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DELTA REPORT

10-Q

CIO PR A - CITY OFFICE REIT, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 969

█ **CHANGES** 215

█ **DELETIONS** 409

█ **ADDITIONS** 345

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2023** **March 31, 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number:001-36409

CITY OFFICE REIT, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation or organization)

98-1141883
(I.R.S. Employer
Identification No.)

666 Burrard Street
Suite 3210
Vancouver, BC V6C 2X8
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (604)806-3366

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of each Exchange on Which Registered
Common Stock, \$0.01 par value 6.625% Series A Cumulative Redeemable Preferred Stock, \$0.01 par value per share	"CIO" "CIO.Pra"	New York Stock Exchange New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of Common Stock, \$0.01 par value, of the registrant outstanding at **November 6, 2023** **April 30, 2024** was **39,938,451**. **40,154,055**.

City Office REIT, Inc.
Quarterly Report on Form 10-Q
For the Quarter Ended **September 30, 2023 **March 31, 2024****

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PART II. OTHER INFORMATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

City Office REIT, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

(In thousands, except par value and share data)

	September 30, 2023	December 31, 2023
Assets		
Real estate properties		
Land	\$ 193,524	\$ 193,524
Building and improvement	1,192,463	1,194,819
Tenant improvement	150,648	152,540
Furniture, fixtures and equipment	726	820
	<u>1,537,361</u>	<u>1,541,703</u>
Accumulated depreciation	(207,625)	(218,628)
	<u>1,329,736</u>	<u>1,323,075</u>
Cash and cash equivalents	36,738	30,082
Restricted cash	15,553	13,310
Rents receivable, net	51,012	53,454
Deferred leasing costs, net	20,974	21,046
Acquired lease intangible assets, net	47,290	42,434
Other assets	30,869	30,869
Total Assets	\$ 1,532,172	\$ 1,523,307
<hr/>		
	March 31, 2024	December 31, 2023
Assets		
Real estate properties		
Land	\$ 193,524	\$ 193,524
Building and improvement	1,196,003	1,194,819
Tenant improvement	156,625	152,540
Furniture, fixtures and equipment	944	820
	<u>1,547,096</u>	<u>1,541,703</u>
Accumulated depreciation	(229,680)	(218,628)
	<u>1,317,416</u>	<u>1,323,075</u>
Cash and cash equivalents	29,533	30,082
Restricted cash	13,831	13,310
Rents receivable, net	53,114	53,454
Deferred leasing costs, net	23,220	21,046
Acquired lease intangible assets, net	40,459	42,434

Other assets		27,954		27,975
Total Assets	\$ 1,505,527		\$ 1,511,376	
Liabilities and Equity				
Liabilities:				
Debt	\$ 668,249	\$ 669,510		
Accounts payable and accrued liabilities	29,908	29,070		
Deferred rent	8,040	7,672		
Tenant rent deposits	7,853	7,198		
Acquired lease intangible liabilities, net	7,393	7,736		
Other liabilities	16,431	17,557		
Total Liabilities	737,874		738,743	
Commitments and Contingencies (Note 8)				
Debt Equity:	\$ 670,814		\$ 690,099	
Accounts payable and accrued liabilities	37,941	35,753		
Deferred rent	7,684	9,147		
Tenant rent deposits	7,208	7,040		
Acquired lease intangible liabilities, net	8,079	9,150		
Other liabilities	15,992	20,076		
Total Liabilities	747,718		771,265	
Commitments and Contingencies (Note 9)				
Equity:				
6.625% Series A Preferred stock, \$0.01 par value per share, 5,600,000 shares authorized, 4,480,000 issued and outstanding as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023	112,000	112,000		
Common stock, \$0.01 par value, 100,000,000 shares authorized, 39,938,451 40,154,055 and 39,718,767 39,938,451 shares issued and outstanding as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023	399,401	397,399		
Additional paid-in capital	437,800 438,909	436,161 438,867		
Retained earnings	229,770 214,709	251,542 221,213		
Accumulated other comprehensive income/(loss)	4,153 1,515	2,731 (248)		
Total Stockholders' Equity	784,122	802,831		
Total Stockholders' Equity	767,534		772,231	
Non-controlling interests in properties	332 119		343 402	
Total Equity	784,454		803,174	
Total Equity	767,653		772,633	
Total Liabilities and Equity	\$ 1,532,172	\$ 1,505,527	\$ 1,574,439	\$ 1,511,376
				—

Subsequent Events (Note 11) 10

The accompanying notes are an integral part of these condensed consolidated financial statements.

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City Office REIT, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023		2022		2024	
	Rental and other revenues	\$ 44,214	\$ 45,522	\$ 134,775	\$ 135,871	\$ 44,493
Operating expenses:						
Operating expenses:						
Operating expenses:						
Operating expenses:						

Property operating expenses	17,644	17,412	52,610	50,736	17,744	17,720
General and administrative	3,531	3,506	10,963	10,575		
General and administrative					3,711	3,765
Depreciation and amortization	14,723	15,555	45,795	47,072	15,075	15,304
Total operating expenses	35,898	36,473	109,368	108,383	36,530	36,789
Operating income	8,316	9,049	25,407	27,488	7,963	9,168
Interest expense:						
Contractual interest expense	(7,853)	(6,582)	(23,807)	(18,311)	(8,098)	(7,972)
Amortization of deferred financing costs and debt fair value	(333)	(303)	(979)	(917)	(319)	(323)
	(8,186)	(6,885)	(24,786)	(19,228)	(8,417)	(8,295)
Net (loss)/gain on disposition of real estate property	—	—	(134)	21,658		
Net income	130	2,164	487	29,918		
Net (loss)/income					(454)	873
Less:						
Net income attributable to non-controlling interests in properties	(173)	(175)	(506)	(510)	(135)	(169)
Net (loss)/income attributable to the Company	(43)	1,989	(19)	29,408	(589)	704
Preferred stock distributions	(1,855)	(1,855)	(5,565)	(5,565)		
Preferred stock distributions					(1,855)	(1,855)
Net (loss)/income attributable to common stockholders	\$ (1,898)	\$ 134	\$ (5,584)	\$ 23,843		
Net loss attributable to common stockholders					\$ (2,444)	\$ (1,151)
Net (loss)/income per common share:						
Net loss per common share:						
Basic	\$ (0.05)	\$ 0.00	\$ (0.14)	\$ 0.56	\$ (0.06)	\$ (0.03)
Diluted	\$ (0.05)	\$ 0.00	\$ (0.14)	\$ 0.55	\$ (0.06)	\$ (0.03)
Weighted average common shares outstanding:						
Weighted average common shares outstanding:						
Basic	39,938	41,351	39,917	42,838	40,097	39,873
Diluted	39,938	42,125	39,917	43,663	40,097	39,873
Dividend distributions declared per common share	\$ 0.10	\$ 0.20	\$ 0.40	\$ 0.60	\$ 0.10	\$ 0.20

The accompanying notes are an integral part of these condensed consolidated financial statements.

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City Office REIT, Inc.
Condensed Consolidated Statements of Comprehensive Income Income/(Loss)
(Unaudited)

(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 130	\$ 2,164	\$ 487	\$ 29,918
Other comprehensive income:				
Unrealized cash flow hedge gain	1,447	1,055	3,732	3,119
Amounts reclassified to interest expense	(1,019)	(121)	(2,309)	82
Other comprehensive income	428	934	1,423	3,201

Comprehensive income	558	3,098	1,910	33,119
Less:				
Comprehensive income attributable to non-controlling interests in properties	(174)	(175)	(507)	(510)
Comprehensive income attributable to the Company	<u>\$ 384</u>	<u>\$ 2,923</u>	<u>\$ 1,403</u>	<u>\$ 32,609</u>
Three Months Ended March 31,				
	2024	2023		
Net (loss)/income	\$ (454)	\$ 873		
Other comprehensive income/(loss):				
Unrealized cash flow hedge gain/(loss)	2,906	(1,465)		
Amounts reclassified to interest expense	(1,117)	(477)		
Other comprehensive income/(loss)	1,789	(1,942)		
Comprehensive income/(loss)	1,335	(1,069)		
Less:				
Comprehensive income attributable to non-controlling interests in properties	(161)	(169)		
Comprehensive income/(loss) attributable to the Company	<u>\$ 1,174</u>	<u>\$ (1,238)</u>		

The accompanying notes are an integral part of these condensed consolidated financial statements.

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City Office REIT, Inc.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(In thousands)

	Number of shares of preferred stock	Preferred stock	Number of shares of common stock	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Total stockholders' equity	Non-controlling interests in properties	Total equity
Balance—December 31, 2023	4,480	\$ 112,000	39,938	\$ 399	\$ 438,867	\$ 221,213	\$ (248)	\$ 772,231	\$ 402	\$ 772,633
Restricted stock award grants and vesting	—	—	216	2	42	(45)	—	(1)	—	(1)
Common stock dividend distribution declared	—	—	—	—	—	(4,015)	—	(4,015)	—	(4,015)
Preferred stock dividend distribution declared	—	—	—	—	—	(1,855)	—	(1,855)	—	(1,855)
Distributions	—	—	—	—	—	—	—	—	(444)	(444)
Net (loss)/income	—	—	—	—	—	(589)	—	(589)	135	(454)
Other comprehensive income	—	—	—	—	—	—	1,763	1,763	26	1,789
Balance—March 31, 2024	<u>4,480</u>	<u>\$ 112,000</u>	<u>40,154</u>	<u>\$ 401</u>	<u>\$ 438,909</u>	<u>\$ 214,709</u>	<u>\$ 1,515</u>	<u>\$ 767,534</u>	<u>\$ 119</u>	<u>\$ 767,653</u>

	Number of shares of preferred stock	Preferred stock	Number of shares of common stock	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Total stockholders' equity	Non-controlling interests in properties	Total equity
Balance—December 31, 2022	4,480	\$ 112,000	39,718	\$ 397	\$ 436,161	\$ 251,542	\$ 2,731	\$ 802,831	\$ 343	\$ 803,174
Restricted stock award grants and vesting	—	—	220	2	(535)	(85)	—	(618)	—	(618)
Common stock dividend distribution declared	—	—	—	—	—	(7,988)	—	(7,988)	—	(7,988)
Preferred stock dividend distribution declared	—	—	—	—	—	(1,855)	—	(1,855)	—	(1,855)
Contributions	—	—	—	—	—	—	—	—	110	110
Distributions	—	—	—	—	—	—	—	—	(235)	(235)
Net income	—	—	—	—	—	704	—	704	169	873
Other comprehensive loss	—	—	—	—	—	—	(1,942)	(1,942)	—	(1,942)
Balance—March 31, 2023	<u>4,480</u>	<u>\$ 112,000</u>	<u>39,938</u>	<u>\$ 399</u>	<u>\$ 435,626</u>	<u>\$ 242,318</u>	<u>\$ 789</u>	<u>\$ 791,132</u>	<u>\$ 387</u>	<u>\$ 791,519</u>
Restricted stock award grants and vesting	—	—	—	—	1,107	(84)	—	1,023	—	1,023
Common stock dividend distribution declared	—	—	—	—	—	(3,994)	—	(3,994)	—	(3,994)
Preferred stock dividend distribution declared	—	—	—	—	—	(1,855)	—	(1,855)	—	(1,855)
Distributions	—	—	—	—	—	—	—	—	(226)	(226)
Net (loss)/income	—	—	—	—	—	(680)	—	(680)	164	(516)
Other comprehensive income	—	—	—	—	—	—	2,937	2,937	—	2,937

Balance—June 30, 2023	4,480	\$ 112,000	39,938	\$ 399	\$ 436,733	\$ 235,705	\$ 3,726	\$ 788,563	\$ 325	\$ 788,888
Restricted stock award grants and vesting	—	—	—	—	1,067	(43)	—	1,024	—	1,024
Common stock dividend distribution declared	—	—	—	—	—	(3,994)	—	(3,994)	—	(3,994)
Preferred stock dividend distribution declared	—	—	—	—	—	(1,855)	—	(1,855)	—	(1,855)
Distributions	—	—	—	—	—	—	—	—	(167)	(167)
Net (loss)/income	—	—	—	—	—	(43)	—	(43)	173	130
Other comprehensive income	—	—	—	—	—	—	427	427	1	428
Balance—September 30, 2023	4,480	\$ 112,000	39,938	\$ 399	\$ 437,800	\$ 229,770	\$ 4,153	\$ 784,122	\$ 332	\$ 784,454

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	Number of shares of preferred stock	Preferred stock	Number of shares of common stock	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive (loss)/income	Total stockholders' equity	Non- controlling interests in properties	Total equity
Balance—December 31, 2021	4,480	\$ 112,000	43,554	\$ 435	\$ 482,061	\$ 275,502	\$ (382)	\$ 869,616	\$ 979	\$ 870,595
Restricted stock award grants and vesting	—	—	—	—	972	(68)	—	904	—	904
Common stock dividend distribution declared	—	—	—	—	—	(8,711)	—	(8,711)	—	(8,711)
Preferred stock dividend distribution declared	—	—	—	—	—	(1,855)	—	(1,855)	—	(1,855)
Contributions	—	—	—	—	—	—	—	—	3	3
Distributions	—	—	—	—	—	—	—	—	(254)	(254)
Net income	—	—	—	—	—	24,520	—	24,520	171	24,691
Other comprehensive income	—	—	—	—	—	—	1,754	1,754	—	1,754
Balance—March 31, 2022	4,480	\$ 112,000	43,554	\$ 435	\$ 483,033	\$ 289,388	\$ 1,372	\$ 886,228	\$ 899	\$ 887,127
Restricted stock award grants and vesting	—	—	171	2	1,020	(117)	—	905	—	905
Common stock repurchased	—	—	(395)	(4)	(4,996)	—	—	(5,000)	—	(5,000)
Common stock dividend distribution declared	—	—	—	—	—	(8,580)	—	(8,580)	—	(8,580)
Preferred stock dividend distribution declared	—	—	—	—	—	(1,855)	—	(1,855)	—	(1,855)
Distributions	—	—	—	—	—	—	—	—	(180)	(180)
Net income	—	—	—	—	—	2,899	—	2,899	164	3,063
Other comprehensive income	—	—	—	—	—	—	513	513	—	513
Balance—June 30, 2022	4,480	\$ 112,000	43,330	\$ 433	\$ 479,057	\$ 281,735	\$ 1,885	\$ 875,110	\$ 883	\$ 875,993
Restricted stock award grants and vesting	—	—	—	—	1,075	(83)	—	992	—	992
Common stock repurchased	—	—	(3,612)	(36)	(45,046)	—	—	(45,082)	—	(45,082)
Common stock dividend distribution declared	—	—	—	—	—	(7,943)	—	(7,943)	—	(7,943)
Preferred stock dividend distribution declared	—	—	—	—	—	(1,855)	—	(1,855)	—	(1,855)
Contributions	—	—	—	—	—	—	—	—	27	27
Distributions	—	—	—	—	—	—	—	—	(894)	(894)
Net income	—	—	—	—	—	1,989	—	1,989	175	2,164
Other comprehensive income	—	—	—	—	—	—	934	934	—	934
Balance—September 30, 2022	4,480	\$ 112,000	39,718	\$ 397	\$ 435,086	\$ 273,843	\$ 2,819	\$ 824,145	\$ 191	\$ 824,336

	Number of shares of preferred stock	Preferred stock	Number of shares of common stock	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive (loss)/income	Total stockholders' equity	Non- controlling interests in properties	Total equity
Balance—December 31, 2022	4,480	\$ 112,000	39,718	\$ 397	\$ 436,161	\$ 251,542	\$ 2,731	\$ 802,831	\$ 343	\$ 803,174
Restricted stock award grants and vesting	—	—	220	2	(535)	(85)	—	(618)	—	(618)
Common stock dividend distribution declared	—	—	—	—	—	(7,988)	—	(7,988)	—	(7,988)
Preferred stock dividend distribution declared	—	—	—	—	—	(1,855)	—	(1,855)	—	(1,855)
Contributions	—	—	—	—	—	—	—	—	110	110
Distributions	—	—	—	—	—	—	—	—	(235)	(235)
Net income	—	—	—	—	—	704	—	704	169	873
Other comprehensive loss	—	—	—	—	—	—	(1,942)	(1,942)	—	(1,942)
Balance—March 31, 2023	4,480	\$ 112,000	39,938	\$ 399	\$ 435,626	\$ 242,318	\$ 789	\$ 791,132	\$ 387	\$ 791,519

The accompanying notes are an integral part of these condensed consolidated financial statements.

City Office REIT, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(In thousands)

	Nine Months Ended September 30,	
	2023	2022
Cash Flows from Operating Activities:		
Net income	\$ 487	\$ 29,918
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	45,795	47,072
Amortization of deferred financing costs and debt fair value	979	917
Amortization of above and below market leases	68	70
Straight-line rent/expense	(6,402)	(6,697)
Non-cashstock compensation	3,071	2,887
Receipts from sales-type lease	—	43,549
Net loss/(gain) on disposition of real estate property	134	(21,658)
Changes innon-cashworking capital:		
Rents receivable, net	172	(3,895)
Other assets	(744)	(158)
Accounts payable and accrued liabilities	5,705	6,977
Deferred rent	(1,304)	(2,679)
Tenant rent deposits	208	849
Net Cash Provided By Operating Activities	<u>48,169</u>	<u>97,152</u>
Cash Flows to Investing Activities:		
Additions to real estate properties	(23,338)	(28,533)
Reduction of cash on disposition of real estate property	(4,051)	—
Deferred leasing costs	(3,474)	(7,698)
Net Cash Used In Investing Activities	<u>(30,863)</u>	<u>(36,231)</u>
Cash Flows to Financing Activities:		
Debt issuance and extinguishment costs	(737)	—
Proceeds from borrowings	35,000	82,000
Repayment of borrowings	(15,889)	(60,472)
Dividend distributions paid to stockholders	(25,490)	(31,567)
Repurchases of common stock	—	(50,082)
Distributions tonon-controllinginterests in properties	(628)	(1,328)
Shares withheld for payment of taxes on restricted stock unit vesting	(1,643)	(87)
Contributions fromnon-controllinginterests in properties	110	30
Net Cash Used In Financing Activities	<u>(9,277)</u>	<u>(61,506)</u>
Net Increase/(Decrease) in Cash, Cash Equivalents and Restricted Cash	8,029	(585)
Cash, Cash Equivalents and Restricted Cash, Beginning of Period	44,262	42,266
Cash, Cash Equivalents and Restricted Cash, End of Period	<u>\$ 52,291</u>	<u>\$ 41,681</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash:		
Cash and Cash Equivalents, End of Period	36,738	22,012
Restricted Cash, End of Period	15,553	19,669
Cash, Cash Equivalents and Restricted Cash, End of Period	<u>\$ 52,291</u>	<u>\$ 41,681</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	\$ 22,586	\$ 16,660
Purchase of additions in real estate properties included in accounts payable	\$ 10,707	\$ 10,568
Purchase of deferred leasing costs included in accounts payable	\$ 919	\$ 1,904
Three Months Ended March 31,		
	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Net (loss)/income	\$ (454)	\$ 873
Adjustments to reconcile net(loss)/income to net cash provided by operating activities:		

Depreciation and amortization	15,075	15,304
Amortization of deferred financing costs and debt fair value	319	323
Amortization of above and below market leases	(27)	9
Straight-line rent/expense	(454)	(2,801)
Non-cashstock compensation	1,070	1,024
Changes innon-cashworking capital:		
Rents receivable, net	865	539
Other assets	505	(282)
Accounts payable and accrued liabilities	(1,536)	(965)
Deferred rent	368	(278)
Tenant rent deposits	655	137
Net Cash Provided By Operating Activities	<u>16,386</u>	<u>13,883</u>
Cash Flows to Investing Activities:		
Additions to real estate properties	(5,989)	(11,383)
Deferred leasing costs	(1,505)	(1,037)
Net Cash Used In Investing Activities	<u>(7,494)</u>	<u>(12,420)</u>
Cash Flows(to)fromFinancing Activities:		
Debt issuance and extinguishment costs	(26)	(236)
Proceeds from borrowings	4,000	25,000
Repayment of borrowings	(5,529)	(6,683)
Dividend distributions paid to stockholders	(5,849)	(9,799)
Distributions tonon-controllinginterests in properties	(444)	(235)
Shares withheld for payment of taxes on restricted stock unit vesting	(1,072)	(1,643)
Contributions fromnon-controllinginterests in properties	—	110
Net Cash(Used In)/Provided By Financing Activities	<u>(8,920)</u>	<u>6,514</u>
Net(Decrease)/Increase in Cash, Cash Equivalents and Restricted Cash	<u>(28)</u>	<u>7,977</u>
Cash, Cash Equivalents and Restricted Cash, Beginning of Period	<u>43,392</u>	<u>44,262</u>
Cash, Cash Equivalents and Restricted Cash, End of Period	<u>\$ 43,364</u>	<u>\$ 52,239</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash:		
Cash and Cash Equivalents, End of Period	29,533	35,854
Restricted Cash, End of Period	13,831	16,385
Cash, Cash Equivalents and Restricted Cash, End of Period	<u>\$ 43,364</u>	<u>\$ 52,239</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	\$ 8,029	\$ 7,256
Purchase of additions in real estate properties included in accounts payable	\$ 7,526	\$ 7,811
Purchase of deferred leasing costs included in accounts payable	\$ 3,026	\$ 1,207

The accompanying notes are an integral part of these condensed consolidated financial statements.

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City Office REIT, Inc.
Notes to the Condensed Consolidated Financial Statements

1. Organization and Description of Business

City Office REIT, Inc. (the "Company") was organized in the state of Maryland on November 26, 2013. On April 21, 2014, the Company completed its initial public offering ("IPO") of shares of the Company's common stock. The Company contributed the net proceeds of the IPO to City Office REIT Operating Partnership, L.P., a Maryland limited partnership (the "Operating Partnership"), in exchange for common units of limited partnership interest in the Operating Partnership ("common units").

The Company's interest in the Operating Partnership entitles the Company to share in distributions from, and allocations of profits and losses of, the Operating Partnership in proportion to the Company's percentage ownership of common units. As the sole general partner of the Operating Partnership, the Company has the exclusive power under the Operating Partnership's [partnership agreement](#) to manage and conduct the Operating Partnership's business, subject to limited approval and voting rights of the limited partners.

The Company has elected to be taxed and will continue to operate in a manner that will allow it to continue to qualify as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code"). Subject to qualification as a REIT, the Company will be permitted to deduct dividend distributions paid to its stockholders, eliminating the U.S. federal taxation of income represented by such distributions at the Company level. REITs are subject to a number of organizational and operational requirements. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to U.S. federal and state income tax on its taxable income at regular corporate tax rates and, for years prior to 2018, any applicable alternative minimum tax.

2. Summary of Significant Accounting Policies

Basis of Preparation and Summary of Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company in accordance with Securities and Exchange Commission ("SEC") rules and regulations and generally accepted accounting principles in the United States of America ("US GAAP") and in the opinion of management contain all adjustments (including normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows for the periods presented. The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

During the second quarter of 2023, the Company applied the below accounting policy for Variable Interest Entities ("VIE") in relation to the deconsolidation of the 190 Office Center property. Refer to Note 3 – Real Estate Investments for additional information.

Variable Interest Entities

The Company consolidates a VIE if the Company determines that it is the primary beneficiary of the entity. When evaluating the accounting for a VIE, the Company considers the purpose for which the VIE was created, the importance of each of the activities in which it is engaged and our decision-making role, if any, in those activities that significantly determine the entity's economic performance relative to other economic interest holders. The Company determines the rights, if any, to receive benefits or the obligation to absorb losses that could potentially be significant to the VIE by considering the economic interest in the entity, regardless of form, which may include debt, equity, management and servicing fees, or other contractual arrangements. The Company considers other relevant factors including each entity's capital structure, contractual rights to earnings (losses), subordination of the Company's interests relative to those of other investors, contingent payments, and other contractual arrangements that may be economically significant.

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Recent Accounting Pronouncements

In March 2020, November 2023, the Financial Accounting Standards Board (the "FASB") established Topic 848, Facilitation of the Effects of Reference Rate Reform on Financial Reporting, by issuing issued Accounting Standards Update ("ASU") No. 2020-04 2023-07 ("ASU2020-04" 2023-07"). Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which will enhance segment disclosures. The ASU2020-04 provides companies is effective for fiscal years beginning after December 15, 2023, and interim periods beginning after December 15, 2024, with optional expedients and exceptions to the guidance on contract modifications and hedge accounting to ease the potential accounting burden associated with transitioning away from reference rates that are expected to be discontinued. For contracts affected by reference rate reform, if certain criteria are met, companies can elect to not remeasure contracts at the modification date or reassess a previous accounting conclusion. Companies can also elect various optional expedients that would allow them to continue applying hedge accounting for hedging relationships affected by reference rate reform if certain criteria are met. Further, in January 2021, the FASB issued ASU No. 2021-01, Reference Rate Reform (Topic 848) ("ASU2021-01"). ASU2021-01 clarified the scope of Topic 848 so that derivatives affected by the discounting transition are explicitly eligible for certain optional expedients and exceptions in Topic 848. ASU2020-04 and ASU2021-01 can early adoption permitted. This standard must be applied as of retrospectively to all periods presented in the beginning of the interim period that includes March 12, 2020, however, the guidance will only be available for optional use through December 31, 2022. In December 2022, the FASB issued ASU No. 2022-06, Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848 ("ASU2022-06"). ASU2022-06 amends the date the guidance will be available to December 31, 2024. The new standard applies prospectively to contract modifications and hedging relationships and may be elected over time as reference rate reform activities occur. During the first quarter of 2023, the Company transitioned its LIBOR-based contracts to SOFR and elected to apply the practical expedients to modifications of qualifying debt contracts and hedging relationships as continuations of the existing contracts, rather than as new contracts. Application of the hedge accounting expedients preserves the presentation of derivatives consistent with past presentation and does not result in redesignation of hedging relationships. Applying the expedients did not have a material impact on the consolidated financial statements. The Company has no remaining LIBOR-based contracts. not yet adopted the standard and is currently evaluating the impact of ASU2023-07

3. Real Estate Investments on the Company's consolidated financial statements and disclosures.

Disposition of Real Estate Property

190 Office Center

On May 15, 2023, the Company consented to the appointment of a receiver to assume possession and control of the 190 Office Center property as a result of an event of default as defined in the property's non-recourse loan agreement. Given the appointment of the receiver, the Company assessed whether the entity holding the property should be reassessed for consolidation as a VIE in accordance with ASC 810 – Consolidation.

Based on its analysis, the Company concluded that it is not the primary beneficiary of the VIE and therefore deconsolidated the property as of May 15, 2023. The Company deconsolidated the net carrying value of real estate assets of \$35.7 million, the mortgage loan of \$38.6 million, cash and restricted cash of \$4.0 million and net current liabilities of \$1.0 million. For the nine months ended September 30, 2023, the Company recognized a loss on deconsolidation of \$0.1 million, which has been included within net loss/gain on disposition of real estate property on the Company's condensed consolidated statement of operations and statement of cash flows.

Lake Vista Pointe

During the first quarter of 2022, the sole tenant at the Lake Vista Pointe property exercised its lease option to purchase the building and the Company signed a purchase and sale agreement with the tenant. At the time the tenant exercised the option, the Company reassessed the classification of the lease, in accordance with ASC 842 – Leases, and determined that the lease should be reclassified from an operating lease to a sales-type lease. This reclassification resulted in a gain on sale of \$21.7 million net of disposal-related costs. On June 15, 2022, the Company sold the Lake Vista Pointe property in Dallas, Texas for a gross sales price of \$43.8 million.

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4.3. Lease Intangibles

Lease intangibles and the value of assumed lease obligations as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** were comprised of the following (in thousands):

	Lease Intangible Assets			Lease Intangible Liabilities			Lease Intangible			
	Above Market Leases	In Place Leases	Leasing Commissions	Total	Below Market Leases	Below Market Ground Lease	Total	Above Market Leases	In Place Leases	Co
September 30, 2023										
Cost	\$ 18,786	\$ 76,624	\$ 33,288	\$ 128,698	\$ (14,968)	\$ (138)	\$ (15,106)	\$ 17,463	\$ 73,127	\$
Accumulated amortization	(10,200)	(52,519)	(18,689)	(81,408)	6,972	55	7,027	(10,537)	(52,290)	
	<u>\$ 8,586</u>	<u>\$ 24,105</u>	<u>\$ 14,599</u>	<u>\$ 47,290</u>	<u>\$ (7,996)</u>	<u>\$ (83)</u>	<u>\$ (8,079)</u>	<u>\$ 6,926</u>	<u>\$ 20,837</u>	<u>\$ 12,</u>
March 31, 2024										
Cost	\$ 18,786	\$ 76,624	\$ 33,288	\$ 128,698	\$ (14,968)	\$ (138)	\$ (15,106)	\$ 17,463	\$ 73,127	\$
Accumulated amortization	(10,200)	(52,519)	(18,689)	(81,408)	6,972	55	7,027	(10,537)	(52,290)	
	<u>\$ 8,586</u>	<u>\$ 24,105</u>	<u>\$ 14,599</u>	<u>\$ 47,290</u>	<u>\$ (7,996)</u>	<u>\$ (83)</u>	<u>\$ (8,079)</u>	<u>\$ 6,926</u>	<u>\$ 20,837</u>	<u>\$ 12,</u>
December 31, 2022										
Cost	\$ 18,793	\$ 78,720	\$ 34,123	\$ 131,636	\$ (15,682)	\$ (138)	\$ (15,820)	\$ 17,463	\$ 73,128	\$
Accumulated amortization	(9,069)	(49,772)	(17,357)	(76,198)	6,618	52	6,670	(10,222)	(51,290)	
	<u>\$ 9,724</u>	<u>\$ 28,948</u>	<u>\$ 16,766</u>	<u>\$ 55,438</u>	<u>\$ (9,064)</u>	<u>\$ (86)</u>	<u>\$ (9,150)</u>	<u>\$ 7,241</u>	<u>\$ 21,838</u>	<u>\$ 13,</u>
December 31, 2023										
Cost	\$ 18,793	\$ 78,720	\$ 34,123	\$ 131,636	\$ (15,682)	\$ (138)	\$ (15,820)	\$ 17,463	\$ 73,128	\$
Accumulated amortization	(9,069)	(49,772)	(17,357)	(76,198)	6,618	52	6,670	(10,222)	(51,290)	
	<u>\$ 9,724</u>	<u>\$ 28,948</u>	<u>\$ 16,766</u>	<u>\$ 55,438</u>	<u>\$ (9,064)</u>	<u>\$ (86)</u>	<u>\$ (9,150)</u>	<u>\$ 7,241</u>	<u>\$ 21,838</u>	<u>\$ 13,</u>

The estimated aggregate amortization expense for lease intangibles for the next five years and in the aggregate are as follows (in thousands):

2024	\$ 4,748
2025	6,194
2026	5,887
2027	4,900
2028	4,206
Thereafter	7,131
	<u>\$ 33,066</u>
4	
2023	\$ 2,005
2024	6,687
2025	6,517
2026	6,204
2027	5,217
Thereafter	12,581
	<u>\$ 39,211</u>

5. Debt

On January 5, 2023, the Company transitioned the borrowing rate of its unsecured credit facility (the "Unsecured Credit Facility") and \$50 million term loan from LIBOR to daily-simple SOFR. The Company applied the practical expedients available under the reference rate reform guidance and accounted for the modifications as continuations of the existing contracts.

The following table summarizes the indebtedness as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** (dollars in thousands), including the impact of the effective interest rate swaps described in Note 6:5:

Property	March 31, 2024	December 31, 2023	Interest Rate as of March 31, 2024	Maturity
Unsecured Credit Facility ⁽²⁾⁽⁴⁾	\$ 200,000	\$ 200,000	SOFR +1.50 % ⁽¹⁾⁽²⁾	November 2025
Term Loan ⁽³⁾	50,000	50,000	SOFR +1.35 % ⁽¹⁾⁽³⁾	September 2024
Term Loan ⁽⁴⁾	25,000	25,000	6.00 % ⁽⁴⁾	January 2026
Mission City	45,772	45,994	3.78 %	November 2027
Canyon Park ⁽⁵⁾	38,742	38,932	4.30 %	March 2027
Circle Point	38,678	38,789	4.49 %	September 2028
SanTan ⁽⁶⁾	31,322	31,501	4.56 %	March 2027
Intelicenter	30,523	30,682	4.65 %	October 2025
The Quad	30,600	30,600	4.20 %	September 2028
2525 McKinnon	27,000	27,000	4.24 %	April 2027
FRP Collection	26,041	26,139	7.05 % ⁽⁷⁾	August 2028
Greenwood Blvd	20,719	20,856	3.15 %	December 2025
Cascade Station ⁽⁸⁾	20,680	20,752	4.55 %	May 2024
5090 N. 40th St	20,257	20,370	3.92 %	January 2027
AmberGlen ⁽⁹⁾	20,000	20,000	3.69 %	May 2027

Property	September 30, 2023	December 31, 2022	Interest Rate as of September 30, 2023	Maturity
Unsecured Credit Facility ⁽²⁾⁽⁴⁾	\$ 200,000	\$ 200,500	SOFR +1.50 % ⁽¹⁾⁽²⁾	November 2025
Term Loan ⁽³⁾	50,000	50,000	SOFR +1.35 % ⁽¹⁾⁽³⁾	September 2024
Term Loan ⁽⁴⁾	25,000	—	6.00 % ⁽⁴⁾	January 2026
Mission City	46,213	46,859	3.78 %	November 2027
Canyon Park ⁽⁵⁾	39,120	39,673	4.30 %	March 2027
Circle Point	38,955	39,440	4.49 %	September 2028
SanTan ⁽⁶⁾	31,678	32,140	4.56 %	March 2027
Intelicenter	30,840	31,297	4.65 %	October 2025
The Quad	30,557	30,600	4.20 %	September 2028
2525 McKinnon	27,000	27,000	4.24 %	April 2027
FRP Collection ⁽⁷⁾	26,238	26,784	7.05 % ⁽⁷⁾	August 2028

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Property	September 30, 2023	December 31, 2022	Interest Rate as of September 30, 2023	Maturity
Greenwood Blvd	20,993	21,396	3.15 %	December 2025
Cascade Station ⁽⁸⁾	20,889	21,192	4.55 %	May 2024
5090 N. 40th St	20,481	20,810	3.92 %	January 2027
AmberGlen	20,000	20,000	3.69 %	May 2027
Central Fairwinds	15,939	16,273	3.15 %	June 2024
FRP Ingenuity Drive ⁽⁹⁾	15,938	16,165	4.44 %	December 2024
Carillon Point ⁽⁷⁾	14,473	14,773	7.05 % ⁽⁷⁾	August 2028
190 Office Center ⁽¹⁰⁾	—	38,894	4.79 %	October 2025
Total Principal	674,314	693,796		
Deferred financing costs, net	(3,584)	(3,887)		
Unamortized fair value adjustments	84	190		
Total	\$ 670,814	\$ 690,099		

Property	March 31, 2024	December 31, 2023	Interest Rate as of March 31, 2024	Maturity
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FRP Ingenuity Drive ⁽¹⁰⁾	15,782	15,860	4.44 %	December 2024
Central Fairwinds	15,711	15,826	3.15 %	June 2024
Carillon Point	14,364	14,419	7.05 % ⁽⁷⁾	August 2028
Total Principal	671,191	672,720		
Deferred financing costs, net	(2,954)	(3,258)		
Unamortized fair value adjustments	12	48		
Total	\$ 668,249	\$ 669,510		

(1) As of **September 30, 2023** **March 31, 2024**, the daily-simple SOFR rate **Secured Overnight Financing Rate ("SOFR")** was 5.31% **5.34%**.

(2) Borrowings under the Unsecured our unsecured credit facility (the "Unsecured Credit Facility Facility") bear interest at a rate equal to the daily-simple SOFR rate plus a margin of between 135 to 235 basis points depending upon the Company's consolidated leverage ratio. On February 9, 2023, the Company entered into a three-year interest rate swap for a notional amount of \$140 million, effective March 8, 2023, effectively fixing the SOFR component of the borrowing rate for \$140 million of the Unsecured Credit Facility at 4.19%. As of **September 30, 2023** **March 31, 2024**, the Unsecured Credit Facility had \$200.0 million drawn and a **\$4.2** **\$2.5** million letter of credit to satisfy escrow requirements for a mortgage lender. The Unsecured Credit Facility matures in November 2025 and may be extended 12 months at the Company's option upon meeting certain conditions. The Unsecured Credit Facility requires the Company to maintain a fixed charge coverage ratio of no less than 1.50x.

(3) Borrowings under the \$50 million term loan bear interest at a rate equal to the daily-simple SOFR rate plus a margin of between 135 to 225 basis points depending upon the Company's consolidated leverage ratio. The SOFR component of the borrowing rate is effectively fixed for the remainder of the five-year term by a \$50 million interest rate swap at 1.17%.

(4) On January 5, 2023, the Company entered into a second amendment to the **amended and restated credit agreement**, dated November 16, 2021 (as amended, the "Amended and Restated Credit Agreement") November 16, 2021 for the Unsecured Credit Facility and entered into a three-year \$25 million term loan, increasing its total authorized borrowings from \$350 million to \$375 million. Borrowings under the \$25 million term loan bear interest at a rate equal to the daily-simple SOFR rate plus a margin of 210 basis points. In conjunction with the term loan, the Company also entered into a three-year interest rate swap for a notional amount of \$25 million, effectively fixing the SOFR component of the borrowing rate of the term loan at 3.90%.

(5) The mortgage loan anticipated repayment date ("ARD") is March 1, 2027. The final scheduled maturity date can be extended up to 5 years beyond the ARD. If the loan is not paid off at ARD, the loan's interest rate shall be adjusted to the greater of (i) the initial interest rate plus 200 basis points or (ii) the yield on the five year "on the run" treasury reported by Bloomberg market data service plus 450 basis points.

(6) In the second quarter of 2023, the Debt Service Coverage Ratio ("DSCR") and debt yield covenants for SanTan were not met, which triggered a 'cash-sweep period' that began in the second quarter of 2023. As of **September 30, 2023** **March 31, 2024**, the DSCR and debt yield covenants were still not met. As of September 30, 2023 **March 31, 2024**, and December 31, 2023, total restricted cash for the property was \$4.6 million. **\$3.6** million and **\$4.1** million, respectively.

(7) On August 16, 2023, the Company entered into two amended **The FRP Collection** and restated loan agreements for **FRP Collection** and **Carillon Point**, which among other things, extended the term for an additional five years and amended the interest rates from fixed to floating. The loans bear interest at a rate equal to the daily-simple SOFR rate plus a margin of 275 basis points. In conjunction with the amended and restated loan agreements, the Company also entered into two five-year interest rate swap agreements, effectively fixing the **The SOFR component of the borrowing rate is effectively fixed for the remainder of the loans five-year term via interest rate swaps** at 4.30%.

(8) In the first quarter of 2023, a 'cash-sweep period' began for the Cascade Station loan due to the non-renewal of a major tenant's leased space in the building. As of September 30, 2023 **March 31, 2024**, and December 31, 2023, total restricted cash for the property was \$1.9 million, \$2.3 million and \$2.0 million, respectively. On May 1, 2024, the non-recourse property loan at our Cascade Station property in Portland matured, and an event of default was triggered under the terms of the Cascade Station loan, following non-payment of the principal amount outstanding at loan maturity.

(9) In the first quarter of 2024, a 'cash-sweep period' began for the AmberGlen loan due to the non-renewal of a major tenant's leased space in the building. As of **September 30, 2023** **March 31, 2024**, total restricted cash for the property was \$0.2 million.

(10) In the third quarter of 2022, the DSCR covenant for FRP Ingenuity Drive was not met, which triggered a 'cash-sweep period' that began in the fourth quarter of 2022. As of **September 30, 2023** **March 31, 2024**, the DSCR was still not met. As of September 30, 2023 **March 31, 2024**, and December 31, 2022 December 31, 2023, total restricted cash for the property was \$3.5 million and \$3.2 million, and \$2.6 million, respectively.

(10) In the second quarter of 2023, the non-recourse debt associated with the 190 Office Center property was deconsolidated as a result of the appointment of a receiver to assume possession and control of the property. The loan balance as of the date of deconsolidation was \$38.6 million.

The scheduled principal repayments of debt as of **September 30, 2023** **March 31, 2024** are as follows (in thousands):

2024	\$ 106,146
2025	254,697
2026	29,563
2027	176,477
2028	104,308
Thereafter	—
	\$ 671,191

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2023	\$ 1,614
2024	108,354
2025	255,247
2026	30,137
2027	177,076
Thereafter	101,886
	\$ 674,314

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6.5. Fair Value of Financial Instruments

Fair value measurements are based on assumptions that market participants would use in pricing an asset or a liability. The hierarchy for inputs used in measuring fair value is as follows:

Level 1 Inputs – quoted prices in active markets for identical assets or liabilities

Level 2 Inputs – observable inputs other than quoted prices in active markets for identical assets and liabilities

Level 3 Inputs – unobservable inputs

In September 2019, the Company entered into a London Interbank Offered Rate ("LIBOR") interest rate swap for a notional amount of \$50.0 million. In January 2023, the Company amended the \$50.0 million interest rate swap to transition from LIBOR to daily-simple SOFR. The Company applied the practical expedients available for hedging relationships under the reference rate reform guidance, which preserves the presentation of the derivative consistent with past presentation and does not result in dedesignation of the hedging relationship. The interest rate swap effectively fixes the SOFR component of the corresponding loan at approximately 1.17% 1.17% for the remainder of the five-year term.

In January 2023, the Company entered into an interest rate swap for a notional amount of \$25.0 million. The interest rate swap effectively fixes the SOFR component of the corresponding loan at approximately 3.90% 3.90% for the three-year term.

In February 2023, the Company entered into an interest rate swap for a notional amount of \$140.0 million. The interest rate swap effectively fixes the SOFR component of the corresponding loan at approximately 4.19% 4.19% for the three-year term.

In August 2023, the Company entered into an interest rate swap at FRP Collection for an initial notional amount of \$ 26.3 \$26.3 million. The interest rate swap effectively fixes the SOFR component of the corresponding loan at approximately 4.30% 4.30% for the five-year term. The notional amount of the interest rate swap amortizes over the term consistent with the balance of the corresponding loan.

In August 2023, the Company entered into an interest rate swap at Carillon Point for an initial notional amount of \$ 14.5 \$14.5 million. The interest rate swap effectively fixes the SOFR component of the corresponding loan at approximately 4.30% 4.30% for the five-year term. The notional amount of the interest rate swap amortizes over the term consistent with the balance of the corresponding loan.

The fair value of the interest rate swaps have been classified as Level 2 fair value measurements.

The interest rate swaps have been designated and qualify as cash flow hedges and have been recognized on the condensed consolidated balance sheets at fair value, presented within other assets and other liabilities. Gains and losses resulting from changes in the fair value of derivatives that have been designated and qualify as cash flow hedges are reported as a component of other comprehensive income/(loss) and reclassified into earnings in the periods during which the hedged forecasted transaction affects earnings.

The following table summarizes the Company's derivative financial instruments as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

	Notional Value September 30, 2023 March 31, 2024	Effective Date	Maturity Date	Fair Value Assets/(Liabilities)	
				September 30, 2023 March	December 31, 2022 2023
				31, 2024	31, 2022 2023
Interest Rate Swap	\$ 50,000	September 2019	September 2024	\$ 1,896 855	\$ 2,731 1,268
Interest Rate Swap	25,000	January 2023	January 2026	464 273	— 49
Interest Rate Swap	140,000	March 2023	November 2025	1,779 875	— (295)
Interest Rate Swap	26,238 26,041	August 2023	August 2028	10 (325)	(846 —)
Interest Rate Swap	14,473 14,364	August 2023	August 2028	5 (179)	(466 —)
	\$ 255,405			\$ 1,499	\$ 255,711 (290)

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For the nine three months ended September 30, 2023 March 31, 2024, approximately \$2.3 \$1.1 million of realized gains were reclassified to interest expense due to payments made to or received from the swap counterparty. For the nine three months ended September 30, 2022 March 31, 2023, approximately \$0.1 \$0.5 million of realized losses gains were reclassified to interest expense due to payments made to or received from the swap counterparty.

Cash, Cash Equivalents, Restricted Cash, Rents Receivable, Accounts Payable and Accrued Liabilities

The Company estimates that the fair value approximates carrying value due to the relatively short-term nature of these instruments.

Fair Value of Financial Instruments Not Carried at Fair Value

With the exception of fixed rate mortgage loans payable, the carrying amounts of the Company's financial instruments approximate their fair value. The Company determines the fair value of its fixed rate mortgage loan payable based on a discounted cash flow analysis using a discount rate that approximates the current borrowing rates for instruments of similar maturities. Based on this, the Company has determined that the fair value of these instruments was \$335.8 \$339.6 million and \$420.7 \$343.1 million (compared to a carrying value of \$358.6 \$355.8 million and \$443.3 million \$357.2 million) as of September 30, 2023 March 31, 2024, and December 31,

2022 December 31, 2023, respectively. Accordingly, the fair value of mortgage loans payable have been classified as Level 3 fair value measurements.

7.6. Related Party Transactions

Administrative Services Agreement

During the three months ended March 31, 2024, the amounts earned by the Company for the administrative services performed for Second City Real Estate II Corporation, Clarity Real Estate Ventures GP, Limited Partnership and their affiliates were nominal. For the nine months ended September 30, 2023 and 2022, March 31, 2023, the Company earned \$0.4 million and \$0.4 million, respectively, in administrative services performed for Second City Real Estate II Corporation, Clarity Real Estate Ventures GP, Limited Partnership and their affiliates.

8.7. Leases

Lessor Accounting

The Company is focused on acquiring, owning and operating high-quality office properties for lease to a stable and diverse tenant base. The Company's properties have both full-service gross and net leases which are generally classified as operating leases. Rental income related to such leases is recognized on a straight-line basis over the remaining lease term. The Company's total revenue includes fixed base rental payments provided under the lease and variable payments, which principally consist of tenant expense reimbursements for certain property operating expenses as provided under the lease.

The Company recognized fixed and variable lease payments for operating leases for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Fixed payments	\$ 37,081	\$ 39,117	\$ 113,565	\$ 115,746
Variable payments	6,933	6,067	20,418	18,687
	<u>\$ 44,014</u>	<u>\$ 45,184</u>	<u>\$ 133,983</u>	<u>\$ 134,433</u>

The Company ceased recognizing rental lease income with respect to the 190 Office Center property on the deconsolidation of the entity on May 15, 2023 (refer to Note 3).

The Company recognized interest income of \$0.6 million and variable lease payments of \$0.2 million for the sales-type lease at the Lake Vista Pointe property for the nine months ended September 30, 2022.

	Three Months Ended March 31,	
	2024	2023
Fixed payments	\$ 37,592	\$ 38,914
Variable payments	6,778	6,743
	<u>\$ 44,370</u>	<u>\$ 45,657</u>

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Future minimum lease payments to be received by the Company as of September 30, 2023 March 31, 2024 under non-cancellable operating leases for the next five years and thereafter are as follows (in thousands):

2023	\$ 31,440
2024	127,439
2025	116,777
2026	106,362
2027	89,459
Thereafter	<u>243,310</u>
	<u>\$ 714,787</u>
2024	\$ 96,163
2025	119,416
2026	109,150
2027	92,233
2028	77,533
Thereafter	<u>165,595</u>
	<u>\$ 660,090</u>

The Company's leases may include various provisions such as scheduled rent increases, renewal options and termination options. The majority of the Company's leases include defined rent increases rather than variable payments based on an index or unknown rate.

At the beginning of the period the Company, through wholly owned subsidiaries, was the landlord under leases totaling approximately 177,000 square feet with subsidiaries of WeWork Inc. ("WeWork") at three of the Company's properties. WeWork announced on November 6, 2023 that it filed for Chapter 11 bankruptcy protection and subsequently rejected the lease at one of our properties effective February 7, 2024 totaling 46,000 square feet. The Company recorded a termination fee of \$0.9 million during the period ended March 31, 2024. As of March 31, 2024, WeWork was operating at the remaining two locations totaling 131,000 square feet and the leases had not been rejected as part of the WeWork bankruptcy proceedings. As of March 31, 2024, the balance sheet exposure to WeWork was \$1.5 million in straight-line rent receivables, \$2.4 million in tenant improvements, and \$8.2 million in acquired lease intangible assets. The Company continues to monitor rental payments and potential lease rejection related to WeWork, and the Company will continue to assess what it believes will be the likelihood of each of the two WeWork leases being rejected in the bankruptcy proceedings as of each reporting period.

Lessee Accounting

As a lessee, the Company has ground and office leases which are classified as operating and financing leases. As of September 30, 2023 March 31, 2024, these leases had remaining terms of three to 65 years and a weighted average remaining lease term of 50 years. Right-of-use assets and lease liabilities have been included within other assets and other liabilities on the Company's condensed consolidated balance sheets as follows (in thousands):

	September 30, 2023	December 31, 2022
Right-of-use asset – operating leases	\$ 12,642	\$ 12,935
Lease liability – operating leases	\$ 8,613	\$ 8,802
Right-of-use asset – financing leases	\$ 9,877	\$ 10,054
Lease liability – financing leases	\$ 1,531	\$ 1,475

	March 31, 2024	December 31, 2023
Right-of-use asset – operating leases	\$ 12,483	\$ 12,564
Leasability – operating leases	\$ 8,484	\$ 8,550
Right-of-use asset – financing leases	\$ 9,763	\$ 9,820
Leasability – financing leases	\$ 1,573	\$ 1,551

Lease liabilities are measured at the commencement date based on the present value of future lease payments. One of the Company's operating ground leases includes rental payment increases over the lease term based on increases in the Consumer Price Index ("CPI"). Changes in the CPI were not estimated as part of the measurement of the operating lease liability. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments. The Company used a weighted average discount rate of 6.2% in determining its lease liabilities. The discount rates were derived from the Company's assessment of the credit quality of the Company and adjusted to reflect secured borrowing, estimated yield curves and long-term spread adjustments.

Right-of-use assets include any prepaid lease payments and exclude any lease incentives and initial direct costs incurred. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The lease terms may include options to extend or terminate the lease if it is reasonably certain that the Company will exercise that option.

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Operating lease expense for the three and nine months ended September 30, 2023 March 31, 2024 and March 31, 2023 was \$0.2 million and \$0.7 million, respectively. Operating lease expense for the three and nine months ended September 30, 2022 was \$0.3 million and \$0.8 million, respectively. Financing lease expense for the three and nine months ended September 30, 2023 March 31, 2024 and March 31, 2023 was \$0.1 million and \$0.3 million, respectively. Financing lease expense for the three and nine months ended September 30, 2022 was \$0.1 million and \$0.3 million, respectively.

Future minimum lease payments to be paid by the Company as a lessee for operating and financing leases as of September 30, 2023 March 31, 2024 for the next five years and thereafter are as follows (in thousands):

	Operating Leases	Financing Leases
2024	\$ 459	\$ 6
2025	770	8
2026	724	8
2027	587	8
2028	587	8
Thereafter	<u>25,976</u>	<u>6,930</u>

Total future minimum lease payments	29,103	6,968
Discount	(20,619)	(5,395)
Total	\$ 8,484	\$ 1,573

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	Operating Leases	Financing Leases
2023	\$ 74	\$ 2
2024	770	7
2025	770	8
2026	724	8
2027	587	8
Thereafter	26,563	6,938
Total future minimum lease payments	29,488	6,971
Discount	(20,875)	(5,440)
Total	\$ 8,613	\$ 1,531

9.8. Commitments and Contingencies

The Company is obligated under certain tenant leases to fund tenant improvements and the expansion of the underlying leased properties.

Under various federal, state and local laws, ordinances and regulations relating to the protection of the environment, a current or previous owner or operator of real estate may be liable for the cost of removal or remediation of certain hazardous or toxic substances disposed, stored, generated, released, manufactured or discharged from, on, at, under, or in a property. As such, the Company may be potentially liable for costs associated with any potential environmental remediation at any of its formerly or currently owned properties.

The Company believes that it is in compliance in all material respects with all federal, state and local ordinances and regulations regarding hazardous or toxic substances. Management is not aware of any environmental liability that it believes would have a material adverse impact on the Company's financial position or results of operations. Management is unaware of any instances in which the Company would incur significant environmental costs if any or all properties were sold, disposed of or abandoned. However, there can be no assurance that any such non-compliance, liability, claim or expenditure will not arise in the future.

The Company is involved from time to time in lawsuits and other disputes which arise in the ordinary course of business. As of **September 30, 2023** **March 31, 2024**, management believes that these matters will not have a material adverse effect, individually or in the aggregate, on the Company's financial position or results of operations.

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9. Stockholders' Equity

Share Repurchase Plan

On **March 9, 2020** **May 4, 2023**, the Company's Board of Directors (the "Board of Directors") approved a share repurchase plan authorizing the Company to repurchase up to \$100 million of its outstanding shares of common stock. In July 2020, the Company completed the full March 2020 share repurchase plan. On August 5, 2020, the Board of Directors approved an additional share repurchase plan authorizing the Company to repurchase up to an additional aggregate amount of \$50 million of its outstanding shares of common stock. In September 2022, the Company completed the full August 2020 share repurchase plan. On May 4, 2023, the Board of Directors approved an additional share repurchase plan ("Repurchase Program") authorizing the Company to repurchase up to \$50 million of its outstanding shares of common stock or Series A Preferred Stock. Under the share repurchase programs, the shares may be repurchased from time to time using a variety of methods, which may include open market transactions, privately negotiated transactions or otherwise, all in accordance with the rules of the SEC and other applicable legal requirements.

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Repurchased shares of common stock will be classified as authorized and unissued shares. The Company recognizes the cost of shares of common stock it repurchases, including direct costs incurred, as a reduction in stockholders' equity. Such reductions of stockholders' equity due to the repurchases of shares of common stock will be applied first, to reduce common stock in the amount of the par value associated with the shares of common stock repurchased and second, to reduce additional paid-in capital by the amount that the purchase price for the shares of common stock repurchased exceed the par value.

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There were

no shares repurchased during the **nine** **three** months ended September 30, 2023. During the nine months ended September 30, 2022, the Company completed the repurchase of 4,006,897 shares of its common stock for approximately \$50.0 million. **March 31, 2024** and 2023.

Common Stock and Common Unit Distributions

On **September 15, 2023** **March 15, 2024**, the Board of Directors approved and the Company declared a cash dividend distribution of \$0.10 per common share for the quarterly period ended **September 30, 2023** **March 31, 2024**. The dividend was paid subsequent to quarter end on **October 24, 2023** **April 24, 2024** to common stockholders and common unitholders of record as of the close of business on **October 10, 2023** **April 10, 2024**, resulting in an aggregate payment of \$4.0 million.

Preferred Stock Distributions

On **September 15, 2023** **March 15, 2024**, the Board of Directors approved and the Company declared a cash dividend distribution of \$0.4140625 per share of the Company's 6.625% Series A Preferred Stock ("Series A Preferred Stock") for an aggregate amount of \$1.9 million for the quarterly period ended **September 30, 2023** **March 31, 2024**. The dividend was paid subsequent to quarter end on **October 24, 2023** **April 24, 2024** to the holders of record of Series A Preferred Stock as of the close of business on **October 10, 2023** **April 10, 2024**.

Equity Incentive Plan

The Company has an [equity incentive plan](#) ("Equity Incentive Plan") for executive officers, directors and certain non-executive employees, and with approval of the Board of Directors, for subsidiaries and their respective affiliates. The Equity Incentive Plan provides for grants of restricted common stock, restricted stock units, phantom shares, stock options, dividend equivalent rights and other equity-based awards (including the grant of Operating Partnership long-term incentive plan units), subject to the total number of shares available for issuance under the plan. The Equity Incentive Plan is administered by the compensation committee of the Board of Directors (the "Compensation Committee"). The Equity Incentive Plan provides for the issuance of up to 3,763,580 shares of common stock. To the extent an award granted under the Equity Incentive Plan expires or terminates, the shares subject to any portion of the award that expires or terminates without having been exercised or paid, as the case may be, will again become available for the issuance of additional awards.

On January 27, 2020, each of the Board of Directors and the Compensation Committee approved a new form of [performance-based restricted unit award agreement](#) that will be used to grant performance-based restricted stock unit awards ("Performance RSU Awards") pursuant to the Equity Incentive Plan. The Performance RSU Awards are based upon the total stockholder return ("TSR") of the Company's common stock over a three-year measurement period beginning January 1 of the year of grant (the "Measurement Period") relative to the TSR of a defined peer group list of other US Office REIT companies (the "Peer Group") as of the first trading date in the year of grant. The payouts under the Performance RSU Awards are evaluated on a sliding scale as follows: TSR below the 30th percentile of the Peer Group would result in a 50% payout; TSR at the 50th percentile of the Peer Group would result in a 100% payout; and TSR at or above the 75th percentile of the Peer Group would result in a 150% payout. Payouts are mathematically interpolated between these stated percentile targets, subject to a 150% maximum. To the extent earned, the payouts of the Performance RSU Awards are intended to be settled in the form of shares of the Company's common stock, pursuant to the Equity Incentive Plan. Upon satisfaction of the vesting conditions, dividend equivalents in an amount equal to all regular and special dividends declared with respect to the Company's common stock during each annual measurement period during the Measurement Period are determined and paid on a cumulative, reinvested basis over the term of the applicable Performance RSU Award, at the time such award vests and based on the number of shares of the Company's common stock that are earned.

During the first quarter of **2023, 2024**, the Performance RSU Awards granted in **January 2020, 2021**, with a **January 1, 2020** **January 1, 2021** through **December 31, 2022** **December 31, 2023** Measurement Period, were earned at **150%** **120%** of the target number of shares granted based on achievement of a TSR that was at or above the 75th **60th** percentile of the 2020 **2021** RSU Peer Group.

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The following table summarizes the activity of the awards under the Equity Incentive Plan for the three and nine months ended **September 30, 2023** **March 31, 2024**:

	Number of RSUs	Number of Performance RSUs	Number of RSUs	Number of Performance RSUs
Outstanding at December 31, 2022	428,320	307,500		
Outstanding at December 31, 2023			451,741	424,888
Granted	198,022	214,888	324,414	324,952
Issuance of dividend equivalents	9,485	—	8,290	—
Vested	(216,520)	(97,500)	(228,747)	(120,000)
Outstanding at March 31, 2023	419,307	424,888		
Issuance of dividend equivalents	14,356	—		

Outstanding at June 30, 2023	433,663	424,888
Issuance of dividend equivalents	7,844	—
Outstanding at September 30, 2023	441,507	424,888
Outstanding at March 31, 2024		555,698
		629,840

The following table summarizes the activity of the awards under the Equity Incentive Plan for the three and nine months ended **September 30, 2022** **March 31, 2023**:

	Number of RSUs	Number of Performance RSUs	Number of RSUs	Number of Performance RSUs
Outstanding at December 31, 2021	342,159	217,500		
Outstanding at December 31, 2022			428,320	307,500
Granted	237,986	90,000	198,022	214,888
Issuance of dividend equivalents	3,902	—		
Outstanding at March 31, 2022	584,047	307,500		
Issuance of dividend equivalents	7,451	—	9,485	—
Vested	(177,812)	—	(216,520)	(97,500)
Outstanding at June 30, 2022	413,686	307,500		
Issuance of dividend equivalents	6,185	—		
Outstanding at September 30, 2022	419,871	307,500		
Outstanding at March 31, 2023			419,307	424,888

During the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **September 30, 2022** **March 31, 2023**, the Company granted the following restricted stock units ("RSUs") and Performance RSU Awards to directors, executive officers and certain non-executive employees:

	Units Granted		Fair Value (in thousands)	Weighted Average Grant Fair Value Per Share
	RSUs	Performance RSUs		
	2023	2022		
2024	198,022	214,888	\$ 3,729	\$ 9.03
2023	237,986	90,000	5,753	17.54
	Units Granted		Fair Value (in thousands)	Weighted Average Grant Fair Value Per Share
	RSUs	Performance RSUs		
	2024	2023		

The RSU Awards will vest in three equal, annual installments on each of the first three anniversaries of the grant date. The Performance RSU Awards will vest on the last day of the three-year measurement period.

During the three months ended **September 30, 2023** **March 31, 2024** and **September 30, 2022** **March 31, 2023**, the Company recognized net compensation expense for the RSUs and Performance RSU Awards as follows (in thousands):

	RSUs	Performance RSUs	Total	
2024	\$ 641	\$ 429	\$ 1,070	
2023	643	381	1,024	
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	RSUs	Performance RSUs	Total	
2023	\$ 633	\$ 391	\$ 1,024	
2022	652	340	992	

During the nine months ended September 30, 2023 and September 30, 2022, the Company recognized net compensation expense for the RSUs and Performance RSU Awards as follows (in thousands):

	RSUs	Performance RSUs	Total
2023	\$ 1,910	\$ 1,161	\$ 3,071
2022	1,902	985	2,887

11.10. Subsequent Events

Subsequent to September 30, 2023 On May 1, 2024, WeWork Inc. ("WeWork"), announced that it has filed for bankruptcy protection. The Company, through wholly owned subsidiaries, is thenon-recourse property loan at our Cascade Station property in Portland matured, and an event of default was triggered under the landlord under leases totaling approximately 177,000 square feet with subsidiaries of WeWork at three terms of the Company's properties. Cascade Station loan, followingnon-payment of the principal amount outstanding at loan maturity. The loan, in the original principal amount of \$22.5 million, is secured by the Cascade Station property. As such, the process to transfer the property to the lender has been initiated. In the first quarter of 2023, a "cash-sweeperiod" began for the Cascade Station loan due to thenon-renewal of a major tenant's leased space in the building. As of September 30, 2023 March 31, 2024, and December 31, 2023, total restricted cash for the property was \$2.3 million and \$2.0 million, respectively. As previously disclosed, in December 2022, we recorded a \$6.5 million impairment to write down the asset's carrying amount to fair value. As a result, the Company hadstraight-line rent receivable balances of \$0.3 million, \$0.4 million and \$0.8 million at Block 23, The Terraces and Bloc 83, respectively, tenant improvement balances of \$0.3 million, \$1.6 million and \$0.9 million at Block 23, The Terraces and Bloc 83, respectively, and acquired lease intangible asset balances of \$2.6 million, \$3.2 million and \$5.6 million at Block 23, The Terraces and Bloc 83, respectively, related does not expect to leases with subsidiaries of WeWork. The Company has and will continue to assess what it believes will be the likelihood of each recognize a material gain or loss as a result of the three leases being rejected in the bankruptcy proceedings as of each reporting period. If the Company believes rejection is probable in a subsequent reporting period, the Company will write off the applicable straight-line rent receivable balance to rental and other revenues in the statement of operations in the period. The Company will further assess the remaining tenant improvement and acquired lease intangible asset balances to determine if a write off is required, which would be recorded partially to rental and other revenues and partially to depreciation and amortization expense in the statement of operations.events described.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis is based on, and should be read in conjunction with, the condensed consolidated financial statements and the related notes thereto of the City Office REIT, Inc. contained in this Quarterly Report on Form10-Q(this "Report").

As used in this section, unless the context otherwise requires, references to "we," "our," "us," and "our company" refer to City Office REIT, Inc., a Maryland corporation, together with our consolidated subsidiaries, including City Office REIT Operating Partnership L.P., a Maryland limited partnership, of which we are the sole general partner and which we refer to in this section as our Operating Partnership, except where it is clear from the context that the term only means City Office REIT, Inc.

Cautionary Statement Regarding Forward-Looking Statements

This Report, including "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations," contains both historical and forward-looking statements. All statements, other than statements of historical fact are, or may be deemed to be, forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We have used the words "approximately," "anticipate," "assume," "believe," "budget," "contemplate," "continue," "could," "estimate," "expect," "future," "hypothetical," "intend," "may," "outlook," "plan," "potential," "predict," "project," "seek," "should," "target," "will" and similar terms and phrases to identify forward-looking statements in this Report. All of our forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we are expecting, including:

- adverse economic or real estate developments in the office sector or the markets in which we operate;
- increased interest rates, any resulting increase in financing or operating costs, the impact of inflation and a stall in economic growth or an economic recession;
- changes in local, regional, national and international economic conditions, including as a result of the coronavirus disease("COVID-19")pandemic recent pandemics or any future epidemics or pandemics;
- the extent to which "work from home" "work-from-home" and hybrid work policies continue as a result of theCOVID-19 continue;pandemic or any future epidemics or pandemics;
- our inability to compete effectively;
- our inability to collect rent from tenants or renew tenants' leases on attractive terms if at all;
- our dependence upon significant tenants, bankruptcy or insolvency of a major tenant or a significant number of small tenants or borrowers, or defaults on non-renewal of leases by tenants;
- demand for and market acceptance of our properties for rental purposes, including as a result of near-term market fluctuations or long-term trends that result in an overall decrease in the demand for office space;

- decreased rental rates or increased vacancy rates, including as a result of the COVID-19 rates; pandemic or any future epidemics or pandemics;
- our failure to obtain necessary financing or access the capital markets on favorable terms or at all;
- changes in the availability of acquisition opportunities;
- availability of qualified personnel;
- our inability to successfully complete real estate acquisitions or dispositions on the terms and timing we expect, or at all;

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- our failure to successfully operate acquired properties and operations;

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- changes in our business, financing or investment strategy or the markets in which we operate;
- our failure to generate sufficient cash flows to service our outstanding indebtedness;
- environmental uncertainties and risks related to adverse weather conditions and natural disasters;
- our failure to maintain our qualification as a REIT for U.S. federal income tax purposes;
- government approvals, actions and initiatives, including the need for compliance with environmental requirements;
- outcome of claims and litigation involving or affecting us;
- financial market fluctuations;
- changes in real estate, taxation and zoning laws and other legislation and government activity and changes to real property tax rates and the taxation of REITs in general; and
- other factors described in our news releases and filings with the SEC, including but not limited to those described in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 under the sections captioned "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and elsewhere in this Form 10-Q and any updates to those factors set forth in our subsequent Quarterly Reports on Form 10-Q or other public filings reports filed with the SEC.

The forward-looking statements contained in this Report are based on historical performance and management's current plans, estimates and expectations in light of information currently available to us and are subject to uncertainty and changes in circumstances. There can be no assurance that future developments affecting us will be those that we have anticipated. Actual results may differ materially from these expectations due to the factors, risks and uncertainties described above, changes in global, regional or local political, economic, business, competitive, market, regulatory and other factors described in our news releases and filings with the SEC, including but not limited to those described in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 under the heading "Risk Factors" and elsewhere in this Form 10-Q and any updates to those factors set forth in our subsequent Quarterly Reports on Form 10-Q or other public filings with the SEC, many of which are beyond our control. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove to be incorrect, our actual results may vary in material respects from what we may have expressed or implied by these forward-looking statements. We caution that you should not place undue reliance on any of our forward-looking statements. Any forward-looking statement made by us in this Report speaks only as of the date of this Report. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by applicable securities laws.

Overview

Company

We were formed as a Maryland corporation on November 26, 2013. On April 21, 2014, we completed our IPO of shares of common stock. We contributed the net proceeds of the IPO to our Operating Partnership in exchange for common units in our Operating Partnership. Both we and our Operating Partnership commenced operations upon completion of the IPO and certain related formation transactions.

Revenue Base

As of September 30, 2023 March 31, 2024, we owned 24 properties comprised of 58 office buildings with a total of approximately 5.7 million square feet of net rentable area ("NRA"). As of September 30, 2023 March 31, 2024, our properties were approximately 85.4% 83.0% leased.

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Office Leases

Historically, most leases for our properties have been on a full-service gross or net lease basis, and we expect to continue to use such leases in the future. A full-service gross lease generally has a base year expense "stop," whereby we pay a stated amount of expenses as part of the rent payment while future increases (above the base year stop) in property operating expenses are billed to the

tenant based on such tenant's proportionate square footage in the property. The property operating expenses are reflected in operating expenses; however, only the increased property operating expenses above the base year stop recovered from tenants are reflected as tenant recoveries within rental and other revenues on our condensed consolidated statements of operations. In a triple net lease, the tenant is typically responsible for all property taxes and operating expenses. As such, the base rent payment does not include any operating expenses, but rather all such expenses are billed to or paid by the tenant. The full amount of the expenses for this lease type is reflected in operating expenses, and the reimbursement is reflected as tenant recoveries. We are also a lessor for a fee simple ground lease at the AmberGlen property.

Factors That May Influence Our Operating Results and Financial Condition

Economic Environment and Inflation

Economic conditions Recently, the broader economy in the U.S. and globally continue to be volatile, primarily due to the impacts began experiencing increased levels of inflation. As inflation, continued to reach new highs, a chain reaction of events was set off, beginning with the U.S. Federal Reserve taking severe tightening measures, higher interest rates rising across the yield curve, volatility and losses in the public equity tightening monetary and debt markets and concerns that the U.S. economy may experience a recession. fiscal policies. The banking and lending sector in particular has been impacted by the interest rate environment. This While it remains difficult to predict the full impact of recent events and any future changes in interest rates or inflation, this evolving operating economic environment impacts our operating activities as:

- business leaders may generally become more reticent to make large capital allocation decisions, such as entry into a new lease, given the uncertain economic environment;
- our cost of capital has increased due to higher interest rates and credit spreads, and private market debt financing is significantly more challenging to arrange; and
- retaining and attracting new tenants has become increasingly challenging due to potential business layoffs, downsizing and industry slowdowns.

Despite the challenging economic environment, there is increasing evidence that many businesses have or will tighten up-in-person work policies as particularly if economic conditions worsen. Many of these companies increased their workforce during the pandemic beginning in 2020 without increasing their available space. We expect these factors will help offset, at least partially, the headwinds to office space demand.

COVID-19 Work-From-Home Trends

Our business has been and will likely continue to be impacted by the COVID-19 pandemic. In addition, our business has been and will likely continue to be impacted by tenant uncertainty regarding office space needs given the evolving remote and hybrid working trends as a result of the COVID-19 pandemic. While the usage of our assets in the third quarter of 2023 was still lower than pre-pandemic levels, usage has been increasing year over year. Usage of our assets in the near future depends on corporate and individual decisions regarding return to usage of office space, which is impossible to estimate. As of March 31, 2024, 14.0% of net rentable area under our portfolio was vacant, as compared to 12.5% as of March 31, 2023.

Leasing activity has been and is expected to be impacted by the COVID-19 pandemic evolving work-from-home trend until and unless tenants increase the utilization of their spaces. We have experienced and we expect that we will continue to experience slower new leasing, and there remains uncertainty over existing tenants' long-term space requirements. Overall, this could reduce our anticipated rental revenues. In addition, certain tenants in our markets have and may explore opportunities to sublease all or a portion of their leased square footage to other tenants or third parties. While subleasing generally does not impact the ability to collect payment from the original lessee and will not result in any decrease in the rental revenues expected to be received from the primary tenant, this trend could reduce our ability to lease incremental square footage to new tenants, could increase the square footage of our properties that "goes dark," could reduce anticipated rental revenue should tenants determine their long-term needs for square footage are lower than originally anticipated and could impact the pricing and competitiveness for leasing office space in our markets.

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We will continue to actively evaluate business operations and strategies to optimally position ourselves given current economic and industry conditions.

Business and Strategy

We focus on owning and acquiring office properties in our footprint of growth markets predominantly in the Sun Belt. Our markets generally possess growing populations with above-average employment growth forecasts, a large number of government offices, large international, national and regional employers across diversified industries, generally lower-cost centers for business operations and a high quality of life. We believe these characteristics have made our markets desirable, as evidenced by domestic net migration generally towards our geographic footprint. A majority of our properties are well located, have good access and functionality to our markets, are new or in new condition, attract high-quality tenants and are professionally managed. We utilize our management's market-specific knowledge and relationships as well as the expertise of local real estate property and leasing managers to identify acquisition opportunities that we believe will offer cash flow stability and long-term value appreciation.

Rental Revenue and Tenant Recoveries

The amount of net rental revenue generated by our properties will depend principally on our ability to maintain the occupancy rates of currently leased space and to lease currently available space and space that becomes available from lease terminations. As of March 31, 2024, the operating properties in our portfolio were 83.0% leased, with 6.9% of our leases scheduled to expire over the remainder of the calendar year, without regard to renewal options. The amount of rental revenue generated also depends on our ability to maintain or increase rental rates at our properties. Our leases typically include rent escalation provisions designed to provide annual growth in our rental income as well as an ability to pass through cost escalations to our tenants, and in the normal course of business we do not typically waive these rent escalation provisions. Negative trends in one or more of these factors could adversely affect our rental revenue in future periods. We continually monitor our tenants' ability to meet their lease obligations to pay us rent to determine if any adjustments should be reflected currently. Future economic downturns or regional downturns affecting our markets or submarkets or downturns in our tenants' industries, including as a result of rising high interest rates and the increasing fluctuating likelihood of a U.S. recession, that impair our ability to renew or re-lease space and the ability of our tenants to fulfill their lease commitments, as in the case of tenant bankruptcies, could adversely affect our ability to maintain or increase rental rates at our properties. In addition, growth in rental revenue will also partially depend on our ability to acquire additional properties that meet our investment criteria.

The At the beginning of the period the Company, through wholly owned subsidiaries, is was the landlord under leases totaling approximately 177,000 square feet with subsidiaries of WeWork Inc. ("WeWork") at three of the Company's properties. These three WeWork leases comprised \$6.7 announced on November 6, 2023 that it filed for Chapter 11 bankruptcy protection and subsequently rejected the lease at one of our properties effective February 7, 2024 totaling 46,000 square feet. The Company recorded a termination fee of \$0.9 million of during the Company's rental and other revenues in the accompanying statements of operations for the nine months period ended September 30, 2023 March 31, 2024. As of September 30, 2023 March 31, 2024, WeWork was operating at the remaining two locations totaling 131,000 square feet and the leases had not been rejected as part of the WeWork bankruptcy proceedings. It is reasonably likely that the Company had straight-line rent receivable balances will take back at least some portions of \$0.3 million, \$0.4 million these leased spaces in the future based on the Company's latest assessment of these proceedings. The Company continues to monitor rental payments and \$0.8 million at Block 23, The Terraces and Bloc 83, respectively, tenant improvement balances of \$0.3 million, \$1.6 million and \$0.9 million at Block 23, The Terraces and Bloc 83, respectively, and acquired potential lease intangible asset balances of \$2.6 million, \$3.2 million and \$5.6 million at Block 23, The Terraces and Bloc 83, respectively, rejection related to WeWork, and the Company will continue to assess what it believes will be the likelihood of each of the two WeWork leases being rejected in the bankruptcy proceedings as of each reporting period. For more information regarding the risks associated with subsidiaries of WeWork. The Company understands that WeWork is currently operating at all three locations, and WeWork is current a tenant in bankruptcy, see "Item 1A. Risk Factors" in our Annual Report on its October 2023 rental payments at all three locations. Form10-K.

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Leasing Activity

The following table presents our leasing activity for the three months ended March 31, 2024.

Three Months Ended March 31, 2024 Leasing Activity	New Leasing	Renewal Leasing	Total Leasing
Square Feet (000's)	110	81	191
Average Effective Rents	\$ 33.33	\$ 32.50	\$ 32.98
Tenant Improvements	\$ 68.80	\$ 5.49	\$ 41.82
Leasing Commissions	\$ 20.66	\$ 8.15	\$ 15.33
% Change in Renewal Cash Rent vs. Expiring		2.7 %	
Retention Rate %		41 %	

Our Properties

As of September 30, 2023 March 31, 2024, we owned 24 properties comprised of 58 office buildings with a total of approximately 5.7 million square feet of NRA in the metropolitan areas of Dallas, Denver, Orlando, Phoenix, Portland, Raleigh, San Diego, Seattle and Tampa. The following table presents an overview of our portfolio as of September 30, 2023 March 31, 2024.

Metropolitan Area	Property	Economic Interest	NRA (000s Square Feet)	In Place Occupancy	Annualized Base Rent per Square Foot	Annualized Gross Rent per Square Foot ⁽¹⁾	Annualized Base Rent ⁽²⁾ (\$000s)	Property	Econ Inte
Phoenix, AZ (26.7% of NRA)									
Block 23	100.0%	307	94.5 %	\$ 30.20	\$ 32.49	\$ 8,760	Block 23		
Pima Center	100.0%	272	52.1 %	\$ 29.71	\$ 29.71	\$ 4,205	Pima Center	100.0	
SanTan	100.0%	267	47.0 %	\$ 32.04	\$ 32.04	\$ 4,016	SanTan	100.0	
5090 N. 40 th St	100.0%	175	69.9 %	\$ 34.38	\$ 34.38	\$ 4,210	5090 N. 40 th St	100.0	
Camelback Square	100.0%	172	85.9 %	\$ 34.57	\$ 34.57	\$ 5,119	Camelback Square	100.0	
The Quad	100.0%	163	87.1 %	\$ 33.31	\$ 33.67	\$ 4,728	The Quad	100.0	
Papago Tech	100.0%	163	67.8 %	\$ 25.67	\$ 25.67	\$ 2,834	Papago Tech	100.0	
Tampa, FL (18.5%)									
Park Tower	94.8%	480	90.1 %	\$ 28.39	\$ 28.39	\$ 12,293	Park Tower		
City Center	95.0%	244	88.4 %	\$ 30.29	\$ 30.29	\$ 6,530	City Center	95.0	
Intellicenter	100.0%	204	100.0 %	\$ 26.21	\$ 26.21	\$ 5,333	Intellicenter	100.0	
Carillon Point	100.0%	124	100.0 %	\$ 30.82	\$ 30.82	\$ 3,828	Carillon Point	100.0	

Denver, CO											
(14.1%)	Denver Tech	100.0%	381	85.6 %	\$ 24.63	\$ 29.08	\$ 7,839			Denver Tech	
	Circle Point	100.0%	272	90.6 %	\$ 20.05	\$ 34.92	\$ 4,942	Circle Point			100.0
	Superior Pointe	100.0%	152	71.7 %	\$ 18.62	\$ 31.62	\$ 2,033	Superior Pointe			100.0
Orlando, FL											
(12.7%)	Florida Research Park	96.6%	397	87.2 %	\$ 26.08	\$ 27.85	\$ 8,925			Florida Research Park	
	Central Fairwinds	97.0%	168	90.7 %	\$ 28.56	\$ 28.56	\$ 4,357	Central Fairwinds			97.0
	Greenwood Blvd	100.0%	155	100.0 %	\$ 24.75	\$ 24.75	\$ 3,837	Greenwood Blvd			100.0
Raleigh, NC											
(8.7%)	Bloc 83	100.0%	495	86.0 %	\$ 38.35	\$ 38.62	\$ 16,323			Bloc 83	
Portland, OR											
(5.8%)	AmberGlen	76.0%	203	100.0 %	\$ 23.97	\$ 27.17	\$ 4,877			AmberGlen	
	Cascade Station	100.0%	128	100.0 %	\$ 29.74	\$ 31.65	\$ 3,808	Cascade Station			100.0
Dallas, TX											
(5.0%)	The Terraces	100.0%	173	100.0 %	\$ 39.34	\$ 59.34	\$ 6,792			The Terraces	
	2525 McKinnon	100.0%	111	97.8 %	\$ 30.82	\$ 51.82	\$ 3,359	2525 McKinnon			100.0
San Diego, CA											
(4.9%)	Mission City	100.0%	281	80.9 %	\$ 39.77	\$ 39.77	\$ 9,047			Mission City	
Seattle, WA											
(3.6%)	Canyon Park	100.0%	207	100.0 %	\$ 23.86	\$ 29.86	\$ 4,934			Canyon Park	
Total / Weighted Average – September 30, 2023⁽³⁾			5,694	85.4 %	\$ 29.44	\$ 32.70	\$ 142,929				
Total / Weighted Average – March 31, 2024⁽⁴⁾											

(1) Annualized Average Effective Rent accounts for the impact of straight-line rent adjustments, including the amortization of rent escalations and base rent concessions (e.g., free rent abatements) contained in the lease. The square foot result per property is calculated by multiplying (i) Average Effective Rent for the month ended March 31, 2024 by (ii) 12, divided by the occupied square footage in that period.

(2) Annualized gross rent per square foot includes adjustment for estimated expense reimbursements of triple net leases.

(2) Annualized base rent is calculated by multiplying (i) rental payments (defined as cash rents before abatements) for the month ended September 30, 2023 March 31, 2024 by (ii) 12.

(3) Averages weighted based on the property's NRA, adjusted for occupancy.

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Operating Expenses

Our operating expenses generally consist of utilities, property and ad valorem taxes, insurance and site maintenance costs. Increases in these expenses over tenants' base years (until the base year is reset at expiration) are generally passed along to tenants in our full-service gross leased properties and are generally paid in full by tenants in our net leased properties.

Conditions in Our Markets

Positive or negative changes in economic or other conditions in the markets we operate in, including state budgetary shortfalls, employment rates, natural hazards and other factors, may impact our overall performance. While we generally expect the trend of positive population and economic growth in our Sun Belt cities to continue, there is no way for us to predict whether these trends will continue, especially in light of inflation and rising interest rates as well as potential changes in tax policy, fiscal policy and monetary policy. In addition, it is uncertain and impossible to estimate the potential impact that the COVID-19 pandemic work-from-home trend will have on the short- and long-term demand for office space in our markets.

Critical Accounting Policies and Estimates

The interim condensed consolidated financial statements follow the same policies and procedures as outlined in the audited consolidated financial statements for the year ended December 31, 2022 December 31, 2023 included in our Annual Report on Form 10-K for the year ended December 31, 2022, except for our election to apply the practical expedients related to Reference Rate Reform (Topic 848) and the application of our VIE policy as outlined in Note 2 of the condensed consolidated financial statements December 31, 2023.

Results of Operations

Comparison of Three Months Ended September 30, 2023 March 31, 2024 to Three Months Ended September 30, 2022 March 31, 2023

Rental and Other Revenues. Rental and other revenues include net rental income, including parking, signage and other income, as well as the recovery of operating costs and property taxes from tenants. Rental and other revenues decreased

\$1.3 \$1.5 million, or 3%, to \$44.2 \$44.5 million for the three months ended September 30, 2023 March 31, 2024 compared to \$45.5 \$46.0 million for the three months ended September 30, 2022 March 31, 2023. Revenue decreased at SanTan by \$0.9 million due to a termination fee recognized in the prior year and lower resulting occupancy in the current period associated with an early tenant departure. In addition, the disposition of 190 Office Center in May 2023 reduced revenue by \$1.7 million. Revenue also decreased at Mission City and 5090 Cascade Station by \$0.4 million, and \$0.3 million, respectively, due to lower occupancy at the properties property compared to the prior year. Offsetting these decreases, the December 2021 acquisition of Block 23 The Terraces and Bloc 83, which were undergoing first generationlease-upin 2022, revenue increased revenue by \$0.4 \$0.6 million \$0.2 million and \$0.1 million, respectively. In addition, higher occupancy at Park Tower, Circle Point, City Center and FRP Collection increased revenue by \$0.4 million, \$0.4 million, \$0.2 million and \$0.2 million, respectively,primarily due to a termination fee recorded as a result of the WeWork lease termination. The remaining properties' rental and other revenues were relatively unchanged in comparison to the prior period.

Operating Expenses

Total Operating Expenses. Total operating expenses consist of property operating expenses, general and administrative expenses and depreciation and amortization. Total operating expenses decreased \$0.6 \$0.3 million, or 2% 1%, to \$35.9 million for the three months ended September 30, 2023, from \$36.5 million for the three months ended September 30, 2022 March 31, 2024, from \$36.8 million for the three months ended March 31, 2023. The disposition of 190 Office Center in May 2023 decreased total operating expenses by \$1.4 \$1.1 million. Offsetting the decrease, the December 2021 acquisition of Block 23 and The Terraces, which were undergoing first generationlease-upin 2022, Bloc 83 increased total operating expenses by \$0.2 \$0.4 million and \$0.1 million, respectively. In addition, total operating expenses at Park Tower and City Center increased \$0.3 million and \$0.2 million, respectively, primarily due to higher operating costs associated with higher occupancy over the prior year. electricity and property taxes. The remaining properties' total operating expenses were relatively unchanged \$0.4 million higher in comparison to the prior period.

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Property Operating Expenses. Property operating expenses are comprised mainly of building common area and maintenance expenses, insurance, property taxes, property management fees, as well as certain expenses that are not recoverable from tenants, the majority of which are related to costs necessary to maintain the appearance and marketability of vacant space. In the normal course of business, property expenses fluctuate and are impacted by various factors including, but not limited to, occupancy levels, weather, utility costs, repairs, maintenance andre-leasingcosts. Property operating expenses increased \$0.2 million, or 1%, to \$17.6 million for the three months ended September 30, 2023 March 31, 2024, were relatively unchanged from \$17.4 the \$17.7 million reported for the three months ended September 30, 2022 March 31, 2023. Of the increase, the December 2021 acquisition of Block 23 and The Terraces, which were undergoing first generationlease-upin 2022, contributed \$0.2 million and \$0.1 million, respectively. In addition, property operating expenses at Park Tower increased \$0.2 million, due to higher operating costs associated with higher occupancy over the prior year. Offsetting these increases, the disposition of 190 Office Center in May 2023 decreased property operating expenses by \$0.9 \$0.8 million. Offsetting this decrease, property operating expenses at Bloc 83 increased by \$0.4 million primarily due to higher electricity and property taxes. The remaining properties' property operating expenses were \$0.6 \$0.4 million higher in comparison to the prior period, primarily due to inflation.

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General and Administrative. General and administrative expenses are comprised of public company reporting costs and the compensation of our management team and Board of Directors, as well as non-cashstock-based compensation expenses. General and administrative expenses were relatively unchanged at \$3.5 \$3.7 million for the three months ended September 30, 2023 March 31, 2024, a decrease of \$0.1 million, or 1%, from \$3.5 \$3.8 million reported in the prior period.

Depreciation and Amortization. Depreciation and amortization decreased \$0.9 \$0.2 million, or 5% 1%, to \$14.7 \$15.1 million for the three months ended September 30, 2023 March 31, 2024, from \$15.6 \$15.3 million reported for the same period in 2022, 2023. Of this decrease, the disposition of 190 Office Center in May 2023 decreased depreciation and amortization expense by \$0.5 \$0.4 million. In addition, our SanTan property contributed \$0.3 million to the decrease, primarily due to accelerated amortization of tenant-related assets recorded in the prior year associated with an early lease termination at the property. Depreciation and amortization expense at The Quad decreased by \$0.2 million from the prior period as the amortization expense associated with leases in place was fully amortized in early 2023. Offsetting these decreases, depreciation and amortization expense at our Circle Point property increased by \$0.1 million due to increased depreciation for tenant-related assets. The remaining properties' depreciation expenses were relatively unchanged marginally higher in comparison to the prior year.period.

Other Expense (Income)

Interest Expense. Interest expense increased \$1.3 \$0.1 million, or 19% 1%, to \$8.2 \$8.4 million for the three months ended September 30, 2023 March 31, 2024, from \$6.9 \$8.3 million for the three months ended September 30, 2022 March 31, 2023. The increase was primarily attributable Interest expense at FRP Collection and Carillon Point increased by \$0.3 million and \$0.1 million, respectively, as a result of amended and restated property mortgages entered into in 2023 at higher interest rates. Interest expense also increased by \$0.2 million due to higher amounts drawn and higher interest rates on our floating rate debt.

Comparison of Nine Months Ended September 30, 2023 to Nine Months Ended September 30, 2022

Rental and Other Revenues. Rental and other revenues include net rental income, including parking, signage and other income, as well as the recovery of operating costs and property taxes from tenants. Rental and other revenues Offsetting these increases, interest expense decreased \$1.1 million, or 1%, to \$134.8 million for the nine months ended September 30, 2023 compared to \$135.9 million for the nine months ended September 30, 2022. Revenue decreased at SanTan by \$3.8 \$0.5 million due to a termination

fee recognized in the prior year and lower resulting occupancy in the current period associated with an early tenant departure. In addition, the dispositions of 190 Office Center in May 2023 and Lake Vista Pointe in June 2022 reduced revenue by \$2.6 million and \$1.9 million, respectively. Revenue also decreased at Mission City and 5090 by \$0.9 million and \$0.8 million, respectively, due to lower occupancy at the properties compared to the prior year. Offsetting these decreases, the December 2021 acquisition of Bloc 83, Block 23 and The Terraces, which were undergoing first generationlease-upin 2022, increased revenue by \$2.6 million, \$1.4 million and \$0.6 million, respectively. In addition, higher occupancy at Park Tower, Circle Point, FRP Collection and City Center increased revenue by \$1.9 million, \$1.3 million, \$0.8 million and \$0.6 million, respectively. The remaining properties' rental and other revenues were marginally lower in comparison to the prior period.

Operating Expenses

Total Operating Expenses. Total operating expenses consist of property operating expenses, general and administrative expenses and depreciation and amortization. Total operating expenses increased \$1.0 million, or 1%, to \$109.4 million for the nine months ended September 30, 2023, from \$108.4 million for the nine months ended September 30, 2022. Of the increase, the December 2021 acquisition of Bloc 83, Block 23 and The Terraces, which were undergoing first generationlease-upin 2022, contributed \$1.2 million, \$1.0 million and \$0.4 million, respectively. In addition, total operating expenses at Park Tower, FRP Collection, City Center and Circle Point increased \$1.1 million, \$0.5 million, \$0.5 million and \$0.4 million, respectively, due to higher operating costs associated with higher occupancy over the prior year. General and administrative expenses also increased \$0.4 million, primarily due to higher payroll and stock-based compensation expense. Offsetting these increases, total operating expenses decreased at SanTan by \$1.5 million due to lower occupancy at the property in comparison to the prior year. The dispositions of 190 Office Center in May 2023 and Lake Vista Pointe in June 2022 also decreased total operating expenses by \$1.9 million and \$0.8 million, respectively. In addition, total operating expenses at Mission City decreased by \$0.4 million from the prior period mainly due to amortization expense associated with acquired lease intangible assets that has now been fully amortized. The remaining properties' total operating expenses were relatively unchanged in comparison to the prior period.

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Property Operating Expenses. Property operating expenses are comprised mainly of building common area and maintenance expenses, insurance, property taxes, property management fees, as well as certain expenses that are not recoverable from tenants, the majority of which are related to costs necessary to maintain the appearance and marketability of vacant space. In the normal course of business, property expenses fluctuate and are impacted by various factors including, but not limited to, occupancy levels, weather, utility costs, repairs, maintenance andre-leasingcosts. Property operating expenses increased \$1.9 million, or 4%, to \$52.6 million for the nine months ended September 30, 2023, from \$50.7 million for the nine months ended September 30, 2022. Of the increase, the December 2021 acquisition of Block 23, Bloc 83 and The Terraces, which were undergoing first generationlease-upin 2022, contributed \$0.7 million, \$0.5 million and \$0.3 million, respectively. In addition, property operating expenses at Park Tower, FRP Collection and City Center increased \$0.8 million, \$0.3 million and \$0.3 million, respectively, due to higher operating costs associated with higher occupancy over the prior year. Offsetting these increases, the dispositions of 190 Office Center in May 2023 and Lake Vista Pointe in June 2022 decreased property operating expenses by \$1.3 million and \$0.6 million, respectively. The remaining properties' property operating expenses were \$0.9 million higher in comparison to the prior period, primarily due to inflation.

General and Administrative. General and administrative expenses are comprised of public company reporting costs and the compensation of our management team and Board of Directors, as well asnon-cashstock-based compensation expenses. General and administrative expenses increased \$0.4 million, or 4%, to \$11.0 million for the nine months ended September 30, 2023, from \$10.6 million reported for the same period in 2022. General and administrative expenses increased primarily due to higher payroll and stock-based compensation expense.

Depreciation and Amortization. Depreciation and amortization decreased \$1.3 million, or 3%, to \$45.8 million for the nine months ended September 30, 2023, from \$47.1 million reported for the same period in 2022. Of this decrease, our SanTan property contributed \$1.4 million to the decrease mainly due to accelerated amortization of tenant-related assets recorded in the prior year associated with an early lease termination at the property. In addition, the disposition of 190 Office Center in May 2023 decreased depreciation and amortization expense by \$0.6 million. Also contributing to the decrease, depreciation and amortization at Mission City and Papago Tech decreased by \$0.6 million and \$0.4 million, respectively, from the prior period as the amortization expense associated with acquired lease intangible assets has now been fully amortized. Offsetting these decreases, Bloc 83, Circle Point and Block 23 incurred higher depreciation and amortization expense of \$0.7 million, \$0.4 million and \$0.3 million, respectively, related to tenanting costs. The remaining properties' depreciation expenses were marginally higher in comparison to the prior year.2023.

Other Expense (Income)

Interest Expense. Interest expense increased \$5.6 million, or 29%, to \$24.8 million for the nine months ended September 30, 2023, from \$19.2 million for the nine months ended September 30, 2022. The increase was primarily attributable to higher amounts drawn and higher interest rates on our floating rate debt.

Net Loss/Gain on the Disposition of Real Estate Property. During the second quarter of 2023, the Company consented to the appointment of a receiver to assume possession and control of the 190 Office Center property as a result of an event of default as defined in the property's loan agreement. Given the appointment of the receiver, the Company deconsolidated the entity holding the property and related assets and liabilities during the quarter. For the nine months ended September 30, 2023, the Company recognized a loss on deconsolidation of \$0.1 million. In the prior year, the sole tenant at the Lake Vista Pointe property exercised its lease option to purchase the building and we signed a purchase and sale agreement with the tenant. At the time the tenant exercised the option, we reassessed the lease classification of the lease, in accordance with ASC 842 – Leases, and determined that the lease should be

reclassified from an operating lease to a sales-type lease. This reclassification resulted in a gain on sale of \$21.7 million net of disposal related costs. The Lake Vista Pointe property was sold in June 2022.

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Cash Flows

Comparison of Nine Three Months Ended September 30, 2023 March 31, 2024 to Nine Three Months Ended September 30, 2022 March 31, 2023

Cash, cash equivalents and restricted cash were \$52.3 \$43.4 million and \$41.7 \$52.2 million as of September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, respectively.

Cash flow from operating activities. Net cash provided by operating activities decreased \$49.0 increased by \$2.5 million to \$48.2 \$16.4 million for the nine three months ended September 30, 2023 March 31, 2024, compared to \$97.2 \$13.9 million for the same period in 2022.2023. The decrease increase was primarily attributable to receipts from the sales-type lease related to Lake Vista Pointe for the nine months ended September 30, 2022. changes in working capital.

Cash flow to investing activities. Net cash used in investing activities decreased \$5.3 by \$4.9 million to \$30.9 \$7.5 million for the nine three months ended September 30, 2023 March 31, 2024, compared to \$36.2 \$12.4 million for the same period in 2022.2023. The decrease in cash used in investing activities was primarily attributable to reductions in cash spent on lower additions to real estate properties and deferred leasing costs in the current year. This decrease was partially offset by an increase in cash used in investing activities attributable to the reduction of cash on disposition of real estate property related to 190 Office Center for the nine three months ended September 30, 2023 March 31, 2024.

Cash flow to financing activities. Net cash used in financing activities decreased \$52.2 increased by \$15.4 million to \$9.3 \$8.9 million for the nine three months ended September 30, 2023 March 31, 2024, compared to \$61.5 \$6.5 million provided by financing activities for the same period in 2022.2023. The decrease increase in cash used in financing activities was primarily attributable to higher repurchases of common stock lower proceeds from borrowings partially offset by lower dividend distributions paid to stockholders for the nine three months ended September 30, 2022 March 31, 2024.

Liquidity and Capital Resources

Analysis of Liquidity and Capital Resources

We had approximately \$36.7 \$29.5 million of cash and cash equivalents and \$15.6 \$13.8 million of restricted cash as of September 30, 2023 March 31, 2024.

On March 15, 2018, the Company entered into a [credit agreement](#) for the Unsecured Credit Facility that provided for commitments of up to \$250 million, which included an accordion feature that allowed the Company to borrow up to \$500 million, subject to customary terms and conditions. On September 27, 2019, the Company entered into a five-year \$50 million term loan, increasing its authorized borrowings under the Company's Unsecured

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Credit Facility from \$250 million to \$300 million. On November 16, 2021, the Company entered into an [Amended and Restated Credit Agreement](#) that increased the total authorized borrowings from \$300 million to \$350 million. On January 5, 2023, the Company entered into a second amendment to the [Amended and Restated Credit Agreement](#) for the Unsecured Credit Facility and entered into a three-year \$25 million term loan, increasing its total authorized borrowings from \$350 million to \$375 million. The Unsecured Credit Facility matures in November 2025 and may be extended 12 months at the Company's option upon meeting certain conditions. As of September 30, 2023 March 31, 2024, we had approximately \$200.0 million outstanding under our Unsecured Credit Facility and a \$4.2 \$2.5 million letter of credit to satisfy escrow requirements for a mortgage lender.

On August 16, 2023, the Company entered into two amended and restated loan agreements for [FRP Collection](#) and [Carillon Point](#), which among other things, extended the term for an additional five years and amended the interest rates from fixed to floating. The loans bear interest at a rate equal to the daily-simple SOFR rate plus a margin of 275 basis points. In conjunction with the amended and restated loan agreements, the Company also entered into two five-year interest rate swap agreements, effectively fixing the SOFR component of the borrowing rate of the loans at 4.30%.

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On February 26, 2020, the Company and the Operating Partnership entered into [equity distribution agreements](#) (collectively, the "Agreements") with each of KeyBanc Capital Markets Inc., Raymond James & Associates, Inc., BMO Capital Markets Corp., RBC Capital Markets, LLC, B. Riley FBR, Inc., D.A. Davidson & Co. and Janney Montgomery Scott LLC (the "Sales Agents") pursuant to which the Company may issue and sell from time to time up to 15,000,000 shares of common stock and up to 1,000,000 shares of Series A Preferred Stock through the Sales Agents, acting as agents or principals (the "ATM Program"). On May 7, 2021, the Company delivered to D.A. Davidson & Co. a notice of termination of the Agreement, effective May 7, 2021. The Company did not issue any shares of common stock or Series A Preferred Stock under the ATM Program during the nine three months ended September 30, 2023 March 31, 2024.

After considering the effect of the COVID-19 pandemic work-from-home trend on our consolidated operations, it is possible that we could fail certain financial covenants within certain property-level mortgage borrowings. For mortgages with financial covenants, the lenders' remedy of a covenant failure would be a requirement to escrow funds for the purpose of meeting our future debt payment obligations.

As of **September 30, 2023** **March 31, 2024**, the lenders for **three** **four** of our mortgage borrowings have elected their right to direct property cash flows into lender-controlled restricted cash accounts to fund property operations until certain thresholds are met. For these **three** **four** properties, the total restricted cash as of **September 30, 2023** **March 31, 2024** was **\$9.7** **\$9.6** million.

On May 1, 2024, the non-recourse property loan at our Cascade Station property in Portland matured, and an event of default was triggered under the terms of the Cascade Station loan, following non-payment of the principal amount outstanding at loan maturity. The loan, in the original principal amount of \$22.5 million, is secured by the Cascade Station property. As such, the process to transfer the property to the lender has been initiated. In the first quarter of 2023, a "cash-sweep period" began for the Cascade Station loan due to the non-renewal of a major tenant's leased space in the building. As of March 31, 2024, and December 31, 2023, total restricted cash for the property was \$2.3 million and \$2.0 million, respectively. As previously disclosed, in December 2022, we recorded a \$6.5 million impairment to write down the asset's carrying amount to fair value. As a result, the Company does not expect to recognize a material gain or loss as a result of the events described.

Our short-term liquidity requirements primarily consist of operating expenses and other expenditures associated with our properties, distributions to our limited partners and distributions to our stockholders required to qualify for REIT status, capital expenditures and, potentially, acquisitions. We expect to meet our short-term liquidity requirements through net cash provided by operations and reserves established from existing cash. We have further sources such as proceeds from our public offerings, including under our ATM Program, and borrowings under our mortgage loans and our Unsecured Credit Facility.

Our long-term liquidity needs consist primarily of funds necessary for the repayment of debt at maturity, property acquisitions and non-recurring capital improvements. We expect to meet our long-term liquidity requirements with net cash from operations, long-term secured and unsecured indebtedness and the issuance of equity and debt securities. We also may fund property acquisitions and non-recurring capital improvements using our Unsecured Credit Facility pending longer term financing.

We believe we have access to multiple sources of capital to fund our long-term liquidity requirements, including the incurrence of additional debt and the issuance of additional equity securities. However, we cannot assure you that this is or will continue to be the case. Our ability to incur additional debt is dependent on a number of factors, including our degree of leverage, interest rates, the value of our unencumbered assets and borrowing restrictions that may be imposed by lenders. Our ability to access the equity capital markets is dependent on a number of factors as well, including general market conditions for REITs and market perceptions about us.

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In addition to the incurrence of debt and the offering of equity securities, dispositions of property may serve as additional capital resources and sources of liquidity. We may recycle capital from stabilized assets or from sales of properties. Capital from these types of transactions is intended to be redeployed into property acquisitions, capital improvements, or to pay down existing debt.

Contractual Obligations and Other Long-Term Liabilities

The following table provides information with respect to our commitments as of **September 30, 2023** **March 31, 2024**, including any guaranteed or minimum commitments under contractual obligations. The table does not reflect available debt extension options.

Contractual Obligations	Payments Due by Period (in thousands)					Payments Due by Period (in thousands)				
	Total	2023	2024-2025	2026-2027	More than 5 years	Total	2024	2025-2026	2027-2028	More than 5 years
Principal payments on mortgage loans	\$ 674,314	\$ 1,614	\$ 363,601	\$ 207,213	\$ 101,886	\$ 671,191	\$ 106,146	\$ 284,260	\$ 280,785	\$ —
Interest payments ⁽¹⁾	91,713	8,146	58,291	21,393	3,883	75,759	23,165	40,082	12,512	\$ —
Tenant-related commitments	10,470	7,556	2,914	—	—	14,998	14,998	—	—	\$ —
Lease obligations	36,459	76	1,555	1,327	33,501	36,071	465	1,510	1,190	32,906
Total	\$ 812,956	\$ 17,392	\$ 426,361	\$ 229,933	\$ 139,270	\$ 798,019	\$ 144,774	\$ 325,852	\$ 294,487	\$ 32,906

(1) Contracted interest on the floating rate borrowings under our Unsecured Credit Facility was calculated based on the balance and interest rate at **September 30, 2023** **March 31, 2024**. Contracted interest on our term loans part of the Unsecured Credit Facility, the FRP Collection loan and the Carillon Point loan were which we have applied interest rate swaps was calculated based on the interest swap rate swap rates fixing the SOFR component of the borrowing rates.

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Inflation

Substantially all of our office leases include expense reimbursement provisions that provide for real estate tax and property operating expense escalations. In addition, most of the leases provide for fixed annual rent increases. We believe that inflationary expense increases due to inflation may be at least partially offset by these contractual rent increases and expense escalations. However, a longer period of inflation could affect our cash flows or earnings, or impact our borrowings, as discussed elsewhere in this Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our future income, cash flows and fair values relevant to financial instruments are dependent upon prevailing market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. We use derivative financial instruments to manage or hedge interest rate risks related to borrowings. We do not use derivatives for trading or speculative purposes and only enter into contracts with major financial institutions based upon their credit rating and other factors. We have entered, and we will only enter into, contracts with major financial institutions based on their credit rating and other factors. See Note 65 to our condensed consolidated financial statements in Item 1 of this Report for more information regarding our derivatives.

We currently consider our interest rate exposure to be moderate because as of September 30, 2023 March 31, 2024, approximately \$614.3 \$611.2 million, or 91.1%, of our debt had fixed interest rates, or effectively fixed rates when factoring in interest rate swaps, and \$60.0 million, or 8.9%, had variable interest rates. The \$614.3 \$611.2 million fixed rate debt includes the \$50 million term loan, the \$25 million term loan, \$140 million of the Unsecured Credit Facility, the \$26.2 million FRP Collection loan and the \$14.5 million Carillon Point loan, our loans against which we have applied interest rate swaps. The interest rate swaps effectively fix the Secured Overnight Financing Rate ("SOFR") component of the borrowing rates until maturity of the debt. A 1% increase in SOFR would result in a \$0.6 million increase to our annual interest costs on debt outstanding as of September 30, 2023 March 31, 2024 and would decrease the fair value of our outstanding debt, as well as increase interest costs associated with future debt issuances or borrowings under our Unsecured Credit Facility. A 1% decrease in SOFR would result in a \$0.6 million decrease to our annual interest costs on debt outstanding as of September 30, 2023 March 31, 2024 and would increase the fair value of our outstanding debt, as well as decrease interest costs associated with future debt issuances or borrowings under our Unsecured Credit Facility.

Interest rate risk amounts are our management's estimates based on our Company's capital structure and were determined by considering the effect of hypothetical interest rates on our financial instruments. These analyses do not consider the effect of any change in overall economic activity that could occur in that environment. We may take actions to further mitigate our exposure to changes in interest rates. However, due to the uncertainty of the specific actions that would be taken and their possible effects, these analyses assume no changes in our Company's financial structure.

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Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on the most recent evaluation, the Company's Chief Executive Officer and Chief Financial Officer determined that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended) were effective as of September 30, 2023 March 31, 2024.

Management's Report on Internal Control Over Financial Reporting

There have been no changes to our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We and our subsidiaries are, from time to time, parties to litigation arising from the ordinary course of business. As of September 30, 2023 March 31, 2024, management does not believe that any such litigation will have a material adverse effect, individually or in the aggregate, on our financial position or results of operations.

Item 1A. Risk Factors

Carefully consider the risk factors under "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022. There have been no significant changes except as follows: **None**.

If a major tenant defaults or declares bankruptcy, we may be unable to collect balances due under relevant leases, which could have a material adverse effect on our financial condition and ability to pay distributions.

The default, bankruptcy or insolvency of a tenant may adversely affect the income produced by our properties, and a tenant in bankruptcy or subject to insolvency proceedings may be able to limit or delay our ability to collect unpaid rent. Under bankruptcy law, a tenant cannot be evicted solely because of its bankruptcy and has the option to assume or reject any unexpired lease. If the tenant rejects the lease, any resulting claim we have for breach of the lease (other than to the extent of any collateral securing the claim) will be treated as a general unsecured claim. Our claim against the bankrupt tenant for unpaid and future rent will be subject to a statutory cap that might be substantially less than the remaining rent actually owed under the lease, and it is unlikely that a bankrupt tenant that rejects its lease would pay in full amounts it owes us under the lease. Even if a lease is assumed and brought current, we still run the risk that a tenant could condition lease assumption on a restructuring of certain terms, including rent, that would have an adverse impact on us. Any shortfall resulting from the bankruptcy of one or more of our tenants could adversely affect our business, financial condition, results of operations, cash flow or our ability to satisfy our debt payment obligations or to maintain our level of distributions.

Further, there is no guarantee that the full balance of any receivable will be collected in the event one of our tenants file for bankruptcy. Bankruptcy proceedings are subject to uncertainty and there can be no assurance how the bankruptcy court's or other parties' actions or decisions may impact us. In addition to a tenant-related bankruptcy or insolvency proceeding potentially increasing our

collection costs significantly, we may also be required to fund certain expenses (e.g., real estate taxes and maintenance) to preserve the value of a property, avoid the imposition of liens on a property and/or transition a property to a new tenant. Publicity about the tenant involved in such bankruptcy or insolvency proceedings may also negatively impact their and our reputations, decreasing demand and revenues. Should such events occur, our revenue and cash flows may be adversely affected.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On May 1, 2024, the non-recourse

During a property loan at our Cascade Station property in Portland matured, and an event of default was triggered under the three months ended September 30, 2023, no director or officer terms of the Cascade Station loan, following non-payment of the principal amount outstanding at loan maturity. The loan, in the original principal amount of \$22.5 million, is secured by the Cascade Station property. As such, the process to transfer the property to the lender has been initiated. In the first quarter of 2023, a "cash-sweep period" began for the Cascade Station loan due to the non-renewal of a major tenant's leased space in the building. As of March 31, 2024, and December 31, 2023, total restricted cash for the property was \$2.3 million and \$2.0 million, respectively. As previously disclosed, in December 2022, we recorded a \$6.5 million impairment to write down the asset's carrying amount to fair value. As a result, the Company adopted does not expect to recognize a material gain or terminated loss as a "Rule 10b-5-1 trading arrangement" or "non-Rule 10b-5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K. the events described.

Item 6. Exhibits

<u>Exhibit Number</u>	<u>Description</u>
3.1	Articles of Amendment and Restatement of City Office REIT, Inc., as amended and supplemented (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K filed on March 1, 2018).
3.2	Third Amended and Restated Bylaws of City Office REIT, Inc., effective as of August 2, 2023 (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q filed on August 3, 2023).
4.1	Certificate of Common Stock of City Office REIT, Inc. (incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-11/A filed with the Commission on February 18, 2014).
4.2	Form of certificate representing the 6.625% Series A Cumulative Redeemable Preferred Stock, \$0.01 par value per share (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form 8-A filed with the Commission on September 30, 2016).

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10.1	Amended and Restated Loan Agreement, dated as of August 16, 2023, by and among CIO Research Commons, LLC, CIO Technology Point I & II, LLC and CIO University Tech, LLC, each and collectively as borrower, and BankUnited, N.A. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Commission on August 18, 2023).
10.2	Amended and Restated Renewal Promissory Note, dated as of August 16, 2023, by and among CIO Research Commons, LLC, CIO Technology Point I & II, LLC and CIO University Tech, LLC, each and collectively as borrower, and BankUnited, N.A. (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the Commission on August 18, 2023).
31.1	Certification by Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002. †

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31.2	Certification by Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002. †
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32.1 [Certification of
Chief Executive
Officer Pursuant
to 18 U.S.C.
Section 1350 as
Adopted
Pursuant to
Section 906 of
the Sarbanes-
Oxley Act of
2002. †](#)

32.2 [Certification of
Chief Financial
Officer Pursuant
to 18 U.S.C.
Section 1350 as
Adopted
Pursuant to
Section 906 of
the Sarbanes-
Oxley Act of
2002. †](#)

101.INS INLINE XBRL
INSTANCE
DOCUMENT†

101.SCH INLINE XBRL
SCHEMA
DOCUMENT†

101.CAL INLINE XBRL
CALCULATION
LINKBASE
DOCUMENT†

101.LAB INLINE XBRL
LABELS
LINKBASE
DOCUMENT†

101.PRE INLINE XBRL
PRESENTATION
LINKBASE
DOCUMENT†

101.DEF INLINE XBRL
DEFINITION
LINKBASE
DOCUMENT†

104 Cover Page
Interactive Data
File (formatted
as Inline XBRL
and contained in
Exhibit 101) †

† Filed herewith.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf
by the undersigned, thereunto duly authorized.

CITY OFFICE REIT, INC.

Date: November 8, 2023 **May 3, 2024**

By: _____ /s/ James Farrar

James Farrar

*Chief Executive Officer and Director
(Principal Executive Officer)*

Date: November 8, 2023 **May 3, 2024**

By: _____ /s/ Anthony Maretic

Anthony Maretic

*Chief Financial Officer, Secretary and Treasurer
(Principal Financial Officer and Principal Accounting Officer)*

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Exhibit 31.1

Certification

I, James Farrar, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended **September 30, 2023** **March 31, 2024** of City Office REIT, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 8, 2023 May 3, 2024

Date

/s/ James Farrar

James Farrar

Chief Executive Officer and Director

(Principal Executive Officer)

Exhibit 31.2

Certification

I, Anthony Maretic, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2023 March 31, 2024 of City Office REIT, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 8, 2023 May 3, 2024

Date

/s/ Anthony Maretic

Anthony Maretic

Chief Financial Officer, Secretary and Treasurer

(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q for the period ended September 30, 2023 March 31, 2024 of City Office REIT, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James Farrar, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 8, 2023 May 3, 2024

Date

/s/ James Farrar

James Farrar

Chief Executive Officer and Director

(Principal Executive Officer)

This written report is being furnished to the Securities and Exchange Commission as an exhibit to the Report. A signed original of this written statement required by Section 906 has been provided to City Office REIT, Inc. and will be retained by City Office REIT, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q for the period ended September 30, 2023 March 31, 2024 of City Office REIT, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Anthony Maretic, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 8, 2023 May 3, 2024

Date

/s/ Anthony Maretic

Anthony Maretic

Chief Financial Officer, Secretary and Treasurer

(Principal Financial Officer and Principal Accounting Officer)

This written report is being furnished to the Securities and Exchange Commission as an exhibit to the Report. A signed original of this written statement required by Section 906 has been provided to City Office REIT, Inc. and will be retained by City Office REIT, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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