KBS | Real Estate Investment Trust II

January 8, 2018

Dear KBS REIT II Stockholder:

On December 8, 2017, KBS Real Estate Investment Trust II, Inc.'s (the "REIT") board of directors approved an updated estimated value per share of the REIT's common stock of $4.89. 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, 2017.[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 11, 2017 (the "Valuation 8-K"). The REIT engaged CBRE, Inc. ("CBRE"), an independent third-party real estate valuation firm, to provide appraisals for nine of its real estate properties. The REIT's real estate property that was sold subsequent to September 30, 2017, was valued at its sale price less disposition costs and fees.

The change in the estimated value per share from $5.49 to $4.89 is largely attributable to a decrease in the appraised value of three assets that were marketed for sale in 2017. The significant real estate value changes include the following:

- **Union Bank Plaza**, located in downtown Los Angeles, appraised for 17.4% less than its September 30, 2016 appraised value. Union Bank Plaza was under contract in September 2017 to be sold for $280.0 million; however, the potential buyer cancelled the deal citing concerns about Union Bank's remaining lease term. Union Bank occupies approximately 55% of the building with a lease that ends in January 2022. The majority of the other offers the REIT received for the property were below the 2016 appraised value, primarily due to this lease expiring in approximately four years and the following reasons:
  - Developers are concerned about over development of multi-family in downtown LA, so they have been unwilling to attribute any value to the development opportunity at the property.
  - There are multiple large blocks of space available in downtown LA, so net absorption has been lower than expected even though rental rates are still strong; and
  - The pool of buyers for a large office building and a multifamily development site is limited.
- **Corporate Tech Center**, located in San Jose, California, decreased 11.2% from its September 30, 2016 appraised value. The decrease in value was primarily due to the following:
  - The leases for the majority (84%) of the property's rentable square feet expire in 2018, and
  - Construction costs for tenant and capital improvements have risen dramatically due to strong demand throughout the San Francisco Bay area.
- **Granite Tower**, located in Denver, Colorado, appraised for 13.8% less than its September 30, 2016 appraised value. The REIT marketed the asset for sale in 2017 but the majority of the offers were below the 2016 appraised value, primarily due to the fact that its two largest tenants have less than four years remaining on their current leases.

Dispositions

On June 14, 2017, the REIT sold **Gateway Corporate Center**, a two-building, three-story office park in Sacramento, CA, for $47.1 million, net of concessions and credits. The asset had been acquired on January 26, 2011, for $47.4 million plus closing costs and it had a cost basis of $51.8 million at the time of sale. Gateway Corporate Center was primarily acquired for its cash flow and met the REIT's return goals and objectives for the property. The operating cash flow generated from the property during the hold period was $14.9 million.

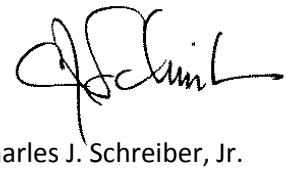
On November 21, 2017, the REIT sold **Horizon Tech Center**, a three-building, two-story office park in San Diego for $39.5 million, net of concessions and credits, which the REIT believes was attractive pricing considering the property was only 18% occupied and would have required substantial re-tenanting costs in the near term. The asset had been acquired on June 17, 2010, for $40.5 million plus closing costs and it had a cost basis of $43.2 million at the time of sale. Horizon Tech Center was also primarily acquired for its operating cash flow, which was $19.7 million over the hold period.

For more information on the estimated value per share, please see the Valuation 8-K. In addition, you can view the December 2017 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 2018, 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; completing renovations or amenity enhancements with the goal of attracting quality buyers, and finalizing the strategic alternatives assessment and the REIT's 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, 2017 or December 8, 2017, 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, 2016 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.