

2525 MCKINNON ACQUISITION

JANUARY 2017



Dallas, TX

FORWARD-LOOKING STATEMENTS

Certain statements contained in this presentation, including those that express a belief, expectation or intention, as well as those that are not statements of historical fact, are forward-looking statements within the meaning of the federal securities laws and as such are based upon City Office REIT, Inc. (“City Office” or the “Company”) and its current beliefs as to the outcome and timing of future events. There can be no assurance that actual future developments affecting the Company will be those anticipated by the Company. Examples of forward-looking statements include projected capital resources, projected profitability and portfolio performance, estimates of market rental rates, projected capital improvements, expected sources of financing, expectations as to the timing of closing of acquisitions, dispositions, or other transactions, the expected operating performance of anticipated near-term acquisitions and descriptions relating to these expectations, including without limitation, the anticipated net operating income yield and capitalization rates. Forward-looking statements presented in this presentation are based on management’s beliefs and assumptions made by, and information currently available to, management.

When used, the words “anticipate,” “believe,” “expect,” “intend,” “may,” “might,” “plan,” “estimate,” “project,” “should,” “will,” “result” and similar expressions that do not relate solely to historical matters are intended to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Forward-looking statements involve risks and uncertainties (some of which are beyond the Company’s control) and are subject to change based upon various factors, including but not limited to the following risks and uncertainties: changes in the real estate industry and in performance of the financial markets; competition in the leasing market; the demand for and market acceptance of our properties for rental purposes; the amount and growth of our expenses; tenant financial difficulties and general economic conditions, including interest rates, as well as economic conditions in our geographic markets; defaults or non-renewal of leases; risks associated with joint venture partners; the risks associated with the ownership and development of real property, including risks related to natural disasters; risks associated with property acquisitions, the failure to acquire or sell properties as and when anticipated; the outcome of claims and litigation involving or affecting the Company; the ability to satisfy conditions necessary to close pending transactions; our failure to maintain our status as real estate investment trust, or REIT; and other risks and uncertainties detailed in the Company’s news releases and filings with the Securities and Exchange Commission, including but not limited to the Company’s reports on Form 10-K, Form 10-Q and Form 8-K in the Company’s SEC filings.

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ACQUISITION SUMMARY

2525 McKinnon

- ❖ 2525 McKinnon is a boutique, Class “A” office building totaling 111,334 square feet in the heart of the Uptown submarket of Dallas
- ❖ Prominently located at the corner of McKinnon and Olive streets, situated among some of the highest quality office, hotel, high-rise residential and retail properties in the state of Texas
- ❖ Rental rates significantly below market
- ❖ 98% occupied at close with high-quality tenant build-outs

Key Metrics

Purchase price **\$46.8 M / \$420 PSF**

Property size **111,334 SF**

Year built **2003**

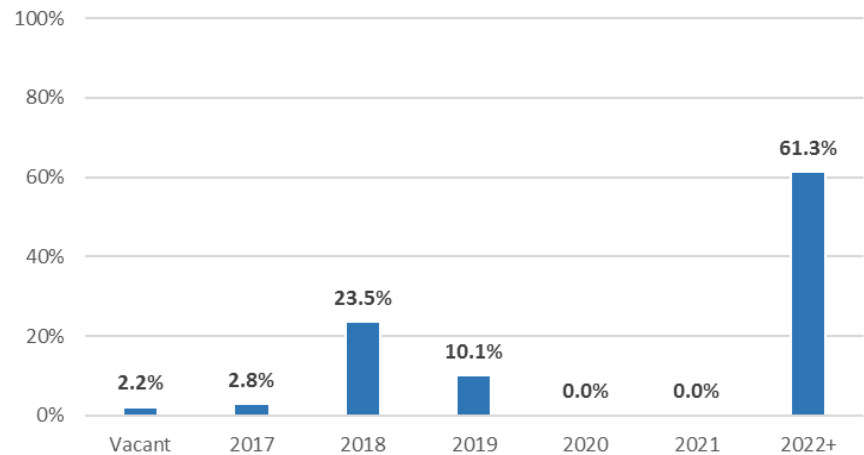
Occupancy at close **98%**

Expected Year 1 cash NOI cap rate **~6.1%**

Estimated replacement cost **~\$475+ PSF**



Lease Expiration Schedule as of December 31, 2016



ACQUISITION CHARACTERISTICS

Well-Located Real Estate:

- Excellent location within the Uptown submarket, Dallas's most urban and desirable office submarket
- Uptown is home to many of the most prominent tenants in the market, including private equity, family offices and leading law firms
- Highly walkable and densifying area, the property is surrounded by a plethora of upscale and fast casual restaurants, top-tier hotels, and high-rise residential

Stable Tenancy with Below Market Rents:

- In-place rental rates are 35%+ below market
- 98% occupancy provides stable cash flow from a quality roster of tenants
- Weighted average lease term remaining is approximately 6.0 years

Attractive Building Features:

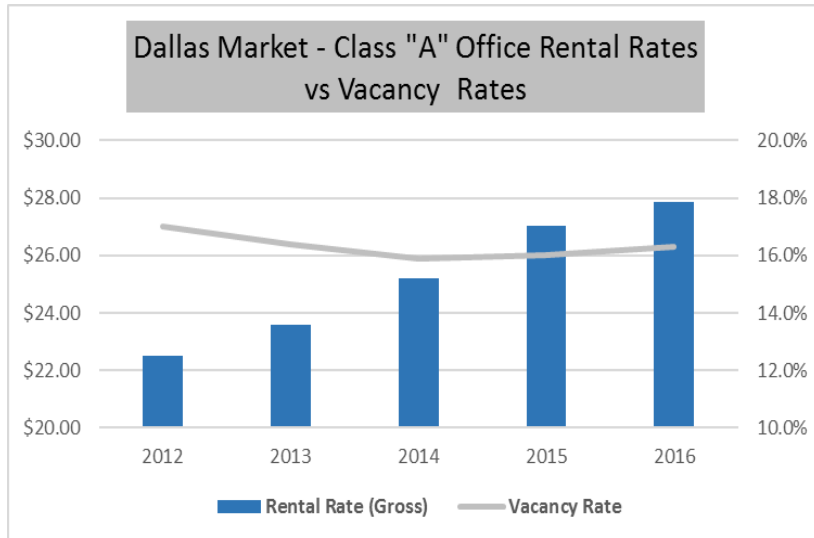
- Class "A" building with two-story lobby and upscale office finishes
- Excellent ingress & egress to major highways and arterial thoroughfares
- On-site full-service bank branch
- 327 total structured parking spaces (2.9/1,000 ratio)



MARKET STATISTICS – DALLAS, TX

Strong Dallas Market Fundamentals:

- Ranked #1 in 2016 by PwC and Urban Land Institute on the list of markets with the best overall real estate prospects
- The Dallas/Fort Worth MSA has the 4th largest metro population in the US, with an estimated 7.3 million residents
- Dallas/Fort Worth ranked first in the rate of job growth and second in the number of jobs added among large metro areas for the year ended September 2016, according to Bureau of Labor Statistics estimates
- The Dallas office market absorbed 726,000 and 4.9 million square feet during Q4 2016 and YTD 2016, respectively
- Dallas is home to 21 Fortune 500 companies, making it one of the highest concentrations of corporate headquarters in the nation





CITY OFFICE REIT, INC.

E: investorrelations@cityofficereit.com | T: 604 806 3366

Suite 2990
500 North Akard Street
Dallas, TX 75201

Suite 2010
1075 West Georgia St.
Vancouver, BC V6E 3C9