

Nontraded REIT Industry Review: Second Quarter 2014



KBS Strategic Opportunity REIT, Inc.

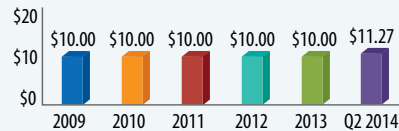
Total Assets.....	\$1,013.1 Million
Real Estate Assets	\$947.0 Million
Cash	\$21.0 Million
Securities	\$0.0 Million
Other	\$45.1 Million



Cash to Total Assets Ratio: 2.1%
 Asset Type: Diversified
 Number of Properties:..... 13 Office; 1 Office Campus; 2 Office Portfolios;
 1 Retail; 2 Apartments, Land; 1 CMBS; 1 Note; 2 U/C JVs
 Square Feet / Units / Rooms / Acres:4.6 Million Sq. Ft. & 383 Units
 Percent Leased: Not Available
 Weighted Average Lease Term Remaining:..... 3.8 Years
 LifeStage:..... Maturing
 Investment Style: Opportunistic
 Weighted Average Shares Outstanding: 59,642,831

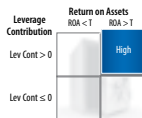
Initial Offering Date: November 20, 2009
 Offering Close Date: November 14, 2012
 Current Price per Share: \$11.27
 Reinvestment Price per Share: \$10.71
 Cumulative Capital Raised during Offering (including DRP)..... \$574.4 Million

Historical Price



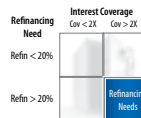
Performance Profiles

Operating Performance



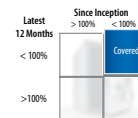
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is contributing to increased returns for shareholders.

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.

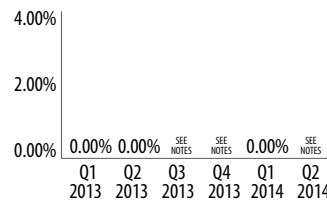
Summary

The REIT's return on assets for the last four quarters was 5.00%, well above the yield on 10-Year Treasuries of 2.50%, providing a risk-adjusted return to shareholders. It also had a small positive leverage contribution with its average cost of debt of 2.82% and 50% debt ratio. Less than 1% of the REIT's debt matures within two years but 89% 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 5.6X was well above the 2.0X benchmark, providing some assurance that debt financing is obtainable. Since inception the REIT has paid out only 51% of MFFO in cash distributions, and this rate was a low 32% for the last four quarters, a very sustainable payout ratio.

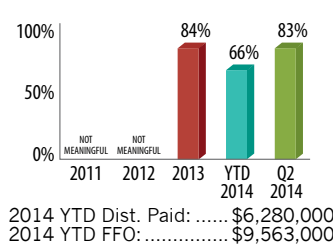
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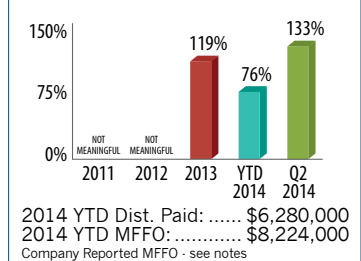
Historical Distribution



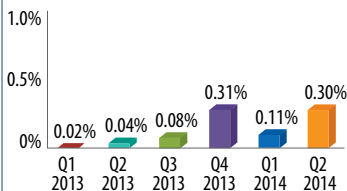
Historical FFO Payout Ratio



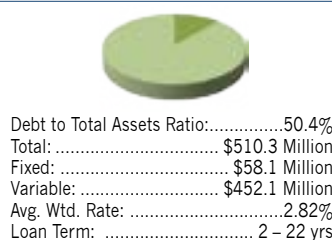
Historical MFFO Payout Ratio



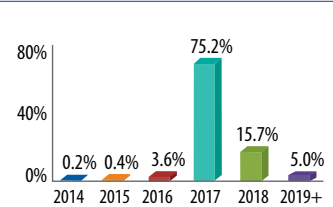
Redemptions



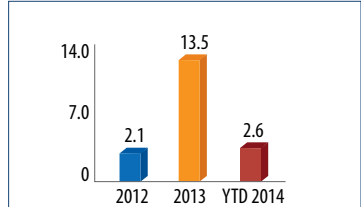
Debt Breakdown



Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- On May 8, 2014, the board of directors authorized a distribution in the amount of \$0.056096 per share of common stock to stockholders of record as of the close of business on June 16, 2014. The Company paid this distribution on June 23, 2014 and this was the only distribution declared during the second quarter of 2014. Because this was a one-time distribution, BVP does not report an annualized yield.
- The Company did not make any acquisitions during 2Q 2014.
- The REIT's Cash to Total Assets ratio decreased to 2.1% as of 2Q 2014 compared to 13.5% as of 2Q 2013.
- The REIT's Debt to Total Assets ratio increased to 50.4% as of 2Q 2014 compared to 25.7% as of 2Q 2013.
- The Company uses modified funds from operations ("MFFO") as defined by the Investment Program Association ("IPA").
- Cash flows from operations were \$1.44 million in 2Q 2014. Distributions declared and paid June 23, 2014 totaled \$6.28 million.