**Risk Factors Comparison 2024-02-20 to 2023-02-21 Form: 10-K**

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You should carefully consider the following risks in evaluating our company and our common shares. If any of the following risks were to occur, our business, prospects, financial condition, results of operations, cash flow **,** and the ability to make distributions to our shareholders could be materially and adversely affected, which we refer to herein collectively as a" material adverse effect on us," the per share trading price of our common shares could decline significantly, and you could lose all or part of your investment. Some statements in this Form 10- K, including statements in the following risk factors, constitute forward- looking statements. Refer to the section entitled" Cautionary Statement Concerning Forward- Looking Statements" for additional information regarding these forward- looking statements. Risks Related to Our Business and ~~OperationsA~~ **Operations A** material portion of our portfolio comprises office assets, which have generally experienced a decrease in demand and may experience a further decrease in demand that could have a material adverse effect on us. Furthermore, the decline in the attractiveness of office assets, particularly combined with a lack of transactional activity and the current challenging capital markets could delay our capital recycling plans and our planned transition to majority multifamily. A material portion of our portfolio comprises office assets, which, due to the increase in work **-** from **-** home policies and practices, have generally experienced a decrease in demand and may experience a further decrease in demand as some tenants do not renew leases as they expire or renew space with a smaller footprint, which could have a material adverse effect on us. Demand for office space in the Washington, D. C. metropolitan area and nationwide, including in our portfolio, has declined and may continue to decline due to increased usage of teleworking arrangements and more flexible work **-** from **-** anywhere policies leading to reconsiderations regarding amount of square footage needed (e. g. certain tenants have reduced their leased square footage or advised us of their intention to do so), and cost cutting resulting from the pandemic, which could lead to continued lower office occupancy (as of December 31, ~~2022~~ **2023** , ~~12~~ **25** . ~~0~~ **7** % of our commercial and retail leases at our share, based on square footage, were scheduled to expire in ~~2023~~ **2024** or had month- to- month terms, and ~~19~~ **6** . ~~4~~ **8** % were scheduled to expire in ~~2024~~ **2025** ), and new leasing has been slow to recover and will likely continue to lag due to delayed return- to- ~~the~~ office plans and decision **-** making related to future office utilization. Furthermore, the decline in the attractiveness of office assets, particularly combined with a lack of transactional activity and the current challenging capital markets could delay our capital recycling plans and our ~~planned~~ **plan to** transition to **a** ~~have our~~ portfolio ~~comprised of~~ **comprising a** majority **of** multifamily assets. Finally, a key demand driver in National Landing is the presence of Amazon' s headquarters, Phase I of which **was** ~~is expected to be~~ completed in 2023. Phase II ~~, which comprises approximately 50 % of Amazon' s new headquarters in National Landing~~ has not yet commenced construction **due to a pause announced by Amazon** ; if Amazon determines to **further** delay construction, reduce the size of Phase II **,** or otherwise shrink its footprint in National Landing, that could have a material adverse impact on our plans for National Landing. Our portfolio of assets is geographically concentrated in Washington, D. C. metropolitan area submarkets, and particularly concentrated in National Landing, which makes us susceptible to adverse economic and other conditions such that an economic downturn affecting this area could have a material adverse effect on us. We are particularly susceptible to adverse economic or other conditions in the Washington D. C. metropolitan market (such as periods of economic slowdown or recession, business layoffs or downsizing, industry slowdowns, actual or anticipated federal government shutdowns, uncertainties related to federal elections, relocations of businesses, increases in real estate and other taxes, **actual or perceived increases in retail theft and other crime, imposed curfews or states of security,** and the cost of complying with governmental regulations or increased regulation), as well as to natural disasters (including earthquakes, floods, storms and hurricanes), utility outages (including electricity and drinking water), potentially adverse effects of climate change and other disruptions that occur in this market (such as terrorist activity or threats of terrorist activity and other events), any of which may have a greater impact on the value of our assets or on our operating results than if we owned a more geographically diverse portfolio. Additionally, acts of violence, including terrorist attacks in the Washington, D. C. metropolitan area could directly or indirectly damage our assets, both physically and financially, or cause losses that materially exceed our insurance coverage. Properties that are occupied by federal government tenants may be more likely to be the target of a future attack. Moreover, the same risks that apply to the Washington, D. C. metropolitan area as a whole also apply to the individual submarkets where our assets are located. National Landing makes up more than half of our portfolio based on square footage at our share. Portions of our markets, including National Landing, have underperformed other markets in the region with respect to rent growth and occupancy. Any adverse economic or other conditions in the Washington, D. C. metropolitan area and our submarkets, especially National Landing, or any decrease in demand for **multifamily,** office ~~, multifamily~~ or retail assets could have a material adverse effect on us. Our assets and the property development market in the Washington, D. C. metropolitan area are dependent on an economy that is heavily reliant on federal government spending and use of office assets, and any actual or anticipated curtailment of such spending could have a material adverse effect on us. Any curtailment of federal government spending, whether due to a change of presidential administration or control of Congress, federal government sequestrations, furloughs or shutdowns, a slowdown of the U. S. and / or global economy, any change in federal government agencies work- from- home policies or uses of office space or other factors, could have ~~20an~~ **an** adverse impact on real estate values and property development in the Washington, D. C. metropolitan area, on demand and willingness to enter into long- term contracts for office space by the federal government and companies dependent upon the federal government, as well as on occupancy rates and annualized rents of multifamily and retail assets by occupants or patrons whose employment is by or related to the federal government. For instance, certain of our GSA tenants reduced their leased square footage. Any such curtailments in federal spending or changes in federal leasing policy could occur in the future, which could have a material adverse effect on us. We have significant exposure to Amazon and the National Landing submarket. The ~~benefits~~ **impact** of Amazon' s ~~new~~ headquarters ~~locating~~ in National Landing **is difficult** ~~that might accrue~~ to ~~us~~ **forecast and quantify and** may differ from what we, financial or industry analysts or investors anticipate and have anticipated since Amazon' s November 2018 announcement that it had selected sites in National Landing as the location of its new headquarters. We have significant exposure to Amazon, both as a result of their status as a tenant and as a result of fees we ~~have received and~~ expect to continue to receive from them as developer, property manager, and retail leasing agent for the company' s new headquarters at National Landing. ~~We currently~~ **As of December 31, 2023, we** have leases with Amazon across ~~six~~ **five** office buildings in National Landing ~~for 1. 0 million~~ **totaling approximately 927, 000** square feet with annualized rent totaling $ ~~44~~ **41** . ~~9~~ **6** million, of which ~~387~~ **191** , 000 square feet **are month- to- month and 378** ~~expires in 2023. We anticipate that Amazon will vacate approximately 300~~ , 000 square feet **expire** ~~following completion and delivery of Metropolitan Park~~ in ~~National Landing in the summer of 2023~~ **2024 . Of the month- to- month leases and leases expiring in 2024** , ~~for which~~ **444, 000 square feet represent the entirety of 1800 South Bell Street and 2100 Crystal Drive. 1800 South Bell Street was taken out of service in the first quarter of 2024, and** we ~~are the developer.~~ **plan to take 2100 Crystal Drive out of service when** Amazon **vacates in** ~~may decide not to renew all or a substantial portion of~~ the ~~remaining leases~~ **second quarter of 2024** . If Amazon invests less than the announced amounts in National Landing or makes such investment over a longer period than anticipated, if its business prospects decline, if it reduces the size of its workforce in National Landing below initially anticipated levels or further delays hiring or if it leases, releases or develops less square footage than anticipated, our ability to achieve the benefits associated with Amazon' s headquarters location in National Landing could be adversely affected. If we, Virginia Tech, Amazon, federal, state and local governments do not make the anticipated investments, including infrastructure investments, that would directly benefit National Landing, we could be adversely affected. Furthermore, Amazon' s headquarters may not have the anticipated collateral financial effect on the National Landing submarket. If we do not achieve the perceived benefits of such location as rapidly or to the extent anticipated by us, financial or industry analysts or investors, we and potentially the market price of our common shares could be adversely affected. If we are unable to re- lease that space at attractive rents, it could have a material adverse effect on us and the market price of our common shares. Additionally, if the Virginia Tech Innovation Campus reduces its contemplated size **, further delays its opening,** or does not have the anticipated collateral financial effect, or if any of our other key demand drivers in National Landing fail to materialize, it could have a material adverse effect on us. We derive a significant portion of our revenue from U. S. federal government tenants, and we may face additional risks and costs associated with directly managing assets occupied by government tenants. For the year ended December 31, ~~2022~~ **2023** , 23. ~~7~~ **0** % of the rental revenue from our commercial segment was generated by rentals to federal government tenants, and federal government tenants historically have been a significant source of new leasing for us. For the year ended December 31, ~~2022~~ **2023** , GSA was our largest single tenant, with ~~40~~ **37** leases comprising ~~23~~ **22** . ~~2~~ **7** % ~~of~~ **21of** total annualized rent at our share. The occurrence of events that have a negative impact on the demand for federal government office space, such as a decrease in federal government payrolls or a change in policy that prevents governmental tenants from renting our office space, would have a much larger adverse effect on our revenue than a corresponding occurrence affecting other categories of **tenants. Additionally, a federal government shutdown could delay or prevent us from collecting rent payments from our federal government** tenants. If demand for federal government office space were to decline, it would be more difficult for us to lease our buildings and could reduce overall market demand and corresponding rental rates, all of which could have a material adverse effect on us. For example, we have been notified by **various** ~~two civilian~~ GSA tenants that they are vacating their space ~~,~~ **totaling** approximately ~~112~~ **293** , 000 square feet ~~, due to consolidation of space into another location~~ in ~~2023~~ **2024** . Lease agreements with these federal government agencies contain provisions required by federal law, which require, among other things, that the lessor of the property agree to comply with certain rules and regulations, including rules and regulations related to **audits and** ~~anti- kickback procedures, examination of~~ records ~~, audits~~ and ~~records, equal opportunity provisions, prohibition against segregated facilities, certain executive orders,~~ subcontractor cost or pricing data ~~, and certain provisions intending to assist small businesses. We directly manage assets with federal government agency tenants, which subjects us to additional risks associated with compliance with applicable federal rules and regulations~~ . In addition, there are additional requirements relating to the potential application of equal opportunity provisions and related requirements to prepare written affirmative action plans applicable to government contractors and subcontractors. Some of the factors used to determine whether these requirements apply to a company that is affiliated with the actual government contractor (the legal entity that is the lessor under a lease with a federal government agency) ~~21include~~ -- **include** whether such company and the government contractor are under common ownership, have common management, and are under common control. We own the entity that is the government contractor and the property manager, increasing the risk that requirements of the Employment Standards Administration' s Office of Federal Contract Compliance Programs and requirements to prepare affirmative action plans pursuant to the applicable executive order may be determined to be applicable to us. Compliance with these regulations is costly and any increase in regulation could increase our costs, which could have a material adverse effect on us. We are exposed to risks associated with real estate development and redevelopment, such as unanticipated expenses, delays and other contingencies, any of which could have a material adverse effect on us. Real estate development and redevelopment activities are a critical element of our business strategy, and we expect to engage in such activities with respect to several of our properties and with properties that we may acquire in the future. To the extent that we do so, we will **continue to** be subject to risks, including, without limitation: ● construction or redevelopment costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable; ● inflation could increase the costs of construction and development projects, which could decrease the yield on such projects, delaying their commencement or resulting in fewer such pursuits **. In** ~~; for example, in 2022~~ **2023** , ~~we delayed the~~ **these conditions made new development** ~~start~~ **starts infeasible** ~~of some construction projects due to higher than underwritten~~

~~costs~~ ; ● time required to complete the construction or redevelopment of a project or to lease- up the completed project may be greater than originally anticipated, thereby adversely affecting our cash flow and liquidity; ● contractor, subcontractor and supplier disputes, strikes, labor disputes or shortages, weather conditions or supply disruptions (including those related to the supply chain); ● failure to achieve expected occupancy and / or rent levels within the projected time frame, if at all; ● delays with respect to obtaining, or the inability to obtain, necessary zoning, occupancy, land use and other governmental permits, and changes in zoning and land use laws; ● occupancy rates and rents of a completed project may not be sufficient to make the project profitable; ● incurrence of design, permitting and other development costs for opportunities that we ultimately abandon; ● the ability of prospective real estate venture partners or buyers of our properties to obtain financing; and ● the availability and pricing of financing to fund our development activities on favorable terms or at all. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation or the completion of development or redevelopment activities, any of which could have a material adverse effect on us. ~~Partnership~~ **22Partnership** or real estate venture investments could be adversely affected by our lack of sole decision- making authority, our reliance on partners' or co- venturers' financial condition and disputes between us and our partners or co- venturers, which could have a material adverse effect on us. As of December 31, ~~2022~~ **2023** , ~~8~~ **7** . ~~8~~ **2** % of our assets measured by total square feet at our share was held through real estate ventures, and we expect to co- invest in the future with other third parties through partnerships, real estate ventures or other entities, acquiring noncontrolling interests in or sharing responsibility for managing the affairs of a property, partnership, real estate venture or other entity. In particular, we may use real estate ventures as a significant source of equity capital to fund our development strategy. Consequently, with respect to any such third- party arrangement, we would not be in a position to exercise sole decision- making authority regarding the property, partnership, real estate venture or other entity, or structure of ownership and may, under certain circumstances, be exposed to risks not present were a third party not involved, including the possibility that partners or co- venturers might become bankrupt or fail to fund their share of required capital contributions, and we may be forced to make contributions to maintain the value of the property. Partners or co- venturers may have economic or other business interests or goals that are inconsistent **or in direct conflict** with our business interests or goals and may be in a position to take action or withhold consent contrary to our policies or objectives ~~. In some instances, partners or co- venturers may have competing interests in our markets that could create conflict of interest issues~~ . These investments may also have the potential risk of impasses on decisions, such as a sale, because neither we nor the partner or co- venturer would have full control over the partnership or real estate venture. We and our respective partners or co- ~~22venturers~~ -- **venturers** may each have the right to trigger a buy- sell right or forced sale arrangement, which could cause us to sell our interest, or acquire our partners' or co- venturers' interest, or to sell the underlying asset, either on unfavorable terms or at a time when we otherwise would not have initiated such a transaction. In addition, a sale or transfer by us to a third party of our interests in the partnership or real estate venture may be subject to consent rights or rights of first refusal in favor of our partners or co- venturers, which would in each case restrict our ability to dispose of our interest in the partnership or real estate venture. Where we are a limited partner or non- managing member in any partnership or limited liability company, if the entity takes or expects to take actions that could jeopardize our status as a REIT or require us to pay tax, we may be forced to dispose of our interest in that entity, including by contributing our interest to a subsidiary of ours that is subject to corporate level income tax. Disputes between us and partners or co- venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and / or trustees from focusing their time and effort on our business ~~. Consequently, actions by or disputes with partners or co- venturers might result in subjecting assets owned by the partnership or real estate venture to additional risk~~ . In addition, we may in certain circumstances be liable for the actions of our third- party partners or co- venturers. Our real estate ventures may be subject to debt, and the refinancing of such debt may require equity capital calls. Furthermore, any cash distributions from real estate ventures will be subject to the operating agreements of the real estate ventures, which may limit distributions, the timing of distributions or specify certain preferential distributions among the respective parties. The occurrence of any of the risks described above could have a material adverse effect on us. We depend on major tenants in our commercial portfolio, and the bankruptcy, insolvency or inability to pay rent of any of these tenants could have a material adverse effect on us. As of December 31, ~~2022~~ **2023** , the 20 largest office and retail tenants in our Operating Portfolio represented ~~62~~ **61** . ~~1~~ **7** % of our share of total annualized office and retail ~~estimated~~ rent. In many cases, through tenant improvement allowances and other concessions, we have made substantial upfront investments in leases with our major tenants that we may not recover if they fail to pay rent through the end of the lease term. The inability or failure of a major tenant to pay rent, or the bankruptcy or insolvency of a major tenant, may adversely affect the income produced by our Operating Portfolio. Additionally, we may experience delays in enforcing our rights as landlord due to federal, state and local laws and regulations and may incur substantial costs in protecting our investment. Any such event could have a material adverse effect on us. We derive a significant portion of our revenue from five of our assets. As of December 31, ~~2022~~ **2023** , five of our assets in the aggregate generated ~~24~~ **26** . ~~3~~ **1** % of our share of annualized rent. The occurrence of events that have a negative impact on one or more of these assets, such as a natural disaster that damages one or more of these assets, would have a much larger adverse effect on our revenue than a corresponding occurrence affecting a less significant property. A substantial decline in the revenue generated by one or more of these assets could have a material adverse effect on us. Our Placemaking depends in significant part on a retail component, which frequently involves retail assets embedded in or adjacent to our multifamily assets and / or commercial assets, making us subject to risks that affect the retail environment generally, such as competition from discount and online retailers, weakness in the economy, fluctuations in foot traffic, pandemics, a decline in consumer spending and the financial condition of major retail tenants, any of ~~which~~ **23which** could adversely affect market rents for retail space and the willingness or ability of retailers to lease space in our retail assets. If our retail assets lose tenants, whether to the proliferation of online businesses and discount retailers, a decline in general economic conditions and consumer spending or otherwise, it could have a material adverse effect on us. If we fail to reinvest in and redevelop our assets to maintain their attractiveness to retailers and shoppers, then retailers or shoppers may perceive that shopping at other venues or online is more convenient, cost- effective or otherwise more attractive, which could negatively affect our ability to rent retail space at our assets. In addition, some of our assets depend on anchor or major retail tenants and / or occupancy in surrounding offices to attract shoppers and could be adversely affected by the loss of, or a store closure by, one or more of these tenants or changes to in- office policies of surrounding businesses. Any of the foregoing factors could adversely affect the financial condition of our retail tenants, the willingness of retailers to lease space from us, and the success of our Placemaking, which could have a material adverse effect on us. The loss of one or more members of our senior management team could adversely affect our ability to manage our business and to implement our growth strategies or could create a negative perception in the capital markets. ~~23Our~~ -- **Our** success and our ability to implement and manage anticipated future growth depend, in large part, upon the efforts of our senior management team. Members of our senior management team have national or regional industry reputations that attract business and investment opportunities and assist us in negotiations with lenders, existing and potential tenants and other industry participants. The loss of services of one or more members of our senior management team, or our inability to attract and retain similarly qualified personnel, could adversely affect our business, diminish our investment opportunities and weaken our relationships with lenders, business partners, existing and prospective tenants and industry participants, which could have a material adverse effect on us. The actual density of our development pipeline and / or any development parcel may not be consistent with our estimated potential development density. As of December 31, ~~2022~~ **2023** , we estimate that our ~~20~~ **17** assets in the development pipeline will total ~~12~~ **10** . ~~5~~ **8** million square feet ( ~~9~~ **8** . ~~7~~ **8** million square feet at our share) of estimated potential development density. The potential development density estimates for our development pipeline and / or any particular development parcel are based solely on our estimates, using data available to us, and our business plans as of December 31, ~~2022~~ **2023** . The actual density of our development pipeline and / or any development parcel may differ substantially from our estimates based on numerous factors, including our inability to obtain necessary zoning, land use and other required entitlements, legal challenges to our plans by activists and others, as well as building, occupancy and other required governmental permits and authorizations, and changes in the entitlement, permitting and authorization processes that restrict or delay our ability to develop, redevelop or use our development pipeline at anticipated density levels. We can provide no assurance that the actual density of our development pipeline and / or any development parcel will be consistent with our estimated potential development density. The occurrence of cyber incidents, or a deficiency in our cybersecurity, or the cybersecurity of our service providers, could negatively impact our business by causing a disruption to our operations, a compromise or corruption of our confidential information, regulatory enforcement and other legal proceedings **,** and / or damage to our business relationships, all of which could negatively impact our financial results. A cyber incident is any intentional or unintentional adverse event that threatens the confidentiality, integrity, or availability of our information resources and can include unauthorized persons gaining access to systems to disrupt operations, corrupting data or stealing confidential information. The risk of a cyber incident or disruption, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks have increased globally. As our reliance on technology increases, so do the risks posed to our systems – both internal and external. Our primary risks that could directly result from the occurrence of a cyber incident are theft of assets; operational interruption **; reputational damage; stolen funds** ; regulatory enforcement, lawsuits and other legal proceedings; damage to our relationships with our tenants; and private data exposure. A significant and extended disruption could damage our business or reputation, cause a loss of revenue, have an adverse effect on tenant relations, cause an unintended or unauthorized public disclosure, or lead to the misappropriation of proprietary, personally identifying, and confidential information, any of which could result in us incurring significant expenses to resolve these kinds of issues. Although we have implemented processes, procedures and controls to help mitigate the risks associated with a cyber incident, there can be no assurance that these measures will be sufficient for all possible situations. Even security measures ~~that~~ **24that** are appropriate, reasonable and / or in accordance with applicable legal requirements may not be sufficient to protect the information we maintain. Unauthorized parties, whether within or outside our company, may disrupt or gain access to our systems, or those of third parties with whom we do business, through human error, misfeasance, fraud, trickery, or other forms of deceit, including break- ins, use of stolen credentials, social engineering, phishing, computer viruses or other malicious codes, and similar means of unauthorized and destructive tampering. A successful attack on one of our service providers could result in a compromise of our own network, theft of our data, legal obligations or liabilities, deployment of ransomware or a disruption in our supply chain or of services upon which we rely. Even the most well protected information, networks, systems and facilities remain potentially vulnerable because the techniques used in such attempted cyber incidents evolve and generally are not recognized until **they have been** launched against a **number of** ~~target~~ **targets** . Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, making it impossible for us to entirely mitigate this risk. If any of the foregoing risks materialize, it could have a material adverse effect on us. Pandemics and other health concerns, including COVID- 19, could have a negative effect on our business, results of operations, cash flows and financial condition. ~~24Pandemics~~ -- **Pandemics** , including COVID- 19, as well as both future widespread and localized outbreaks of infectious diseases and other health concerns, and the measures taken to prevent the spread or lessen the impact, could cause a material disruption to **multifamily and** office ~~and multifamily~~ industry or the economy as a whole. The impacts of such events could be severe and far- reaching, and may impact our operations in several ways. Additionally, pandemic outbreaks could lead governments and other authorities around the world, including federal, state and local authorities in the United States, to impose **new or heightened** measures intended to mitigate its spread, including restrictions on freedom of movement and business operations such as issuing guidelines, travel bans, border closings, business closures, quarantine orders, and orders not allowing the collection of rents, rent increases, or eviction of non- paying tenants. In the event of a decline in business activity and demand for real estate transactions, our ability or desire to grow or diversify our portfolio could be affected. Additionally, local and national authorities could ~~continue to expand and~~ extend **or re-**

**implement** certain measures imposing restrictions on our ability to enforce contractual rental obligations upon our residents and tenants. Unanticipated costs and operating expenses coupled with decreased anticipated and actual revenue as a result of compliance with regulations, could negatively impact our business, results of operations, cash flow, and overall financial condition and / or our ability to satisfy certain REIT- related requirements. The full extent of the impact of a pandemic on our business is largely uncertain and dependent on a number of factors beyond our control, and we are not able to estimate with any degree of certainty the effect a pandemic **,** or measures intended to curb its spread **,** could have on our business, results of operations, financial condition and cash flows. Moreover, many of the other risk factors described herein could be more likely to impact us as a result of a pandemic or measures intended to curb its spread. Increased focus on our ESG business values may constrain our business operations, impose additional costs and expose us to new risks that could have a material adverse effect on us. Our business values integrate environmental sustainability, social responsibility, D & I and strong governance practices throughout our organization — these types of ESG matters have become increasingly important to investors and other stakeholders. Some investors may use these factors to determine their investment strategies, while current and potential employees and business partners may consider these factors when considering relationships with us. Certain organizations that provide corporate risk and corporate governance advisory services to investors have developed scores and ratings to evaluate companies based upon ESG metrics, and investors **may** consider a company' s score as a factor in making an investment decision ~~. The focus and activism related to ESG matters may constrain our business operations or increase expenses. Additionally, we may face reputational damage if our corporate responsibility initiatives do not meet the standards set by various constituencies, including those of third- party providers of corporate responsibility ratings and reports~~. There can be no assurance that our focus on our ESG business values will be well ~~-~~regarded by investors, particularly since the criteria by which companies are rated for their ESG efforts may change. **Additionally, focus and activism related to ESG matters may constrain our business operations or increase expenses, and we may face reputational damage if our corporate responsibility initiatives do not meet the standards set by various constituencies, including those of third- party providers of corporate responsibility ratings and reports.** A low ESG score could result in a negative perception of us, exclusion of our securities from consideration by certain investors and / or cause investors to reallocate their capital away from us, each of which could have an adverse impact on the price of our securities. **As we continue to integrate environmental sustainability, social responsibility, D & I and strong governance practices throughout our organization, we could also be criticized by ESG detractors for the scope or nature of our ESG initiatives 25or goals. We could also encounter negative reactions from governmental actors (such as anti- ESG legislation or retaliatory legislative treatment), tenants and residents, that that could have a material adverse effect on us.** We face risks related to the real estate industry. As a REIT we are subject to significant risks related to the real estate industry, any of which could have a material adverse effect on us. These include, among other things: ● The value of real estate fluctuates depending on conditions in the general economy and the real estate business. Additionally, adverse changes in these conditions may result in a decline in rental revenue, sales proceeds and occupancy levels at our assets and adversely impact our revenue and cash flows. If rental revenue, sales proceeds and / or occupancy levels decline, we generally would expect to have less cash available to pay indebtedness and for distribution to shareholders. In addition, some of our major expenses, including mortgage loan payments, real estate taxes and maintenance costs generally do not decline when the related rents decline. ● The cost and availability of credit may be adversely affected by illiquid credit markets and wider credit spreads, and our inability or the inability of our tenants to timely refinance maturing liabilities to meet liquidity needs may materially affect our financial condition and results of operations. Additionally, mortgage loan obligations expose us to risk of foreclosure and the loss of properties subject to such obligations. ● It may be difficult to buy and sell real estate quickly, or we or potential buyers of our assets may experience difficulty in obtaining financing, which may limit our ability to vary our portfolio promptly in response to changes in economic or other conditions. Additionally, we may be unable to identify, negotiate, finance or consummate ~~25acquisitions~~ -- **acquisitions** of properties, or acquire properties on favorable terms, or at all. ● The composition of our portfolio by asset type is likely **to continue** to change over time, which could expose us to different asset class risks than if our portfolio composition remained static, and we may be adversely affected by trends in the asset classes we currently own. ● We may not be able to control the operating expenses associated with our properties, which include real estate taxes, insurance, loan payments, maintenance, and costs of compliance with governmental regulation, or our operating expenses may remain constant or increase, even if our revenue does not increase, which could have a material adverse effect on us. ● Macroeconomic trends, including increases in inflation and interest rates, could have a material adverse effect on us, as well as our tenants, which may adversely impact our business, financial condition and results of operations. ● We may be unable to renew leases, lease vacant space or re- let space as leases expire, or do so on favorable terms, which could have a material adverse effect on us. As of December 31, ~~2022~~ **2023** , leases representing ~~12~~ **25** . ~~0~~ **7** % of our share of the office and retail square footage in our Operating Portfolio were scheduled to expire in ~~2023~~ **2024** or have month- to- month terms, ~~19~~ **6** . ~~4~~ **8** % were scheduled to expire in ~~2024~~ **2025** , and 14. ~~3~~ **4** % of our share of the square footage of the assets in our commercial portfolio was unoccupied and not generating rent. We may find it necessary to make rent or other concessions and / or significant capital expenditures to improve our assets to retain and attract tenants. ● We may be unable to maintain or increase our occupancy and revenue at certain **multifamily,** commercial ~~, multifamily~~ and other assets due to an increase in supply, more favorable terms offered by competitors, and / or deterioration in our markets. ● Increased affordability of residential homes and other competition for tenants of our multifamily properties could affect our ability to retain current residents of our multifamily properties, attract new ones or increase or maintain rents, which could adversely affect our results of operations and our financial condition. ● We may from time to time be subject to litigation, which may significantly divert the attention of our officers and / or trustees and result in defense costs, settlements, fines or judgments against us, some of which are not, or cannot be, covered by insurance, any of which could have a material adverse effect on us. **For example, we are currently a defendant in an antitrust lawsuit, brought by the Washington, D. C. Attorney General,**

**involving RealPage, which is one of our vendors, alleging that RealPage and lessors of multifamily residential real estate conspired, principally in connection with the alleged use of RealPage revenue management systems, to artificially inflate the rental rates for multifamily residential real estate above competitive levels.** ● We own leasehold interests in certain land on which some of our assets are located. If we default under the terms ~~of~~ **26of** any of these ground leases, we may be liable for damages and could lose our leasehold interest in the property or our option to purchase the underlying fee interest in such asset. In addition, unless we purchase the underlying fee interests in the land on which a particular property is located, we will lose our right to operate the property or we will continue to operate it at much lower profitability, which would significantly adversely affect our results of operations. In addition, if we are perceived to have breached the terms of a ground lease, the fee owner may initiate proceedings to terminate the lease. ● Our assets may be subject to impairment losses, which could have a material adverse effect on our results of operations. ● Climate change, including rising sea levels, flooding, **prolonged periods of extreme temperature or other** extreme weather, and changes in precipitation and temperature, may result in physical damage to, or a total loss of, our assets located in areas affected by these conditions, including those in low- lying areas close to sea level, such as National Landing, and / or decreases in demand, rent from, or the value of those assets. In addition, we may incur material costs to protect these assets, including increases in our insurance premiums as a result of the threat of climate change, or the effects of climate change may not be covered by our insurance policies. Furthermore, changes in federal and state legislation and regulations on climate change could result in increased utility expenses and / or increased capital expenditures to improve the energy efficiency and reduce carbon emissions of our properties in order to comply with such regulations or result in fines for non- compliance. Any of the foregoing could have a material and adverse effect on us. We may incur significant costs to comply with environmental laws, and environmental contamination may impair our ability to lease and / or sell real estate. Our operations and assets are subject to various federal, state and local laws and regulations concerning the protection of the environment including air and water quality, hazardous or toxic substances and health and safety. Under some ~~26environmental~~ -- **environmental** laws, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances released at a property. The owner or operator may also be held liable to a governmental entity or to third parties for property damage or personal injuries and for investigation and clean- up costs incurred by those parties because of the contamination. These laws often impose liability without regard to whether the owner or operator knew of the release of the substances or caused such release. The presence of contamination or the failure to remediate contamination may (i) expose us to third- party liability (e. g., for cleanup costs, natural resource damages, bodily injury or property damage), (ii) subject our properties to liens in favor of the government for damages and costs the government incurs in connection with the contamination, (iii) result in restrictions on the manner in which a property may be used or businesses may be operated, or (iv) impair our ability to sell or lease real estate or to borrow using the real estate as collateral. To the extent we send contaminated materials to other locations for treatment or disposal, we may be liable for cleanup of those sites if they become contaminated. Other laws and regulations govern indoor and outdoor air quality including those that can require the abatement or removal of asbestos- containing materials in the event of damage, demolition, renovation or remodeling, and also govern emissions of and exposure to asbestos fibers in the air. The maintenance and removal of lead paint and certain electrical equipment containing polychlorinated biphenyls (PCBs) are also regulated by federal and state laws. We are also subject to risks associated with human exposure to chemical or biological contaminants such as molds, pollens, viruses and bacteria which, above certain levels, can be alleged to be connected to allergic or other health effects and symptoms in susceptible individuals. Our predecessor companies may be subject to similar liabilities for activities of those companies in the past. We could incur fines for environmental noncompliance and be held liable for the costs of remedial action with respect to the foregoing regulated substances or related claims arising out of environmental contamination or human exposure at or from our assets. Most of our assets have been subjected to varying degrees of environmental assessment at various times. To date, these environmental assessments have not revealed any environmental condition material to our business. However, identification of new compliance concerns or undiscovered areas of contamination, changes in the extent or known scope of contamination, human exposure to contamination or changes in cleanup or compliance requirements could result in significant costs to us. In addition, we may become subject to costs or taxes, or increases therein, associated with natural resource or energy usage (such as a" carbon tax"). These costs or taxes could increase our operating costs and decrease the cash available to pay our obligations or distribute to equity holders. ~~Increasingly~~ **27Increasingly** competitive labor markets and our need to provide additional incentives to remain competitive in our hiring and retention efforts may hurt our ability to effectively operate our business and have a negative effect on our business, results of operations, cash flows, and financial condition. Our success depends on our ability to continue to attract, retain and motivate qualified personnel, but we may not be able to do so on acceptable terms or at all. Recently, the U. S. job market has experienced labor shortages ~~and employee resignations at record levels~~ , resulting in intense competition for retaining and hiring skilled employees. Additionally, the competitive labor conditions have significantly increased compensation expectations for our existing and prospective personnel. If we are unable to hire and retain qualified personnel as required for our operations, our business, results of operations, cash flows and financial condition could be adversely affected. Risks Related to the Capital Markets and Related ActivitiesWe face risks related to our common shares. These risks include, among other things, the risk that an economic downturn or a deterioration in the capital markets may materially affect the value of our equity securities; the absence of any guarantee or certainty regarding the timing, amount, or payment of future dividends on our common shares; the risk of dilution of ownership in our company due to certain actions taken by us; the risk that future offerings of debt or preferred equity securities, which would be senior to our common shares upon liquidation, and in the case of preferred equity securities may be senior to our common shares for purposes of dividend distributions or upon liquidation, may adversely affect the per share trading price of our common shares; and the risk that the announcement of a material acquisition may result in a rapid and significant decline in the price of our common shares. If any of the foregoing risks materialize, it could have a material adverse effect on us. We have a substantial amount of indebtedness, and our debt agreements include restrictive covenants and other requirements, which may limit our financial and operating activities, our future acquisition and development activities, or otherwise affect our financial condition. ~~27As~~ **As** of December 31, ~~2022~~ **2023** , we had $ 2. ~~5~~ **6** billion aggregate principal amount of consolidated debt outstanding, and our unconsolidated real estate ventures had $ ~~244~~ **235** . ~~1~~ **0** million aggregate principal amount of debt outstanding ($ ~~55~~ **68** . ~~1~~ **0** million at our share), resulting in a total of $ 2. ~~5~~ **6** billion aggregate principal amount of debt outstanding at our share. A portion of our outstanding debt is guaranteed by ~~our operating partnership~~ **JBG SMITH LP** . Our cash flow from operations may be insufficient to meet our required debt service and payments of principal and interest on borrowings may leave us with insufficient cash resources to operate our assets or to pay the dividends currently contemplated. Additionally, our debt agreements include customary restrictive covenants, that, among other things, restrict our ability to incur additional indebtedness, to engage in material asset sales, mergers, consolidations and acquisitions, and to make capital expenditures, and some of our debt agreements also include requirements to maintain financial ratios. Our ability to borrow is subject to compliance with these and other covenants, and failure to comply with our covenants could cause a default under the applicable debt instrument, and we may then be required to repay such debt with capital from other sources or give possession of a property to the lender. Any of the foregoing could affect our ability to obtain additional funds as needed, or on favorable terms, which could, among other things, adversely affect our ability to meet operational needs or to finance our future acquisition and development activities. We may not be able to obtain capital to make investments. We are primarily dependent on external capital to fund the expected growth of our business. Our access to debt or equity capital depends on the willingness of third parties to lend or make equity investments and on conditions in the capital markets generally. There can be no assurance that new capital will be available or available on acceptable terms. Our future development plans are capital intensive. To complete these plans, we anticipate funding construction and development through asset sales, real estate ventures with third parties, recapitalizations of assets, and public or private securities offerings, or a combination thereof. Similarly, these plans require a significant amount of debt financing which subjects us to additional risks, such as rising interest rates. For information about our available sources of funds, see" Management' s Discussion and Analysis of Financial Condition and Results of Operations- Liquidity and Capital Resources" and the notes to the consolidated financial statements included herein. ~~We~~ **28We** are subject to interest rate risk, which could increase our interest expense, increase the cost to refinance and increase the cost of issuing new debt. As of December 31, ~~2022~~ **2023** , $ ~~892~~ **670** . ~~3~~ **6** million of our outstanding consolidated debt was subject to instruments that bear interest at variable **rates, and we may continue to incur indebtedness that bears interest at variable interest** rates. While some of this debt is protected against interest rate increases above specified rates via interest rate cap agreements, the remainder does not benefit from such arrangements. Further, we may borrow money at variable interest rates in the future without the benefit of associated hedges and caps. With respect to these unhedged amounts, increases in interest rates would increase our interest expense under these instruments, increase the cost of refinancing these instruments or issuing new debt, and adversely affect our cash flow and our ability to service our indebtedness and make distributions to our shareholders, which could, in turn, adversely affect the market price of our common shares. **We** ~~Based on our aggregate variable rate debt outstanding as of December 31, 2022, an increase of 100 basis points in interest rates would result in a hypothetical increase of approximately $ 2. 5 million in interest expense on an annual basis, when taking into effect existing interest rate caps. The amount of this change includes the benefit of interest rate swaps and caps we currently have in place. Subject to these restrictions, we~~ may enter into hedging transactions to protect ourselves from the effects of interest rate fluctuations on floating rate debt. As of December 31, ~~2022~~ **2023** , our hedging transactions included interest rate cap agreements, which covered $ ~~642~~ **466** . ~~9~~ **1** million of our outstanding consolidated debt, a significant portion of which is with one counterparty, which also exposes us to counterparty risk. Interest rate hedging can be expensive, particularly during periods of rising and volatile interest rates, which could reduce the overall returns on our investments. Moreover, there can be no assurance that our hedging arrangements will qualify as highly effective hedges under applicable accounting standards. Furthermore, should we desire to terminate a hedging agreement, there could be significant costs and cash requirements. Additionally, we are required to maintain interest rate cap agreements under certain of our variable rate debt agreements. Renewing, extending or entering into new interest rate cap agreements in a rising and volatile interest rate environment may cause us to incur significant upfront costs. Finally, the REIT provisions of the Code impose certain restrictions on our ability to use hedges, swaps and other types of derivatives to hedge our liabilities. Any of the foregoing could **increase our** ~~have a material adverse effect on us. 28The replacement of LIBOR with SOFR, may adversely affect~~ interest expense ~~related~~ **, increase the cost** to ~~outstanding~~ **refinance and increase the cost of issuing new** debt ~~. Furthermore, the future of the reference rate used in our existing floating rate debt instruments and hedging arrangements is uncertain, which could have an uncertain economic effect on these instruments, which could have a material adverse effect on us. Our credit facilities and certain mortgage loans require the applicable interest rate or payment amount by reference to SOFR. The use of SOFR based rates may result in interest rates and / or payments that are higher or lower than the rates and payments that we previously experienced when referenced to LIBOR. SOFR is a relatively new reference rate, has a very limited history and is based on short- term repurchase agreements, backed by Treasury securities. Changes in SOFR could be volatile and difficult to predict, and there can be no assurance that SOFR will perform similarly to the way LIBOR would have performed at any time. As a result, the amount of interest we may pay on our credit facilities is difficult to predict. As of December 31, 2022, we had debt with a principal balance totaling $ 692. 7 million and hedging arrangements with a notional value totaling $ 1. 0 billion that use LIBOR as a reference rate. On November 30, 2020, the United Kingdom regulator announced its intentions to cease the publication of the one- week and two- month USD- LIBOR immediately following the December 31, 2021 publications, and the remaining USD- LIBOR tenors immediately following the June 30, 2023 publications. Though an alternative reference rate for LIBOR, SOFR, exists, significant uncertainties still remain. We can provide no assurance regarding the future of LIBOR and when our LIBOR- based instruments will transition from LIBOR as a reference rate to SOFR or another reference rate. The discontinuation of a benchmark rate or other financial metric, changes in a benchmark rate or other financial metric, or changes in market~~

~~perceptions of the acceptability of a benchmark rate or other financial metric, including LIBOR, could, among other things, result in increased interest payments, changes to our risk exposures, or require renegotiation of previous transactions. In addition, any such discontinuation or changes, whether actual or anticipated, could result in market volatility, adverse tax or accounting effects, increased compliance, legal and operational costs, and risks associated with contract negotiations~~ . Risks and Conflicts of Interest Related to Our Organization and StructureTax consequences to holders of OP Units upon a sale of certain of our assets may cause the interests of our senior management to differ from your own. Some holders of OP Units, including some members of our senior management, may suffer different and more adverse tax consequences than holders of our common shares upon the sale of certain of the assets owned by ~~our operating partnership~~ **JBG SMITH LP** , and therefore these holders may have different objectives regarding the material terms of any sale or refinancing of certain assets, or whether to sell such assets at all. Certain of our trustees and executive officers may have actual or potential conflicts of interest **, including** because of their previous or continuing equity interest in, or positions at JBG, including trustees and members of our senior management, who have an ownership interest in the JBG Legacy Funds and own carried interests in certain JBG Legacy Funds and in certain of our real estate ventures that entitle them to receive additional compensation if certain funds or real estate ventures achieve certain return thresholds. Some of our trustees and executive officers are persons who were employees of JBG, and they own equity interests in certain JBG Legacy Funds and related entities. Ownership of interests in the JBG Legacy Funds and current or past service as a managing member, at JBG, could create, or appear to create, potential conflicts of interest. Certain of the JBG Legacy Funds own the JBG Excluded Assets, which JBG Legacy Funds are owned in part by members of our senior management and certain trustees. In addition, although the asset management and property management fees associated with the JBG Excluded Assets were assigned to us upon completion of the Formation Transaction, the general partner and managing member interests in the JBG Legacy Funds held by former JBG executives (who became members of our management team) and certain trustees were not transferred to us and remain under the control of these individuals. Our management' s time and efforts may be diverted from the management of our assets to management of the JBG Legacy Funds, which could adversely affect the execution of our business plan and our results of operations and cash flow. ~~In addition, members~~ **Members** of our senior management and certain trustees have an ownership interest in the JBG Legacy Funds and own carried interests in each fund and in certain of our real estate ventures that entitle them to receive additional compensation if the fund or real estate venture achieves certain return thresholds. **Additionally, in the future, we may elect to assign to certain employees a percentage of third- party fees, carried interests or other equity interests in certain assets, joint ventures or other real estate ventures.** As a result, **such employees** ~~members of our senior management~~ could be incentivized to spend time and effort maximizing the ~~cash~~ **29cash** flow from the assets being retained by the JBG Legacy Funds ~~and certain~~ **or other relevant** real estate ventures **in which they have an ownership or other interest** , ~~particularly~~ **including** through sales of assets, which may **, for example,** accelerate payments of the carried interest but would reduce the asset management and other fees that would otherwise be payable to us with respect to the JBG ~~29Excluded~~ -- **Excluded** Assets. These actions could adversely impact our results of operations and cash flow. Other potential conflicts of interest **may arise** with the JBG Legacy Funds ~~include~~ **or other relevant real estate ventures if we engage in direct** transactions **or compete** ~~with these funds and competition~~ for tenants. ~~We~~ **For example, we** have **entered** , and in the future ~~we~~ may ~~,~~ enter into transactions with the JBG Legacy Funds, such as purchasing assets from them. Any such transaction ~~would create~~ **creates** a conflict of interest as a result of our management team' s interests on both sides of the transaction, because we manage the JBG Legacy Funds and because members of our management and ~~board~~ **Board** of ~~trustees~~ **Trustees** own interests in the general partner or other managing entities of the funds ~~. We may compete for tenants with the JBG Legacy Funds and because we typically manage the assets of the JBG Legacy Funds, we may have a conflict of interest when competing for a tenant if the tenant is interested in assets owned by us and the JBG Legacy Funds~~ . Any of the above- described conflicts of interest could have a material adverse effect on us. We may acquire properties or portfolios of properties through tax deferred contribution transactions, which could result in shareholder dilution and limit our ability to sell or refinance such assets. In the future, we may acquire properties or portfolios of properties through tax deferred contribution transactions in exchange for partnership interests in ~~our operating partnership~~ **JBG SMITH LP** , which may result in shareholder dilution through the issuance of OP Units that may be exchanged for common shares. This acquisition structure may have the effect of, among other things, reducing the amount of tax depreciation we could deduct (as compared to a transaction where we do not inherit the contributor' s tax basis but acquire tax basis equal to the value of the consideration exchanged for the property) until the OP Units issued in such transactions are redeemed for cash or converted into common shares. While no such protection arrangements existed as of December 31, ~~2022~~ **2023** , in the future we may agree to protect the contributors' ability to defer recognition of taxable gain through restrictions on our ability to dispose of, or refinance the debt on, the acquired properties for specified periods of time. Similarly, we may be required to incur or maintain debt we would otherwise not incur or maintain so that we can allocate the debt to the contributors to maintain their tax bases. These restrictions could limit our ability to sell an asset at a time, or on terms ~~,~~ that would be favorable absent such restrictions. Our declaration of trust and bylaws, the partnership agreement of ~~our operating partnership~~ **JBG SMITH LP** and **MGCL** ~~Maryland law~~ , and the Code contain provisions that may delay, defer or prevent a change of control transaction that might involve a premium price for our common shares or that our shareholders otherwise believe to be in their best interest. Our declaration of trust contains ownership limits with respect to our shares. Generally, to maintain our qualification as a REIT under the Code, not more than 50 % in value of our outstanding shares of beneficial interest may be owned, directly or indirectly, by five or fewer" individuals" (including some types of entities) at any time during the last half of our taxable year. To address this requirement and other tax considerations, our declaration of trust prohibits, among other things, the actual, beneficial or constructive ownership by any person of more than 7. 5 % in value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series, including our common shares. For these purposes, our declaration of trust includes a" group" as that term is used for purposes of Section 13 (d) (3) of the Exchange Act in the definition of" person." Our Board of Trustees may exempt a person, prospectively or retroactively, from these ownership limits if certain conditions are satisfied, but is not required to grant any exemption. Our Board of Trustees may determine not to grant an exemption even if no adverse tax or REIT qualification consequences would be caused by ownership in excess of the 7. 5 % ownership limit. This ownership limit and the other restrictions on ownership and transfer of our shares contained in our declaration of trust may: (i) discourage a tender offer or other transactions or a change in management or of control that might involve a premium price for our common shares or that our shareholders might otherwise believe to be in their best interest; or (ii) result in the transfer of shares acquired in excess of the restrictions to a trust for the benefit of a charitable beneficiary and, as a result, the forfeiture by the acquirer of the benefits of owning the additional shares. Additionally, our declaration of trust authorizes the Board of Trustees, without shareholder approval, to establish a class or series of common or preferred shares whose terms could delay, deter or prevent a change in control or other transaction that might involve a premium price or otherwise be in the best interest of our shareholders. Our declaration of trust and bylaws contain other provisions that may delay, deter or prevent a change of control or other transaction that might involve a premium price or otherwise be in the best interest of our shareholders. Provisions of **MGCL** ~~Maryland law~~ could inhibit changes in control, which may discourage third parties from conducting a tender offer or seeking other change of control transactions that might involve a premium price for our common shares or that our shareholders might otherwise believe to be in their best interest. Provisions of the MGCL, may have the effect of inhibiting ~~a~~ **30a** third party from making a proposal to acquire us or of impeding a change of control under circumstances that ~~30otherwise~~ -- **otherwise** could provide the holders of common shares with the opportunity to realize a premium over the then- prevailing market price of such shares, including: ● provisions that prohibit business combinations between us and an" interested shareholder," defined generally as any holder or affiliate of any holder who beneficially owns 10 % or more of the voting power of our shares, for five years after the most recent date on which the shareholder becomes an interested shareholder, and thereafter impose fair price and / or supermajority shareholder voting requirements on these combinations; and ● provisions that provide that a shareholder' s" control shares" acquired in a" control share acquisition," as defined in the MGCL, have no voting rights, except to the extent approved by our shareholders by the affirmative vote of at least two- thirds of all the votes entitled to be cast on the matter, excluding all interested shares. As permitted by the MGCL, we have elected in our bylaws to opt out of the business combination and control share provisions of the MGCL. However, we cannot assure you that our Board of Trustees will not opt to be subject to such provisions of the MGCL in the future, including opting to be subject to such provisions retroactively. The limited partnership agreement of ~~our operating partnership~~ **JBG SMITH LP** requires the approval of the limited partners with respect to certain extraordinary transactions involving JBG SMITH, which may reduce the likelihood of such transactions being consummated, even if they are in the best interests of, and have been approved by, our shareholders. The limited partnership agreement of JBG SMITH LP provides that we may not engage in a merger, consolidation or other combination with or into another person, a sale of all or substantially all of our assets, or a reclassification, recapitalization or a change in outstanding shares (except for changes in par value, or from par value to no par value, or as a result of a subdivision or combination of our common shares), which we refer to collectively as an extraordinary transaction, unless specified criteria are met. In particular, with respect to any extraordinary transaction, if partners will receive consideration for their limited partnership units and if we seek the approval of our shareholders for the transaction (or if we would have been required to obtain shareholder approval of any such extraordinary transaction but for the fact that a tender offer shall have been accepted with respect to a sufficient number of our common shares to permit consummation of such extraordinary transaction without shareholder approval), then the limited partnership agreement prohibits us from engaging in the extraordinary transaction unless we also obtain" partnership approval." To obtain" partnership approval," we must obtain the consent of our limited partners (including us and any limited partners majority owned, directly or indirectly, by us) representing a percentage interest in JBG SMITH LP that is equal to or greater than the percentage of our outstanding common shares required (or that would have been required in the absence of a tender offer) to approve the extraordinary transaction, provided that we and any limited partners majority owned, directly or indirectly, by us will be deemed to have provided consent for our partnership units solely in proportion to the percentage of our common shares approving the extraordinary transaction (or, if there is no shareholder vote with respect to such extraordinary transaction because a tender offer shall have been accepted with respect to a sufficient number of our common shares to permit consummation of the extraordinary transaction without shareholder approval, the percentage of our common shares with respect to which such tender offer shall have been accepted). The limited partners of JBG SMITH LP may have interests in an extraordinary transaction that differ from those of common shareholders, and there can be no assurance that, if we are required to seek" partnership approval" for such a transaction, we will be able to obtain it. As a result, if a sufficient number of limited partners oppose such an extraordinary transaction, the limited partnership agreement may prohibit us from consummating it, even if it is in the best interests of, and has been approved by, our shareholders. Substantially all our assets are owned by subsidiaries. We depend on dividends and distributions from these subsidiaries. The creditors of these subsidiaries are entitled to amounts payable to them by the subsidiaries before the subsidiaries may pay any dividends or other distributions to us. Substantially all of our assets are held through JBG SMITH LP, which holds substantially all of its assets through wholly owned subsidiaries. JBG SMITH LP' s cash flow is dependent on cash distributions to it by its subsidiaries, and in turn, substantially all of our cash flow is dependent on cash distributions to us by JBG SMITH LP. The creditors of each of our subsidiaries are entitled to payment of that subsidiary' s obligations to them when due and payable before distributions may be made by that subsidiary to its equity holders. In addition, the operating agreements governing some of our subsidiaries which are parties to real estate joint ventures may have restrictions on distributions which could limit the ability of those subsidiaries to make distributions to JBG SMITH LP. Thus, JBG SMITH LP' s ability to make distributions to holders of its units, including us, depends on its subsidiaries' ability first to satisfy their obligations to their creditors, and then to ~~make~~ **31make** distributions to ~~JBG SMITH LP~~ **holders of its units** . Likewise, our ability to pay dividends ~~to our shareholders~~ depends on JBG ~~31SMITH~~ -- **SMITH** LP' s ability first to satisfy its obligations, if any, to its creditors and make distributions payable to holders of preferred units (if any), and then to make distributions to us. In addition, our participation in any distribution of the assets of any of our subsidiaries upon the liquidation, reorganization or insolvency of the subsidiary, occurs only after the claims of the creditors, including trade creditors, and preferred security holders, if any, of the applicable direct or indirect subsidiaries are satisfied. Our rights and the rights of our shareholders to take action against our trustees and officers are limited. As permitted by **MGCL** ~~Maryland law~~ , under our declaration of trust, trustees and officers shall not be liable to us and our shareholders for money damages, except for liability resulting from actual receipt of an improper benefit or profit in money, property or services; or a final judgment based upon a finding of active and deliberate dishonesty by the trustee or officer that was material to the cause of action adjudicated. In addition, our declaration of trust **and indemnification agreements** ~~requires~~ - **require** us to indemnify our trustees and officers (in some cases, without requiring a preliminary determination of the trustee' s or officer' s ultimate entitlement to indemnification) for actions taken by them in those and certain other capacities to the maximum extent permitted by **MGCL** ~~Maryland law~~ . The Maryland REIT law permits a REIT to indemnify and advance expenses to its trustees, officers, employees and agents to the same extent as permitted by the MGCL for directors and officers of a Maryland corporation. Generally, **MGCL** ~~Maryland law~~ permits a Maryland corporation to indemnify its present and former directors and officers except in instances where the person seeking indemnification acted in bad faith or with active and deliberate dishonesty, actually received an improper personal benefit in money, property or services or, in the case of a criminal proceeding, had reasonable cause to believe that his or her actions were unlawful. Under **MGCL** ~~Maryland law~~ , a Maryland corporation also may not indemnify a director or officer in a suit by or in the right of the corporation in which the director or officer was adjudged liable to the corporation or for a judgment of liability on the basis that a personal benefit was improperly received. A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct; however, indemnification for an adverse judgment in a suit by us or in our right, or for a judgment of liability on the basis that personal benefit was improperly received, is limited to expenses. As a result, we and our shareholders may have more limited rights against our trustees and officers than might otherwise exist. Accordingly, if actions taken in good faith by any of our trustees or officers impede the performance of our company, ~~your~~ - **our shareholder' s** ability to recover damages from such trustee or officer will be limited. Risks Related to Our Status as a REITWe may fail to qualify or remain qualified as a REIT and may be required to pay income taxes at corporate rates. Although we believe that we are organized and intend to operate to qualify as a REIT for federal income tax purposes, we may fail to remain so qualified. Qualification and taxation as a REIT are governed by highly technical and complex provisions of the Code for which there are only limited judicial or administrative interpretations and depend on various facts and circumstances that are not entirely within our control. If, with respect to any taxable year, we fail to maintain our qualification as a REIT and do not qualify under the relevant statutory relief provisions, we would have to pay federal income tax on our taxable income at regular corporate rates, could not deduct our distributions in determining our taxable income subject to tax, and would possibly also be subject to certain taxes enacted by the Inflation Reduction Act of 2022 that are applicable to non- REIT corporations, including the nondeductible 1 % excise tax on certain stock repurchases. If we had to pay federal income tax, the amount of money available to distribute to shareholders and pay our indebtedness would be reduced for the year or years involved, and we would not be required to make distributions to shareholders in that taxable year and in future years until we again were able to qualify as a REIT. In addition, we would also be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost, unless we were entitled to relief under the relevant statutory provisions. REIT distribution requirements could adversely affect our liquidity and our ability to execute our business plan or require us to make distributions of our shares or other securities. For us to qualify to be taxed as a REIT, we generally must distribute to our shareholders each year at least 90 % of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains. We intend to distribute 100 % of our REIT taxable income to our shareholders out of assets legally available therefor. From time to time, we may generate taxable income greater than our cash flow. ~~For example, if we dispose of properties in transactions that are intended to qualify as like- kind exchanges under Section 1031 of the Code and such transactions 32either fail to consummate the acquisition of replacement property in the like- kind exchanges or are successfully challenged and determined to be currently taxable, our taxable income and earnings and profits would increase, and may require additional distributions to shareholders or, in lieu of that, require us to pay corporate income tax, possibly including interest and penalties.~~ If we do not have other funds available ~~in these and other types of situations~~ , we could be required to borrow funds on unfavorable terms, sell assets at disadvantageous prices, distribute amounts that ~~would~~ **32would** otherwise be invested in future acquisitions, capital expenditures or repayment of debt, or make taxable distributions of our shares to make distributions sufficient to enable us to pay out enough of our taxable income to satisfy the REIT distribution requirement and avoid corporate income tax and a 4 % excise tax in a particular year. These alternatives could increase our costs or reduce our equity. Because amounts distributed will not be available to fund investment activities, compliance with the REIT requirements may hinder our ability to grow, which could adversely affect the value of our shares. ~~Any restrictions~~ **Restrictions** on our ability to incur additional indebtedness or make certain distributions could preclude us from meeting the 90 % distribution requirement ~~. Decreases in funds from operations due to unfinanced expenditures for acquisitions of assets or increases in the number of shares outstanding without commensurate increases in funds from operations would each adversely affect our ability to maintain our current level of distributions to our shareholders~~ . Consequently, there can be no assurance that we will be able to make distributions at the anticipated distribution rate or any other rate. The tax imposed on REITs engaging in" prohibited transactions" may limit our ability to engage in transactions that would be treated as sales for U. S. federal income tax purposes. A REIT' s net income from prohibited transactions is subject to a 100 % penalty tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. Although we and our subsidiary REITs believe that we have held, and intend to continue to hold, our properties for investment and do not intend to hold ~~direct~~ **directly** (rather than through taxable corporate subsidiaries) any properties that could be characterized as held for sale to customers in the ordinary course of our business, such characterization is a factual determination and no guarantee can be given that the IRS would agree with our characterization of our properties or that we will always be able to make use of the available statutory safe harbor. In the case of some of our properties held through partnerships with third parties, our ability to control the disposition of such properties in a manner that avoids the imposition of the prohibited transactions tax depends in part on the action of third parties over which we have no control or only limited influence. To comply with the restrictions imposed on REITs, we may have to conduct certain activities and own certain assets through a TRS, which will be subject to normal corporate income tax, and we could be subject to a 100 % penalty tax if our transactions with our TRSs are not conducted on arm' s length terms. A TRS is an entity taxed as a corporation in which a REIT directly or indirectly holds stock and which has elected with the REIT to be treated as a TRS of the REIT and which is taxable as a regular corporation, at regular corporate income tax rates. As a REIT, we cannot own certain assets or conduct certain activities directly, without risking failing the income or asset tests that apply to REITs. We can, however, hold these assets or undertake these activities through a TRS. For example, we generally cannot provide certain non- customary services to our tenants, and we cannot derive income from a third party that provides such services. If we forego providing such services to our tenants, we may be at a disadvantage to competitors who are not subject to the same restrictions. Accordingly, we provide such non- customary services to our tenants and share in the revenue from such services through our TRSs. As noted, the income earned through our TRSs will be subject to corporate income taxes. In addition, a 100 % excise tax will be imposed on certain transactions between us and our TRSs that are not conducted on an arm' s length basis. Risks Related to the Formation Transaction We could be required to indemnify Vornado for certain material tax obligations that could arise as addressed in the Tax Matters Agreement and certain obligations under the Separation and Distribution Agreement. Furthermore, Vornado agreed to indemnify us for certain pre- distribution liabilities and liabilities related to Vornado assets and there can be no assurance that these obligations will be sufficient to protect us. Additionally, there may be undisclosed liabilities of the Vornado and JBG assets contributed to us in the Formation Transaction that might expose us to potentially large, unanticipated costs. Under the Tax Matters Agreement that we entered into with Vornado, we may be required to indemnify Vornado against ~~33any~~ -- **any** taxes and related amounts and costs if the distribution of JBG SMITH shares by Vornado, together with certain related transactions, is not tax- free and that treatment results from (i) actions or failures to act by us, or (ii) our breach of certain representations or undertakings. The Separation Agreement provides for indemnification obligations designed to make us financially responsible for substantially all liabilities that may exist relating to our business activities, whether incurred prior to or after the Formation Transaction, as well as those obligations of Vornado that we assumed pursuant to the Separation Agreement. If we are required to indemnify Vornado under the circumstances set forth in the Tax Matters Agreement or the Separation Agreement, we may be subject to substantial liabilities. Pursuant to the Separation Agreement, Vornado agreed to indemnify us for certain liabilities. However, third parties could seek to hold us responsible ~~for~~ **33for** any of the liabilities that Vornado agreed to retain, and there can be no assurance that Vornado will be able to fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from Vornado any amounts for which we are held liable, such indemnification may be insufficient to fully offset the financial impact of such liabilities and / or we may be temporarily required to bear these losses while seeking recovery from Vornado. Additionally, prior to entering into the MTA, the diligence reviews performed by each of Vornado and JBG with respect to the business and assets of the other were necessarily limited in nature and scope and may not have adequately uncovered all of the contingent or undisclosed liabilities that we assumed in connection with the Formation Transaction, many of which may not be covered by insurance. The MTA does not provide for indemnification for these types of liabilities by either party post- closing, and, therefore, we may not have any recourse with respect to such unexpected liabilities. Any such liabilities could cause us to experience losses, which may be significant, which could have a material adverse effect on us. Unless Vornado and JBG SMITH were both REITs following the Separation, JBG SMITH could be required to recognize certain corporate- level gains for tax purposes as a result of the Separation. We believe that each of Vornado and JBG SMITH operated in a manner so that each qualified as a REIT immediately after the Separation and at all times during the two years after the Separation. However, if either Vornado or JBG SMITH failed to qualify as a REIT following the Separation, then, for our taxable year that includes the Separation, the IRS may assert that JBG SMITH would have to recognize corporate- level gain on assets acquired in the Separation. CAUTIONARY STATEMENT CONCERNING FORWARD- LOOKING STATEMENTSCertain statements contained herein constitute forward- looking statements within the meaning of the federal securities laws. Forward- looking statements are not guarantees of future performance. They represent our intentions, plans, expectations and beliefs and are subject to numerous assumptions, risks and uncertainties. Our future results, financial condition and business may differ materially from those expressed in these forward- looking statements. You can find many of these statements by looking for words such as" approximates,"" believes,"" expects,"" anticipates,"" estimates,"" intends,"" plans,"" would,"" may" or other similar expressions in this Annual Report on Form 10- K. Investors are cautioned to interpret many of the risks identified under the section titled" Risk Factors" in this Annual Report on Form 10- K as being heightened as a result of the numerous adverse impacts of COVID- 19. In particular, information included under" Business,"" Risk Factors," and" Management' s Discussion and Analysis of Financial Condition and Results of Operations" contains forward- looking statements. 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. Such factors include ~~, but are not limited to~~ : ● the economic health **and public safety climate** of the greater Washington Metro region and our geographic concentration therein, particularly our concentration in National Landing; ● decreases in demand for office space in the Washington, D. C. metropolitan area, particularly with respect to our two largest tenants, Amazon and the federal government; ● the amount and timing of Amazon' s investments in National Landing and revenue we receive from them currently and may receive in the future; ● whether any or all of the other three demand drivers discussed above will fail to materialize; ● **whether the plan to build a sports and entertainment anchor in National Landing will materialize at the planned scale, or at all; ●** reductions in or actual or threatened changes to the timing of federal government spending; ● changes in general political, economic **, public safety** and competitive conditions and specific market conditions; **● the risks associated with real estate development and redevelopment, including unanticipated expenses, delays and other contingencies; ● the risks associated with the acquisition, disposition and ownership of real estate in general and our real estate assets in particular; ● the ability to control our operating expenses;** 34