City Office REIT, Inc.
Form 424B5
January 09, 2017
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Registration No. 333-203882

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated January 9, 2017

Prospectus Supplement

(To Prospectus dated May 18, 2015)

4,000,000 Shares

City Office REIT, Inc.

Common Stock

We are offering 4,000,000 shares of our common stock, par value $0.01 per share, in this offering pursuant to this prospectus supplement and the accompanying prospectus.

We are a Maryland corporation focused on acquiring, owning and operating high-quality office properties located primarily in metropolitan areas in the Southern and Western United States.

Our common stock is listed on The New York Stock Exchange (NYSE) under the symbol CIO. The last reported sale price of our common stock on the NYSE on January 6, 2017 was $13.03 per share.

We have elected to be taxed as a real estate investment trust for U.S. federal income tax purposes (REIT) commencing with our taxable year ended December 31, 2014. Shares of our common stock are subject to limitations on ownership and transfer that are primarily intended to assist us in qualifying as a REIT. Our charter generally prohibits any person from actually, beneficially or constructively owning more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock or more than 9.8% in value of the aggregate outstanding shares of all classes and series of our stock. See Description of Stock Restrictions on Ownership and Transfer in the accompanying prospectus.

At our request, the underwriters have reserved for sale, at the public offering price, up to 392,000 of the shares offered by this prospectus supplement for sale to our directors and other persons having a business relationship with us (the Reserved Shares). No underwriting discount will be paid to the underwriters for the Reserved Shares.

Investing in our common stock involves risk. See Risk Factors beginning on page S-7 of this prospectus supplement, on page 2 of the accompanying prospectus and on page 9 of our Annual Report on Form 10-K for the year ended December 31, 2015 for a discussion of risks you should consider before deciding to invest in our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement and the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions (1)(2)	$	$
Proceeds, before expenses, to us (2)	$	$

(1) The underwriters will receive compensation in addition to underwriting discounts and commissions as described in the Underwriting section herein.
(2) Reflects that no underwriting discount will be paid to the underwriters for the Reserved Shares.

We have granted the underwriters the option to purchase up to 600,000 additional shares of our common stock at the public offering price less the underwriting discounts and commissions within 30 days after the date of this prospectus supplement. If the underwriters exercise the option in full, the underwriting discounts and commissions will be $, and the proceeds, before expenses, to us will be $.

The underwriters expect to deliver the shares of common stock to purchasers on or about January , 2017 through the book-entry facilities of The Depository Trust Company.

RAYMOND JAMES

D.A. DAVIDSON & CO. **JANNEY MONTGOMERY SCOTT** **WUNDERLICH**

The date of this prospectus supplement is January , 2017

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering.

To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or documents incorporated by reference, the information in this prospectus supplement will supersede such information. In addition, any statement in a filing we make with the Securities and Exchange Commission (SEC) that adds to, updates or changes information contained in an earlier filing we made with the SEC shall be deemed to modify and supersede such information in the earlier filing.

This prospectus supplement does not contain all of the information that is important to you. You should read the accompanying prospectus as well as the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. See Where You Can Find More Information and Incorporation By Reference in this prospectus supplement and Incorporation By Reference of Information Filed with the SEC and Where You Can Find More Information in the accompanying prospectus. Unless the context suggests otherwise, references in this prospectus supplement to City Office, company, we, us and our are to City Office REIT, Inc., a Maryland corporation, together with our consolidated subsidiaries, including City Office REIT Operating Partnership, L.P., a Maryland limited partnership of which we are the sole general partner and through which we conduct substantially all of our business (our operating partnership), except where it is clear from the context that the term only means the issuer of the shares of common stock in this offering.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus or any applicable free writing prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in any jurisdiction where it is unlawful to make such offer or solicitation. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any applicable free writing prospectus and the documents incorporated by reference herein or therein is accurate only as of their respective dates or on the date or dates which are specified in these documents. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates. If any statement in one of these documents is inconsistent with a statement in another document having a later date, e.g., a document incorporated by reference in this prospectus supplement or the accompanying prospectus, the statement in the document having the later date modifies or supersedes the earlier statement.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus and the documents that we incorporate by reference in each contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act). Also, documents we subsequently file with the SEC and incorporate by reference will contain forward-looking statements. In particular, statements relating to our liquidity and capital resources, portfolio performance, acquisition and disposition activity and results of operations contain forward-looking statements. Furthermore, all of the statements regarding future financial or operating performance or expectations, or anticipated market conditions and demographics are forward-looking statements. We are including this cautionary statement to make applicable, and take advantage of, the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for any such forward-looking statements. We caution investors that any forward-looking statements presented in this prospectus supplement, the accompanying prospectus and the documents that we incorporate by reference in each 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 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 are subject to risks, uncertainties and assumptions and may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all).

Some of the risks and uncertainties that may cause our actual results, performance, liquidity or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the following:

- adverse economic or real estate developments in the office sector or the markets in which we operate;
- changes in local, regional and national economic conditions;
- our inability to compete effectively;
- our inability to collect rent from tenants or renew tenants leases on attractive terms, if at all;
- demand for and market acceptance of our properties for rental purposes;
- defaults on or non-renewal of leases by tenants;
- increased interest rates and any resulting increase in financing or operating costs;
- decreased rental rates or increased vacancy rates;
- our failure to obtain necessary financing or access the capital markets on favorable terms or at all;

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changes in the availability of additional acquisition opportunities;

availability of qualified personnel;

our inability to successfully complete real estate acquisitions or dispositions;

our failure to successfully operate acquired properties and operations;

changes in our business strategy;

our failure to generate sufficient cash flows to service our outstanding indebtedness;

environmental uncertainties and risks related to natural disasters;

our failure to maintain our qualification as a REIT;

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; and

changes in real estate, taxation and zoning laws and increases in real property tax rates.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For a further discussion of these and other factors that could impact our future results, performance, liquidity or transactions, see the section entitled Risk Factors herein, in the accompanying prospectus and in our most recent Annual Report on Form 10-K, as updated by our subsequent filings with the SEC and incorporated by reference herein.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary is not complete and does not contain all of the information that you should consider before investing in our common stock. We urge you to read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein carefully, including the financial statements and notes to those financial statements incorporated by reference herein and therein. Please read Risk Factors for more information about important risks that you should consider before investing in our common stock.

Unless otherwise indicated, the information contained in this prospectus supplement is as of September 30, 2016 and assumes that (1) 4,000,000 shares of our common stock are sold at a public offering price of $ per share, including 392,000 Reserved Shares which are sold without an underwriting discount, and (2) the underwriters option to purchase additional shares is not exercised.

All ownership interests in our properties represent economic interest unless otherwise indicated.

City Office REIT, Inc.

We are a Maryland corporation focused on acquiring, owning and operating high-quality office properties located primarily in metropolitan areas in the Southern and Western United States. Our target markets possess a number of attractive demographic and employment characteristics that we believe will lead to capital appreciation and growth in rental income at our properties. Our senior management team has extensive industry relationships and a proven track record in executing this strategy, which we believe provides a competitive advantage to our shareholders.

We believe that our target markets offer the opportunity for attractive risk-adjusted returns due to the following characteristics: favorable economic growth trends, growing populations with above average employment growth forecasts, a large number of government offices, large international, national and regional employers across diversified industries, low-cost centers for business operations, proximity to large universities and increasing office occupancy rates. We also believe that new construction of office properties has been limited in most of our markets since 2008 because rental rates in these markets generally have not supported new development. Within our target markets, we focus primarily on Class A and B properties with a purchase price between $25 million and $100 million and expected capitalization rates generally between seven and eight percent. We believe that there is a lower level of competition for these properties in our target markets because large institutional investors generally have focused on larger properties in gateway markets, such as New York, Los Angeles, Washington, D.C., Boston, Chicago and San Francisco, while local real estate operators in our markets typically do not benefit from the same access to capital as public REITs.

Our senior management team has extensive experience in real estate markets and is made up of James Farrar, our chief executive officer, Gregory Tylee, our president and chief operating officer, and Anthony Maretic, our chief financial officer, each with over 20 years of experience. We use local firms in our markets to manage and lease our geographically diversified portfolio to benefit from their local market knowledge, efficient operations and existing infrastructure without incurring the overhead costs associated with creating our own property management function in each of our markets.

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We currently own 18 office complexes comprised of 37 office buildings with a total of approximately 4.4 million square feet of net rentable area (NRA) in the metropolitan areas of Boise, Dallas, Denver, Orlando, Phoenix, Portland and Tampa. We believe that our properties are high quality assets that provide excellent access to transportation options, are located near affluent neighborhoods, contain extensive amenities and are well-maintained. We also believe that our properties have a stable and diverse tenant base, including federal and state governmental agencies and national and regional businesses. As of September 30, 2016, adjusted for our fourth quarter 2016 acquisitions of Park Tower, 5090 N 40th St (5090) and SanTan Corporate Center (SanTan) on November 2, 2016, November 30, 2016 and December 15, 2016, respectively, and as described in further detail under Recent Developments Recent Acquisitions below, our portfolio was 92.3% leased and approximately 51.5% of the base rental revenue from our properties was derived from tenants in these markets that are federal or state government agencies or investment grade tenants. Our largest tenant is the Colorado Department of Public Health and Environment, whose lease at the Cherry Creek property in Denver expires in 2026 and represents approximately 6.9% of the base rental revenue of our portfolio at September 30, 2016, adjusted for our acquisitions of Park Tower, 5090 and SanTan. Our properties also have a stable, long-term tenancy profile and our occupied and committed leases have staggered expirations and a weighted average remaining lease term to maturity of 5.1 years at September 30, 2016, adjusted for our acquisitions of Park Tower, 5090 and SanTan. The majority of our leases are modified gross leases pursuant to which our tenants reimburse us for operating expenses, property taxes and insurance in excess of a base amount. Our leases typically include rent escalation provisions designed to provide annual growth in our rental income.

We have elected to be taxed as a REIT commencing with our taxable year ended December 31, 2014. We are structured as an umbrella partnership REIT (UPREIT), which means that we own all of our properties through our operating partnership and its subsidiaries.

Recent Developments

Recent Acquisitions

On November 2, 2016, we closed the previously announced acquisition of Park Tower in Tampa, Florida through a joint venture for a purchase price of $79.8 million, exclusive of closing costs. We acquired an approximately 95% interest in the joint venture upon closing of the related financing transactions. Park Tower is a 472,596 square foot premier skyline office building prominently located within Tampa s central business district. The property has a number of on-site business and lifestyle amenities that, in combination with the excellent downtown location and panoramic views of Tampa Bay, create what we believe is a highly desirable office location for tenants. We financed the purchase with available cash.

On November 30, 2016, we closed on the previously announced acquisition of 5090 in Phoenix, Arizona for a purchase price of $42.6 million, exclusive of closing costs. 5090 is a 175,835 square foot, Class A office property strategically located within the Camelback Corridor, one of the leading submarkets in metropolitan Phoenix. The property has undergone extensive renovations and has been institutionally maintained. The building is well-leased to a strong, diversified roster of nationally recognizable tenants. We financed the purchase with available cash, borrowings under our secured credit facility (our Secured Credit Facility) and subsequently a $22.0 million mortgage loan, as discussed under 5090 Financing below.

On December 15, 2016, we closed on the previously announced acquisition of SanTan in Phoenix, Arizona for a purchase price of $58.5 million, exclusive of closing costs. SanTan is a

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266,531 square foot, Class A office complex located in Phoenix s technology-driven Chandler submarket. The property features a highly visible location, excellent access to the surrounding amenity base, high-end tenant finishes and an onsite café. SanTan is 100% leased, with 55% of the property s NRA leased to investment grade tenants, including Toyota Motor Credit Corporation. We financed the purchase with borrowings under our Secured Credit Facility.

Property Under Contract

We have entered into an agreement to acquire 2525 McKinnon, an 111,334 square foot office building in Dallas, Texas for $46.8 million. This property is well-located in the desirable Uptown submarket of Dallas, surrounded by what we consider some of the highest quality office, hotel, high-rise residential and retail properties in the State of Texas. The property has strong occupancy and tenancy, with below market rental rates, that we anticipate will generate steady cash flow growth over time. Several conditions to closing on the acquisition remain to be satisfied, and there can be no assurance that we will complete the transaction on the general terms described above or at all.

Acquisition Pipeline

Including 2525 McKinnon, we are currently reviewing over $400 million of potential property acquisitions that meet our preliminary investment criteria. These well-situated properties are located in strong submarkets of high growth metropolitan markets, including Dallas, Denver, Orlando, Phoenix and Salt Lake City. In addition, these properties are generally characterized as possessing high credit tenancy, below market in-place rents, acquisition prices below replacement cost and the potential to enhance value through active management.

However, we have not completed our due diligence or entered into binding agreements with non-refundable deposits to acquire these properties, other than 2525 McKinnon. Furthermore, any acquisition would also need to satisfy a number of additional conditions and approvals. As a result, we do not deem any of these potential acquisitions, other than 2525 McKinnon, probable as of the date of this prospectus supplement and we can make no assurances that we will acquire any of the properties currently under consideration.

We believe that our proven track record of closing acquisitions and strong ties to the brokerage community help us acquire target properties at attractive valuations. Furthermore, we believe we can create additional value through prudent management strategies such as implementing cosmetic improvements that reposition the property at a higher quality level, by completing capital investments that lower operating costs and by actively reviewing the tenant mix to strengthen the rent roll and enhance cash flow. Finally, we believe that our lower leverage targets and diversified debt capital relationships, including with banks and insurance companies, favorably position us to move quickly and efficiently in marketed sale transactions.

Pending Disposition

On December 16, 2016, in relation to the previously announced potential sale of Washington Group Plaza in Boise for an anticipated sale price of $86.5 million, St. Luke s Health System Ltd. (St. Luke s) completed its due diligence review, waived certain conditions precedent for closing and made a $5 million non-refundable deposit. Closing is scheduled to occur in April 2018 in conjunction with the maturity of the property s secured mortgage. Both we and St. Luke s have the right to accelerate closing by providing at least 120 days advance notice, with the party triggering the acceleration responsible for paying the defeasance costs associated with the existing mortgage loan. However, closing remains subject to numerous conditions and we cannot assure you that we will close on this anticipated disposition on the terms or timing we expect, if at all.

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Secured Credit Facility Upsize

On October 26, 2016, we exercised our option under our Secured Credit Facility to utilize the accordion feature to increase the authorized borrowing capacity under the Secured Credit Facility from $75 million to $100 million.

Carillon Point Financing

On October 12, 2016, we closed on a $17.1 million loan secured by a first mortgage lien on our Carillon Point property in Tampa, Florida. The loan matures in October 2023 and provides for monthly payments of principal and interest. Interest is payable at a fixed rate of 3.50% per annum.

5090 Financing

On January 4, 2017, in connection with our acquisition of 5090, we entered into a loan agreement with the Lincoln National Life Insurance Company providing for a $22.0 million first mortgage loan. The net proceeds from the mortgage loan have been used to partially repay outstanding borrowings under our Secured Credit Facility, including amounts borrowed to fund the acquisition of 5090, as described under Recent Acquisitions above.

The mortgage loan matures on January 10, 2027 and bears interest at a fixed per annum rate of 3.92%. Monthly payments are interest only for the first three years, followed by monthly principal and interest payments with principal payments calculated using an amortization schedule of 30 years for the balance of the term of the mortgage loan. The remaining principal balance and all accrued and unpaid interest will be due at maturity.

Fourth Quarter 2016 Dividend

On December 21, 2016, we announced that our board of directors authorized a quarterly dividend of $0.235 per share of common stock for the fourth quarter of 2016. The dividend will be payable on January 25, 2017 to all stockholders and operating partnership unitholders of record as of the close of business on January 13, 2017. If the underwriters deliver the shares of common stock to purchasers of the shares offered hereby on or before January 13, 2017 through the book-entry facilities of The Depository Trust Company (DTC), investors in this offering who hold such shares through the close of business on January 13, 2017 will be deemed holders of record as of such time and therefore eligible to receive this dividend to the extent that they continue to hold such shares. Investors in this offering will not be eligible to receive this dividend if they are not holders of record of our common stock as of the close of business on January 13, 2017. The underwriters expect to deliver the shares of common stock to purchasers of the shares offered hereby on or about January , 2017 through the book-entry facilities of DTC.

Corporate Information

We are a Maryland corporation. Our principal executive offices are located at Suite 2010, 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9. Our telephone number is (604) 806-3366. We also maintain a website at *www.cityofficereit.com*. Information on, or accessible through, our website is not a part of, and is not incorporated into, this prospectus supplement, the accompanying prospectus or the registration statement of which they form a part.

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THE OFFERING

Common stock offered by us	4,000,000 shares (plus up to an additional 600,000 shares of our common stock if the underwriters exercise their option to purchase additional shares in full)
Common stock to be outstanding after this offering (1)	28,382,226 shares
Common stock and common units to be outstanding after this offering (1)(2)	28,422,227 shares and common units
Use of proceeds	We estimate that the net proceeds of this offering, after deducting the underwriting discounts and commissions and estimated offering expenses, will be approximately $ million ($ million if the underwriters exercise their option to purchase additional shares in full). We intend to use the net proceeds of this offering as follows: approximately $46.8 million to fund the acquisition of 2525 McKinnon; approximately $ million to repay amounts outstanding under our Secured Credit Facility; and the remainder for general working capital purposes, including funding future acquisitions and investments.
Risk factors	Investing in our common stock involves a high degree of risk. You should carefully read and consider the information set forth under the heading Risk Factors beginning on page S-7 of this prospectus supplement, on page 2 of the accompanying prospectus and beginning on page 9 of our Annual Report on Form 10-K for the year ended December 31, 2015 before investing in our common stock.
NYSE symbol	CIO

(1) Except as otherwise indicated, all information in this prospectus supplement is based on 24,382,226 shares of common stock outstanding on January 6, 2017 and assumes no exercise by the underwriters of their option to purchase up to an additional 600,000 shares and excludes shares of common stock issuable upon the vesting of outstanding restricted stock units and shares of common stock reserved for future issuance under our equity incentive plan.

(2) As of the date of this prospectus supplement, there are 40,001 outstanding common units held by the limited partners of our operating partnership other than us.

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Reserved Shares	At our request, the underwriters have reserved for sale, at the public offering price, up to 392,000 of the shares offered by this prospectus supplement for sale to our directors and other persons having a business relationship with us (the Reserved Shares). No underwriting discount will be paid to the underwriters for the Reserved Shares.

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RISK FACTORS

Investing in our common stock involves a high degree of risk. In addition to the other information in this prospectus supplement, you should carefully consider the following risks, the risks described in our Annual Report on Form 10-K for the year ended December 31, 2015, as well as the other information and data set forth in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein before making an investment decision with respect to our common stock. The occurrence of any of the following risks could materially and adversely affect our business, prospects, financial condition, results of operations and our ability to make cash distributions to our stockholders, which could cause you to lose all or a part of your investment in our common stock. Some statements in this prospectus supplement, including statements in the following risk factors, constitute forward-looking statements. See Cautionary Statement Regarding Forward-Looking Statements.

Risks Related to this Offering

The market price and trading volume of our common stock may be volatile following this offering.

The per share trading price of our common stock may be volatile. In addition, the trading volume of our common stock may fluctuate and cause significant price variations to occur. If the per share trading price of our common stock declines significantly, you may be unable to resell your shares at or above the purchase price. We cannot assure you that the per share trading price of our common stock will not fluctuate or decline significantly in the future.

Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our common stock include:

- actual or anticipated variations in our quarterly operating results or dividends;
- changes in our funds from operations or earnings estimates;
- publication of research reports about us or the real estate industry;
- increases in market interest rates that lead purchasers of our common stock to demand or expect a higher dividend yield or lead to increases in our borrowing costs;
- changes in market valuations of similar companies;
- adverse market reaction to any additional debt we incur in the future;
- additions or departures of key management personnel;
- actions by institutional stockholders;
- speculation in the press or investment community;

the realization of any of the other risk factors presented in this prospectus supplement, the accompanying prospectus or our reports filed with the SEC incorporated by reference herein or therein;

the extent of investor interest in our securities;

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the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;

our underlying asset value;

investor confidence in the stock and bond markets, generally;

changes in tax laws;

future equity issuances;

failure to meet earnings estimates;

failure to maintain our qualification as a REIT;

litigation or threatened litigation, which may divert our management s time and attention, require us to pay damages and expenses or restrict the operation of our business;

general market and economic conditions;

our issuance of debt or additional preferred equity securities; and

our financial condition, results of operations and prospects.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert our management s attention and resources, which could have an adverse effect on our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock.

Market interest rates may have an effect on the per share trading price of our common stock.

One of the factors that influences the price of our common stock is the dividend yield on our common stock (i.e., our annualized dividend as a percentage of the price of our common stock) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of our common stock to expect a higher dividend yield and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our common stock to decrease.

The number of shares of our common stock available for future issuance or sale could adversely affect the per share trading price of our common stock.

We cannot predict whether future issuances or sales of shares of our common stock or the availability of shares for resale in the open market will decrease the per share trading price of our common stock. The issuance of substantial numbers of shares of our common stock in the public market, or upon redemption of common units, or the perception that such issuances might occur, could adversely affect the per share trading price of our common stock.

The exercise of the underwriters option to purchase additional shares, the redemption of common units for common stock or the vesting of any restricted stock or units granted to directors,

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executive officers and other employees under our equity incentive plan, the issuance of our common stock or common units in connection with future property, portfolio or business acquisitions and other issuances of our common stock could have an adverse effect on the per share trading price of our common stock, and the use of common units or shares of our common stock as equity compensation may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities. In addition, future issuances of our common stock may be dilutive to existing stockholders.

This offering may have a dilutive effect on our outstanding shares of common stock, which may adversely affect the per share trading price of our common stock.

This offering may have a dilutive effect on our earnings per share and funds from operations per share after giving effect to the issuance of our common stock in this offering and the receipt of the expected net proceeds. The actual amount of dilution from this offering, or from any future offering of common stock, will be based on numerous factors, particularly the use of proceeds and the return generated by such investment, and cannot be determined as of the date of this prospectus supplement. The per share trading price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market pursuant to this offering, or otherwise, or as a result of the perception or expectation that such sales could occur.

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USE OF PROCEEDS

We estimate that the net proceeds of this offering, after deducting underwriting discounts and commissions and estimated offering expenses, will be approximately $ million ($ million if the underwriters exercise their option to purchase the additional shares in full). We intend to use the net proceeds of this offering as follows:

- approximately $46.8 million to fund the acquisition of 2525 McKinnon;
- approximately $ million to repay amounts outstanding under our Secured Credit Facility, which matures on June 26, 2018. Borrowings under our Secured Credit Facility bear interest at 2.25% spread above LIBOR; and
- the remainder for general working capital purposes, including funding future acquisitions and investments.

Outstanding borrowings under our Secured Credit Facility were used to fund a portion of the purchase price for 5090 and SanTan.

Pending application of the net proceeds, we intend to invest the net proceeds from this offering in interest-bearing accounts and short-term, interest-bearing securities in a manner that is consistent with our qualification as a REIT. These investments are expected to provide a lower net return than we will seek to achieve from our investment in office properties.

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CAPITALIZATION

The following table presents our cash and cash equivalents and our capitalization as of September 30, 2016: (i) on an actual basis; (ii) on a pro forma basis to give the effect to a) our acquisitions of Park Tower, 5090 and SanTan as described in Recent Developments above, b) the Carillon Point financing described in Recent Developments above, c) the borrowings that financed the acquisition of 5090 and SanTan and the partial repayment of the borrowings under our Secured Credit Facility used to finance such acquisitions, and d) our issuance of 4,480,000 shares of our 6.625% Series A Preferred Stock, each subsequent to September 30, 2016; and (iii) on a pro forma as adjusted basis to give effect both to the transactions described in the preceding clause (ii) and to the sale by us of 4,000,000 shares of common stock in this offering, after deducting the underwriting discount and the estimated expenses of this offering payable by us, but without giving effect to the expected use of the net proceeds from this offering as described under Use of Proceeds. The information set forth below should be read in conjunction with the section captioned Management s Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and related notes in our Annual Report on Form 10-K for the year ended December 31, 2015 and our Quarterly Reports on Form 10-Q for the three months ended March 31, 2016, June 30, 2016 and September 30, 2016, which are incorporated by reference into this prospectus supplement and the accompanying prospectus.

	As of September 30, 2016 (Unaudited)		
	Actual	Pro Forma (1)	Pro Forma as adjusted (1)(2)
	(dollars in thousands)		
Cash and cash equivalents	$ 12,022	$ 17,551	
Total Debt	302,769	372,369	
Equity:			
6.625% Series A Preferred Stock, $0.01 par value per share; 4,600,000 shares authorized, no shares issued and outstanding on an actual basis; 4,480,000 shares issued and outstanding (aggregate liquidation preference of $112,000) on a pro forma and pro forma as adjusted basis		45	
Common stock, $0.01 par value per share; 100,000,000 shares authorized, 24,382,226 shares issued and outstanding on an actual and pro forma basis; 28,382,226 shares issued and outstanding on a pro forma as adjusted basis (3)	244	244	
Additional paid-in capital	198,792	306,882	
Accumulated deficit	(42,798)	(42,798)	
Total Stockholders Equity	156,238	264,373	
Noncontrolling interests in our Operating Partnership	121	121	
Noncontrolling interests in properties	238	1,738	
Total Equity	156,597	266,232	
Total Capitalization	$ 459,366	$ 638,601	

(1) The acquisitions of Park Tower, 5090 and SanTan were accounted for using preliminary estimates of the fair value of tangible and intangible assets to be acquired and liabilities to be assumed in connection with the acquisition and are therefore subject to change.

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(2) Does not include up to 600,000 shares of common stock that may be issued upon exercise of the underwriters option to purchase additional shares.
(3) Excludes shares of common stock issuable upon vesting of outstanding restricted stock units and shares of common stock reserved for future issuance under our equity incentive plan.

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DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the public offering price per share and the as adjusted net tangible book value per share of our common stock immediately after this offering. Our historical net tangible book value as of September 30, 2016 was $112.1 million, or $4.60 per share of common stock, without giving effect to the redemption of all common units in exchange for shares of our common stock on a one-for-one basis. Net tangible book value per share is determined by dividing our total tangible assets less our total liabilities by the number of shares of our common stock outstanding.

Dilution in net tangible book value per share represents the difference between the amount per share paid by purchasers in this offering and the net tangible book value per share of our common stock immediately after this offering. After giving effect to the sale of 4,000,000 shares of common stock in this offering at a public offering price of $ per share and after deducting the underwriting discount (no underwriting discounts will apply to the Reserved Shares) and the estimated offering expenses payable by us, our as adjusted net tangible book value as of September 30, 2016 would have been approximately $ per share of common stock. This amount represents an immediate increase in net tangible book value to our existing stockholders of $ per share and an immediate dilution in net tangible book value to investors in this offering of $ per share. The following table illustrates this per share dilution:

Public offering price per share		$
Net tangible book value per share as of September 30, 2016	$ 4.60	
Increase per share attributable to this offering	$	
As adjusted net tangible book value per share as of September 30, 2016 after this offering		$
Dilution per share to new investors participating in this offering		$

Information in the table above is based on 24,382,226 shares of common stock outstanding on September 30, 2016 and assumes no exercise by the underwriters of their option to purchase up to an additional 600,000 shares, and excludes shares of common stock issuable upon the vesting of outstanding restricted stock unit awards, shares of common stock reserved for future issuance under our equity incentive plan and shares and common units repurchased with the proceeds of this offering.

If the underwriters exercise their option in full, our as adjusted net tangible book value at September 30, 2016 would have been $ million or $ per share, representing an immediate increase in as adjusted net tangible book value to our existing stockholders of $ per share and an immediate dilution to investors in this offering of $ per share.

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MARKET PRICE OF OUR COMMON STOCK AND DISTRIBUTIONS

Our common stock has been listed on the NYSE under the symbol CIO since April 15, 2014. Prior to that time, there was no public market for our common stock. The following table sets forth, for the periods indicated, the high, low and last sale prices of our common stock and the cash distributions per share of our common stock that we declared with respect to the periods indicated.

	High	Low	Last	Distributions
2015				
First quarter	$ 13.11	$ 12.15	$ 12.73	$ 0.235
Second quarter	$ 13.50	$ 12.32	$ 12.40	$ 0.235
Third quarter	$ 12.81	$ 10.09	$ 11.36	$ 0.235
Fourth quarter	$ 12.55	$ 10.61	$ 12.18	$ 0.235
2016				
First quarter	$ 13.08	$ 10.65	$ 11.40	$ 0.235
Second quarter	$ 13.00	$ 11.01	$ 12.98	$ 0.235
Third quarter	$ 13.93	$ 12.30	$ 12.73	$ 0.235
Fourth quarter	$ 13.25	$ 11.87	$ 13.17	$ 0.235(1)
2017				
First quarter (2)	$ 13.55	$ 13.02	$ 13.03	$

(1) On December 21, 2016, we announced that our board of directors approved a quarterly dividend of $0.235 per share for the fourth quarter of 2016, payable on January 25, 2017 to holders of record as of the close of business on January 13, 2017. If the underwriters deliver the shares of common stock to purchasers of the shares offered hereby on or before January 13, 2017 through the book-entry facilities of DTC, investors in this offering who hold such shares through the close of business on January 13, 2017 will be deemed holders of record as of such time and therefore eligible to receive this dividend to the extent that they continue to hold such shares. Investors in this offering will not be eligible to receive this dividend if they are not holders of record of our common stock as of the close of business on January 13, 2017. The underwriters expect to deliver the shares of common stock to purchasers of the shares offered hereby on or about January , 2017 through the book-entry facilities of DTC.

(2) Through January 6, 2017.

On January 6, 2017, the closing sale price of our common stock on the NYSE was $13.03.

We intend to continue to declare quarterly distributions on our common stock. The actual amount and timing of distributions, however, will be at the discretion of our board of directors and will depend upon our actual results of operations, debt service and capital expenditure requirements, the REIT provisions of the Internal Revenue Code of 1986, as amended (the Code), and other factors that our board of directors may deem relevant. No assurance can be given as to the amounts or timing of future distributions.

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BUSINESS

Overview

We are a Maryland corporation focused on acquiring, owning and operating high-quality office properties located primarily in metropolitan areas in the Southern and Western United States. Our target markets possess a number of attractive demographic and employment characteristics that we believe will lead to capital appreciation and growth in rental income at our properties. Our senior management team has extensive industry relationships and a proven track record in executing this strategy, which we believe provides a competitive advantage to our shareholders.

Our Properties

As of the date of this prospectus supplement, we own 18 office complexes comprised of 37 office buildings with a total of approximately 4.4 million square feet of NRA in the metropolitan areas of Boise, Dallas, Denver, Phoenix, Portland, Tampa and Orlando. The following table presents an overview of our portfolio as of September 30, 2016 (properties listed by descending NRA by market) and information for our acquisitions of Park Tower, 5090 and SanTan as if we owned these properties on September 30, 2016:

Metropolitan Area	Property	Economic Interest	NRA (000s SF)	In Place Occupancy	In Place & Committed Occupancy (1)	Annualized Base Rent per Square Foot	Annualized Gross Rent per Square Foot (2)	Annualized Base Rent (000s) (3)
Denver, CO	Cherry Creek	100.0%	356	100.0%	100.0%	$ 17.61	$ 17.61	$ 6,262
	Plaza 25	100.0%	196	79.0%	79.0%	$ 20.67	$ 20.67	$ 3,194
	DTC Crossroads	100.0%	191	92.4%	92.4%	$ 24.76	$ 24.76	$ 4,368
	Superior Pointe	100.0%	149	89.8%	95.8%	$ 15.06	$ 26.06	$ 2,015
	Logan Tower	100.0%	70	95.5%	95.5%	$ 18.95	$ 18.95	$ 1,266
Boise, ID	Washington Group Plaza	100.0%	581	83.7%	83.7%	$ 17.44	$ 17.44	$ 8,482
Tampa, FL	City Center	95.0%	241	100.0%	100.0%	$ 23.89	$ 23.89	$ 5,757
	Intellicenter	100.0%	204	100.0%	100.0%	$ 22.29	$ 22.29	$ 4,537
	Carillon Point	100.0%	124	100.0%	100.0%	$ 25.87	$ 25.87	$ 3,212
Orlando, FL	Central Fairwinds	90.0%	170	89.0%	89.8%	$ 25.81	$ 25.81	$ 3,897
	FRP Ingenuity Drive	100.0%	125	100.0%	100.0%	$ 20.00	$ 28.00	$ 2,490
	FRP Collection	95.0%	272	92.9%	92.9%	$ 24.79	$ 26.32	$ 6,254
Dallas, TX	190 Office Center	100.0%	303	86.4%	86.4%	$ 23.40	$ 23.40	$ 6,131
	Lake Vista Pointe	100.0%	163	100.0%	100.0%	$ 14.50	$ 21.00	$ 2,368
Portland, OR	AmberGlen	76.0%	353	85.9%	92.1%	$ 17.32	$ 18.65	$ 5,260
Total / Weighted Average (4)			**3,498**	**91.5%**	**92.4%**	**$ 20.47**	**$ 21.82**	**$ 65,493**
Tampa, FL	Park Tower	95.0%	473	86.2%	86.2%	$ 20.76	$ 20.76	$ 8,457
Phoenix, AZ	SanTan	100.0%	267	100.0%	100.0%	$ 24.80	$ 24.80	$ 6,610
	5090	100.0%	176	94.6%	94.6%	$ 26.16	$ 26.16	$ 4,351
Total / Weighted Average including fourth quarter 2016 acquisitions (4)			**4,414**	**91.6%**	**92.3%**	**$ 21.02**	**$ 22.09**	**$ 84,911**

(1) Includes both in place and committed tenants, which we define as tenants in occupancy as well as tenants that have executed binding leases for space undergoing improvement but were not yet in occupancy, as of September 30, 2016.

(2) For Lake Vista Pointe, FRP Ingenuity Drive and Superior Pointe, the annualized base rent per square foot on a triple net basis was increased by $6.50, $8.00 and $11.00 respectively, to estimate a gross equivalent base rent. AmberGlen has a net lease for one tenant which has been grossed-up by $6.50 on a pro rata

basis. FRP Collection has a net lease for three tenants which have been grossed-up by $6.00 on a pro rata basis.

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(3) Annualized base rent is calculated by multiplying (i) rental payments (defined as cash rents before abatements) for the month ended September 30, 2016 by (ii) 12.
(4) Averages weighted based on the property s NRA, adjusted for occupancy.

Lease Maturity Profile

The chart below sets out the percentage of NRA of our properties at September 30, 2016 (adjusted to reflect our acquisitions of Park Tower, 5090 and SanTan and the previously disclosed St. Luke s leasing transactions at Washington Group Plaza) subject to lease expiration during the periods shown without regard to committed leases (other than St. Luke s) and renewal options.

Portfolio Lease Expirations (% of NRA as of September 30, 2016)[(1)]

(1) Percentage represents the NRA of the leases divided by the total NRA of the portfolio, as of September 30, 2016, adjusted to reflect our acquisitions of Park Tower, 5090 and SanTan and the previously disclosed St. Luke s leasing transactions at Washington Group Plaza.

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Debt Maturity Profile

As of September 30, 2016, all principal amount of our outstanding indebtedness was fixed rate, with a 6.1 year average maturity and a weighted average interest rate of 4.3%.

The following table sets forth the maturities of the principal amount of our outstanding indebtedness and weighted average interest rate of such indebtedness as of September 30, 2016. The below table does not reflect financing transactions or borrowings under our Secured Credit Facility subsequent to September 30, 2016:

Principal Indebtedness Maturity Ladder[(1)(2)(3)]

(1) Dollars in 000s.
(2) $8.6 million of indebtedness attributable to non-controlling interests.
(3) Does not include amounts drawn from our Secured Credit Facility following September 30, 2016 to partially fund the purchases of 5090 and San Tan.

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Top Ten Tenants

Our ten largest tenants accounted for 35.3% of the annualized base rental revenue of our properties at September 30, 2016, adjusted for the acquisitions of Park Tower, 5090 and SanTan, as shown in the table below.

Tenant	Credit Rating (S&P / Moody s)	Property	Tenant Since	NRA (in 000s)	Percentage of NRA	Percentage of September 30, 2016 Annualized Base Rental Revenue (1)	Average Remaining Lease Term without Renewals (years)	Average Remaining Lease Term with Renewals (years)
State of Colorado	AA	Cherry Creek	1993	319	7.2%	6.9%	9.6	14.6
United Healthcare Services, Inc.	A+	190 Office Center	2008	198	4.5%	5.6%	6.7	10.2
St. Luke s Regional Medical Center	A3	Washington Group Plaza	2015	175	4.0%	3.4%	8.9	17.6
Ally Financial Inc.	Ba3	Lake Vista Pointe	2008	163	3.7%	2.8%	4.6	9.6
H. Lee Moffitt Cancer Center	A3	Intellicenter	2008	155	3.5%	4.0%	10.5	30.5
Toyota Motor Credit Corporation	AA-	SanTan	2011	133	3.0%	3.6%	7.9	12.9
Kaplan, Inc. (2)	BB+	FRP Ingenuity Drive	2008	125	2.8%	2.9%	5.3	9.3
Idaho State Tax Commission (3)	AA+	Washington Group Plaza	1992	111	2.5%	2.2%	0.7	0.7
Planar Systems, Inc.		Amberglen	2002	110	2.5%	1.9%	4.0	9.0
GSA US Attorneys Office (4)	AA+	Park Tower	1998	108	2.4%	2.0%	5.1	5.1
Total				1,597	36.1%	35.3%	6.9	12.9

(1) Annualized base rent is calculated by multiplying rental payments (defined as cash rents before abatements) for the month ended September 30, 2016 by 12, adjusted for our acquisitions of Park Tower, 5090 and SanTan.
(2) For Kaplan, Inc., the credit rating indicated is for the parent company of the tenant, Graham Holdings Company.
(3) We expect that St. Luke s will take occupancy of this space in 2017 pursuant to its previously-disclosed leasing transaction with us upon the expiration of the Idaho State Tax Commission lease.
(4) For the GSA US Attorneys office, the credit rating indicated is for the United States Government.

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ADDITIONAL MATERIAL FEDERAL INCOME TAX CONSIDERATIONS

This summary supplements the discussion contained under the caption Material Federal Income Tax Considerations in the accompanying prospectus, which is incorporated by reference herein, and should be read in conjunction therewith.

The following is a summary of additional material federal income tax considerations with respect to the purchase, ownership and disposition of our common stock, and our qualification and taxation as a REIT under the Code. This summary supplements and, where applicable, supersedes the discussion under Material Federal Income Tax Considerations in the accompanying prospectus, and should be read together with such discussion.

Taxation of Our Company

As discussed in the accompanying prospectus under Material Federal Income Tax Considerations Taxation of Our Company, even if we qualify as a REIT, we will be subject to federal tax in certain circumstances. Among those circumstances, we will be subject to a 100% excise tax on income from certain transactions with a taxable REIT subsidiary (a TRS) that are not on an arm s-length basis. Pursuant to the Protecting Americans from Tax Hikes Act of 2015, which was signed into law on December 18, 2015 (the Act), and effective for taxable years beginning after December 31, 2015, such transactions will include those pursuant to which a TRS of ours provides services to us, if such transaction is determined to have not been conducted on an arm s-length basis.

Gross Income Tests

As discussed in the accompanying prospectus under Material Federal Income Tax Considerations Gross Income Tests, we must satisfy two gross income tests annually to maintain our qualification as a REIT. Qualifying income for purposes of the 95% gross income test generally includes the items described under Gross Income Tests in the accompanying prospectus; however, effective for taxable years beginning after December 31, 2015, gain from the sale of real estate assets also includes gain from the sale of a debt instrument issued by a publicly offered REIT (i.e., a REIT that is required to file annual and periodic reports with the SEC under the Exchange Act) even if not secured by real property or an interest in real property. However, for purposes of the 75% income test, the interest income and gain from the sale of a debt instrument issued by a publicly offered REIT would not be treated as qualifying income to the extent such debt instrument would not be a real estate asset but for the inclusion of debt instruments of publicly offered REITs in the meaning of real estate assets effective for taxable years beginning after December 31, 2015, as described below under Asset Tests.

Interest. As discussed in the accompanying prospectus under Material Federal Income Tax Considerations Gross Income Tests Interest, interest income generally constitutes qualifying mortgage interest for purposes of the 75% gross income test to the extent that the obligation upon which such interest is paid is secured by a mortgage on real property. Except as provided in the following sentence, if we receive interest income with respect to a mortgage loan that is secured by both real and other property, and the highest principal amount of the loan outstanding during a taxable year exceeds the fair market value of the real property on the date that we agreed to originate or acquire the mortgage loan or on the date we modified the loan (if the modification is treated as significant modification for tax purposes), the interest income will be apportioned between the real property and the other collateral, and our income from the arrangement will qualify for purposes of the 75% gross income test only to the extent that the interest is allocable to

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the real property. For taxable years beginning after December 31, 2015, in the case of mortgage loans secured by both real property and personal property, if the fair market value of such personal property does not exceed 15% of the total fair market value of all property securing the loan, then the personal property securing the loan will be treated as real property for purposes of determining whether the mortgage loan is a qualifying asset for the 75% asset test and whether the related interest income qualifies for purposes of the 75% gross income test.

Prohibited Transactions. The Act provides increased flexibility in satisfying the dealer sales safe harbor described in the accompanying prospectus under Material Federal Income Tax Considerations Gross Income Tests Prohibited Transactions. That subsection describes three alternative requirements with respect to the number of sales or the basis or value of such sales, one of which must be met to satisfy the safe harbor. In addition to those three requirements, effective for taxable years beginning after December 31, 2015, a REIT may also satisfy this portion of the safe harbor if:

(1) the aggregate adjusted bases of all property sold by the REIT (other than foreclosure property or sales to which section 1031 or 1033 of the Code applies) during the year did not exceed 20% of the aggregate adjusted bases of all property of the REIT at the beginning of the year and the three-year average percentage of properties sold by the REIT compared to all the REIT s properties (measured by adjusted bases) taking into account the current and two prior years did not exceed 10%; or

(2) the aggregate fair market value of all property sold by the REIT during the year did not exceed 20% of the aggregate fair market value of all property of the REIT at the beginning of the year and the three-year average percentage of properties sold by the REIT compared to all the REIT s properties (measured by fair market value) taking into account the current and two prior years did not exceed 10%.

Foreclosure Property. As discussed in the accompanying prospectus under Material Federal Income Tax Considerations Gross Income Tests Foreclosure Property, property generally ceases to be foreclosure property as of the close of the third taxable year following the taxable year in which we acquired the property. However, property shall cease to be foreclosure property on a date prior to such date under certain circumstances, including if the property is used in a trade or business which is conducted by the REIT more than 90 days after the REIT acquires the property. An exception to this rule provides that such property may be used in such a trade or business if such activity is conducted through an independent contractor or, effective for taxable years beginning after December 31, 2015, a TRS.

Hedging Transactions. The discussion in the accompanying prospectus under Material Federal Income Tax Considerations Gross Income Tests Hedging Transactions is supplemented by inserting the paragraph below at the end of such subsection:

Effective for taxable years beginning after December 31, 2015, if we have entered into a qualifying hedging transaction as described above (an Original Hedge), and a portion of the hedged indebtedness is extinguished or the related property is disposed of and in connection with such extinguishment or disposition we enter into a new clearly identified hedging transaction that would counteract the Original Hedge (a Counteracting Hedge), income from the Original Hedge and income from the Counteracting Hedge (including gain from the disposition of the Original Hedge and the Counteracting Hedge) will not be treated as gross income for purposes of the 95% and 75% gross income tests.

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Asset Tests

As discussed in the accompanying prospectus under Material Federal Income Tax Considerations Asset Tests, to maintain our qualification as a REIT, we also must satisfy several asset tests at the end of each quarter of each taxable year. Under the first test described in the accompanying prospectus, at least 75% of the value of our total assets must consist of the items listed in the accompanying prospectus. In addition to those items, qualifying assets for purposes of the 75% asset test include, effective for taxable years beginning after December 31, 2015, (i) personal property leased in connection with real property to the extent that rents attributable to such personal property are treated as rents from real property, and (ii) debt instruments issued by publicly offered REITs.

In addition, the fourth test described in the accompanying prospectus in such subsection is to be replaced in its entirety by the following:

Fourth, not more than 25% (20% for taxable years beginning after December 31, 2017) of the value of our total assets may be represented by the securities of one or more TRSs.

Finally, an additional test, effective for taxable years beginning after December 31, 2015, provides that not more than 25% of the value of our total assets may be represented by debt instruments issued by publicly offered REITs to the extent not secured by real property or interests in real property.

Distribution Requirements

The accompanying prospectus discusses our distribution requirements under the caption Material Federal Income Tax Considerations Distribution Requirements. For taxable years beginning on or before December 31, 2014, in order for distributions to be counted towards our distribution requirement, and to provide us with a tax deduction, such distributions must not have been preferential dividends. A distribution is not a preferential dividend if it is pro rata among all outstanding shares within a particular class, and is in accordance with the preferences among the different classes of shares as set forth in our organizational documents. However, for taxable years beginning after December 31, 2014, so long as we continue to be a publicly offered REIT, the preferential dividend rule will not apply to us.

In addition, as discussed in the accompanying prospectus, we will incur a 4% nondeductible excise tax on the excess of our required distribution amount over the amount we actually distributed. Under the Act, the amount that a REIT is treated as having actually distributed during the current taxable year is both the amount distributed during the current year and the amount by which the distributions during the prior year exceed its taxable income and capital gain for that prior year (the prior year calculation uses the same methodology, and therefore, in determining the amount of the distribution in the prior year, one looks back to the year before, and so forth).

Taxation of Taxable U.S. Stockholders

The accompanying prospectus discusses the taxation of U.S. stockholders on distributions with respect to qualified dividend income and capital gain dividends under the caption Material Federal Income Tax Considerations Taxation of Taxable U.S. Stockholders. In addition to the discussion contained therein, effective for distributions in taxable years beginning after December 31, 2015, the aggregate amount of dividends that we may designate as capital gain dividends or qualified dividend income with respect to any taxable year may not exceed the

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dividends paid by us with respect to such year, including dividends that are paid in the following year (if they are declared before we timely file our tax return for the year and if made with or before the first regular dividend payment after such declaration) but that are treated as paid with respect to such year.

New Legislation Relating to Foreign Accounts

The paragraph and heading in the discussion in the accompanying prospectus under Material Federal Income Tax Considerations New Legislation Relating to Foreign Accounts is replaced in its entirety with the following:

FATCA Withholding

Under the Foreign Account Tax Compliance Act (FATCA), a U.S. withholding tax at a 30% rate will be imposed on dividends paid on our stock received by certain U.S. stockholders who own our stock through foreign accounts or foreign intermediaries if certain disclosure requirements related to U.S. accounts or ownership are not satisfied. In addition, if those disclosure requirements are not satisfied, a U.S. withholding tax at a 30% rate will be imposed, for payments made after December 31, 2018, on proceeds from the sale of our stock received by U.S. stockholders who own our stock through foreign accounts or foreign intermediaries. We will not pay any additional amounts in respect of any amounts withheld.

Taxation of Non-U.S. Stockholders

The accompanying prospectus discusses the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) exemption on distributions attributable to gain from sales or exchanges by us of United States real property interests (USRPIs) with respect to non-U.S. stockholders that own no more than 5% of our common stock during the applicable period under Material Federal Income Tax Considerations Taxation of Non-U.S. Stockholders. The FIRPTA exemption limit on distributions on publicly traded REIT stock has been increased from ownership of more than 5% of such stock to ownership of more than 10% of such stock. In addition, the accompanying prospectus notes that we must withhold 10% of any distribution that exceeds our current and accumulated earnings and profits. This 10% withholding requirement was increased to 15% under the Act. Consequently, although we intend to withhold at a rate of 30% on the entire amount of any distribution, to the extent we do not do so, we will withhold at a rate of 15% on any portion of a distribution not subject to withholding at a rate of 30%.

In addition, the Act provides for additional exemptions from FIRPTA applicable to qualified shareholders and qualified foreign pension plans. Accordingly, the discussion in the accompanying prospectus is supplemented by inserting the following paragraphs before the final paragraph in the subsection entitled Material Federal Income Tax Considerations Taxation of Non-U.S. Stockholders :

Qualified Shareholders

Subject to the exception discussed below, any distribution to a qualified shareholder who holds REIT stock directly or indirectly (through one or more partnerships) will not be subject to U.S. tax as income effectively connected with a U.S. trade or business and thus will not be subject to special withholding rules under FIRPTA. While a qualified shareholder will not be subject to FIRPTA withholding on REIT distributions, certain investors of a qualified shareholder (i.e., non-U.S. persons who hold interests in the qualified shareholder (other than interests solely as a creditor), and hold more than 10% of the stock of such REIT (whether or not by reason of the investor s ownership in the qualified shareholder)) may be subject to FIRPTA withholding.

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In addition, a sale of our stock by a qualified shareholder who holds such stock directly or indirectly (through one or more partnerships) will not be subject to U.S. federal income taxation under FIRPTA. As with distributions, certain investors of a qualified shareholder (i.e., non-U.S. persons who hold interests in the qualified shareholder (other than interests solely as a creditor), and hold more than 10% of the stock of such REIT (whether or not by reason of the investor s ownership in the qualified shareholder)) may be subject to FIRPTA withholding on a sale of our stock.

A qualified shareholder is a foreign person that (i) either is eligible for the benefits of a comprehensive income tax treaty which includes an exchange of information program and whose principal class of interests is listed and regularly traded on one or more recognized stock exchanges (as defined in such comprehensive income tax treaty), or is a foreign partnership that is created or organized under foreign law as a limited partnership in a jurisdiction that has an agreement for the exchange of information with respect to taxes with the United States and has a class of limited partnership units representing greater than 50% of the value of all the partnership units that is regularly traded on the NYSE or NASDAQ markets, (ii) is a qualified collective investment vehicle (defined below), and (iii) maintains records on the identity of each person who, at any time during the foreign person s taxable year, is the direct owner of 5% or more of the class of interests or units (as applicable) described in (i), above.

A qualified collective investment vehicle is a foreign person that (i) would be eligible for a reduced rate of withholding under the comprehensive income tax treaty described above, even if such entity holds more than 10% of the stock of such REIT, (ii) is publicly traded, is treated as a partnership under the Code, is a withholding foreign partnership, and would be treated as a United States real property holding corporation if it were a domestic corporation, or (iii) is designated as such by the Secretary of the Treasury and is either (a) fiscally transparent within the meaning of section 894, or (b) required to include dividends in its gross income, but is entitled to a deduction for distributions to its investors.

Qualified Foreign Pension Funds

Any distribution to a qualified foreign pension fund (or an entity all of the interests of which are held by a qualified foreign pension fund) who holds REIT stock directly or indirectly (through one or more partnerships) will not be subject to U.S. tax as income effectively connected with a U.S. trade or business and thus will not be subject to special withholding rules under FIRPTA. In addition, a sale of our stock by a qualified foreign pension fund that holds such stock directly or indirectly (through one or more partnerships) will not be subject to U.S. federal income taxation under FIRPTA.

A qualified foreign pension fund is any trust, corporation, or other organization or arrangement (i) which is created or organized under the law of a country other than the United States, (ii) which is established to provide retirement or pension benefits to participants or beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, (iii) which does not have a single participant or beneficiary with a right to more than 5% of its assets or income, (iv) which is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax authorities in the country in which it is established or operates, and (v) with respect to which, under the laws of the country in which it is established or operates, (a) contributions to such organization or arrangement that would otherwise be subject to tax under such laws are deductible or excluded from the gross income of such entity or taxed at a reduced rate, or (b) taxation of any investment income of such organization or arrangement is deferred or such income is taxed at a reduced rate.

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The provisions of the Act relating to qualified shareholders and qualified foreign pension funds are complex. Stockholders should consult their tax advisors with respect to the impact of the Act on them.

Finally, the final paragraph and subheading in the discussion in the accompanying prospectus under Material Federal Income Tax Considerations Taxation of Non-U.S. Stockholders New Legislation Related to Foreign Accounts is replaced in its entirety with the following:

FATCA Withholding

Under FATCA, a U.S. withholding tax at a 30% rate will be imposed on dividends paid on our stock received by certain non-U.S. stockholders if certain disclosure requirements related to U.S. accounts or ownership are not satisfied. In addition, if those disclosure requirements are not satisfied, a U.S. withholding tax at a 30% rate will be imposed, for payments made after December 31, 2018, on proceeds from the sale of our stock received by certain non-U.S. stockholders. If payment of withholding taxes is required, non-U.S. stockholders that are otherwise eligible for an exemption from, or reduction of, U.S. withholding taxes with respect of such dividends and proceeds will be required to seek a refund from the IRS to obtain the benefit or such exemption or reduction. We will not pay any additional amounts in respect of any amounts withheld.

Other Tax Consequences

The accompanying prospectus under Material Federal Income Tax Considerations Other Tax Consequences summarizes certain federal income tax considerations applicable to our direct or indirect investments in our operating partnership and any subsidiary partnerships or limited liability companies that we form or acquire. The recently enacted Bipartisan Budget Act of 2015 changes the rules applicable to federal income tax audits of partnerships. Under the new rules (which are generally effective for taxable years beginning after December 31, 2017), among other changes and subject to certain exceptions, any audit adjustment to items of income, gain, loss, deduction, or credit of a partnership (and any partner s distributive share thereof) is determined, and taxes, interest, or penalties attributable thereto are assessed and collected, at the partnership level. Although it is unclear how these new rules will be implemented, it is possible that they could result in partnerships in which we directly or indirectly invest (such as our operating partnership) being required to pay additional taxes, interest and penalties as a result of an audit adjustment, and we, as a direct or indirect partner of these partnerships, could be required to bear the economic burden of those taxes, interest, and penalties even though we, as a REIT, may not otherwise have been required to pay additional corporate-level taxes had we owned the assets of the partnership directly. The changes created by these new rules are sweeping and in many respects dependent on the promulgation of future regulations or other guidance by the U.S. Treasury. Prospective shareholders should consult their tax advisors with respect to these changes and their potential impact on their investment in our common stock.

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UNDERWRITING

We have entered into an underwriting agreement with Raymond James & Associates, Inc., as representative of the underwriters named below, with respect to the shares subject to this offering. Subject to the terms and conditions in the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has, severally and not jointly, agreed to purchase from us on a firm commitment basis, the respective number of shares of our common stock opposite its name in the table below:

Underwriter	Number of Shares
Raymond James & Associates, Inc.	
D.A. Davidson & Co.	
Janney Montgomery Scott LLC	
Wunderlich Securities, Inc.	
Total	**4,000,000**

The underwriting agreement provides that the obligation of the underwriters to purchase all of the shares being offered to the public is subject to approval of legal matters by counsel and the satisfaction of other conditions. These conditions include, among others, the continued accuracy of representations and warranties made by us in the underwriting agreement, delivery of legal opinions and the absence of any material changes in our assets, business or prospects after the date of this prospectus supplement. The underwriters are obligated to purchase all of our shares in this offering if they purchase any of our shares other than those shares covered by the option to purchase additional shares described below.

We have been advised by the underwriters that they propose to offer the shares to the public at the public offering price set forth on the cover of this prospectus supplement and to dealers at a price that represents a concession not in excess of $ per share under the public offering price. After the public offering, the underwriters may change the offering price and other selling terms.

Commissions and Expenses

The following table provides information regarding the amount of the underwriting discounts and commissions to be paid to the underwriters by us. This information assumes no exercise and full exercise by the underwriters of their option to purchase additional shares described below.

	Per Share	Without Exercise of Option	With Full Exercise of Option
Underwriting discounts and commissions paid by us (1)	$	$	$

(1) Reflects that no underwriting discount will be paid to the underwriters for the Reserved Shares.

We have agreed to reimburse the underwriters for their expenses, including the fees and disbursements of counsel for the underwriters, in connection with matters related to the Reserved Shares in an amount not to exceed $10,000, which amount is deemed by the Financial Industry Regulatory Authority, Inc. to be underwriting compensation.

The estimated offering expenses payable by us, exclusive of underwriting discounts and commissions, are estimated to be approximately $.

Pursuant to the underwriting agreement, we have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments which the underwriters or other indemnified parties may be required to make in respect of any such liabilities.

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Underwriters Option

We have granted the underwriters an option to purchase additional shares. This option, which is exercisable for up to 30 days after the date of this prospectus supplement, permits the underwriters to purchase a maximum of 600,000 additional shares of common stock from us. If the underwriters exercise all or part of this option, each underwriter will be obligated to purchase its proportionate number of shares covered by the option at the public offering price that appears on the cover page of this prospectus supplement, less the underwriting discount.

Lock-Up Agreements

Subject to certain limited exceptions, we and all of our directors and executive officers (the Lock-Up Parties) have agreed that, without the prior written consent of Raymond James & Associates, Inc., we will not, during the period ending 60 days after the date of this prospectus supplement (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock (collectively, the Lock-Up Securities), or exercise any right with respect to the registration of any of the Lock-Up Securities, request or demand that the Company file any registration statement in connection therewith, under the Securities Act or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Lock-Up Securities, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of the Lock-Up Securities or such other securities, in cash or otherwise.

With certain conditions, the restrictions contained in the preceding paragraph will not apply to shares transferred as a bona fide gift or gifts, shares transferred to any trust for the direct or indirect benefit of the applicable Lock-Up Party or the immediate family of such Lock-Up Party, shares or common units issuable under our existing equity incentive plan, common units issued in conjunction with our bona fide acquisition of properties (so long as such issuances represent in the aggregate no more than 5% of our then issued and outstanding shares of common stock and common units), shares transferred as a distribution to limited partners or stockholders of the affected shareholder or shares transferred to the applicable Lock-Up Party affiliates or to any investment fund or other entity controlled or managed by the such Lock-Up Party, but only so long as (1) Raymond James & Associates, Inc. receives a signed lock-up agreement for the balance of the lockup period from each donee, trustee, distributee, or transferee, as the case may be, (2) any such transfer shall not involve a disposition for value, (3) such transfers are not required to be reported with the Securities and Exchange Commission on Form 4 in accordance with Section 16 of the Securities Exchange Act of 1934, as amended, and (4) the applicable Lock-Up Party does not otherwise voluntarily effect any public filing or report regarding such transfers. In addition, with certain conditions, the restrictions contained in the preceding paragraph will not apply to shares or common units issuable under our existing equity incentive plan or common units issued in conjunction with our bona fide acquisition of properties (so long as such issuances represent in the aggregate no more than 5% of our then issued and outstanding shares of common stock and common units).

In addition, notwithstanding the foregoing, the Lock-Up Parties may transfer shares of common stock and/or common units currently held by such Lock-Up Parties to us in accordance with the underwriting agreement, and the Lock-Up Parties may sell shares of common stock purchased by such Lock-Up Party on the open market following this offering if and only if (i) such sales are not required to be reported in any public report or filing with the Securities and Exchange Commission, or otherwise and (ii) the affected shareholder does not otherwise voluntarily effect any public filing or report regarding such sales.

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Raymond James & Associates, Inc., in its sole discretion, may release the common stock and other securities subject to the lock-up restrictions described above in whole or in part at any time with or without notice.

Stabilization

Until the distribution of the securities offered by this prospectus supplement is completed, rules of the SEC may limit the ability of the underwriters to bid for and to purchase our common stock. As an exception to these rules, the underwriters may engage in transactions effected in accordance with Regulation M under the Exchange Act that are intended to stabilize, maintain or otherwise affect the price of our common stock. The underwriters may engage in over-allotment sales, syndicate covering transactions, stabilizing transactions and penalty bids in accordance with Regulation M.

Stabilizing transactions permit bids or purchases for the purpose of pegging, fixing or maintaining the price of the common stock, so long as stabilizing bids do not exceed a specified maximum.

Over-allotment sales are sales by the underwriters of securities in excess of the number of securities the underwriters are obligated to purchase, which creates a short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares of common stock over-allotted by the underwriters is not greater than the number of shares of common stock that they may purchase in the over-allotment option. In a naked short position, the number of shares of common stock involved is greater than the number of shares in the over-allotment option. The underwriters may close out any covered short position by either exercising their over-allotment option or purchasing our common stock in the open market.

Covering transactions involve the purchase of securities in the open market after the distribution has been completed in order to cover short positions. In determining the source of securities to close out the short position, the underwriters will consider, among other things, the price of securities available for purchase in the open market as compared to the price at which they may purchase securities through the over-allotment option. If the underwriters sell more common stock than could be covered by the over-allotment option, creating a naked short position, the position can only be closed out by buying securities in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the securities in the open market after pricing that could adversely affect investors who purchase shares in this offering.

Penalty bids permit the underwriters to reclaim a selling concession from a selected dealer when the securities originally sold by the selected dealer are purchased in a stabilizing or syndicate covering transaction.

These stabilizing transactions, covering transactions and penalty bids may have the effect of raising or maintaining the market price of our securities or preventing or retarding a decline in the market price of our common stock. As a result, the price of our securities may be higher than the price that might otherwise exist in the open market.

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Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the prices of our securities. These transactions may occur on any trading market. If any of these transactions are commenced, they may be discontinued without notice at any time.

Electronic Prospectus

This prospectus supplement may be made available in electronic format on Internet sites or through other online services maintained by the underwriters or their affiliates. In those cases, prospective investors may view offering terms online and may be allowed to place orders online. Other than this prospectus supplement in electronic format, any information on the underwriters or their affiliates websites and any information contained in any other website maintained by the underwriters or any affiliate of the underwriters is not part of this prospectus supplement or the registration statement of which this prospectus supplement forms a part, has not been approved and/or endorsed by us or the underwriters and should not be relied upon by investors.

Relationships

Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. In addition, from time to time, certain of the underwriters and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future. An affiliate of Raymond James & Associates, Inc. is a lender under our Secured Credit Facility.

Reserved Share Program

At our request, the underwriters have reserved for sale, at the public offering price, up to 392,000 of the shares offered by this prospectus supplement for sale to our directors and other persons having a business relationship with our company (the Reserved Shares). If these persons purchase Reserved Shares it will reduce the number of shares available for sale to the general public. All Reserved Shares sold pursuant to the reserved share program will be restricted from resale for a period of 60 days after the date of this prospectus supplement without first obtaining the written consent of Raymond James & Associates, Inc. Any Reserved Shares that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus supplement. No underwriting discounts will be paid to the underwriters for the Reserved Shares.

Notice to Canadian Investors

The shares are not deposit liabilities of the issuer and are not insured by the Canada Deposit Insurance Corporation, the U.S. Federal Deposit Insurance Corporation or any other governmental agency of Canada, the United States or any other jurisdiction. The issuer is not regulated as a financial institution in Canada.

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing*

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Registrant Obligations. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

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LEGAL MATTERS

Certain legal matters relating to this offering will be passed upon for us by Hunton & Williams LLP. Ballard Spahr LLP will issue an opinion to us regarding certain matters of Maryland law, including the validity of the common stock offered hereby. Certain legal matters relating to this offering will be passed upon for the underwriters by Morgan, Lewis & Bockius LLP.

EXPERTS

The consolidated and combined financial statements and financial statement Schedule III of City Office REIT, Inc. as of December 31, 2015 and 2014, and for each of the years in the three-year period ended December 31, 2015, have been incorporated by reference herein and in the registration statement in reliance upon the report of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The statements of revenues and certain expenses of FRP Collection and Park Tower for the year ended December 31, 2015 have been incorporated by reference herein and in the registration statement in reliance upon the report of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have an effective registration statement on Form S-3 on file with the SEC. In addition, we file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any documents filed by us at the SEC s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our filings with the SEC are also available to the public through the SEC s internet website at *www.sec.gov*.

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference the information we file with the SEC, which means that we can disclose important information to you by referring to those documents. The information incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus. The incorporated documents contain significant information about us, our business and our finances. Any statement contained in a document that is incorporated by reference in this prospectus supplement and the accompanying prospectus is automatically updated and superseded if information contained in this prospectus supplement and the accompanying prospectus, or information that we later file with the SEC, modifies or replaces this information. We incorporate by reference the following documents we filed with the SEC:

- our Annual Report on Form 10-K for the year ended December 31, 2015, filed with the SEC on March 4, 2016;
- our Definitive Proxy Statement on Schedule 14A filed with the SEC on March 22, 2016;
- our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016, June 30, 2016 and September 30, 2016 filed with the SEC on May 5, 2016, August 4, 2016 and November 7, 2016, respectively;

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- our Current Reports on Form 8-K or Form 8-K/A filed with the SEC on February 5, 2016, March 9, 2016, April 5, 2016, May 19, 2016, July 14, 2016, July 20, 2016, September 9, 2016, September 20, 2016, September 30, 2016, October 27, 2016, November 8, 2016, December 20, 2016 and January 9, 2017;

- the description of our common stock contained in our Registration Statement on Form 8-A filed with the SEC on April 8, 2014; and

- all documents filed by us with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement and prior to the termination of the offering of the underlying securities.

To the extent that any information contained in any current report on Form 8-K, or any exhibit thereto, was furnished to, rather than filed with, the SEC, such information or exhibit is specifically not incorporated by reference in this prospectus supplement and the accompanying prospectus.

We will provide without charge to each person, including any beneficial owner, to whom this prospectus supplement and the accompanying prospectus is delivered, on written or oral request of that person, a copy of any or all of the documents we are incorporating by reference into this prospectus supplement and the accompanying prospectus, other than exhibits to those documents unless those exhibits are specifically incorporated by reference into those documents. A written request should be addressed to City Office REIT, Inc., Suite 2010, 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9.

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PROSPECTUS

$500,000,000

City Office REIT, Inc.

Common Stock

Preferred Stock

Debt Securities

Warrants

Units

We may offer, issue and sell from time to time, together or separately, the securities described in this prospectus, at an aggregate public offering price that will not exceed $500,000,000.

We will provide the specific terms of any securities we may offer in supplements to this prospectus. You should read this prospectus and any applicable prospectus supplement carefully before you invest. This prospectus may not be used to offer and sell any securities unless accompanied by a prospectus supplement describing the amount of securities being offered and terms of the offering of those securities. We may offer and sell these securities to or through one or more underwriters, dealers or agents, or directly to purchasers on a continuous or delayed basis. We reserve the sole right to accept, and together with any underwriters, dealers and agents, reserve the right to reject, in whole or in part, any proposed purchase of securities. The names of any underwriters, dealers or agents involved in the sale of any securities, the specific manner in which they may be offered and any applicable commissions or discounts will be set forth in the prospectus supplement covering the sales of those securities.

We intend to elect to be taxed as a real estate investment trust for federal income tax purposes (REIT) commencing with our taxable year ended December 31, 2014, upon filing our federal income tax return for that year. Shares of our common stock are subject to limitations on ownership and transfer that are primarily intended to assist us in qualifying as a REIT. Our charter generally prohibits any person from actually, beneficially or constructively owning more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock or more than 9.8% in value of the aggregate outstanding shares of all classes and series of our stock. See the section entitled Description of Stock Restrictions on Ownership and Transfer included in this prospectus.

Our common stock is listed on The New York Stock Exchange (NYSE) under the symbol CIO. The last reported sale price of our common stock on the NYSE on May 4, 2015 was $12.85 per share. We have not yet determined whether any of the other securities that may be offered by this prospectus will be listed on any exchange, inter-dealer quotation system or over-the-counter system. If we decide to seek a listing for any of those securities, that decision will be disclosed in a prospectus supplement.

Investing in our securities involves risks. Before making a decision to invest in our securities, you should carefully consider the risks described under the section entitled Risk Factors included in our most recent Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q and other documents filed by us with the Securities and Exchange Commission, including any risks described in any accompanying prospectus supplement.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 18, 2015

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Unless the context otherwise requires, references in this prospectus to City Office, company, we, us and our are City Office REIT, Inc., a Maryland corporation, together with its consolidated subsidiaries, including City Office REIT Operating Partnership, L.P., a Maryland limited partnership of which we are the sole general partner and through which we conduct substantially all of our business (our operating partnership). Our Advisor refers to our external advisor, City Office Real Estate Management Inc. Second City refers to Second City Capital Partners II, Limited Partnership. Second City GP refers to Second City General Partner II, Limited Partnership. Gibralt refers to Gibralt US, Inc. GCC Amberglen refers to GCC Amberglen Investments Limited Partnership. CIO OP refers to CIO OP Limited Partnership. CIO REIT refers to CIO REIT Stock Limited Partnership and CIO REIT Stock GP Limited Partnership. The Second City Group refers to Second City, any future real estate funds created by the principals of Second City, Second City GP, Gibralt, GCC Amberglen, CIO OP, CIO REIT and Daniel Rapaport.

You should rely only on the information contained in or incorporated by reference into this prospectus or any accompanying prospectus supplement. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information contained in this prospectus and any accompanying prospectus supplement, as well as information that we have previously filed with the U.S. Securities and Exchange Commission, or the SEC, and incorporated by reference, is accurate only as of the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since those dates.

The distribution of this prospectus and any accompanying prospectus supplement and the offering of our securities in certain jurisdictions may be restricted by law. If you possess this prospectus or any accompanying prospectus supplement, you should find out about and observe these restrictions. This prospectus and any accompanying prospectus supplement are not an offer to sell our securities and are not soliciting an offer to buy our securities in any

jurisdiction where the offer or sale is not permitted or where the person making the offer or sale is not qualified to do so or to any person to whom it is not permitted to make such offer or sale. See Plan of Distribution in this prospectus.

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ABOUT THIS PROSPECTUS

This prospectus is part of a shelf registration statement that we have filed with the SEC. By using a shelf registration statement, we may sell, at any time and from time to time, in one or more offerings, any combination of the securities described in this prospectus. The exhibits to our registration statement and documents incorporated by reference herein and therein contain the full text of certain contracts and other important documents that we have summarized in this prospectus or that we may summarize in a prospectus supplement. Since these summaries may not contain all the information that you may find important in deciding whether to purchase the securities we offer, you should review the full text of these documents. The registration statement, the exhibits and other documents can be obtained from the SEC as indicated under the sections entitled Where You Can Find More Information and Incorporation by Reference of Information Filed with the SEC.

This prospectus only provides you with a general description of the securities we may offer, which is not meant to be a complete description of each security. Each time we sell securities, we will provide a prospectus supplement that contains specific information about the terms of those securities. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in such prospectus supplement. You should read carefully both this prospectus and any prospectus supplement together with the additional information described under the sections entitled Where You Can Find More Information and Incorporation by Reference of Information Filed with the SEC.

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INCORPORATION BY REFERENCE OF INFORMATION FILED WITH THE SEC

The SEC allows us to incorporate by reference the information we file with the SEC, which means that we can disclose important information to you by referring to those documents. The information incorporated by reference is an important part of this prospectus and any accompanying prospectus supplement. Any statement contained in a document which is incorporated by reference into this prospectus and any accompanying prospectus supplement is automatically updated and superseded if information contained in this prospectus or any accompanying prospectus supplement, or information that we later file with the SEC, modifies or replaces this information. We incorporate by reference the following documents we filed with the SEC:

- our Annual Report on Form 10-K for the year ended December 31, 2014, filed with the SEC on March 24, 2015;
- our Current Reports on Form 8-K filed with the SEC on February 10, 2015, March 25, 2015 and May 5, 2015; and
- the description of our common stock contained in our Registration Statement on Form 8-A filed with the SEC on April 8, 2014.

We are also incorporating by reference additional documents that we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act: (i) after the date of the initial registration statement of which this prospectus is a part and prior to effectiveness of the registration statement and (ii) after the date of this prospectus and prior to the termination of the offering of the securities described in this prospectus. We are not, however, incorporating by reference any documents or portions thereof, whether specifically listed above or filed in the future, that are not deemed filed with the SEC, including any information furnished pursuant to Items 2.02 or 7.01 of Form 8-K or certain exhibits furnished pursuant to Item 9.01 of Form 8-K.

To receive a free copy of any of the documents incorporated by reference into this prospectus, including exhibits, if they are specifically incorporated by reference into the documents, call us at 1-604-806-3366 or submit a written request to City Office REIT, Inc., 1075 West Georgia Street, Suite 2600, Vancouver, British Columbia, V6E 3C9, Attention: Investor Relations.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC at the SEC s public reference room at 100 F Street, N.E. Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC at http://www.sec.gov. In addition, we maintain a website that contains information about us at http://www.cityofficereit.com. The information found on, or otherwise accessible through, our website is not incorporated by reference into, and does not form a part of, this prospectus or any accompanying prospectus supplement or any other report or document we file with or furnish to the SEC.

We have filed with the SEC a registration statement on Form S-3, of which this prospectus is a part, including exhibits, schedules and amendments filed with, or incorporated by reference into, the registration statement, under the Securities Act of 1933, as amended, or the Securities Act, with respect to the securities registered hereby. This prospectus and any accompanying prospectus supplement do not contain all of the information set forth in the registration statement and exhibits and schedules to the registration statement. For further information with respect to our company and the securities registered hereby, reference is made to the registration statement, including the exhibits to the registration statement. Statements contained in this prospectus and any accompanying prospectus supplement as to the contents of any contract or other document referred to in, or incorporated by reference into, this prospectus and any accompanying prospectus supplement are not necessarily complete and, where such contract or other document is an exhibit to the registration statement, each statement is qualified in all respects by the exhibit to which the reference relates. Copies of the registration statement, including the exhibits and schedules to the registration statement, may be examined at the SEC s public reference room. Copies of all or a portion of the registration statement can be obtained from the public reference room of the SEC upon payment of prescribed fees. The registration statement of which this prospectus is a part is also available to you on the SEC s website.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

When used in this prospectus and any accompanying prospectus supplement, including the documents that we have incorporated by reference, in future filings with the SEC or in press releases or other written or oral communications, statements which are not historical in nature, including those containing words such as believe, expect, anticipate, estimate, plan, continue, intend, should, may or similar expressions, are intended to identify forward-lookin statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act and, as such, may involve known and unknown risks, uncertainties and assumptions. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. Statements regarding the following subjects are forward-looking by their nature:

- adverse economic or real estate developments in the office sector or the markets in which we operate;
- changes in local, regional and national economic conditions;
- our inability to compete effectively;
- our inability to collect rent from tenants or renew tenants leases;
- demand for and market acceptance of our properties for rental purposes;
- our reliance on, and actual or potential conflicts of interest with, our Advisor;
- defaults on or non-renewal of leases by tenants;
- increased interest rates and operating costs;
- decreased rental rates or increased vacancy rates;
- our failure to obtain necessary outside financing on favorable terms or at all;
- changes in the availability of additional acquisition opportunities;
- availability of qualified personnel;

our inability to successfully complete real estate acquisitions;

our failure to successfully operate acquired properties and operations;

changes in our business strategy;

our failure to generate sufficient cash flows to service our outstanding indebtedness;

environmental uncertainties and risks related to adverse weather conditions and natural disasters;

our failure to qualify and maintain our qualification as a REIT;

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; and

changes in real estate and zoning laws and increases in real property tax rates.

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The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information available to us at the time the forward-looking statements are made. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, prospects, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. You should carefully consider this risk when you make an investment decision concerning our securities. Additionally, the following factors could cause actual results to vary from our forward-looking statements:

- the factors discussed in this prospectus and any prospectus supplement, including those set forth under the section titled Risk Factors, and the sections captioned Risk Factors in our most recent Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q and other documents that we file with the SEC;
- general volatility of the capital markets and the market prices of our listed securities;
- performance of our industry in general;
- changes in our business or investment strategy;
- availability, terms and deployment of capital;
- availability of and our ability to attract and retain qualified personnel;
- our leverage levels;
- our capital expenditures;
- changes in our industry and the markets in which we operate, interest rates or the general U.S. or international economy;
- our ability to qualify and maintain our qualification as a REIT; and
- the degree and nature of our competition.

All forward-looking statements speak only as of the date on which they are made. New risks and uncertainties arise over time and it is not possible to predict those events or how they may affect us. Except as required by law, we are not obligated to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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CITY OFFICE REIT, INC.

We are an externally managed Maryland corporation, organized in the state of Maryland on November 26, 2013, focused on acquiring, owning and operating high-quality (Class A and B) office properties located primarily within our specified target markets in the United States. As of the date of this prospectus, we have 12 primary target markets, which are located in metropolitan areas in the Southern and Western United States. We are externally managed by our Advisor.

As of May 1, 2015, we own ten office complexes comprised of 22 office buildings with a total of approximately 2.4 million square feet of net rentable area in the metropolitan areas of Boise (ID), Dallas (TX), Denver (CO), Portland (OR), Tampa (FL), Allentown (PA) and Orlando (FL).

We intend to elect to be taxed as a REIT, commencing with our taxable year ended December 31, 2014, upon filing our tax return for that year. We intend to continue to operate in a manner that will allow us to qualify as a REIT. We are structured as an umbrella partnership REIT (UPREIT), which means that we conduct substantially all of our business through our operating partnership, for which we serve as the sole general partner.

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RISK FACTORS

Before purchasing any securities offered by this prospectus, you should carefully consider the risk factors incorporated by reference into this prospectus from our most recent Annual Report on Form 10-K, the risks, uncertainties and additional information set forth in our SEC reports on Forms 10-K, 10-Q and 8-K and in the other documents incorporated by reference into this prospectus, and any risks described in any accompanying prospectus supplement. For a description of these reports and documents, and information about where you can find them, see Where You Can Find More Information and Incorporation by Reference of Information Filed with the SEC. Additional risks not presently known or that are currently deemed immaterial could also materially and adversely affect our financial condition, results of operations, business and prospects.

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COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our consolidated ratios of earnings to fixed charges and of earnings to combined fixed charges and preferred stock dividends for the periods indicated. As of the date of this prospectus, we have not issued any shares of our preferred stock. Because we did not have any preferred stock outstanding and therefore paid no preferred stock dividends during any of the periods presented, the ratio of earnings to combined fixed charges and preferred stock dividends is identical to the ratio of earnings to fixed charges for each of the periods presented.

	City Office REIT, Inc.	City Office REIT, Inc. Predecessor		
	Period from April 21, 2014 to December 31, 2014	Period from January 1, 2014 to April 20, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Consolidated Ratio of Earnings to Fixed Charges	0.05	0.33	0.22	0.49

The computation of earnings to fixed charges indicates that earnings were inadequate to cover fixed charges on the basis of our historical financial statements by approximately $6,854,774 for the period from April 21, 2014 to December 31, 2014, and City Office REIT, Inc. Predecessor s historical financial statements by approximately $2,530,157 for the period from January 1, 2014 to April 20, 2014, and $4,177,293 and $1,881,575 for the years ended December 31, 2013 and 2012, respectively.

For each period, we computed the ratios by dividing earnings by fixed charges. For purposes of calculating the ratios, earnings consist of loss from continuing operations before equity in income from unconsolidated ventures plus fixed charges, less capitalized interest, and fixed charges consist of interest expense, capitalized interest and rental expense at computed interest factor (the amounts of which represent those portions of rent expense that are reasonable approximations of interest costs).

We refer to the entities that owned the historical interests in the AmberGlen, Central Fairwinds, City Center, Cherry Creek, Corporate Parkway and Washington Group Plaza properties, which were the initial properties contributed to us in our formation transactions, as the City Office REIT, Inc. Predecessor.

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USE OF PROCEEDS

Unless we indicate otherwise in the applicable prospectus supplement, we intend to contribute the net proceeds from any sale of the securities pursuant to this prospectus to our operating partnership. Our operating partnership will subsequently use the net proceeds received from us to potentially acquire or develop additional properties and for general corporate purposes, which may include payment of dividends, capital expenditures for improvements to the properties in our portfolio, and the repayment of existing indebtedness, including amounts outstanding under our $30 million secured revolving credit facility with KeyBank National Association (the Secured Credit Facility), which matures on April 21, 2016. We have the right and option to extend the Secured Credit Facility to April 21, 2017, subject to satisfaction of certain conditions. Borrowings under the Secured Credit Facility bear interest at the three-month LIBOR rate plus 2.75%. As of December 31, 2014, the three-month month LIBOR rate was 0.26%. As at December 31, 2014, the Secured Credit Facility was undrawn. The Secured Credit Facility may be used for general corporate purposes and to fund a portion of the purchase price of future acquisitions. Pending application of cash proceeds, we will invest the net proceeds in interest-bearing accounts, money market accounts and interest-bearing securities in a manner that is consistent with our intention to qualify and maintain our qualification for taxation as a REIT. Such investments may include, for example, government and government agency certificates, government bonds, certificates of deposit, interest-bearing bank deposits, money market accounts and mortgage loan participations. Further details regarding the use of the net proceeds from the sale of a specific series or class of the securities will be set forth in the applicable prospectus supplement.

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DESCRIPTION OF STOCK

The following summary describes certain provisions of Maryland law and the material terms of our charter and our bylaws. Because the following is only a summary, it does not contain all of the information that may be important to you. This description is not complete and is subject to, and is qualified in its entirety by reference to, our charter and our bylaws, copies of which are filed as exhibits to this registration statement, and applicable law.

Please note that, with respect to any of our shares held in book-entry form through The Depository Trust Company or any other share depository, the depository or its nominee will be the sole registered and legal owner of those shares, and references in this prospectus to any stockholder or holder of those shares means only the depository or its nominee. Persons who hold beneficial interests in our shares through a depository will not be registered or legal owners of those shares and will not be recognized as such for any purpose. For example, only the depository or its nominee will be entitled to vote the shares held through it, and any dividends or other distributions to be paid, and any notices to be given, in respect of those shares will be paid or given only to the depository or its nominee. Owners of beneficial interests in those shares will have to look solely to the depository with respect to any benefits of share ownership, and any rights that they may have with respect to those shares will be governed by the rules of the depository, which are subject to change from time to time. We have no responsibility for those rules or their application to any interests held through the depository. See Legal Ownership of Securities for more information.

General

Our charter provides that we may issue up to 100,000,000 shares of common stock, $0.01 par value per share, and up to 100,000,000 shares of preferred stock, $0.01 par value per share. Our charter authorizes our board of directors, with the approval of a majority of the entire board of directors and without any action by our stockholders, to amend our charter to increase or decrease the aggregate number of authorized shares of stock or the number of authorized shares of any class or series of our stock. As of December 31, 2014, 12,279,110 shares of our common stock were issued and outstanding, not including the restricted stock units granted to our directors, executive officers and employees of our Advisor under the Equity Incentive Plan, and no shares of preferred stock were issued and outstanding. Our Equity Incentive Plan provides for grants of equity-based awards up to an aggregate of 1,263,580 shares of common stock. As of December 31, 2014, we had issued 382,372 restricted stock units under our Equity Incentive Plan.

Under the Maryland General Corporation Law (the MGCL), stockholders generally are not personally liable for our debts or obligations solely as a result of their status as stockholders.

Common Stock

Subject to the preferential rights of any other class or series of our stock and to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, holders of shares of our common stock are entitled to receive dividends and other distributions on such shares if, as, and when authorized by our board of directors, out of assets legally available therefor and declared by us and to share ratably in the assets of our company legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up after payment or establishment of reserves for all known debts and liabilities of our company.

Subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock and except as may otherwise be specified in the terms of any class or series of our common stock, each outstanding share of our common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors, and, except as provided with respect to any other class or series of stock, the holders of shares of common stock will possess the exclusive voting power. There is no cumulative voting in the election of our directors. Directors

are elected by a plurality of all of the votes cast in the election of directors.

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Holders of shares of our common stock have no preference, conversion, exchange, sinking fund or redemption rights, and have no preemptive rights to subscribe for any securities of our company. The common stock we may offer from time to time under this prospectus, when issued in exchange for the consideration therefor, will be duly authorized, fully paid and nonassessable. Our charter provides that holders of our common stock generally have no appraisal rights unless our board of directors determines prospectively that appraisal rights will apply to one or more transactions in which holders of our common stock would otherwise be entitled to exercise appraisal rights. Subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, holders of our common stock will have equal dividend, liquidation and other rights.

Under the MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge, consolidate, convert, sell all or substantially all of its assets or engage in a statutory share exchange unless declared advisable by its board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of all of the votes entitled to be cast on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the corporation s charter. Our charter provides for approval of any of these matters by the affirmative vote of stockholders entitled to cast a majority of the votes entitled to be cast on such matters, except that the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast generally in the election of directors is required to remove a director (and such removal must be for cause) and the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on such matter is required to amend the provisions of our charter relating to the removal of directors, the restrictions on ownership and transfer of our stock and the vote required to amend such provisions. Maryland law also permits a Maryland corporation to transfer all or substantially all of its assets without the approval of the stockholders of the corporation to an entity if all of the equity interests of the entity are owned, directly or indirectly, by the corporation. Because our operating assets may be held by our operating partnership or its subsidiaries, these subsidiaries may be able to merge or transfer all or substantially all of their assets to the operating partnership or other subsidiary without the approval of our stockholders.

Our charter authorizes our board of directors to reclassify any unissued shares of our common stock into other classes or series of stock, to establish the designation and number of shares of each class or series and to set, subject to the provisions of our charter relating to the restrictions on ownership and transfer of our stock, the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of each such class or series.

Preferred Stock

As of the date hereof, no shares of preferred stock are outstanding and we have no present plans to issue any preferred stock. Our board of directors may authorize the issuance of preferred stock in one or more classes or series and may classify any unissued shares of preferred stock and reclassify any previously classified but unissued shares of preferred stock into one or more classes or series and determine, with respect to any such class or series, the rights, preferences, privileges and restrictions of the preferred stock of that class or series, including:

distribution rights;

conversion rights;

voting rights;

redemption rights and terms of redemptions; and

liquidation preferences.

The preferred stock we may offer from time to time under this prospectus, when issued in exchange for the consideration therefor, will be duly authorized, fully paid and nonassessable, and holders of preferred stock will not have any preemptive rights.

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The issuance of preferred stock could have the effect of delaying, deferring or preventing a change in control or other transaction that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders. In addition, any preferred stock that we issue could rank senior to our common stock with respect to the rights upon liquidation and the payment of distributions, in which case we could not pay any distributions on our common stock until full distributions have been paid with respect to such preferred stock.

The preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications or terms or conditions of redemption of each class or series of preferred stock will be set forth in articles supplementary to our charter relating to the class or series. We will describe the specific terms of the particular series of preferred stock in the prospectus supplement relating to that series, which terms may include:

- the designation and par value of the preferred stock;
- the voting rights, if any, of the preferred stock;
- the number of shares of preferred stock offered, the liquidation preference per share of preferred stock and the offering price of the preferred stock;
- the distribution rate(s), period(s) and payment date(s) or method(s) of calculation applicable to the preferred stock;
- whether distributions will be cumulative or non-cumulative and, if cumulative, the date(s) from which distributions on the preferred stock will cumulate;
- the procedures for any auction and remarketing for the preferred stock, if applicable;
- the provision for a sinking fund, if any, for the preferred stock;
- the provision for, and any restriction on, redemption, if applicable, of the preferred stock;
- the provision for, and any restriction on, repurchase, if applicable, of the preferred stock;
- the terms and provisions, if any, upon which the preferred stock will be convertible into common stock, including the conversion price (or manner or calculation) and conversion period;
- the terms under which the rights of the preferred stock may be modified, if applicable;

the relative ranking and preferences of the preferred stock as to distribution rights and rights upon the liquidation, dissolution or winding up of our affairs;

any limitation on issuance of any other series of preferred stock, including any series of preferred stock ranking senior to or on parity with the series of preferred stock as to distribution rights and rights upon the liquidation, dissolution or winding up of our affairs;

any listing of the preferred stock on any securities exchange;

if appropriate, a discussion of any additional material federal income tax considerations applicable to the preferred stock;

information with respect to book-entry procedures, if applicable;

in addition to those restrictions described below, any other restrictions on the ownership and transfer of the preferred stock; and

any additional rights, preferences, privileges or restrictions of the preferred stock.

Power to Increase or Decrease Authorized Shares of Common Stock and Issue Additional Shares of Common and Preferred Stock

We believe that the power of our board of directors to amend our charter to increase or decrease the aggregate number of authorized shares of stock, to authorize us to issue additional authorized but unissued shares

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of our common stock or preferred stock and to classify or reclassify unissued shares of our common stock or preferred stock and thereafter to authorize us to issue such classified or reclassified shares of stock will provide us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that might arise. The additional classes or series, as well as the additional authorized shares of common stock, will be available for issuance without further action by our stockholders, unless such action is required by applicable law, the terms of any class or series of preferred stock we may issue in the future or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Although our board of directors does not currently intend to do so, it could authorize us to issue a class or series of stock that could, depending upon the terms of the particular class or series, delay, defer or prevent a transaction or a change of control of our company that might involve a premium price for holders of our common stock or that our common stockholders otherwise believe to be in their best interests. See Certain Provisions of Maryland Law and of Our Charter and Bylaws Anti-Takeover Effect of Certain Provisions of Maryland Law and Our Charter and Bylaws.

Restrictions on Ownership and Transfer

In order for us to qualify as a REIT under the Internal Revenue Code of 1986, as amended, or the Code, our stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of the outstanding shares of stock (after taking into account options to acquire shares of stock) may be owned, directly, indirectly or through attribution, by five or fewer individuals (for this purpose, the term individual includes certain entities such as a supplemental unemployment compensation benefit trust and a private foundation or a portion of a trust permanently set aside or used exclusively for charitable purposes, among others) at any time during the last half of a taxable year (other than the first year for which an election to be a REIT has been made). Finally, in certain circumstances we could be treated as being related to one or more of our tenants if we own, directly or indirectly, an interest in a tenant that exceeds the limits provided in Section 856(d)(2)(B) of the Code. If such a relationship were deemed to exist, any rents we receive from the related tenant would not be treated as rents from real property and could adversely affect our ability to qualify as a REIT.

Our charter contains restrictions on the ownership and transfer of our stock that are intended to assist us in complying with these requirements and qualifying as a REIT, among other purposes. The relevant sections of our charter provide that, subject to the exceptions described below, no person or entity may beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% (in value or in number of shares, whichever is more restrictive) of the outstanding shares of our common stock, or 9.8% (in value) of the aggregate of the outstanding shares of all classes and series of our stock. We refer to each of these restrictions as an ownership limit and collectively as the ownership limits. A person or entity that would have acquired actual, beneficial or constructive ownership of our stock but for the application of the ownership limits or any of the other restrictions on ownership and transfer of our stock discussed below is referred to as a prohibited owner.

The constructive ownership rules under the Code are complex and may cause stock owned actually, beneficially or constructively by a group of related individuals and/or entities to be owned beneficially or constructively by one individual or entity. As a result, the acquisition of less than 9.8% in value or in number of shares (whichever is more restrictive) of the outstanding shares of our common stock, or less than 9.8% in value of the outstanding shares of all classes and series of our stock (or the acquisition by an individual or entity of an interest in an entity that owns, actually, beneficially or constructively, shares of our stock) could, nevertheless, cause that individual or entity, or another individual or entity, to own beneficially or constructively in excess of 9.8% in value or in number of shares (whichever is more restrictive) of our stock and in violation of the applicable ownership limit.

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Our board of directors may, in its sole and absolute discretion, prospectively or retroactively, waive either or both of the ownership limits with respect to a particular stockholder or establish a different limit on ownership (the excepted holder limit) if it determines that:

- no person s beneficial or constructive ownership of our stock would result in our being closely held within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise cause us to fail to qualify as a REIT; and

- such stockholder does not and will not own, actually or constructively, an interest in a tenant of ours (or a tenant of any entity controlled or owned in whole or in part by us) that would cause us to own, actually or constructively, more than a 9.8% interest (as set forth in Section 856(d)(2)(B) of the Code) in such tenant (or our board of directors determines that revenue derived from such tenant will not affect our ability to qualify as a REIT).

As a condition of our waiver, our board of directors may require an opinion of counsel or an Internal Revenue Service, or IRS, ruling satisfactory to our board of directors in its sole and absolute discretion in order to determine or ensure our status as a REIT or such representations and/or undertakings from the person requesting the waiver as our board of directors may require in its sole and absolute discretion to make the determinations above. Notwithstanding the receipt of any ruling or opinion, our board of directors may impose such conditions or restrictions as it deems appropriate in connection with granting such an exception. Our board of directors granted one or more waivers of the ownership limits to Second City and certain other parties to our initial public offering and the related formation transactions, or their affiliates.

In connection with a waiver of an ownership limit or at any other time, our board of directors may increase or decrease one or both of the ownership limits, except that a decreased ownership limit will not be effective for any person whose actual, beneficial or constructive ownership of our stock exceeds the decreased ownership limit at the time of the decrease until the person s actual, beneficial or constructive ownership of our stock equals or falls below the decreased ownership limit, although any further acquisition of our stock will violate the decreased ownership limit. Our board of directors may not increase or decrease any ownership limit if the new ownership limit would allow five or fewer persons to beneficially own more than 49% in value of our outstanding stock or otherwise cause us to fail to qualify as a REIT.

Our charter provisions further prohibit any transfer (as defined therein) that would result in:

- any person beneficially or constructively owning shares of our stock if such ownership would result in our being closely held under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise cause us to fail to qualify as a REIT (including, but not limited to, beneficial or constructive ownership that would result in us, actually or constructively, owning an interest in a tenant that exceeds the limits provided in Section 856(d)(2)(B) of the Code); and

- shares of our stock being beneficially owned by fewer than 100 persons (determined without reference to any rules of attribution), subject to the exception described below.

Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of shares of our stock that will or may violate the ownership limits or any of the other restrictions on ownership and transfer of our stock described above must give written notice immediately to us or, in the case of a proposed or attempted transaction, provide us at least 15 days prior notice, and provide us with such other information as we may request in order to determine the effect of such transfer on our status as a REIT.

The ownership limits and other restrictions on ownership and transfer of our stock described above will not apply if our board of directors determines that it is no longer in our best interest to attempt to qualify, or to continue to qualify, as a REIT or that compliance is no longer required in order for us to qualify as a REIT.

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Pursuant to our charter, if any purported transfer of our stock or any other event would otherwise result in any person violating the ownership limits or such other limit established by our board of directors, or would result in us being closely held within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise failing to qualify as a REIT, then the number of shares causing the violation (rounded up to the nearest whole share) will be automatically transferred to, and held by, a trust for the exclusive benefit of one or more charitable organizations selected by us. Our charter provides that the prohibited owner will not benefit economically from ownership of any shares of our stock held in trust and will have no rights to distributions and no rights to vote or other rights attributable to the shares of our stock held by the trustee. The automatic transfer will be effective as of the close of business on the business day prior to the date of the violative transfer or other event that results in the transfer to the trust. Any dividend or other distribution paid to the prohibited owner, prior to our discovery that the shares had been automatically transferred to a trust as described above, must be repaid to the trustee upon demand. Our charter provides that if the transfer to the trust as described above is not automatically effective, for any reason, to prevent violation of the applicable ownership limit or our being closely held (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise failing to qualify as a REIT, then the transfer of the number of shares that otherwise would cause any person to violate the above restrictions will be void and of no force or effect and the intended transferee will acquire no rights in the shares. In addition, our charter provides that if any transfer of our stock would result in shares of our stock being beneficially owned by fewer than 100 persons (determined without reference to any rules of attribution), then any such purported transfer will be void and of no force or effect and the intended transferee will acquire no rights in the shares, provided that our board of directors may waive this provision if, in its opinion, such a transfer would not adversely affect our ability to qualify as a REIT.

Our charter provides that shares of our stock transferred to the trustee are deemed offered for sale to us, or our designee, at a price per share equal to the lesser of (1) the price paid by the prohibited owner for the shares (or, if the prohibited owner did not give value in connection with the transfer or other event that resulted in the transfer to the trust (e.g., a gift, devise or other such transaction), the last sales price reported on the NYSE on the day of the transfer or other event that resulted in the transfer of such shares to the trust) and (2) the market price on the date we, or our designee, accepts such offer. We will reduce the amount payable to the trust by the amount of dividends and distributions paid to the prohibited owner and owed by the prohibited owner to the trustee. We will pay the amount of such reduction to the trustee for the benefit of the charitable beneficiary. We have the right to accept such offer until the trustee has sold the shares of our stock held in the trust. Upon a sale to us, the interest of the charitable beneficiary in the shares sold terminates and the trustee must distribute the net proceeds of the sale to the prohibited owner. Any dividends or other distributions held by the trustee with respect to such stock will be paid to the charitable beneficiary.

If we do not buy the shares, the trustee must, within 20 days of receiving notice from us of the transfer of shares to the trust, sell the shares to a person or persons, designated by the trustee, who could own the shares without violating the ownership limits or other restrictions on ownership and transfer of our stock. Upon such sale, the trustee must distribute to the prohibited owner an amount equal to the lesser of (1) the price paid by the prohibited owner for the shares (or, if the prohibited owner did not give value in connection with the transfer or other event that resulted in the transfer to the trust (e.g., a gift, devise or other such transaction), the last sales price reported on the NYSE on the day of the event that resulted in the transfer of such shares to the trust) and (2) the sales proceeds (net of commissions and other expenses of sale) received by the trustee for the shares. The trustee will reduce the amount payable to the prohibited owner by the amount of dividends and other distributions paid to the prohibited owner and owed by the prohibited owner to the trustee. Any net sales proceeds in excess of the amount payable to the prohibited owner will be immediately paid to the charitable beneficiary, together with any dividends or other distributions thereon. In addition, if, prior to discovery by us that shares of our stock have been transferred to the trustee, such shares of stock are sold by a prohibited owner, then our charter provides that such shares shall be deemed to have been sold on behalf of the trust and, to the extent that the prohibited owner received an amount for or in respect of

such shares that exceeds the amount that such prohibited owner was entitled to receive, such excess amount shall be paid to the trustee upon demand.

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The trustee will be designated by us and will be unaffiliated with us and with any prohibited owner. Prior to the sale of any shares by the trust, the trustee will receive, in trust for the beneficiary, all dividends and other distributions paid by us with respect to such shares, and may exercise all voting rights with respect to such shares for the exclusive benefit of the charitable beneficiary.

Subject to Maryland law, effective as of the date that the shares have been transferred to the trust, our charter provides that the trustee shall have the authority, at the trustee s sole discretion:

- to rescind as void any vote cast by a prohibited owner prior to our discovery that the shares have been transferred to the trust; and
- to recast the vote in accordance with the desires of the trustee acting for the benefit of the beneficiary of the trust.

However, if we have already taken irreversible corporate action, then the trustee may not rescind and recast the vote.

If our board of directors or a committee thereof determines in good faith that a proposed transfer or other event has taken place that violates the restrictions on ownership and transfer of our stock set forth in our charter, our board of directors or such committee may take such action as it deems advisable in its sole discretion to refuse to give effect to or to prevent such transfer, including, but not limited to, causing the company to redeem shares of stock, refusing to give effect to the transfer on our books or instituting proceedings to enjoin the transfer.

Every owner of 5% or more (or such lower percentage as required by the Code or the Treasury Regulations promulgated thereunder) of the outstanding shares of our stock, within 30 days after the end of each taxable year, must give written notice to us stating the name and address of such owner, the number of shares of each class and series of our stock that the owner beneficially owns and a description of the manner in which the shares are held. Each such owner also must provide us with any additional information that we request in order to determine the effect, if any, of the person s beneficial ownership on our status as a REIT and to ensure compliance with the ownership limits. In addition, any person that is a beneficial owner or constructive owner of shares of our stock and any person (including the stockholder of record) who is holding shares of our stock for a beneficial owner or constructive owner must, on request, disclose to us in writing such information as we may request in good faith in order to determine our status as a REIT and comply with the requirements of any taxing authority or governmental authority or determine such compliance and to ensure compliance with the ownership limits.

Our charter provides that each purchaser of our capital stock that purchases such stock from us or any underwriter, placement agent or initial purchaser that participates in a public offering, a private placement or other private offering of such stock will be deemed to have represented, warranted and agreed that its purchase and holding of such stock will not constitute or result in (i) a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or (ii) a violation of any applicable other federal, state, local, non-U.S. or other laws or regulations that contain one or more provisions that are substantially similar to the provisions of Title I of ERISA or Section 4975 of the Code.

Any certificates representing shares of our stock will bear a legend referring to the restrictions on ownership and transfer of our stock described above.

These restrictions on ownership and transfer could delay, defer or prevent a transaction or a change of control of our company that might involve a premium price for our common stock that our stockholders otherwise believe to be in their best interest.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer and Trust Company, LLC.

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DESCRIPTION OF DEBT SECURITIES

General

The debt securities offered by this prospectus will be our direct unsecured general obligations. This prospectus describes certain general terms of the debt securities which may be offered through this prospectus. In the following discussion, we refer to any of our direct unsecured general obligations as the Debt Securities. When we offer to sell a particular series of Debt Securities, we will describe the specific terms of that series in a prospectus supplement or any free writing prospectus. The Debt Securities will be issued under an open-ended Indenture (for Debt Securities) between us and a trustee to be elected by us at or about the time we offer our Debt Securities. The open-ended Indenture (for Debt Securities) will be incorporated by reference into the registration statement of which this prospectus is a part and will be filed as an exhibit to the registration statement. In this prospectus we refer to the Indenture (for Debt Securities) as the Debt Securities Indenture. We refer to the trustee under any Debt Securities Indenture as the Debt Securities Trustee.

The prospectus supplement or any free writing prospectus applicable to a particular series of Debt Securities may state that a particular series of Debt Securities will be our subordinated obligations. The form of Debt Securities Indenture referred to above includes optional provisions (designated by brackets ([ ])) that we would expect to appear in a separate indenture for subordinated debt securities in the event we issue subordinated debt securities. In the following discussion, we refer to any of our subordinated obligations as the Subordinated Debt Securities. Unless the applicable prospectus supplement or any free writing prospectus provides otherwise, we will use a separate Debt Securities Indenture for any Subordinated Debt Securities that we may issue. Our Debt Securities Indenture will be qualified under the Trust Indenture Act of 1939, as amended, and you should refer to the Trust Indenture Act for the provisions that apply to the Debt Securities.

We have summarized selected provisions of the Debt Securities Indenture below. Each Debt Securities Indenture will be independent of any other Debt Securities Indenture unless otherwise stated in a prospectus supplement or any free writing prospectus. The summary that follows is not complete and is subject to, and qualified in its entirety by reference to, the provisions of the applicable Debt Securities Indenture. You should consult the applicable Debt Securities, Debt Securities Indenture, any supplemental indentures, officers certificates and other related documents for more complete information on the Debt Securities. These documents appear as exhibits to, or are incorporated by reference into, the registration statement of which this prospectus is a part, or will appear as exhibits to other documents that we will file with the SEC, which will be incorporated by reference into this prospectus. In the summary below, we have included references to applicable section numbers of the Debt Securities Indenture so that you can easily locate these provisions.

Ranking

Our Debt Securities that are not designated Subordinated Debt Securities will be effectively subordinated to all secured indebtedness that we have outstanding from time to time to the extent of the value of the collateral securing such secured indebtedness. Our Debt Securities that are designated Subordinated Debt Securities will be subordinate to all outstanding secured indebtedness as well as Debt Securities that are not designated Subordinated Debt Securities. The Debt Securities Indenture does not limit the amount of secured indebtedness that we may issue or incur.

We conduct substantially all of our operations, and make substantially all of our investments, through our operating partnership and its subsidiaries. Our ability to meet our financial obligations with respect to any future Debt Securities, and cash needs generally, is dependent on our operating cash flow, our ability to access various sources of

short- and long-term liquidity, including our bank facilities, the capital markets and distributions from our subsidiaries. Holders of our Debt Securities will effectively have a junior position to claims of creditors of our subsidiaries, including trade creditors, debt holders, secured creditors, taxing authorities and guarantee holders.

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Provisions of a Particular Series

The Debt Securities may from time to time be issued in one or more series. You should consult the prospectus supplement or free writing prospectus relating to any particular series of Debt Securities for the following information:

the title of the Debt Securities;

any limit on aggregate principal amount of the Debt Securities or the series of which they are a part;

the date(s), or method for determining the date(s), on which the principal of the Debt Securities will be payable;

the rate, including the method of determination if applicable, at which the Debt Securities will bear interest, if any, and

the date from which any interest will accrue;

the dates on which we will pay interest;

our ability to defer interest payments and any related restrictions during any interest deferral period; and

the record date for any interest payable on any interest payment date;

the place where:

the principal of, premium, if any, and interest on the Debt Securities will be payable;

you may register transfer of the Debt Securities;

you may exchange the Debt Securities; and

you may serve notices and demands upon us regarding the Debt Securities;

the security registrar for the Debt Securities and whether the principal of the Debt Securities is payable without presentment or surrender of them;

the terms and conditions upon which we may elect to redeem any Debt Securities, including any replacement capital or similar covenants limiting our ability to redeem any Subordinated Debt Securities;

the denominations in which we may issue Debt Securities, if other than $1,000 and integral multiples of $1,000;

the terms and conditions upon which the Debt Securities must be redeemed or purchased due to our obligations pursuant to any sinking fund or other mandatory redemption or tender provisions, or at the holder s option, including any applicable exceptions to notice requirements;

the currency, if other than United States currency, in which payments on the Debt Securities will be payable;

the terms according to which elections can be made by us or the holder regarding payments on the Debt Securities in currency other than the currency in which the Debt Securities are stated to be payable;

if payments are to be made on the Debt Securities in securities or other property, the type and amount of the securities and other property or the method by which the amount shall be determined;

the manner in which we will determine any amounts payable on the Debt Securities that are to be determined with reference to an index or other fact or event ascertainable outside the applicable indenture;

if other than the entire principal amount, the portion of the principal amount of the Debt Securities payable upon declaration of acceleration of their maturity;

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any addition to the events of default applicable to any Debt Securities and any additions to our covenants for the benefit of the holders of the Debt Securities;

the terms applicable to any rights to convert Debt Securities into or exchange them for other of our securities or those of any other entity;

whether we are issuing Debt Securities as global securities, and if so,

any limitations on transfer or exchange rights or the right to obtain the registration of transfer;

any limitations on the right to obtain definitive certificates for the Debt Securities; and

any other matters incidental to the Debt Securities;

whether we are issuing the Debt Securities as bearer securities;

any limitations on transfer or exchange of Debt Securities or the right to obtain registration of their transfer, and the terms and amount of any service charge required for registration of transfer or exchange;

any exceptions to the provisions governing payments due on legal holidays, or any variations in the definition of business day with respect to the Debt Securities;

any collateral security, assurance, guarantee or other credit enhancement applicable to the Debt Securities;

any other terms of the Debt Securities not in conflict with the provisions of the applicable Debt Securities Indenture; and

the material federal income tax consequences applicable to the Debt Securities.

For more information, see Section 3.01 of the applicable Debt Securities Indenture.

Debt Securities may be sold at a substantial discount below their principal amount. You should consult the applicable prospectus supplement or free writing prospectus for a description of certain material federal income tax considerations that may apply to Debt Securities sold at an original issue discount or denominated in a currency other than dollars.

Unless the applicable prospectus supplement or free writing prospectus states otherwise, the covenants contained in the applicable indenture will not afford holders of Debt Securities protection in the event we have a change in control

or are involved in a highly-leveraged transaction.

Subordination

The applicable prospectus supplement or free writing prospectus may provide that a series of Debt Securities will be Subordinated Debt Securities, subordinate and junior in right of payment to all of our Senior Indebtedness, as defined below. If so, we will issue these securities under a separate Debt Securities Indenture for Subordinated Debt Securities. In this prospectus we refer to each such Debt Securities Indenture for Subordinated Debt Securities as the Subordinated Debt Securities Indenture. For more information, see Article XV of the form of Debt Securities Indenture.

Unless the applicable prospectus supplement or free writing prospectus states otherwise, no payment of principal of, including redemption and sinking fund payments, or any premium or interest on, the Subordinated Debt Securities may be made if:

there occur certain acts of bankruptcy, insolvency, liquidation, dissolution or other winding up of our company;

any Senior Indebtedness is not paid when due;

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any applicable grace period with respect to other defaults with respect to any Senior Indebtedness has ended, the default has not been cured or waived and the maturity of such Senior Indebtedness has been accelerated because of the default; or

the maturity of the Subordinated Debt Securities of any series has been accelerated because of a default and Senior Indebtedness is then outstanding.

Upon any distribution of our assets to creditors upon any dissolution, winding-up, liquidation or reorganization, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all principal of, and any premium and interest due or to become due on, all outstanding Senior Indebtedness must be paid in full before the holders of the Subordinated Debt Securities are entitled to payment. For more information, see Section 15.02 of the applicable Debt Securities Indenture. The rights of the holders of the Subordinated Debt Securities will be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions applicable to Senior Indebtedness until all amounts owing on the Subordinated Debt Securities are paid in full. For more information, see Section 15.04 of the applicable Debt Securities Indenture.

Unless the applicable prospectus supplement or free writing prospectus states otherwise, the term Senior Indebtedness means all obligations (other than non-recourse obligations and the indebtedness issued under the Subordinated Debt Securities Indenture) of, or guaranteed or assumed by, us:

for borrowed money (including both senior and subordinated indebtedness for borrowed money, but excluding the Subordinated Debt Securities);

for the payment of money relating to any lease that is capitalized on our consolidated balance sheet in accordance with generally accepted accounting principles; or

indebtedness evidenced by bonds, debentures, notes or other similar instruments.

In the case of any such indebtedness or obligations, Senior Indebtedness includes amendments, renewals, extensions, modifications and refundings, whether existing as of the date of the Subordinated Debt Securities Indenture or subsequently incurred by us.

The Subordinated Debt Securities Indenture does not limit the aggregate amount of Senior Indebtedness that we may issue.

Form, Exchange and Transfer

Unless the applicable prospectus supplement or free writing prospectus states otherwise, we will issue Debt Securities only in fully registered form without coupons and in denominations of $1,000 and integral multiples of that amount. For more information, see Sections 2.01 and 3.02 of the applicable Debt Securities Indenture.

Holders may present Debt Securities for exchange or for registration of transfer, duly endorsed or accompanied by a duly executed instrument of transfer, at the office of the security registrar or at the office of any transfer agent we may designate. Exchanges and transfers are subject to the terms of the applicable indenture and applicable limitations for global securities. We may designate ourselves the security registrar.

No charge will be made for any registration of transfer or exchange of Debt Securities, but we may require payment of a sum sufficient to cover any tax or other governmental charge that the holder must pay in connection with the transaction. Any transfer or exchange will become effective upon the security registrar or transfer agent, as the case may be, being satisfied with the documents of title and identity of the person making the request. For more information, see Section 3.05 of the applicable Debt Securities Indenture.

The applicable prospectus supplement or free writing prospectus will state the name of any transfer agent, in addition to the security registrar initially designated by us, for any Debt Securities. We may at any time designate

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additional transfer agents or withdraw the designation of any transfer agent or make a change in the office through which any transfer agent acts. We must, however, maintain a transfer agent in each place of payment for the Debt Securities of each series. For more information, see Section 6.02 of the applicable Debt Securities Indenture.

We will not be required to:

- issue, register the transfer of, or exchange any Debt Securities or any tranche of any Debt Securities during a period beginning at the opening of business 15 days before the day of mailing of a notice of redemption of any Debt Securities called for redemption and ending at the close of business on the day of mailing; or

- register the transfer of, or exchange any Debt Securities selected for redemption except the unredeemed portion of any Debt Securities being partially redeemed.

For more information, see Section 3.05 of the applicable Debt Securities Indenture.

Payment and Paying Agents

Unless the applicable prospectus supplement or free writing prospectus states otherwise, we will pay interest on a Debt Security on any interest payment date to the person in whose name the Debt Security is registered at the close of business on the regular record date for the interest payment. For more information, see Section 307 of the applicable Debt Securities Indenture.

Unless the applicable prospectus supplement or free writing prospectus provides otherwise, we will pay principal and any premium and interest on Debt Securities at the office of the paying agent whom we will designate for this purpose. Unless the applicable prospectus supplement or free writing prospectus states otherwise, the corporate trust office of the Debt Securities Trustee in New York City will be designated as our sole paying agent for payments with respect to Debt Securities of each series. Any other paying agents initially designated by us for the Debt Securities of a particular series will be named in the applicable prospectus supplement or free writing prospectus. We may at any time add or delete paying agents or change the office through which any paying agent acts. We must, however, maintain a paying agent in each place of payment for the Debt Securities of a particular series. For more information, see Section 6.02 of the applicable Debt Securities Indenture.

All money we pay to a paying agent for the payment of the principal and any premium or interest on any Debt Security that remains unclaimed at the end of two years after payment is due will be repaid to us. After that date, the holder of that Debt Security shall be deemed an unsecured general creditor and may look only to us for these payments. For more information, see Section 6.03 of the applicable Debt Securities Indenture.

Redemption

You should consult the applicable prospectus supplement or free writing prospectus for any terms regarding optional or mandatory redemption of Debt Securities. Except for any provisions in the applicable prospectus supplement or free writing prospectus regarding Debt Securities redeemable at the holder s option, Debt Securities may be redeemed only upon notice by mail not less than 30 nor more than 60 days prior to the redemption date. Further, if less than all of the Debt Securities of a series, or any tranche of a series, are to be redeemed, the Debt Securities to be redeemed will be selected by the method provided for the particular series. In the absence of a selection provision, the Debt Securities Trustee will select a fair and appropriate method of selection. For more information, see Sections 4.03 and

4.04 of the applicable Debt Securities Indenture.

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A notice of redemption we provide may state:

- that redemption is conditioned upon receipt by the paying agent on or before the redemption date of money sufficient to pay the principal of and any premium and interest on the Debt Securities; and
- that if the money has not been received, the notice will be ineffective and we will not be required to redeem the Debt Securities.

For more information, see Section 4.04 of the applicable Debt Securities Indenture.

Consolidation, Merger and Sale of Assets

We may not consolidate with or merge into any other person, nor may we transfer or lease substantially all of our assets and property to any other person, unless:

- the corporation formed by the consolidation or into which we are merged, or the person that acquires by conveyance or transfer, or that leases, substantially all of our property and assets:
- is organized and validly existing under the laws of any domestic jurisdiction; and
- expressly assumes by supplemental indenture our obligations on the Debt Securities and under the applicable indentures;
- immediately after giving effect to the transaction, no event of default, and no event that would become an event of default, has occurred and is continuing; and
- we have delivered to the Debt Securities Trustee an officer s certificate and opinion of counsel as provided in the applicable indentures.

For more information, see Section 11.01 of the applicable Debt Securities Indenture.

Events of Default

Unless the applicable prospectus supplement or free writing prospectus states otherwise, event of default under the applicable indenture with respect to Debt Securities of any series means any of the following:

- failure to pay any interest due on any Debt Security of that series within 30 days after it becomes due;

failure to pay principal or premium, if any, when due on any Debt Security of that series;

failure to make any required sinking fund payment on any Debt Securities of that series;

breach of or failure to perform any other covenant or warranty in the applicable indenture with respect to Debt Securities of that series for 60 days (subject to extension under certain circumstances for another 120 days) after we receive notice from the Debt Securities Trustee, or we and the Debt Securities Trustee receive notice from the holders of at least 33% in principal amount of the Debt Securities of that series outstanding under the applicable indenture according to the provisions of the applicable indenture;

certain events of bankruptcy, insolvency or reorganization; or

any other event of default set forth in the applicable prospectus supplement or free writing prospectus.

For more information, see Section 8.01 of the applicable Debt Securities Indenture.

An event of default with respect to a particular series of Debt Securities does not necessarily constitute an event of default with respect to the Debt Securities of any other series issued under the applicable indenture.

If an event of default with respect to a particular series of Debt Securities occurs and is continuing, either the Debt Securities Trustee or the holders of at least 33% in principal amount of the outstanding Debt Securities

of that series may declare the principal amount of all of the Debt Securities of that series to be due and payable immediately. If the Debt Securities of that series are discount securities or similar Debt Securities, only the portion of the principal amount as specified in the applicable prospectus supplement or free writing prospectus may be immediately due and payable. If an event of default occurs and is continuing with respect to all series of Debt Securities issued under a Debt Securities Indenture, including all events of default relating to bankruptcy, insolvency or reorganization, the Debt Securities Trustee or the holders of at least 33% in principal amount of the outstanding Debt Securities of all series issued under that Debt Securities Indenture, considered together, may declare an acceleration of the principal amount of all series of Debt Securities issued under that Debt Securities Indenture. There is no automatic acceleration, even in the event of our bankruptcy or insolvency.

The applicable prospectus supplement or free writing prospectus may provide, with respect to a series of Debt Securities to which a credit enhancement is applicable, that the provider of the credit enhancement may, if a default has occurred and is continuing with respect to the series, have all or any part of the rights with respect to remedies that would otherwise have been exercisable by the holder of that series.

At any time after a declaration of acceleration with respect to the Debt Securities of a particular series, and before a judgment or decree for payment of the money due has been obtained, the event of default giving rise to the declaration of acceleration will, without further action, be deemed to have been waived, and the declaration and its consequences will be deemed to have been rescinded and annulled, if:

- we have paid or deposited with the Debt Securities Trustee a sum sufficient to pay:
  - all overdue interest on all Debt Securities of the particular series;
  - the principal of and any premium on any Debt Securities of that series that have become due otherwise than by the declaration of acceleration and any interest at the rate prescribed in the Debt Securities;
  - interest upon overdue interest at the rate prescribed in the Debt Securities, to the extent payment is lawful; and
  - all amounts due to the Debt Securities Trustee under the applicable indenture; and
- any other event of default with respect to the Debt Securities of the particular series, other than the failure to pay the principal of the Debt Securities of that series that has become due solely by the declaration of acceleration, has been cured or waived as provided in the applicable indenture.

For more information, see Section 8.02 of the applicable Debt Securities Indenture.

The applicable Debt Securities Indenture includes provisions as to the duties of the Debt Securities Trustee in case an event of default occurs and is continuing. Consistent with these provisions, the Debt Securities Trustee will be under no obligation to exercise any of its rights or powers at the request or direction of any of the holders unless those holders have offered to the Debt Securities Trustee reasonable indemnity against the costs, expenses and liabilities that

may be incurred by it in compliance with such request or direction. For more information, see Section 9.03 of the applicable Debt Securities Indenture. Subject to these provisions for indemnification, the holders of a majority in principal amount of the outstanding Debt Securities of any series may direct the time, method and place of conducting any proceeding for any remedy available to the Debt Securities Trustee, or exercising any trust or power conferred on the Debt Securities Trustee, with respect to the Debt Securities of that series. For more information, see Section 8.12 of the applicable Debt Securities Indenture.

No holder of Debt Securities may institute any proceeding regarding the applicable indenture, or for the appointment of a receiver or a trustee, or for any other remedy under the applicable indenture unless:

the holder has previously given to the Debt Securities Trustee written notice of a continuing event of default of that particular series;

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the holders of a majority in principal amount of the outstanding Debt Securities of all series with respect to which an event of default is continuing have made a written request to the Debt Securities Trustee, and have offered reasonable indemnity to the Debt Securities Trustee, to institute the proceeding as trustee; and

the Debt Securities Trustee has failed to institute the proceeding, and has not received from the holders of a majority in principal amount of the outstanding Debt Securities of that series a direction inconsistent with the request, within 60 days after notice, request and offer of reasonable indemnity.

For more information, see Section 8.07 of the applicable Debt Securities Indenture.

The preceding limitations do not apply, however, to a suit instituted by a holder of a Debt Security for the enforcement of payment of the principal of or any premium or interest on the Debt Securities on or after the applicable due date stated in the Debt Securities. For more information, see Section 8.08 of the applicable Debt Securities Indenture.

We must furnish annually to the Debt Securities Trustee a statement by an appropriate officer as to that officer s knowledge of our compliance with all conditions and covenants under each of the indentures for Debt Securities. Our compliance is to be determined without regard to any grace period or notice requirement under the respective indenture. For more information, see Section 6.06 of the applicable Debt Securities Indenture.

Modification and Waiver

We and the Debt Securities Trustee, without the consent of the holders of the Debt Securities, may enter into one or more supplemental indentures for any of the following purposes:

to evidence the assumption by any permitted successor of our covenants in the applicable indenture and the Debt Securities;

to add one or more covenants or other provisions for the benefit of the holders of outstanding Debt Securities or to surrender any right or power conferred upon us by the applicable indenture;

to add any additional events of default;

to change or eliminate any provision of the applicable indenture or add any new provision to it, but if this action would adversely affect the interests of the holders of any particular series of Debt Securities in any material respect, the action will not become effective with respect to that series while any Debt Securities of that series remain outstanding under the applicable indenture;

to provide collateral security for the Debt Securities;

to establish the form or terms of Debt Securities according to the provisions of the applicable indenture;

to evidence the acceptance of appointment of a successor Debt Securities Trustee under the applicable indenture with respect to one or more series of the Debt Securities and to add to or change any of the provisions of the applicable indenture as necessary to provide for trust administration under the applicable indenture by more than one trustee;

to provide for the procedures required to permit the use of a non-certificated system of registration for any series of Debt Securities;

to change any place where:

- the principal of and any premium and interest on any Debt Securities are payable;
- any Debt Securities may be surrendered for registration of transfer or exchange; or
- notices and demands to or upon us regarding Debt Securities and the applicable indentures may be served; or

to cure any ambiguity or inconsistency, but only by means of changes or additions that will not adversely affect the interests of the holders of Debt Securities of any series in any material respect.

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For more information, see Section 12.01 of the applicable Debt Securities Indenture.

The holders of at least a majority in aggregate principal amount of the outstanding Debt Securities of any series may waive:

- compliance by us with certain provisions of the applicable indenture (see Section 6.07 of the applicable Debt Securities Indenture); and

- any past default under the applicable indenture, except a default in the payment of principal, premium, or interest and certain covenants and provisions of the applicable indenture that cannot be modified or amended without consent of the holder of each outstanding Debt Security of the series affected (see Section 8.13 of the applicable Debt Securities Indenture).

The Trust Indenture Act of 1939 may be amended after the date of the applicable indenture to require changes to the indenture. In this event, the indenture will be deemed to have been amended so as to effect the changes, and we and the Debt Securities Trustee may, without the consent of any holders, enter into one or more supplemental indentures to evidence or effect the amendment. For more information, see Section 1201 of the applicable Debt Securities Indenture.

Except as provided in this section, the consent of the holders of a majority in aggregate principal amount of the outstanding Debt Securities issued pursuant to a Debt Securities Indenture, considered as one class, is required to change in any manner the applicable indenture pursuant to one or more supplemental indentures. If less than all of the series of Debt Securities outstanding under a Debt Securities Indenture are directly affected by a proposed supplemental indenture, however, only the consent of the holders of a majority in aggregate principal amount of the outstanding Debt Securities of all series directly affected, considered as one class, will be required. Furthermore, if the Debt Securities of any series have been issued in more than one tranche and if the proposed supplemental indenture directly affects the rights of the holders of one or more, but not all, tranches, only the consent of the holders of a majority in aggregate principal amount of the outstanding Debt Securities of all tranches directly affected, considered as one class, will be required. In addition, an amendment or modification:

may not, without the consent of the holder of each outstanding Debt Security affected:

- change the maturity of the principal of, or any installment of principal of or interest on, any Debt Securities;

- reduce the principal amount or the rate of interest, or the amount of any installment of interest, or change the method of calculating the rate of interest;

- reduce any premium payable upon the redemption of the Debt Securities;

reduce the amount of the principal of any Debt Security originally issued at a discount from the stated principal amount that would be due and payable upon a declaration of acceleration of maturity;

change the currency or other property in which a Debt Security or premium or interest on a Debt Security is payable; or

impair the right to institute suit for the enforcement of any payment on or after the stated maturity, or in the case of redemption, on or after the redemption date, of any Debt Securities;

may not reduce the percentage of principal amount requirement for consent of the holders for any supplemental indenture, or for any waiver of compliance with any provision of or any default under the applicable indenture, or reduce the requirements for quorum or voting, without the consent of the holder of each outstanding Debt Security of each series or tranche affected; and

may not modify provisions of the applicable indenture relating to supplemental indentures, waivers of certain covenants and waivers of past defaults with respect to the Debt Securities of any series, or any tranche of a series, without the consent of the holder of each outstanding Debt Security affected.

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A supplemental indenture will be deemed not to affect the rights under the applicable indenture of the holders of any series or tranche of the Debt Securities if the supplemental indenture:

- changes or eliminates any covenant or other provision of the applicable indenture expressly included solely for the benefit of one or more other particular series of Debt Securities or tranches thereof; or

- modifies the rights of the holders of Debt Securities of any other series or tranches with respect to any covenant or other provision.

For more information, see Section 12.02 of the applicable Debt Securities Indenture.

If we solicit from holders of the Debt Securities any type of action, we may, at our option by board resolution, fix in advance a record date for the determination of the holders entitled to vote on the action. We shall have no obligation, however, to do so. If we fix a record date, the action may be taken before or after the record date, but only the holders of record at the close of business on the record date shall be deemed to be holders for the purposes of determining whether holders of the requisite proportion of the outstanding Debt Securities have authorized the action. For that purpose, the outstanding Debt Securities shall be computed as of the record date. Any holder action shall bind every future holder of the same security and the holder of every security issued upon the registration of transfer of or in exchange for or in lieu of the security in respect of anything done or permitted by the Debt Securities Trustee or us in reliance on that action, whether or not notation of the action is made upon the security. For more information, see Section 1.04 of the applicable Debt Securities Indenture.

Defeasance

Unless the applicable prospectus supplement or free writing prospectus provides otherwise, any Debt Security, or portion of the principal amount of a Debt Security, will be deemed to have been paid for purposes of the applicable indenture, and, at our election, our entire indebtedness in respect of the Debt Security, or portion thereof, will be deemed to have been satisfied and discharged, if we have irrevocably deposited with the Debt Securities Trustee or any paying agent other than us, in trust money, certain eligible obligations, as defined in the applicable indenture, or a combination of the two, sufficient to pay principal of and any premium and interest due and to become due on the Debt Security or portion thereof and we deliver to the Debt Securities Trustee an opinion of counsel to the effect that the holders of the notes of such series will not recognize income, gain or loss for federal income tax purposes as a result of our defeasance. That opinion must further state that these holders will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if our defeasance had not occurred. For more information, see Section 7.01 of the applicable Debt Securities Indenture. For this purpose, unless the applicable prospectus supplement or free writing prospectus provides otherwise, eligible obligations include direct obligations of, or obligations unconditionally guaranteed by, the United States, entitled to the benefit of full faith and credit of the United States, and certificates, depositary receipts or other instruments that evidence a direct ownership interest in those obligations or in any specific interest or principal payments due in respect of those obligations.

Resignation, Removal of Debt Securities Trustee; Appointment of Successor

The Debt Securities Trustee may resign at any time by giving written notice to us or may be removed at any time by an action of the holders of a majority in principal amount of outstanding Debt Securities delivered to the Debt Securities Trustee and us. No resignation or removal of the Debt Securities Trustee and no appointment of a successor trustee will become effective until a successor trustee accepts appointment in accordance with the requirements of the

applicable indenture. So long as no event of default or event that would become an event of default has occurred and is continuing, and except with respect to a Debt Securities Trustee appointed by an action of the holders, if we have delivered to the Debt Securities Trustee a resolution of our board of trustees appointing a successor trustee and the successor trustee has accepted the appointment in accordance with the terms of the applicable indenture, the Debt Securities Trustee will be deemed to have resigned and the successor trustee will be deemed to have been appointed as trustee in accordance with the applicable indenture. For more information, see Section 9.10 of the applicable Debt Securities Indenture.

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Notices

We will give notices to holders of Debt Securities by mail to their addresses as they appear in the Debt Security Register. For more information, see Section 1.06 of the applicable Debt Securities Indenture.

Title

The Debt Securities Trustee and its agents, and we and our agents, may treat the person in whose name a Debt Security is registered as the absolute owner of that Debt Security, whether or not that Debt Security may be overdue, for the purpose of making payment and for all other purposes. For more information, see Section 308 of the applicable Debt Securities Indenture.

Governing Law

The Debt Securities Indentures and the Debt Securities, including any Subordinated Debt Securities Indentures and Subordinated Debt Securities, will be governed by, and construed in accordance with, the law of the State of New York. For more information, see Section 1.12 of the applicable Debt Securities Indenture.

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DESCRIPTION OF WARRANTS

We may issue warrants for the purchase of common stock or preferred stock and may issue warrants independently or together with common stock or preferred stock or attached to or separate from such securities. We will issue each series of warrants under a separate warrant agreement between us and a bank or trust company as warrant agent, as specified in the applicable prospectus supplement. The following description of the terms of the warrants is only a summary. This description is subject to, and qualified in its entirety by reference to, the provisions of the applicable warrant agreement.

The warrant agent will act solely as our agent in connection with the warrants and will not act for or on behalf of warrant holders. The following sets forth certain general terms and provisions of the warrants that may be offered under this registration statement. Further terms of the warrants and the applicable warrant agreement will be set forth in the applicable prospectus supplement.

Equity Warrants

The applicable prospectus supplement will describe the terms of the warrants to purchase common stock or preferred stock, or equity warrants, in respect of which this prospectus is being delivered, including, where applicable, the following:

- the title of the equity warrants;
- the aggregate number of the equity warrants outstanding;
- the price or prices at which the equity warrants will be issued;
- the type and number of securities purchasable upon exercise of the equity warrants;
- the date, if any, on and after which the equity warrants and the related securities will be separately transferable;
- the price at which each security purchasable upon exercise of the equity warrants may be purchased;
- the provisions, if any, for changes to or adjustments in the exercise price;
- the date on which the right to exercise the equity warrants shall commence and the date on which such right shall expire;

the minimum or maximum amount of equity warrants that may be exercised at any one time;

information with respect to book-entry procedures, if any;

any anti-dilution protection;

a discussion of certain federal income tax considerations applicable to the equity warrants; and

any other terms of the equity warrants, including terms, procedures and limitations relating to the transferability, exercise and exchange of such warrants.

Equity warrant certificates will be exchangeable for new equity warrant certificates of different denominations and warrants may be exercised at the corporate trust office of the warrant agent or any other office indicated in the applicable prospectus supplement. Prior to the exercise of their equity warrants, holders of equity warrants will not have any of the rights of holders of the securities purchasable upon such exercise or to any dividend payments or voting rights as to which holders of the depositary shares, common stock or preferred stock purchasable upon such exercise may be entitled.

Except as provided in the applicable prospectus supplement, the exercise price and the number of shares of common stock or shares of preferred stock purchasable upon the exercise of each equity warrant will be subject

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to adjustment in certain events, including the issuance of a stock dividend to the holders of the underlying common stock or preferred stock or a stock split, reverse stock split, combination, subdivision or reclassification of the underlying common stock or preferred stock, as the case may be. In lieu of adjusting the number of shares purchasable upon exercise of each equity warrant, we may elect to adjust the number of equity warrants. Unless otherwise provided in the applicable prospectus supplement, no adjustments in the number of shares purchasable upon exercise of the equity warrants will be required until all cumulative adjustments require an adjustment of at least 1% thereof. We may, at our option, reduce the exercise price at any time. No fractional shares will be issued upon exercise of equity warrants, but we will pay the cash value of any fractional shares otherwise issuable. Notwithstanding the foregoing, except as otherwise provided in the applicable prospectus supplement, in case of any consolidation, merger or sale or conveyance of our property as an entirety or substantially as an entirety, the holder of each outstanding equity warrant will have the right to the kind and amount of shares of stock and other securities and property, including cash, receivable by a holder of the number of depositary shares, shares of common stock or shares of preferred stock into which each equity warrant was exercisable immediately prior to the particular triggering event.

Exercise of Warrants

Each warrant will entitle the holder to purchase for cash such number of shares of common stock or shares of preferred stock, at such exercise price as shall, in each case, be set forth in, or be determinable as set forth in, the applicable prospectus supplement relating to the warrants offered thereby. Unless otherwise specified in the applicable prospectus supplement, warrants may be exercised at any time up to 5:00 p.m. New York City time on the expiration date set forth in applicable prospectus supplement. After 5:00 p.m. New York City time on the expiration date, unexercised warrants will be void.

Warrants may be exercised as set forth in the applicable prospectus supplement relating to the warrants. Upon receipt of payment and the warrant certificate properly completed and duly executed at the corporate trust office of the warrant agent or any other office indicated in the applicable prospectus supplement, we will, as soon as practicable, forward the securities purchasable upon such exercise. If less than all of the warrants that are represented by such warrant certificate are exercised, a new warrant certificate will be issued for the remaining amount of warrants.

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DESCRIPTION OF UNITS

We may issue units consisting of two or more other constituent securities. These units may be issuable as, and for a specified period of time may be transferable as, a single security only, rather than as the separate constituent securities comprising such units. Each series of units will be issued under a separate unit agreement to be entered into by our company and a unit agent specified in the applicable prospectus supplement. The statements made in this section relating to the units are summaries only. These summaries are not complete and are subject to, and qualified in their entirety by reference to, the provisions of the applicable unit agreement. When we issue units, we will provide the specific terms of the units in a prospectus supplement. To the extent the information contained in the prospectus supplement differs from this summary description, you should rely on the information in the prospectus supplement.

When we issue units, we will provide in a prospectus supplement the following terms of the units being issued:

the title of any series of units;

identification and description of the separate constituent securities comprising the units;

the price or prices at which the units will be issued;

the date, if any, on and after which the constituent securities comprising the units will be separately transferable;

information with respect to any book-entry procedures;

a discussion of certain federal income tax considerations applicable to the units; and

any other terms of the units and their constituent securities.

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LEGAL OWNERSHIP OF SECURITIES

We can issue securities in registered form or in the form of one or more global securities. We describe global securities in greater detail below. We refer to those persons who have securities registered in their own names on the books that we or any applicable trustee maintain for this purpose as the holders of those securities. These persons are the legal holders of the securities. We refer to those persons who, indirectly through others, own beneficial interests in securities that are not registered in their own names, as indirect holders of those securities. As we discuss below, indirect holders are not legal holders, and investors in securities issued in book-entry form or in street name will be indirect holders.

Book-Entry Holders

We may issue securities in book-entry form only, as we will specify in the prospectus supplement pursuant to which securities are issued. This means securities may be represented by one or more global securities registered in the name of a financial institution that holds them as depositary on behalf of other financial institutions that participate in the depositary s book-entry system. These participating institutions, which are referred to as participants, in turn, hold beneficial interests in the securities on behalf of themselves or their customers.

Only the person in whose name a security is registered is recognized as the holder of that security. Securities issued in global form will be registered in the name of the depositary or its participants. Consequently, for securities issued in global form, we will recognize only the depositary as the holder of the securities, and we will make all payments on the securities to the depositary. The depositary passes along the payments it receives to its participants, which in turn pass the payments along to their customers who are the beneficial owners. The depositary and its participants do so under agreements they have made with one another or with their customers; they are not obligated to do so under the terms of the securities.

As a result, investors in a book-entry security will not own securities directly. Instead, they will own beneficial interests in a global security, through a bank, broker or other financial institution that participates in the depositary s book-entry system or holds an interest through a participant. As long as the securities are issued in global form, investors will be indirect holders, and not holders, of the securities.

Street Name Holders

We may terminate a global security or issue securities in non-global form. In these cases, investors may choose to hold their securities in their own names or in street name. Securities held by an investor in street name would be registered in the name of a bank, broker or other financial institution that the investor chooses, and the investor would hold only a beneficial interest in those securities through an account he or she maintains at that institution.

For securities held in street name, we will recognize only the intermediary banks, brokers and other financial institutions in whose names the securities are registered as the holders of those securities, and we will make all payments on those securities to them. These institutions pass along the payments they receive to their customers who are the beneficial owners, but only because they agree to do so in their customer agreements or because they are legally required to do so. Investors who hold securities in street name will be indirect holders, not holders, of those securities.

Legal Holders

Our obligations run only to the legal holders of the securities. We do not have obligations to investors who hold beneficial interests in global securities, in street name or by any other indirect means. This will be the case whether an investor chooses to be an indirect holder of a security or has no choice because we are issuing the

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securities only in global form. For example, once we make a payment or give a notice to the holder, we have no further responsibility for the payment or notice even if that holder is required, under agreements with depositary participants or customers or by law, to pass it along to the indirect holders but does not do so. Whether and how the holders contact the indirect holders is up to the holders.

Special Considerations for Indirect Holders

If you hold securities through a bank, broker or other financial institution, either in book-entry form or in street name, you should check with your own institution to find out:

- how it handles securities payments and notices;
- whether it imposes fees or charges;
- how it would handle a request for the holders consent, if ever required;
- whether and how you can instruct it to send you securities registered in your own name so you can be a holder, if that is permitted in the future;
- how it would exercise rights under the securities if there were a default or other event triggering the need for holders to act to protect their interests; and
- if the securities are in book-entry form, how the depositary s rules and procedures will affect these matters.

Global Securities

A global security is a security held by a depositary that represents one or any other number of individual securities. Generally, all securities represented by the same global securities will have the same terms.

Each security issued in book-entry form will be represented by a global security that we deposit with and register in the name of a financial institution or its nominee that we select. The financial institution that we select for this purpose is called the depositary. Unless we specify otherwise in a particular accompanying prospectus supplement, The Depository Trust Company, New York, New York, or DTC, will be the depositary for all securities issued in book-entry form.

A global security may not be transferred to or registered in the name of anyone other than the depositary, its nominee or a successor depositary, unless special termination situations arise. We describe those situations below under Special Situations When a Global Security Will Be Terminated. As a result of these arrangements, the depositary, or its nominee, will be the sole registered owner and holder of all securities represented by a global security, and investors will be permitted to own only beneficial interests in a global security. Beneficial interests must be held by means of an account with a broker, bank or other financial institution that in turn has an account with the depositary or with another institution that does. Thus, an investor whose security is represented by a global security will not be a holder

of the security, but only an indirect holder of a beneficial interest in the global security.

If the prospectus supplement for a particular security indicates that the security will be issued in global form only, then the security will be represented by a global security at all times unless and until the global security is terminated. If termination occurs, we may issue the securities through another book-entry clearing system or decide that the securities may no longer be held through any book-entry clearing system.

Special Considerations for Global Securities

As an indirect holder, an investor s rights relating to a global security will be governed by the account rules of the investor s financial institution and of the depositary, as well as general laws relating to securities transfers.

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We do not recognize an indirect holder as a holder of securities and instead deal only with the depositary that holds the global security.

If securities are issued only in the form of a global security, an investor should be aware of the following:

- an investor cannot cause the securities to be registered in his or her name, and cannot obtain non-global certificates for his or her interest in the securities, except in the special situations we describe below;
- an investor will be an indirect holder and must look to his or her own bank or broker for payments on the securities and protection of his or her legal rights relating to the securities, as we describe under Legal Ownership of Securities above;
- an investor may not be able to sell interests in the securities to some insurance companies and to other institutions that are required by law to own their securities in non-book-entry form;
- an investor may not be able to pledge his or her interest in a global security in circumstances where certificates representing the securities must be delivered to the lender or other beneficiary of the pledge in order for the pledge to be effective;
- the depositary s policies, which may change from time to time, will govern payments, transfers, exchanges and other matters relating to an investor s interest in a global security. We and any applicable trustee have no responsibility for any aspect of the depositary s actions or for its records of ownership interests in a global security. We and the trustee also do not supervise the depositary in any way;
- the depositary may, and we understand that DTC will, require that those who purchase and sell interests in a global security within its book-entry system use immediately available funds, and your broker or bank may require you to do so as well; and
- financial institutions that participate in the depositary s book-entry system, and through which an investor holds its interest in a global security, may also have their own policies affecting payments, notices and other matters relating to the securities. There may be more than one financial intermediary in the chain of ownership for an investor. We do not monitor and are not responsible for the actions of any of those intermediaries.

Special Situations when a Global Security will be Terminated

In a few special situations described below, the global security will terminate and interests in it will be exchanged for physical certificates representing those interests. After that exchange, the choice of whether to hold securities directly or in street name will be up to the investor. Investors must consult their own banks or brokers to find out how to have their interests in securities transferred to their own name, so that they will be direct holders. We have described the rights of holders and street name investors above.

The global security will terminate when any of the following special situations occur:

- if the depositary notifies us that it is unwilling, unable or no longer qualified to continue as depositary for that global security and we do not appoint another institution to act as depositary within 90 days;

- if we notify any applicable trustee that we wish to terminate that global security; or

- if an event of default has occurred with regard to securities represented by that global security and has not been cured or waived.

The prospectus supplement may also list additional situations for terminating a global security that would apply only to the particular series of securities covered by the prospectus supplement. When a global security terminates, the depositary, and not we or any applicable trustee, is responsible for deciding the names of the institutions that will be the initial direct holders.

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CERTAIN PROVISIONS OF MARYLAND LAW AND OF OUR CHARTER AND BYLAWS

The following summary describes certain provisions of Maryland law and the material terms of our charter and our bylaws. Because the following is only a summary, it does not contain all of the information that may be important to you. This description is not complete and is subject to, and is qualified in its entirety by reference to, our charter and our bylaws, copies of which are filed as exhibits to this registration statement, and applicable law.

Our Board of Directors

Our charter and bylaws provide that the number of directors of our company may be established, increased or decreased by our board of directors, but may not be less than the minimum number required under the MGCL (which is one), nor, unless our bylaws are amended, more than 15. Our charter provides that, at such time as we have a class of securities registered under the Exchange Act and at least three independent directors, which we currently have, we are subject to a provision of Maryland law requiring that, subject to the rights of holders of one or more classes or series of preferred stock, any vacancy may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy will serve for the full term of the directorship in which such vacancy occurred and until his or her successor is duly elected and qualifies. Our bylaws require that nominees for election as a director (including directors appointed by our board to fill vacancies), whether by the stockholders or by our board of directors, shall include among them, as applicable, those persons designated for nomination for election to, or those persons approved to fill a vacancy on, our board of directors in accordance with or as provided pursuant to the partnership agreement of our operating partnership (the partnership agreement). Our bylaws provide that it will be a qualification of each of the directors serving from time to time on our board of directors that he or she will be, or will have been at any time since most recently joining (or rejoining) the board of directors, elected to or appointed to fill a vacancy on our board of directors in compliance in all material respects with the provisions of the partnership agreement affording director designation or approval rights, so long as applicable, provided that our failure to so comply, or the failure of the directors to be so qualified, will not affect the validity of any actions of our board of directors. Our bylaws further provide that each committee of our board of directors will be composed as required by the partnership agreement. See Description of the Partnership Agreement of City Office REIT Operating Partnership, L.P. Purpose, Business and Management.

Each member of our board of directors is elected by our stockholders to serve until the next annual meeting of stockholders and until his or her successor is duly elected and qualifies. Holders of shares of our common stock will have no right to cumulative voting in the election of directors, and directors will be elected by a plurality of the votes cast in the election of directors. Consequently, at each annual meeting of stockholders, the holders of a majority of the outstanding shares of our common stock will be able to elect all of our directors.

Removal of Directors

Our charter provides that, subject to the rights of holders of one or more classes or series of preferred stock to elect or remove one or more directors, a director may be removed only for cause (as defined in our charter) and only by the affirmative vote of holders of shares entitled to cast at least two-thirds of the votes entitled to be cast generally in the election of directors. This provision, when coupled with the exclusive power of our board of directors to fill vacant directorships, may preclude stockholders from removing incumbent directors, except for cause and by a substantial affirmative vote and from filling the vacancies created by such removal with their own nominees.

Business Combinations

Under the MGCL, certain business combinations (including a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities)

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between a Maryland corporation and an interested stockholder (i.e., any person (other than the corporation or any subsidiary) who beneficially owns 10% or more of the voting power of the corporation s outstanding voting stock after the date on which the corporation had 100 or more beneficial owners of its stock, or an affiliate or associate of the corporation who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding stock of the corporation after the date on which the corporation had 100 or more beneficial owners of its stock) or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. Thereafter, any such business combination between the Maryland corporation and an interested stockholder generally must be recommended by our board of directors of such corporation and approved by the affirmative vote of at least (1) 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation and (2) two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom (or with whose affiliate) the business combination is to be effected, or held by an affiliate or associate of the interested stockholder, unless, among other conditions, the corporation s common stockholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares. A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which the person otherwise would have become an interested stockholder. Our board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by it.

The MGCL permits various exemptions from its provisions, including business combinations that are exempted by the board of directors prior to the time that the interested stockholder became an interested stockholder. As permitted by the MGCL, our board of directors has adopted a resolution exempting any business combination between us and any other person from the provisions of this statute, provided that the business combination is first approved by our board of directors (including a majority of directors who are not affiliates or associates of such persons). However, our board of directors may repeal or modify this resolution at any time in the future, in which case the relevant provisions of this statute will become applicable to business combinations between us and interested stockholders.

Control Share Acquisitions

The MGCL provides that holders of control shares (as defined below) of a Maryland corporation acquired in a control share acquisition (as defined below) have no voting rights with respect to those shares, except to the extent approved by the affirmative vote of at least two-thirds of the votes entitled to be cast by stockholders entitled to vote generally in the election of directors, excluding votes cast by (1) the person who makes or proposes to make a control share acquisition, (2) any officer of the corporation or (3) any employee of the corporation who is also a director of the corporation. Control shares are voting shares of stock which, if aggregated with all other such shares of stock previously acquired by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power: (1) one-tenth or more but less than one-third, (2) one-third or more but less than a majority or (3) a majority or more of all voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses), may compel the board of directors to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then, subject to certain conditions and limitations, the corporation

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may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquirer or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The control share acquisition statute does not apply to, among other things, (1) shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (2) acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the control share acquisition statute any acquisition by any person of shares of our stock. We may opt in to the control share acquisition statute in the future by amending our bylaws, but only if such amendment is first approved by the affirmative vote of at least a majority of the votes cast on the matter by our stockholders entitled to vote generally in the election of directors.

Subtitle 8

Subtitle 8 of Title 3 of the MGCL, which is commonly referred to as the Maryland Unsolicited Takeover Act, permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors, without stockholder approval, and notwithstanding any contrary provision in the charter or bylaws, to any or all of five provisions of the MGCL which provide, respectively, that:

- the corporation s board of directors will be divided into three classes;
- the affirmative vote of two-thirds of the votes entitled to be cast in the election of directors generally is required to remove a director;
- the number of directors may be fixed only by vote of the directors;
- a vacancy on its board of directors must be filled only by the remaining directors and that directors elected to fill a vacancy will serve for the remainder of the full term of the class of directors in which the vacancy occurred; and
- the request of stockholders entitled to cast at least a majority of all the votes entitled to be cast at the meeting is required for stockholders to require the calling of a special meeting of stockholders.

We have elected by a provision in our charter to be subject to the provisions of the Maryland Unsolicited Takeover Act relating to the filling of vacancies on our board of directors. In addition, without our having elected to be subject to the Maryland Unsolicited Takeover Act, our charter and bylaws already (1) require the affirmative vote of holders of shares entitled to cast at least two-thirds of all the votes entitled to be cast generally in the election of directors to

remove a director from our board of directors, (2) vest in our board of directors the exclusive power to fix the number of directors and (3) require, unless called by our chairman, our president, chief executive officer or our board of directors, the request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast at the meeting to call a special meeting. We do not have a classified board and our board of directors has adopted a resolution prohibiting us from electing to be subject to the classified board provisions of the Maryland Unsolicited Takeover Act unless such election is first approved by the affirmative vote of at least a majority of the votes cast on the matter by our stockholders entitled to vote generally in the election of directors.

Meetings of Stockholders

Pursuant to our bylaws, an annual meeting of our stockholders for the purpose of the election of directors and the transaction of any business will be held on a date and at the time and place set by our board of directors.

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Each of our directors is elected by our stockholders to serve until the next annual meeting and until his or her successor is duly elected and qualifies under Maryland law. In addition, our chairman, our president, chief executive officer or our board of directors may call a special meeting of our stockholders. Subject to the provisions of our bylaws, a special meeting of our stockholders to act on any matter that may properly be considered by our stockholders will also be called by our secretary upon the written request of stockholders entitled to cast a majority of all the votes entitled to be cast at the meeting on such matter, accompanied by the information required by our bylaws. Our secretary will inform the requesting stockholders of the reasonably estimated cost of preparing and mailing the notice of meeting (including our proxy materials), and the requesting stockholder must pay such estimated cost before our secretary may prepare and mail the notice of the special meeting.

Amendments to Our Charter and Bylaws

Under the MGCL, a Maryland corporation generally cannot amend its charter unless approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the corporation s charter. Except for certain amendments related to the removal of directors, the restrictions on ownership and transfer of our stock and the vote required to amend those provisions (which must be declared advisable by our board of directors and approved by the affirmative vote of stockholders entitled to cast not less than two-thirds of all the votes entitled to be cast on the matter), our charter generally may be amended only if the amendment is declared advisable by our board of directors and approved by the affirmative vote of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter. Our board of directors, with the approval of a majority of the entire board, and without any action by our stockholders, may also amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series we are authorized to issue.

Our board of directors, except as described in the next sentence, has the exclusive power to adopt, alter or repeal any provision of our bylaws and to make new bylaws, provided that, for so long as the Second City Group has the right or prospective right to exercise the designation rights set forth in the partnership agreement, any amendment to, or alteration or repeal of, the provisions of our bylaws relating to (a) the Second City Group s director designation and approval rights pursuant to the partnership agreement, (b) the composition of committees of our board of directors as required by the partnership agreement or (c) the amendment of our bylaws (other than in a manner that further limits the power of our board of directors to adopt, alter or repeal any provision of our bylaws), must be approved by the Second City Group. The provision in our bylaws opting out of the control share acquisition statute can only be amended if such amendment is first approved by the requisite vote of our stockholders.

Extraordinary Transactions

Under the MGCL, a Maryland corporation generally cannot dissolve, merge, consolidate, convert, sell all or substantially all of its assets, engage in a statutory share exchange or engage in similar transactions outside the ordinary course of business unless approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the corporation s charter. As permitted by the MGCL, our charter provides that any of these actions may be approved by the affirmative vote of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter. Many of our operating assets will be held by our subsidiaries, and these subsidiaries may be able to merge or sell all or substantially all of their assets without the approval of our stockholders.

Appraisal Rights

Our charter provides that our stockholders generally will not be entitled to exercise statutory appraisal rights.

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Dissolution

Our dissolution must be declared advisable by a majority of our entire board of directors and approved by the affirmative vote of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter.

Advance Notice of Director Nominations and New Business

Our bylaws provide that, with respect to an annual meeting of stockholders, nominations of individuals for election to our board of directors and the proposal of other business to be considered by our stockholders at an annual meeting of stockholders may be made only (1) pursuant to our notice of the meeting, (2) by or at the direction of our board of directors or (3) by a stockholder who was a stockholder of record both at the time of giving of notice and at the time of the meeting, who is entitled to vote at the meeting on the election of the individual so nominated or such other business and who has complied with the advance notice procedures set forth in our bylaws, including a requirement to provide certain information about the stockholder and its affiliates and the nominee or business proposal, as applicable.

With respect to special meetings of stockholders, only the business specified in our notice of meeting may be brought before the meeting. Nominations of individuals for election to our board of directors may be made at a special meeting of stockholders at which directors are to be elected only (1) by or at the direction of our board of directors or (2) provided that the special meeting has been properly called in accordance with our bylaws for the purpose of electing directors, by a stockholder who is a stockholder of record both at the time of giving of notice and at the time of the meeting, who is entitled to vote at the meeting on the election of each individual so nominated and who has complied with the advance notice provisions set forth in our bylaws, including a requirement to provide certain information about the stockholder and its affiliates and the nominee.

Anti-Takeover Effect of Certain Provisions of Maryland Law and Our Charter and Bylaws

Our charter and bylaws and Maryland law contain provisions that may delay, defer or prevent a change in control or other transaction that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders, including:

- supermajority vote and cause requirements for removal of directors;
- requirement that stockholders holding at least a majority of our outstanding common stock must act together to make a written request before our stockholders can require us to call a special meeting of stockholders;
- provisions that vacancies on our board of directors may be filled only by the remaining directors for the full term of the directorship in which the vacancy occurred;
- the power of our board of directors, without stockholder approval, to increase or decrease the aggregate number of authorized shares of stock or the number of shares of any class or series of stock or to reclassify our stock;

the power of our board of directors to cause us to issue additional shares of stock of any class or series and to fix the terms of one or more classes or series of stock without stockholder approval;

the restrictions on ownership and transfer of our stock; and

advance notice requirements for director nominations and stockholder proposals.

Likewise, if the resolution opting out of the business combination provisions of the MGCL was repealed, or if the business combination is not approved by our board of directors, or if we opted in to any of the other provisions of the Maryland Unsolicited Takeover Act, these provisions of the MGCL could have similar anti-takeover effects.

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Limitation of Liability and Indemnification of Directors and Officers

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages, except for liability resulting from (1) actual receipt of an improper benefit or profit in money, property or services or (2) active and deliberate dishonesty that is established by a final judgment and is material to the cause of action. Our charter contains a provision that eliminates such liability to the maximum extent permitted by Maryland law.

Our charter and bylaws provide for indemnification of our officers and directors against liabilities to the maximum extent permitted by the MGCL, as amended from time to time.

The MGCL requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding, or any claim, issue or matter in any proceeding, to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. The MGCL permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

However, under the MGCL, a Maryland corporation may not indemnify a director or officer who has been adjudged to be liable to the corporation in a suit by or in the right of the corporation or on the basis that personal benefit was improperly received, unless in either case a court orders indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, and then only for expenses. In addition, the MGCL permits a Maryland corporation to advance reasonable expenses to a director or officer upon its receipt of:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and
- a written undertaking by the director or officer or on the director s or officer s behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the director or officer did not meet the standard of conduct.

Our charter authorizes us, and our bylaws obligate us, to the maximum extent permitted by Maryland law in effect from time to time, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to:

any present or former director or officer of our company who is made, or threatened to be made, a party to or witness in the proceeding by reason of his or her service in that capacity; or

any individual who, while a director or officer of our company and at our request, serves or has served as a director, officer, partner, trustee, member or manager of another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made, or threatened to be made, a party to or witness in the proceeding by reason of his or her service in that capacity.

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Our charter and bylaws also permit us to indemnify and advance expenses to any individual who served our predecessor in any of the capacities described above and to any employee or agent of our company or our predecessor.

We have entered into indemnification agreements with each of our directors and executive officers that provide for indemnification and advance of expenses to the maximum extent permitted by Maryland law.

Restrictions on Ownership and Transfer

Subject to certain exceptions, our charter provides that no person or entity may actually or beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% (in value or number of shares, whichever is more restrictive) of the outstanding shares of our common stock or more than 9.8% in value of the aggregate outstanding shares of all classes and series of our stock. For a fuller description of this and other restrictions on ownership and transfer of our stock, see Description of Stock Restrictions on Ownership and Transfer.

REIT Qualification

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without approval of our stockholders, if it determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT.

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DESCRIPTION OF THE PARTNERSHIP AGREEMENT OF CITY OFFICE REIT OPERATING PARTNERSHIP, L.P.

A summary of the material terms and provisions of the Amended and Restated Agreement of Limited Partnership of City Office REIT Operating Partnership, L.P. is set forth below. This summary is not complete and is subject to and qualified in its entirety by reference to the applicable provisions of Maryland law and the partnership agreement. For more detail, please refer to the partnership agreement itself, a copy of which is filed with the Securities and Exchange Commission. See Where You Can Find More Information.

General

Substantially all of our assets are held by, and substantially all of our operations are conducted through, our operating partnership, either directly or through its subsidiaries. We are the sole general partner of our operating partnership. As of December 31, 2014 we owned 80.8% of the outstanding common units. In connection with our initial public offering, we entered into the partnership agreement and the Second City Group and other transferors that contributed directly or indirectly their interest in properties to our operating partnership were issued common units as partial consideration for their contribution and admitted as limited partners of our operating partnership. Our operating partnership is also authorized to issue a class of units of partnership interest under our Equity Incentive Plan designated as LTIP Units having the terms described below and is authorized to issue additional partnership interests in one or more additional classes, or one or more series of any of such classes, with such designations, preferences, conversion and other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption (including, without limitation, terms that may be senior or otherwise entitled to preference over existing units) as we may determine, in our sole and absolute discretion, without the approval of any limited partner or any other person. The common units are not listed on any exchange and are not quoted on any national market system.

Provisions in the partnership agreement may delay or make more difficult unsolicited acquisitions of us or changes in our control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or change of our control, although some stockholders might consider such proposals, if made, desirable. These provisions also make it more difficult for third parties to alter the management structure of our operating partnership without the concurrence of our board of directors. These provisions include, among others:

- redemption rights of limited partners and assignees of common units;
- transfer restrictions on common units and other partnership interests;
- a requirement that we may not be removed as the general partner of our operating partnership without our consent;
- our ability in some cases to amend the partnership agreement and to cause our operating partnership to issue preferred partnership interests in our operating partnership with terms that we may determine, in either case, without the approval or consent of any limited partner; and

the right of the limited partners to consent to certain transfers of our general partnership interest (whether by sale, disposition, statutory merger or consolidation, liquidation or otherwise).

Purpose, Business and Management

Our operating partnership was formed for the purpose of conducting any business, enterprise or activity permitted by or under the Maryland Revised Uniform Limited Partnership Act (the Act). Our operating partnership may (i) conduct the business of ownership, construction, reconstruction, development, redevelopment, alteration, improvement, maintenance, operation, sale, leasing, transfer, encumbrance, conveyance and exchange of any assets or properties of our operating partnership, (ii) acquire and invest in any

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securities or loans relating to any assets or properties of the operating partnership, (iii) enter into any partnership, joint venture, business trust arrangement, limited liability company or other similar arrangement to engage in any business permitted by or under the Act, and may own interests in any other entity engaged in any business permitted by or under the Act, subject to any consent rights set forth in our partnership agreement, (iv) conduct the business of providing property and asset management and brokerage services, whether directly or through one or more partnerships, joint ventures, subsidiaries, business trusts, limited liability companies or similar arrangements, and (v) do anything necessary or incidental to the foregoing.

In general, our board of directors manages the business and affairs of our operating partnership by directing its business and affairs, in our capacity as the sole general partner of our operating partnership. Except as otherwise expressly provided in the partnership agreement and subject to the rights of holders of any class or series of partnership interest, all management powers over the business and affairs of our operating partnership are exclusively vested in us, in our capacity as the sole general partner of our operating partnership. No limited partner, in its capacity as a limited partner, has any right to participate in or exercise management power over our operating partnership s business, transact any business in our operating partnership s name or sign documents for or otherwise bind our operating partnership. We may not be removed as the general partner of our operating partnership, with or without cause, without our consent, which we may give or withhold in our sole and absolute discretion. In addition to the powers granted to us under applicable law or any provision of the partnership agreement, but subject to certain rights of holders of common units or any other class or series of partnership interest, we, in our capacity as the general partner of our operating partnership, have the full and exclusive power and authority to do or authorize all things to conduct the business and affairs of our operating partnership, to exercise or direct the exercise of all of the powers of our operating partnership and the general partner of our operating partnership under Maryland law and the partnership agreement and to effectuate the purposes of our operating partnership, without the approval or consent of any limited partner. We may authorize our operating partnership to incur debt and enter into credit, guarantee, financing or refinancing arrangements for any purpose, including, without limitation, in connection with any acquisition of properties, on such terms as we determine to be appropriate, and to acquire or dispose of any, all or substantially all of its assets (including goodwill), dissolve, merge, consolidate, convert, reorganize or otherwise combine with another entity, without the approval or consent of any limited partner. With limited exceptions, we may execute, deliver and perform agreements and transactions on behalf of our operating partnership without the approval or consent of any limited partner.

Our bylaws require that nominees for election as a director (including directors appointed by our board to fill vacancies), whether by the stockholders or by our board of directors, shall include among them, as applicable, those persons designated for nomination for election to, or those persons approved to fill vacancies on, our board of directors in accordance with or pursuant to the partnership agreement. The partnership agreement provides that so long as the Second City Group and entities controlled by the Second City Group own 30% or more of the outstanding shares of our common stock (assuming all outstanding common units of our operating partnership not held by us or any of our wholly-owned subsidiaries that own common units of our operating partnership are tendered for redemption and exchanged for shares of our common stock, regardless of whether such common units are then eligible for redemption), the Second City Group will have the right from time to time to designate individuals for nomination for election by the stockholders to our board of directors, such that the number of directors serving (or who would serve upon election), and who are or had been designated for nomination or nominated to serve by the Second City Group, shall equal (i) if the number of directors comprising the entire board of directors is six or more, two; or (ii) if the number of directors comprising the entire board of directors is five or fewer, one. With our board of directors having six members, this would enable the Second City Group to designate two nominees for election as directors, although the election of each such nominee will be subject to the vote of our stockholders. Such rights to designate nominees for election as directors would also decrease as follows:

if the Second City Group and entities controlled by the Second City Group own less than 30% but at least 10% of our fully diluted outstanding common stock (assuming all outstanding common units of our operating partnership not owned by us or any of our wholly-owned subsidiaries that own common

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units of our operating partnership are tendered for redemption and exchanged for shares of our common stock, regardless of whether such common units are then eligible for redemption), then the Second City Group will have the right from time to time to designate individuals for nomination for election by the stockholders to our board of directors, such that the number of directors serving (or who would serve upon election), and who are or had been designated for nomination or nominated to serve by the Second City Group, shall equal one; and

if the Second City Group and entities controlled by the Second City Group own less than 10% of our fully diluted outstanding common stock (assuming all outstanding common units of our operating partnership not held by us or any of our wholly-owned subsidiaries that own common units of our operating partnership are tendered for redemption and exchanged for shares of our common stock, regardless of whether such common units are then eligible for redemption), then the Second City Group shall have no right under the partnership agreement to designate for nomination any individual to serve on our board of directors. If, subsequent to such period, the Second City Group and entities controlled by the Second City Group own 10% or more of our fully diluted outstanding common stock as determined in the same manner as described above, then the Second City Group shall again be entitled to exercise any designation or other applicable rights of the Second City Group set forth in the partnership agreement. The partnership agreement also provides that during any period in which the Second City Group and entities controlled by the Second City Group own at least 5% of our fully diluted outstanding common stock as determined in the same manner as described above, the Second City Group shall be entitled to identify an individual to attend and observe meetings of our board of directors. Notwithstanding the foregoing, if the Second City Group and entities controlled by the Second City Group own none of our common stock for a period of one year or more, the Second City Group s designation or other applicable rights under the partnership agreement shall terminate. The partnership agreement provides that we, acting through our board of directors, will recommend and use all commercially reasonable good faith efforts to cause the election of each nominee of the Second City Group designated as described above. Our bylaws require that each committee of the board of directors shall be composed as required by the partnership agreement. The partnership agreement provides that, for so long as the Second City Group shall retain designation rights under the partnership agreement to provide for at least one Second City Group nominee serving as a director, then at least one of the Second City Group nominees shall be appointed to each committee of our board of directors (provided that such nominee is qualified as independent under the rules, regulations and listing qualifications of the NYSE for service on any applicable committee) other than any committee whose purpose is to evaluate or negotiate any transaction with the Second City Group.

In addition, the partnership agreement provides that if a vacancy on the board of directors arises as a result of the death, disability, retirement, resignation or removal (with or without cause) of a Second City Group nominee, or as a result of an increase in the size of the entire board of directors, and such vacancy results in the number of the Second City Group nominees then on the board being less than the number that the Second City Group would then be entitled to designate for nomination under the partnership agreement if there were an election of directors at a time which no Second City Group nominees are incumbent members of our board of directors, then any individual(s) appointed by our board of directors to fill such vacancy or vacancies must be approved to do so by a majority of the Second City Group nominees then serving on our board of directors, and any director so elected or appointed shall be deemed a Second City Group nominee.

Our board of directors currently consists of six directors. Our charter and bylaws provide that the number of directors constituting our board of directors may be increased or decreased by a majority vote of our board of directors, provided that the number of directors may not be decreased to fewer than the minimum number required under the MGCL, which is currently one.

Restrictions on General Partner s Authority

The partnership agreement prohibits us, in our capacity as general partner, from taking any action that would make it impossible to carry out the ordinary business of our operating partnership or performing any act

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that would subject a limited partner to liability as a general partner in any jurisdiction or any other liability, except as provided under the partnership agreement or under the Act. We may not, without the prior consent of the partners of our operating partnership (including us), amend, modify or terminate the partnership agreement, except for certain amendments that we may approve without the approval or consent of any limited partner, described in Amendment of the Partnership Agreement, and certain amendments described below that require the approval of each affected partner. Certain amendments to the partnership agreement also require the consent of limited partners holding LTIP Units, as described in LTIP Units Voting Rights. We may not, in our capacity as the general partner of our operating partnership, without the consent of a majority in interest of the limited partners (excluding us and any limited partner 50% or more of whose equity is owned, directly or indirectly, by us):

- take any action in contravention of an express provision or limitation of the partnership agreement;
- transfer all or any portion of our general partner interest in our operating partnership or admit any person as a successor general partner, subject to the exceptions described in Transfers and Withdrawals Restrictions on Transfers by the General Partner; or
- voluntarily withdraw as the general partner.

Without the consent of each affected limited partner or in connection with a transfer of all of our interests in our partnership in connection with a merger, consolidation or other combination of our assets with another entity, a sale of all or substantially all of our assets or a reclassification, recapitalization or change in our outstanding stock permitted without the consent of the limited partners as described in Transfers and Withdrawals Restrictions on Transfers by the General Partner, or a Permitted Termination Transaction (as defined below in Transfers and Withdrawals Restrictions on Transfers by the General Partner), we may not enter into any contract, mortgage, loan or other agreement that expressly prohibits or restricts us or our operating partnership from performing our or its specific obligations in connection with a redemption of units or expressly prohibits or restricts a limited partner from exercising its redemption rights in full. In addition to any approval or consent required by any other provision of the partnership agreement, we may not, without the consent of each affected partner, amend the partnership agreement or take any other action that would:

- convert a limited partner interest into a general partner interest (other than as a result of our acquisition of that interest);
- adversely modify in any material respect the limited liability of a limited partner;
- alter the rights of any partner to receive the distributions to which such partner is entitled, or alter the allocations specified in the partnership agreement, except to the extent permitted by the partnership agreement, including in connection with the creation or issuance of any new class or series of partnership interest or to effect or facilitate a Permitted Termination Transaction;

alter or modify the redemption rights of holders of common units or the related definitions specified in the partnership agreement (except as permitted under the partnership agreement to effect or facilitate a Permitted Termination Transaction);

alter or modify the provisions governing the transfer of our general partner interest in our operating partnership (except as permitted under the partnership agreement to effect or facilitate a Permitted Termination Transaction);

remove certain provisions of the partnership agreement relating to the requirements for us to qualify as a REIT or permitting us to avoid paying tax under Sections 857 or 4981 of the Code; or

amend the provisions of the partnership agreement requiring the consent of each affected partner before taking any of the actions described above (except as permitted under the partnership agreement to effect or facilitate a Permitted Termination Transaction).

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Additional Limited Partners

We may cause our operating partnership to issue additional units in one or more classes or series or other partnership interests and to admit additional limited partners to our operating partnership from time to time, on such terms and conditions and for such capital contributions as we may establish in our sole and absolute discretion, without the approval or consent of any limited partner, including:

upon the conversion, redemption or exchange of any debt, units or other partnership interests or securities issued by our operating partnership;

for less than fair market value;