

# Nontraded REIT Industry Review: First Quarter 2015

## TIER REIT, Inc.

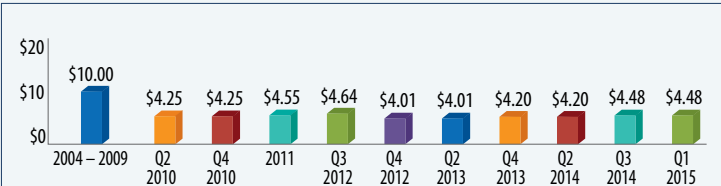
|                          |                   |
|--------------------------|-------------------|
| Total Assets.....        | \$2,116.2 Million |
| Real Estate Assets ..... | \$1,872.0 Million |
| Cash .....               | \$5.8 Million     |
| Securities .....         | \$0.0 Million     |
| Other .....              | \$238.4 Million   |



|                                              |                      |
|----------------------------------------------|----------------------|
| Cash to Total Assets Ratio: .....            | 0.3%                 |
| Asset Type: .....                            | Office               |
| Number of Properties: .....                  | 36                   |
| Square Feet / Units / Rooms / Acres: .....   | 13.6 Million Sq. Ft. |
| Percent Leased: .....                        | 88.4%                |
| Weighted Average Lease Term Remaining: ..... | Not Applicable       |
| LifeStage: .....                             | Liquidating          |
| Investment Style: .....                      | Core                 |
| Weighted Average Shares Outstanding: .....   | 299,348,615          |

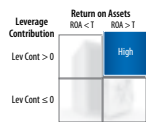
|                                                                  |                   |
|------------------------------------------------------------------|-------------------|
| Initial Offering Date: .....                                     | February 19, 2003 |
| Offering Close Date: .....                                       | December 31, 2008 |
| Current Price per Share: .....                                   | \$4.48            |
| Reinvestment Price per Share: .....                              | Not Applicable    |
| Cumulative Capital Raised during Offering (including DRP): ..... | \$2,800.0 Million |

### Historical Price



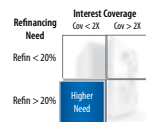
### Performance Profiles

#### Operating Performance



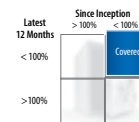
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is contributing to increased returns for shareholders.

#### Financing Outlook



More than 20% of REIT's debt must be repaid within two years or is at unhedged variable rates, and interest coverage is below the 2.0X benchmark. The REIT may face difficulties in refinancing its borrowings, interest rate risks from increasing rates, and need to increase earnings to reassure lenders.

#### 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. The REIT has suspended distributions since 2013.

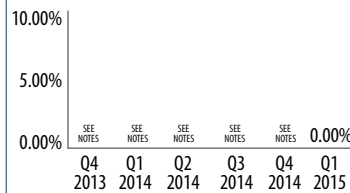
#### Summary

The REIT's return on assets for the last four quarters was 6.91%, well above the yield on 10-Year Treasuries, providing additional returns to shareholders. It had a positive leverage contribution due to its estimated average cost of debt of 5.03% and 57.7% debt ratio. About 64% of the REIT's debt matures within two years and 12% is at unhedged variable rates, indicating substantial refinancing need but minimal interest rate risk. Its interest coverage ratio for the last four quarters was 1.9X, below the 2.0X benchmark. With suspension of cash distributions in 2012, the REIT's cumulative cash distributions since inception were 44% of estimated cumulative MFFO as of March 31, 2015.

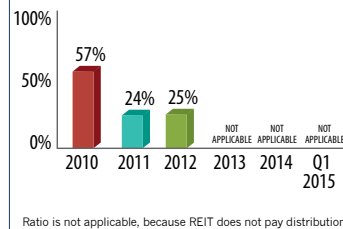
### Contact Information

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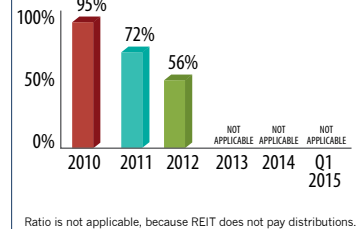
### Historical Distribution



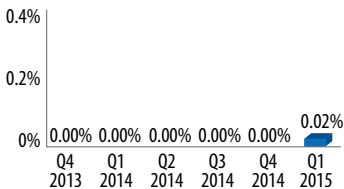
### Historical FFO Payout Ratio



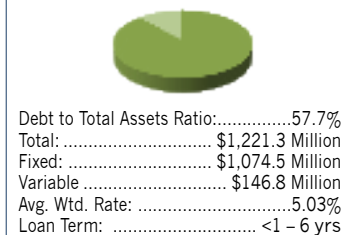
### Historical MFFO Payout Ratio



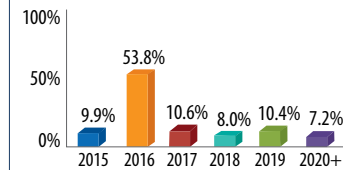
### Redemptions



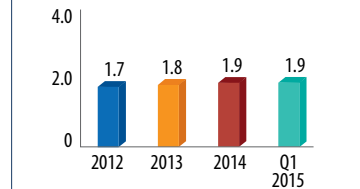
### Debt Breakdown



### Debt Repayment Schedule



### Interest Coverage Ratio



### Source of Distributions, Trends and Items of Note

- As of March 31, 2015, the REIT owned interests in 34 operating office properties (including four properties that were held for sale), one recently developed non-operating office property, and one retail property, located in 17 markets throughout the United States.
- On April 30, 2015, the board of directors authorized a distribution payable on July 8, 2015, to stockholders of record on June 30, 2015. The declared distribution equals \$0.03 per share of common stock, as adjusted equitably for any changes in capitalization, which is equal to an annual distribution rate of 2.7% based on the current estimated value of common stock of \$4.48 per share.
- The REIT's Cash to Total Assets ratio decreased to 0.3% as of 1Q 2015 compared to 1.3% as of 1Q 2014.
- The REIT's Debt to Total Asset ratio decreased to 57.7% as of 1Q 2015 compared to 62.2% as of 1Q 2014.
- The Company uses modified funds from operations ("MFFO") as defined by the Investment Program Association ("IPA").
- On March 25, 2015, the Company announced that its board of directors authorized the company to pursue a listing of its common stock on a national securities exchange and to engage J.P. Morgan Securities LLC to assist in that process.