

January 8, 2018

Dear KBS Strategic Opportunity REIT Stockholder:

Last year was an especially active year for KBS Strategic Opportunity REIT (“the REIT”) as we sought to create value and provide liquidity options for stockholders, while laying the groundwork for the continued long-term growth potential of the portfolio. The positive results of these actions are reflected in the new estimated value per share and the approval of a special dividend to be paid later this month.

The December 2017 estimated value of the portfolio was \$15.11 per share based on the estimated value of the REIT's assets less the estimated value of the REIT's liabilities, or net asset value, divided by the number of shares outstanding as of September 30, 2017, adjusted for the October 2017 self-tender.¹ The \$15.11 value per share is reflected on your December 2017 account statement.

On December 7, 2017, the REIT's Board of Directors approved a revised estimated value per share of \$11.50 after adjusting for the declaration of a December 2017 special dividend of \$3.61 per share. As you may be aware, the special dividend is primarily related to the REIT's sale on November 8, 2017, of 11 of its properties. As a result of the taxable income generated from this sale, the REIT must issue a special dividend. The special dividend is payable to stockholders of record as of December 7, 2017, and will be paid in mid-January 2018 in a combination of cash and shares of common stock. Therefore, the next account statement you receive after January 2018 will reflect the new estimated value of \$11.50 per share and an increase in the number of shares you own.

The new estimated value per share plus the total distributions to date of \$2.43 and the \$3.61 special dividend represent an increase of more than 75% over the maximum public offering price of \$10.00 per share. I am pleased to note that the 2017 increase in the estimated value of the portfolio was largely driven by an increase in the total appraised value of the REIT's real estate properties remaining in the portfolio after the November sale compared to the appraised value from a year earlier, as well as by acquisitions made in 2017.

Portfolio Update

As of the December 2017 valuation, the REIT's portfolio consisted of 26 equity assets, with a combined estimated value of more than \$1.8 billion.² Of the assets in the portfolio for both the 2016 and 2017 appraisals, 110 William Street had the greatest increase in appraised value.

- **110 William Street**, in the Manhattan area of New York City, had its appraised value increase by \$45.6 million, or 10.5%, from the prior year appraised value. Recent comparable sales reflected a continued increase in investor demand for Manhattan office properties. The rental rates on recent leases at 110 William Street and at competing properties have resulted in an increase in the assumed market rental rates, which increased the projected cash flows for the asset.

In addition to the growth in value of existing assets in the portfolio, the REIT acquired two new assets encompassing four buildings in total in 2017.

- **125 E. John Carpenter** and **5100 N. O'Connor** in Irving, Texas, was acquired for \$83.4 million on September 15, 2017. The asset consists of an 18-story and a six-story office tower located in a “live-work-play” environment in the desirable Las Colinas submarket. The property is bordered by two new development projects that will feature an outdoor music venue, a movie theater, retail shops, restaurants and apartment

units. The asset was 84% leased at acquisition with in-place rents 14.3% below market rates for the submarket.

- **Crown Pointe** in Dunwoody, Georgia, was acquired for \$83.4 million on February 14, 2017. The asset consists of a 10-story and a 17-story office tower located in Atlanta's Central Perimeter submarket, home to numerous corporate headquarters, affluent communities and a large amenity base. The asset was 72% leased at acquisition with in-place rents up to 22% below market rates.

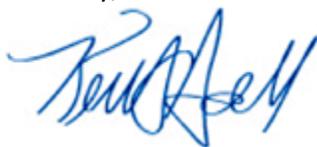
2017 Self-Tender Offer

In order to make liquidity available in excess of what's permitted under the REIT's share redemption program, the REIT commenced a self-tender offer of \$14.07 per share for up to 3,553,660 shares, or approximately \$50 million, on September 14, 2017. Due to demand, additional funds were made available and the final self-tender amount was approximately \$66 million excluding fees and expenses related to the tender offer.

In 2018, the REIT is focused on maximizing the return for stockholders and providing potential enhanced liquidity by converting to a perpetual life NAV REIT. This conversion requires stockholder approval of a proposed charter amendment at the annual stockholder meeting scheduled for March 14, 2018, so please review the proxy materials you should have recently received for more information.

As always, thank you for your continued support. I look forward to providing you with future updates on the portfolio and these initiatives as they progress.

Sincerely,



Keith Hall
Chief Executive Officer

¹ For a full description of the limitations, methodologies and assumptions used to value the REIT's assets and liabilities, and used in the calculation of the estimated value per share, see the REIT's December 13, 2017 8-K filing.

² Value as of September 30, 2017, and is the net total of real estate, investments in unconsolidated JVs and minority interest.

This material includes forward-looking statements based on the current intent, belief, assumptions, estimates and expectations of the REIT and members of its management team, and generally are identified by the use of words such as "may," "will," "seeks," "anticipates," "believes," "estimates," "expects," "plans," "intends," "should" or similar expressions. These statements depend on factors such as: the REIT's ability to pay future distributions; the REIT's ability to maintain occupancy levels and lease rates at its properties; the REIT's ability to successfully negotiate modifications, extensions or refinancings of its debt obligations; the REIT's ability to continue to raise capital to make additional investments; the future operating performance of the REIT's investments and future investments in the existing real estate and financial environment; the REIT's advisor's ability to identify investments that are suitable to execute the REIT's investment objectives; changes in interest rates on any variable rate debt obligations the REIT incurs; the level of participation in the REIT's dividend reinvestment plan; the REIT's ability to successfully convert into a perpetual-life NAV REIT, including the registration of its related offering of common stock; and other risks identified in the REIT's Securities and Exchange Commission reports, particularly the section entitled "Risk Factors" in Item 1A of the Company's Annual Report on Form 10-K. Any of these forward-looking statements could be inaccurate, and actual events or investments and results of operations could differ materially from those expressed or implied. Such forward-looking statements pertain only as of the date of this material. The REIT expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the REIT's or management's expectations with regard thereto or change in events, conditions, or circumstances on which any statement is based.