leases was as follows (in thousands):

2026	\$ 151,284
2027	138,859
2028	123,157
2029	100,601
2030	85,772
Thereafter	298,773
	<u>\$ 898,446</u>

As of December 31, 2025, the Company's office properties held for investment were leased to approximately 350 tenants over a diverse range of industries and geographic areas. As of December 31, 2025, no tenant accounted for more than 10% of annualized base rent.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

4. REAL ESTATE (CONTINUED)

Geographic Concentration Risk

As of December 31, 2025, the Company's net investments in real estate held for investment in Illinois, California and Texas represented 23.9%, 19.9% and 11.3% of the Company's total assets, respectively. As a result, the geographic concentration of the Company's portfolio makes it particularly susceptible to adverse economic developments in the Illinois, California and Texas real estate markets. Any adverse economic or real estate developments in these markets, such as business layoffs or downsizing, industry slowdowns, relocations of businesses, changing demographics and other factors, or any decrease in demand for office space resulting from the local business climate, could adversely affect the Company's operating results.

Impairment of Real Estate

Year Ended 2025

During the year ended December 31, 2025, the Company recorded non-cash impairment charges of \$65.5 million to write down the carrying value of The Almaden (located in San Jose, California), Towers at Emeryville (located in Emeryville, California) and 60 South Sixth (located in Minneapolis, Minnesota) to their estimated fair values. The facts and circumstances leading to the impairments on the Company's real estate held for investment during the year ended December 31, 2025 are as follows:

The Almaden

During the year ended December 31, 2025, the Company recorded non-cash impairment charges of \$28.5 million for The Almaden, reflecting a decline in the estimated fair value of the property below its carrying value. The decrease was primarily attributable to changes in valuation assumptions and softening market conditions in the San Jose central business district. Key factors contributing to the decline included an increase in the terminal cap and discount rates, lower occupancy levels at the building, increased market leasing costs, and reduced projected revenue due to lower market rents, slower projected rent growth, and reduced lease renewal expectations in the San Jose office market.

Towers at Emeryville

During the year ended December 31, 2025, the Company recorded non-cash impairment charges of \$16.3 million for the Towers at Emeryville, reflecting a decline in the estimated fair value of the property below its carrying value. The decrease was primarily attributable to changes in valuation assumptions and softening market conditions in the East Bay office sector. Key factors contributing to the decline included an increase in the terminal cap and discount rates, lower occupancy levels at the building, and an increase in general vacancy assumptions within the discounted cash flow model. The valuation also reflected lower projected revenue due to reduced effective rents and higher projected vacancy levels, consistent with broader trends in the East Bay office market, where vacancy rates have continued to rise amid slower leasing activity and elevated tenant turnover.

60 South Sixth

During the year ended December 31, 2025, the Company recorded non-cash impairment charges of \$20.7 million for 60 South Sixth, reflecting a decline in the estimated fair value of the property below its carrying value. The decrease was primarily attributable to changes in valuation assumptions. Key factors contributing to the decline included an increase in the terminal cap and discount rates, reflecting a more cautious investment outlook and higher required returns for office assets in the Minneapolis central business district. The valuation also utilized an increased stabilized vacancy assumption and reflected a modest decrease in in-place occupancy, consistent with the current occupancy at the building and broader market trends indicating softening demand and rising availability in the downtown Minneapolis office market.

Year Ended 2024

During the year ended December 31, 2024, the Company recorded non-cash impairment charges of \$6.8 million to write down the carrying value of 60 South Sixth to its estimated fair value as a result of changes in cash flow estimates which resulted in the future estimated undiscounted cash flows being lower than the net carrying value of the property. The decrease in cash flow projections was primarily due to the continued challenges in the leasing environment.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

4. REAL ESTATE (CONTINUED)

Year Ended 2023

During the year ended December 31, 2023, the Company recorded non-cash impairment charges of \$45.5 million to write down the carrying value of 201 Spear Street (located in San Francisco, California) to its estimated fair value as a result of continued market uncertainty due to rising interest rates, increased vacancy rates as a result of slow return to office in San Francisco, additional projected vacancy due to anticipated tenant turnover and further declining values of comparable sales in the market, all of which impacted ongoing cash flow estimates and leasing projections, which resulted in the future estimated undiscounted cash flows being lower than the net carrying value of the property. As a result, 201 Spear Street was valued at substantially less than the outstanding mortgage debt. During the year ended December 31, 2023, the borrower under the 201 Spear Street Mortgage Loan (the “Spear Street Borrower”) entered into a deed-in-lieu of foreclosure transaction (the “Deed-in-Lieu Transaction”) with the lender of the 201 Spear Street Mortgage Loan (the “Spear Street Lender”). On January 9, 2024, the Spear Street Lender transferred the title of the 201 Spear Street property to a third-party buyer of the 201 Spear Street Mortgage Loan. See below, “— Disposition Through Deed-in-Lieu Transaction.”

Disposition Through Deed-in-Lieu Transaction

During the year ended December 31, 2024, the Company disposed of the 201 Spear Street property in connection with the Deed-in-Lieu Transaction and recognized a \$56.4 million gain from extinguishment of debt for the year ended December 31, 2024. The results of operations for 201 Spear Street are included in continuing operations on the Company’s consolidated statements of operations. The following table summarizes the revenues and expenses related to 201 Spear Street for the years ended December 31, 2024 and 2023, respectively (in thousands).

	Years Ended December 31,	
	2024	2023
Revenues		
Rental income ⁽¹⁾	\$ 197	\$ 7,930
Other operating income	9	507
Total revenues	\$ 206	\$ 8,437
Expenses		
Operating, maintenance, and management	\$ 52	\$ 3,773
Real estate taxes and insurance	69	2,701
Asset management fees to affiliate	26	789
General and administrative expenses	93	113
Depreciation and amortization	—	3,941
Interest expense	419	10,001
Impairment charge	—	45,459
Total expenses	\$ 659	\$ 66,777

⁽¹⁾ For the year ended December 31, 2023, rental income includes a reserve for straight-line rent for a lease at 201 Spear Street.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

5. REAL ESTATE SALES

During the year ended December 31, 2024, the Company sold two office properties to purchasers unaffiliated with the Company or the Advisor. In February 2024, the Company completed the sale of one office property for \$48.8 million, before third-party closing costs and disposition fees payable to the Advisor, and in November 2024, the Company sold one office property for \$151.0 million, before third-party closing costs, credits and disposition fees payable to the Advisor. The Company recognized a gain on sale of \$53.1 million related to these dispositions. During the year ended December 31, 2025, the Company sold one office property and one mixed-use office/retail property to purchasers unaffiliated with the Company or the Advisor. In July 2025, the Company completed the sale of one office property for \$126.5 million, before third-party closing costs, credits and disposition fees payable to the Advisor, and in September 2025, the Company sold one mixed-use office/retail property for \$100.0 million, before third-party closing costs, credits and disposition fees payable to the Advisor. The Company recognized a gain on sale of \$77.4 million related to these dispositions.

The results of operations for the properties sold during the years ended December 31, 2025 and 2024 are included in continuing operations on the Company's consolidated statements of operations. The following table summarizes certain revenues and expenses related to the Company's real estate properties that were sold during the years ended December 31, 2025 and 2024, which were included in continuing operations (in thousands):

	Years Ended December 31,		
	2025	2024	2023
Revenues			
Rental income	\$ 18,468	\$ 47,277	\$ 50,548
Other operating income	1,455	3,604	3,663
Total revenues	<u>\$ 19,923</u>	<u>\$ 50,881</u>	<u>\$ 54,211</u>
Expenses			
Operating, maintenance, and management	\$ 5,401	\$ 11,869	\$ 12,655
Real estate taxes and insurance	3,590	7,668	9,583
Asset management fees to affiliate	1,191	2,890	3,291
General and administrative expenses ⁽¹⁾	(414)	—	—
Depreciation and amortization	5,032	17,275	18,121
Interest expense ⁽²⁾	3,284	5,028	4,923
Total expenses	<u>\$ 18,084</u>	<u>\$ 44,730</u>	<u>\$ 48,573</u>

⁽¹⁾ General and administrative expenses include a reversal of a deferred tax liability related to Park Place Village.

⁽²⁾ Interest expense includes interest expense incurred related to the Park Place Village Mortgage Loan. Upon the sale of Park Place Village in September 2025, the borrower under the Park Place Village Mortgage Loan paid off the outstanding principal and accrued interest due under the Park Place Village Mortgage Loan. Interest expense incurred on portfolio loans is not allocated to the individual properties that serve as collateral for these portfolio loans and therefore, interest expense incurred for the properties sold in February 2024, November 2024 and July 2025 is not shown in this table. The office property sold in February 2024 had served as collateral for the Modified Portfolio Revolving Loan Facility. The property sold in November 2024 and the property sold in July 2025 had served as collateral for the Amended and Restated Portfolio Loan Facility. Upon the sale of the office property in February 2024, \$46.2 million of the outstanding principal of the Modified Portfolio Revolving Loan Facility was repaid. Upon the sale of the office property in November 2024, \$140.4 million of the outstanding principal of the Amended and Restated Portfolio Loan Facility was repaid. Upon the sale of the office property in July 2025, \$87.7 million of the net sale proceeds from the sale of the property was applied to reduce the outstanding principal of the Amended and Restated Portfolio Loan Facility. See Note 8, "Notes Payable – Recent Financing Transactions – Amended and Restated Portfolio Loan Facility."

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

5. REAL ESTATE SALES (CONTINUED)

The following summary presents the major components of assets and liabilities related to real estate held for sale (in thousands).

	December 31,	
	2025	2024
Assets related to real estate held for sale:		
Total real estate, at cost	\$ —	\$ 184,921
Accumulated depreciation and amortization	—	(53,450)
Real estate held for sale, net	—	131,471
Other assets	—	15,209
Total assets related to real estate held for sale	\$ —	\$ 146,680
Liabilities related to real estate held for sale:		
Notes payable related to real estate held for sale, net	\$ —	\$ 152,445
Other liabilities	—	2,999
Total liabilities related to real estate held for sale	\$ —	\$ 155,444

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

6. TENANT ORIGATION AND ABSORPTION COSTS, ABOVE-MARKET LEASE ASSETS AND BELOW MARKET LEASE LIABILITIES

As of December 31, 2025 and 2024, the Company's tenant origination and absorption costs, above-market lease assets and below-market lease liabilities (excluding fully amortized assets and liabilities and accumulated amortization) were as follows (in thousands):

	Tenant Origination and Absorption Costs		Above-Market Lease Assets		Below-Market Lease Liabilities	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Cost	\$ 22,309	\$ 24,431	\$ 873	\$ 873	\$ (2,809)	\$ (4,679)
Accumulated Amortization	(18,340)	(18,617)	(821)	(753)	2,579	4,135
Net Amount	<u>\$ 3,969</u>	<u>\$ 5,814</u>	<u>\$ 52</u>	<u>\$ 120</u>	<u>\$ (230)</u>	<u>\$ (544)</u>

Increases (decreases) in net income as a result of amortization of the Company's tenant origination and absorption costs, above-market lease assets and below-market lease liabilities for the years ended December 31, 2025, 2024 and 2023 were as follows (in thousands):

	Tenant Origination and Absorption Costs			Above-Market Lease Assets			Below-Market Lease Liabilities		
	For the Years Ended December 31,			For the Years Ended December 31,			For the Years Ended December 31,		
	2025	2024	2023	2025	2024	2023	2025	2024	2023
Amortization	<u>\$ (2,132)</u>	<u>\$ (2,751)</u>	<u>\$ (3,907)</u>	<u>\$ (68)</u>	<u>\$ (69)</u>	<u>\$ (73)</u>	<u>\$ 314</u>	<u>\$ 525</u>	<u>\$ 842</u>

The remaining unamortized balance for these outstanding intangible assets and liabilities as of December 31, 2025 is estimated to be amortized for the years ending December 31 as follows (in thousands):

	Tenant Origination and Absorption Costs	Above-Market Lease Assets	Below-Market Lease Liabilities
2026	\$ (1,647)	\$ (52)	\$ 198
2027	(1,033)	—	32
2028	(910)	—	—
2029	(379)	—	—
2030	—	—	—
Thereafter	—	—	—
	<u>\$ (3,969)</u>	<u>\$ (52)</u>	<u>\$ 230</u>
Weighted-Average Remaining Amortization Period	2.9 years	0.8 years	1.0 year

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

7. REAL ESTATE EQUITY SECURITIES

Investment in Prime US REIT

In connection with the Company's sale of 11 properties to the SREIT on July 18, 2019 (the "Singapore Portfolio"), on July 19, 2019, the Company, through REIT Properties III, acquired 307,953,999 units in the SREIT at a price of \$271.0 million, or \$0.88 per unit, representing a 33.3% ownership interest in the SREIT (such transactions, the "Singapore Transaction"). On August 21, 2019, REIT Properties III sold 18,392,100 of its units in the SREIT for \$16.2 million pursuant to an over-allotment option granted to the underwriters of the SREIT's offering, reducing REIT Properties III's ownership in the SREIT to 31.3% of the outstanding units of the SREIT as of that date. On November 9, 2021, REIT Properties III sold 73,720,000 of its units in the SREIT for \$58.9 million, net of fees and costs, reducing REIT Properties III's ownership in the SREIT to 18.5% of the outstanding units of the SREIT as of that date. On March 28, 2024, the SREIT issued an additional unit for every 10 existing units held by its unitholders as of March 4, 2024, increasing REIT Properties III's investment in the units of the SREIT to 237,426,088 units. On October 6, 2025, the SREIT issued additional units related to a private placement transaction, which reduced the Company's ownership in the SREIT to 16.5% of the outstanding units of the SREIT as of October 6, 2025. As of December 31, 2025, REIT Properties III held 237,426,088 units of the SREIT which represented 16.5% of the outstanding units of the SREIT. As of December 31, 2025, the aggregate book value and fair value of the Company's investment in the units of the SREIT was \$46.8 million, which was based on the closing price of the SREIT units on the SGX-ST of \$0.197 per unit as of December 31, 2025.

During the years ended December 31, 2025, 2024 and 2023, the Company recognized \$1.1 million, \$1.0 million and \$11.9 million of dividend income from its investment in the SREIT, respectively. During the year ended December 31, 2025, the Company recorded an unrealized gain on real estate equity securities of \$6.2 million. During the years ended December 31, 2024 and 2023, the Company recorded unrealized losses on real estate equity securities of \$11.2 million and \$35.6 million, respectively.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

8. NOTES PAYABLE

As of December 31, 2025 and 2024, the Company's notes payable consisted of the following (dollars in thousands):

	Book Value as of December 31, 2025	Book Value as of December 31, 2024	Contractual Interest Rate as of December 31, 2025 ⁽¹⁾	Effective Interest Rate as of December 31, 2025 ⁽¹⁾	Payment Type	Maturity Date ⁽²⁾
The Almaden Mortgage Loan ⁽³⁾	\$ 116,880	\$ 118,440	7.45%	7.45%	Principal & Interest	02/01/2026
Carillon Mortgage Loan ⁽⁴⁾	90,017	88,140	One-month Term SOFR ⁽⁵⁾ + 2.00%	5.69%	Principal & Interest	12/31/2026
Modified Portfolio Revolving Loan Facility ⁽⁶⁾	204,996	209,789	One-month Term SOFR + 3.00%	6.69%	Principal & Interest	03/01/2026
3001 & 3003 Washington Mortgage Loan ⁽⁷⁾	138,807	138,807	One-month Term SOFR + 0.10% + 2.90%	6.69%	Interest Only	05/06/2026
Accenture Tower Loan ⁽⁸⁾	317,447	307,097	One-month Term SOFR + 3.00%	6.69%	Interest Only	11/02/2026
Credit Facility ⁽⁹⁾	37,500	62,852	One-month Term SOFR + 3.00%	6.69%	Principal & Interest	09/30/2027
Amended and Restated Portfolio Loan Facility ⁽¹⁰⁾	387,747	460,938	One-month Term SOFR + 3.00%	6.69%	Principal & Interest	01/22/2027
Park Place Village Mortgage Loan ⁽¹¹⁾	—	65,000	(11)	(11)	(11)	(11)
Total notes payable principal outstanding	\$ 1,293,394	\$ 1,451,063				
Deferred financing costs, net	(10,742)	(8,402)				
Total Notes Payable, net	<u>\$ 1,282,652</u>	<u>\$ 1,442,661</u>				

⁽¹⁾ Contractual interest rate represents the interest rate in effect under the loan as of December 31, 2025. Effective interest rate is calculated as the actual interest rate in effect as of December 31, 2025, consisting of the contractual interest rate and using interest rate indices as of December 31, 2025, where applicable. For information regarding the Company's derivative instruments, see Note 9, "Derivative Instruments."

⁽²⁾ Represents the maturity date as of December 31, 2025; subject to certain conditions, the maturity dates of certain loans may be extended beyond the dates shown. See below.

⁽³⁾ Beginning January 1, 2024, the borrower under The Almaden Mortgage Loan is required to make a monthly principal payment in the amount of \$130,000. Subsequent to December 31, 2025, the borrower under The Almaden Mortgage Loan entered into an amendment to the loan agreement with the lender and extended the maturity date of The Almaden Mortgage Loan to May 1, 2026 with an option to further extend the maturity date of The Almaden Mortgage Loan to August 1, 2026 upon satisfaction of certain terms and conditions set forth in the loan documents.

⁽⁴⁾ See below, "Recent Financing Transactions – Carillon Mortgage Loan."

⁽⁵⁾ Secured Overnight Financing Rate ("Term SOFR").

⁽⁶⁾ Beginning June 1, 2024, the borrowers under the Modified Portfolio Revolving Loan Facility are required to make a quarterly principal payment in the amount of \$880,900. As of December 31, 2025, \$3.8 million of the holdbacks on the Modified Portfolio Revolving Loan Facility are available for future disbursement, subject to certain terms and conditions contained in the loan documents. The Modified Portfolio Revolving Loan Facility is secured by 515 Congress, Gateway Tech Center and 201 17th Street. Subsequent to December 31, 2025, the borrowers under the Modified Portfolio Revolving Loan Facility entered into a loan modification agreement with the lenders to extend the maturity date of the Modified Portfolio Revolving Loan Facility to March 25, 2026 with an option to further extend the maturity date of the Modified Portfolio Revolving Loan Facility to April 15, 2026. Each extension is subject to the satisfaction of certain terms and conditions contained in the loan modification agreement, some of which conditions are not in the sole control of the Company, including the Company's taking identified actions relating to its portfolio. The failure of the Company to satisfy certain of these conditions will result in the maturity date of March 1, 2026 being reinstated. For more information on the Modified Portfolio Revolving Loan Facility, see the Company's Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC on March 14, 2025 ("2024 Annual Report") and Note 14, "Subsequent Events – Fourth Modification of the Modified Portfolio Revolving Loan Facility" herein.

⁽⁷⁾ The 3001 & 3003 Washington Mortgage Loan is secured by 3001 Washington Boulevard and 3003 Washington Boulevard. For more information on this loan, see the 2024 Annual Report.

⁽⁸⁾ As of December 31, 2025, the outstanding principal balance of the Accenture Tower Loan was \$317.4 million and \$4.6 million of new funding was available for future disbursement, subject to certain terms and conditions contained in the loan documents. As of December 31, 2025, the Accenture Tower Loan has one 12-month extension option available pursuant to the loan agreement, subject to certain terms and conditions contained in the loan documents. For more information on this loan, see the 2024 Annual Report.

⁽⁹⁾ The borrower under the Credit Facility (the "Credit Facility Borrower") is required to meet each of the following milestones: (a) on or prior to December 31, 2025, the Credit Facility Borrower will cause the sale of one of the Company's properties and pay down the outstanding principal balance of the Credit Facility in an amount equal to the net sales proceeds therefrom up to \$25.4 million and reduce the outstanding principal balance of the Credit Facility to no greater than \$37.5 million; (b) on or prior to September 30, 2026, the Credit Facility Borrower will cause the sale of one of the Company's properties and use 50% of the net sales proceeds therefrom to pay down the Credit Facility Borrower's obligations under the Credit Facility and reduce the outstanding principal balance of the Credit Facility to no greater than \$27.5 million; and (c) on or prior to September 30, 2027, the Credit Facility Borrower will cause the sale of three of the Company's properties and use 100% of the net sales proceeds to pay all remaining obligations of the Credit Facility Borrower under the Credit Facility. On September 23, 2025, in connection with the disposition of Park Place Village, the Credit Facility Borrower paid down the outstanding principal balance of the Credit Facility by \$25.4 million, reducing the outstanding principal balance of the Credit Facility to \$37.5 million. For more information on this loan, see the 2024 Annual Report.

⁽¹⁰⁾ See below, "Recent Financing Transactions – Amended and Restated Portfolio Loan Facility."

⁽¹¹⁾ On September 23, 2025, in connection with the disposition of Park Place Village, the borrower under the Park Place Village Mortgage Loan paid off the outstanding principal and accrued interest due under the Park Place Village Mortgage Loan.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

8. NOTES PAYABLE (CONTINUED)

Through the normal course of operations, the Company has \$1.3 billion of notes payable maturing and required principal paydowns during the 12-month period from the issuance of these financial statements. Considering the current commercial real estate lending environment and the ongoing required loan paydowns and loan maturity schedule, this raises substantial doubt as to the Company's ability to continue as a going concern for at least a year from the date of the issuance of these financial statements. In order to refinance, restructure or extend the Company's maturing debt obligations, the Company has been required to reduce the loan commitments and/or make paydowns on certain loans, and the Company may be required to make additional reductions to loan commitments and paydowns on the loans maturing during the next 12 months in order to refinance, restructure or extend those loans. As a result of reductions in loan commitments and paydowns and the ongoing liquidity needs in the Company's real estate portfolio, the Company may be required to sell assets into a challenged real estate market in an effort to manage its liquidity needs. Selling real estate assets in the current market may result in a lower sale price than the Company would otherwise obtain. Additionally, the Company may relinquish ownership of one or more secured properties to the mortgage lender. Elevated interest rates, reductions in real estate values and future tenant turnover in the portfolio will have a further impact on the Company's ability to meet loan compliance tests and may further reduce the available liquidity under the Company's loan agreements. See also, Note 2, "Going Concern."

As a result of non-cash impairment charges to write down the carrying value of The Almaden to its estimated fair value as of September 30, 2025, The Almaden was valued at less than the outstanding mortgage debt. Subsequent to December 31, 2025, the maturity date of The Almaden mortgage debt was extended to May 1, 2026 with an option to further extend the maturity date to August 1, 2026 upon satisfaction of certain terms and conditions set forth in the loan documents. For information on non-cash impairment charges during the year ended December 31, 2025, see Note 4, "Real Estate."

During the years ended December 31, 2025, 2024 and 2023, the Company's interest expense related to notes payable was \$114.3 million, \$126.6 million and \$120.5 million, respectively, which excludes the impact of interest rate swaps and caps put in place to mitigate the Company's exposure to rising interest rates on its variable rate notes payable. See Note 9, "Derivative Instruments." Included in interest expense was the amortization of deferred financing costs of \$12.4 million, \$9.5 million and \$4.2 million for the years ended December 31, 2025, 2024 and 2023, respectively. As of December 31, 2025 and 2024, \$0.7 million and \$8.6 million of interest expense were payable, respectively.

The following is a schedule of maturities, including principal amortization payments, for all notes payable outstanding as of December 31, 2025 (in thousands):

2026	\$	965,894
2027		327,500
2028		—
2029		—
2030		—
Thereafter		—
	<u>\$</u>	<u>1,293,394</u>

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

8. NOTES PAYABLE (CONTINUED)

The Company's notes payable contain financial debt covenants. As of December 31, 2025, the Company believes it was in compliance with the financial debt covenants under its notes payable. The Company's loan agreements contain cross default provisions, including that the failure of one or more of the Company's subsidiaries to pay debt as it matures under one debt facility may trigger the acceleration of the Company's indebtedness under other debt facilities. As of December 31, 2025, the Almaden Mortgage Loan, the Modified Portfolio Revolving Loan Facility, the Amended and Restated Portfolio Loan Facility, the 3001 & 3003 Washington Mortgage Loan, the Accenture Tower Loan and the Carillon Mortgage Loan are subject to cash sweep arrangements, whereby each month the excess cash flow from the properties securing the loan is deposited into a cash management account held for the benefit of the Company's lenders. Generally, excess cash flow means an amount equal to (a) gross revenues from the properties securing the facility less (b) an amount equal to principal and interest paid with respect to the associated debt facility, operating expenses of the properties securing the facility and in certain cases a limited amount of REIT-level expenses. In certain cases, the Company may request disbursements from the cash management accounts to fund capital or operating shortfalls at the underlying assets. Amounts held in the cash management accounts at each reporting period are included in restricted cash in the accompanying consolidated balance sheets.

Recent Financing Transactions

Amended and Restated Portfolio Loan Facility

On November 3, 2021, certain of the Company's indirect wholly owned subsidiaries (the "Amended and Restated Portfolio Loan Facility Borrowers") entered into a loan agreement with Bank of America, N.A., as administrative agent (the "Portfolio Loan Agent"); BofA Securities, Inc., Wells Fargo Securities, LLC and Capital One, National Association as joint lead arrangers and joint book runners; Wells Fargo Bank, N.A., as syndication agent; and each of the financial institutions signatory thereto as lenders (as subsequently modified and amended, the "Amended and Restated Portfolio Loan Facility"). The current lenders under the Amended and Restated Portfolio Loan Facility are Bank of America, N.A.; Wells Fargo Bank, National Association; U.S. Bank, National Association; Capital One, National Association; PNC Bank, National Association; Regions Bank; and Zions Bankcorporation, N.A., DBA California Bank & Trust (together, the "Portfolio Loan Lenders").

On February 6, 2025, the Company, through the Amended and Restated Portfolio Loan Facility Borrowers and REIT Properties III, entered into the eighth loan modification agreement with the Portfolio Loan Agent and the Portfolio Loan Lenders (the "Eighth Extension Agreement"). Pursuant to the terms of the Eighth Extension Agreement, the maturity date of the facility was extended to January 22, 2027, with two additional 12-month extension options, subject to the terms and conditions in the loan documents. Pursuant to the Eighth Extension Agreement, the Amended and Restated Portfolio Loan Facility bears interest at one-month Term SOFR plus 300 basis points.

Prior to closing the Eighth Extension Agreement, the aggregate outstanding principal balance of the Amended and Restated Portfolio Loan Facility was approximately \$465.9 million (the "Principal Debt"). The Eighth Extension Agreement provides for \$15.0 million of new funding ("Additional Loan Proceeds"; the Additional Loan Proceeds together with the Principal Debt (the "Maximum Facility Amount")) that may be advanced in accordance with, and subject to the terms and conditions of, the Eighth Extension Agreement. The Additional Loan Proceeds may be used solely for approved tenant improvements, leasing commissions and capital improvement costs, and taxes and insurance attributable to the Portfolio Loan Properties (defined below). The advances of Additional Loan Proceeds are only available to the extent sufficient funds are not available from certain cash accounts established under the Eighth Extension Agreement. As of December 31, 2025, \$5.5 million of the Additional Loan Proceeds remain available for future disbursement, subject to the conditions of the Eighth Extension Agreement.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

8. NOTES PAYABLE (CONTINUED)

The Eighth Extension Agreement requires the Amended and Restated Portfolio Loan Facility Borrowers to paydown a portion of the loan such that the Maximum Facility Amount is not greater than (i) \$420.0 million on or before December 31, 2025, (ii) \$300.0 million on or before December 31, 2026 and (iii) \$150.0 million on or before December 31, 2027. In connection with the paydown provisions, the Eighth Extension Agreement requires the sale of Counted Projects (defined below), from time to time, such that the Company does not own more than five Counted Projects as of December 31, 2025, four Counted Projects as of December 31, 2026 and three Counted Projects as of December 31, 2027. The Counted Projects are the Portfolio Loan Properties and Accenture Tower. In connection with the sale of the Portfolio Loan Properties, the Eighth Extension Agreement provides for up to \$30 million of sales proceeds from the sale of the first Portfolio Loan Property and up to a total of \$15 million of sales proceeds from the sale of subsequent Portfolio Loan Properties to be funded into the Cash Sweep Collateral Account (defined below) that can be used as described below. Commencing September 30, 2025 and each quarter thereafter, the Eighth Extension Agreement also requires that the Portfolio Loan Properties meet certain leasing requirements. Subsequent to December 31, 2025, the leasing requirements were modified in connection with the Ninth Modification Agreement and as of December 31, 2025, the Portfolio Loan Properties are in compliance with the leasing requirements.

On July 11, 2025, in connection with the disposition of Sterling Plaza and pursuant to the Eighth Extension Agreement, the Amended and Restated Portfolio Loan Facility Borrowers used the net sales proceeds from the sale of Sterling Plaza of \$117.7 million to (i) paydown the outstanding principal of the Amended and Restated Portfolio Loan Facility by \$87.7 million and (ii) fund \$30.0 million into the Cash Sweep Collateral Account. Following the release of Sterling Plaza, the Amended and Restated Portfolio Loan Facility is secured by 60 South Sixth, Towers at Emeryville, Ten Almaden and Town Center (the “Portfolio Loan Properties”).

The Eighth Extension Agreement provides that 100% of excess cash flow from the Portfolio Loan Properties be deposited monthly into cash collateral accounts (the “Cash Sweep Collateral Account”). Subject to the requirements contained therein, the Amended and Restated Portfolio Loan Facility Borrowers will be permitted to withdraw funds from the Cash Sweep Collateral Account to pay or reimburse the Amended and Restated Portfolio Loan Facility Borrowers for approved tenant improvements, leasing commissions and capital improvements, for operating shortfalls related to the Portfolio Loan Properties to the extent they occur in any month and for certain other limited fees and expenses.

Additionally, the Eighth Extension Agreement (i) limits the amount of asset management fees that may be paid by the Company to the Advisor to 90% of the asset management fees associated with the Portfolio Loan Properties (“Permitted Asset Management Fees”) (with the remaining 10% of the asset management fees associated with the Portfolio Loan Properties being deferred until the Amended and Restated Portfolio Loan Facility Borrowers have either paid in full their obligations under the Amended and Restated Portfolio Loan Facility, or met the requirements to pay such deferred fees during the extension periods of the loan) and (ii) limits the amount of REIT-level general and administrative expenses that can be allocated to the Portfolio Loan Properties and paid or reimbursed by the Amended and Restated Portfolio Loan Facility Borrowers, provided that in each case no such payments may be made during the occurrence and continuance of a default or potential default for which the Amended and Restated Portfolio Loan Facility Borrowers have received notice that has not been waived or cured.

The Eighth Extension Agreement also restricts the Company from paying dividends or distributions to its stockholders or redeeming shares of its stock, except that if no default has occurred and is continuing under the Amended and Restated Portfolio Loan Facility, the Company may distribute such amounts to its stockholders as are required for the Company to qualify as a REIT under the Internal Revenue Code of 1986, as amended, so long as such distributions are not funded by the Amended and Restated Portfolio Loan Facility Borrowers.

The Eighth Extension Agreement contains various ongoing financial covenants at both the guarantor (REIT Properties III) and borrower level.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

8. NOTES PAYABLE (CONTINUED)

The Eighth Extension Agreement required the Company to cause the equity interests of certain of the Company's subsidiaries (and all proceeds therefrom) that directly and indirectly own Accenture Tower to be pledged to the Portfolio Loan Lenders as security for all of the Amended and Restated Portfolio Loan Facility Borrowers' obligations under the Amended and Restated Portfolio Loan Facility. In order to facilitate certain alternative collateral arrangements and in full and final satisfaction of the Amended and Restated Portfolio Loan Facility Borrowers' obligations set forth in the letter agreement entered into July 10, 2025 with respect to the SREIT units, REIT Properties III agreed with the Portfolio Loan Lenders to (i) establish a deposit account (the "Prime Proceeds Account") for the benefit of the Portfolio Loan Lenders pursuant to which the proceeds of certain SREIT units ("Prime Proceeds") shall be deposited and (ii) grant to the Portfolio Loan Lenders a first priority perfected security interest in the Prime Proceeds Account and the other collateral, all as described in and upon the terms and subject to the conditions set forth in a Cash Collateral Account Security, Pledge and Assignment Agreement (the "Cash Collateral Agreement"). Pursuant to the terms of the Cash Collateral Agreement, REIT Properties III agreed that all Prime Proceeds deposited into the Prime Proceeds Account shall be held as additional collateral for the benefit of the Portfolio Loan Lenders until such time as the Prime Proceeds are applied in accordance with the terms of the Amended and Restated Portfolio Loan Facility. To the extent that the Company sells any of the units of the SREIT (other than certain excluded units), the Company is required to contribute the cash proceeds of such sale to the Amended and Restated Portfolio Loan Facility Borrowers for such proceeds to be applied as follows (i) in respect of the first \$30.0 million of cash proceeds, 50% in prepayment of the outstanding obligations under the Amended and Restated Portfolio Loan Facility and the remaining 50% to be distributed to REIT Properties III to fund the general capital and other cash flow needs of the Company and its subsidiaries and, (ii) any amounts thereafter, 50% in prepayment of the outstanding obligations under the Amended and Restated Portfolio Loan Facility and 50% to fund the Cash Sweep Collateral Account for capital needs of the Portfolio Loan Properties. The Eighth Extension Agreement also provides that (a) in respect of the sale of Accenture Tower, the first \$10 million of net sale proceeds shall be used to fund to the Cash Sweep Collateral Account with the remaining net sale proceeds required to be used to reduce the Amended and Restated Portfolio Loan Facility Borrowers' obligations under the Amended and Restated Portfolio Loan Facility, and (b) in respect of the sale of The Almaden, the first \$10.0 million of net sale proceeds is required to be used to reduce the Amended and Restated Portfolio Loan Facility Borrowers' obligations under the Amended and Restated Portfolio Loan Facility with the remaining net sale proceeds to be applied on an equal basis to reduce the Amended and Restated Portfolio Loan Facility Borrowers' obligations under the Amended and Restated Portfolio Loan Facility and to fund the Cash Sweep Collateral Account.

The Eighth Extension Agreement continues to provide that, if elected by the required Portfolio Loan Lenders, a default will occur under the Amended and Restated Portfolio Loan Facility if a written demand for payment is delivered to REIT Properties III under (a) the Company's Credit Facility, (b) the payment guaranty agreement of the Company's Modified Portfolio Revolving Loan Facility or (c) as a result of a default under any guaranty or any other indebtedness of REIT Properties III where the demand made or amount guaranteed is greater than \$5.0 million. Further, the occurrence of a default (after any required notice, cure or standstill period, as applicable) under the Accenture Tower Loan will cause a default under the Accenture pledge, resulting in a cross-default under the Amended and Restated Portfolio Loan Facility.

Carillon Mortgage Loan

On April 11, 2019, the Company, through an indirect wholly owned subsidiary (the "Carillon Borrower"), entered into a loan facility with U.S. Bank, National Association, as administrative agent (the "Carillon Agent") (as amended and modified, the "Carillon Mortgage Loan"). The current lenders under the Carillon Mortgage Loan are U.S. Bank, National Association and TD Bank, N.A. (the "Carillon Lenders"). The Carillon Mortgage Loan is secured by Carillon.

On March 26, 2025, the Company, through the Carillon Borrower, entered into a third modification agreement with the Carillon Agent and the Carillon Lenders (the "Carillon Third Modification Agreement"). Pursuant to the Carillon Third Modification Agreement, the Carillon Lenders agreed to extend the maturity date of the Carillon Mortgage Loan to December 31, 2026.

Prior to the Carillon Third Modification Agreement, the Carillon Mortgage Loan bore interest at the one-month Term SOFR plus 150 basis points. Pursuant to the Carillon Third Modification Agreement, the Carillon Mortgage Loan bears interest at one-month Term SOFR plus 200 basis points.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

8. NOTES PAYABLE (CONTINUED)

Pursuant to the Carillon Third Modification Agreement, the aggregate commitment under the Carillon Mortgage Loan was increased to \$95.0 million (the “Aggregate Commitment”), consisting of the then-outstanding non-revolving, principal balance of \$87.8 million and \$7.2 million of non-revolving, new funding (“New Availability”) that may be advanced in accordance with, and subject to the terms and conditions of, the Carillon Third Modification Agreement. Subject to the terms and conditions in the Carillon Third Modification Agreement, proceeds from the New Availability may be used solely for approved tenant improvements, leasing commissions and capital improvement costs, certain approved monthly operating shortfall amounts at Carillon, taxes and insurance attributable to Carillon, or other capital expenditures related to Carillon, and the New Availability is only available to the extent there are not sufficient funds available from the Carillon Cash Sweep Collateral Account (defined below). Pursuant to the Carillon Third Modification Agreement, the Carillon Borrower is required to make a monthly principal payment in the amount of \$112,000 commencing April 1, 2025 through the remaining term of the loan, and the Aggregate Commitment will be reduced by the amount of such principal payments. As of December 31, 2025, the outstanding principal balance of the Carillon Mortgage Loan was \$90.0 million and \$3.9 million of New Availability on the Carillon Mortgage Loan was available for future disbursement, subject to the conditions of the Carillon Third Modification Agreement.

Commencing on April 20, 2025, the Carillon Third Modification Agreement requires that 100% of excess cash flow (the “Carillon Excess Cash Flow”) from Carillon be deposited monthly into a cash collateral account maintained with the Carillon Agent in the name of the Carillon Borrower (the “Carillon Cash Sweep Collateral Account”). Funds may not be withdrawn from the Carillon Cash Sweep Collateral Account without the prior written consent of the Carillon Agent. So long as no default exists under the Carillon Mortgage Loan and subject to the terms and conditions in the Carillon Third Modification Agreement, the Carillon Borrower will be permitted to withdraw funds from the Carillon Cash Sweep Collateral Account once per calendar month for the payment or reimbursement of (i) approved tenant improvements, leasing commissions and capital improvement costs, (ii) monthly operating shortfall amounts at Carillon, (iii) taxes and insurance attributable to Carillon and (iv) certain other cash flow needs of the Carillon Borrower. Upon the occurrence and during the continuance of a default and on the maturity date, the Carillon Agent has the right to withdraw funds from the Carillon Cash Sweep Collateral Account and/or other required accounts and apply such funds to any due and payable obligations of the Carillon Borrower.

The Carillon Third Modification Agreement restricts the Carillon Borrower, REIT Properties III, the Operating Partnership and the Company from making Restricted Payments (as defined below) without the prior consent of the required Carillon Lenders. Notwithstanding the foregoing, (i) the Company may pay the Advisor 90% of the asset management fees associated with Carillon (“Permitted Asset Management Fees”) (with the remaining 10% of the asset management fees associated with Carillon being deferred until the Carillon Borrower has paid in full its obligations under the Carillon Mortgage Loan) and (ii) the Carillon Borrower may distribute to the Company certain REIT-level general and administrative expenses allocated to Carillon, provided that in each case no such payments may be made without the consent of the required Carillon Lenders during the occurrence and continuance of a noticed default that has not been cured or waived, if the Carillon Agent has delivered to the Carillon Borrower a reservation of rights or similar letter relating to a default that has not been waived or if the Carillon Agent determines a monthly operating shortfall exists at Carillon. Further, provided no event of default exists, REIT Properties III, the Operating Partnership and the Company may make Restricted Payments as necessary for the Company to maintain its status as a real estate investment trust for federal income tax purposes and to avoid any liability for federal and state income or excise taxes. “Restricted Payments” include (a) any distribution, dividend or redemption with respect to any equity interests in the Carillon Borrower or the direct or indirect owners of the Carillon Borrower, (b) any payment on account of the purchase, redemption, cancellation or termination of any equity interests in the Carillon Borrower or the direct or indirect owners of the Carillon Borrower or any option, warrant or other right to acquire any equity interest in the Carillon Borrower or any direct or indirect owners of the Carillon Borrower, or (c) any other payment by the Carillon Borrower to (i) its direct or indirect owners or (ii) any person that controls the Carillon Borrower including, without limitation, the payment of any asset management fees or general or administrative expenses, provided that asset management fees and REIT-level general and administrative costs and expenses allocable to properties other than Carillon may be paid using sources other than those derived from Carillon.

The Carillon Third Modification Agreement requires the Carillon Borrower to maintain a minimum debt service coverage ratio and REIT Properties III, as guarantor, to satisfy the EBITDA to interest charges ratio covenant, commencing with the March 31, 2025 calendar quarter reporting period.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

8. NOTES PAYABLE (CONTINUED)

Additionally, the Carillon Third Modification Agreement provides that a default will occur under the Carillon Mortgage Loan if a written demand for payment following a default is delivered to REIT Properties III and not paid when due under (i) any loan facility under which REIT Properties III is a guarantor or borrower or (ii) any other indebtedness of REIT Properties III where the demand made is greater than \$5.0 million and the required Carillon Lenders elect to call a default.

9. DERIVATIVE INSTRUMENTS

The Company enters into derivative instruments for risk management purposes to hedge its exposure to cash flow variability caused by changing interest rates. The primary goal of the Company's risk management practices related to interest rate risk is to prevent changes in interest rates from adversely impacting the Company's ability to achieve its investment return objectives. The Company does not enter into derivatives for speculative purposes.

The Company enters into interest rate swaps as a fixed rate payer to mitigate its exposure to rising interest rates on its variable rate notes payable. The value of interest rate swaps is primarily impacted by interest rates, market expectations about interest rates, and the remaining life of the instrument. In general, increases in interest rates, or anticipated increases in interest rates, will increase the value of the fixed rate payer position and decrease the value of the variable rate payer position. As the remaining life of the interest rate swap decreases, the value of both positions will generally move towards zero.

The Company enters into interest rate caps to mitigate its exposure to rising interest rates on its variable rate notes payable. The values of interest rate caps are primarily impacted by interest rates, market expectations about interest rates, and the remaining life of the instrument. In general, increases in interest rates, or anticipated increases in interest rates, will increase the value of interest rate caps. As the remaining life of an interest rate cap decreases, the value of the instrument will generally decrease towards zero.

As of December 31, 2025, the Company has entered into 12 interest rate swaps, which were not designated as hedging instruments. The following table summarizes the notional amount and other information related to the Company's interest rate swaps as of December 31, 2025 and 2024. The notional amount is an indication of the extent of the Company's involvement in each instrument at that time, but does not represent exposure to credit, interest rate or market risks (dollars in thousands):

	December 31, 2025		December 31, 2024			Weighted-Average Fix Pay Rate	Weighted-Average Remaining Term in Years
Derivative Instruments	Number of Instruments	Notional Amount	Number of Instruments	Notional Amount	Reference Rate as of December 31, 2025		
Derivative instruments not designated as hedging instruments							
Interest rate swaps ⁽¹⁾	12	\$ 1,000,000	14	\$ 1,100,000	One-month Term SOFR/ Fixed at 2.38% - 3.92%	3.3%	0.6

⁽¹⁾ During the year ended December 31, 2025, two of the Company's interest rate swaps expired. In February 2024, the Company terminated two interest rate swap agreements and received aggregate settlement payments of \$6.6 million.

The following table sets forth the fair value of the Company's derivative instruments as well as their classification on the consolidated balance sheets as of December 31, 2025 and 2024 (dollars in thousands):

		December 31, 2025		December 31, 2024	
Derivative Instruments	Balance Sheet Location	Number of Instruments	Fair Value	Number of Instruments	Fair Value
Derivative instruments not designated as hedging instruments					
Interest rate swaps	Prepaid expenses and other assets, at fair value	7	\$ 764	14	\$ 10,509
Interest rate swaps	Other liabilities, at fair value	5	\$ (407)	—	\$ —

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

9. DERIVATIVE INSTRUMENTS (CONTINUED)

The following table summarizes the effects of derivative instruments on the Company's consolidated statements of operations (in thousands):

	For the Years Ended December 31,		
	2025	2024	2023
<i>Derivatives not designated as hedging instruments</i>			
Realized loss recognized on interest rate swaps	\$ 4	\$ —	\$ —
Realized gain recognized on interest rate swaps	(10,030)	(24,289)	(31,358)
Unrealized loss on interest rate swaps ⁽¹⁾	10,152	6,833	16,426
Gains related to swap terminations	—	(178)	—
Unrealized loss on interest rate cap	—	—	25
Net loss (gain) on derivative instruments	<u>\$ 126</u>	<u>\$ (17,634)</u>	<u>\$ (14,907)</u>

⁽¹⁾ For the year ended December 31, 2023, unrealized loss on interest rate swaps included an \$8.7 million unrealized loss related to the change in fair value of two off-market interest rate swaps (which expired on November 2, 2023) determined to be hybrid financial instruments for which the Company elected to apply the fair value option.

10. FAIR VALUE DISCLOSURES

The following is a summary of the methods and assumptions used by management in estimating the fair value of each class of assets and liabilities for which it is practicable to estimate the fair value:

Cash and cash equivalents, restricted cash, rent and other receivables, and accounts payable and accrued liabilities: These balances approximate their fair values due to the nature and/or short maturities of these items.

Real estate equity securities: At December 31, 2025, the Company's investment in the units of the SREIT was presented at fair value on the accompanying consolidated balance sheet. The fair value of the units of the SREIT was based on a quoted price in an active market on a major stock exchange. The Company classifies these inputs as Level 1 inputs.

Derivative instruments: The Company's derivative instruments are presented at fair value on the accompanying consolidated balance sheets. The valuation of these instruments is determined using a proprietary model that utilizes observable inputs. As such, the Company classifies these inputs as Level 2 inputs. The proprietary model uses the contractual terms of the derivatives, including the period to maturity, as well as observable market-based inputs, including interest rate curves and volatility. The fair values of interest rate swaps are estimated using the market standard methodology of netting the discounted fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of interest rates (forward curves) derived from observable market interest rate curves. In addition, credit valuation adjustments, which consider the impact of any credit risks to the contracts, are incorporated in the fair values to account for potential nonperformance risk.

Notes payable: The fair values of the Company's notes payable are estimated using a discounted cash flow analysis based on management's estimates of current market interest rates for instruments with similar characteristics, including remaining loan term, loan-to-value ratio, type of collateral and other credit enhancements. Additionally, when determining the fair value of a liability in circumstances in which a quoted price in an active market for an identical liability is not available, the Company measures fair value using (i) a valuation technique that uses the quoted price of the identical liability when traded as an asset or quoted prices for similar liabilities when traded as assets or (ii) another valuation technique that is consistent with the principles of fair value measurement, such as the income approach or the market approach. The Company classifies these inputs as Level 3 inputs.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

10. FAIR VALUE DISCLOSURES (CONTINUED)

The following were the face values, carrying amounts and fair values of the Company's notes payable as of December 31, 2025 and 2024, which carrying amounts generally do not approximate the fair values (in thousands):

	December 31, 2025			December 31, 2024		
	Face Value	Carrying Amount	Fair Value	Face Value	Carrying Amount	Fair Value
Financial liabilities:						
Notes payable	\$ 1,293,394	\$ 1,282,652	\$ 1,274,576	\$ 1,451,063	\$ 1,442,661	\$ 1,442,777

Disclosure of the fair values of financial instruments is based on pertinent information available to the Company as of the period end and requires a significant amount of judgment. Low levels of transaction volume for certain financial instruments have made the estimation of fair values difficult and, therefore, both the actual results and the Company's estimate of value at a future date could be materially different.

As of December 31, 2025, the Company measured the following assets and liabilities at fair value (in thousands):

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Recurring Basis:				
Real estate equity securities	\$ 46,773	\$ 46,773	\$ —	\$ —
Asset derivatives - interest rate swaps	764	—	764	—
Liability derivatives - interest rate swaps	(407)	—	(407)	—

During the year ended December 31, 2025, the Company measured the following assets at fair value on a nonrecurring basis (in thousands):

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Nonrecurring Basis:				
Impaired real estate ⁽¹⁾	\$ 343,100	\$ —	\$ —	\$ 343,100

⁽¹⁾ Amount represents the fair value for real estate assets impacted by an impairment charge during the year ended December 31, 2025, as of the date that the fair value measurement was made, which was September 30, 2025. The carrying value for the real estate assets measured at a reporting date other than September 30, 2025 may have subsequently increased or decreased from the fair value reflected due to activity that has occurred since the measurement date.

During the year ended December 31, 2025, 60 South Sixth, Towers at Emeryville and The Almaden were measured at their estimated fair values based on a discounted cash flow approach. The significant unobservable inputs the Company used in measuring the estimated fair value of 60 South Sixth included a discount rate of 10.00% and a terminal cap rate of 8.50%. The significant unobservable inputs the Company used in measuring the estimated fair value of Towers at Emeryville included a discount rate of 11.00% and a terminal cap rate of 9.00% and the significant unobservable inputs the Company used in measuring the estimated fair value of The Almaden included a discount rate of 10.00% and a terminal cap rate of 8.75%. See Note 4, "Real Estate – Impairment of Real Estate" for further discussion of the impaired real estate property.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

11. RELATED PARTY TRANSACTIONS

The Company has entered into the Advisory Agreement with the Advisor. The Company's Dealer Manager Agreement with the Dealer Manager terminated on March 15, 2024 upon termination of the Company's dividend reinvestment plan. These agreements entitled the Advisor and/or the Dealer Manager to specified fees upon the provision of certain services with regard to the Offering and reimbursement of organization and offering costs incurred by the Advisor and the Dealer Manager on behalf of the Company and entitle the Advisor to specified fees upon the provision of certain services with regard to the investment of funds in real estate investments, the management of those investments, among other services, and the disposition of investments, and entitle the Advisor to reimbursement of certain costs incurred by the Advisor in providing services to the Company. In addition, the Advisor is entitled to certain other fees, including an incentive fee upon achieving certain performance goals, as detailed in the Advisory Agreement. 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 and Dealer Manager also served as the advisor and dealer manager, respectively, for KBS REIT II (liquidated May 2023) and KBS Growth & Income REIT (liquidated August 2024).

As of January 1, 2023, the Company, together with KBS Growth & Income REIT, 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, 2023, due to its liquidation, KBS Growth & Income REIT elected to cease participation in the program and obtained separate insurance coverage. In June 2025, the Company renewed its participation in the program, and the program is effective through June 30, 2026.

Pursuant to the terms of these agreements, summarized below are the related-party costs incurred by the Company for the years ended December 31, 2025, 2024 and 2023, respectively, and any related amounts payable as of December 31, 2025 and 2024 (in thousands):

	Incurred Years Ended December 31,			Payable as of December 31,	
	2025	2024	2023	2025	2024
Expensed					
Asset management fees ⁽¹⁾	\$ 17,966	\$ 19,568	\$ 20,839	\$ 19,740	\$ 18,585
Reimbursement of operating expenses ⁽²⁾	576	377	420	77	435
Disposition fees ⁽³⁾	1,545	914	—	—	500
	<u>\$ 20,087</u>	<u>\$ 20,859</u>	<u>\$ 21,259</u>	<u>\$ 19,817</u>	<u>\$ 19,520</u>

⁽¹⁾ See "Asset Management Fees" below and under Note 3, "Summary of Significant Accounting Policies – Related Party Transactions – Asset Management Fees."

⁽²⁾ Reimbursable operating expenses primarily consists of internal audit personnel costs, internal audit consulting costs, accounting software costs, environmental, social and governance costs 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 \$192,000, \$106,000 and \$111,000 for the years ended December 31, 2025, 2024 and 2023, respectively, and were the only type of employee personnel costs reimbursed under the Advisory Agreement for the years ended December 31, 2025, 2024 and 2023. The Company currently does not reimburse for employee costs in connection with services for which the Advisor earns acquisition or origination fees or disposition fees (other than reimbursement of travel and communication expenses), and other than future payments pursuant to the Bonus Retention Fund (see Note 3, "Summary of Significant Accounting Policies – Related Party Transactions – Asset Management Fees"), the Company does not reimburse the Advisor for the salaries or benefits the Advisor or its affiliates may pay to the Company's executive officers and affiliated directors. 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.

⁽³⁾ Disposition fees with respect to real estate sold are included in the gain on sale of real estate, net, in the accompanying consolidated statements of operations. As of December 31, 2024, the Company accrued and deferred \$0.5 million of disposition fees payable to the Advisor related to the sale of Preston Commons until December 1, 2025. On December 5, 2025, the disposition fee related to the sale of Preston Commons was paid to the Advisor. See Note 3, "Summary of Significant Accounting Policies – Related Party Transactions – Disposition Fees."

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

11. RELATED PARTY TRANSACTIONS (CONTINUED)

In connection with the Offering, Messrs. Bren, Hall, McMillan and Schreiber agreed to provide additional indemnification to one of the participating broker-dealers. The Company agreed to add supplemental coverage to its directors' and officers' insurance coverage to insure Messrs. Bren, Hall, McMillan and Schreiber's obligations under this indemnification agreement in exchange for reimbursement by Messrs. Bren, Hall, McMillan and Schreiber to the Company for all costs, expenses and premiums related to this supplemental coverage. During each of the years ended December 31, 2025, 2024 and 2023, the Advisor incurred \$0.1 million for the costs of the supplemental coverage obtained by the Company.

Asset Management Fees

As of December 31, 2025 and 2024, the Company had accrued \$19.7 million and \$18.6 million of asset management fees, respectively, of which (i) \$8.5 million were Deferred Asset Management Fees as of December 31, 2025 and 2024, (ii) \$8.5 million were related to asset management fees that were restricted for payment and deposited in the Bonus Retention Fund as of December 31, 2025 and 2024, and (iii) \$1.4 million were related to asset management fees that were deferred in connection with agreements related to the refinancing of the Company's debt obligations as of December 31, 2025, see Note 3, "Summary of Significant Accounting Policies – Related Party Transactions – Asset Management Fees." As of December 31, 2024, the Company had \$1.6 million of asset management fees payable related to asset management fees incurred for the month of December 2024, which were subsequently paid in January 2025. As of December 31, 2025, the Company had \$1.3 million of asset management fees payable related to asset management fees incurred for the month of December 2025, which were subsequently paid in January 2026.

Lease to Affiliate

On May 29, 2015, the indirect wholly owned subsidiary (the "Lessor") of the Company that owns 3003 Washington Boulevard entered into a lease with an affiliate of the Advisor (the "Lessee") for 5,046 rentable square feet, or approximately 2.4% of the total rentable square feet, at 3003 Washington Boulevard. The lease commenced on October 1, 2015 and was amended on March 14, 2019 (the "Amended Lease") to extend the lease period commencing on September 1, 2019 and terminating on August 31, 2024 and set the annual base rent during the extension period. The annualized base rent from the commencement of the Amended Lease was approximately \$0.3 million, and the average annual rental rate (net of rental abatements) over the term of the Amended Lease through its termination was \$62.55 per square foot.

On August 12, 2024, the Lessor entered into a Second Amendment to Deed of Office Lease with the Lessee to extend the lease period commencing on September 1, 2024 and expiring on November 30, 2029, unless terminated earlier in accordance with certain terms and conditions contained therein (the "Second Amended Lease"), and set the annual base rent during the extension period. The annualized base rent for the Second Amended Lease is approximately \$0.3 million, and the average annual rental rate (net of rental abatements) over the term of the Second Amended Lease is \$53.75 per square foot.

During the years ended December 31, 2025, 2024 and 2023, the Company recognized \$0.3 million, \$0.3 million and \$0.3 million of revenue related to this lease, respectively.

Prior to their approval of the lease, the Amended Lease and the Second Amended Lease, the Company's conflicts committee and board of directors determined the lease to be fair and reasonable to the Company.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

11. RELATED PARTY TRANSACTIONS (CONTINUED)

Portfolio Sale

On July 18, 2019, the Company sold the Singapore Portfolio to the SREIT, which is affiliated with Charles J. Schreiber, Jr., a director and executive officer of the Company. See Note 7, “Real Estate Equity Securities” for information related to the Company’s investment in the SREIT. The SREIT is externally managed by an entity (the “Manager”) in which Charles J. Schreiber, Jr. currently holds an indirect ownership interest. Mr. Schreiber is also a former director of the Manager. The SREIT pays the Manager an annual base fee of 10% of annual distributable income and an annual performance fee of 25% of the increase in distributions per unit of the SREIT from the preceding year. For acquisitions other than the Singapore Portfolio, the SREIT pays the Manager an acquisition fee of 1% of the acquisition price. The SREIT will also pay the Manager a divestment fee of 0.5% of the sale price of any real estate sold and a development management fee of 3% of the total project costs incurred for development projects. A portion of the fees paid to the Manager are paid to KBS Realty Advisors LLC, an entity controlled by Mr. Schreiber, for sub-advisory services. The Schreiber Trust, a trust whose beneficiaries are Charles J. Schreiber, Jr. and his family members, and the Linda Bren 2017 Trust also acquired units in the SREIT. The Schreiber Trust agreed it will not sell any portion of its units in the SREIT unless it has received the consent of the Company’s conflicts committee. The Linda Bren 2017 Trust has agreed it will not sell \$5.0 million of its investment in the SREIT unless it has received the consent of the Company’s conflicts committee.

During the years ended December 31, 2025, 2024 and 2023, no other business transactions occurred between the Company and KBS REIT II, KBS Growth & Income REIT, the Advisor, the Dealer Manager or other KBS-affiliated entities.

12. SEGMENT INFORMATION

The Company’s operations are reported within one reportable segment. The Company has invested in core real estate properties and real estate-related investments with the goal of acquiring a portfolio of income-producing investments. The Company’s real estate properties exhibit similar long-term financial performance and have similar economic characteristics to each other. The Company derives revenue from real estate properties leased to tenants under operating leases and dividends from its investment in the SREIT, a traded Singapore real estate investment trust which holds income-producing office properties. The Company’s real estate properties and the SREIT’s properties are all located in the United States. The Company manages its business activities on a consolidated basis.

As a group, the Company’s Chief Executive Officer, the Company’s Chief Financial Officer and the Advisor’s Chief Executive Officer collectively act as the CODM of the Company.

The CODM reviews financial information presented on a consolidated basis. The CODM assesses entity-wide operating results and performance and decides how to allocate resources based on consolidated net income, which is reported on the accompanying consolidated statements of operations. The CODM uses consolidated net income to evaluate income generated from assets (return on assets) in deciding whether to reinvest profits into its real estate properties, repay debt or to pay dividends to stockholders. Consolidated net income is used to monitor budgeted versus actual results. Additionally, the measure of segment assets is reported on the accompanying consolidated balance sheets as total assets.

The accounting policies of the Company’s single reportable segment are the same as those described in the summary of significant accounting policies.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

13. COMMITMENTS AND CONTINGENCIES

Economic Dependency

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

Legal Matters

From time to time, the Company may be 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. Compliance with existing environmental laws is not expected to have a material adverse effect on the Company's financial condition and results of operations as of December 31, 2025.

Capital Expenditures Obligations

As of December 31, 2025, the Company had capital expenditure obligations of \$20.2 million, of which \$7.7 million was accrued and included in accounts payable and accrued liabilities on the Company's consolidated balance sheet as of December 31, 2025. This amount includes unpaid contractual obligations for building improvements and unpaid portions of tenant improvement allowances which were granted pursuant to lease agreements executed as of December 31, 2025, including amounts that may be classified as lease incentives pursuant to GAAP.

14. SUBSEQUENT EVENTS

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

Fourth Modification of the Modified Portfolio Revolving Loan Facility

On October 17, 2018, certain of the Company's indirect wholly owned subsidiaries (the "Modified Portfolio Revolving Loan Borrowers") entered into a loan facility (as subsequently modified and amended, the "Modified Portfolio Revolving Loan Facility") with U.S. Bank National Association, as administrative agent (the "Modified Portfolio Revolving Loan Agent"). The current lenders under the Modified Portfolio Revolving Loan Facility are U.S. Bank National Association, Regions Bank, Citizens Bank, City National Bank and Associated Bank, National Association (the "Modified Portfolio Revolving Loan Lenders"). The Modified Portfolio Revolving Loan Facility is secured by 515 Congress, Gateway Tech Center and 201 17th Street (the "Modified Portfolio Revolving Loan Properties"). Prior to the Fourth Modification Agreement (defined below), the Modified Portfolio Revolving Loan Facility had a maturity date of March 1, 2026.

KBS REAL ESTATE INVESTMENT TRUST III, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2025

14. SUBSEQUENT EVENTS (CONTINUED)

On January 27, 2026, the Company, through the Modified Portfolio Revolving Loan Borrowers, entered into a fourth modification agreement (the “Fourth Modification Agreement”) with the Modified Portfolio Revolving Loan Agent and the Modified Portfolio Revolving Loan Lenders to extend the maturity date of the Modified Portfolio Revolving Loan Facility to March 25, 2026 (the “Extended Maturity Date”), subject to the satisfaction of certain terms and conditions contained in the Fourth Modification Agreement, some of which conditions are not in the sole control of the Company, including the Company’s taking identified actions relating to its portfolio. The failure of the Company to satisfy certain of these conditions will result in the Extended Maturity Date not being available and the maturity date of March 1, 2026 being reinstated. The Fourth Modification Agreement further provides that subject to the satisfaction of certain terms and conditions contained in the Fourth Modification Agreement, some of which conditions are not in the sole control of the Company, the maturity date of the loan may be further extended up to, but no later than, April 15, 2026. Notwithstanding the foregoing, the Fourth Modification Agreement provides that at any time following March 1, 2026, an immediate event of default will result under the Modified Portfolio Revolving Loan Facility two business days following the failure of the Company to meet certain conditions of the Fourth Modification Agreement.

Additionally, pursuant to the Fourth Modification Agreement, with respect to the Modified Portfolio Revolving Loan Properties, the Company agreed (i) to limit the amount of asset management fees that may be paid by the Company to the Advisor, to 90% of the asset management fees associated with the Modified Portfolio Revolving Loan Properties (with the remaining 10% of the asset management fees associated with the Modified Portfolio Revolving Loan Properties being deferred until the obligations under the Modified Portfolio Revolving Loan Facility have been paid in full) and (ii) that the Company will not pay any disposition fees to the Advisor related to the Modified Portfolio Revolving Loan Properties without the consent of the required lenders, except, provided no event of default has occurred and is continuing under the Modified Portfolio Revolving Loan Facility, payment of disposition fees in an amount not to exceed 0.65% of the contract sales price of the Modified Portfolio Revolving Loan Properties (with any remaining disposition fees payable to the Advisor related to the Modified Portfolio Revolving Loan Properties being deferred until the obligations under the Modified Portfolio Revolving Loan Facility have been paid in full).

The Company continues to work with the Modified Portfolio Revolving Loan Agent to reach a longer-term extension of the Modified Portfolio Revolving Loan Facility, though there can be no assurance as to the certainty or timing of a longer-term extension.

KBS REAL ESTATE INVESTMENT TRUST III, INC.

SCHEDULE III

REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION AND AMORTIZATION

December 31, 2025

(dollar amounts in thousands)

Description	Location	Ownership Percent	Encumbrances	Initial Cost to Company			Cost Capitalized Subsequent to Acquisition ⁽²⁾	Gross Amount at which Carried at Close of Period			Accumulated Depreciation and Amortization	Original Date of Construction	Date Acquired
				Land	Building and Improvements ⁽¹⁾	Total		Land	Building and Improvements ⁽¹⁾	Total ⁽³⁾			
Town Center	Plano, TX	100%	⁽⁴⁾	\$ 7,428	\$ 108,547	\$ 115,975	\$ 31,719	\$ 7,428	\$ 140,266	\$ 147,694	\$ (65,259)	2001/2002/2006	03/27/2012
Gateway Tech Center ⁽⁷⁾	Salt Lake City, UT	100%	⁽⁵⁾	5,617	20,051	25,668	12,267	5,617	32,318	37,935	(15,826)	1909	05/09/2012
60 South Sixth	Minneapolis, MN	100%	⁽⁴⁾	16,951	109,191	126,142	(37,901)	12,949	75,292	88,241	(1,448)	1991	01/31/2013
Accenture Tower ⁽⁷⁾	Chicago, IL	100%	317,447	49,306	370,662	419,968	161,009	49,306	531,671	580,977	(208,066)	1987	12/16/2013
Ten Almaden	San Jose, CA	100%	⁽⁴⁾	7,000	110,292	117,292	14,428	7,000	124,720	131,720	(50,073)	1988	12/05/2014
Towers at Emeryville	Emeryville, CA	100%	⁽⁴⁾	35,774	147,167	182,941	(54,365)	31,772	96,804	128,576	(1,260)	1972/1975/1985	12/23/2014
3003 Washington Boulevard	Arlington, VA	100%	⁽⁶⁾	18,800	129,820	148,620	6,288	18,800	136,108	154,908	(53,735)	2014	12/30/2014
201 17th Street ⁽⁷⁾	Atlanta, GA	100%	⁽⁵⁾	5,277	86,859	92,136	13,718	5,277	100,577	105,854	(42,313)	2007	06/23/2015
515 Congress ⁽⁷⁾	Austin, TX	100%	⁽⁵⁾	8,000	106,261	114,261	24,903	8,000	131,164	139,164	(45,668)	1975	08/31/2015
The Almaden	San Jose, CA	100%	116,880	29,000	130,145	159,145	(55,788)	22,740	80,617	103,357	(1,230)	1980/1981	09/23/2015
3001 Washington Boulevard	Arlington, VA	100%	⁽⁶⁾	9,900	41,551	51,451	9,597	9,900	51,148	61,048	(18,518)	2015	11/06/2015
Carillon ⁽⁷⁾	Charlotte, NC	100%	90,017	19,100	126,979	146,079	35,913	19,100	162,892	181,992	(55,873)	1991	01/15/2016
TOTAL				<u>\$ 212,153</u>	<u>\$ 1,487,525</u>	<u>\$1,699,678</u>	<u>\$ 161,788</u>	<u>\$ 197,889</u>	<u>\$ 1,663,577</u>	<u>\$1,861,466</u>	<u>\$ (559,269)</u>		

⁽¹⁾ Building and improvements includes tenant origination and absorption costs and construction in progress.

⁽²⁾ Costs capitalized subsequent to acquisition is net of impairment charges, write-offs of fully depreciated/amortized assets and property damage.

⁽³⁾ The aggregate cost of real estate for federal income tax purposes was \$2.4 billion (unaudited) as of December 31, 2025.

⁽⁴⁾ As of December 31, 2025, these properties served as the security for the Amended and Restated Portfolio Loan Facility, which had an outstanding principal balance of \$387.7 million.

⁽⁵⁾ As of December 31, 2025, these properties served as the security for the Modified Portfolio Revolving Loan Facility, which had an outstanding principal balance of \$205.0 million.

⁽⁶⁾ As of December 31, 2025, these properties served as the security for the 3001 & 3003 Washington Mortgage Loan, which had an outstanding principal balance of \$138.8 million.

⁽⁷⁾ In connection with the restructuring of certain debt facilities, the Company has directly and/or indirectly pledged the equity of subsidiaries owning these properties. See Note 8, "Notes Payable."

KBS REAL ESTATE INVESTMENT TRUST III, INC.
SCHEDULE III
REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION AND AMORTIZATION (CONTINUED)

December 31, 2025

(dollar amounts in thousands)

	2025	2024	2023
Real Estate:			
Balance at the beginning of the year	\$ 2,244,923	\$ 2,552,979	\$ 2,568,352
Improvements	20,982	27,132	76,346
Write off of fully depreciated and fully amortized assets	(149,843)	(70,652)	(46,260)
Impairments	(65,475)	(6,847)	(45,459)
Sale	(189,121)	(187,118)	—
Deed-in-lieu of foreclosure	—	(70,571)	—
Balance at the end of the year	<u>\$ 1,861,466</u>	<u>\$ 2,244,923</u>	<u>\$ 2,552,979</u>
Accumulated depreciation and amortization:			
Balance at the beginning of the year	\$ (681,392)	\$ (713,501)	\$ (656,401)
Depreciation and amortization expense	(85,122)	(98,645)	(103,360)
Write off of fully depreciated and fully amortized assets	149,843	70,652	46,260
Sale	57,402	58,559	—
Deed-in-lieu of foreclosure	—	1,543	—
Balance at the end of the year	<u>\$ (559,269)</u>	<u>\$ (681,392)</u>	<u>\$ (713,501)</u>

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 27, 2026.

KBS REAL ESTATE INVESTMENT TRUST III, INC.

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

Charles J. Schreiber, Jr.

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.	Chief Executive Officer, President and Director (principal executive officer)	March 27, 2026
<u>/s/ JEFFREY K. WALDVOGEL</u> Jeffrey K. Waldvogel	Chief Financial Officer, Treasurer and Secretary (principal financial officer)	March 27, 2026
<u>/s/ STACIE K. YAMANE</u> Stacie K. Yamane	Chief Accounting Officer and Assistant Secretary (principal accounting officer)	March 27, 2026
<u>/s/ MARC DELUCA</u> Marc DeLuca	Chairman of the Board and Director	March 27, 2026
<u>/s/ STUART A. GABRIEL, PH.D.</u> Stuart A. Gabriel, Ph.D.	Director	March 27, 2026
<u>/s/ ROBERT MILKOVICH</u> Robert Milkovich	Director	March 27, 2026
<u>/s/ RON D. STURZENEGGER</u> Ron D. Sturzenegger	Director	March 27, 2026

**Certification of Chief Executive Officer pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Charles J. Schreiber, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of KBS Real Estate Investment Trust III, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 27, 2026

By: /s/ CHARLES J. SCHREIBER, JR.

Charles J. Schreiber, Jr.

Chief Executive Officer, President and Director
(principal executive officer)

**Certification of Chief Financial Officer pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Jeffrey K. Waldvogel, certify that:

1. I have reviewed this annual report on Form 10-K of KBS Real Estate Investment Trust III, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 27, 2026

By: /S/ JEFFREY K. WALDVOGEL

Jeffrey K. Waldvogel

Chief Financial Officer, Treasurer and Secretary
(principal financial officer)

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

By: /s/ CHARLES J. SCHREIBER, JR.

Chief Executive Officer, President and Director
(principal executive officer)

**Certification pursuant to 18 U.S.C. Section 1350,
as Adopted pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 10-K of KBS Real Estate Investment Trust III, Inc. (the “Registrant”) for the year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Jeffrey K. Waldvogel, the Chief Financial Officer, Treasurer and Secretary of the Registrant, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge and belief:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: March 27, 2026

By: /S/ JEFFREY K. WALDVOGEL

Jeffrey K. Waldvogel

Chief Financial Officer, Treasurer and Secretary
(principal financial officer)