REFINITIV

DELTA REPORT

10-Q

CIO - CITY OFFICE REIT, INC.

10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	832
CHANGES	321
DELETIONS	249
ADDITIONS	262

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 June 30, 2024 September 30, 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	**98-1141883**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

666 Burrard Street
Suite 3210
Vancouver,BC
Vancouver,BCV6C 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 Exchangeon Which Registered
Common Stock, $0.01 par value	"CIO"	New York Stock Exchange
6.625% Series A Cumulative Redeemable Preferred Stock, $0.01 par value per share	"CIO.PrA"	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 RegulationS-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, anon-acceleratedfiler, 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 Rule12b-2of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-acceleratedfiler	☐	Smaller reporting company	☐
		Emerging growth company	☐

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 Rule12b-2of the ExchangeAct). Yes ☐ ☒ No

The number of shares of Common Stock, $0.01 par value, of the registrant outstanding at July 29, 2024 October 28, 2024 was 40,154,055.

City Office REIT, Inc.
Quarterly Report on Form10-Q
For the Quarter Ended June 30, 2024September 30, 2024

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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)

Assets

Real estate properties

Land

Building and improvement

Tenant improvement

Furniture, fixtures and equipment

Accumulated depreciation

Cash and cash equivalents

Restricted cash

Rents receivable, net

Deferred leasing costs, net

Acquired lease intangible assets, net

Other assets

Total Assets

	September 30, 2024
Assets	
Real estate properties	
Land	$ 193,52
Building and improvement	1,185,75
Tenant improvement	163,01
Furniture, fixtures and equipment	1,37
	1,543,67
Accumulated depreciation	(248,42
	1,295,25
Cash and cash equivalents	25,91
Restricted cash	17,11

Rents receivable, net		52,90
Deferred leasing costs, net		23,99
Acquired lease intangible assets, net		36,52
Other assets		23,58
Total Assets	$	1,475,28
Liabilities and Equity		
Liabilities:		
Debt	$	649,318 648,17
Accounts payable and accrued liabilities		34,153 39,59
Deferred rent		7,069 7,09
Tenant rent deposits		7,392 7,31
Acquired lease intangible liabilities, net		6,967 6,62
Other liabilities		16,506 18,90
Total Liabilities		721,405 727,71
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 June 30, 2024 September 30, 2024 and December 31, 2023		112,00
Common stock, $0.01 par value, 100,000,000 shares authorized, 40,154,055 and 39,938,451 shares issued and outstanding as of June 30, 2024 September 30, 2024 and December 31, 2023		40
Additionalpaid-incapital		440,048 441,18
Retained earnings		205,031 196,46
Accumulated other comprehensive income/(loss) loss		1,037 (2,99
Total Stockholders' Equity		758,517 747,05
Non-controllinginterests in properties		579 51
Total Equity		759,096 747,56
Total Liabilities and Equity	$	1,480,501 1,475,28

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 June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**
Rental and other revenues	$ 42,342	$ 44,604	$ 86,836	$ 90,562	$ 42,371	$ 44,214	$ 129,207
Operating expenses:							
Operating expenses:							
Operating expenses:							
Operating expenses:							
Property operating expenses	17,492	17,246	35,237	34,966	17,783	17,644	53,020
General and administrative	3,820	3,668	7,531	7,433	3,790	3,531	11,321
Depreciation and amortization	14,723	15,768	29,798	31,072	14,642	14,723	44,440
Total operating expenses	36,035	36,682	72,566	73,471	36,215	35,898	108,781
Operating income	6,307	7,922	14,270	17,091	6,156	8,316	20,426
Interest expense:							
Contractual interest expense	(8,129)	(7,981)	(16,228)	(15,953)	(8,274)	(7,853)	(24,502)
Amortization of deferred financing costs and debt fair value	(343)	(323)	(661)	(647)	(369)	(333)	(1,030)
	(8,472)	(8,304)	(16,889)	(16,600)	(8,643)	(8,186)	(25,532) (2

Net loss on disposition of real estate property	(1,462)	(134)	(1,462)	(134)	—	—	(1,462)	
Net (loss)/income	(3,627)	(516)	(4,081)	357	(2,487)	130	(6,568)	
Less:								
Net income attributable tonon-controllinginterests in properties	(125)	(164)	(260)	(333)	(152)	(173)	(412)	
Net (loss)/income attributable to the Company	(3,752)	(680)	(4,341)	24				
Net loss attributable to the Company					(2,639)	(43)	(6,980)	
Preferred stock distributions	(1,855)	(1,855)	(3,710)	(3,710)	(1,855)	(1,855)	(5,565)	
Net loss attributable to common stockholders	$ (5,607)	$ (2,535)	$ (8,051)	$ (3,686)	$ (4,494)	$ (1,898)	$ (12,545)	$
Net loss per common share:								
Basic	$ (0.14)	$ (0.06)	$ (0.20)	$ (0.09)	$ (0.11)	$ (0.05)	$ (0.31)	$
Diluted	$ (0.14)	$ (0.06)	$ (0.20)	$ (0.09)	$ (0.11)	$ (0.05)	$ (0.31)	$
Weighted average common shares outstanding:								
Basic	40,154	39,938	40,126	39,906	40,154	39,938	40,135	
Diluted	40,154	39,938	40,126	39,906	40,154	39,938	40,135	
Dividend distributions declared per common share	$ 0.10	$ 0.10	$ 0.20	$ 0.30	$ 0.10	$ 0.10	$ 0.30	$

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 (Loss)/Income
(Unaudited)

(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net (loss)/income	$ (2,487)	$ 130	$ (6,568)	$ 487
Other comprehensive (loss)/income:				
Unrealized cash flow hedge (loss)/gain	(3,087)	1,447	470	3,732
Amounts reclassified to interest expense	(1,000)	(1,019)	(3,249)	(2,309)
Other comprehensive (loss)/income	(4,087)	428	(2,779)	1,423
Comprehensive (loss)/income	(6,574)	558	(9,347)	1,910
Less:				
Comprehensive income attributable tonon-controllinginterests in properties	(99)	(174)	(382)	(507)
Comprehensive (loss)/income attributable to the Company	$ (6,673)	$ 384	$ (9,729)	$ 1,403
	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2024	2023	2024	2023
Net (loss)/income	$ (3,627)	$ (516)	$ (4,081)	$ 357
Other comprehensive (loss)/income:				
Unrealized cash flow hedge gain	650	3,749	3,557	2,284
Amounts reclassified to interest expense	(1,131)	(812)	(2,249)	(1,289)
Other comprehensive (loss)/income	(481)	2,937	1,308	995

Comprehensive (loss)/income	(4,108)	2,421	(2,773)	1,352
Less:				
Comprehensive income attributable tonon-controllinginterests in properties	(122)	(164)	(283)	(333)
Comprehensive (loss)/income attributable to the Company	$ (4,230)	$ 2,257	$ (3,056)	$ 1,019

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

statements.

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 (loss)/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	4,480	$ 112,000	40,154	$ 401	$ 438,909	$ 214,709	$ 1,515	$ 767,534	$ 119	$ 767,653
Restricted stock award grants and vesting	—	—	—	—	1,139	(56)	—	1,083	—	1,083
Common stock dividend distribution declared	—	—	—	—	—	(4,015)	—	(4,015)	—	(4,015)
Preferred stock dividend distribution declared	—	—	—	—	—	(1,855)	—	(1,855)	—	(1,855)
Contributions	—	—	—	—	—	—	—	—	442	442
Distributions	—	—	—	—	—	—	—	—	(104)	(104)
Net (loss)/income	—	—	—	—	—	(3,752)	—	(3,752)	125	(3,627)
Other comprehensive loss	—	—	—	—	—	—	(478)	(478)	(3)	(481)
Balance—June 30, 2024	4,480	$ 112,000	40,154	$ 401	$ 440,048	$ 205,031	$ 1,037	$ 758,517	$ 579	$ 759,096
Restricted stock award grants and vesting	—	—	—	—	1,140	(56)	—	1,084	—	1,084
Common stock dividend distribution declared	—	—	—	—	—	(4,015)	—	(4,015)	—	(4,015)
Preferred stock dividend distribution declared	—	—	—	—	—	(1,855)	—	(1,855)	—	(1,855)
Contributions	—	—	—	—	—	—	—	—	80	80
Distributions	—	—	—	—	—	—	—	—	(247)	(247)
Net (loss)/income	—	—	—	—	—	(2,639)	—	(2,639)	152	(2,487)
Other comprehensive loss	—	—	—	—	—	—	(4,034)	(4,034)	(53)	(4,087)
Balance—September 30, 2024	4,480	$ 112,000	40,154	$ 401	$ 441,188	$ 196,466	$ (2,997)	$ 747,058	$ 511	$ 747,569

	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
Balance—December 31, 2023	4,480	$ 112,000	39,938	$ 399	$ 438,867	$ 221,213	$ (248)	$ 772,231
Restricted stock award grants and vesting	—	—	216	2	42	(45)	—	(1)
Common stock dividend distribution declared	—	—	—	—	—	(4,015)	—	(4,015)
Preferred stock dividend distribution declared	—	—	—	—	—	(1,855)	—	(1,855)
Distributions	—	—	—	—	—	—	—	—
Net (loss)/income	—	—	—	—	—	(589)	—	(589)
Other comprehensive income	—	—	—	—	—	—	1,763	1,763

Balance—March 31, 2024	4,480	$ 112,000	40,154	$ 401	$ 438,909	$ 214,709	$ 1,515	$ 767,534	$
Restricted stock award grants and vesting	—	—	—	—	1,139	(56)	—	1,083	
Common stock dividend distribution declared	—	—	—	—	—	(4,015)	—	(4,015)	
Preferred stock dividend distribution declared	—	—	—	—	—	(1,855)	—	(1,855)	
Contributions	—	—	—	—	—	—	—	—	
Distributions	—	—	—	—	—	—	—	—	
Net (loss)/income	—	—	—	—	—	(3,752)	—	(3,752)	
Other comprehensive loss	—	—	—	—	—	—	(478)	(478)	
Balance—June 30, 2024	4,480	$ 112,000	40,154	$ 401	$ 440,048	$ 205,031	$ 1,037	$ 758,517	$

	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/(loss)	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
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

	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/(loss)	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
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

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)

	Six Months Ended June 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Cash Flows from Operating Activities:				
Net (loss)/income	$ (4,081)	$ 357	$ (6,568)	$ 487
Adjustments to reconcile net (loss)/income to net cash provided by operating activities:				
Depreciation and amortization	29,798	31,072	44,440	45,795
Amortization of deferred financing costs and debt fair value	661	647	1,030	979
Amortization of above and below market leases	(64)	34	(97)	68
Straight-line rent/expense	32	(4,795)	(40)	(6,402)
Non-cashstock compensation	2,154	2,048	3,238	3,071
Net loss on disposition of real estate property	1,462	134	1,462	134
Changes innon-cashworking capital:				
Rents receivable, net	1,128	534	471	172
Other assets	(218)	(1,416)	178	(744)
Accounts payable and accrued liabilities	880	(141)	5,966	5,705
Deferred rent	(472)	(1,032)	(449)	(1,304)
Tenant rent deposits	422	141	349	208
Net Cash Provided By Operating Activities	31,702	27,583	49,980	48,169
Cash Flows to Investing Activities:				
Additions to real estate properties	(11,570)	(17,826)	(21,300)	(23,338)
Reduction of cash on disposition of real estate property	(2,477)	(4,051)	(2,477)	(4,051)
Deferred leasing costs	(4,647)	(1,927)	(5,980)	(3,474)
Net Cash Used In Investing Activities	(18,694)	(23,804)	(29,757)	(30,863)
Cash Flows (to)/from Financing Activities:				
Cash Flows to Financing Activities:				
Debt issuance and extinguishment costs	(516)	(236)	(576)	(737)
Proceeds from borrowings	9,000	35,000	59,000	35,000
Repayment of borrowings	(8,645)	(8,513)	(60,075)	(15,889)
Dividend distributions paid to stockholders	(11,719)	(19,641)	(17,590)	(25,490)
Distributions tonon-controllinginterests in properties	(548)	(461)	(795)	(628)
Shares withheld for payment of taxes on restricted stock unit vesting	(1,072)	(1,643)	(1,072)	(1,643)
Contributions fromnon-controllinginterests in properties	442	110	522	110
Net Cash (Used In)/Provided By Financing Activities	(13,058)	4,616		
Net Cash Used In Financing Activities			(20,586)	(9,277)
Net (Decrease)/Increase in Cash, Cash Equivalents and Restricted Cash	(50)	8,395	(363)	8,029
Cash, Cash Equivalents and Restricted Cash, Beginning of Period	43,392	44,262	43,392	44,262
Cash, Cash Equivalents and Restricted Cash, End of Period	$ 43,342	$ 52,657	$ 43,029	$ 52,291
Reconciliation of Cash, Cash Equivalents and Restricted Cash:				
Cash and Cash Equivalents, End of Period	28,005	38,350	25,911	36,738
Restricted Cash, End of Period	15,337	14,307	17,118	15,553
Cash, Cash Equivalents and Restricted Cash, End of Period	$ 43,342	$ 52,657	$ 43,029	$ 52,291
Supplemental Disclosures of Cash Flow Information:				

Cash paid for interest	$ 16,434	$ 14,827	$ 25,642	$ 22,586
Purchase of additions in real estate properties included in accounts payable	$ 11,004	$ 8,753	$ 11,237	$ 10,707
Purchase of deferred leasing costs included in accounts payable	$ 1,874	$ 1,404	$ 1,998	$ 919

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

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 onNovember 26, 2013 November 26, 2013. OnApril 21, 2014 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 Form10-Kfor the year ended December 31, 2023.

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU")No. 2023-07 ("("ASU2023-07")Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which will enhance segment disclosures. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods beginning after December 15, 2024, with early adoption permitted. This standard must be applied retrospectively to all periods presented in the financial statements. The Company has not yet adopted the standard and is currently evaluating evaluated the impact of ASU2023-07 onand anticipates adoption will result in incremental disclosure in the Company's notes to the consolidated financial statements and disclosures. for the year ended December 31, 2024.

3. Real Estate Investments

Disposition of Real Estate Property

Cascade Station

On

On June 27, 2024, June 27, 2024, the Company entered into an assignment in lieu of foreclosure agreement to transfer possession and control of the Cascade Station property to the lender as a result of an event of default as defined in the property's non-

recourse
non-recourse loan agreement. Given the terms of the assignment in lieu of foreclosure agreement, the Company assessed whether the enti

Based on its analysis,
, the Company concluded that it is not the primary beneficiary of the VIE and therefore deconsolidated the property as of June 27, 2024. The Company deconsolidated the net carrying value of real estate assets of $17.9 million, the mortgage loan of $20.6 million, cash and restricted cash of $2.5 million and net current assets of $1.7 million. For the three nine months ended June 30, 2024 September 30, 2024, the Company recognized a loss on deconsolidation of $1.5 million, which has been included within net loss on disposition of real estate property on the Company's condensed consolidated statement of operations and statement of cash flows.

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'snon-recourseloan 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 three nine months ended June 30, 2023 September 30, 2023, the Company recognized a loss on deconsolidation of $0.1 million, which has been included within net loss on disposition of real estate property on the Company's condensed consolidated statement of operations and statement ofcash flows.

4. Lease Intangibles

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

	Lease Intangible Assets				Lease Intangible Liabilities		
September 30, 2024	Above Market Leases	In Place Leases	Leasing Commissions	Total	Below Market Leases	Below Market Ground Lease	Total
Cost	$ 16,647	$ 72,184	$ 31,481	$ 120,312	$ (14,510)	$ (138)	$ (14,648)
Accumulated amortization	(10,333)	(53,340)	(20,119)	(83,792)	7,960	59	8,019
	$ 6,314	$ 18,844	$ 11,362	$ 36,520	$ (6,550)	$ (79)	$ (6,629)

	Lease Intangible Assets				Lease Intangible Liabilities		
June 30, 2024	Above Market Leases	In Place Leases	Leasing Commissions	Total	Below Market Leases	Below Market Ground Lease	Total
Cost	$ 16,729	$ 72,287	$ 31,567	$ 120,583	$ (14,536)	$ (138)	$ (14,674)
Accumulated amortization	(10,110)	(52,448)	(19,578)	(82,136)	7,649	58	7,707
	$ 6,619	$ 19,839	$ 11,989	$ 38,447	$ (6,887)	$ (80)	$ (6,967)

	Lease Intangible Assets				Lease Intangible Liabilities				
December 31, 2023	Above Market Leases	In Place Leases	Leasing Commissions	Total	Below Market Leases	Below Market Ground Lease	Total	Above Market Leases	
Cost	$ 17,463	$ 73,128	$ 32,541	$ 123,132	$ (14,968)	$ (138)	$ (15,106)	$ 17,463	$
Accumulated amortization	(10,222)	(51,290)	(19,186)	(80,698)	7,314	56	7,370	(10,222)	
	$ 7,241	$ 21,838	$ 13,355	$ 42,434	$ (7,654)	$ (82)	$ (7,736)	$ 7,241	$ 2

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

2024	$ 3,1
2025	6,1
2026	5,8
2027	4,9
2028	4,2
Thereafter	7,1
	$ 31,4

5. Debt

The following table summarizes the indebtedness as of June 30, 2024 September 30, 2024 and December 31, 2023 (dollars in thousands), incluc the effective interest rate swaps described in Note 6:

Property	June 30, 2024	December 31, 2023	Interest Rate as of June 30, 2024[1]	Maturity	September 30, 2024	December 31, 2023	Interest Rate as of September 30, 2024[1]
Unsecured Credit Facility [2][4]	$ 205,000	$ 200,000	SOFR +1.50%[1][2]	November 2025			
Term Loan [3]	50,000	50,000	SOFR +1.35%[1][3]	September 2024			
Unsecured Credit Facility [2][3]	$ 255,000	$ 200,000	SOFR +1.50%[1][2]		November 2025		
Term Loan[4] [3]	25,000	25,000	6.00%[4]	January 2026	25,000	25,000	6.00%[3]
Mission City	45,549	45,994	3.78%	November 2027	45,323	45,994	3.78%
Canyon Park[5] [4]	38,550	38,932	4.30%	March 2027	38,356	38,932	4.30%
Circle Point	38,509	38,789	4.49%	September 2028	38,339	38,789	4.49%
SanTan[6] [5]	31,141	31,501	4.56%	March 2027	30,958	31,501	4.56%
The Quad	30,600	30,600	4.20%	September 2028	30,600	30,600	4.20%
Intellicenter	30,366	30,682	4.65%	October 2025	30,207	30,682	4.65%
2525 McKinnon	27,000	27,000	4.24%	April 2027	27,000	27,000	4.24%
FRP Collection	25,943	26,139	7.05%[7]	August 2028	25,842	26,139	7.05%[6]
Greenwood Blvd	20,580	20,856	3.15%	December 2025	20,440	20,856	3.15%
5090 N. 40th St	20,143	20,370	3.92%	January 2027	20,028	20,370	3.92%
AmberGlen	20,000	20,000	3.69%	May 2027	20,000	20,000	3.69%
Central Fairwinds[8]	15,614	15,826	7.68%[8]	June 2029	15,556	15,826	7.68%[7]
Carillon Point	14,310	14,419	7.05%[7]	August 2028	14,254	14,419	7.05%[6]
FRP Ingenuity Drive[9] [8]	14,124	15,860	4.44%	December 2026	14,096	15,860	4.44%
Term Loan [9]	—	50,000		—	—		
Cascade Station[10]	—	20,752	—	—	—	20,752	—
Total Principal	650,999	672,720					
Deferred financing costs, net	(2,826)	(3,258)					
Unamortized fair value adjustments	—	48					
Total	$ 648,173	$ 669,510					

(1) As of June 30, 2024 September 30, 2024, the daily-simple Secured Overnight Financing Rate (“SOFR”) was5.33% 4.96%.

(2) Borrowings under our unsecured credit facility (the “Unsecured Credit Facility”) bear interest at a rate equal to the daily-simple SOFR rate plus a margin of between135to235basis points depend 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$140 million, effective March 8, 2023, effe component of the borrowing rate for $140$140 million of the Unsecured Credit Facility at4.19% 4.19%. As of June 30, 2024 September 30, 2024, the Unsecured Credit Facility had $205.0$255 $2.5$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 certain conditions. The Unsecured Credit Facility requires the Company to maintain a fixed charge coverage ratio of no less than1.50x.
1.50x.

(3) Borrowings under the $50million term loan bear interest at a rate equal to the daily-simple SOFR rate plus a margin of between135to225basis points depending upon the Company’s consolidate SOFR component of the borrowing rate is effectively fixed for the remainder of the five-year term by a $50million interest rate swap at1.17%.

(4) On January 5, 2023, the Company entered into a second amendment to its amended and restated credit agreement, dated November 16, 2021,November 16, 2021, for the Unsecured Credit Fa three-year $25$25 million term loan, increasing its total authorized borrowings from $350$350 million to $375$375 million. Borrowings under the $25$25 million term loan bear interest at a rate SOFR rate plus a margin of210basis 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, $25 million, eff component of the borrowing rate of the term loan at 3.90%.

(5) (4) 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, th shall be adjusted to the greater of (i) the initial interest rate plus200basis points or (ii) the yield on the five-year “on the run” treasury reported by Bloomberg market data service plus450basis po

(6) (5) 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 qu June 30, 2024 September 30, 2024, the DSCR and debt yield covenants were still not met. As of June 30, 2024 September 30, 2024, and December 31, 2023, total restricted cash for the prope and $4.1$4.1 million, respectively.

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(7) (6) The FRP Collection and Carillon Point loans bear interest at a rate equal to the daily-simple SOFR rate plus a margin of275basis points. The SOFR component of the borrowing rate is effectively fixed for the remainder of the five-year term via interest rate swaps at4.30% 4.30%.

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(8) (7) On May 23, 2024, the Company entered into an amended and restated loan agreement for Central Fairwinds, extending the term for an additional five years and amending the interest rate from fixed to floating. The loan bears interest at a rate equal to the daily-simple SOFR rate plus a margin of 325325basis points. The Company also entered into afive-yearinterest rate swap agreement, effectively fixing the SOFR component of the borrowing rate of the loan at4.43% 4.43%.

(9) (8) 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 June 30, 2024 September 30, 2024, and December 31, 2023, total restricted cash for the property was $4.1$3.8 million and $3.2$3.2 million, respectively.On June 27, 2024, the Company entered into a loan modification and extension agreement for FRP Ingenuity Drive, which among other things, included a principal repayment of $1.6million $1.6 million and extended the term for an additional two years to December2026 with a one-year extension option. Under the terms of the agreement the ‘cash-sweep period’ will continue through the maturity of the loan.

(9) On September 27, 2024, the $50 million term loan matured and wasrepaid with proceedsfromthe Unsecured Credit Facility.

(10) On May 1, 2024, the non-recourse property loan at our Cascade Station property in Portland,, Oregonmatured, 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. On June 27, 2024, June 27,2024, thenon-recoursedebt associated with the Cascade Station property was deconsolidated as a result of the Company entering into an assignment in lieu of foreclosure agreement to transfer possession and control of the property to the lender. The loan balance as of the date of deconsolidation was $20.6million.
$20.6 million.

The scheduled principal repayments of debt as of June 30, 2024 September 30, 2024 are as follows (in thousands):

2024	$ 52,792	$ 1,361
2025	259,929	309,929
2026	43,899	43,899
2027	176,734	176,734
2028	104,586	104,586
Thereafter	14,489	14,490
	$ 652,429	$ 650,999

6. 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$50.0 million. In January 2023, the Company amended the $50.0$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 fixed the SOFR component of the corresponding loan at approximately1.17% 1.17% for the remainder of the five-year term. In September 2024, the $50.0 million interest rate swap matured.

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% 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%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 million. The interest rate swap effectively fixes the SOFR component of the corresponding loan at approximately 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 correspondingloan.

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

InMay 2024, the Company entered into an interest rate swap at Central Fairwinds for an initial notional amount of $ 15.6$15.6 million. The interest rate swap effectively fixes the SOFR component of the corresponding loan at approximately4.43% 4.43% 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 bala 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 hedges are reported as a component of other comprehensive income/(loss) and reclassified into earnings in the periods during which the hedged forecasted tr earnings.

The following table summarizes the Company's derivative financial instruments as of June 30, 2024 September 30, 2024 and December 31, 20

Notional Value

	Notional Value June September 30, 2024	Effective Date	Maturity Date	Fair Assets/(June September 30, 2024
Interest Rate Swap	$ 50,000	September 2019	September 2024	$ 366
Interest Rate Swap	$ 25,000	January 2023	January 2026	$ 283 (75
Interest Rate Swap	140,000	March 2023	November 2025	993 (707
Interest Rate Swap	25,943 25,842	August 2023	August 2028	(215 965
Interest Rate Swap	14,310 14,254	August 2023	August 2028	(118 533
Interest Rate Swap	15,614 15,556	May 2024	June 2029	(291 789
Interest Rate Swap	—	September 2019	September 2024	—
	$ 270,867 220,652			$ 1,018 (3,069

For the six nine months ended June 30, 2024 September 30, 2024, approximately $2.2 $3.2 million of rea reclassified to interest expense due to payments made to or received from the swap counterparty. For the six nine mon 2023 September 30, 2023, approximately $1.3 $2.3 million of realized gains were reclassified to interest expense due t to or received from the swap counterparty.

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

The Company estimates that the fair value approximates carrying value due to the relatively short-term 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 the Company determines the fair value of its fixed rate mortgage loan payable based on a discounted cash flow analysis us that approximates the current borrowing rates for instruments of similar maturities. Based on this, the Company has d fair value of these instruments was $300.3 $307.3 million and $343.1 million (compared to a carrying value of $316.6 $ $357.2 million) as of June 30, 2024 September 30, 2024, and December 31, 2023, respectively. Accordingly, the fair v loans payable have been classified as Level 3 fair value measurements.

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7. Related Party Transactions

Administrative Services Agreement

For the six nine months ended June 30, 2024 September 30, 2024 and 2023, the Company earned $0.1 $0. $0.2 $0.4 million, respectively, in administrative services performed for Second City Real Estate IICorporation, Clarity R GP, Limited Partnership and theiraffiliates.

8. Leases

Lessor Accounting

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

The Company recognized fixed and variable lease payments for operating leases for the three and six nine June 30, 2024 September 30, 2024 and 2023 as follows (in thousands):

	Three Months Ended September 30,		Nin S
	2024	2023	2024
Fixed payments	$ 35,794	$ 37,081	$ 109,4
Variable payments	6,546	6,933	19,5
	$ 42,340	$ 44,014	$ 128,9

	Three Months Ended June 30,		S
	2024	2023	20
Fixed payments	$ 36,042	$ 37,571	$ 73
Variable payments	6,237	6,742	13
	$ 42,279	$ 44,313	$ 86

The Company ceased recognizing rental lease income with respect to the Cascade Station property on the the entity on June 27, 2024. The Company ceased recognizing rental lease income with respect to the 190 Office Cente deconsolidation of the entity on May 15, 2023. Refer to Note 3 for further details.

Future minimum lease payments to be received by the Company as of June 30, 2024 September 30, 2024 undernon-cancellableoperating leases for the next five years and thereafter are as follows (in thousands):

2024
2025
2026
2027
2028
Thereafter

2024
2025
2026
2027
2028
Thereafter

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

Lessee Accounting

As a lessee, the Company has ground and officeleaseswhich are classified as operating and financing lea 2024 September 30, 2024, these leases had remaining terms oftwoto 64 years and a weighted average remaining l years.Right-of-useassets and lease liabilities have been included within other assets and other liabilities on the Comp consolidated balance sheets as follows (in thousands):

	September 30, 2024
Right-of-useasset – operating leases	$ 10,173
Lease liability – operating leases	$ 8,352
Right-of-useasset – financing leases	$ 9,650
Lease liability – financing leases	$ 1,615

	June 30, 2024
Right-of-useasset – operating leases	$ 10,245
Lease liability – operating leases	$ 8,417
Right-of-useasset – financing leases	$ 9,706
Lease liability – financing leases	$ 1,594

Lease

liabilities are measured at the commencement date based on the present value of future lease payments. One of the Company's operating ground lea 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 th 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 at the commencement date in determining the present value of future payments. The Company used a weighted average discount rate of 6.2% in det liabilities. The discount rates were derived from the Company's assessment of the credit quality of the Company and adjusted to reflect secured borro curves and long-term spread adjustments.

Right-of-use

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

Operating lease expense for the three and six months ended June 30, 2024 was $0.2 million and $0.4 mi Operating lease expense for the three and six months ended June 30, 2023 was $0.2 million and $0.5 million, respec lease expense for the three and six months ended June 30, 2024 was $0.1 million and $0.2 million, respectively. Finan for the three and six months ended June 30, 2023 was $0.1 million and $0.2 million, respectively.

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

	Operating Leases	Financing Leases	
	Operating Leases	**Financing Leases**	
2024	$ 266	$ 4	$ 7
2025	770	8	77
2026	724	8	72
2027	587	8	58
2028	587	8	58
Thereafter	25,976	6,930	25,97
Total future minimum lease payments	28,910	6,966	28,71
Discount	(20,493)	(5,372)	(20,3
Total	$ 8,417	$ 1,594	$ 8,35

9. Commitments and Contingencies

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

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

The Company believes that it is in compliance in all material respects with all federal, state and local ordina regulations regarding hazardous or toxic substances. Management is not aware of any environmental liability that it beli material adverse impact on the Company’s financial position or results of operations. Management is unaware of any in the Company would incur significant environmental costs if any or all properties were sold, disposed of or abandoned. H be no assurance that any suchnon-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 cours June 30, 2024 September 30, 2024, management believes that these matters will not have a material adverse effect, in aggregate, on the Company’s financial position or results of operations.operations

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10. Stockholders’ Equity

Share Repurchase Plan

On May 4, 2023, the Company’s Board of Directors (the “Board of Directors”) approved a share repu (“Repurchase Program”) authorizing the Company to repurchase up to $50 million of its outstanding shares of commo Preferred Stock. Under the share repurchase program, the shares may be repurchased from time to time using a va which may include open market transactions, privately negotiated transactions or otherwise, all in accordance with the and other applicable legal requirements.

Repurchased shares of common stock will be classified as authorized and unissued shares. The Compa cost of shares of common stock it repurchases, including direct costs incurred, as a reduction in stockholders’ equity. S stockholders equity due to the repurchases of shares of common stock will be applied first, to reduce common stock in par value associated with the shares of common stock repurchased and second, to reduce additionalpaid-incapital by t purchase price for the shares of common stock repurchased exceed the par value.

There were no shares repurchased during the six nine months ended June 30, 2024 September 30, 2(

Common Stock and Common Unit Distributions

On June 14, 2024 September 13, 2024, the Board of Directors approved and the Company declared a distribution of $0.10 per common share for the quarterly period ended June 30, 2024 September 30, 2024. The divi subsequent to quarter end on July 24, 2024 October 24, 2024 to common stockholders and common unitholders of rec of business on July 10, 2024 October 10, 2024, resulting in an aggregate payment of $4.0 million.

Preferred Stock Distributions

On June 14, 2024 September 13, 2024, the Board of Directors approved and the Company declared a cash distribution of $0.4140625 per share of the Company’s 6.625% Series A Preferred Stock (“Series A Preferred Stock”) fo amount of $1.9 million for the quarterly period ended June 30, 2024 September 30, 2024. The dividend was paid subse end on July 24, 2024 October 24, 2024 to the holders of record of Series A Preferred Stock as of the close of business 2024 October 10, 2024.

Equity Incentive Plan

The Company has an equity incentive plan (“ (“Equity Incentive Plan”) for executive officers, directors and certainnon-executiveemployees, and with approval of the Board of Directors, for subsidiaries and their respective affilia Incentive Plan provides for grants of restricted common stock, restricted stock units, phantom shares, stock options, div rights and other equity-based awards (including the grant of Operating Partnership long-term incentive plan units), subj number of shares available for issuance under the

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plan. The Equity Incentive Plan is administered by the compensation committee of the Board of Directors (the “Compen Committee”). The Equity Incentive Plan provides for the issuance of up to3,763,580shares of common stock. To the ext granted under the Equity Incentive Plan expires or terminates, the shares subject to any portion of the award that expire without having been exercised or paid, as the case may be, will again become available for the issuance of additional a

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On January 27, 2020, each of the Board of Directors and the Compensation Committee approved a new fo based restricted unit award agreement that will be used to grant performance-based restricted stock unit awards (“Perfo Awards”) pursuantto the Equity Incentive Plan. The Performance RSU Awards are based upon the total stockholder ret 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 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 s 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% above the 75th percentile of the Peer Group would result in a 150% payout. Payouts are mathematically interpolated between these stated percenti 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 Compa pursuant to the Equity Incentive Plan. Upon satisfaction of the vesting conditions, dividend equivalents in an amount equal to all regular and special

respect to the Company's common stock during each annual measurement period during the Measurement Period are determined and paid on a c
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
earned.

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

The following table summarizes the activity of the awards under the Equity Incentive Plan for the three ar
ended June 30, 2024 September 30, 2024:

	Number of RSUs
Outstanding at December 31, 2023	451,741
Granted	324,414
Issuance of dividend equivalents	8,290
Vested	(228,747
Outstanding at March 31, 2024	555,698
Issuance of dividend equivalents	12,161
Outstanding at June 30, 2024	567,859

	Number of RSUs
Outstanding at December 31, 2023	451,741
Granted	324,414
Issuance of dividend equivalents	8,290
Vested	(228,747
Outstanding at March 31, 2024	555,698
Issuance of dividend equivalents	12,161
Outstanding at June 30, 2024	567,859
Issuance of dividend equivalents	10,039
Outstanding at September 30, 2024	577,898

The following table summarizes the activity of the awards under the EquityIncentivePlan for the three an
ended June 30, 2023 September 30, 2023:

	Number of RSUs	Number of Performance RSUs	Number o RSUs
Outstanding at December 31, 2022	428,320	307,500	428,320
Granted	198,022	214,888	198,022
Issuance of dividend equivalents	9,485	—	9,485
Vested	(216,520)	(97,500)	(216,520
Outstanding at March 31, 2023	419,307	424,888	419,307
Issuance of dividend equivalents	14,356	—	14,356
Outstanding at June 30, 2023	433,663	424,888	433,663
Issuance of dividend equivalents			7,844
Outstanding at September 30, 2023			441,507

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During the six nine months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 20
granted the following restricted stock units ("RSUs") and Performance RSU Awards to directors, executive officers and
certainnon-executiveemployees:

	Units Granted		Grant Date
	RSUs	Performance RSUs	Fair Value (in thousands)
2024	324,414	324,952	$ 3,539
2023	198,022	214,888	3,729

	Units Granted		Grant Date
	RSUs	Performance RSUs	Fair Value (in thousands)
2024	324,414	324,952	$ 3,539
2023	198,022	214,888	3,729

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

During the three months
ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023, the Company recognized net compe
for the RSUs and Performance RSU Awards as follows (in thousands):

	RSUs	Performance RSUs
2024	$ 642	$ 441
2023	633	390

	RSUs	Performance RSUs
2024	$ 643	$ 4[illegible]
2023	633	3[illegible]

During the six nine months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 20
recognized net compensation expense for the RSUs and Performance RSU Awards as follows (in thousands):

	RSUs	Performance RSUs	Total	RSUs	Performance RSUs
2024	$ 1,284	$ 870	$ 2,154	$ 1,928	$ 1,310
2023	1,276	771	2,047	1,910	1,161

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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 financial statements and the related notes thereto of the City Office REIT, Inc. contained in this Quarterly Report on For "Report").

As used in this section, unless the context otherwise requires, references to "we," "our," "us," and "our com Office REIT, Inc., a Maryland corporation, together with our consolidated subsidiaries, including City Office REIT Operat L.P., a Maryland limited partnership, of which we are the sole general partner and which we refer to in this section as ou 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 o contains both historical and forward-looking statements. All statements, other than statements of historical fact are, or n be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Secti Securities Exchange Act of 1934, as amended. We have used the words "approximately," "anticipate," "assume," "believ "contemplate," "continue," "could," "estimate," "expect," "future," "hypothetical," "intend," "may," "outlook," "plan," "potenti "project," "seek," "should," "target," "will" and similar terms and phrases to identify forward-looking statements in this Re forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from t 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 ec an economic recession;

- changes in local, regional, national and international economic conditions, including as a result of recent pandemics o epidemics or pandemics;
- the extent to which "work-from-home" and hybrid work policies continue;
- 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 borrowers, or defaults on ornon-renewalof leases by tenants;
- demand for and market acceptance of our properties for rental purposes, including as a result of near-term market flu term trends that result in an overall decrease in the demand for office space;
- decreased rental rates or increased vacancy rates;
- 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
- 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;

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- 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 pr 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 o on Form10-Kfor the year ended December 31, 2023 under the sections captioned "Risk Factors," "Management's Dis Analysis of Financial Condition and Results of Operations" and "Business" and in our subsequent reports filed with th

The forward-looking statements contained in this Report are based on historical performance and manager plans, estimates and expectations in light of information currently available to us and are subject to uncertainty and cha circumstances. There can be no assurance that future developments affecting us will be those that we have anticipated may differ materially from these expectations due to the factors, risks and uncertainties described above, changes in glo local political, economic, business, competitive, market, regulatory and other factors described in our news releases and SEC, including but not limited to those described in our Annual Report on Form10-Kfor the year ended December 31, 2 heading "Risk Factors" and elsewhere in this Form10-Qand any updates to those factors set forth in our subsequent Qu Form10-Qor other public filings with the SEC, many of which are beyond our control. Should one or more of these risks materialize, or should any of our assumptions prove to be incorrect, our actual results may vary in material respects fro have expressed or implied by these forward-looking statements. We caution that you should not place undue reliance o forward-looking statements. Any forward-looking statement made by us in this Report speaks only as of the date of this events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future 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 IP common stock. We contributed the net proceeds of the IPO to our Operating Partnership in exchange for common units Partnership. Both we and our Operating Partnership commenced operations upon completion of the IPO and certain rel transactions.

Revenue Base

As of June 30, 2024 September 30, 2024, we owned 23 properties comprised of 56 office buildings with a t approximately 5.6 million square feet of net rentable area ("NRA"). As of June 30, 2024 September 30, 2024, our proper approximately 83.0% 83.4% leased.

Office Leases

Historically, most leases for our properties have been on a full-service gross or net lease basis, and we exp use such leases in the future. A full-service gross lease generally has a base year expense "stop," whereby we pay a st expenses as part of the rent payment while future increases (above the base year stop) in property operating expenses tenant based on such tenant's proportionate square footage in the property. The property operating expenses are reflec expenses; however, only the increased property operating expenses above the base year stop recovered from tenants tenant recoveries within rental and other revenues on our condensed consolidated statements of operations. In a triple tenant is typically responsible for all property taxes and operating expenses. As such, the base rent payment does not i operating expenses, but rather all such expenses are billed to or paid by the tenant. The full amount of the expenses fo reflected in operating expenses, and the reimbursement is reflected as tenant recoveries. We are also a lessor for a fee lease at the AmberGlen property.

Factors That May Influence Our Operating Results and Financial Condition

Economic Environment and Inflation

The broader economy in the U.S. has been experiencing experienced increased levels of inflation, higher ir tightening tightened monetary and fiscal policies. The banking and lending sector in particular has been impacted by the environment. While Recently, interest rates, monetary policy and inflation have begun to shift towards an improved econ Office capital markets activity continues to be suppressed, largely driven by limited debt availability for the sector. Howe difficult to predict the full impact of recent events and any future changes in interest rates or inflation, and this evolving e environment impacts our operating activities as:

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

Despite the challenging current economic environment, there is increasing evidence that many businesses upin-personwork policies particularly if economic conditions worsen. Many of these companies increased their workforc 2020 without increasing their available space. We expect these factors will help offset, at least partially, the headwinds t demand.

Work-From-Home Trends

Our business has been and will likely continue to be impacted by tenant uncertainty regarding office space evolving remote and hybrid working trends. Usage of our assets in the near future depends on corporate and individual regarding return to usage of office space, which is impossible to estimate. As of June 30, 2024 September 30, 2024, 12 rentable area under our portfolio was vacant, when excluding committed leases, as compared to 13.0% 13.7% as of Jur 2023 September 30, 2023.

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

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

Business and Strategy

We focus on owning and acquiring office properties in our footprint of growth markets predominantly in the markets generally possess growing populations with above-average employment growth forecasts, a large number of g large international, national and regional employers across diversified industries, generally lower-cost centers for busine a high quality of life. We believe these characteristics have made our markets desirable, as evidenced by domestic net towards our geographic footprint. A majority of our properties are well located, have good access and functionality to ou or in new condition, attract high-quality tenants and are professionally managed. We utilize our management's market-s and relationships as well as the expertise of local real estate property and leasing managers to identify acquisition oppo 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 maint rates of currently leased space and to lease currently available space and space that becomes available from lease ter June 30, 2024 September 30, 2024, the operating properties in our portfolio were 83.0% 83.4% leased, with 3.9% 2.3% scheduled to expire over the remainder of the calendar year, without regard to renewal options. The amount of rental re also depends on our ability to maintain or increase rental rates at our properties. Our leases typically include rent escala designed to provide annual growth in our rental income as well as an ability to pass through cost escalations to our tena normal course of business we do not typically waive these rent escalation provisions. Certain leases contain terminatio permit the tenant to terminate the arrangement generally upon payment of a termination fee, which we believe acts as a cancelling the lease. These early termination provisions applied to approximately 17.3% 16.7% of the net rentable area of June 30, 2024 September 30, 2024. In 2024, no tenant has exercised an early termination provision. Negative trends these factors could adversely affect our rental revenue in future periods. We continually monitor our tenants' ability to m obligations to pay us rent to determine if any adjustments should be reflected currently. Future economic downturns or r affecting our markets or submarkets or downturns in our tenants' industries, including as a result of high interest rates a likelihood of a U.S. recession, that impair our ability to renew orre-letspace and the ability of our tenants to fulfill their lea as in the case of tenant bankruptcies, could adversely affect our ability to maintain or increase rental rates at our proper growth in rental revenue will also partially depend on our ability to acquire additional properties that meet our investmen

At the beginning of the year the Company, through wholly owned subsidiaries, was the landlord under leas Company's properties totaling approximately 177,000 square feet with subsidiaries of WeWork, which had announced t Chapter 11 bankruptcy protection during the previous year. During the first quarter of 2024, WeWork announced that it r at our Block 23 property totaling 46,000 square feet. The Company recorded a termination fee of $0.9 million $0.9 millio ended March 31, 2024. During the second quarter of 2024, the Company entered into lease amendments with WeWork The Terraces properties to reduce WeWork's leased space by a total of 53,000 square feet by the end of 2024. WeWor bankruptcy proceedings during the second quarter of 2024. Subsequent to September 30, 2024, the Company entered amendment with WeWork at our Bloc 83 property to renew 28,000 square feet through December 2026. The remaining are leased by subsidiaries of WeWork under long-term leases.

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Leasing Activity

The following table presents our leasing activity for the three months ended June 30, 2024 September 30, 2

Three Months Ended June 30, 2024 Leasing Activity

Square Feet (000's)	
Average Effective Rents per Square Foot	

Three Months Ended September 30, 2024 Leasing Activity

Square Feet (000's)	
Average Effective Rents per Square Foot	
Tenant Improvements per Square Foot	
Leasing Commissions per Square Foot	
% Change in Renewal Cash Rent vs. Expiring	
Retention Rate %	

Our Properties

As of June 30, 2024 September 30, 2024, we owned 23 properties comprised of 56 office table presents an overview of our portfolio as of June 30, 2024 September 30, 2024.

Metropolitan Area	Property

Phoenix, AZ
(27.3% of NRA) Block 23

Metropolitan Area	Property	Year of Construction	Economic Interest	NRA (000's Square Feet)	In Pla… Occup…
Phoenix, AZ					
(27.3% of NRA)	Block 23	2019	100.0%	307	
	Pima Center	2006-2008	100.0%	272	52.
	SanTan	2000-2003	100.0%	267	50.
	5090 N. 40th St	100.0% 1988	175	66.3%	$
	Camelback Square	100.0%	173	84.0 70.7%	$ 32.90
	Camelback Square	1978	100.0%	173	
	The Quad	1982	100.0%	163	
	Papago Tech	1993-1995	100.0%	163	
Tampa, FL					
(18.9% (19.0%)	Park Tower	1973	94.8%	481 482	92.
	City Center	1984	95.0%	243 245	86.
	Intellicenter	2008	100.0%	204	
	Carillon Point	2007	100.0%	124	
Denver, CO					
(14.5%)	Denver Tech	1997; 1999	100.0%	381	
	Circle Point	2001	100.0%	272	81.
	Superior Pointe	2000	100.0%	152	
Orlando, FL	Florida Research Park				
(12.9%)		1999	96.6%	397	
	Central Fairwinds	1982	97.0%	168	89.
	Greenwood Blvd	1997	100.0%	155	
Raleigh, NC					
(8.9%)	Bloc 83	2019; 2021	100.0%	495 494	83.
Dallas, TX					
(5.1%)	The Terraces	2017	100.0%	173	100.
	2525 McKinnon	2003	100.0%	111	70.
San Diego, CA					
(5.1%)	Mission City	1990-2007	100.0%	281	83.
Seattle, WA					
(3.7% (3.6%)	Canyon Park	1993; 1999	100.0%	207	
Portland, OR					
(3.6%)	AmberGlen	1984-1998	76.0%	203	100.
Total / Weighted Average – June 30, 2024 September 30, 2024[(4)]				**5,567**	**83.**

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(1) Annualized Average Effective Rent accounts for the impact of straight-line rent adjustments, (e.g., free rent abatements) contained in the lease. The square foot result per property is ca June 30, 2024 September 30, 2024 by (ii) 12, divided by the occupied square footage in tha
(2) Annualized gross rent per square foot includes adjustment for estimated expense reimburse
(3) Annualized base rent is calculated by multiplying (i) rental payments (defined as cash rents 2024 by (ii) 12.
(4) Averages weighted based on the property's NRA, adjusted for occupancy.

Operating Expenses

Our operating expenses generally consist of utilities, property and Increases in these expenses over tenants' base years (until the base year is re our full-service gross leased properties and are generally paid in full by tenants

Conditions in Our Markets

Positive or negative changes in economic or other conditions in the shortfalls, employment rates, natural hazards and other factors, may impact ou of positive population and economic growth in our Sun Belt cities to continue, tl continue, especially in light of inflation and rising elevated interest rates as well monetary policy. In addition, it is uncertain and impossible to estimate the poter short- and long-term demand for office space in our markets.

Critical Accounting Policies and Estimates

The interim condensed consolidated financial statements follow th consolidated financial statements for the year ended December 31, 2023 incluc December 31, 2023.

Results of Operations

Comparison of Three Months Ended June 30, 2024 September 30, 2024 to

Rental and Other Revenues. Rental and other revenues include r well as the recovery of operating costs and property taxes from tenants. Rental 5% 4%, to $42.3 million $42.4 million for the three months ended June 30, 2024 million $44.2 million for the three months ended June 30, 2023 September 30, 2 dispositions and tenant departures at disposition of Cascade Station in June 20 revenue by $0.6 million and $0.6 million, respectively. $1.0 million. Revenue als $0.4 million and Intellicenter by $0.3 million and $0.2 million, $0.3 million, respe to the prior year. Lastly, revenue also decreased at Block 23 and The Terraces respectively, largely due to thewrite-offof straight-line rent associated with the W decreases, revenue increased year over year at Mission City and Bloc 83 by $0 occupancy. The remaining properties' rental and other revenues were relatively year period.

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Operating Expenses

Total Operating Expenses. Total operating expenses consist of pr expenses and depreciation and amortization. Total operating expenses decreas million $36.2 million for the three months ended June 30, 2024 September 30, 2 ended June 30, 2023 September 30, 2023. Total operating expenses at Bloc 83 expenses and depreciation and amortization associated with higher occupancy May 2023 June 2024 decreased total operating expenses by $0.7 million. $0.6 r were relatively unchanged marginally higher in comparison to the prior year per

Property Operating Expenses. Property operating expenses are c maintenance expenses, insurance, property taxes, property management fees, tenants, the majority of which are related to costs necessary to maintain the ap course of business, property expenses fluctuate and are impacted by various fa weather, utility costs, repairs, maintenance andre-leasingcosts. Property operat $17.5 million $17.8 million for the three months ended June 30, 2024 Septembe months ended June 30, 2023 September 30, 2023. The disposition of Cascade expenses by $0.2 million. The remaining properties' property operating expens period.

General and Administrative. General and administrative expense compensation of our management team and Board of Directors, as well asnon- administrative expenses increased $0.3 million, or 7%, to $3.8 million for the th reported in the prior year period. General and administrative expenses increase current period.

Depreciation and Amortization. Depreciation and amortization de months ended September 30, 2024, from $14.7 million reported for the same p 2024 decreased depreciation and amortization expense by $0.3 million. The re higher in comparison to the prior year period.

Other Expense (Income)

Interest Expense. Interest expense increased $0.4 million, or 6%, 2024, from $8.2 million for the three months ended September 30, 2023. The ir

Comparison of Nine Months Ended September 30, 2024 to Nine Months E

Rental and Other Revenues. Rental and other revenues include r well as the recovery of operating costs and property taxes from tenants. Rental $129.2 million for the nine months ended September 30, 2024 compared to $1 Revenue decreased year over year due to the dispositions and tenant departur in June 2024, which reduced revenue by $2.3 million and $1.9 million, respecti Intellicenter and Superior Pointe by $0.8 million, $0.6 million and $0.5 million, r compared to the prior year. Lastly, revenue also decreased at The Terraces an

largely due to thewrite-offof straight-line rent associated with the WeWork lease
revenue increased year over year at Park Tower, Mission City and Bloc 83 by $
to higher occupancy. The remaining properties' rental and other revenues were
period.

Operating Expenses

Total Operating Expenses. Total operating expenses consist of pr
expenses and depreciation and amortization. Total operating expenses decreas
months ended September 30, 2024, from $109.4 million for the nine months en
Center in May 2023 and Cascade Station in June 2024 decreased total operati
Offsetting these decreases, total operating expenses at Bloc 83 increased by $
depreciation and amortization associated with higher occupancy. The remainin
higher in comparison to the prior year period, primarily due to inflation.

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Property Operating Expenses. Property operating expenses are c
maintenance expenses, insurance, property taxes, property management fees,
tenants, the majority of which are related to costs necessary to maintain the ap
course of business, property expenses fluctuate and are impacted by various fa
weather, utility costs, repairs, maintenance andre-leasingcosts. Property operat
$53.0 million for the nine months ended September 30, 2024, from $52.6 millio
operating expenses at Bloc 83 increased by $0.8 million primarily due to higher
increase, the disposition of 190 Office Center in May 2023 decreased property
remaining properties' property operating expenses were $0.7 million $0.8 millio
due to inflation.

General and Administrative. General and administrative expense
compensation of our management team and Board of Directors, as well asnon-
administrative expenses increased $0.1 million, $0.3 million, or 4% 3%, to $3.8
30, 2024 September 30, 2024, from $3.7 million $11.0 million reported for the sa
administrative expenses increased due to marginally higher professional fees a

Depreciation and Amortization. Depreciation and amortization de
million $44.4 million for the three nine months ended June 30, 2024 September
same period in 2023. The disposition dispositions of 190 Office Center in May 2
depreciation and amortization expense by $0.3 million. Depreciation $0.6 millio
by $0.4 million as the amortization expense associated with leases in place at t
respectively. The remaining properties' depreciation expenses were marginally

Other Expense (Income)

Interest Expense. Interest expense increased $0.2 million, $0.7 mi
three nine months ended June 30, 2024 September 30, 2024, from $8.3 million
2023 September 30, 2023. The increase was primarily attributable to higher inte

Net Loss on Disposition of Real Estate Property. During the se
assignment in lieu of foreclosure agreement to transfer possession and control
an event of default as defined in the property's loan agreement. Given the term
Company deconsolidated the entity holding the property and related assets and
three nine months ended June 30, 2024 September 30, 2024, the Company rec
second quarter of 2023, the Company consented to the appointment of a recei
Center property as a result of an event of default as defined in the property's lo
Company deconsolidated the entity holding the property and related assets and
months ended June 30, 2023, the Company recognized a loss on deconsolidat

Comparison of Six Months Ended June 30, 2024 to Six Months Ended Jun

Rental and Other Revenues. Rental and other revenues include n
well as the recovery of operating costs and property taxes from tenants. Rental
$86.8 million for the six months ended June 30, 2024 compared to $90.6 millio
decreased year over year due to the dispositions and tenant departures at Cas
2023 which reduced revenue by $1.0 million and $2.3 million, respectively. Rev
to lower occupancy at the property compared to the prior year. The remaining p
unchanged in comparison to the prior year period.

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Operating Expenses

Total Operating Expenses.Total operating expenses consist of pr
expenses and depreciation and amortization. Total operating expenses decrea
ended June 30, 2024, from $73.5 million for the six months ended June 30, 202
decreased total operating expenses by $1.9 million. Offsetting this decrease, to
primarily due to higher electricity costs and property taxes. The remaining prop
comparison to the prior year period, primarily due to inflation.

Property Operating Expenses.Property operating expenses are c
maintenance expenses, insurance, property taxes, property management fees,
tenants, the majority of which are related to costs necessary to maintain the ap
course of business, property expenses fluctuate and are impacted by various fa
weather, utility costs, repairs, maintenance and re-leasing costs. Property opera
million for the six months ended June 30, 2024, from $35.0 million for the six m
at Bloc 83 increased by $0.5 million primarily due to higher electricity costs and
190 Office Center in May 2023 decreased property operating expenses by $1.2
expenses were $0.9 million higher in comparison to the prior year period, prima

General and Administrative.General and administrative expense
compensation of our management team and Board of Directors, as well as non
administrative expenses increased $0.1 million, or 1%, to $7.5 million for the si
for the same period in 2023. General and administrative expenses increased du
expense.

Depreciation and Amortization.Depreciation and amortization de
months ended June 30, 2024, from $31.1 million reported for the same period i
decreased depreciation and amortization expense by $0.6 million. Depreciation
by $0.8 million as the amortization expense associated with leases in place wa
depreciation expenses were relatively unchanged in comparison to the prior ye

Other Expense (Income)

Interest Expense.Interest expense increased $0.3 million, or 2%,
from $16.6 million for the six months ended June 30, 2023. The increase was p

Net Loss on Disposition of Real Estate Property. During the sec
assignment in lieu of foreclosure agreement to transfer possession and control
an event of default as defined in the property's loan agreement. Given the term
Company deconsolidated the entity holding the property and related assets and
months ended June 30, 2024, the Company recognized a loss on deconsolidat
Company consented to the appointment of a receiver to assume possession ar
event of default as defined in the property's loan agreement. Given the appoint
entity holding the property and related assets and liabilities during the second c
2023 September 30, 2023, the Company recognized a loss on deconsolidation

Cash Flows

Comparison of Six Nine Months Ended June 30, 2024 September 30, 2024
2023

Cash, cash equivalents and restricted cash were $43.3 $43.0 millio
30, 2024 and June 30, 2023 September 30, 2023, respectively.

Cash flow from operating activities.Net cash provided by operat
$31.7 $50.0 million for the six nine months ended June 30, 2024 September 30,
period in 2023. The increase was primarily attributable to changes in working c

Cash flow to investing activities.Net cash used in investing activ
the six nine months ended June 30, 2024 September 30, 2024, compared to $2
in cash used in investing activities was primarily attributable to lower additions t
was partially offset by an increase in cash used in investing activities attributab

Cash flow to financing activities.Net cash used in financing activ
million $20.6 million for the six nine months ended June 30, 2024 September 30

activities $9.3 million for the same period in 2023. The increase in cash used by
proceeds from borrowings partially offset by lower dividend distributions paid to
2024 September 30, 2024.

Liquidity and Capital Resources

Analysis of Liquidity and Capital Resources

We had approximately $28.0 $25.9 million of cash and cash equiva
30, 2024 September 30, 2024.

On March 15, 2018, the Company entered into a credit agreement
commitments of up to $250 million, $250 million, which included an accordion fe
million, $500 million, subject to customary terms and conditions. On September
million $50 million term loan, increasing its authorized borrowings under the Co
million $250 million to $300 million. $300 million. On November 16, 2021, the Co
Agreement that increased the total authorized borrowings from $300 million $30
the Company entered into a second amendment to the Amended and Restated
entered into a three-year $25 million $25 million term loan, increasing its total a
million. $375 million. The Unsecured Credit Facility matures in November 2025
upon meeting certain conditions. On September 27, 2024, the $50 million term
Unsecured Credit Facility, reducing total authorized borrowings from $375 millio
2024, we had approximately $205.0 million $255.0 million outstanding under ou
letter of credit to satisfy escrow requirements for a mortgage lender.

On May 23, 2024, the Company entered into an amended and res
term for an additional five years and amending the interest rate from fixed to flo
simple SOFR rate plus a margin of 325 basis points. The Company also entere
fixing the SOFR component of the borrowing rate of the loan at 4.43%.

On June 27, 2024, the Company entered into a loan modification a
among other things, included a principal repayment of $1.6 million $1.6 million a
December 2026 with aone-yearextension option.

On February 26, 2020, the Company and the Operating Partnershi
the "Agreements") with each of KeyBanc Capital Markets Inc., Raymond James
Capital Markets, LLC, B. Riley FBR, Inc., D.A. Davidson & Co. and Janney Mo
the Company may issue and sell from time to time up to 15,000,000 shares of c
Preferred Stock through the Sales Agents, acting as agents or principals (the "A
D.A. Davidson & Co. a notice of termination of the Agreement, effective May 7,
stock or Series A Preferred Stock under the ATM Program during the six nine m

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After considering the effect of the work-from-home trend on our co
occupancy rates, it is possible that we could fail certain financial covenants wit
mortgages with financial covenants, the lenders' remedy of a covenant failure w
meeting our future debt payment obligations. As of June 30, 2024 September 3
borrowings have at the SanTan property has elected their right to direct propert
to fund property operations until certain thresholds are met. Further, under the t
the FRP Ingenuity Drive property, signed in the second quarter of 2024, proper
controlled restricted cash accounts through the maturity of the loan. For these t
2024 September 30, 2024 was $6.7 million. $6.4 million.

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Our short-term liquidity requirements primarily consist of operating
properties, distributions to our limited partners and distributions to our stockhol
and, potentially, acquisitions. We expect to meet our short-term liquidity require
reserves established from existing cash. We have further sources such as proc
Program, and borrowings under our mortgage loans and our Unsecured Credit

Our long-term liquidity needs consist primarily of funds necessary t
andnon-recurringcapital improvements. We expect to meet our long-term liquid
secured and unsecured indebtedness and the issuance of equity and debt secu
andnon-recurringcapital improvements using our Unsecured Credit Facility pen

We believe we have access to multiple sources of capital to fund o
of additional debt and the issuance of additional equity securities. However, we

case. Our ability to incur additional debt is dependent on a number of factors, i
our unencumbered assets and borrowing restrictions that may be imposed by l
dependent on a number of factors as well, including general market conditions

In addition to the incurrence of debt and the offering of equity secu
capital resources and sources of liquidity. We may recycle capital from stabilize
types of transactions is intended to be redeployed into property acquisitions, ca

Contractual Obligations and Other Long-Term Liabilities

The following table provides information with respect to our commi
any guaranteed or minimum commitments under contractual obligations. The ta

	Payments Due by Period (in thousands)				
Contractual Obligations	**Total**	**2024**	**2025-2026**	**2027-2028**	**More th 5 yea**
Principal payments on mortgage loans	$ 652,429	$ 52,792	$ 303,828	$ 281,320	$ 14,
Interest payments[1]	75,269	15,899	44,024	14,816	
Tenant-related commitments	13,591	13,209	382	—	
Lease obligations	35,876	270	1,510	1,190	32,
Total	$ 777,165	$ 82,170	$ 349,744	$ 297,326	$ 47,

(1) Contracted interest on the floating rate borrowings under our Unsecured Credit Facility was 2024 September 30, 2024. Contracted interest on our loans which we have applied interest component of the borrowing rates.

Inflation

Substantially all of our office leases include expense reimburseme
escalations. In addition, most of the leases provide for fixed rent increases. We
least partially offset by these contractual rent increases and expense escalatio
cash flows or earnings, or impact our borrowings, as discussed elsewhere in th

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our future income, cash flows and fair values relevant to financial i
rates. Market risk refers to the risk of loss from adverse changes in market pric
instruments to manage or hedge interest rate risks related to borrowings. We d
and only enter into contracts with major financial institutions based upon their c
and we will only enter into, contracts with major financial institutions based on t
condensed consolidated financial statements in Item 1 of this Report for more i

We currently consider our interest rate exposure to be moderate b
approximately $587.4 million, $536.0 million, or 90.0% 82.3%, of our debt had fi
in interest rate swaps, and $65.0 million, $115.0 million, or 10.0% 17.7%, had va
rate debt includes our loans against which we have applied interest rate swaps
component of the borrowing rates until maturity of the debt. A 1% increase in S
our annual interest costs on debt outstanding as of June 30, 2024 September 3
outstanding debt, as well as increase interest costs associated with future debt
Facility. A 1% decrease in SOFR would result in a $0.7 million $1.2 million decr
June 30, 2024 September 30, 2024 and would increase the fair value of our ou
associated with future debt issuances or borrowings under our Unsecured Cre

Interest rate risk amounts are our management's estimates based
by considering the effect of hypothetical interest rates on our financial instrume
change in overall economic activity that could occur in that environment. We m
in interest rates. However, due to the uncertainty of the specific actions that wo
assume no changes in our Company's financial structure.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on the most recent evaluation, the Company's Chief Execut
Company's disclosure controls and procedures (as defined in Rules13a-15(e)a
1934, as amended) were effective as of June 30, 2024 September 30, 2024.

Management's Report on Internal Control Over Financial Reporting

There have been no changes to our internal control over financial r
report that have materially affected, or are reasonably likely to materially affect,

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We and our subsidiaries are, from time to time, parties to litigation
2024 September 30, 2024, management does not believe that any such litigatio
aggregate, on our financial position or results of operations.

Item 1A. Risk Factors

As of the date of this Quarterly Report on Form10-Q,there have be
Annual Report on Form10-Kfor the fiscal year ended December 31, 2023, exce
result in a significant or material adverse effect on our results of operations or f
known to us or that we currently deem immaterial may also impair our business
factors or disclose additional factors from time to time in our future filings with t

Risks Related to Our Business an

Real estate is a competitive business and that competition may adversely

We compete with a large number of property owners, operators an
lower returns on their investments. Principal factors of competition are the qual
the breadth and the quality of the amenities offered. These factors may negativ
as we believe our tenants and prospective new tenants across our portfolio sor
our buildings to the value of newer space with more amenities asking higher re
properties face competition from similar properties in the same market, which m
properties, leasing costs, occupancy rates and our results of operations.

Our commercial office properties are located primarily in Sun Belt markets, whic
competitive office properties in these areas, which may be newer, more amenitized or better loca
lease office space at our properties and on the effec

Item 2. Unregistered Sales of Equity Securi

None.

Item 3. Defaults Upon Senior

None.

Item 4. Mine Safety Discl

Not applicable.

Item 5. Other Informat

During the three months ended June 30, 2024 September 30, 2024, no direc
arrangement" or "non-Rule "non-Rule10b5-1trading arrangement," as e

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Item 6. Exhibits

Exhibit Number	Descripti

3.1	Articles of Amendment and Restatement of City Office REIT, Inc. reference to Exhibit 3.1 to the Company's Annual Report on Forn
3.2	Third Amended and Restated Bylaws of City Office REIT, Inc., ef Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q filed
4.1	Certificate of Common Stock of City Office REIT, Inc. (incorporate Registration Statement on Form S-11/A filed with the Commissio
4.2	Form of certificate representing the 6.625% Series A Cumulative (incorporated by reference to Exhibit 4.1 to the Company's Regis on September 30, 2016).
10.1	Amended and Restated Loan Agreement, dated as of August 16 Technology Point I & II, LLC and CIO University Tech, LLC, each (incorporated by reference to Exhibit 10.1 of the Company's Curr August 18, 2023).
10.2	Amended and Restated Renewal Promissory Note, dated as of A LLC, CIO Technology Point I & II, LLC and CIO University Tech, I N.A. (incorporated by reference to Exhibit 10.2 of the Company's August 18, 2023).
10.3	Form of Performance Restricted Stock Unit Award Agreement (ir Current Report on Form 8-K filed with the Commission on May 3
31.1	Certification by Chief Executive Officer under Section 302 of the
31.2	Certification by Chief Financial Officer under Section 302 of the S
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Sec Sarbanes-Oxley Act of 2002. †
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Sec 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 c

† Filed herewith.
* Compensatory Plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the regis by the undersigned, thereunto duly authorized.

CITY OFFICE REIT, IN

Date: August 1, 2024 October 31, 2024

By: ______

Date: August 1, 2024 October 31, 2024

By: ____

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Certification

I, James Farrar, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period
REIT, Inc.;

2. Based on my knowledge, this report does not contain any untrue s
necessary to make the statements made, in light of the circumstan
misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other finan
material respects the financial condition, results of operations and
presented in this report;

4. The registrant's other certifying officer and I are responsible for est
procedures (as defined in Exchange Act Rules 13a–15(e) and 15d
defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the re

a. Designed such disclosure controls and procedures, or cause
under our supervision, to ensure that material information rel
subsidiaries, is made known to us by others within those enti
being prepared;

b. Designed such internal control over financial reporting, or ca
designed under our supervision, to provide reasonable assur
preparation of financial statements for external purposes in a

c. Evaluated the effectiveness of the registrant's disclosure con
conclusions about the effectiveness of the disclosure controls
this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's interna
registrant's most recent fiscal quarter (the registrant's fourth f
materially affected, or is reasonably likely to materially affect,

5. The registrant's other certifying officer and I have disclosed, based
financial reporting, to the registrant's auditors and the audit commi
performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the de
which are reasonably likely to adversely affect the registrant's
information; and

b. Any fraud, whether or not material, that involves managemen
registrant's internal control over financial reporting.

August 1, October 31, 2024 /s/ J

Date Jam

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Certification

I, Anthony Maretic, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period REIT, Inc.;

2. Based on my knowledge, this report does not contain any untrue s necessary to make the statements made, in light of the circumstan misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other finan material respects the financial condition, results of operations and presented in this report;

4. The registrant's other certifying officer and I are responsible for est procedures (as defined in Exchange Act Rules 13a–15(e) and 15d defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the re

   a. Designed such disclosure controls and procedures, or cause under our supervision, to ensure that material information rel subsidiaries, is made known to us by others within those enti being prepared;

   b. Designed such internal control over financial reporting, or cau designed under our supervision, to provide reasonable assur preparation of financial statements for external purposes in a

   c. Evaluated the effectiveness of the registrant's disclosure con conclusions about the effectiveness of the disclosure controls this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's interna registrant's most recent fiscal quarter (the registrant's fourth f materially affected, or is reasonably likely to materially affect,

5. The registrant's other certifying officer and I have disclosed, based financial reporting, to the registrant's auditors and the audit commi performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the de which are reasonably likely to adversely affect the registrant's information; and

   b. Any fraud, whether or not material, that involves managemer registrant's internal control over financial reporting.

August 1, October 31, 2024 /s/ A

Date Anth
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CERTIFICATION PURSUANT TO 18 U.
AS ADOPTED PURSUANT TO SECTION 906 OF THE

In connection with this Quarterly Report on Form 10-Q for the period enc
Inc. (the “Company”) as filed with the Securities and Exchange Commission
Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350,
Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of

2. The information contained in the Report fairly presents, in all material resp
Company.

August 1, October 31, 2024 /s/ J
Date Jam
Chi
(Pri

This written report is being furnished to the Securities and Exchange Commi
written statement required by Section 906 has been provided to City Office R
furnished to the Securities and Exchange Commission or its staff upon request

CERTIFICATION PURSUANT TO 18 U.
AS ADOPTED PURSUANT TO SECTION 906 OF THE

In connection with this Quarterly Report on Form 10-Q for the period enc
Inc. (the “Company”) as filed with the Securities and Exchange Commission
Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350,
Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of

2. The information contained in the Report fairly presents, in all material resp
Company.

August 1, October 31, 2024 /s/ A
Date Anth
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(Pri

This written report is being furnished to the Securities and Exchange Commi
written statement required by Section 906 has been provided to City Office R
furnished to the Securities and Exchange Commission or its staff upon request