



September 25, 2025

City Office REIT, Inc.
Attn: John Sweet, Chairman of the Board
Suite 2960 – 500 North Akard Street
Dallas, TX 75201
investorrelations@cityofficereit.com

Re: City Office REIT, Inc. – Proposed Merger/Acquisition with MCME Carell

Dear Mr. Sweet,

This letter is sent on behalf of Oksenholt Capital Management LLC, who is the asset manager for a number of affiliate entities that collectively hold a significant ownership stake (greater than any individual executive) in City Office REIT, Inc. (“City”). We write this letter to express our concerns with the present direction of City and to voice our objection to the proposed acquisition/merger with MCME Carell.

As you are no doubt aware, City's stock price has fallen from its 2022 high of \$21.24 to \$5.57 as of July 23, 2025, (the closing price prior to the merger announcement), reflecting a loss of approximately \$626,800,000 in market capitalization. While the shareholders have suffered significant loss due to the drastic decline in stock price, the CEO based in Canada, James Farrar, has continued to receive millions of dollars in salary, bonuses & stock awards notwithstanding the significant underperformance of City. For example, in 2024, James Farrar received **\$2,326,635** in total compensation. Of this total **\$525,000** was salary, **\$656,250** was received as a bonus, **\$1,054,368** was awarded as stock and **\$91,017** came from other types of compensation according to issued 2024 proxy statements.

And, despite the significant benefit personally received by James Farrar, the CEO has failed to take accountability or provide meaningful solutions for the continued decline of City. For example, while the stock cratered in 2022, City's CEO wrote a very long preamble to the 35-page ESG report but only wrote a very short letter for the annual report which was long on excuses & short on solutions to course correct City's continued decline. That would be the last annual letter written by CEO James Farrar as the stock continued to crater.

Despite the horrid performance of the stock over the years, we are convinced that there is a significant opportunity at hand for City to unlock its intrinsic value for the benefit of all its shareholders (which we believe may be closer to City's recent book value of ~\$15.00 per share than the current offer). As such, we object to the proposed merger with MCME Carell, which offer was done in the dead of night behind closed doors, effectively is a liquidation sale, and is not in the best interests of City or its shareholders.



In particular, throughout 2025, City kept shareholders in the dark as it negotiated a sale behind closed doors rather than as part of an open & competitive bid process. We believe that certain key elements of a typical take private investment have the potential to be highly beneficial to shareholders, particularly where the transaction entails the addition of new independent directors & the appointment of a new senior management team. However, we view the current offer as too low & believe that it fails to maximize shareholder value. As such, if our affiliates remain shareholders, we will oppose any sale with price or terms that are disadvantageous to current shareholders or limit the options for a new senior management team to maximize long-term shareholder value. Given the Company's market position & current liquidity, we fail to see how selling the company at or around the current stock price maximizes long-term value for shareholders.

Instead, to realize City's value potential & restore its enviable Sun Belt market position & its financial performance, rather than entering into what for all intents and purposes is a quick liquidation sale, we believe City must promptly implement restructuring, strategic visioning & cost savings plans, including some or all the following:

- Eliminate wasteful & unproductive expenses, resulting in annual savings of \$2 to \$7 million.
- Achieve \$0.90 of earnings per share based solely on the initial impact of cost cutting and stabilizing revenues.
- Restore City's strategic Sun Belt market position through reinvestment of a portion of these savings into operational & physical improvements.
- Add ability to lease in-house to supplement paid third party broker leasing.
- Grow revenue & occupancy by reducing churn with aggressive tenant retention programs.
- Enable City to maintain & grow its current dividend.
- Set City on a path to recovering its position as a leading Sun Belt office REIT.
- Solicit additional bids for potential acquisitions in an open & competitive format to ensure competitive pricing and valuation, as the current deal was done behind closed doors & the best price is never achieved in a non-competitive bid process.

We also believe that in order to be successful, City's senior management must:

- A. Be actively involved in operations, visit the assets regularly & be US based (all assets are in the US with none in Canada).
- B. Not have conflicts of interest such as administrative services agreements that benefit the company's top executives, including CEO, James Farrar.
- C. Cancel all leases for Canadian office space. This is a US based company with a heavy presence in Sun Belt markets & it is wasteful & inefficient to be operating out of foreign office space not owned by City.
- D. Stop hiring staff in Canada – recent LinkedIn posts for an analyst job were shown as being in Canada. As noted, given all assets are within the US, City needs staff that are familiar with and physically close to City's assets in order to generate the most value.



- E. Stop all executive bonuses when the stock price is declining. The CEO & the other top executives should not be rewarded when the shareholders are suffering year after year.
- F. Ensure that City's vacant space is properly marketed & accessible to prospective tenants.
- G. Reduce reliance on third party vendors such as property managers (JLL) & leasing brokers.
- H. Initiate a review to further unlock the value of City's land, including parking lots (such as in the Tampa deal).
- I. Initiate a comprehensive review of each building's highest & best use along with a long-term capital improvement plan. One of City's best located assets has leaky windows (an easy fix) which are unappealing to tenants & lead to tenant churn.

With the right leadership in place to execute Oksenholt Capital Management's plan, we are confident that City will once again be able to harness the strength of its Sun Belt real estate portfolio, thus creating significant value for shareholders. We also believe it is critical that City promptly add new independent directors who are focused on improving long-term shareholder value, ensuring that shareholder interests are protected and recruiting a new senior management team that is US based (and in particular, operating out of one of the company's offices) & capable of executing a strategy to improve City's performance & maximize shareholder value. We strongly believe in City's long-term prospects and we are confident that with the right leadership and independent directors in place, City can recover its position as a leading Sun Belt office REIT and unlock City's value potential for all shareholders.

As noted above, Oksenholt Capital Management LLC manages affiliates which are significant shareholders of CIO. In fact, collectively, as of the date of this letter, the investment companies hold more stock than any of City's top executives. Thus, we are committed to helping the Company improve its long-term financial and share price performance and would welcome the opportunity to meet with you to present our recommendations in person. Please feel free to contact me at CIO@oksenholtgroup.com.

Sincerely,
E. Jon Oksenholt
CEO of Oksenholt Capital Management LLC