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PRESENTATION

Operator

Greetings. Welcome to the Easterly Government Properties Third Quarter 2023 Earnings Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker today, Lindsay Winterhalter, Head of Investor Relations. Please go ahead.

Lindsay Winterhalter ***Easterly Government Properties, Inc. - Supervisory VP of IR & Operations***

Good morning. Before the call begins, please note that certain statements made during this conference call may include statements that are not historical facts and are considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Although the company believes that its expectations as reflected in any forward-looking statements are reasonable, it can give no assurance that these expectations will be obtained 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 the company's control, including without limitation of contained in the company's most recent Form 10-K filed with the SEC and in its other SEC filings. The company assumes no obligation to update publicly any forward-looking statements. Additionally, on this conference call, the company may refer to certain non-GAAP financial measures such as funds from operations -- core funds from operations, funds from operations as adjusted and cash available for distribution. You can find a tabular reconciliation of these non-GAAP financial measures to the most comparable current GAAP numbers in the company's earnings release and separate supplemental information package on the Investor Relations page of the company's website at ir.easterlyreit.com.

I'd now like to turn the conference call over to Darrell Crate, Chairman of Easterly Government Properties.

Darrell William Crate ***Easterly Government Properties, Inc. - Executive Chairman of the Board***

Good morning, everyone, and thank you for joining us for this third quarter conference call. Today, in addition to Lindsay, I'm also joined by Bill Trimble, the company's CEO; and Meghan Baivier, the company's CFO and COO.

As we've been discussing for several quarters, the real estate market is in flux, and this uncertainty has created an environment of opportunity for Easterly in 2024 that we intend to capitalize on. Increasing defense needs, onshore technology and bringing and providing public safety are key objectives for the nation. Our mission-critical facilities are needed now more than ever. As the government addresses these needs, there are facilities that need to be built. We are a natural partner to work with developers test with these projects and find ourselves being approached as a known leader in our space. We are differentiated for many REITs and better positioned for this forward environment. Our revenue is incredibly stable and forecastable as we have long-term leases with an average remaining term of over a decade, and we have no credit concerns about our very high credit quality tenants. These attributes give us access to capital while others, particularly in the office sector and financing sources to be impaired. While the economy may be slowing and patterns of work may be changing, the world as we see in the headlines each day is becoming less safe. These projects need to be completed, and we can work with developers to own these attractive projects with long-term leases on terms that are favorable to our shareholders now and into the future.

And with that, I'll turn the call over to Bill to give further insights into our portfolio.

William C. Trimble *Easterly Government Properties, Inc. - President, CEO & Director*

Thanks, Darrell, and good morning. Thank you for joining us for our third quarter earnings call. It has been a productive quarter for Easterly. The deal market returned, and we were able to transact on several accretive acquisitions during the quarter and subsequent to quarter end. Easterly through its JV closed on VA Corpus Christi, the 9 of 10 assets in the VA portfolio with an initial lease term of 20 years with the United States Federal Government. We are very pleased with the stability of the cash flow brought to our growing portfolio. Further, subsequent to quarter end, we announced the acquisition of our first state government lease deal located in Anaheim, California. This facility is 100% leased by tenant agencies in the state of California, including the Department of Industrial Relations and Employment Development Department. This public-facing facility contains core hearing rooms used for adjudicating workers' compensation plannings as well as training rooms for furthering employment opportunities. With a weighted average expiration date of January 2034, this facility has been occupied by the State of California since 2009 and recently underwent a renewal exercise process post pandemic, whereby the tenants demonstrated their continued need for the facility by executing several leases with a weighted average lease term of 10.7 years.

As mentioned on the prior call, we have always viewed Easterly as the mechanism to access high-quality cash flows through the lens of real estate with the goal of delivering long-term growth to our shareholders. We have spent a large amount of time expanding on that credit analysis. We learned that the U.S. government is joined by a number of states with very high credit ratings. We also learned long-term leases renewed post pandemic carry a higher degree of comfort and security, which is a key component of the strategy we have executed all along. This asset is a prime example of the output from those observations. Also, subsequent to quarter end, we closed on 2 additional properties, both leased to the U.S. government. The first is a nearly 100,000 square foot recently renovated facility leased to the transportation and security administration and customs and border protection, both residing under the Department of Homeland Security and sitting on leases that can provide occupancy of up to 15 years through 2038. Referred to as DHS Atlanta, this facility serves as a strategic asset to its underlying tenants given its proximity to Hartsfield-Jackson International Airport in Atlanta, Georgia. With over 93 million passengers using this airport in 2022, it is ranked the busiest airport in the world given its proximity to the airport and the specialized buildout of the facility including a 50 by 18 foot airplane fuselage house within the building. This asset clearly helps with all the DHS as its primary goal of keeping America safe.

And finally, the second federally leased asset we acquired subsequent to quarter end was an approximately 35,000 square foot United States District Courthouse located in Newport News, Virginia. As part of the Eastern District of Virginia's Newport News division, this courthouse is a highly specialized facility that features 2008 build-to-suit LEED-certified construction and a new 10-year firm lease that does not expire until 2033. The facility houses or district judges, 3 senior district judges and 3 Magistrate judges and is responsible for the cities of Newport News, Hampton and the counties of York, James City, Gloucester and Matthews. Given the highly sensitive operations housed within the courthouse, the facilities constructed according to the specific requirements of the U.S. Courts and the United States Marshals Service, meaning strict federal building and security standards, including isolated prisoner movement, a 50-foot perimeter of security setback progressive collapse construction and blast-resistant exteriors.

Our acquisitions team has been busy since the time of our last earnings call, and in total, Easterly has acquired either directly or through the JV and 4 properties for an aggregate pro rata contractual purchase price of approximately $80.4 million, which is comprised of $62.2 million of wholly owned acquisitions and an $18.2 million pro rata joint venture closing. Easterly now owns directly or through the JV, 90 properties, totaling 8.9 million square feet.

Turning to development. Our team has made a lot of progress in recent months, and we are pleased to report we now have a defined schedule for the completion of the FDA Atlanta project, which is currently estimated to deliver in 4Q 2025. With approved budgets in hand, our team is fully mobilized on site and is actively engaged in the construction process. Through the team's effective dialogue and partnership with both the GSA and the FDA, we have estimated that the development project will cost approximately $227 million. Approximately $151 million of this total cost will be TI reimbursed by the federal government by a lump sum payments. We anticipate receiving an approximately $25 million reimbursement payment in 3Q 2024 and the remaining $125 million upon completion and acceptance of the space by the government. We look forward to providing you with meaningful updates in the coming quarters as we make progress on this 162,000 square foot state-of-the-art laboratory 100% relation to the United States government for a noncancelable term of 20 years.

Looking ahead, while we are pleased with our ability to accretively grow the portfolio. Our acquisitions team remains highly engaged with potential sellers of assets that meet our strict credit criteria and carry long-standing leases with the government. We have also observed more of this past quarter than ever before, signs of developers needing assistance to help fund their pipeline projects as their access to capital has become particularly constrained. Easterly is currently reviewing several prospects that might afford these developers some relief while also generating attractive opportunities for our shareholders.

Before turning the call over to Meghan, I want to spend a moment discussing the underlying credit of our primary tenant, the United States government. Because as interest rate headwinds continue to strain private companies, we believe it is important to spend some time focusing on the unique nature of the NOI that supports our business and just how different it is from many other REITs, currently facing tenant credit and retention challenges. It is our belief that our focus on mission-critical government-leased assets has served us well in terms of retaining our tenants and maintaining the stability of our cash flow. Because our focus is unwavering when it comes to the mission criticality of our assets, our time horizon and certainly of cash flow is far greater than many rates. We recognize this is a very different reality than our current office REIT designation may lead some to assume. Since the pandemic, we have routinely been asked questions about the utilization rates at our facilities. Through anecdotal evidence and in talking with our property managers, we have known that they were occupied throughout the pandemic. And because our facilities are so overwhelmingly mission-critical and often house highly sensitive government information, we are not privy to the data generated from daily arrival and departure card swipes as one might see in the private sector. We know this is an important metric and in an effort to work around this operational hurdle, we engaged in a private internal study where we compared the electrical usage at the buildings we owned in all of 2019 or pre-pandemic and all of 2022 or post-pandemic. That are occupied by one of our top 3 tenants, the VA, the FBI and the DEA.

With the assumption that electrical use serves as an indicator of buildings utilization through this study, we observed consistent levels of electrical use with a margin of less than 1% pre and post-pandemic. In other words, based on this data, we believe that the operational usage of these facilities was nearly equivalent in 2022 after the pandemic as it was in 2019 before the pandemic. We are not surprised by these findings given our highly differentiated strategy from the rest of the office sector. We believe the mission criticality of our assets observed building utilization trends and the demonstrated strength of our renewals speak volumes for the necessity of our portfolio and the dependability of our underlying cash flow.

In closing, we are seeing prospects for attractive growth and we believe Easterly is well positioned to transact and pursue unique opportunities to enhance the enterprise. With a solid NOI supporting our platform, we hope our listeners today appreciate the unique nature of our business.

With that, I thank you for your time this morning, and I will turn the call over to Meghan to discuss the quarterly financial results.

Meghan G. Baivier ***Easterly Government Properties, Inc. - Executive VP, CFO & COO***

Thank you, Bill. Good morning, everyone. I am pleased to report that Easterly's portfolio performed solidly in the third quarter, and our balance sheet at quarter end remains strong with leverage below the midpoint of our target range, 0 drawn on our revolver and no current floating rate debt exposure. With this backdrop, our focus remains on growing the portfolio with the opportune moment.

Turning to our portfolio. For the quarter ended September 30th, we owned 87 operating properties, comprising approximately 8.6 million leased square feet, either wholly owned or through our joint venture with a weighted average age of 14.5 years and a weighted average remaining lease term of 10.4 years. Through the acquisition of newer buildings and the renewal of key leases for long term, Easterly has been able to maintain its young portfolio age and even grow the weighted average remaining lease term since the third quarter of 2022.

Further, during the quarter, Easterly renewed 2 important leases, 1 at the DEA facility in Birmingham, Alabama and the other at the courthouse in Del Rio, Texas. Easterly looks forward to continuing to serve as the preferred landlord to the government after these leases commence for terms of 15 years and 17 years, respectively. For the third quarter on a fully diluted basis, net income per share grew to $0.06 and core FFO per share was $0.29. Our cash available for distribution was $24 million. At quarter end, the company had total indebtedness of approximately $1.2 billion at a weighted average interest rate of 4%, a weighted average maturity of 5 years and with 100% of all outstanding debt fixed at attractive levels. This represents an adjusted net debt to annualized quarterly pro forma EBITDA ratio of 6.7x, which is below the midpoint of our target range. During the quarter, we executed on a number of debt and equity related activities. First, we funded the $50 million delayed draw feature on our 2018 term loan facility and used the proceeds along with cash on hand to repay all borrowings under our $450 million revolver.

Furthermore, given the company's previously announced forward starting swaps entered into in February of this year. As of quarter end, Easterly carries no floating rate debt on its balance sheet, further insulating our shareholders from interest rate volatility. Easterly also settled 1.7 million shares of forward equity raised on the company's ATM at a net weighted average combined sales price of $19.83 per share, helping us fund the recently acquired assets Bill described at accretive levels to the organization.

Turning to the company's 2023 guidance. The company is maintaining its full year 2023 core FFO per share guidance on a fully diluted basis in a range of $1.13 to $1.15. This guidance reflects the closing of VA Corpus Christi through the joint venture at its pro rata price of $18.2 million and the 3 additional wholly owned assets acquired subsequent to quarter end, for a combined total price of $62.2 million. No additional acquisitions are contemplated in this guidance. Guidance further assumes up to $15 million of gross development-related investment during 2023.

With that, we thank you for your time this morning, and appreciate your partnership. I will now turn the call back to Shannon.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question is from Michael Griffin of Citi.

Michael Anderson Griffin ***Citigroup Inc., Research Division - Research Analyst***

On the acquisition pipeline, I'm curious if you can delineate between kind of the federal agencies that have kind of been your bread and butter versus the state agencies that you're kind of looking to go more into that route? Is one more attractive than the other, or they both have their own kind of benefits?

William C. Trimble ***Easterly Government Properties, Inc. - President, CEO & Director***

I think that we're seeing plenty of both and have seen plenty of both. And Michael, as I said before, I view the state it's just like having another agency within the federal government pipeline. So I think that you see most of the opportunities continuing to come from the federal side of things.

Michael Anderson Griffin ***Citigroup Inc., Research Division - Research Analyst***

That's helpful. And then I'm curious if you can just comment on the dividend. I mean I know the payout ratio still remains elevated. How should we think about that maybe on a go-forward basis?

Meghan G. Baivier ***Easterly Government Properties, Inc. - Executive VP, CFO & COO***

Hi, it's Meghan. It's certainly our experience that our leases provide unique forward planning capabilities. We can look out further than the typical -- certainly the typical office REIT today. we're really at a place today a real opportunity, as Darrell and Bill indicated, and growth can be accretive. Furthermore, our reliabilities are not repricing tomorrow with the with the swaps we put in place earlier this year. So we're very soon to this issue. We'll stay focused on what's best for shareholders, but that's the backdrop today.

Operator

Our next question comes from John Kim of BMO Capital Markets.

John P. Kim ***BMO Capital Markets Equity Research - MD & Senior U.S. Real Estate Analyst***

Bill, you mentioned on developers in the market needing some kind of assistance or relief that you're able to provide. Are you thinking more on a JV basis or mezzanine financing or potentially taking out the development ones complete?

William C. Trimble ***Easterly Government Properties, Inc. - President, CEO & Director***

Well, I think -- and I'll let Meghan fill in the rest. But I think the great news is, is we've been, I think, pretty engaged in seeing some wonderful opportunities certainly within our wheelhouse and what we would consider prime pipeline opportunities. I think you guys have all been bored of hearing me say this for the last 5 earnings calls, but I think we're finally at the point we're in a situation in the capital markets that we are a very attractive place to partner with especially with these buildings that might be useful to us in the end. And Meghan is -- we've been very busy looking at some opportunities here.

Meghan G. Baivier ***Easterly Government Properties, Inc. - Executive VP, CFO & COO***

Yes. I think, John, right, there's a myriad of structures that could make sense for Easterly could be accretive to shareholders. I think we're going in with a very open aperture on how to best play in this opportunity.

John P. Kim ***BMO Capital Markets Equity Research - MD & Senior U.S. Real Estate Analyst***

Thank you and what kind of return thresholds are you looking at versus cap rates on recent investments?

Meghan G. Baivier ***Easterly Government Properties, Inc. - Executive VP, CFO & COO***

Yes. I mean today, obviously, at current levels, we're looking at a cost of capital that's north of 9%. And from a yield perspective, obviously, today can break even in the low level 9.

John P. Kim ***BMO Capital Markets Equity Research - MD & Senior U.S. Real Estate Analyst***

Okay. Can you walk us through the yield expectations on your developments? I know it's a little bit unique with the reimbursement. But how should we look at it as far as the yield you're expecting on your $76 million net spend on the development side?

Meghan G. Baivier ***Easterly Government Properties, Inc. - Executive VP, CFO & COO***

Yes. And we're really pleased to have Atlanta back on track moving job site mobilized, government excited to be on this process with us once again. What I can tell you is that we have worked with the government to ensure that we are back to looking at yields similar to where we underwrote this asset a couple of years ago. So, think of that back into that kind of 100, 150 basis point spread to where that type of asset could be acquired when we underwrote it back in 2019.

John P. Kim ***BMO Capital Markets Equity Research - MD & Senior U.S. Real Estate Analyst***

The yields would have increased just given the change in interest rates?

Meghan G. Baivier ***Easterly Government Properties, Inc. - Executive VP, CFO & COO***

Yes. I mean the structure that we're able to underwrite you can hold your economics, but working with the government to improve your economics can get tricky.

John P. Kim ***BMO Capital Markets Equity Research - MD & Senior U.S. Real Estate Analyst***

Okay. Just one final question, a follow-up to Michael on the dividends. Sometimes, REITs have -- are influenced by the capital markets, your stock is yielding 9.7% today, which is a huge spread versus the tenure on a very similar credit. How much does the capital markets and your stock price influence or change the way you view the dividend policy?

Darrell William Crate ***Easterly Government Properties, Inc. - Executive Chairman of the Board***

I mean, look, just -- I'm not actually sure what the question is. So, I think the easiest answer is no, we're not looking to the capital markets to set our dividend policy. As Meghan said, we're on the edge of analyzing terrific opportunity for the company. As you've seen, we have the most forecastable revenue stream of maybe any REIT in the United States. So the opportunity and Meghan has done such a great job getting our liabilities priced out. We feel like we have plenty of opportunity in order for us to have a terrific return for shareholders. And we think that will be recognized by the capital markets.

Operator

Our next question is from Bill Crow of Raymond James.

William Andrew Crow ***Raymond James & Associates, Inc., Research Division - Analyst***

Meghan, one for you. How much could you acquire on balance sheet before you hit the upper end of your guardrail for leverage assuming of course no equity issuance?

Meghan G. Baivier ***Easterly Government Properties, Inc. - Executive VP, CFO & COO***

Sure. I think that's the type of the cap rate environment we're seeing today, right, you're going to be kind of in that $150 million to $200 million range.

William Andrew Crow ***Raymond James & Associates, Inc., Research Division - Analyst***

Okay. And that's a pretty firm ceiling, I assume, at this point?

Meghan G. Baivier ***Easterly Government Properties, Inc. - Executive VP, CFO & COO***

We've always been committed to running a BBB profile balance sheet. I think that there's no intent to change that.

Darrell William Crate ***Easterly Government Properties, Inc. - Executive Chairman of the Board***

Yes. I just like to make a comment, Bill, is that one, and I want to make it very clear that we're differentiated with regard to our access to capital markets today compared to many REITs because of this durability of cash flow. So, when we're looking at leverage and leverage ceilings and talking with debt providers I can't get into specific conversations, but we hear again and again from various sources in the capital markets that given what we're doing and what we're looking to do that these are very financeable projects and our opportunity to take on leverage with comfort with debt providers is very high.

William Andrew Crow ***Raymond James & Associates, Inc., Research Division - Analyst***

Yes. I think that's absolutely true and especially true in the private market. But I think as a public REIT, you have another contingency out there that would probably not necessarily agree that higher leverage is better at this point. Let me shift over to the leases that were signed in the quarter, the DEA, the courthouse in Del Rio, and then the ones that were signed on the asset acquisitions that extended the length to another, I think, 10 years, what were the economics of that lease old lease rate to new lease rate?

Meghan G. Baivier ***Easterly Government Properties, Inc. - Executive VP, CFO & COO***

Yes. So Bill, we typically try to create full transparency at the end of the year, but we're very proud of the renewals we continue to post pandemic and in this typical office backdrop. So what I would share with you is Birmingham and the Courthouse in Del Rio, are bang on the center of our target range and right around that 20% level on a net effective spread. And that's for a 16-year new term.

William Andrew Crow ***Raymond James & Associates, Inc., Research Division - Analyst***

So up 20% from the expiring. And what about the ones that were signed prior to the change in ownership?

Meghan G. Baivier ***Easterly Government Properties, Inc. - Executive VP, CFO & COO***

Are you referring to the Anaheim, Atlanta?

William Andrew Crow ***Raymond James & Associates, Inc., Research Division - Analyst***

Yes, you mentioned the acquisitions where they're just -- the tenants have just signed a new lease extension. I'm just curious how those economics were.

Meghan G. Baivier ***Easterly Government Properties, Inc. - Executive VP, CFO & COO***

Yes. I'll have to follow up with you on that, Bill, and I don't have that on my fingertips.

William Andrew Crow ***Raymond James & Associates, Inc., Research Division - Analyst***

All right. And then finally for me, I think you've had a decent sized debt maturity next year. Are there extension options on that, or what are you thinking about from the cost of redoing that debt? I think it's $100-some-odd million.

Meghan G. Baivier ***Easterly Government Properties, Inc. - Executive VP, CFO & COO***

Yes. So we've got the 2 components would be our $100 million term loan with a subset of our bank syndicate and just a little over $50 million mortgage. What I would tell you is we consistently are able to differentiate ourselves with the banks today, while they are all certainly undergoing a lot of deep dives into their office portfolio, right? The thing I consistently hear is no credit issues, top of -- I don't even want to call you office, looking at your position in the market and ability to continue to grow. That's obviously an attractive longer-term relationship. And so I'm very comfortable with our ability to continue to maintain capacity at the banks. And from the perspective of the mortgage, we have capacity on our revolver today, but we'll continue to pull that in and evaluate the whole -- our entire debt structure as we move forward and look at the marginal most attractive place to refi debt. But for -- certainly, we have the capacity to kind of warehouse it on the line.

William Andrew Crow ***Raymond James & Associates, Inc., Research Division - Analyst***

Are you -- okay. Are you in discussions about those maturities? And you give a sense for how much the interest rates may gap up?

Meghan G. Baivier ***Easterly Government Properties, Inc. - Executive VP, CFO & COO***

Yes, in conversations on the term loan, expecting consistent spreads there and not looking to refinance the mortgage on that existing asset looking to roll that into the broader context.

Operator

Our next question is from Aditi Balachandran of RBC Capital Markets.

Unidentified Participant

I know, Bill, you kind of touched on this in your prepared remarks. But I guess, can you go into a little more color about your outlook for, I guess, the next 1 or 2 years? And what types of deals you're looking to target?

William C. Trimble ***Easterly Government Properties, Inc. - President, CEO & Director***

Absolutely. I think it's important to note that we had a nice slow run, and we took advantage of it over the summer. We saw some great opportunities for accretive transactions. And I think we've been very consistent in saying we're not interested in doing things that aren't accretive. Right now, the market, I think, slightly shocked by recent increases in interest rates or on the sellers I think they've gone back into their holes in hiding for a little bit, but I'm sure they'll be right back out soon like they were before. But I think the next several years, you're going to see just what Darrell and I were discussing, which we're going to see some incredible development opportunities. I'm quite sure of that. I think we're going to continue to see some accretive opportunities primarily federal, and I think some interesting state ones as well. So, I think the one thing you can expect is that we're going to see some opportunities. We're going to do them accretively. And I think that the buildings that we buy will continue to inure to our benefit, and we'll be right in the middle of the bull's eye.

Unidentified Analyst

Got it. And I guess just how different are development cap rates from acquisition cap rates and assuming the development cap rates are much higher, but just for an idea.

William C. Trimble ***Easterly Government Properties, Inc. - President, CEO & Director***

Well, I think we've got 2 things metering in there. We obviously want to be accretive from our cost of capital on one standpoint. And obviously, we realize the risk inherent in development and we need a premium for that as well. And I think we've always done that. And the great news is anything we're going to do. Obviously, we'll be a signed lease, and we'll have something at the end and fabulous building. So I think from that standpoint, it has always been the most, I think, best -- and the highest and best use of our capital.

Operator

(Operator Instructions) Our next question comes from the line of Peter Abramowitz of Jefferies.

Peter Dylan Abramowitz ***Jefferies LLC, Research Division - Equity Analyst***

Thank you and apologize team if I missed this stuff. But could you just talk about what the going-in yields were for the wholly owned acquisitions both the federally leased and the state agency leased?

William C. Trimble ***Easterly Government Properties, Inc. - President, CEO & Director***

Good morning, and I think you're going to see that pretty close to [ACAS] across the board on those -- which certainly at the time was accretive when we raised the capital to do it.

Peter Dylan Abramowitz ***Jefferies LLC, Research Division - Equity Analyst***

Got you. And there wasn't much of a difference there in terms of...

William C. Trimble ***Easterly Government Properties, Inc. - President, CEO & Director***

Not particularly. No, no.

Peter Dylan Abramowitz ***Jefferies LLC, Research Division - Equity Analyst***

Got you. And then just a question on the Anaheim asset. So, it says here Department of Industrial Relations and Employment Development department. Can you just talk a little bit more about actually what goes on in this facility, specifically kind of what you say here about training rooms for furthering the employment opportunities.

William C. Trimble ***Easterly Government Properties, Inc. - President, CEO & Director***

Yes. They're adjudicating. So think of it as almost a court that's going on. That's specialized activity for these compensation claims. So that's one that we looked at hard and realized that, that is something that is certainly not going to be going away anytime in the future, and we were particularly gratified to see the renewal close pandemic in this. And I think you're going to see that common thread in every building that we buy, is that there is a real need for this mission, and it has been verified after the pandemic. So, I think that's probably a new attribute that we're going to demand in our bull's eye.

Peter Dylan Abramowitz ***Jefferies LLC, Research Division - Equity Analyst***

Okay. I guess I was a little more curious in the second part of that training rooms for furthering employment opportunities. I guess, could you give more -- a little more color on that part of what goes on with the asset and what makes it kind of remote work resistant.

William C. Trimble ***Easterly Government Properties, Inc. - President, CEO & Director***

Well, if you're doing it, I think that they like to bring the folks in. It's a public facility, and they're helping these folks out that obviously are in a situation in the California certainly is probably at the leading edge of making sure that everybody gets the maximum help from the state in these situations. So I've not sat in that room, Peter. We can join. You come out with me. We can (inaudible), but I think it's -- from my all indications, it is an ongoing mission and an important one to the State of California.

Operator

I would now like to turn the conference back to Darrell Crate, Chairman of Easterly Government Properties for closing remarks.

Darrell William Crate ***Easterly Government Properties, Inc. - Executive Chairman of the Board***

Thank you, everyone, for joining the Easterly Government Properties Third Quarter 2023 Conference Call. I'd like to thank our investors and stakeholders for their continued support and trust in our company. We value your confidence, and we're committed to delivering sustained long-term success to our shareholders.

Operator

This concludes today's conference call. Thank you for participating. You may now disconnect.