



**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

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18 Can any resulting loss be recognized? ▶ SEE ATTACHED

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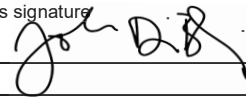
19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE ATTACHED

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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 ▶  Date ▶ January 12, 2024

Print your name ▶ JAMES R. MOUNTAIN Title ▶ CHIEF FINANCIAL OFFICER

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	JOHN DIBLASI		1/11/24		P01687683
	Firm's name ▶ DELOITTE TAX LLP			Firm's EIN ▶ 86-1065772	
	Firm's address ▶ 2200 ROSS AVE, STE 1600, DALLAS, TX 75201			Phone no. 214-840-7142	

**Armour Residential REIT, Inc.**

**Return of Capital (Nontaxable Distribution) to Common and Preferred Shareholders**

**Attachment to Form 8937**

**Consult your tax advisor regarding the U.S. Federal, State, Local and Foreign tax consequences of the return of capital distributions made in 2023.**

**Part I – Reporting Issuer**

**Line 10. CUSIP**

See Line 12 response below.

**Line 12. Ticker Symbol**

<b>Security Description</b>	<b>CUSIP</b>	<b>TICKER Symbol</b>
7.00% PFD Series C	42315606	ARR-PRC
Common Stock	42315705	ARR

**Part II – Organizational Action**

**Line 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.**

Armour Residential REIT, Inc. ("ARR") made cash distributions in calendar year 2023 to each of its preferred and common stock shareholders. As of December 31, 2023, it was determined that a portion of these distributions represent a non-dividend distribution to the common shareholders. Distributions made to preferred shareholders during 2023 are wholly classified as taxable dividends.

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

The distributions made by ARR to its common shareholders during the calendar year 2023 are not taxable as dividends under Internal Revenue Code ("IRC") Section 301(c)(2) but are applied first against stock basis as a return of capital. To the extent that such portion, together with other such distributions made during the taxable year, exceeds the shareholder's basis in the stock, the excess is treated as gain from the sale or exchange of the stock. The distributions that are not taxable as dividends under IRC Section 301(c)(2) on a per share basis are as follows:

<b>Security Description</b>	<b>Distribution Date</b>	<b>Distribution Per Share</b>	<b>Per Share Amount Not Treated as Dividend</b>
7.00% PFD Series C	1/27/2023	\$0.145830	\$0.000000
	2/27/2023	\$0.145830	\$0.000000
	3/27/2023	\$0.145830	\$0.000000
	4/27/2023	\$0.145830	\$0.000000
	5/30/2023	\$0.145830	\$0.000000
	6/27/2023	\$0.145830	\$0.000000
	7/27/2023	\$0.145830	\$0.000000
	8/28/2023	\$0.145830	\$0.000000

	9/27/2023	\$0.145830	\$0.000000
	10/27/2023	\$0.145830	\$0.000000
	11/27/2023	\$0.145830	\$0.000000
	12/27/2023	\$0.145830	\$0.000000
Common Stock	1/30/2023	\$0.500000	\$0.237322
	2/27/2023	\$0.500000	\$0.237322
	3/28/2023	\$0.400000	\$0.189858
	4/27/2023	\$0.400000	\$0.189858
	5/30/2023	\$0.400000	\$0.189858
	6/29/2023	\$0.400000	\$0.189858
	7/28/2023	\$0.400000	\$0.189858
	8/30/2023	\$0.400000	\$0.189858
	9/28/2023	\$0.400000	\$0.189858
	10/30/2023	\$0.400000	\$0.189858
	11/29/2023	\$0.400000	\$0.189858
	12/28/2023	\$0.400000	\$0.189858

As such, each shareholder's tax basis in common stock of ARR is decreased by the lesser of the amount of the shareholder's share of the return of capital distributions or the shareholder's tax basis in such common stock.

**Line 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.**

ARR's earnings and profits were calculated under IRC Section 312 as modified by IRC Section 857(d) for real estate investment trusts. Distributions in excess of the portion of the earnings and profits allocable to the preferred and common shares reduce the shareholder's tax basis in its shares to the extent of such basis.

Total cash distributions to ARR's preferred shares were \$11,981,938. Total cash distributions to ARR's common shares were \$214,585,507. Earnings and profits are first allocated to ARR's preferred class of stockholders. ARR's current and accumulated earnings and profits for the current taxable year are estimated to be \$124,715,772. The amount of earnings and profits allocable to the preferred shares is \$11,981,938, resulting in a total non-dividend distribution (i.e., return of capital or capital gain) for the 2023 tax year attributable to all shareholders of preferred stock in the amount of \$0 (0.00%), and to all shareholders of common stock in the amount of \$101,851,673 (47.46%).

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

IRC Sections 301, 312, and 316.

**Line 18. Can any resulting loss be recognized?**

No.

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

The reporting tax year is the 2023 calendar year.