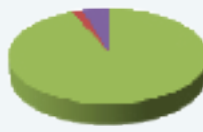


Nontraded REIT Industry Review: Third Quarter 2014



KBS Strategic Opportunity REIT, Inc.

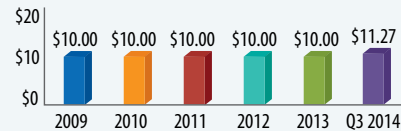
| | |
|--------------------------|-------------------|
| Total Assets..... | \$1,020.3 Million |
| Real Estate Assets | \$953.7 Million |
| Cash | \$19.2 Million |
| Securities | \$0.0 Million |
| Other | \$47.4 Million |



Cash to Total Assets Ratio: 1.9%
 Asset Type: Diversified
 Number of Properties:..... 12 Office; 1 Office Campus; 2 Office Portfolios;
 1 Retail; 2 Apartments, 2 Land; 1 Note; 2 U/C JVs
 Square Feet / Units / Rooms / Acres: 4.6 Million Sq. Ft. & 383 Units
 Percent Leased: 79%
 Weighted Average Lease Term Remaining:..... 3.8 Years
 LifeStage:..... Maturing
 Investment Style: Opportunistic
 Weighted Average Shares Outstanding: 59,735,474

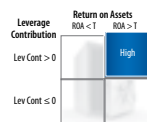
Initial Offering Date: November 20, 2009
 Offering Close Date: November 14, 2012
 Current Price per Share: \$11.27
 Reinvestment Price per Share: \$10.71
 Cumulative Capital Raised during
 Offering (including DRP)..... \$574.4 Million

Historical Price



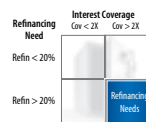
Performance Profiles

Operating Performance



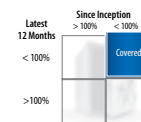
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is contributing to increased returns for shareholders.

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



Cumulative MFFO since inception exceeds the cumulative cash distributions to common shareholders, indicating the REIT has fully funded cash distributions from its real estate operations. At the current distribution rate and level of modified funds from operations, trends suggest the distributions can be maintained.

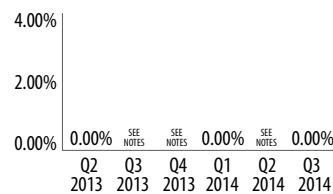
Summary

The REIT's return on assets for the last four quarters was 5.32%, well above the yield on 10-Year Treasuries of 2.64%, providing additional returns to shareholders. It also had a small positive leverage contribution with its average cost of debt of 2.77% and 51% debt ratio. Less than 1% of the REIT's debt matures within two years but 94% is at unhedged variable rates, indicating little immediate refinancing need but significant interest rate risk. Its interest coverage ratio for the last four quarters at 4.0X was well above the 2.0X benchmark, providing some assurance that debt financing is obtainable. Since inception the REIT has paid out only 47% of MFFO in cash distributions, and this rate was 57% for the last four quarters, a very sustainable payout ratio.

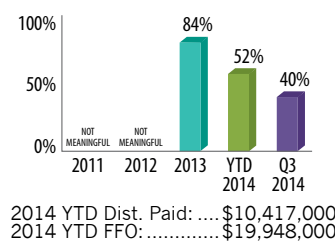
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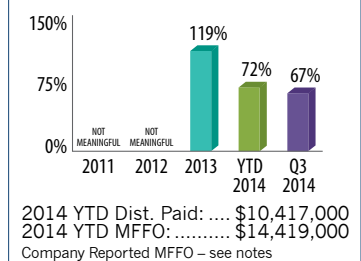
Historical Distribution



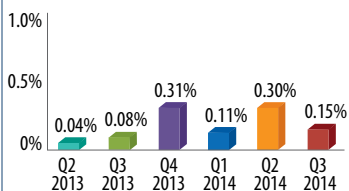
Historical FFO Payout Ratio



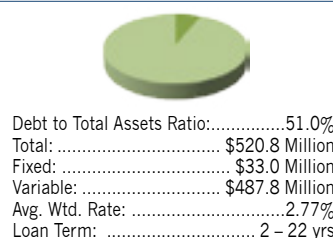
Historical MFFO Payout Ratio



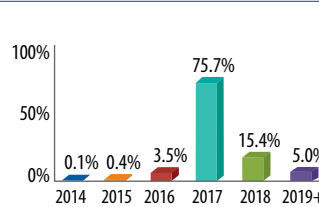
Redemptions



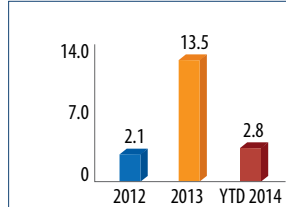
Debt Breakdown



Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- Distributions declared per share were \$0.069 and \$0.174 during the three and nine months ended September 30, 2014, respectively, and \$0.062 during the nine months ended September 30, 2013. No distributions were declared during the three months ended September 30, 2013. The REIT does not make regular quarterly distributions so distribution yields are not meaningful.
- On November 12, 2014, the Company's board of directors authorized a distribution in the amount of \$0.088219 per share of common stock to stockholders of record as of the close of business on December 15, 2014. The Company expects to pay this distribution on December 29, 2014.
- On March 25, 2014, the board of directors approved an estimated value per share of common stock of \$11.27 based on the estimated value of assets less the estimated value of liabilities, or net asset value, divided by the number of shares outstanding as of December 31, 2013. All assets and liabilities were valued as of December 31, 2013 with the exception of an adjustment for acquisition

fees and closing costs incurred in connection with the acquisitions of three real estate assets subsequent to December 31, 2013, which were included as a reduction to the net asset value.

- The Company entered into a joint venture agreement to acquire 20 acres of undeveloped land in Richardson, Texas for \$7.5 million in 3Q 2014.
- The REIT's Cash to Total Assets ratio decreased to 1.9% as of 3Q 2014 compared to 9.2% as of 3Q 2013.
- The REIT's Debt to Total Assets ratio increased to 51.0% as of 3Q 2014 compared to 28.1% as of 3Q 2013.
- Because the Company does not pay regular cash distributions, the FFO and MFFO payout ratios are not applicable. The Company uses modified funds from operations ("MFFO") as defined by the Investment Program Association ("IPA").