



Real Estate  
Investment  
Trust II

**Media Contact:**

Cristina Martinez  
Prosek Partners for KBS  
(212) 279-3115, ext. 215  
cmartinez@prosek.com

## **KBS REIT II Announces Special Distribution to Shareholders**

NEWPORT BEACH, Cal., (Sept. 24, 2014) – KBS Real Estate Investment Trust II (KBS REIT II), a non-traded real estate investment trust based in Newport Beach, Calif., has announced aggregate special distributions to shareholders of \$4.50 per share of common stock to be paid on or about September 23, 2014. The special cash distribution was funded from the proceeds from the dispositions of real estate properties between May 2014 and August 2014, as well as cash on hand resulting primarily from the repayment or sale of real estate loans during 2013 and 2014. KBS REIT II estimates the special distribution will consist of gains realized from the sale of properties and other assets as well as depreciation recapture and return of capital from recent asset sales.

In addition to the special distribution, KBS REIT II declared a September distribution in the amount of \$0.03277397 per share of common stock to stockholders of record as of the close of business on September 26, 2014 and an October distribution in the amount of \$0.03386644 per share of common stock to stockholders of record as of the close of business on October 29, 2014. Such monthly distribution amount, when converted to a daily distribution amount and then annualized, would equal a 7.25% annualized rate based on an original purchase price of \$10.00 per share less the \$4.50 special distribution paid in September 2014, or a 6.59% annualized rate based on the September 2014 estimated value per share of \$6.05.

“We have been very pleased with the performance to-date of KBS REIT II,” said Chuck Schreiber, Chief Executive Officer and Co-Founder of KBS. “Recent strategic asset sales at a time when market demand is high have allowed us to make this special distribution to our shareholders.”

KBS REIT II used a “hybrid” real estate investment strategy by acting as both an owner of real property and as a lender. As a result, KBS REIT II acquired a diversified blend of Class A office and industrial properties in major metropolitan markets, as well as real estate-related loans.

The strategy of KBS REIT II was intended to provide increased risk management as well as broad portfolio diversification by property type, geographical region, investment size, and investment risk. KBS REIT II closed its initial public offering on December 31, 2010. As of June 30, 2014, KBS REIT II had sold five equity assets and a leasehold interest in one property totaling 1.8 million square feet and representing a total sales price of \$268.9 million. As of June 30, 2014, six debt investments were also sold or paid off representing \$399.3 million. After June

30, 2014, KBS REIT II sold four equity assets with 2.2 million square feet representing \$1.2 billion. Nineteen equity assets and two debt assets remain in the portfolio.

Including the special distribution of \$4.50 paid on September 23, 2014, “early” investors—who acquired shares of KBS REIT II on June 24, 2008 and received all cash distributions—have received cumulative cash distributions of \$8.50. The sum of these cumulative distributions and the estimated value per share as of September 22, 2014 of \$6.05 amounts to \$14.55<sup>1</sup>. “Late” investors—who acquired shares of KBS REIT II on December 31, 2010 and received all cash distributions—have received cumulative cash distributions of \$6.94, and the sum of these cumulative distributions and the estimated value per share as of September 22, 2014 of \$6.05 amounts to \$12.99.

For investors who participated in the dividend reinvestment plan, the amount of cumulative cash distributions plus the estimated value per share as of September 22, 2014 for early and late investors would increase by \$1.38 to \$15.93 and \$0.54 to \$13.53, respectively.<sup>2</sup>

### **About KBS**

KBS Capital Advisors is KBS REIT II's external advisor and is an affiliate of KBS Realty Advisors, a private equity real estate company and SEC-registered investment adviser founded by Peter Bren and Charles J. Schreiber in 1992. Since its inception, KBS affiliated companies have completed transactional activity in excess of \$30 billion via 14 separate accounts, six commingled funds, five sovereign wealth funds and six non-traded REITs. For information, visit [www.kbs.com](http://www.kbs.com).

<sup>1</sup>For a full description of the limitations, methodologies and assumptions used to value KBS REIT II's assets and liabilities in connection with the calculation of KBS REIT II's estimated value per share, see KBS REIT II's Current Report on Form 8-K, filed with the SEC on September 23, 2014.

*KBS REIT II is providing this estimated value per share to assist broker-dealers that participated in its initial public offering in meeting their FINRA customer account statement reporting obligations. The valuation was performed in accordance with the provisions of and also to comply with 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. KBS REIT II can give no assurance that:*

- *a shareholder would be able to resell his or her shares at this estimated value;*
- *a shareholder would ultimately realize distributions per share equal to KBS REIT II's estimated value per share upon liquidation of KBS REIT II's assets and settlement of its liabilities or a sale of KBS REIT II;*
- *KBS REIT II's shares of common stock would trade at the estimated value per share on a national securities exchange;*
- *an independent third-party appraiser or other third-party valuation firm would agree with KBS REIT II's estimated value per share; or*
- *the methodology used to calculate KBS REIT II's estimated value per share would be acceptable to FINRA or for compliance with ERISA reporting requirements.*

*Further, the estimated value per share as of September 22, 2014 is based on the estimated value of KBS REIT II's assets less the estimated value of KBS REIT II's liabilities divided by the number of shares outstanding, as of June 30, 2014, adjusted for the impact of special distributions declared subsequent to June 30, 2014 and paid on September 23, 2014. The value of KBS REIT II's shares will fluctuate over time in response to developments related to individual assets in KBS REIT II's portfolio and the management of those assets and in response to the real estate and finance markets. The estimated value per share does not reflect a discount for the fact that KBS REIT II is 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 does not take into account estimated disposition costs and fees for real estate*

*properties that are not held for sale, debt prepayment penalties or swap breakage fees that could apply upon the prepayment of certain of KBS REIT II's debt obligations or termination of related swap agreements or the impact of restrictions on the assumption of debt. KBS REIT II currently expects to utilize KBS Capital Advisors and/or an independent valuation firm to update the estimated value per share in December 2014, in accordance with the recommended IPA guidelines, but is not required to update the estimated value per share more frequently than every 18 months.*

<sup>2</sup>*Assuming full participation in dividend reinvestment plan for the life of the investment and no shares were redeemed. Actual returns will vary depending upon a shareholder's individual circumstances.*

#### *Forward-Looking Statements*

*This release may contain forward-looking statements within the meaning of the Federal Private Securities Litigation Reform Act of 1995. KBS REIT II 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 KBS REIT II and members of its management team, as well as the assumptions on which such statements are based. Forward-looking statements speak only as of the date they are made, and KBS REIT II 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. The appraisal methodology for KBS REIT II's appraised real estate properties assumes the properties realize the projected cash flows 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 valuation estimates used in calculating the estimated value per share are CBRE's best estimates as of June 30, 2014, or KBS REIT II's and/or KBS Capital Advisor's best estimates as of September 22, 2014, KBS REIT II can give no assurance in this regard. These statements also depend on factors such as: future economic, competitive and market conditions; KBS REIT II's ability to maintain occupancy levels and lease rates at its real estate properties; the borrowers under KBS REIT II's loan investments continuing to make required payments under the loan documents; the ability of certain borrowers to maintain occupancy levels and lease rates at the properties securing KBS REIT II's real estate-related investments; KBS REIT II having sufficient cash flow from various sources, including the disposition of some of its assets, to make anticipated future distributions; and other risks identified in Part I, Item IA of KBS REIT II's Annual Report on Form 10-K for the year ended December 31, 2013 and in Part II, Item 1A of KBS REIT II's Quarterly Report for the quarter ended June 30, 2014, both filed with the SEC. Actual events may cause the value and returns on KBS REIT II's investments to be less than that used for purposes of KBS REIT II's estimated value per share.*

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