

Nontraded REIT Industry Review: Third Quarter 2014



KBS Real Estate Investment Trust II, Inc.

Total Assets.....	\$1,703.8 Million
Real Estate Assets	\$1,522.2 Million
Cash	\$88.3 Million
Securities	\$0.0 Million
Other	\$93.3 Million



Cash to Total Assets Ratio: 5.2%
 Asset Type: Diversified
 Number of Properties: 19 Properties; 2 Loans
 Square Feet / Units / Rooms / Acres: 6.3 Million Sq. Ft.*
 Percent Leased: 89%
 Weighted Average Lease Term Remaining: 8.6 Years
 LifeStage: Maturing
 Investment Style: Core
 Weighted Average Shares Outstanding: 190,843,044

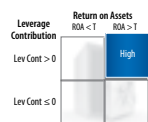
Initial Offering Date: April 22, 2008
 Offering Close Date: December 31, 2010
 Current Price per Share: \$6.05
 Reinvestment Price per Share: Terminated
 Cumulative Capital Raised during
 Offering (including DRP): \$1,887.1 Million

Historical Price



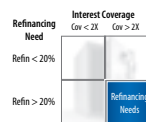
Performance Profiles

Operating Performance



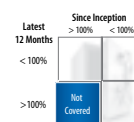
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is contributing to increased returns for shareholders.

Financing Outlook



Interest coverage ratio is above the 2.0X benchmark but more than 20% of the REIT's debt matures within two years or is at unhedged variable rates. The REIT may face difficulties in refinancing its borrowings or interest rate risk from increasing rates, but earnings currently provide coverage of interest expense.

Cumulative MFFO Payout



The REIT has not achieved a level of MFFO in excess of cash distributions since inception and the latest 12-month results indicate cash distributions exceed MFFO, a trend which must be eventually reversed for distribution sustainability.

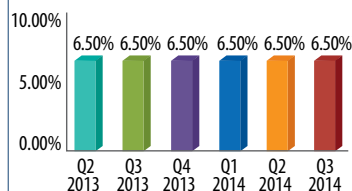
Summary

The REIT's return on assets for the last four quarters was 7.21%, well above the yield on 10-year Treasuries of 2.64%, providing additional return to shareholders. It also had a positive leverage contribution with its average cost of debt of 3.20% and 51% debt ratio. About 21% of the REIT's debt matures within two years and 14% is at unhedged variable rates, indicating some refinancing need and interest rate risk. Its interest coverage ratio for the last four quarters at 10.2X was well above the 2.0X benchmark. Since inception the REIT has paid out 198% of MFFO in cash distributions excluding DRP, and this rate was 772% for the last four quarters, due to the special distribution in 3Q 2014.

Contact Information

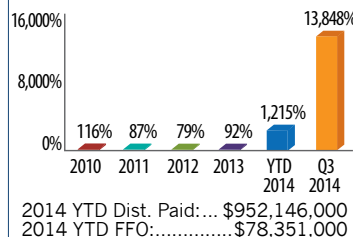
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Historical Distribution



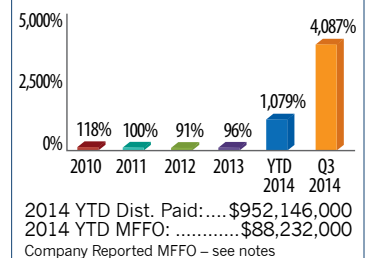
*Based on September 2014 rate and \$6.05 share value.

Historical FFO Payout Ratio



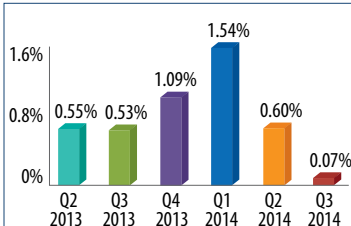
2014 YTD Dist. Paid: ... \$952,146,000
 2014 YTD FFO: \$78,351,000

Historical MFFO Payout Ratio

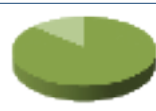


2014 YTD Dist. Paid: ... \$952,146,000
 2014 YTD MFFO: \$88,232,000
 Company Reported MFFO – see notes

Redemptions

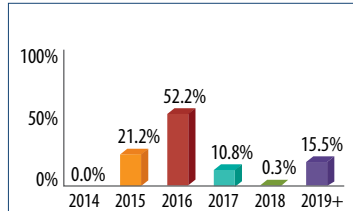


Debt Breakdown

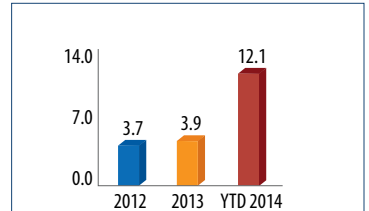


Debt to Total Assets Ratio: 51.2%
 Total: \$872.3 Million
 Fixed: \$753.5 Million
 Variable: \$118.8 Million
 Avg. Wtd. Rate: 3.20%
 Loan Term: 1 – 6 yrs

Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- During 3Q 2014 the Company did not acquire any properties. The Company sold four properties for an estimated aggregate purchase price of \$1,158.5 million.
- On Nov. 3 the REIT agreed to sell a portfolio of four industrial properties located in Pennsylvania for an aggregate sales price \$105.7 million. The portfolio comprises 1,644,480 rentable square feet.
- Distributions declared per common share were \$4.644 and \$4.966 for the three and nine months ended September 30, 2014, respectively.
- The REIT's Cash to Total Assets ratio increased to 5.2% as of 3Q 2014 compared to 1.7% as of 3Q 2013.
- The REIT's Debt to Total Assets ratio decreased to 51.2% as of 3Q 2014 compared to 52.3% as of 3Q 2013.

- The Company had hedged \$613.5 million of its variable rate debt as of September 30, 2014.
- The Company uses modified funds from operations ("MFFO") as defined by the Investment Program Association ("IPA").
- For the three months ended September 30, 2014, the Company paid aggregate distributions of \$889.8 million, including \$889.8 million paid in cash with none reinvested through the DRP. Less than 1% of distributions for the period were funded by operating cash flows.
- For the nine months ended September 30, 2014, the Company paid aggregate distributions of \$952.2 million, including \$925.3 million of distributions paid in cash and \$26.9 million of distributions reinvested through the dividend reinvestment plan (which terminated effective May 29, 2014). FFO and cash flow from operations for the nine months ended September 30, 2014 were \$78.4 million and \$60.0 million, respectively.