KBS | Real Estate Investment Trust II

January 2, 2017

Dear KBS REIT II Stockholder:

On December 14, 2016, 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 $5.49. 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, 2016.[1]

The estimated value per share was based on the recommendation and valuation performed by the REIT's external advisor, KBS Capital Advisors LLC (the "Advisor"), using the methodologies and assumptions described in the REIT's Current Report on Form 8-K, filed with the SEC on December 15, 2016 (the "Valuation 8-K"). The REIT engaged CBRE, Inc. ("CBRE"), an independent third-party real estate valuation firm, to provide appraisals for all of its real estate properties.

The change in the estimated value per share from $5.62 to $5.49 is largely attributable to capital expenditures in the portfolio as well as the decrease in value of one property due to perceived tenant risk. The significant real estate value changes include the following:

- **100-200 Campus**, located in Florham Park, NJ, appraised for $15.2 million more than its 2015 appraised value primarily due to significant new leasing and lease renewals that decreased the cap and discount rates to reflect the reduced risk. Since the last appraisal, the REIT spent $5.9 million for capital expenditures at the property, mostly related to the leasing efforts.
- **300-600 Campus,** located in Florham Park, NJ, appraised for $18.6 million more than its 2015 appraised value due to a major tenant transitioning out of its free-rent period and new leasing in the 500 Campus building. Since the last appraisal, the REIT spent more than $10 million in tenant improvements related to leasing at the property and an additional $4.8 million in other capital expenditures at the property.
- **Willow Oaks**, located in Fairfax, VA, appraised for $1.5 million more than its 2015 appraised value; however, the REIT spent approximately $12.3 million in capital expenditures since the last appraisal, which more than offset the increase. The capital expenditures were to address deferred maintenance items as well as tenant improvements for a significant lease.
- **Fountainhead Office Plaza**, located in Tempe, AZ, declined $20.0 million from its 2015 appraised value primarily due to the asset being a single-tenant property with a nationwide for-profit university as the only tenant. The university continues to experience difficulties as its accreditation is currently under government review. Although the REIT anticipates that the tenant's accreditation will be upheld, the uncertainty of this situation has had an impact on perceived market value. In addition, a private equity company is still in the process of acquiring the for-profit university.

Disposition

On May 17, 2016, the REIT sold **350 E. Plumeria**, a two-story office building in San Jose, CA, for $42.3 million, net of concessions and credits. The asset had been acquired on December 18, 2008, for $35.8 million plus closing costs and it had a cost basis of $38.1 million at the time of sale. 350 E. Plumeria was primarily acquired for its cash flow and met the REIT's return goals and objectives for the property.

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 2017, the REIT will be focused on continuing to strategically sell assets and considering special distributions to its stockholders, negotiating lease renewals or new leases to enhance property stability for prospective buyers and to facilitate the sales process, and completing renovations or amenity enhancements with the goal of attracting quality buyers. The REIT also plans to finalize its strategic alternatives assessment and determine the best course of action.

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

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 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. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. 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. Such statements are subject to known and unknown risks and uncertainties which could cause actual results to differ materially from those contemplated by such forward-looking statements. The REIT makes no representation or warranty (express or implied) about the accuracy of any such forward-looking statements. These statements are based on a number of assumptions involving the judgment of management. The appraisal methodology for the REIT's real estate properties assumes the properties realize the projected net operating income and expected exit cap rates and that investors would be willing to invest in such properties at yields equal to the expected discount rates. 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 the Advisor, are the respective party's best estimates as of September 30, 2016 or December 14, 2016, as applicable, the REIT can give no assurance in this regard. Even small changes to these assumptions could result in significant differences in the appraised values of the REIT's real estate properties and the estimated value per share. 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; 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, 2015 and in Part II, Item 1A of the REIT's Quarterly Report on Form 10-Q for the period ended June 30, 2016, both as 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.