

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

---

**FORM 8-K**

---

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported):  
May 9, 2016**

---

**Easterly Government Properties, Inc.**  
(Exact Name of Registrant as Specified in Charter)

---

**Maryland**  
(State or Other Jurisdiction  
of Incorporation)

**001-36834**  
(Commission  
File Number)

**47-2047728**  
(IRS Employer  
Identification No.)

**2101 L Street NW, Suite 650, Washington, D.C.**  
(Address of Principal Executive offices)

**20037**  
(Zip Code)

**Registrant's telephone number, including area code: (202) 595-9500**

---

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2.):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- 
-

**Item 2.02**                    **Results of Operations and Financial Condition.**

On May 9, 2016, we issued a press release announcing our results of operations for the first quarter ended March 31, 2016. A copy of this press release as well as a copy of our supplemental information package are available on our website and are attached hereto as Exhibits 99.1 and 99.2 and incorporated herein by reference. The information in this Item 2.02 as well as the attached Exhibits 99.1 and 99.2 are being furnished and shall not be deemed “filed” for any purpose, including for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, and shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act regardless of any general incorporation language in such filing.

We will host a webcast and conference call at 10:00 a.m. Eastern Daylight time on May 9, 2016, to review our first quarter 2016 performance, discuss recent events and conduct a question-and-answer session. The number to call is 1-877-705-6003 (domestic) and 1-201-493-6725 (international). A live webcast will be available in the Investor Relations section of our website. A replay of the conference call will be available through May 23, 2016, by dialing 1-877-870-5176 (domestic) and 1-858-384-5517 (international) and entering the passcode 13634976. Please note that the full text of the press release and supplemental information package are available through our website at [ir.easterlyreit.com](http://ir.easterlyreit.com). The information contained on our website is not incorporated by reference herein.

**Item 9.01**                    **Financial Statements and Exhibits.**

(d) Exhibits:

| <u>Exhibit Number</u> | <u>Description</u>  |
|-----------------------|---|
| 99.1                  | Press release dated May 9, 2016   |
| 99.2                  | Easterly Government Properties, Inc. Supplemental Information Package for the quarter ended March 31, 2016. |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**EASTERLY GOVERNMENT PROPERTIES, INC.**

By: /s/ William C. Trimble, III  
Name: William C. Trimble, III  
Title: Chief Executive Officer and President

Date: May 9, 2016



**EASTERLY GOVERNMENT PROPERTIES  
REPORTS FIRST QUARTER 2016 RESULTS**

**~ FFO of \$0.30 per Share on a Fully Diluted Basis for the Quarter ~**

WASHINGTON, D.C. – May 9, 2016 – Easterly Government Properties, Inc. (NYSE: DEA) (the “Company” or “Easterly”), a fully integrated real estate investment trust (“REIT”) focused primarily on the acquisition, development and management of Class A commercial properties leased to the U.S. Government, today announced its results of operations for the quarter ended March 31, 2016.

**Financial Highlights**

- FFO was \$12.0 million, or \$0.30 per share on a fully diluted basis for the three months ended March 31, 2016
- FFO, as Adjusted was \$11.5 million, or \$0.29 per share on a fully diluted basis for the three months ended March 31, 2016
- CAD was \$10.4 million, or \$0.26 per share on a fully diluted basis for the three months ended March 31, 2016
- Net income was \$1.1 million, or \$0.03 per share on a fully diluted basis for the three months ended March 31, 2016

**Portfolio Highlights**

- Completed the acquisition of a 71,100 square foot Immigration and Customs Enforcement (ICE) building in Albuquerque, New Mexico for \$34 million
- Portfolio occupancy at 100%

“The first quarter of 2016 marks another strong quarter for the Company. In addition to the consistent performance of the Company’s existing portfolio, the team continues to execute on its acquisition strategy, starting the year with the completion of the acquisition of ICE – Albuquerque,” said William C. Trimble III, President and Chief Executive Officer of Easterly Government Properties, Inc. “We continue to mine our pipeline of opportunities and remain focused on our target, mission-critical properties.”

**Portfolio Operations**

As of March 31, 2016, the Company wholly owned 37 properties in the United States, encompassing approximately 2.7 million square feet in the aggregate, including 34 properties that were leased primarily to U.S. Government tenant agencies and three properties that were entirely leased to private tenants. As of March 31, 2016, the portfolio had an average age of 11.6 years, was 100% occupied, and had a weighted average remaining lease term of 6.9 years. With less than 17% of leases, based on square footage and total annualized lease income, scheduled to expire before 2019, Easterly expects to continue to provide a highly visible and stable cash-flow stream.

**Acquisitions**

On February 17, 2016 the Company acquired a 71,100 square foot property located in Albuquerque, New Mexico. The building was constructed in 2011 and is 100% leased to the GSA and occupied by Immigration and Customs Enforcement (ICE) under a 15-year lease that expires in January 2027.

**Balance Sheet**

Easterly believes that its strong balance sheet and borrowing ability under its unsecured revolving credit facility provides ample capacity to pursue and fund its growth plan. As of March 31, 2016, the Company had total indebtedness of \$267.0 million comprised of \$184.4 million on its unsecured revolving credit facility and \$82.5 million of mortgage debt (excluding unamortized premiums / discounts and deferred financing fees). At March 31, 2016, Easterly had net debt to total enterprise value of 26.3% and a net debt to annualized quarterly EBITDA ratio of 4.7x. Easterly's outstanding debt had a weighted average maturity of 5.3 years and a weighted average interest rate of 2.4%. The Company also had approximately \$215.6 million of remaining capacity on its \$400 million revolver, before consideration for the facility's \$250 million accordion feature.

**Dividend**

On May 4, 2016 the Board of Directors of Easterly approved a cash dividend for the first quarter of 2016 in the amount of \$0.23 per common share. The dividend will be payable June 23, 2016 to shareholders of record on June 8, 2016.

"Easterly is well positioned to put meaningful capital to work, consistent with our disciplined investment approach," said Darrell Crate, Chairman of Easterly Government Properties, Inc. "Our leases are backed by the full faith and credit of the U.S. Government and our balance sheet is lowly levered. Together these provide a strong foundation upon which our team, with its definable edge in sourcing acquisitions, strives to generate consistent earnings growth."

### Outlook for 2016 – Including Potential Future Acquisitions

The Company is reiterating its expectations for 2016 FFO per share on a fully diluted basis in a range of \$1.19 to \$1.23.

### Outlook for the 12 Months Ending December 31, 2016

|   | <u>Low</u> | <u>High</u> |
|---|------------|-------------|
| Net income (loss) per share – fully diluted basis | \$0.09     | \$0.13      |
| Plus: real estate depreciation and amortization   | \$1.10     | \$1.10      |
| FFO per share – fully diluted basis               | \$1.19     | \$1.23      |

This guidance assumes \$75 million of acquisitions in 2016, including the previously completed ICE – Albuquerque acquisition, spread evenly throughout the year. This guidance does not contemplate dispositions or additional capital markets activities. 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.

### Non-GAAP Supplemental Financial Measures

**Cash Available for Distribution (CAD)** is a non-GAAP financial measure that is not intended to represent cash flow for the period and is not indicative of cash flow provided by operating activities as determined under GAAP. CAD is calculated in accordance with the current NAREIT definition as FFO minus normalized recurring real estate-related expenditures and other non-cash items and nonrecurring expenditures. CAD is presented solely as a supplemental disclosure with respect to liquidity because the Company believes it provides useful information regarding the Company’s ability to fund its dividends. Because all companies do not calculate CAD the same way, the presentation of CAD may not be comparable to similarly titled measures of other companies.

**EBITDA** is calculated as the sum of net income (loss) before interest expense, income taxes, depreciation and amortization. EBITDA is not intended to represent cash flow for the period, is not presented as an alternative to operating income as an indicator of operating performance, should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP and is not indicative of operating income or cash provided by operating activities as determined under GAAP. EBITDA is presented solely as a supplemental disclosure with respect to liquidity because the Company believes it provides useful information regarding the Company’s ability to service or incur debt. Because all companies do not calculate EBITDA the same way, the presentation of EBITDA may not be comparable to similarly titled measures of other companies.

**Funds From Operations (FFO)** is generally defined by NAREIT as net income (loss), calculated in accordance with GAAP, excluding gains or losses from sales of property and impairment losses on depreciable real estate, plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO is a widely recognized measure of REIT performance. Although FFO is a non-GAAP financial measure, the Company believes that information regarding FFO is helpful to shareholders and potential investors.

**Funds From Operations, as Adjusted (FFO, as Adjusted)** adjusts Funds From Operations (FFO) to present an alternative measure of our operating performance that we believe is useful to shareholders and potential investors, which, when applicable, excludes the impact of acquisition costs, straight-line rent, above-/below-market leases, non-cash interest and non-cash compensation. In the future, we may also exclude other items from FFO, as Adjusted that we believe may help investors compare our results. Because all companies do not calculate FFO, as Adjusted in the same way, the presentation of FFO, as Adjusted may not be comparable to similarly titled measures of other companies.

**Net Operating Income (NOI)** is calculated as total property revenues (rental income, tenant reimbursements and other income) less property operating expenses and real estate taxes from the properties owned by the Company. Cash NOI excludes from NOI straight-line rent and amortization of above-/below-market leases. NOI presented by the Company may not be comparable to NOI reported by other REITs that define NOI differently. NOI should not be considered an alternative to net income as an indication of our performance or to cash flows as a measure of the Company's liquidity or its ability to make distributions.

#### **Other Definitions**

**Fully diluted basis** assumes the exchange of all outstanding common units representing limited partnership interests in the Company's operating partnership, or common units, the full vesting of all restricted stock units, and the exchange of all earned and outstanding LTIP units in the Company's operating partnership for shares of common stock on a one-for-one basis, which is not the same as the meaning of "fully diluted" under GAAP. Fully diluted basis does not include outstanding LTIP units in the Company's operating partnership that are subject to performance criteria that have not yet been met.

**Pro forma three months ended March 31, 2015** (1) removes from the Company's financial results for the period from February 11, 2015 (the date of the closing of the Company's initial public offering) to March 31, 2015 the impact of one-time, non-recurring expenses related to its initial public offering, including legal and accounting fees and new entity formation costs and (2) reflects a full quarter of operations for the period from January 1, 2015 to March 31, 2015 on a pro forma basis based on the financial results of the 49 days of operations between February 11, 2015 and March 31, 2015.

#### **Conference Call Information**

The Company will host a webcast and conference call at 10:00 a.m. Eastern Daylight time on May 9, 2016 to review the first quarter 2016 performance, discuss recent events and conduct a question-and-answer session. The number to call is 1-877-705-6003 (domestic) and 1-201-493-6725 (international).



A live webcast will be available in the Investor Relations section of the Company's website. A replay of the conference call will be available through May 23, 2016 by dialing 1-877-870-5176 (domestic) and 1-858-384-5517 (international) and entering the passcode 13634976. Please note that the full text of the press release and supplemental information package are available through the Company's website at [ir.easterlyreit.com](http://ir.easterlyreit.com).

#### **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. Easterly's experienced management team brings specialized insight into the strategy and needs of mission-critical U.S. Government agencies for properties leased primarily through the U.S. General Services Administration (GSA). For further information on the company and its properties, please visit [www.easterlyreit.com](http://www.easterlyreit.com).

#### **Contact:**

Easterly Government Properties, Inc.  
Meghan G. Baivier  
Chief Financial and Operating Officer  
202-971-9867  
[ir@easterlyreit.com](mailto:ir@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 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; risks associated with ownership and development of real estate; decreased rental rates or increased vacancy rates; loss of key personnel; general volatility of the capital and credit markets and the market price of our common stock; the risk that the market price of our common stock may be negatively impacted by increased selling activity following the liquidation of certain private*



*investment funds that contributed assets in our initial public offering; the risk we may lose one or more major tenants; failure of acquisitions or development projects to yield anticipated results; 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; and other risks and uncertainties detailed in the "Risk Factors" section of our Form 10-K for the year ended December 31, 2015, filed with the Securities and Exchange Commission on March 2, 2016. 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.*

## Balance Sheet

(In thousands)

|   | March 31,<br>2016<br>(unaudited) | December 31,<br>2015 |
|---|----------------------------------|----------------------|
| <b>Assets</b>   |                                  |                      |
| Real estate properties, net   | \$ 797,880                       | \$ 772,007           |
| Cash and cash equivalents   | 4,380                            | 8,176                |
| Restricted cash   | 1,521                            | 1,736                |
| Rents receivable  | 6,629                            | 6,347                |
| Accounts receivable   | 3,832                            | 2,920                |
| Deferred financing, net   | 2,511                            | 2,726                |
| Intangible assets, net  | 115,198                          | 116,585              |
| Prepaid expenses and other assets   | 2,723                            | 1,509                |
| <b>Total assets</b>   | <u>\$ 934,674</u>                | <u>\$ 912,006</u>    |
| <b>Liabilities</b>  |                                  |                      |
| Revolving credit facility   | 184,417                          | 154,417              |
| Mortgage notes payable  | 83,020                           | 83,744               |
| Intangible liabilities, net   | 44,081                           | 44,605               |
| Accounts payable and accrued liabilities  | 10,211                           | 9,346                |
| <b>Total liabilities</b>  | <u>321,729</u>                   | <u>292,112</u>       |
| <b>Equity</b>   |                                  |                      |
| Common stock, par value \$0.01, 200,000,000 shares authorized, 24,168,379 shares issued and outstanding | 241                              | 241                  |
| Additional paid-in capital  | 392,180                          | 391,767              |
| Retained (deficit)  | (1,019)                          | (1,694)              |
| Cumulative dividends  | (18,368)                         | (13,051)             |
| Total stockholders' equity  | <u>373,034</u>                   | <u>377,263</u>       |
| Non-controlling interest in operating partnership   | 239,911                          | 242,631              |
| <b>Total equity</b>   | <u>612,945</u>                   | <u>619,894</u>       |
| <b>Total liabilities and equity</b>   | <u>\$ 934,674</u>                | <u>\$ 912,006</u>    |

### Income Statement

(Unaudited, in thousands, except share and per share data)

|  | Three months ended<br>March 31, 2016 | Pro forma<br>three months ended<br>March 31, 2015 |
|--|--------------------------------------|---|
| <b>Revenues</b>  |                                      |   |
| Rental income  | \$ 21,736                            | \$ 17,090   |
| Tenant reimbursements  | 2,155                                | 1,426   |
| Other income   | 80                                   | 20  |
| <b>Total revenues</b>  | <u>23,971</u>                        | <u>18,536</u>                                     |
| <b>Operating Expenses</b>  |                                      |   |
| Property operating   | 4,333                                | 3,178   |
| Real estate taxes  | 2,368                                | 1,762   |
| Depreciation and amortization  | 10,863                               | 9,001   |
| Acquisition costs  | 333                                  | 98  |
| Corporate general and administrative   | 3,036                                | 1,754   |
| <b>Total expenses</b>  | <u>20,933</u>                        | <u>15,793</u>                                     |
| <b>Operating income</b>  | <u>3,038</u>                         | <u>2,743</u>                                      |
| <b>Other (expenses)</b>  |                                      |   |
| Interest expense, net  | (1,929)                              | (1,287)   |
| <b>Net income</b>  | <u>1,109</u>                         | <u>1,456</u>                                      |
| Non-controlling interest in operating partnership                              | (434)                                | (570)   |
| <b>Net income available to Easterly Government Properties, Inc.</b>            | <u>\$ 675</u>                        | <u>\$ 886</u>                                     |
| <b>Net income available to Easterly Government Properties, Inc. per share:</b> |                                      |   |
| Basic  | <u>\$ 0.03</u>                       |   |
| Diluted  | <u>\$ 0.03</u>                       |   |
| <b>Weighted-average common shares outstanding:</b>                             |                                      |   |
| Basic  | 24,141,712                           |   |
| Diluted  | 25,744,824                           |   |
| <b>Net income, per share—fully diluted basis</b>                               | <u>\$ 0.03</u>                       | <u>\$ 0.04</u>                                    |
| Weighted average common shares outstanding—fully diluted basis                 | 39,711,818                           | 39,699,318  |

### EBITDA, FFO and CAD

(Unaudited, in thousands, except share and per share data)

|  | Three months ended<br>March 31, 2016 | Pro forma<br>three months ended<br>March 31, 2015 |
|--|--------------------------------------|---|
| <b>Net income</b>  | \$ 1,109                             | \$ 1,456  |
| Depreciation and amortization                                  | 10,863                               | 9,001   |
| Interest expense   | 1,929                                | 1,287   |
| <b>EBITDA</b>  | <u>\$ 13,901</u>                     | <u>\$ 11,744</u>                                  |
| <b>Net income</b>  | \$ 1,109                             | \$ 1,456  |
| Depreciation and amortization                                  | 10,863                               | 9,001   |
| <b>Funds From Operations (FFO)</b>                             | <u>\$ 11,972</u>                     | <u>\$ 10,457</u>                                  |
| <b>Adjustments to FFO:</b>                                     |                                      |   |
| Acquisition costs  | 333                                  | 98  |
| Straight-line rent   | (12)                                 | (66)  |
| Above-/below-market leases                                     | (1,698)                              | (1,241)   |
| Non-cash interest expense                                      | 195                                  | 190   |
| Non-cash compensation  | 699                                  | 101   |
| <b>Funds From Operations, as Adjusted</b>                      | <u>\$ 11,489</u>                     | <u>\$ 9,539</u>                                   |
| FFO, per share—fully diluted basis                             | <u>\$ 0.30</u>                       | <u>\$ 0.26</u>                                    |
| FFO, as Adjusted, per share—fully diluted basis                | <u>\$ 0.29</u>                       | <u>\$ 0.24</u>                                    |
| <b>Funds From Operations, as Adjusted</b>                      | \$ 11,489                            | \$ 9,539  |
| Acquisition costs  | (333)                                | (98)  |
| Principal amortization   | (703)                                | (614)   |
| Maintenance capital expenditures                               | (66)                                 | (61)  |
| Contractual tenant improvements                                | (9)                                  | —   |
| <b>Cash Available for Distribution (CAD)</b>                   | <u>\$ 10,378</u>                     | <u>\$ 8,766</u>                                   |
| CAD, per share—fully diluted basis                             | <u>\$ 0.26</u>                       | <u>\$ 0.22</u>                                    |
| Weighted average common shares outstanding—fully diluted basis | 39,711,818                           | 39,699,318  |



# Supplemental Information Package

First Quarter 2016

## **Forward-looking Statement**

We make statements in this Supplemental Information Package 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. 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 Supplemental Information Package 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; risks associated with ownership and development of real estate; decreased rental rates or increased vacancy rates; loss of key personnel; general volatility of the capital and credit markets and the market price of our common stock; the risk that the market price of our common stock may be negatively impacted by increased selling activity following the liquidation of certain private investment funds that contributed assets in our initial public offering; the risk we may lose one or more major tenants; failure of acquisitions or development projects to occur at anticipated levels or to yield anticipated results; 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; and other risks and uncertainties detailed in the "Risk Factors" section of our Form 10-K for the year ended December 31, 2015, filed with the Securities and Exchange Commission on March 2, 2016. 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.

## **Ratings**

Ratings are not recommendations to buy, sell or hold the Company's securities.

The following discussion related to the consolidated financial statements of the Company should be read in conjunction with the financial statements for the quarter ended March 31, 2016 that will be released on Form 10-Q to be filed on or about May 9, 2016.

**Annualized lease income** is defined as the annualized contractual base rent for the last month in a specified period, plus the annualized straight line rent adjustments for the last month in such period and the annualized expense reimbursements earned by us for the last month in such period.

**Cash Available for Distribution (CAD)**, is a non-GAAP financial measure that is not intended to represent cash flow for the period and is not indicative of cash flow provided by operating activities as determined under GAAP. CAD is calculated in accordance with the current NAREIT definition as FFO minus normalized recurring real estate-related expenditures and other non-cash items and nonrecurring expenditures. CAD is presented solely as a supplemental disclosure with respect to liquidity because the Company believes it provides useful information regarding the Company's ability to fund its dividends. Because all companies do not calculate CAD the same way, the presentation of CAD may not be comparable to similarly titled measures of other companies.

**EBITDA** is calculated as the sum of net income (loss) before interest expense, income taxes, depreciation and amortization. EBITDA is not intended to represent cash flow for the period, is not presented as an alternative to operating income as an indicator of operating performance, should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP and is not indicative of operating income or cash provided by operating activities as determined under GAAP. EBITDA is presented solely as a supplemental disclosure with respect to liquidity because the Company believes it provides useful information regarding the Company's ability to service or incur debt. Because all companies do not calculate EBITDA the same way, the presentation of EBITDA may not be comparable to similarly titled measures of other companies.

**Fully diluted basis** assumes the exchange of all outstanding common units representing limited partnership interests in the Company's operating partnership, or common units, the full vesting of all restricted stock units, and the exchange of all earned and outstanding LTIP units in the Company's operating partnership for shares of common stock on a one-for-one basis, which is not the same as the meaning of "fully diluted" under GAAP. Fully diluted basis does not include outstanding LTIP units in the Company's operating partnership that are subject to performance criteria that have not yet been met.

**Funds From Operations (FFO)** is generally defined by NAREIT as net income (loss), calculated in accordance with GAAP, excluding gains or losses from sales of property and impairment losses on depreciable real estate, plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO is a widely recognized measure of REIT performance. Although FFO is a non-GAAP financial measure, the Company believes that information regarding FFO is helpful to shareholders and potential investors.

**Funds From Operations, as Adjusted (FFO, as Adjusted)** adjusts Funds From Operations (FFO) to present an alternative measure of our operating performance that we believe is useful to shareholders and potential investors, which, when applicable, excludes the impact of acquisition costs, straight-line rent, above-/below-market leases, non-cash interest and non-cash compensation. In the Future, we may also exclude other items from FFO, as Adjusted that we believe may help investors compare our results. Because all companies do not calculate FFO, as Adjusted in the same way, the presentation of FFO, as Adjusted may not be comparable to similarly titled measures of other companies.

**Net Operating Income (NOI)** is calculated as total property revenues (rental income, tenant reimbursements and other income) less property operating expenses and real estate taxes from the properties owned by the Company. Cash NOI excludes from NOI straight-line rent and amortization of above-/below-market leases. NOI presented by the Company may not be comparable to NOI reported by other REITs that define NOI differently. NOI should not be considered an alternative to net income as an indication of our performance or to cash flows as a measure of the Company's liquidity or its ability to make distributions.

**Pro forma three months ended March 31, 2015** (1) removes from the Company's financial results for the period from February 11, 2015 (the date of the closing of the Company's initial public offering) to March 31, 2015 the impact of one-time, non-recurring expenses related to its initial public offering, including legal and accounting fees and new entity formation costs and (2) reflects a full quarter of operations for the period from January 1, 2015 to March 31, 2015 on a pro forma basis based on the financial results of the 49 days of operations between February 11, 2015 and March 31, 2015.

|  |    |
|--|----|
| Overview                                   |    |
| Corporate Information and Analyst Coverage | 5  |
| Executive Summary                          | 6  |
| <br>                                       |    |
| Corporate Financials                       |    |
| Balance Sheets                             | 7  |
| Income Statements                          | 8  |
| Net Operating Income                       | 9  |
| EBITDA, FFO and CAD                        | 10 |
| <br>                                       |    |
| Debt                                       |    |
| Debt Schedules                             | 11 |
| Debt Maturities                            | 12 |
| <br>                                       |    |
| Properties                                 |    |
| Property Overview                          | 13 |
| Tenants                                    | 14 |
| Lease Expirations                          | 15 |



## Corporate Information

---

### Corporate Headquarters

2101 L Street NW  
Suite 650  
Washington, DC 20037  
202-595-9500

### Stock Exchange Listing

New York Stock Exchange

### Ticker

DEA

### Information Requests

Please contact [ir@easterlyreit.com](mailto:ir@easterlyreit.com)  
or 202-971-9867 to request an  
Investor Relations package

### Investor Relations

Evelyn Infurna  
ICR, Inc.

### Executive Team

William Trimble III, CEO  
Michael Ibe, Vice-Chairman and EVP  
Alison Bernard, CAO

Darrell Crate, Chairman  
Meghan Baivier, CFO & COO  
Ronald Kendall, EVP

### Board of Directors

William Binnie  
Darrell Crate  
Cynthia Fisher  
Emil Henry Jr.

Michael Ibe  
James Mead  
William Trimble III

## Equity Research Coverage

---

### Citigroup

Michael Bilerman / Emmanuel Korchman  
212-816-1383 / 212-816-1382

### Raymond James & Associates

Bill Crow / Paul Puryear  
727-567-2594 / 727-567-2253

### RBC Capital Markets

Michael Carroll  
440-715-2649

*Any opinions, estimates, forecasts or predictions regarding Easterly Government Properties, Inc.'s performance made by these analysts are theirs alone and do not represent opinions, estimates, forecasts or predictions of Easterly Government Properties, Inc. or its management. Easterly Government Properties, Inc. does not by its reference above or distribution imply its endorsement of or concurrence with such opinions, estimates, forecasts or predictions.*

# Executive Summary

(Unaudited, in thousands except share and per share data)



| Price of Common Shares           | Three months ended<br>March 31, 2016 |       |
|----------------------------------|--------------------------------------|-------|
| High closing price during period | \$                                   | 19.00 |
| Low closing price during period  | \$                                   | 16.53 |
| End of period closing price      | \$                                   | 18.52 |

| Outstanding Classes of Stock and<br>Partnership Units - Fully Diluted Basis | At March 31, 2016 |                   |
|---|-------------------|-------------------|
| Common shares   |                   | 24,141,712        |
| Unvested restricted shares  |                   | 26,667            |
| Common partnership units outstanding  |                   | 15,543,439        |
| <b>Total - fully diluted basis</b>  |                   | <b>39,711,818</b> |

| Market Capitalization                                    | At March 31, 2016 |                |
|--|-------------------|----------------|
| Total equity market capitalization - fully diluted basis | \$                | 735,463        |
| Consolidated debt <sup>(1)</sup>                         |                   | 266,953        |
| Cash and cash equivalents                                |                   | (4,380)        |
| <b>Total enterprise value</b>                            | <b>\$</b>         | <b>998,036</b> |

| Ratios   | At March 31, 2016 |       |
|--|-------------------|-------|
| Net debt to total enterprise value             |                   | 26.3% |
| Net debt to total equity market capitalization |                   | 35.7% |
| Net debt to annualized quarterly EBITDA        |                   | 4.7x  |
| Cash interest coverage ratio                   |                   | 8.0x  |
| Cash fixed charge coverage ratio               |                   | 5.7x  |

<sup>(1)</sup> Excludes unamortized premiums / discounts and deferred financing fees.

| Earnings  | Three months ended<br>March 31, 2016 |      |
|---|--------------------------------------|------|
| Net income available to Easterly Government Properties, Inc.            | \$                                   | 675  |
| Net income available to Easterly Government Properties, Inc. per share: |                                      |      |
| Basic   | \$                                   | 0.03 |
| Diluted   | \$                                   | 0.03 |

|   |    |       |
|---|----|-------|
| Net income                                  | \$ | 1,109 |
| Net income, per share - fully diluted basis | \$ | 0.03  |

|  |    |        |
|--|----|--------|
| Funds From Operations                                  | \$ | 11,972 |
| Funds From Operations, per share - fully diluted basis | \$ | 0.30   |

|   |    |        |
|---|----|--------|
| Funds From Operations, as Adjusted                                  | \$ | 11,489 |
| Funds From Operations, as Adjusted, per share - fully diluted basis | \$ | 0.29   |

|  |    |        |
|--|----|--------|
| Cash Available for Distribution                                  | \$ | 10,378 |
| Cash Available for Distribution, per share - fully diluted basis | \$ | 0.26   |

| Liquidity                 | At March 31, 2016 |       |
|---------------------------|-------------------|-------|
| Cash and cash equivalents | \$                | 4,380 |

| Unsecured revolving credit facility                        |           |                |
|--|-----------|----------------|
| Total current facility size                                | \$        | 400,000        |
| Less: outstanding balance                                  |           | (184,417)      |
| <b>Available under unsecured revolving credit facility</b> | <b>\$</b> | <b>215,583</b> |

# Balance Sheets

(In thousands)

|   | March 31, 2016<br>(unaudited) | December 31, 2015 |
|---|-------------------------------|-------------------|
| <b>Assets</b>   |                               |                   |
| Real estate properties, net   | \$ 797,880                    | \$ 772,007        |
| Cash and cash equivalents   | 4,380                         | 8,176             |
| Restricted cash   | 1,521                         | 1,736             |
| Rents receivable  | 6,629                         | 6,347             |
| Accounts receivable   | 3,832                         | 2,920             |
| Deferred financing, net   | 2,511                         | 2,726             |
| Intangible assets, net  | 115,198                       | 116,585           |
| Prepaid expenses and other assets   | 2,723                         | 1,509             |
| <b>Total assets</b>   | <b>\$ 934,674</b>             | <b>\$ 912,006</b> |
| <b>Liabilities</b>  |                               |                   |
| Revolving credit facility   | 184,417                       | 154,417           |
| Mortgage notes payable  | 83,020                        | 83,744            |
| Intangible liabilities, net   | 44,081                        | 44,605            |
| Accounts payable and accrued liabilities  | 10,211                        | 9,346             |
| <b>Total liabilities</b>  | <b>321,729</b>                | <b>292,112</b>    |
| <b>Equity</b>   |                               |                   |
| Common stock, par value \$0.01, 200,000,000 shares authorized, 24,168,379 shares issued and outstanding | 241                           | 241               |
| Additional paid -in capital   | 392,180                       | 391,767           |
| Retained (deficit)  | (1,019)                       | (1,694)           |
| Cumulative dividends  | (18,368)                      | (13,051)          |
| Total stockholders' equity  | 373,034                       | 377,263           |
| Non -controlling interest in operating partnership  | 239,911                       | 242,631           |
| <b>Total equity</b>   | <b>612,945</b>                | <b>619,894</b>    |
| <b>Total liabilities and equity</b>   | <b>\$ 934,674</b>             | <b>\$ 912,006</b> |

# Income Statements

(Unaudited, in thousands, except share and per share data)



|  | Three months ended<br>March 31, 2016 | Pro forma<br>three months ended<br>March 31, 2015 |
|--|--------------------------------------|---|
| <b>Revenues</b>  |                                      |   |
| Rental income  | \$ 21,736                            | \$ 17,090   |
| Tenant reimbursements  | 2,155                                | 1,426   |
| Other income   | 80                                   | 20  |
| <b>Total revenues</b>  | <u>23,971</u>                        | <u>18,536</u>                                     |
| <b>Operating Expenses</b>  |                                      |   |
| Property operating   | 4,333                                | 3,178   |
| Real estate taxes  | 2,368                                | 1,762   |
| Depreciation and amortization  | 10,863                               | 9,001   |
| Acquisition costs  | 333                                  | 98  |
| Corporate general and administrative   | 3,036                                | 1,754   |
| <b>Total expenses</b>  | <u>20,933</u>                        | <u>15,793</u>                                     |
| <b>Operating income</b>  | <u>3,038</u>                         | <u>2,743</u>                                      |
| <b>Other (expenses)</b>  |                                      |   |
| Interest expense, net  | (1,929)                              | (1,287)   |
| <b>Net income</b>  | <u>1,109</u>                         | <u>1,456</u>                                      |
| Non-controlling interest in operating partnership                              | (434)                                | (570)   |
| <b>Net income available to Easterly Government Properties, Inc.</b>            | <u>\$ 675</u>                        | <u>\$ 886</u>                                     |
| <b>Net income available to Easterly Government Properties, Inc. per share:</b> |                                      |   |
| Basic  | <u>\$ 0.03</u>                       |   |
| Diluted  | <u>\$ 0.03</u>                       |   |
| <b>Weighted-average common shares outstanding:</b>                             |                                      |   |
| Basic  | 24,141,712                           |   |
| Diluted  | 25,744,824                           |   |
| Net income, per share - fully diluted basis                                    | <u>\$ 0.03</u>                       | <u>\$ 0.04</u>                                    |
| Weighted average common shares outstanding - fully diluted basis               | 39,711,818                           | 39,699,318  |

# Net Operating Income

(Unaudited, in thousands)



|   | Three months ended<br>March 31, 2016 | Pro forma<br>three months ended<br>March 31, 2015 |
|---|--------------------------------------|---|
| <b>Revenue</b>                              |                                      |   |
| Rental income                               | \$ 21,736                            | \$ 17,090   |
| Tenant reimbursements                       | 2,155                                | 1,426   |
| Other income                                | 80                                   | 20  |
| <b>Total revenues</b>                       | <u>23,971</u>                        | <u>18,536</u>                                     |
| <b>Operating Expenses</b>                   |                                      |   |
| Property operating                          | 4,333                                | 3,178   |
| Real estate taxes                           | 2,368                                | 1,762   |
| <b>Total expenses</b>                       | <u>6,701</u>                         | <u>4,940</u>                                      |
| <b>Net Operating Income</b>                 | <u>\$ 17,270</u>                     | <u>\$ 13,596</u>                                  |
| <b>Adjustments to Net Operating Income:</b> |                                      |   |
| Straight-line rent                          | (21)                                 | (66)  |
| Above-/below -market leases                 | (1,698)                              | (1,241)   |
| <b>Cash Net Operating Income</b>            | <u>\$ 15,551</u>                     | <u>\$ 12,289</u>                                  |

# EBITDA, FFO and CAD

(Unaudited, in thousands, except share and per share data)

|   | Three months ended<br>March 31, 2016 | Pro forma<br>three months ended<br>March 31, 2015 |
|---|--------------------------------------|---|
| <b>Net income</b>   | \$ 1,109                             | \$ 1,456  |
| Depreciation and amortization                                       | 10,863                               | 9,001   |
| Interest expense  | 1,929                                | 1,287   |
| <b>EBITDA</b>   | <u>\$ 13,901</u>                     | <u>\$ 11,744</u>                                  |
| <br>  |                                      |   |
| <b>Net income</b>   | \$ 1,109                             | \$ 1,456  |
| Depreciation and amortization                                       | 10,863                               | 9,001   |
| <b>Funds From Operations (FFO)</b>                                  | <u>\$ 11,972</u>                     | <u>\$ 10,457</u>                                  |
| <b>Adjustments to FFO:</b>  |                                      |   |
| Acquisition costs   | 333                                  | 98  |
| Straight-line rent  | (12)                                 | (66)  |
| Above-/below -market leases   | (1,698)                              | (1,241)   |
| Non-cash interest expense   | 195                                  | 190   |
| Non-cash compensation   | 699                                  | 101   |
| <b>Funds From Operations, as Adjusted</b>                           | <u>\$ 11,489</u>                     | <u>\$ 9,539</u>                                   |
| <br>  |                                      |   |
| FFO, per share - fully diluted basis                                | <u>\$ 0.30</u>                       | <u>\$ 0.26</u>                                    |
| FFO, as Adjusted, per share - fully diluted basis                   | <u>\$ 0.29</u>                       | <u>\$ 0.24</u>                                    |
| <br>  |                                      |   |
| <b>Funds From Operations, as Adjusted</b>                           | \$ 11,489                            | \$ 9,539  |
| Acquisition costs   | (333)                                | (98)  |
| Principal amortization  | (703)                                | (614)   |
| Maintenance capital expenditures                                    | (66)                                 | (61)  |
| Contractual tenant improvements                                     | (9)                                  | -   |
| <b>Cash Available for Distribution (CAD)</b>                        | <u>\$ 10,378</u>                     | <u>\$ 8,766</u>                                   |
| <br>  |                                      |   |
| CAD, per share - fully diluted basis                                | <u>\$ 0.26</u>                       | <u>\$ 0.22</u>                                    |
| <br>  |                                      |   |
| Weighted average common shares outstanding -<br>fully diluted basis | 39,711,818                           | 39,699,318  |

# Debt Schedules

(Unaudited, in thousands)



| Debt Instrument                                    | Maturity Date                            | Stated Rate <sup>(2)</sup>      | March 31, 2016<br>Balance | March 31, 2016<br>Percent of<br>Total Indebtedness |
|--|--|---------------------------------|---------------------------|--|
| <b>Unsecured revolving credit facility</b>         |  |                                 |                           |  |
| Unsecured revolving credit facility <sup>(1)</sup> | 11-Feb-19 <sup>(3)</sup>                 | LIBOR + 140bps                  | \$ 184,417                | 69.1%  |
| <b>Total unsecured revolving credit facility</b>   | <b>2.9 years<br/>(wtd-avg maturity)</b>  | <b>1.84%<br/>(wtd-avg rate)</b> | <b>\$ 184,417</b>         | <b>69.1%</b>                                       |
| <b>Secured mortgage debt</b>                       |  |                                 |                           |  |
| ICE - Charleston                                   | 15-Jan-27                                | 4.21%                           | \$ 21,729                 | 8.1%   |
| USFS II - Albuquerque                              | 14-Jul-26                                | 4.46%                           | 17,407                    | 6.5%   |
| DEA - Pleasanton                                   | 18-Oct-23                                | LIBOR + 150bps                  | 15,700                    | 5.9%   |
| CBP - Savannah                                     | 10-Jul-33                                | 3.40%                           | 15,414                    | 5.8%   |
| MEPCOM - Jacksonville                              | 14-Oct-25                                | 4.41%                           | 12,286                    | 4.6%   |
| <b>Total secured mortgage debt</b>                 | <b>11.1 years<br/>(wtd-avg maturity)</b> | <b>3.71%<br/>(wtd-avg rate)</b> | <b>\$ 82,536</b>          | <b>30.9%</b>                                       |

| Debt Statistics                 | March 31, 2016    |
|---------------------------------|-------------------|
| Variable rate debt - unhedged   | \$ 200,117        |
| Fixed rate debt                 | 66,836            |
| <b>Total debt<sup>(4)</sup></b> | <b>\$ 266,953</b> |
| % Variable rate debt - unhedged | 75.0%             |
| % Fixed rate debt               | 25.0%             |
| Weighted average maturity       | 5.3 years         |
| Weighted average interest rate  | 2.4%              |

<sup>(1)</sup>Credit facility has available capacity of \$215,583 as of March 31, 2016.

<sup>(2)</sup>Average stated rates represent the weighted average interest rate at March 31, 2016.

<sup>(3)</sup>Credit facility has two six-month as-of-right extension options subject to certain conditions and the payment of an extension fee.

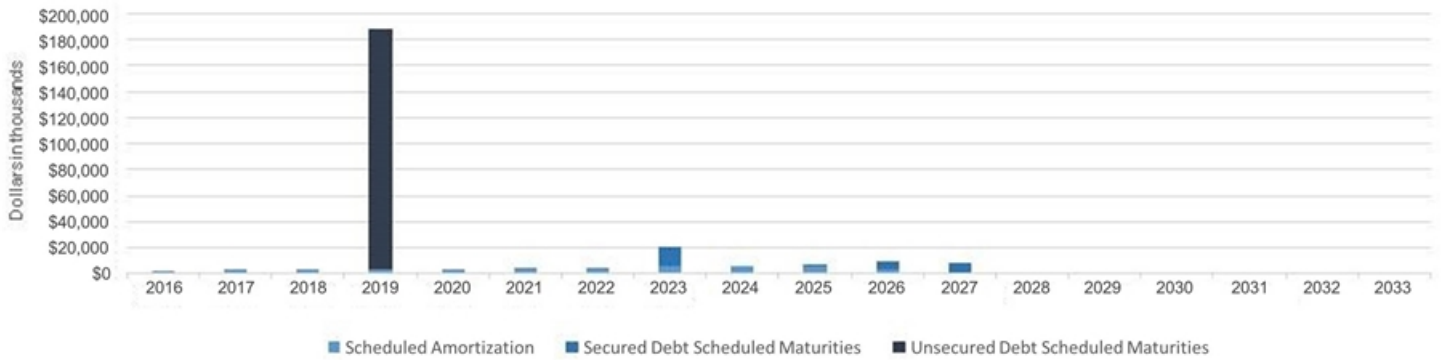
<sup>(4)</sup>Excludes unamortized premiums / discounts and deferred financing fees.

# Debt Maturities

(Unaudited, in thousands)



| Year         | Secured Debt           |                      | Unsecured Debt       |             | Total             | Percentage of Debt Maturing | Weighted Average Interest Rate of Scheduled Maturities |
|--------------|------------------------|----------------------|----------------------|-------------|-------------------|-----------------------------|--|
|              | Scheduled Amortization | Scheduled Maturities | Scheduled Maturities |             |                   |                             |  |
| 2016         | \$ 2,154               | \$ -                 | \$ -                 | \$ -        | \$ 2,154          | 0.8%                        | -  |
| 2017         | 2,977                  | -                    | -                    | -           | 2,977             | 1.1%                        | -  |
| 2018         | 3,100                  | -                    | -                    | -           | 3,100             | 1.2%                        | -  |
| 2019         | 3,230                  | -                    | 184,417              | -           | 187,647           | 70.2%                       | 1.84%  |
| 2020         | 3,395                  | -                    | -                    | -           | 3,395             | 1.3%                        | -  |
| 2021         | 4,054                  | -                    | -                    | -           | 4,054             | 1.5%                        | -  |
| 2022         | 5,109                  | -                    | -                    | -           | 5,109             | 1.9%                        | -  |
| 2023         | 5,388                  | 15,700               | -                    | -           | 21,088            | 7.9%                        | 1.94%  |
| 2024         | 5,679                  | -                    | -                    | -           | 5,679             | 2.1%                        | -  |
| 2025         | 5,633                  | 1,917                | -                    | -           | 7,550             | 2.8%                        | 4.41%  |
| 2026         | 3,686                  | 6,368                | -                    | -           | 10,054            | 3.8%                        | 4.46%  |
| 2027         | 1,093                  | 7,140                | -                    | -           | 8,233             | 3.1%                        | 4.21%  |
| 2028         | 983                    | -                    | -                    | -           | 983               | 0.4%                        | -  |
| 2029         | 1,016                  | -                    | -                    | -           | 1,016             | 0.4%                        | -  |
| 2030         | 1,049                  | -                    | -                    | -           | 1,049             | 0.4%                        | -  |
| 2031         | 1,081                  | -                    | -                    | -           | 1,081             | 0.4%                        | -  |
| 2032         | 1,116                  | -                    | -                    | -           | 1,116             | 0.4%                        | -  |
| 2033         | 668                    | -                    | -                    | -           | 668               | 0.3%                        | -  |
| <b>Total</b> | <b>\$ 51,411</b>       | <b>\$ 31,125</b>     | <b>\$ 184,417</b>    | <b>\$ -</b> | <b>\$ 266,953</b> | <b>100.0%</b>               |  |





# Property Overview



| Property Name                               | Location             | Property Type           | Tenant Lease Expiration Year | Year Built / Renovated | Rentable Square Feet | Annualized Lease Income | Percentage of Total Annualized Lease Income | Annualized Lease Income per Leased Square Foot |
|---|----------------------|-------------------------|------------------------------|------------------------|----------------------|-------------------------|---|--|
| <b>U.S Government Leased Properties</b>     |                      |                         |                              |                        |                      |                         |   |  |
| IRS - Fresno                                | Fresno, CA           | Office                  | 2018                         | 2003                   | 180,481              | \$ 7,460,793            | 8.5%  | \$ 41.34                                       |
| PTO - Arlington                             | Arlington, VA        | Office                  | 2019 / 2020                  | 2009                   | 189,871              | 6,439,092               | 7.3%  | 33.91  |
| FBI - San Antonio                           | San Antonio, TX      | Office                  | 2021                         | 2007                   | 148,584              | 4,978,178               | 5.7%  | 33.50  |
| FBI - Omaha                                 | Omaha, NE            | Office                  | 2024                         | 2009                   | 112,196              | 4,423,317               | 5.0%  | 39.42  |
| ICE - Charleston                            | North Charleston, SC | Office                  | 2019 / 2027                  | 1994 / 2012            | 86,733               | 3,648,707               | 4.1%  | 42.07  |
| DOT - Lakewood                              | Lakewood, CO         | Office                  | 2024                         | 2004                   | 122,225              | 3,478,437               | 3.9%  | 28.46  |
| USCIS - Lincoln                             | Lincoln, NE          | Office                  | 2020                         | 2005                   | 137,671              | 3,225,627               | 3.7%  | 23.43  |
| AOC - El Centro                             | El Centro, CA        | Courthouse/Office       | 2019                         | 2004                   | 46,813               | 3,031,651               | 3.4%  | 64.76  |
| ICE - Albuquerque                           | Albuquerque, NM      | Office                  | 2027                         | 2011                   | 71,100               | 2,785,048               | 3.2%  | 39.17  |
| USFS II - Albuquerque                       | Albuquerque, NM      | Office                  | 2026                         | 2011                   | 98,720               | 2,760,931               | 3.1%  | 27.97  |
| DEA - Vista                                 | Vista, CA            | Laboratory              | 2020                         | 2002                   | 54,119               | 2,749,820               | 3.1%  | 50.81  |
| DEA - Pleasanton                            | Pleasanton, CA       | Laboratory              | 2035                         | 2015                   | 42,480               | 2,716,945               | 3.1%  | 63.96  |
| FBI - Richmond                              | Richmond, VA         | Office                  | 2021                         | 2001                   | 96,607               | 2,708,606               | 3.1%  | 28.04  |
| AOC - Del Rio                               | Del Rio, TX          | Courthouse/Office       | 2024                         | 1992 / 2004            | 89,880               | 2,636,561               | 3.0%  | 29.33  |
| USFS I - Albuquerque                        | Albuquerque, NM      | Office                  | 2021                         | 2006                   | 92,455               | 2,628,014               | 3.0%  | 28.42  |
| DEA - Dallas Lab                            | Dallas, TX           | Laboratory              | 2021                         | 2001                   | 49,723               | 2,355,301               | 2.7%  | 47.37  |
| MEPCOM - Jacksonville                       | Jacksonville, FL     | Office                  | 2025                         | 2010                   | 30,000               | 2,151,080               | 2.4%  | 71.70  |
| FBI - Little Rock                           | Little Rock, AR      | Office                  | 2021                         | 2001                   | 101,977              | 2,140,411               | 2.4%  | 20.99  |
| CBP - Savannah                              | Savannah, GA         | Laboratory              | 2033                         | 2013                   | 35,000               | 2,105,832               | 2.4%  | 60.17  |
| DEA - Santa Ana                             | Santa Ana, CA        | Office                  | 2024                         | 2004                   | 39,905               | 2,092,588               | 2.4%  | 52.44  |
| DOE - Lakewood                              | Lakewood, CO         | Office                  | 2029                         | 1999                   | 115,650              | 2,058,570               | 2.3%  | 17.80  |
| ICE - Otay                                  | San Diego, CA        | Office                  | 2017 - 2026                  | 2001                   | 52,881               | 1,791,571               | 2.0%  | 36.22  |
| DEA - Dallas                                | Dallas, TX           | Office                  | 2021                         | 2001                   | 71,827               | 1,768,618               | 2.0%  | 24.62  |
| DEA - North Highlands                       | Sacramento, CA       | Office                  | 2017                         | 2002                   | 37,975               | 1,712,562               | 1.9%  | 45.10  |
| CBP - Chula Vista                           | Chula Vista, CA      | Office                  | 2018                         | 1998                   | 59,397               | 1,684,828               | 1.9%  | 28.37  |
| CBP - Sunburst                              | Sunburst, MT         | Office                  | 2028                         | 2008                   | 33,000               | 1,579,754               | 1.8%  | 47.87  |
| USCG - Martinsburg                          | Martinsburg, WV      | Office                  | 2027                         | 2007                   | 59,547               | 1,569,912               | 1.8%  | 26.36  |
| AOC - Aberdeen                              | Aberdeen, MS         | Courthouse/Office       | 2025                         | 2005                   | 46,979               | 1,453,325               | 1.6%  | 30.94  |
| DEA - Albany                                | Albany, NY           | Office                  | 2025                         | 2004                   | 31,976               | 1,333,746               | 1.5%  | 41.71  |
| DEA - Otay                                  | San Diego, CA        | Office                  | 2017                         | 1997                   | 32,560               | 1,290,715               | 1.5%  | 39.64  |
| DEA - Riverside                             | Riverside, CA        | Office                  | 2017                         | 1997                   | 34,354               | 1,288,206               | 1.5%  | 37.50  |
| SSA - Mission Viejo                         | Mission Viejo, CA    | Office                  | 2020                         | 2005                   | 11,590               | 533,252                 | 0.6%  | 46.01  |
| SSA - San Diego                             | San Diego, CA        | Office                  | 2017                         | 2003                   | 11,743               | 413,543                 | 0.5%  | 35.22  |
| DEA - San Diego                             | San Diego, CA        | Warehouse               | 2016                         | 1999                   | 16,100               | 399,908                 | 0.5%  | 24.84  |
| <b>Subtotal</b>                             |                      |                         |                              |                        | <b>2,442,119</b>     | <b>\$ 85,395,449</b>    | <b>96.9%</b>                                | <b>\$ 35.02</b>                                |
| <b>Privately Leased Properties</b>          |                      |                         |                              |                        |                      |                         |   |  |
| 2650 SW 145th Avenue - Parbel of Florida    | Miramar, FL          | Warehouse/Distribution  | 2022                         | 2007                   | 81,721               | 1,657,459               | 1.9%  | 20.28  |
| 5998 Osceola Court - United Technologies    | Midland, GA          | Warehouse/Manufacturing | 2023                         | 2014                   | 105,641              | 540,715                 | 0.6%  | 5.12   |
| 501 East Hunter Street - Lummus Corporation | Lubbock, TX          | Warehouse/Distribution  | 2028                         | 2013                   | 70,078               | 518,885                 | 0.6%  | 7.40   |
| <b>Subtotal</b>                             |                      |                         |                              |                        | <b>257,440</b>       | <b>\$ 2,717,059</b>     | <b>3.1%</b>                                 | <b>\$ 10.55</b>                                |
| <b>Total / Weighted Average</b>             |                      |                         |                              |                        | <b>2,699,559</b>     | <b>\$ 88,112,508</b>    | <b>100.0%</b>                               | <b>\$ 32.68</b>                                |

| Tenant   | Number of Properties | Number of Leases | Weighted Average Remaining Lease Term <sup>(1)</sup> | Leased Square Feet | Percentage of Leased Square Feet | Annualized Lease Income | Percentage of Total Annualized Lease Income |
|--|----------------------|------------------|--|--------------------|----------------------------------|-------------------------|---|
| <b>U.S. Government</b>                           |                      |                  |  |                    |                                  |                         |   |
| Drug Enforcement Administration ("DEA")          | 10                   | 10               | 6.0  | 405,206            | 15.0%                            | \$ 17,477,975           | 19.8%                                       |
| Federal Bureau of Investigation ("FBI")          | 4                    | 4                | 6.0  | 459,364            | 17.0%                            | 14,250,512              | 16.2%                                       |
| Immigration and Customs Enforcement ("ICE")      | 3                    | 5                | 9.1  | 182,522            | 6.8%                             | 7,663,044               | 8.7%  |
| Internal Revenue Service ("IRS")                 | 1                    | 1                | 2.7  | 180,481            | 6.8%                             | 7,460,793               | 8.5%  |
| Administrative Office of the U.S. Courts ("AOC") | 3                    | 3                | 7.1  | 183,672            | 6.8%                             | 7,121,537               | 8.1%  |
| Patent and Trademark Office ("PTO")              | 1                    | 2                | 3.1  | 189,871            | 7.0%                             | 6,439,092               | 7.3%  |
| U.S. Forest Service ("USFS")                     | 2                    | 2                | 7.9  | 191,175            | 7.1%                             | 5,388,945               | 6.1%  |
| Customs and Border Protection ("CBP")            | 3                    | 3                | 9.0  | 127,397            | 4.7%                             | 5,370,414               | 6.0%  |
| Department of Transportation ("DOT")             | 1                    | 2                | 8.1  | 129,659            | 4.8%                             | 3,693,332               | 4.2%  |
| U.S. Citizens and Immigration Services ("USCIS") | 1                    | 1                | 4.4  | 137,671            | 5.1%                             | 3,225,627               | 3.7%  |
| Military Entrance Processing Command ("MEPCOM")  | 1                    | 1                | 9.5  | 30,000             | 1.1%                             | 2,151,080               | 2.4%  |
| Department of Energy ("DOE")                     | 1                    | 1                | 13.6   | 115,650            | 4.3%                             | 2,058,570               | 2.3%  |
| U.S. Coast Guard ("USCG")                        | 1                    | 1                | 11.7   | 59,547             | 2.2%                             | 1,569,912               | 1.8%  |
| Social Security Administration ("SSA")           | 2                    | 2                | 3.2  | 23,333             | 0.9%                             | 946,795                 | 1.1%  |
| U.S. Department of Agriculture ("USDA")          | 0                    | 1                | 9.8  | 1,538              | 0.1%                             | 54,999                  | 0.1%  |
| <b>Subtotal</b>                                  | <b>34</b>            | <b>39</b>        | <b>6.8</b>   | <b>2,417,086</b>   | <b>89.7%</b>                     | <b>\$ 84,872,627</b>    | <b>96.3%</b>                                |
| <b>Private Tenants</b>                           |                      |                  |  |                    |                                  |                         |   |
| Parbel of Florida                                | 1                    | 1                | 6.7  | 81,721             | 3.0%                             | \$ 1,657,459            | 1.9%  |
| United Technologies (Pratt & Whitney)            | 1                    | 1                | 7.8  | 105,641            | 3.9%                             | 540,715                 | 0.6%  |
| LifePoint, Inc.                                  | 0                    | 1                | 3.5  | 21,609             | 0.8%                             | 522,822                 | 0.6%  |
| Lummus Corporation                               | 1                    | 1                | 12.3   | 70,078             | 2.6%                             | 518,885                 | 0.6%  |
| <b>Subtotal</b>                                  | <b>3</b>             | <b>4</b>         | <b>8.5</b>   | <b>279,049</b>     | <b>10.3%</b>                     | <b>\$ 3,239,881</b>     | <b>3.7%</b>                                 |
| <b>Total / Weighted Average</b>                  | <b>37</b>            | <b>43</b>        | <b>6.9</b>   | <b>2,696,135</b>   | <b>100.0%</b>                    | <b>\$ 88,112,508</b>    | <b>100.0%</b>                               |

<sup>(1)</sup>Weighted based on leased square feet.

| Year of Lease Expiration        | Number of Leases Expiring | Square Footage Expiring | Percentage of Total Square Footage Expiring | Annualized Lease Income Expiring | Percentage of Total Annualized Lease Income Expiring | Annualized Lease Income per Leased Square Foot Expiring |
|---------------------------------|---------------------------|-------------------------|---|----------------------------------|--|---|
| Signed leases not commenced     | 0                         | N/A                     | N/A   | N/A                              | N/A  | N/A   |
| 2016                            | 1                         | 16,100                  | 0.6%  | \$ 399,908                       | 0.5%   | \$ 24.84  |
| 2017                            | 5                         | 129,276                 | 4.8%  | 5,188,153                        | 5.9%   | 40.13   |
| 2018                            | 2                         | 239,878                 | 8.9%  | 9,145,621                        | 10.4%  | 38.13   |
| 2019                            | 3                         | 236,890                 | 8.8%  | 9,234,731                        | 10.5%  | 38.98   |
| 2020                            | 4                         | 224,783                 | 8.3%  | 7,267,533                        | 8.2%   | 32.33   |
| 2021                            | 7                         | 572,728                 | 21.3%                                       | 16,996,396                       | 19.3%  | 29.68   |
| 2022                            | 3                         | 105,441                 | 3.9%  | 2,493,636                        | 2.8%   | 23.65   |
| 2023                            | 1                         | 105,641                 | 3.9%  | 540,715                          | 0.6%   | 5.12  |
| 2024                            | 4                         | 364,206                 | 13.5%                                       | 12,630,903                       | 14.3%  | 34.68   |
| 2025                            | 3                         | 108,955                 | 4.0%  | 4,938,151                        | 5.6%   | 45.32   |
| Thereafter                      | 10                        | 592,237                 | 22.0%                                       | 19,276,761                       | 21.9%  | 32.55   |
| <b>Total / Weighted Average</b> | <b>43</b>                 | <b>2,696,135</b>        | <b>100.0%</b>                               | <b>\$ 88,112,508</b>             | <b>100.0%</b>  | <b>\$ 32.68</b>   |