KBS Strategic Opportunity REIT

March 1, 2019

Dear KBS Strategic Opportunity REIT Stockholder:

Last year was another active and successful 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 updated estimated value per share and the approval of a special dividend paid in December of 2018.

On November 12, 2018, KBS Strategic Opportunity REIT's (the "REIT") board of directors approved an updated estimated value per share of the REITs common stock of $9.91which is 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, 2018 less a special dividend of $2.95 per share to stockholders of record as of the close of business on November 12, 2018[1]. Excluding the special dividend of $2.95 per share, the estimated value per share would be $12.86, an increase of $1.36 or 11.8% versus the December 2017 estimated value per share of $11.50. The special dividend was paid in a combination of cash and common stock, and was declared because the REIT is required to distribute at least 90% of its taxable income and the REIT generated significant capital gains in 2018 from property sales and a transfer of a significant amount of Park Highlands land into a taxable REIT subsidiary (a taxable event) in anticipation of future land sales to third parties. The excellent performance of this portfolio has enabled KBS to return value to stockholders in the form of regular dividends, special dividends, and share value increases (after adjusting for special dividends). We continue to see opportunities in creating value for our shareholders with our current strategy.

The updated estimated value per share of $9.91 plus the total distributions from inception through December 2018 of $9.39, which includes the special dividends of $3.61 authorized in December 2017 and $2.95 authorized in November 2018, represent an increase of 93% over the maximum public offering price of $10.00 per share. I am pleased to note that the 2018 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, including those acquired recently in 2017 and 2018.

Portfolio Update

As of the November 2018 valuation, the REIT's portfolio consisted of 16 equity assets and investments in real estate debt and equity securities, with a combined estimated value of more than $1.4 billion. The following properties experienced the most significant changes in value in 2018:

Park Highlands Land, Las Vegas, Nevada

The appraised value plus the net sale price for two land sales during the 12 months ending September 30, 2018 resulted in an increase of $45.7 million from the prior year appraised value due to the following:

- The market has experienced continued improvement throughout 2018 with current base sales prices of a new home up nearly 18% from last year, earning Las Vegas the highest rising home prices in the country and attributing to the steady increase in land values. In addition to the market improvements, the REIT benefitted from an increasing scarcity of land in the submarket as approximately 90% of the land in two competing communities is now sold or under contract to homebuilders.

Westpark Portfolio, Redmond, Washington

The September 30, 2018 valuation* increased $22.5 million from the prior year appraised value due to the following:

- The market experienced strong rental rate increases and net absorption, and investor demand remained robust in the Seattle market.
- A new lease for 98,514 sq. ft., or approximately 12.6% of the rentable sq. ft., was signed for more than 7 years of term.

**Equals contractual sale price less seller concessions. The sale closed at this pricing on November 30, 2018.*

125 John Carpenter, Dallas, Texas

The appraised value increased $13.2 million from the prior year appraised value due to the following:

- Property has leased up faster and at higher rental rates than previously projected.
- The greater Urban Center area of Los Colinas has now realized the completion of several supporting and value accretive developments such as retail and entertainment, which improvements were previously somewhat speculative with regards to timing.

110 William Street, New York, N.Y.

The value of our investment in this unconsolidated joint venture increased as the appraised value of the underlying property increased $38.5 million from the prior year appraised value due to the following:

- Recent comparable sales reflected a continued increase in investor demand for office properties in Manhattan's financial district.
- Rental rates on recent leases at 110 William and at competing properties have resulted in an increase in assumed market rental rates.

353 Sacramento, San Francisco, California

The value of our investment in this unconsolidated joint venture increased as the appraised value of the underlying property increased $21.5 million from the prior year appraised value due to the following:

- We signed 121,658 SF of new leases in the latest year at rates higher than assumed in the prior year appraisal.
- Rental rates continue to rise in San Francisco, so the market rental rate for vacant space has improved by approximately $3/sf in the current appraised value vs. the prior year.

In addition to the growth in value of the aforementioned properties and other properties in the portfolio, the REIT's estimated value per share increased from the sale of The Central Building on July 17, 2018. We believed it was an opportune time to sell this property, located in a strong Seattle market, and realized a profit of $27.5 million and equity proceeds which were 3.2 times our original equity invested.

__Final Remarks__

Looking forward to 2019, the REIT's goals and objectives include the following: 1) to seek potential for enhanced liquidity 2) additional lease-up of the portfolio 3) additional acquisitions 4) strategic dispositions and 5) conversion to an NAV REIT.

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

Sincerely,

Keith Hall
Chief Executive Officer

IMPORTANT DISCLOSURES

[1] *For more information on the estimated value per share, including 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 Form 8-K filed with the Securities and Exchange Commission on November 15, 2018.*

[2] *Value as of September 30, 2018, and is the net total of real estate, debt and equity securities, investments in unconsolidated JVs, and minority interest.*

This material includes forward-looking statements within the meaning of the Federal Private Securities Litigation Reform Act of 1995. The REIT intends that such forward-looking statements be subject to the safe harbors created by Section 21E of the Securities Exchange Act of 1934, as amended. These statements include statements regarding the intent, belief or current expectations of the REIT and members of its management team, as well as the assumptions on which such statements are based, and generally are identified by the use of words such as "may," "will," "seeks," "anticipates," "believes," "estimates," "expects," "plans," "intends," "should" or similar expressions. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. The REIT undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, unless required by law. Such statements are subject to known and unknown risks and uncertainties which could cause actual results to differ materially from those contemplated by such forward-looking statements. The REIT makes no representation or warranty (express or implied) about the accuracy of any such forward-looking statements. These statements are based on a number of assumptions involving the judgment of management. The appraisal methodology for the REIT's real estate properties assumes the properties realize the projected net operating income and expected exit cap rates and that investors would be willing to invest in such properties at yields equal to the expected discount rates. Though the appraisals of the real estate properties, with respect to Duff & Phelps and Colliers International Valuation & Advisory Services, and the valuation estimates used in calculating the estimated value per share, with respect to the REIT and its Advisor, are the respective party's best estimates as of November 12, 2018, as applicable, the REIT can give no assurance in this regard. Even small changes to these assumptions could result in significant differences in the appraised values of the REIT's real estate properties and the estimated value per share. The forward-looking statements also depend on factors such as: future economic, competitive and market conditions; the REIT's ability to maintain occupancy levels and rental rates at its real estate properties; the borrower under the REIT's loan investment continuing to make required payments under the loan documents; and other risks identified in Part I, Item 1A of the REIT's Annual Report on Form 10-K for the year ended December 31, 2017 as filed with the SEC. Actual events may cause the value and returns on the REIT's investments to be less than that used for purposes of the REIT's estimated value per share.