

January 11, 2016

Dear KBS REIT II Investor:

On December 8, 2015, KBS Real Estate Investment Trust II, Inc.'s (the "REIT") board of directors approved an estimated value per share of the REIT's common stock of \$5.62. This estimated value per share is based on the estimated value of the REIT's assets less the estimated value of the REIT's liabilities, or net asset value, divided by the number of shares outstanding, all as of September 30, 2015.¹

The estimated value per share was based on the recommendation and valuation performed by the REIT's external advisor, KBS Capital Advisors, using the methodologies and assumptions described in the REIT's Current Report on Form 8-K, filed with the SEC on December 9, 2015 (the "Valuation 8-K"). The REIT engaged CBRE, Inc. ("CBRE"), an independent third-party real estate valuation firm, to provide appraisals from MAI-certified appraisers for all of its real estate properties.

The decline in the estimated value per share from \$5.86 to \$5.62 is largely attributable to capital expenditures in the portfolio as well as the decrease in value of two properties due to actual or anticipated declines in occupancy.

- **100-200 Campus**, located in Florham Park, N.J., declined \$32.4 million from its 2014 appraised value primarily due to the new expectation of a large tenant vacating at lease expiration in 2016. The tenant is subleasing 126,000 square feet of another tenant's 199,000 square feet at 100 Campus Drive and notified the REIT that it no longer plans on signing a direct lease at expiration, resulting in all 199,000 square feet expiring in November 2016. This is expected to result in a decline in operating cash flows attributable to an increase in leasing costs and reduced rental income until the space is re-leased.
- **Willow Oaks**, located in Fairfax, VA, appraised for \$15.5 million less than its 2014 appraised value due to several factors, including slow rent growth, tenant concessions (tenant improvements and free rent) remaining at higher levels than anticipated and a large tenant vacating in 2015 with a new lease for the majority of that space not commencing until March 2016.

One notable increase in value in the portfolio was **Union Bank Plaza** in Los Angeles, which had an appraised value \$23.8 million higher than its 2014 appraised value. The increase in value was primarily the result of downtown Los Angeles experiencing positive market growth, which enabled the REIT to increase rental rates higher than projected a year earlier. Over the past six months, the REIT has also taken steps to further define the additional entitlement/development rights tied to Union Bank Plaza. Current rights allow for the addition of a 318,000-square-foot residential tower adjacent to the existing Union Bank office tower. With robust residential development activity and demand in downtown Los Angeles, the additional entitlement rights at Union Bank Plaza have helped to increase the value of the asset.

Dispositions

In 2015, the REIT sold one asset and received one loan payoff. **National City Tower**, a 40-story office tower with 723,300 rentable square feet in Louisville, KY, was sold on February 13, 2015 for \$124 million net of concessions and credits. The asset had been acquired on December 17, 2010 for \$115 million plus closing costs and it had a cost basis of \$124.6 million at the time of sale. National City Tower was primarily acquired for its strong and secure cash flow, not for capital appreciation, and as such met the REIT's return goals and objectives for the property.

On August 4, 2015, the borrower under the REIT's **Summit I & II** loan investment exercised its prepayment option and paid off the entire principal balance outstanding and accrued interest in the amount of \$58.7 million, and paid a yield maintenance premium of \$0.9 million. The REIT originated the first mortgage loan on January 17, 2012 for up to \$58.8 million for the purchase of two six-story office buildings in Reston, VA. The loan had an original maturity date of February 1, 2017 with a fixed interest rate of 7.5%. The REIT received total payments from the borrower of \$74.7 million and total net cash flow of \$15.9 million.

For more information on the estimated value per share, please see the Valuation 8-K. In addition, you can view the December 2015 Valuation Presentation online at www.kbs-cmg.com, by clicking on "KBS Real Estate Investment Trust II" under "Offerings" and visiting the "Investor Information" section.

In 2016, the REIT will be focused on continuing to strategically sell assets, negotiating lease renewals or new leases, completing renovations or amenity enhancements with the goal of attracting a greater pool of quality buyers, and seeking to return stockholder equity through additional distributions.

Thank you for your continued support. I look forward to providing you with future updates on the REIT.

Sincerely,



Charles J. Schreiber, Jr.
Chief Executive Officer

¹ For a full description of the limitations, methodologies and assumptions used to value the REIT's assets and liabilities, and used in the calculation of the estimated value per share, see the Valuation 8-K.

The foregoing includes forward-looking statements within the meaning of the Federal Private Securities Litigation Reform Act of 1995. The REIT intends that such forward-looking statements be subject to the safe harbors created by Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include statements regarding the intent, belief or current expectations of the REIT and members of its 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. Further, forward-looking statements speak only as of the date they are made, and the REIT undertakes 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. Actual results may differ materially from those contemplated by such forward-looking statements. Though the appraisals of the real estate properties, with respect to CBRE, and the valuation estimates used in calculating the estimated value per share, with respect to the REIT and KBS Capital Advisors, are the respective party's best estimates as of September 30, 2015 or December 8, 2015, as applicable, the REIT can give no assurance in this regard. The forward-looking statements also depend on factors such as: future economic, competitive and market conditions; the REIT's ability to maintain occupancy levels and rental rates at its real estate properties; the borrower under the REIT's loan investment continuing to make required payments under the loan documents; the ability of the borrower to maintain occupancy levels and lease rates at the property securing the REIT's real estate-related investment; and other risks identified in Part I, Item 1A of the REIT's Annual Report on Form 10-K for the year ended December 31, 2014 filed with the SEC. Actual events may cause the value and returns on the REIT's investments to be less than that used for purposes of the REIT's estimated value per share.