

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attached

Multiple horizontal lines for listing applicable Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ▶ See attached

Multiple horizontal lines for providing information regarding resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attached

Multiple horizontal lines for providing other necessary information for the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ *[Handwritten Signature]* Date ▶ *7/15/17*
Print your name ▶ **Craig Stern** Title ▶ **EVP - Tax & Compliance**

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			

VORNADO

REALTY TRUST

VORNADO REALTY TRUST

EIN: 22-1657560

ATTACHMENT TO IRS FORM 9937 – PART II
REPORT OF ORGANIZATIONS ACTIONS AFFECTING BASIS OF SECURITIES

CONSULT YOUR TAX ADVISOR

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "Code"), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Distribution (as defined below) on the tax basis of Vornado Realty Trust ("VNO") common shares and the allocation of tax basis between the common shares of VNO and JBG SMITH Properties ("JBG SMITH") following the Distribution. The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. Neither VNO nor JBG SMITH provides tax advice to its shareholders. The example provided below is illustrative and is being provided pursuant to Section 6045B of the Code and as a convenience to shareholders and their tax advisors when establishing their specific tax position. You are urged to consult your own tax advisor regarding the particular consequences of the Distribution to you, including the applicability and effect of all U.S. federal, state and local and foreign tax laws. We urge you to read the Information Statement of JBG SMITH, as filed with the Securities and Exchange Commission on Form 8-K on June 27, 2017 (the "Information Statement"), noting especially the discussion on page 284, under the heading "Material U.S. Federal Income Tax Consequences." You may access the Information Statement at VNO's investor relations website at <http://www.vno.com/dc>, under "Information Statement" or at www.sec.gov.

This notice does not apply to VNO common shares sold, exchanged or otherwise disposed of prior to the time of the Distribution.

14. Describe the organizational action, and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action:

On July 17, 2017, pursuant to the terms and conditions of the Master Transaction Agreement dated October 31, 2016 by and among VNO, Vornado Realty L.P. ("VRLP"), JBG Properties Inc., JBG/Operating Partners L.P., JBG Investment Fund VI, L.L.C., JBG Investment Fund VII, L.L.C., JBG Investment Fund VIII, L.L.C., JBG Investment Fund IX, L.L.C., JBG/Urban Direct Member, L.L.C., JBG SMITH and JBG SMITH Properties LP ("JBG SMITH LP") and the Separation and Distribution Agreement dated July 17, 2017 by and among VNO, VRLP, JBG SMITH and JBG SMITH LP, VRLP distributed all of the common limited partnership units of JBG SMITH LP on a pro rata basis to the holders of VRLP's common limited partnership units, consisting of VNO and the other common limited partners of VRLP. Following the distribution by VRLP, VNO contributed all the common limited partnership units of JBG SMITH LP that VNO received in the distribution from VRLP to JBG SMITH solely in exchange for all of the common shares of JBG SMITH not already owned by VNO. Immediately after the contribution by VNO, VNO distributed to its shareholders holding VNO common shares, on a pro rata basis, all of its JBG SMITH

common shares (the "Distribution"). Pursuant to the Distribution, each holder of VNO common shares as of the close of business on July 7, 2017 was entitled to receive one common share of JBG SMITH for every two common shares of VNO held. VNO shareholders also received cash in lieu of any fractional common shares of JBG SMITH.

JBG SMITH's common shares trade under the ticker symbol "JBGS", whereas VNO's common shares will continue to trade under the ticker symbol "VNO".

15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis:

As a result of the Distribution, VNO shareholders will be required to allocate the aggregate tax basis in their VNO common shares held immediately before the Distribution among the JBG SMITH common shares received in the Distribution (including any fractional share interest in JBG SMITH for which cash is received) and their VNO common shares held immediately after the Distribution. A shareholder's aggregate tax basis in his or her VNO common shares held immediately prior to the Distribution should be allocated in proportion to the relative fair market value of the VNO common shares and the JBG SMITH common shares. Shareholders that acquired VNO common shares at different times or different prices will need to calculate their tax basis in each block of shares and then allocate a portion of that tax basis to the VNO common shares and the JBG SMITH common shares received with respect thereto.

Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of the facts. U.S. federal income tax law does not specifically prescribe how you should determine the fair market values of the VNO common shares and the JBG SMITH common shares for purposes of allocating your tax basis. You should consult your tax advisor to determine what measure of fair market value is appropriate.

There are several possible methods for determining the fair market values of VNO common shares and JBG SMITH common shares. One possible approach is to utilize the New York Stock Exchange market closing price on July 18, 2017 for VNO common shares (\$77.59 per share), and the New York Stock Exchange market closing price on July 18, 2017 for JBG SMITH common shares (\$37.24 per share) as an indication of the fair market value. Based on that approach and the assumptions and calculations set forth in Item 16 below, 80.647% of a VNO shareholder's aggregate tax basis in his or her VNO common shares immediately prior to the Distribution would be allocated to such shareholder's shares of VNO and 19.353% would be allocated to such shareholder's shares of JBG SMITH received in the Distribution (including any fractional share interest in JBG SMITH for which cash is received). Other approaches to determine fair market value may also be possible. You are not bound by the approach illustrated above and may, in consultation with your tax advisor, use another approach in determining fair market values for VNO and JBG SMITH common shares.

16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates:

The following is an example of how the previously-described approach to basis allocation would be applied:

Assumptions:

- VNO common shares owned: 1,000
- VNO shareholder's aggregate tax basis (assumed to be \$80 per share): \$80,000
- Common shares of JBG SMITH received in the Distribution (1,000 VNO common shares multiplied by the distribution ratio of 1/2): 500

Tax basis allocation:

	# Shares Owned	Assumed Beginning Basis (A)	Price	FMV of Shares Owned Post Distribution	Percentage of Total FMV (B)	Allocated Tax Basis (C) = (A) x (B)	Allocated Tax Basis per Share = (C) / # Shares Owned
VNO common shares	1,000	\$80,000	\$77.59 ¹	\$77,590 ³	80.647% ⁵	\$64,517.60	\$64.52
JBG SMITH common shares	500		\$37.24 ²	\$18,620 ⁴	19.353% ⁶	\$15,482.40	\$30.96
Total				\$96,210	100.00%	\$80,000.00	

¹ Closing market price of VNO common shares on July 18, 2017.

² Closing market price of JBG SMITH common shares on July 18, 2017.

³ 1,000 shares x \$77.59

⁴ 500 shares x \$37.24

⁵ \$77,590/\$96,210

⁶ \$18,620/\$96,210

17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based:

Except with respect to any cash received in lieu of fractional interests in JBG SMITH common shares, VNO shareholders will not recognize income, gain or loss for U.S. federal income tax purposes on the receipt of the JBG SMITH shares pursuant to the Distribution pursuant to Sections 355(a)(1)(A) and 368(a)(1)(D) of the Code. The tax basis calculations resulting from the Distribution are governed by Sections 358(a) and (b) of the Code.

You should consult your own tax advisor as to the particular consequences of the Distribution to you, including the applicability and effect of any U.S. federal, state and local tax laws, as well as foreign tax laws, which may result in the Distribution being taxable to you.

18. Can any resulting loss be recognized?

No loss may be recognized by a VNO shareholder upon the receipt of JBG SMITH common shares in the Distribution, except possibly with respect to cash received in lieu of a fractional share of JBG SMITH common shares.

19. Provide any other information necessary to implement the adjustment, such as the reportable tax year:

The Distribution was effective on July 17, 2017. For a VNO shareholder whose taxable year is a calendar year, the reportable tax year is 2017.

Please note that some brokerage houses might not use the information provided in this document, and the information is only provided as an example of one potential method. There are various ways brokerage houses may calculate the cost basis allocation. Please contact your individual brokerage house to determine which calculation it may have used and contact your tax advisor for additional information and clarification.

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