

Nontraded REIT Industry Review: Second Quarter 2015

KBS Real Estate Investment Trust II, Inc.

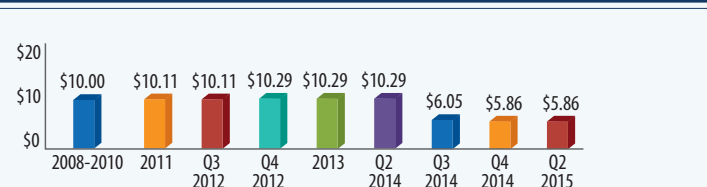
Total Assets.....	\$1,554.2 Million
Real Estate Assets	\$1,276.1 Million
Cash	\$191.4 Million
Securities	\$0.0 Million
Other	\$86.7 Million



Cash to Total Assets Ratio: 12.3%
 Asset Type: Diversified
 Number of Properties: 12 Properties; 2 Loans
 Square Feet / Units / Rooms / Acres: 5.2 Million Sq. Ft.*
 Percent Leased: 89%
 Weighted Average Lease Term Remaining: 4.4 Years
 LifeStage: Maturing
 Investment Style: Core
 Weighted Average Shares Outstanding: 190,364,308

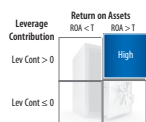
Initial Offering Date: April 22, 2008
 Offering Close Date: December 31, 2010
 Current Price per Share: \$5.86
 Reinvestment Price per Share: Terminated
 Cumulative Capital Raised during Offering (including DRP): \$1,887.1 Million

Historical Price



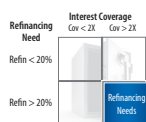
Performance Profiles

Operating Performance



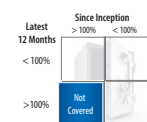
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is contributing to increased returns for shareholders.

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.

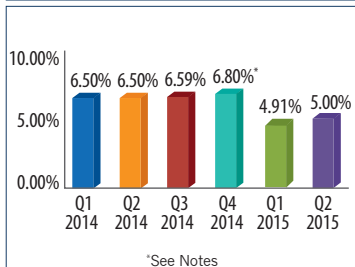
Summary

The REIT's return on assets for the last four quarters was 6.40%, well above the yield on 10-Year Treasuries, providing additional return to shareholders. It also had a positive leverage contribution with its average cost of debt of 3.18% and 45.1% debt ratio. About 69% of the REIT's debt matures within two years and 6% is at unhedged variable rates, indicating significant refinancing need. Its interest coverage ratio for the last four quarters at 16.5X was well above the 2.0X benchmark. Since inception the REIT has paid out 190% of MFFO in cash distributions excluding DRP, and this rate was over 1000% for the last four quarters, due to the special distribution in 3Q 2014.

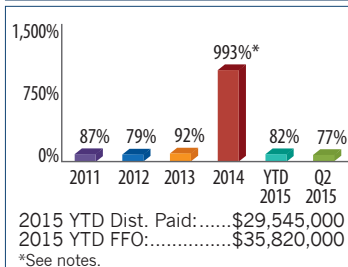
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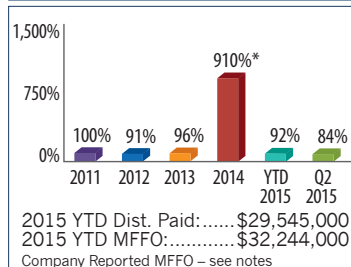
Historical Distribution



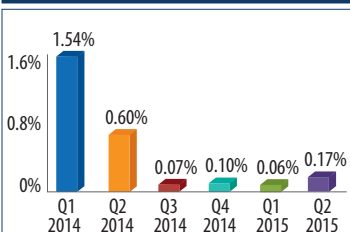
Historical FFO Payout Ratio



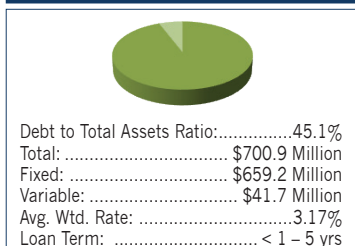
Historical MFFO Payout Ratio



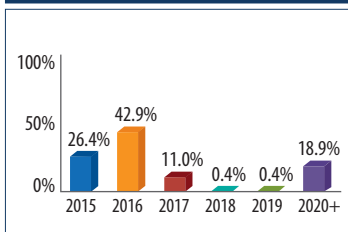
Redemptions



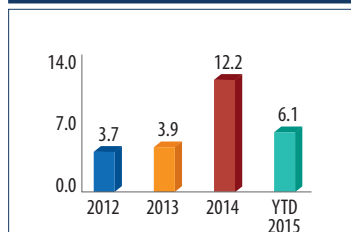
Debt Breakdown



Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- The REIT recognized a gain on sale of real estate of \$27.4 million related to the disposition of one office property during the six months ended June 30, 2015.
- The Company recorded an impairment charge of \$4.486 million related to real estate property that was reclassified from held for sale to held for investment during the six months ended June 30, 2015.
- Distributions declared per common share were \$0.073 and \$0.145 for the three and six months ended June 30, 2015, respectively. Distributions declared per common share assumes each share was issued and outstanding each day that was a record date for distributions during the six months ended June 30, 2015.
- As of June 30, 2015, the Company's portfolio of real estate held for investment was composed of ten office properties, one office/flex property and an office campus consisting of eight office buildings, encompassing in the aggregate approximately 5.2 million rentable square feet. As of June 30, 2015, the Company's real estate portfolio was 89% occupied.
- A special distribution of \$4.5 per share was paid on September 23, 2014, from disposition proceeds.
- On December 4, 2014, the board of directors approved an estimated value per share of common stock of \$5.86 based on the estimated value of assets less the estimated value of liabilities, divided by the number of shares outstanding. The estimated value per share has not changed as of June 30, 2015.
- The REIT's Cash to Total Assets ratio increased to 12.3% as of 2Q 2015 compared to 6.0% as of 2Q 2014.
- The REIT's Debt to Total Assets ratio decreased to 45.1% as of 2Q 2015 compared to 48.9% as of 2Q 2014.
- The Company had hedged \$519.2 million of its variable rate debt as of June 30, 2015.
- The Company uses modified funds from operations ("MFFO") as defined by the Investment Program Association ("IPA").
- For the six months ended June 30, 2015, the Company paid aggregate distributions of \$29.5 million, all of which were paid in cash. FFO and cash flow from operations for the six months ended June 30, 2015 were \$35.8 million and \$20.7 million, respectively. It funded the total distributions paid with \$19.9 million of current period cash flow from operations and \$9.6 million of cash on hand. For purposes of determining the source of our distributions paid, it assumed first that it used cash flow from operations from the relevant periods to fund distribution payments.