JBG SMITH

# NAREIT FAQs
December 2020

1770 Crystal Drive

**Third Quarter 2020 Frequently Asked Questions**

This Frequently Asked Questions aggregates information provided in other contexts, including our Q3 2020 quarterly investor package and our November 2020 investor presentation, for ease of reference. For more detail and additional information, including certain definitions used herein, please refer to those documents, which can be found on the Investor Relations page of our website at www.jbgsmith.com, and the disclosures found at the end of this FAQ.

**What are the highlights from the third quarter of 2020?**

We are operating effectively in the new normal of the slow reopening of many businesses and countless hours of two-dimensional Zoom calls. Our rent collections during the third quarter remained stable at 99.4%, 98.5%, and 63.1% for office, residential, and retail, respectively, consistent with second quarter results. While the pandemic is far from over, we believe our market will weather the storm better than most, and we are focused on our future growth plans. We believe that these growth plans are best implemented through entitling valuable development opportunities in our land bank, particularly in National Landing. Amazon's hiring and investment in its new 4+ million square foot headquarters that we are building have only continued to grow. In addition, Virginia Tech officially launched the inaugural academic year of its planned $1 billion Innovation Campus in National Landing and received approvals from the City of Alexandria to advance construction of its permanent facilities.

To reap the benefits of these powerful growth engines, we continue to advance the entitlement and design of a number of strategic development opportunities, including 10 projects totaling 5.6 million square feet, which we added to our Near-Term Development Pipeline in the third quarter. This comprises approximately 3,100 residential units in National Landing, including 1900 Crystal Drive (800 units) which could commence construction early next year. Given our ample liquidity, this economic downturn presents a unique opportunity for us to grow our multifamily portfolio alongside Amazon during a period of potentially lower construction costs and an expected significant increase in future residential demand. Although the pandemic is far from over, the relative stability of the Washington, DC metro economy and Amazon's continued strong growth allow us to turn our attention to the next phase of our growth in National Landing and other select high-growth submarkets in the region.

**Are you hearing anything from your tenants or Amazon about their commitment to office space?**

One silver lining of the pandemic is that we have never been closer to the pulse of our tenants and we have made a concerted effort to double down on communications and outreach to them and to their brokers. Based on that research, we think there are a few key trends to consider – most of which support a thesis of demand headwinds in the office market, but not wholesale givebacks of office space.

The first consideration is our market's unique tenant makeup. The government and its contractors make up about half of the tenancy in the market according to JLL which means that their decisions and requirements have an outsized impact on the market. These tenants have historically contributed to our outperformance during downturns as well as our market's response to the pandemic. Coming out of the last cycle and a push for austerity, the GSA implemented liberal teleworking policies ahead of the private sector as a way to "freeze the footprint" of government office. This effort was met with mixed success as agencies found that a significant share of in-person work was still required by the mission (security requirements) or by a need to maintain accountability, and consequently, it never resulted in material givebacks of space. Therefore, we do not see the government shrinking significantly in our market in the near term. These same factors also limit the degree to which government contractors can shrink as they also tend to perform similar work from a security perspective or need to be on-site to serve its government clients. These requirements are often stipulated in multi-year contracts, so they have a powerful impact on real estate decision-making and are not likely to adjust in the near term based on a disruption like the pandemic.

Outside of the government and its contractors, we've seen little in our portfolio or across the market to suggest widespread givebacks of space. Most tenants, for now, seem content to ride out the storm where possible, which has driven a high renewal rate across the market with somewhat limited givebacks of space. The consensus view appears to be that while teleworking is functional it is not an ideal long-term, full-time condition for many of the technology and professional services tenants in our market. This conclusion is supported by the data including a recent Gensler study of employees that found that only 12% of respondents would choose full-time telework as a permanent way to work and that 70% would still prefer to work at the office the majority of the week. These data suggest we will not see the wholesale changeover to virtual work that some predicted but will likely see many employers retain some level of flexible teleworking policies after the pandemic. This increase in flexibility may serve to blunt new demand for office space by limiting the need to provide one desk for every employee every day – mathematically, if not physically, densifying office space. This would impact the market much like earlier "rightsizing" and should hopefully drive further concentration of demand into the most desirable locations while marginalizing lower-quality submarkets.

Amazon has been outspoken about its desire to return to full office occupancy after the pandemic. Its Vice President of Global Real Estate and Facilities was recently quoted in the Wall Street Journal saying that "We believe that much of the best work that we do is done in the office where employees can come together, work together to solve problems and be collaborative." Over the summer Amazon hired its 1,000th employee in National Landing and it continues to grow with no indication of a pullback in its desire for office space, consistent with its behavior in past downturns where it saw the opportunity to capture talent and hired while others were reducing their footprints or pausing their growth. We see no indication that this behavior should be any different through the pandemic, particularly in light of the strong growth in cloud computing (AWS) and e-commerce (Amazon.com) – both of which are significant components of HQ2.

**What are the states of the Washington, DC Metro office and multifamily markets?**

*Office Trends*

During the third quarter, our rent collections remained consistent with the second quarter, with the bulk of non-collections concentrated in retail and co-working. As expected, the low population count in our office buildings negatively impacted our parking income during the quarter. While an improvement over last quarter, leasing activity remains sluggish, with tour activity at 25% of historical volumes. Tour activity is likely to track the pandemic and decline through the winter as the pandemic worsens. Given overall economic uncertainty, tenants are more likely to renew existing leases than make new, long-term lease commitments. This has resulted in a modest amount of space coming back to the market – about two million square feet according to JLL as of the third quarter.

Forward-looking views on the staying power of work from home post-COVID-19 vary, but our review of survey data and conversations with our tenants suggest that while companies will likely become more flexible, a permanent work from home posture is unlikely. As noted above, Gensler survey data found that only 12% of employees prefer a permanent work from home arrangement and a similar Colliers survey found that nearly half of workers prefer to have one or two days per week of work from home flexibility. The overwhelming consensus remains that collaborative and creative work is best conducted in the office. While estimates vary, it appears that work from home will result in some headwinds for office but not a wholesale evaporation of demand.

The Washington, DC metro area is demonstrating its historic recession-resilience relative to other gateway markets. According to Bureau of Labor Statistics data, August 2020 unemployment for the DC metro region was 6.9%, which is far below 13.0% for the New York metro area, 10.8% for Boston, and 9.0% for San Francisco. Likewise, Kastle Systems' October 12th report, which tracks physical office occupancy by metro area, shows DC at 23.6% compared to 16.6% in New York and 14.5% in San Francisco. During the last recession, JLL data showed that our market saw office rent declines of only 8% compared to more than a 16% average across Boston, San Francisco, and New York.

*Multifamily Trends*
COVID-19 continues to adversely impact residential leasing with overall market demand below normal levels during what is typically prime leasing season. Occupancy has also been negatively impacted by work-from-home initiatives, which have driven younger renters to give up their urban apartments and move in with parents or take advantage of low interest rates to pursue home purchases. While both of these trends have accelerated, we have seen fewer tenants moving from urban to suburban multifamily buildings, suggesting little evidence of a flight to suburban multifamily in our market. All told, on a same-store basis across the market, these trends have had a negative impact of 2% to 3% on occupancy in the third quarter of 2020 when compared to the third quarter of 2019, according to CoStar data. Same store rents have reacted similarly over the same time period with a 7% to 8% decrease reflected in CoStar data.

As of the third quarter of 2020, only 3,500 units had commenced construction year-to-date, with the vast majority (69%) of those starting in the first quarter, pre-COVID-19. This number is a material reduction from last year, when roughly 6,200 units started construction. The slowdown in new starts is directly related to the pandemic, but it is also representative of a slowing multifamily pipeline, a trend we have referenced previously. From 2010 through 2019, the DC market saw an average of 9,200 units delivering per year, with a peak of 15,000 units in 2014. Based on CoStar data, 2020, 2021, and 2022, will likely only see an average of 6,700 units delivering per year. Given required construction timelines, it is unlikely that those numbers will move materially, suggesting the potential for real supply limitations just as demand likely returns to the market post-COVID-19.

Apartment List's city-level data on multifamily markets also show that DC and Arlington (home to 88% of our multifamily portfolio) are particularly insulated when compared to other gateway cities. From March through September, DC and Arlington rents fell 8.0% and 7.2%, respectively, compared to declines of 17.8% in San Francisco, 11.6% in New York, and 8.9% in Boston. Like office, our residential market was relatively resilient during the last recession, with CoStar data from that period reporting flat rent growth in our market versus rent declines of over 8% in the same group of other gateway cities.

**In the third quarter, the definition for Near-Term Development was updated—what was the driver of this change?**

Based on a modification to our definitions, the Near-Term Development Pipeline now includes those projects we could potentially start constructing over the next 36 months, subject to the receipt of full entitlements, completion of design, and market conditions. This updated definition differs from our prior definition by increasing the time frame to 36 months versus 18 months, and including assets that are likely the next candidates for development, even though some will require preleasing and others will require additional funding sources or liquidity before they advance. Finally, all of these development opportunities will continue to be subject to market conditions and our rigorous return requirements, including how they compare to other potential investment opportunities, including acquisitions and share repurchases. We believe this definition provides clearer insight into the projects that we expect will comprise our next phase of development-related growth, including 1900 Crystal Drive (800 units) which will be ready to commence construction early next year, as well as an additional 2,300 residential units in National Landing, which we expect will be ready to commence construction over the next three years.

Given our ample liquidity, this economic downturn presents a unique opportunity for us to play offense by growing our multifamily portfolio alongside Amazon during a period of potentially lower construction costs and an expected significant increase in future residential demand. Although the pandemic is far from over, the relative stability of the Washington, DC metro economy and Amazon's continued strong growth allow us to turn our attention to the next phase of our growth in National Landing and other select high-growth submarkets in the region.

**Can you provide additional insight into how you will achieve the goal of shifting your portfolio to majority multifamily over the coming years?**

We expect our shift to majority multifamily to occur through a combination of investing in multifamily and divesting of non-core office assets. We have targeted $1.5 billion of dispositions over the coming years, predominately office and land assets and we intend to recycle the proceeds from these dispositions into multifamily acquisitions through exchanges or fund new multifamily development.

We have 10 assets comprising 5.6 million square feet of potential density in our Near-Term Development Pipeline as of the third quarter, 4.3 million square feet (75%) of which are multifamily projects located in National Landing, the Ballpark, and the Union Market/NoMa/H Street submarkets. Five of these projects are expected to deliver approximately 3,100 multifamily units within a half mile of Amazon's new headquarters, including the 800 units at 1900 Crystal Drive, which could commence construction early next year. We intend to invest in new office development subject to preleasing, and multifamily development as market demand evolves, matching delivery dates with Amazon's expected job growth in National Landing. As is always the case, these potential investment opportunities will be subject to our rigorous return requirements and our ability to maintain prudent leverage and liquidity levels.

Even in a post-COVID-19 world, we remain highly confident that our plan to build new multifamily units in National Landing is one of the most value-accretive, near-term capital investment opportunities in our portfolio. Where other technology companies have announced plans for a more dramatic shift to remote work, Amazon has publicly indicated its intention to bring people back to the office and has increased its commitment to add office space across the country, according to a November 24, 2020 Wall Street Journal article. Its recent purchase of the Residence Inn by Marriott, adjacent to our Pen Place development site in National Landing, further strengthens its overall commitment to the submarket.

Finally, Amazon's 38,000 or more publicly announced planned jobs in National Landing would approach its scale in Seattle, where approximately 20% of its employees live within a short walk or bike to work. A similar proportion in National Landing would drive demand for over 7,500 new housing units, which aligns well with our plans to deliver new multifamily supply.

**How should we think about the planned capital recycling of $1.5 billion of non-core assets?**

Since our launch in 2017, proceeds from the sale of $1.6 billion of non-core assets, primarily office dispositions have been used to fund an active development pipeline, as well as for deleveraging activities, which we believed were prudent late cycle. While we certainly did not anticipate a pandemic, we were wary of an impending correction and were content to harvest office at significant premiums to our threshold willingness to sell without immediate reinvestment plans.

At present, we feel we have positioned our balance sheet with the investment capacity we need for the near term and do not intend to sell assets until we are able to match dispositions with new investments that will replace outgoing income streams. That said, we have a robust multifamily development pipeline with significant investment opportunity over the coming years, and we may also find attractive multifamily acquisitions in our target submarkets. Therefore, as we proceed with the opportunistic divestment of non-core office and land assets at or above NAV, we expect to match those trades with internal or external investments, including tax efficient exchanges.

Over the coming years, we have targeted at least $1.5 billion of dispositions, which represents a portion of a larger subset of non-core assets that we would consider selling. The composition of the $1.5 billion will likely be mostly office assets outside of National Landing, but as was the case in the prior three years, we will also look to sell, recapitalize or ground lease land assets in our Future Development Pipeline that fall outside of our highest priority core submarkets.

Notwithstanding a potential correction in office pricing, we expect to be able to recycle these targeted assets without significant dilution when measured on an "economic" cap rate basis. As a point of comparison, our $1.6 billion of dispositions since our launch in 2017 would have generated a 3.5-4% average yield when factoring in go-forward estimates of capital needs, downtime, and carry costs on land. Even if we experience a correction in pricing, we feel confident that we will be able to replicate equivalent or higher long-term yields through a combination of acquiring and developing high growth multifamily with lower capital reinvestment needs.

Recycling proceeds from these sales will not only provide a source of funds for future growth but will also further advance our intentional shift of the portfolio to majority multifamily.

**How should we think about your recent acquisition of seven blocks of CBRS Spectrum in National Landing and its future impact to JBG SMITH?**

The DC metro area, ranked second in the country for tech talent by CBRE, is a leading region for companies growing in cybersecurity, cloud/edge computing, internet of things (IoT), and artificial intelligence (AI) technology sectors. The arrival of Amazon's new headquarters and the Virginia Tech Innovation Campus validate National Landing within the DC region as an ideal location for these innovative companies, and we have been focused on further enhancing National Landing's appeal to high-growth organizations.

Through our proactive tenant-cultivation efforts, our team conducted a deep dive into the priorities of these high-tech tenants and found that, after talent, these companies prioritized access to high-end connectivity when making their location decisions. Our substantial control of real estate in National Landing allows us to serve as a “digital placemaker” in addressing this important decision point – making investments to bring world-class connectivity infrastructure and service providers to the market in a better, faster way than this connectivity could be delivered in other markets. As a result, we are pursuing investments that enable the rapid deployment of next-generation connectivity infrastructure such as dense, redundant, and secure fiber networks, edge data centers, and world-class 5G connectivity, all delivered by best-in-class service providers.

In September, we took our first step in implementing that strategy by investing $25.3 million to control a majority of the available licensed Citizens Broadband Radio Service (CBRS) wireless spectrum (for 5G signal broadcast) in Arlington and Alexandria – the jurisdictions in which National Landing is located. In addition to the other investments that we are making in the submarket, we believe this investment in CBRS spectrum will allow us to attract and partner with best-in-class service providers in the wireless space, making National Landing among the first dedicated 5G-operable submarkets in the nation. Access to licensed CBRS spectrum will add to our other advantages in ensuring a rapid deployment of 5G – namely our control of all the required “small cell” antenna sites inside and outside buildings. Unlike current technologies, 5G requires far more closely spaced antennas – both inside and outside buildings – to be fully effective, a hurdle where telecom companies have to piece together that network from varying owners and local government jurisdictions. Finally, spectrum will provide us with valuable tenant-inducement tools, such as the ability to offer private cellular networks over 5G via our service-provider partners. Both true 5G access and cellular private networks are increasingly important to technology companies, especially innovators in cybersecurity, IoT, AI, and cloud computing.

While these investments are relatively small in dollar terms, they have the ability to create a powerful first mover advantage in the battle for tech tenants and to drive stronger net new leasing of space and retention of existing customers. In addition, they will serve to differentiate our multifamily offerings within the region. Finally, while we expect the primary return on these investments to come through performance in our real estate portfolio, we also anticipate attractive direct yields through revenue sharing and sublease income with our service provider partners.

For additional information related to our CBRS Spectrum Award in National Landing, please see our September 2020 press release.

**What is JBG SMITH’s view on share repurchases?**

We target investment opportunities with the highest potential return, including share repurchases, which we also evaluate for the impact on our liquidity. During the third quarter, we repurchased 1.4 million shares at an average price of $26.64, bringing our total repurchases to $38.4 million for the quarter. At those pricing levels, the return opportunity is far richer than any current internal or external alternative, either from the standpoint of NAV per share impact or immediate return on investment. Limited private market comps make precise NAVs challenging to determine at the present time, but even using the most conservative estimate of post-pandemic asset values, we believe purchasing shares at the level we have this year represents an enormous discount to NAV per share. While spot office values have no doubt declined, we are confident there is still a wide profit margin at the price implied by our share repurchase activity. Said differently, if we were to remove the value of our non-income producing land and construction in progress at market value, and our income producing multifamily at a cap rate implied by the trading range of our multifamily REIT peers, we believe the implied cap rate on our commercial portfolio would be double digits.

**Why is this an attractive entry point into JBG SMITH?**

We own and operate urban mixed-use properties concentrated in the highest growth submarkets of the historically recession-resilient Washington, DC metro area. Our concentration in these locations, our substantial portfolio of operating and development opportunities, and our market leading platform uniquely position us to capitalize on the significant growth anticipated in our target markets for many years to come. We believe there is significant upside potential from near-term NOI growth related to the stabilization of 8 new assets in our portfolio, recession resistant demand catalysts, and our continued focus to shift the portfolio mix to majority multifamily over time.

Over half of our holdings are in the National Landing submarket in Northern Virginia, where Amazon's new headquarters will house 38,000 or more planned employees, and Virginia Tech's new $1 billion STEM graduate school and Innovation Campus will be located. Amazon's growth in National Landing is expected to increase the daytime population in the submarket from approximately 50,000 people today to nearly 90,000 people in the future, representing dramatic growth of about 70%, according to estimates from Amazon and the National Landing Business Improvement District. The balance of our portfolio is concentrated in what we believe are the highest growth submarkets in the DC metro region, the majority of which are within a 20-minute commute of the growing technology hub in National Landing. We believe the strong technology sector tailwinds created by Amazon, the Virginia Tech Innovation Campus, and our National Landing Smart City initiative will allow us to drive substantial NAV per share and NOI growth in our operating portfolio and our extensive 15 million square foot development pipeline, of which 75% is planned as multifamily.

Our growth pipeline also consists of six recently delivered operating assets (four multifamily and two office), two under-construction assets (one multifamily and one office, the office portion of which is 100% pre-leased to Amazon). The six recently delivered assets were delivered over the past 12 months and are in various stages of lease up, with the office buildings 84% leased as of the third quarter. We expect these six assets, plus the two assets in our Under-Construction portfolio, to deliver approximately $65 million of incremental annualized NOI when stabilized between now and the end of 2022. This amount represents an approximately 20% increase from our third quarter annualized NOI.

We have ample liquidity and balance sheet capacity to fund our growth, including the now fully entitled 1900 Crystal Drive, which could commence construction early next year. This planned multifamily asset would represent the first new development start in our 5.6 million square foot Near-Term Development Pipeline, which includes approximately 3,100 multifamily units in National Landing. In addition to the sale of $1.6 billion of non-core, primarily office assets we have completed since our launch in 2017, we intend to opportunistically sell at least another $1.5 billion in the coming years. Recycling the proceeds from these sales will not only fund our planned growth, but it will also further advance the intentional shift of our portfolio to majority multifamily.

Since the pandemic began, the price of our shares has been negatively impacted in line with other gateway market office companies. We believe this reduced price creates a compelling entry point for our shares given the historic recession resilience of the overall DC market vs other markets, the relative insulation from some of the work from home headwinds for office that we and our market enjoy, our considerable expected short-term NOI growth ($65M incremental NOI or a 20% increase over our latest Q3 2020 numbers by end of 2022) and the powerful growth tailwinds (Amazon and Virginia Tech) that we expect to drive our NAV and income growth over the medium and long terms. In addition, as we continue our transformation to a majority multifamily company we own and control millions of square feet of multifamily development opportunities in the path of Amazon's growth and have the balance sheet to fund that development along with access to additional NAV-based funding sources ($1.5B non-core office and land sales) in the coming years.

We believe the combination of these factors make JBG SMITH an attractive near-term and long-term growth story with strong market-driven downside protection under the leadership of a team with a proven track record and a reputation for results.

## Disclosures

### Forward-Looking Statements

Certain statements contained herein may constitute “forward-looking statements” as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are not guarantees of performance. They represent our intentions, plans, expectations and beliefs and are subject to numerous assumptions, risks and uncertainties. Consequently, the future results of JBG SMITH Properties (“JBG SMITH”, the “Company”, "we", "us", "our" or similar terms) may differ materially from those expressed in these forward-looking statements. You can find many of these statements by looking for words such as “approximate”, "hypothetical", "potential", “believes”, “expects”, “anticipates”, “estimates”, “intends”, “plans”, “would”, “may” or similar expressions in this Frequently Asked Questions. Currently, one of the most significant factors that could cause actual outcomes to differ materially from our forward-looking statements is the adverse effect of the current pandemic of the novel coronavirus, or COVID-19, on our financial condition, results of operations, cash flows, liquidity, performance, tenants, the real estate market and the global economy and financial markets. The extent to which the COVID-19 pandemic continues to impact us and our tenants depends on future developments, many of which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and containment measures, and whether the residential market in the Washington, DC region and any of our properties will be materially impacted by the expiration of various moratoriums on residential evictions, among others. Moreover, investors are cautioned to interpret many of the risks identified under the section titled “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 as being heightened as a result of the ongoing and numerous adverse impacts of the COVID-19 pandemic.

We also note the following forward-looking statements: the impact of COVID-19 and the ensuing economic turmoil on our Company, net operating income, same store net operating income, net asset value, stock price, liquidity, occupancy rates, property rental revenue, operating costs, deferrals of rent, uncollectable operating lease receivables, parking revenue, burn-off of rent abatement, construction costs, the Crystal City Marriott, the timing of disposition of assets in the JBG Legacy Funds, demand for new office space and potential bias of multifamily leasing to renewals; the impact of disruptions to the credit and capital markets on our ability to access capital, including refinancing maturing debt; potential net operating income growth and the assumptions on which such growth is premised, our estimated future leverage profile, the potential effect of Amazon.com, Inc. ("Amazon") on job growth in the Washington, DC metropolitan area and National Landing; the potential return on our investment in wireless spectrum across National Landing; changes to the amount and manner in which tenants use space; whether we incur additional costs or make additional concessions or offer other incentives to existing or prospective tenants to reconfigure space; long-term trends in demand for housing (including multifamily) within major urban employment centers; whether the Washington, DC region will be more resilient than to other parts of the country in any recession resulting from COVID-19; potential countercyclical growth caused by the concentration in the Washington DC region of Amazon, the federal government, government contractors, and the Virginia Tech Innovation campus; the economic impact of DC’s diversification into technology; our anticipated acquisitions and dispositions and the ability to identify associated like-kind exchanges; our annual dividend per share and dividend yield; annualized net operating income; adjusted annualized net operating income; expected key Amazon transaction terms and timeframes for closing any Amazon transactions not yet closed; planned infrastructure and education improvements related to Amazon’s additional headquarters; the economic impact of Amazon’s additional headquarters on the DC region and National Landing, including Amazon’s commitment to its planned occupancies in National Landing and its plans for accelerated hiring, and plans to expand public transportation in National Landing such as Metro and Virginia Railway Express; the impact of our role as the exclusive developer, property manager and retail leasing agent in connection with Amazon’s new headquarters; our development plans related to Amazon’s additional headquarters; the impact on our net asset value of the Amazon transactions; in the case of any further Amazon lease transactions and our new development opportunities in National Landing, the total square feet to be leased to Amazon and the expected net effective rent; whether any of our tenants succeed in obtaining government assistance under the CARES Act and other programs and use any resulting proceeds to make lease payments owed to us; the impact of increases in government spending on increases in agency and contractor spending locally; whether we can access agency debt secured by our currently-unencumbered multifamily assets timely, on reasonable terms or at all; whether the delay in our planned 2020 discretionary operating asset capital expenditures will have any negative impact on our properties or our ability to generate revenue; the allocation of capital to our share repurchase plan and any impact on our stock price; the length of time development assets that have recently been moved to operating assets (including 1900 N Street, 4747 Bethesda, West Half, 901 W Street, 900 W Street and The Wren (formerly referred to as 965 Florida Avenue)) will take to stabilize; in the case of our construction and near-term development assets, estimated square feet, estimated number of units, estimated construction start, occupancy stabilization dates, the estimated completion date, estimated stabilization date, estimated incremental investment, estimated total investment, whether management’s estimate of incremental annualized NOI for recently delivered operating assets and under-construction assets when stabilized will be achieved; whether the upside potential from near-term NOI growth related to stabilization of 8 new assets in our portfolio will be realized;

whether we will be able to replicate long-term yields through our recycling of capital; the timing of any correction to construction costs and our plans to commence construction at 1900 Crystal Drive and any other such projects; trends towards widespread adoption of teleworking; and in the case of our future development opportunities, estimated commercial SF/multifamily units to be replaced, estimated remaining acquisition cost, estimated capitalized cost, estimated total investment, estimated potential development density and the potential for delays in the entitlement process, including the approximately 10.2 million square feet of entitlement that we expect to complete in 2020.

Many of the factors that will determine the outcome of these and our other forward-looking statements are beyond our ability to control or predict. These factors include, among others: adverse economic conditions in the Washington, DC metropolitan area, including in relation to COVID-19, the timing of and costs associated with development and property improvements, financing commitments, and general competitive factors. For further discussion of factors that could materially affect the outcome of our forward-looking statements and other risks and uncertainties, see "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Cautionary Statement Concerning Forward-Looking Statements in the Company's Annual Report on Form 10 K for the year ended December 31, 2019 and other periodic reports the Company files with the Securities and Exchange Commission. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on our forward-looking statements. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to our forward-looking statements to reflect events or circumstances occurring after the date hereof.

**Market Data**

Market data and industry forecasts are used in these Frequently Asked Questions, including data obtained from publicly available sources. These sources generally state that the information they provide has been obtained from sources believed to be the reliable, but the accuracy and completeness of the information is not assured. The Company has not independently verified any such information.

This Frequently Asked Questions also contains management's estimate of incremental annualized NOI for recently delivered operating assets and under-construction assets when stabilized, which are based on management's estimates of property-related revenue and operating expenses for each asset. These estimates are inherently uncertain and represent management's plans, expectations and beliefs and are subject to numerous assumptions, risks and uncertainties. The actual property-related revenues and operating expenses for our assets may differ materially from these estimates.

The Company does not provide reconciliations for non-GAAP estimates on a future basis, including management's estimate of incremental annualized NOI for recently delivered operating assets and under-construction assets when stabilized, because it is unable to provide a meaningful or accurate calculation or estimate of reconciling items and the information is not available without unreasonable effort. This inability is due to the inherent difficulty of forecasting the timing and/or amounts of various items that would impact net income.