

PIMA CENTER

ACQUISITION
APRIL 2018



Phoenix, AZ

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, expected capitalization rates and our expectations regarding any property's replacement cost. 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 Company's ability to forecast accurately the barriers to entry and competition in the markets in which it operates; 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 properties as and when anticipated; the outcome of claims and litigation involving or affecting the Company; 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.

Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, the Company's business, financial condition, liquidity, cash flows and results could differ materially from those expressed in any forward-looking statement. While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. Any forward-looking statements speak only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict the occurrence of those matters or the manner in which they may affect us. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes. Use caution in relying on past forward-looking statements, which were based on results and trends at the time they were made, to anticipate future results or trends.

ACQUISITION SUMMARY

Pima Center

- ❖ Pima Center is a 271,782 SF two-building complex located in the desirable Scottsdale submarket of Phoenix, Arizona
- ❖ 99% leased at close to a prominent, credit rent roll
- ❖ High-end finishes, large functional floorplates and above average parking ratio attracting strong tenant base
- ❖ Nearly one mile of frontage along Loop 101 Freeway
- ❖ Property benefits from proximity to executive housing, high-end amenities and access to a wide pool of labor

Key Metrics

Purchase price **\$56.5 M / \$208 PSF**

Property size **271,782 SF**

Year built **2006 & 2008**

Occupancy at close **99%**

Expected Year 1 cash NOI cap rate **~8.3%**

Estimated replacement cost **~\$275 PSF**



ACQUISITION CHARACTERISTICS

Well-Located Real Estate:

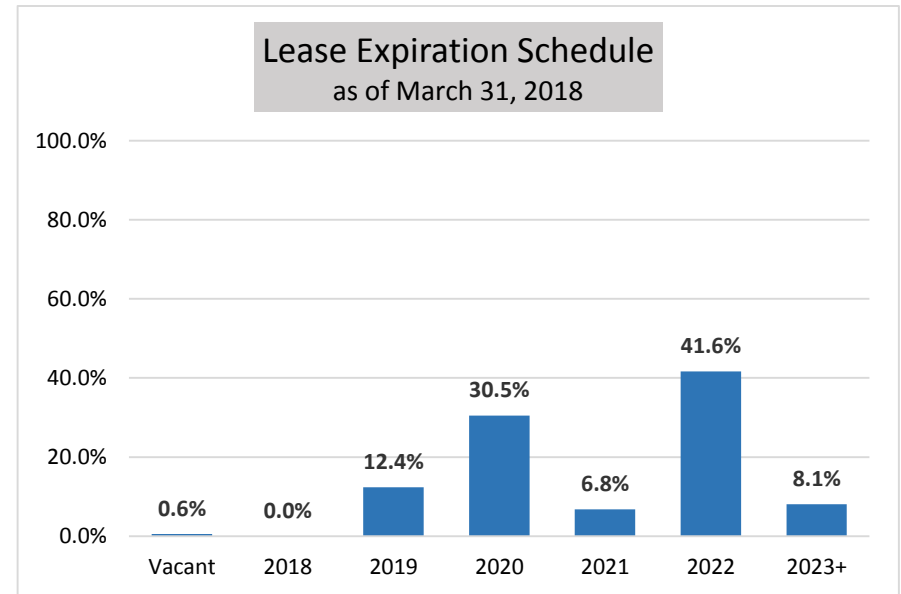
- Located in the Scottsdale submarket, a highly desirable place to live, work and visit due to its world-class amenity base, highly-developed workforce, executive housing options and the largest concentration of Class A office space in the region
- Located on the 1.2 million SF Pima Center master-planned business park, which is currently experiencing less than 5% office vacancy
- Nearly one mile of premium frontage along the Loop 101 Freeway offering outstanding visibility and direct access to the large and diverse labor markets of Scottsdale, Phoenix, Tempe and Mesa
- New retail center to break ground adjacent to the property, which is expected to add walkable amenities in the form of eight well-known restaurants and fast casual dining options, two flagship hotels and other retail offerings
- Situated on a favorable ground lease with over 70 years of remaining term

Compelling Acquisition Metrics:

- ~8.3% capitalization rate on Year 1 projected cash NOI
- 99% occupancy with the three largest tenants rated A-, A and AA- by S&P, respectively
- Newer vintage (2006 & 2008) with limited capital requirements and Class A finishes

Ideal for Large Corporate Tenants:

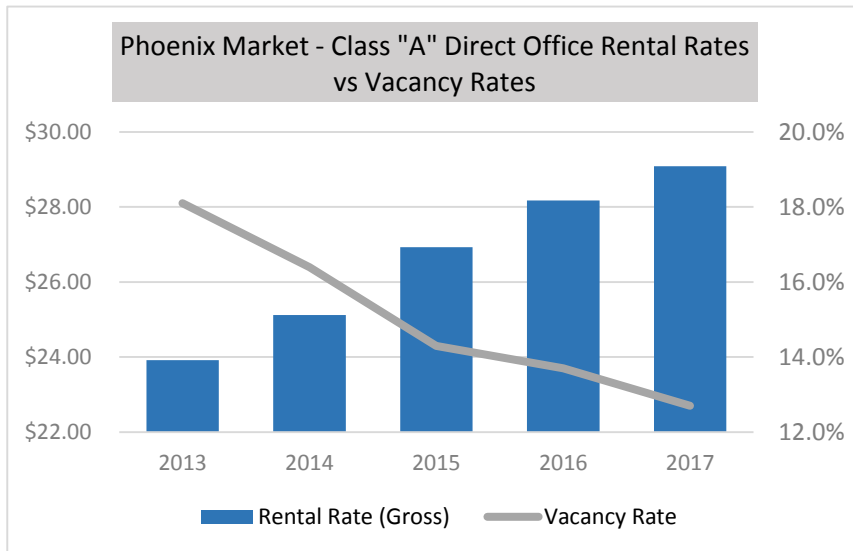
- Flexible, efficient 46,000 SF floor plates with nine foot clear dropped ceilings
- Excellent visibility and direct freeway access
- Above average parking ratio at 4.85 spaces / 1,000 SF



MARKET STATISTICS – PHOENIX, AZ

Strong Phoenix Market Fundamentals:

- Phoenix offers a pro-business environment with low operating costs, low regulatory burden and a high quality, well-educated workforce; unemployment rate of 3.8% as of November 2017 (Bureau of Labor Statistics)
- Phoenix experienced the second highest office net absorption nationally in 2017, with 2.8 million SF absorbed market-wide (CBRE)
- Phoenix ranks fourth in the US for projected office-using employment growth for 2018-2019 (Moody's Analytics)
- Population of 4.6 million in Phoenix; the population of Arizona grew 1.6% in 2017, ranking top-five nationally (Census Bureau)
- Phoenix is home to a growing number of corporate headquarters and the economy continues to diversify into areas such as tech, education and healthcare



Source: CoStar





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