



March 1, 2019

Dear KBS Strategic Opportunity REIT II Stockholder:

On December 6, 2018, the KBS Strategic Opportunity REIT II (the “REIT”) Board of Directors approved an updated estimated value per share of \$9.65. The estimated value per share was 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, 2018.¹ I am pleased to report that the \$9.65 estimated value per share represents a 6.6% increase over the previous valuation of \$9.05 announced in June 2017, and our multi-asset class strategy has continued to create value for stockholders.

Portfolio Update

As of the December 2018 valuation, the REIT's portfolio consisted of two hotel properties, four office properties, one apartment building and one retail development property, and one investment in real estate equity securities. While, overall, we were pleased with the performance of the portfolio, the following properties experienced the most significant changes in value in 2018 and are worth highlighting:

Oakland City Center, Oakland, California

The appraised value increased \$29.8 million (or 19.4%) since the acquisition on August 18, 2017 due to the following:

- Strong leasing activity since acquisition – 52,265 SF of office leasing and 5,880 SF of retail leasing.
- Office and retail rental rates have increased beyond what was anticipated at acquisition – the weighted average rental rate for the office leasing described above was approximately 9.8% higher than our underwriting, and for the retail leasing it was approximately 12.0% higher than our underwriting.
- The overall market has seen strong rental rate growth and fundamentals continue, and there has been significant transaction activity in just the past 6 to 9 months at much higher values per square foot than our basis.

Springmaid Beach Resort, Myrtle Beach, S.C.

The appraised value increased \$14.9 million (or 17.4%) from the June 2017 value due to the following:

- Completion of all building and room repairs related to damages from Hurricane Matthew, which occurred in October 2016. The only remaining repairs to be completed relate to the pier.
- Improvements in operating performance as a result of the re-branding to a DoubleTree, including increases to the average daily rate and occupancy.

Final Remarks

Looking forward to the rest of 2019, the REIT's goal is to continue creating value for stockholders by (1) executing business plans and the capital projects therein to stabilize assets while simultaneously achieving the highest rental rates possible and (2) continuing to evaluate portfolio strategies and the potential for opportunistic asset sales and reinvestment of proceeds in new acquisitions.

As always, thank you for your continued confidence and support. I look forward to providing you with future updates on the portfolio and progress on our objectives.

Sincerely,

Keith Hall
Chief Executive Officer

IMPORTANT DISCLOSURES

¹ For more information on the estimated value per share, including 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 REIT's Form 8-K filed with the Securities and Exchange Commission on December 11, 2018.

This material 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 Duff & Phelps, and the valuation estimates used in calculating the estimated value per share, with respect to the REIT and its Advisor, are the respective party's best estimates as of September 30, 2018 or December 6, 2018, 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, 2017, and Part II, Item 1A of the REIT's Quarterly Report on Form 10-Q for the period ended September 30, 2018, each 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.