

Nontraded REIT Industry Review: Second Quarter 2015

KBS Strategic Opportunity REIT, Inc.

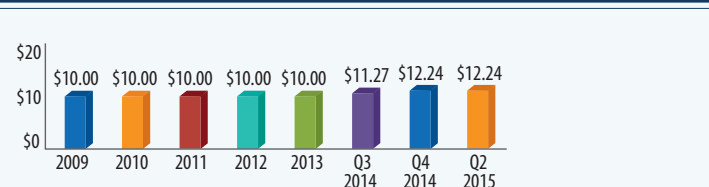
Total Assets.....	\$1,024.9 Million
Real Estate Assets	\$941.7 Million
Cash	\$30.1 Million
Securities	\$0.0 Million
Other	\$53.1 Million



Cash to Total Assets Ratio: 2.9%
 Asset Type: Diversified
 Number of Properties:..... 11 Office; 1 Office Campus; 2 Office Portfolios;
 1 Retail; 2 Apartments; 2 Land; 1 Note; 2 U/C JVs
 Square Feet / Units / Rooms / Acres: 4.5 Million Sq. Ft. & 383 Units
 Percent Leased: 82%
 Weighted Average Lease Term Remaining:..... 3.7 Years
 LifeStage:..... Maturing
 Investment Style: Opportunistic
 Weighted Average Shares Outstanding: 60,193,459

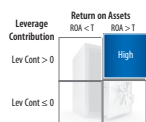
Initial Offering Date: November 20, 2009
 Offering Close Date: November 14, 2012
 Current Price per Share: \$12.24
 Reinvestment Price per Share: \$12.24
 Cumulative Capital Raised during Offering (including DRP)..... \$574.4 Million

Historical Price



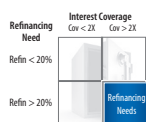
Performance Profiles

Operating Performance



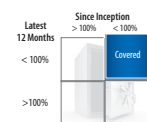
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is contributing to increased returns for shareholders.

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.

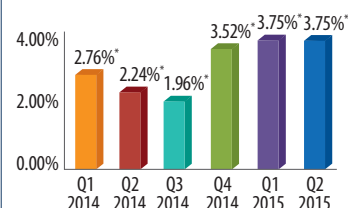
Summary

The REIT's return on assets for the last four quarters was 5.45%, well above the yield on 10-Year Treasuries, providing additional returns to shareholders. It also had a positive leverage contribution with its average cost of debt of 2.43% and 52.7% debt ratio. Less than 3% 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 3.5X was above the 2.0X benchmark, providing some assurance that debt refinancing is obtainable. Since inception the REIT has paid out only 39% of MFFO in cash distributions, and this rate was 25% for the last four quarters, a very sustainable payout ratio.

Contact Information

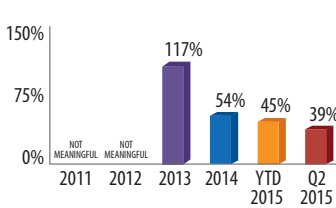
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Historical Distribution



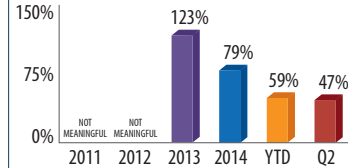
*See Notes

Historical FFO Payout Ratio



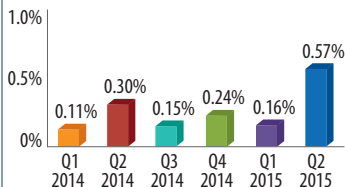
2015 YTD Dist. Paid:.....\$11,167,000
 2015 YTD FFO:.....\$24,601,000

Historical MFFO Payout Ratio



2015 YTD Dist. Paid:.....\$11,167,000
 2015 YTD MFFO:.....\$19,044,000
 Company Reported MFFO – see notes

Redemptions

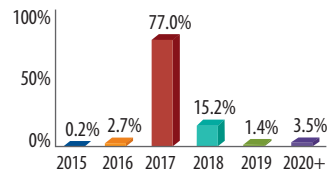


Debt Breakdown

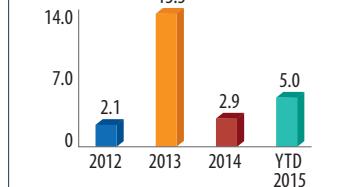


Debt to Total Assets Ratio:.....52.7%
 Total:\$540.0 Million
 Fixed:\$32.5 Million
 Variable:\$507.4 Million
 Avg. Wtd. Rate:2.43%
 Loan Term:1 – 21 yrs

Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- Distributions declared per share were \$0.093 and \$0.186 during the three and six months ended June 30, 2015, respectively. The REIT in the past did not make regular quarterly distributions, so annualized distribution yields have not been consistent. However, given four quarters of distributions, the annualized rates are now reported and these are based upon the original \$10.00 share price.
- As of June 30, 2015, the Company owned 11 office properties, one office campus consisting of nine office buildings, one office portfolio consisting of four office buildings and 63 acres of undeveloped land, one office portfolio consisting of three office properties and one retail property encompassing, in the aggregate, approximately 4.5 million rentable square feet. As of June 30, 2015, these properties were 82% occupied. As of June 30, 2015, the Company owned one real estate loan receivable that it had originated with an annualized effective interest rate of 14.2% and an outstanding principal balance of \$27.85 million.
- The estimated value per share of common stock of \$12.24 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 September 30, 2014. The REIT expects to update its estimated value per share in December, 2015.
- On August 6, 2015, the board of directors authorized a distribution in the amount of \$0.09452055 per share of common stock to stockholders of record as of the close of business on September 21, 2015. It expects to pay this distribution on September 28, 2015.
- The REIT's Cash to Total Assets ratio increased to 2.9% as of 2Q 2015 compared to 2.1% as of 2Q 2014.
- The REIT's Debt to Total Assets ratio increased to 52.7% as of 2Q 2015 compared to 50.4% as of 2Q 2014.
- The Company uses modified funds from operations ("MFFO") as defined by the Investment Program Association ("IPA").
- The Company's cumulative distributions paid and net loss attributable to common stockholders from inception through June 30, 2015 were \$71.8 million and \$27.3 million, respectively. It has funded its cumulative distributions, which includes net cash distributions and distributions reinvested by stockholders, with proceeds from debt financing of \$18.7 million, proceeds from the dispositions of property of \$13.7 million and cash provided by operations of \$39.4 million.