Easterly Government Properties Announces Reduction of Quarterly Dividend, Reverse Stock Split to Enhance Long-Term Growth Strategy and Reaffirms 2025 Guidance

April 9, 2025

REIT's Actions Aim to Right-size Payout Ratio and to Provide Capital for Robust Opportunity Set

WASHINGTON--(BUSINESS WIRE)--Apr. 9, 2025-- Easterly Government Properties, Inc. (NYSE: DEA) (the "Company" or "Easterly"), a fully integrated real estate investment trust focused primarily on the acquisition, development and management of Class A commercial properties leased to U.S. Government agencies, today announced that its Board of Directors has approved a reduction of $0.085, or approximately 32.0%, from the Company's prior quarter dividend of $0.265 per share.

The Company is changing its dividend philosophy and aligning itself with the best practices of other net lease REITs. The Company is targeting a Core Funds from Operation (Core FFO) payout ratio in the range of 55 – 65% and a CAD payout ratio in a range of 65 – 75%, and as its Core FFO and CAD grow, it would be the Company's intent to continue to maintain these ranges.

"We have positioned the dividend yield relative to peers to be attractive to the capital markets," said Darrell Crate, Easterly's President and Chief Executive Officer. "We have reset the payout ratios so that the cashflow from our business is expected to provide a meaningful amount of capital for us to harvest our growing pipeline."

The dividend will be payable on May 17, 2025 to shareholders of record on May 5, 2025.

Easterly also announced that its Board of Directors approved a 1-for-2.5 Reverse Stock Split of the Company's issued and outstanding shares of common stock (the "Common Stock"). The Reverse Stock Split is expected to take effect on April 28, 2025, whereby every one share will be issued for every two and a half outstanding shares of Common Stock. Once the Reverse Stock Split goes into effect, the announced dividend of $0.18 will become $0.45 ($1.80 per share per year).

As of the date of this release, after giving effect to the Reverse Stock Split and the payment of the Company's quarterly cash dividend, the Company reaffirms its 2025 earnings outlook. This guidance is forward-looking and reflects management's view of current and future market conditions. The Company's actual results may differ materially from this guidance. Outlook is based on fourth quarter 2024 earnings and will be updated to reflect first quarter 2025 earnings on or about April 29, 2025.

About Easterly Government Properties, Inc.

Easterly Government Properties, Inc. (NYSE:DEA) is based in Washington, D.C., and focuses primarily on the acquisition, development and management of Class A commercial properties that are leased to the U.S. Government and its adjacent partners. Easterly's experienced management team brings specialized insight into the strategy and needs of mission-critical U.S. Government agencies for properties leased to such agencies either directly or through the U.S. General Services Administration (GSA). For further information on the company and its properties, please visit www.easterlyreit.com.

Forward Looking Statements

We make statements in this press release that are considered "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, which are usually identified by the use of words such as "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "seeks," "should," "will," and variations of such words or similar expressions and include our guidance with respect to Net income (loss) and Core FFO per share on a fully diluted basis. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and are including this statement in this press release for purposes of complying with those safe harbor provisions. These forward-looking statements reflect our current views about our plans, intentions, expectations, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions, expectations, strategies and prospects as reflected in or suggested by those forward-looking statements are reasonable, we can give no assurance that the plans, intentions, expectations or strategies will be attained or achieved. Furthermore, actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond our control including, without limitation: risks associated with our dependence on the U.S. Government and its agencies for substantially all of our revenues, including credit risk and risk that the U.S. Government reduces its spending on real estate or that it changes its preference away from leased properties; risks associated with ownership and development of real estate; the risk of decreased rental rates or increased vacancy rates; the loss of key personnel; general volatility of the capital and credit markets and the market price of our common stock; the risk we may lose one or more major tenants; difficulties in completing and successfully integrating acquisitions; failure of acquisitions or development projects to occur at anticipated levels or yield anticipated results; risks associated with our joint venture activities; risks associated with actual or threatened terrorist attacks; intense competition in the real estate market that may limit our ability to attract or retain tenants or re-lease space; insufficient amounts of insurance or exposure to events that are either uninsured or underinsured; uncertainties and risks related to adverse weather conditions, natural disasters and climate change; exposure to liability relating to environmental and health and safety matters; limited ability to dispose of assets because of the relative illiquidity of real estate investments and the nature of our assets; exposure to litigation or other claims; risks associated with breaches of our data security; risks associated with our indebtedness, including failure to refinance current or future indebtedness on favorable terms, or at all, failure to meet the restrictive covenants and requirements in our existing and new debt agreements, fluctuations in interest rates and increased costs to refinance or issue new debt; risks associated with derivatives or hedging activity; risks associated with mortgage debt or unsecured financing or the unavailability thereof, which could make it difficult to finance or refinance properties and could subject us to foreclosure; adverse impacts from any future pandemic, epidemic or outbreak of any highly infectious disease on the U.S., regional and global economies and our financial condition and results of operations; and other risks and uncertainties *detailed in the "Risk Factors" section of our Form 10-K for the year ended December 31, 2024, filed with the Securities and Exchange Commission (SEC) on February 25, 2025, and under the heading "Risk Factors" in our other public filings. In addition, our anticipated qualification as a real estate investment trust involves the application of highly technical and complex provisions of the Internal Revenue Code of 1986, or the Code, and depends on our ability to meet the various requirements imposed by the Code through actual operating results, distribution levels and diversity of stock ownership. We assume no obligation to update publicly any forward looking statements, whether as a result of new information, future events or otherwise.*

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