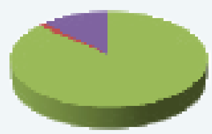
CLOSED REIT

Nontraded REIT Industry Review: First Quarter 2014

BlueVault PARTNERS, LLC

TIER REIT, Inc.

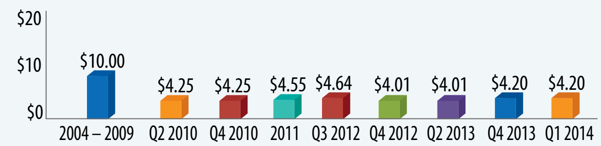
Total Assets..........................$2,401.2 Million
Real Estate Assets ....$2,071.9 Million
Cash ....$31.3 Million
Securities ....$0.0 Million
Other ....$298.0 Million



Cash to Total Assets Ratio: 1.3%
Asset Type: ....Office
Number of Properties: 38
Square Feet / Units / Rooms / Acres: .... 15.5 Million Sq. Ft.
Percent Leased: 85%
Weighted Average Lease Term Remaining:................ Not Applicable
LifeStage:...Maturing
Investment Style: .... Core
Weighted Average Shares Outstanding: 299,228,783

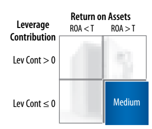
Initial Offering Date: ....February 19, 2003
Offering Close Date: .... December 31, 2008
Current Price per Share: $4.20
Reinvestment Price per Share: ....Not Applicable
Cumulative Capital Raised during
Offering (including DRP).....................................$2,800.0 Million

Historical Price



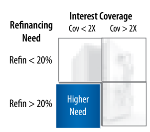
Performance Profiles

Operating Performance



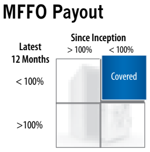
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is not increasing returns to shareholders.

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. 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 just 2.19%, slightly above the yield on 10-Year Treasuries of 1.87%, providing minimal additional returns to shareholders. It had a large negative leverage contribution due to its estimated average cost of debt of 5.68% and 62.2% debt ratio. About 30% of the REIT's debt matures within two years but only 2% is at unhedged variable rates, indicating some refinancing need but minimal interest rate risk. Its interest coverage ratio for the last four quarters was 1.8X, below the 2.0X benchmark. With suspension of cash distributions in 2012, the REIT's cumulative cash distributions since inception were at 48% of cumulative MFFO as of March 31, 2014.

Contact Information

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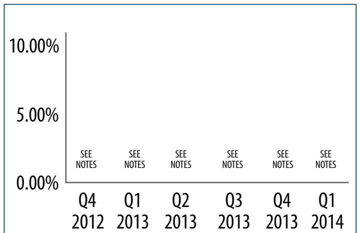
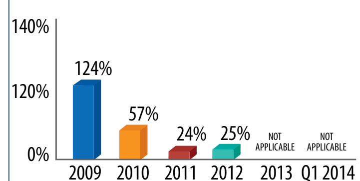
Historical Distribution

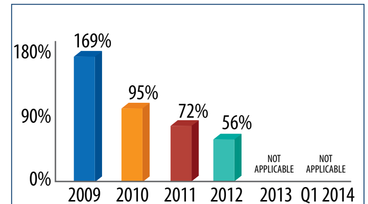


Historical FFO Payout Ratio



Ratio is not applicable, because REIT does not pay distributions.

Historical MFFO Payout Ratio



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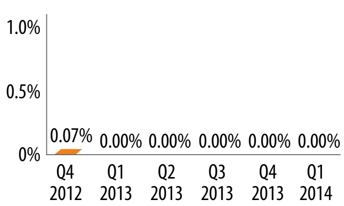
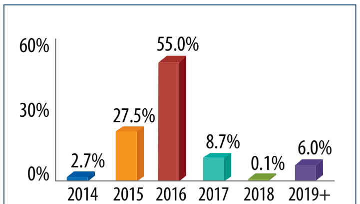
Redemptions



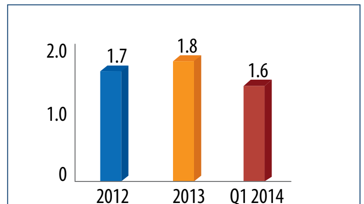
Debt Breakdown

Debt to Total Assets Ratio:...............62.2%
Total: .... $1,494.3 Million
Fixed: .... $1,469.1 Million
Variable .... $25.2 Million
Avg. Wtd. Rate: 5.68%
Loan Term: ....1 – 8 yrs

Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- At the beginning of 2014, the Company established the following four key objectives for the year, which it believes will help it move closer to meeting its long-term goals to maximize stockholder value, lay the groundwork for future increases in distributable cash flow and position the Company to provide liquidity opportunities to stockholders. These four objective are to: (1) lease the portfolio and increase occupancy in an effort to drive internal growth for future years; (2) sharpen its geographic focus through the sale of certain properties that it does not view as strategic; (3) mitigate a portion of the future interest rate and refinancing risk from the approximately $1.2 billion of debt maturing in 2015 and 2016 and (4) redeploy capital in an accretive manner to provide for external growth.
- As expected, the Company experienced downward pressure on occupancy in the first quarter of 2014 because of known tenant move outs coupled with typical downtime to market and backfill space following an expiration. Portfolio occupancy was 85% at March 31, 2014, as compared to 87% at December 31, 2013. The Company also has approximately 759,000 square feet of scheduled lease expirations in 2014 and will continue to focus on leasing with the objective of driving internal growth by increasing occupancy as it seeks to overcome lease expirations. The Company expects to continue to experience downward pressure on occupancy through the second quarter of 2014, but anticipates positive movement in occupancy in the second half of the year. If free rent concessions moderate and occupancy increases, the Company would expect operations to provide increased cash flow in future periods.
- The REIT's Cash to Total Assets ratio decreased slightly to 1.3% as of 1Q 2014 compared to 1.4% as of 1Q 2013.
- The REIT's Debt to Total Asset ratio decreased to 62.2% as of 1Q 2014 compared to 67.4% as of 1Q 2013.
- In December 2012, the board of directors made a determination to suspend all distributions and redemptions until further notice. The FFO and MFFO payout ratios are not applicable because the Company did not pay any distributions during the quarter.
- Because the REIT has not publicly announced a liquidation date or strategy, it has been re-classified as a Maturing REIT.