First Quarter 2021 Frequently Asked Questions

For ease of reference, this Frequently Asked Questions aggregates information provided in other contexts, including our Q1 2021 quarterly investor package and our May 2021 investor presentation. 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.

In April 2021, JBG SMITH entered into a strategic joint venture in Potomac Yard (southern National Landing). Can you tell us a bit more about this venture?

In April 2021, we entered into a joint venture with institutional investors advised by J.P. Morgan to design, develop, manage, and own approximately 2.0M SF of new mixed-use development (1.1M SF of office and 900K SF of multifamily) located in Potomac Yard, the southern portion of National Landing. Our venture partner contributed a land site that is entitled for approximately 1.3M SF of development at Potomac Yard Landbay F, while we contributed adjacent land with over 700K SF of estimated development capacity at Potomac Yard Landbay G. In addition to our 50% ownership stake in the joint venture, we will act as pre-developer, developer, property manager, and leasing agent for all future commercial and residential properties on the site.

As a result of this transaction, our at share ownership of development rights in Potomac Yard increased by over 285K SF, increasing our economic ownership interest in this emerging-growth submarket to 79% of all unencumbered future development density. Additionally, we've added two of the multifamily sites included in this joint venture, totaling 470 units (235 units at our share), to our Near-Term Development Pipeline and could commence construction on these developments as early as the first half of 2022.

The assets included in this joint venture are immediately adjacent to Virginia Tech's $1B Innovation Campus, which launched its inaugural semester (virtually) in the Fall of 2020 and is approximately 1 mile south of Amazon's new headquarters. At full build out, the university's $1B Innovation Campus is expected to occupy at least 675K SF of space and confer 750 STEM Master's Degrees annually.

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

Office Trends

During the first quarter, our rent collections remained consistent with 2020 pandemic levels. Since overall building populations did not increase materially during the quarter, parking income remained well below normal levels. In February and March, we experienced the highest volume of tour activity since the onset of the pandemic, a positive sign that tenants are re-engaging and beginning to consider their growth plans. Additionally, in the first quarter of 2021, our team achieved approximately 344,000 square feet of leasing volume, primarily driven by renewals. Since that time, tour volume in our portfolio has only continued to increase and is now approaching 50-75% of pre-pandemic levels. This activity has directly translated into signed LOIs, although most agreements still favor lease renewals.

One significant bright spot is the high level of actual and proposed federal spending under unified control of Congress and the White House. Regardless of political party, periods of alignment tend to benefit our market, and we believe this time will be no different. Following on the heels of the Biden Administration's $1.9 trillion coronavirus relief package, the proposed $2 trillion infrastructure bill (with a Republican counter-proposal still over $500 billion) promises to benefit our market disproportionately from a demand perspective. The potential for nearly $4 trillion of federal spending is hard to overstate given that the American Reinvestment and Recovery Act of 2009 was less than one quarter of that amount.

Despite the potential demand on the horizon, according to data reported by JLL, the DC metro office market fundamentals worsened through the first quarter. JLL reported a headline net absorption figure for the region of negative 4.2 million square feet pushing metro-wide vacancy above 20%, with Downtown DC comprising about half of the total losses. Although these numbers are staggering, they are largely backward-looking, reflecting deals done in the midst of the pandemic and before widespread vaccinations. In Downtown DC, the vast majority of givebacks came not from large Class A or Trophy users, but from Class B space in the traditional office core. Small users in these older buildings – typically associations, non-profits, and professional services firms – were the drivers of this decline. It remains unclear how these users will utilize office space when the market has re-opened more broadly, but our view is that some of these moves were motivated by short term savings, specifically by associations and non-profits, and are not necessarily indicative of a long-term commitment to working from home. It is also interesting to note that emerging-growth markets, such as the Ballpark, were largely spared, and that Northern Virginia made up the other half of DC metro losses, driven in part by small tenants but also accentuated by some large-scale moves (GSA move from Virginia to DC) and corporate user givebacks. Suburban Maryland remained effectively frozen with little positive or negative absorption through the start of the year. While this dearth of demand and high vacancy has led to large concession packages, it has yet to materially move asking rents in the JLL data, signaling that landlords still approach these market conditions as cyclical.

The question of whether this material reduction in office demand is cyclical or secular ultimately rests on tenant decisions. In our conversations with our own tenants and other large users in the marketplace, we still get a very mixed read with few clear conclusions. In the positive column are big tech companies like Amazon, which has announced its commitment to an office culture, and Microsoft, which has continued to expand its cloud business in the region, as well as defense or mission-critical federal agencies (about 70% of our federal tenants) which remain heavy office users. Even with hot-desking and hybrid work, we expect the tech industry to continue to keep utilization relatively fixed. For other users, the path forward is less clear. Most conversations and research reach the same conclusion – that some level of hybrid work will likely be the norm, with only some users, typically smaller firms as noted above, adopting a full work-from-home posture. One positive indicator is growth in physical occupancy, with DC at 24.5% per Kastle Systems data – still above also-improving New York (18.2%) and San Francisco (16.7%) as of June 2nd. These numbers are likely to continue to rise as companies begin implementing return-to-work plans in the wake of more widespread vaccinations.

Multifamily Trends

The multifamily market presents a clearer picture. During the first quarter, demand for our multifamily assets improved, with occupancy in our in-service multifamily portfolio increasing to 88.4%, up 60 basis points quarter-over-quarter. Excluding our new multifamily assets still in lease-up (West Half, 900 W Street, and 901 W Street), the in-service portfolio was 94.2% occupied at the end of the first quarter, up 270 basis points from the fourth quarter. While pandemic-driven concessions remain somewhat elevated, we expect these to burn-off as the market recovery picks up steam further into the year. Additionally, we have already seen a meaningful recovery in asking rents (an 11% increase from December 2020 to May 2021 in our portfolio) since the trough of the pandemic and, although we remain approximately 6% below pre-COVID levels, we expect the rapid recovery to continue, especially once students return to campus and employees return to work post-Labor Day.

The recovery signals apparent in our portfolio are also visible in the broader market. According to data from Apartment List, rents and occupancy increased through the first quarter, although still below pre-pandemic levels. Nonetheless, we believe that as the vaccine rollout continues, the pre-pandemic demand pool should return fairly rapidly and bring occupancy back to pre-pandemic levels, allowing further rent growth. We believe that young knowledge workers will continue to prefer locations where they can find one another, which favors highly amenitized, walkable, and densified urban markets.

As demand recovers, we believe our submarkets are further poised to benefit from a general slowdown in supply. 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. By contrast, according to data from CoStar and UrbanTurf, 2020 – 2023 will likely see an average of just over 7,200 units delivering per year. More than 70% of construction commencements through the first quarter of 2021 were in suburban markets. The pipeline in DC proper continues to show decline in our data set, and our conversations with contractors suggest that few jobs have begun the bidding process – a leading indicator of new starts on the kinds of large-scale, multifamily projects that dominate urban submarkets. With the return of demand to amenitized, urban, walkable markets, we believe that the outlook for urban apartments is positive.

DC is not the only market that has experienced movement in multifamily fundamentals, but according to Apartment List data it has outperformed its gateway market peers. From Q1 2020 to Q1 2021, DC metro rents fell 6.5%, compared to an 8.7% decline across New York, San Francisco, and Boston. This is an improvement across the board from Q4 2019 to Q4 2020. Combined with largely static occupancy levels across most gateway metro areas, it is not surprising to see DC's overall relative outperformance.

Have you commenced the marketing process for any of the non-core assets earmarked for sale in 2021?

Despite uncertainty in the capital markets, we have commenced marketing several non-core assets included in the $500M earmarked for potential disposition this year. These non-core assets include office assets outside of National Landing as well as select land assets where ground lease or joint venture execution represents the clearest path to maximizing value. As mentioned in our prior disclosure, these strategic sales represent an important source of capital for new growth investment priced at private market NAV, representing a significant premium over current public market trading values.

How do you evaluate and balance the potentially dilutive impact of asset sales on your overall portfolio?

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. Accordingly, over the coming years, we have targeted at least $1.5 billion of dispositions of mostly office assets outside of National Landing, but as has been the case since our formation in 2017, 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.

While we anticipate the trade from office into multifamily will result in lower initial NOI and Adjusted EBITDA yields, after accounting for capital expenditures and leasing costs, we expect "economic" NOI and AFFO/FAD yields to be neutral to positive. Over the medium to long term, as we transition into less capital intensive and higher growth multifamily, we expect both higher AFFO/FAD as well as higher stabilized NOI/ Adjusted EBITDA yields. 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 multifamily with greater durability and growth, as well as lower capital reinvestment needs. Additionally, as we trade out of land holdings that generate negative income, as a result of tax carry, we would expect to achieve immediate accretion upon trading into income producing multifamily acquisitions.

JBG SMITH further strengthened its ESG efforts throughout 2020. Can you elaborate on some of the additional strides that have been made?

In late May 2021, we released our environmental, social, and governance (ESG) report, which highlights accomplishments, key performance metrics, and our ESG management strategy. We believe that strong environmental sustainability, social responsibility, and corporate governance practices are essential to maximizing long-term NAV per share. We urge you to access our annual sustainability report by visiting our website at https://www.jbgsmith.com/about/sustainability.

Environmental Highlights

We achieved overall reductions in both energy usage and carbon emissions across our portfolio in 2020. We continued to take advantage of opportunities to make our operating assets more efficient users of energy and water, and we carefully examined the impacts of our development strategy.

Through these efforts, in November 2020, we received a 5-star rating from GRESB, establishing our rank within the top 20% of mixed-use office and multifamily portfolios, attaining Global Sector Leader status in the 2020 Real Estate Assessment. We also delivered our first on-site solar project in DC and have committed to install more within the Future Development Pipeline. And finally, we committed to a goal of developing a strategic sustainability plan that achieves a carbon neutral portfolio and defined performance targets for reduction in energy (25% reduction), water (20% reduction), carbon emissions (25% reduction), embodied carbon (20% reduction), and waste (60% reduction).

Social

As a company with a history of promoting housing equity, we understand the importance of housing affordability as a matter of equity and as a condition that fosters overall economic growth in our city. Through our Washington Housing Initiative (WHI), we are working to preserve and create affordable housing for middle income renters in high growth neighborhoods. To date, the JBG SMITH-managed WHI Impact Pool has financed approximately 1,150 units of affordable workforce housing across two assets located in Northern Virginia, including one in partnership with Amazon.

In addition to the challenges of the COVID-19 pandemic, our country continues to grapple with racial injustice issues. In these tumultuous times, companies and communities must come together in solidarity to heal and drive positive change. We take pride in our diverse and inclusive culture, but we also recognize that we still have work to do. Since she joined us in 2019, Dawnita Wilson, our Vice President of Diversity and Inclusion (D&I) has been focused on developing and executing a comprehensive D&I strategy designed to drive behavioral and cultural change. Internally, we are committed to maintaining an inclusive workplace where diversity can thrive. Externally we are focused on developing strategic partnerships to help advance D&I in the commercial real estate industry and the communities in which we live, work, and serve.

And finally, in 2020, NAREIT announced the formation of its Dividends Through Diversity, Equity & Inclusion CEO council. Our CEO, Matt Kelly, along with CEOs representing every segment of the REIT industry, serves as one of the council's founding members. Additionally, Matt Kelly signed the CEO Action for

Diversity & Inclusion pledge on behalf of JBG SMITH. Together, these actions demonstrate, at the highest level, our continued commitment to advancing diversity, equity and inclusion in the real estate industry.

Governance

In March 2021, we strengthened the composition of our Board of Trustees through the appointment of Phyllis R. Caldwell, enhancing our Board's skills and expertise and moving us closer to our previously stated goal of increasing diversity and improving the gender balance on our Board. With a total of four female Board members, JBG SMITH's Board of Trustees currently comprises 36% females.

At JBG SMITH, we pride ourselves on a culture that is focused on the long term, including proactive succession planning and the cultivation of talent. At the end of 2020, we announced three executive promotions to our leadership team that took effect January 1, 2021. Moina Banerjee assumed the role of Chief Financial Officer, George Xanders became our Chief Investment Officer, and Carey Goldberg was promoted to Chief Human Resources Officer. These long-term succession planning moves will serve the JBG SMITH team and our fellow shareholders with distinction for many years to come.

In light of the pandemic, can you provide an update on Amazon HQ2 and the company's commitment to its National Landing headquarters?

The pandemic did not stall our efforts to reposition National Landing, where Amazon's commitment to the area has only continued to grow. As Amazon's development partner, we broke ground on its new headquarters on the Metropolitan Park site (which we sold to Amazon in January 2020), and we remain on track to deliver this first phase, which includes 2.1 million square feet of office, in 2023. In November 2020, Amazon took occupancy of 100% of the office portion of our redeveloped 1770 Crystal Drive bringing its total leased square footage within our portfolio to 858,000 square feet. Additionally, in February 2021, Amazon submitted for entitlement approvals of the second phase of its new headquarters at Pen Place (2.8 million square feet of office, along with an iconic structure, known as The Helix). We are under firm contract to sell the Pen Place land to Amazon and anticipate this transaction will close later this year upon receipt of full entitlements.

Through 2020, Amazon surpassed its minimum commitment to the Commonwealth of Virginia, hiring over 1,600 employees in National Landing and, according to the Washington Business Journal, had approximately 2,070 open positions as of May 12th that the organization plans to fill by year end.

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, occupancy rates, property rental revenue, deferrals of rent, parking revenue, burn-off of rent abatement, construction costs, demand for new office space and potential bias of multifamily leasing to renewals; the potential effect of Amazon.com, Inc. ("Amazon") on job growth in the Washington, DC metropolitan area and 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; our anticipated acquisitions and dispositions and the ability to identify associated like-kind exchanges; 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; 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; 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; the impact of increases in government spending on increases in agency and contractor spending locally; 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 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 toward 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.

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, 2020 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 re liable, but the accuracy and completeness of the information is not assured. The Company has not independently verified any such information.