

**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):
November 2, 2020**

Easterly Government Properties, Inc.

(Exact name of Registrant as Specified in Its 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

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

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. below):

- 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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	DEA	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On November 2, 2020, we issued a press release announcing our results of operations for the third quarter ended September 30, 2020. 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 10:00a.m. Eastern Time on November 2, 2020, to review our third quarter 2020 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 November 16, 2020, by dialing 1-844-512-2921 (domestic) and 1-412-317-6671 (international) and entering the passcode 13710871. Please note that the full text of the press release and supplemental information package are available through our website at 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 November 2, 2020.
99.2	Easterly Government Properties, Inc. Supplemental Information Package for the quarter ended September 30, 2020.
104	Cover Page Interactive Data File (embedded within the inline XBRL document.)

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: November 2, 2020



**EASTERLY GOVERNMENT PROPERTIES
REPORTS THIRD QUARTER 2020 RESULTS**

~ Easterly Increases its 2020 FFO Guidance for the Second Quarter in a Row ~

WASHINGTON, D.C. – November 2, 2020 – 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 September 30, 2020.

Highlights for the Quarter Ended September 30, 2020:

- Net income of \$4.8 million, or \$0.05 per share on a fully diluted basis
- FFO of \$28.3 million, or \$0.31 per share on a fully diluted basis
- FFO, as Adjusted of \$27.2 million, or \$0.30 per share on a fully diluted basis
- CAD of \$23.0 million
- Acquired a 76,112-square foot Federal Bureau of Investigation (FBI) field office in Mobile, Alabama (“FBI - Mobile”)
- Completed the re-development and commenced a new 20-year lease at the Company’s U.S. Food and Drug Administration (FDA) laboratory in Lenexa, Kansas (“FDA - Lenexa”)
- Issued 1,475,991 shares of the Company’s common stock through the Company’s December 2019 ATM Program at a net weighted average price of \$22.72 per share, raising net proceeds to the Company of approximately \$33.5 million. 951,197 of these shares were issued in settlement of certain forward sales transactions entered into in prior quarters
- Expects to receive, as of the date of this release, net proceeds of approximately \$116.2 million from the sale of 4,595,873 shares of the Company’s common stock that have not yet been settled under its March 2019 and December 2019 ATM Programs, assuming these forward sales transactions are physically settled in full using a net weighted average initial forward sales price of \$25.27 per share

“Easterly is committed to its consistent growth strategy,” said William C. Trimble, III, Easterly’s Chief Executive Officer. “The strength of our acquisition pipeline coupled with our attractive cost of capital and the young age of the Easterly portfolio all contribute to the furtherance of this goal.”

Financial Results for the Nine Months Ended September 30, 2020:

Net income of \$10.9 million, or \$0.12 per share on a fully diluted basis

FFO of \$81.6 million, or \$0.93 per share on a fully diluted basis

FFO, as Adjusted of \$78.7 million, or \$0.90 per share on a fully diluted basis

CAD of \$68.2 million

Portfolio Operations

As of September 30, 2020, the Company wholly owned 76 operating properties in the United States encompassing approximately 7.0 million rentable square feet. In addition, the Company wholly owned one property under re-development that the Company expects will encompass approximately 0.2 million rentable square feet upon completion. The re-development project, located in Atlanta, Georgia, is currently in design and, once complete, a 20-year lease with the General Services Administration (GSA) is expected to commence for the beneficial use of the FDA. As of September 30, 2020, the portfolio had a weighted average age of 13.3 years, based upon the date the property was built or renovated-to-suit and had a weighted average remaining lease term of 7.8 years.

Acquisitions and Development Activities

On September 18, 2020, the Company acquired a 76,112-square foot FBI field office in Mobile, Alabama. FBI - Mobile is a three-story office building and single-story vehicle maintenance facility located on a roughly four-acre site that houses the FBI's Mobile field office, which oversees federal operations across 36 counties through five satellite offices in Auburn, Dothan, Monroeville, Montgomery and Selma. This build-to-suit property was completed in 2001 and is 100% leased to the GSA for the beneficial use of the FBI until December 2029.

On September 25, 2020, the Company commenced a new 20-year lease with the GSA for the beneficial use of the FDA at the Company's completed re-development project in Lenexa, Kansas. The 59,690-square foot re-development serves as a relocation of the former Kansas City District Laboratory and features a number of upgraded capabilities for the FDA to effectively conduct its mission. The approximately \$67 million re-development project achieved substantial completion and lease commencement a quarter earlier than anticipated.

Balance Sheet and Capital Markets Activity

As of September 30, 2020, the Company had total indebtedness of \$905.1 million comprised of \$100.0 million outstanding on its 2016 term loan facility, \$150.0 million outstanding on its 2018 term loan facility, \$450.0 million of senior unsecured notes, and \$205.1 million of mortgage debt (excluding unamortized premiums and discounts and deferred financing fees). As of September 30, 2020, the Company had no borrowings outstanding on its revolving credit facility. At September 30, 2020, Easterly's outstanding debt had a weighted average maturity of 7.3 years and a weighted average interest rate of 3.7%. As of September 30, 2020, Easterly's Net Debt to total enterprise value was 30.4% and its Net Debt to annualized quarterly EBITDA and Adjusted Net Debt to annualized quarterly pro forma EBITDA ratios were 6.1x and 5.6x, respectively.

During the quarter ended September 30, 2020, the Company issued 1,475,991 shares of the Company's common stock through its December 2019 ATM Program at a net weighted average price of \$22.72 per share, raising net proceeds to the Company of approximately \$33.5 million. 951,197 of these shares were issued in settlement of certain forward sales transactions entered into in prior quarters. During the quarter ended September 30, 2020, the Company also entered into forward sales transactions under its December 2019 ATM Program for the sale of an additional 1,430,223 shares of its common stock that have not yet been settled. Assuming the forward sales transactions are physically settled in full utilizing a net weighted average initial forward sales price of \$23.83 per share, the Company expects to receive net proceeds of approximately \$34.1 million.

Dividend

On October 27, 2020, the Board of Directors of Easterly approved a cash dividend for the third quarter of 2020 in the amount of \$0.26 per common share. The dividend will be payable December 11, 2020 to shareholders of record on November 11, 2020.

Subsequent Events

Subsequent to quarter end, the Company entered into forward sales transactions its December 2019 ATM Program for the sale of an additional 768,418 shares of the Company's common stock, at a net weighted average initial forward sales price of \$22.25 per share, that have not yet been settled.

The Company currently has forward sales transactions under the Company's March 2019 and December 2019 ATM Programs for the sale of a total of 4,595,873 shares of its common stock that have not yet been settled. Assuming these forward sales transactions are physically settled in full utilizing a net weighted average initial forward sales price of \$25.27 per share, the Company expects to receive net proceeds of approximately \$116.2 million.

Guidance

Outlook for the 12 Months Ending December 31, 2020

The Company is increasing its guidance for 2020 FFO per share on a fully diluted basis to a range of \$1.24 - \$1.26.

	<u>Low</u>	<u>High</u>
Net income (loss) per share – fully diluted basis	\$ 0.16	0.18
Plus: real estate depreciation and amortization	\$ 1.08	1.08
FFO per share – fully diluted basis	\$ 1.24	1.26

This guidance assumes \$200 million of acquisitions and \$35 - \$45 million of gross development-related investment during 2020.

Outlook for the 12 Months Ending December 31, 2021

The Company is introducing its guidance for 2021 FFO per share on a fully diluted basis in a range of \$1.28 - \$1.30.

	<u>Low</u>	<u>High</u>
Net income (loss) per share – fully diluted basis	\$ 0.28	0.30
Plus: real estate depreciation and amortization	\$ 1.00	1.00
FFO per share – fully diluted basis	\$ 1.28	1.30

This guidance assumes \$200 million of acquisitions and \$25 million of gross development-related investment during 2021.

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

This section contains definitions of certain non-GAAP financial measures and other terms that the Company uses in this press release and, where applicable, the reasons why management believes these non-GAAP financial measures provide useful information to investors about the Company's financial condition and results of operations and the other purposes for which management uses the measures. These measures should not be considered in isolation or as a substitute for measures of performance in accordance with GAAP. Additional detail can be found in the Company's most recent annual report on Form 10-K and quarterly report on Form 10-Q, as well as other documents filed with or furnished to the SEC from time to time.

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 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, 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, is not indicative of operating income or cash provided by operating activities as determined under GAAP and may be presented on a pro forma basis. 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 defined, in accordance with the Nareit FFO White Paper - 2018 Restatement, as net income (loss), calculated in accordance with GAAP, excluding depreciation and amortization related to real estate, gains and losses from the sale of certain real estate assets, gains and losses from change in control and impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity. 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 FFO to present an alternative measure of the Company's operating performance, which, when applicable, excludes the impact of acquisition costs, straight-line rent, amortization of above-/below-market leases, amortization of deferred revenue (which results from landlord assets funded by tenants), non-cash interest expense, non-cash compensation and other non-cash items. By excluding these income and expense items from FFO, as Adjusted, the Company believes it provides useful information as these items have no cash impact. In addition, by excluding acquisition related costs the Company believes FFO, as Adjusted provides useful information that is comparable across periods and more accurately reflects the operating performance of the Company's properties. Certain prior year amounts have been updated to conform to the current year FFO, as Adjusted definition.

Net Debt and Adjusted Net Debt. Net Debt represents consolidated debt (reported in accordance with GAAP) adjusted to exclude unamortized premiums and discounts and deferred financing fees, less cash and cash equivalents. By excluding these items, the result provides an estimate of the contractual amount of borrowed



capital to be repaid, net of cash available to repay it. The Company believes this calculation constitutes a beneficial supplemental non-GAAP financial disclosure to investors in understanding its financial condition. Adjusted Net Debt is Net Debt reduced by 1) for each project under construction or in design, the lesser of i) outstanding lump-sum reimbursement amounts and ii) the cost to date, 2) 40% times the amount by which the cost to date exceeds total lump-sum reimbursement amounts for each project under construction or in design and 3) outstanding lump-sum reimbursement amounts for projects previously completed. These adjustments are made to 1) remove the estimated portion of each project under construction, in design or previously completed that has been financed with debt which may be repaid with outstanding cost reimbursement payments from the US Government and 2) remove the estimated portion of each project under construction or in design, in excess of total lump-sum reimbursements, that has been financed with debt but has not yet produced earnings. See page 20 of the Company's Q3 2020 Supplemental Information Package for further information. The Company's method of calculating Net Debt and Adjusted Net Debt may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

Other Definitions

Fully diluted basis assumes the exchange of all outstanding common units representing limited partnership interests in the Company's operating partnership, the full vesting of all shares of restricted stock, and the exchange of all earned and vested 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.

Conference Call Information

The Company will host a webcast and conference call at 10:00 a.m. Eastern time on November 2, 2020 to review the third quarter 2020 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 November 16, 2020 by dialing 844-512-2921 (domestic) and 1-412-317-6671 (international) and entering the passcode 13710871. 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.

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 to such agencies either directly or through the U.S. General Services Administration (GSA). For further information on the company and its properties, please visit www.easterlyreit.com.

**Contact:**

Easterly Government Properties, Inc.
Lindsay S. Winterhalter
Vice President, Investor Relations & Operations
202-596-3947
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; the risk of decreased rental rates or increased vacancy rates; loss of key personnel; the continuing adverse impact of the novel coronavirus (COVID-19) on the U.S., regional and global economies and on our financial condition and results of operations; general volatility of the capital and credit markets and the market price of our common stock; the risk we may lose one or more major tenants; difficulties in completing and successfully integrating acquisitions; failure of acquisitions or development projects to occur at anticipated levels or 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, 2019, filed with the Securities and Exchange Commission on February 25, 2020 and our Form 10-Q for the quarter ended September 30, 2020, to be filed with the Securities and Exchange Commission on or about November 2, 2020 and under the heading “Risk Factors” in our other public filings. In addition, our anticipated qualification as a real estate investment trust involves the application of highly technical and complex provisions of the Internal Revenue Code of 1986, or the Code, and depends on our ability to meet the various requirements imposed by the Code through actual operating results, distribution levels and diversity of stock ownership. We assume no obligation to update publicly any forward looking statements, whether as a result of new information, future events or otherwise.



Balance Sheet

(Unaudited, in thousands, except share amounts)

	September 30, 2020	December 31, 2019
Assets		
Real estate properties, net	\$ 2,130,984	\$ 1,988,726
Cash and cash equivalents	9,037	12,012
Restricted cash	4,837	3,537
Deposits on acquisitions	1,550	1,800
Rents receivable	49,158	27,788
Accounts receivable	13,580	15,820
Deferred financing, net	1,216	1,749
Intangible assets, net	162,576	168,625
Interest rate swaps	-	541
Prepaid expenses and other assets	23,654	13,991
Total assets	\$ 2,396,592	\$ 2,234,589
Liabilities		
Term loan facilities, net	248,875	248,602
Notes payable, net	447,109	446,927
Mortgage notes payable, net	203,768	206,312
Intangible liabilities, net	27,225	24,578
Deferred revenue	94,175	54,659
Interest rate swaps	14,176	5,837
Accounts payable, accrued expenses, and other liabilities	61,109	47,833
Total liabilities	1,096,437	1,034,748
Equity		
Common stock, par value \$0.01, 200,000,000 shares authorized, 81,220,115 and 74,832,292 shares issued and outstanding at September 30, 2020 and December 31, 2019, respectively.	812	748
Additional paid-in capital	1,405,513	1,257,319
Retained earnings	29,631	20,004
Cumulative dividends	(270,531)	(210,760)
Accumulated other comprehensive loss	(12,570)	(4,690)
Total stockholders' equity	1,152,855	1,062,621
Non-controlling interest in Operating Partnership	147,300	137,220
Total equity	1,300,155	1,199,841
Total liabilities and equity	\$ 2,396,592	\$ 2,234,589



Income Statement

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

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Revenues				
Rental income	\$ 59,843	\$ 53,382	\$ 175,976	\$ 152,333
Tenant reimbursements	682	3,369	2,269	6,666
Other income	606	838	1,630	1,559
Total revenues	<u>61,131</u>	<u>57,589</u>	<u>179,875</u>	<u>160,518</u>
Expenses				
Property operating	12,313	13,408	34,486	34,333
Real estate taxes	6,803	6,008	19,982	17,222
Depreciation and amortization	23,522	23,299	70,732	68,777
Acquisition costs	467	519	1,673	1,414
Corporate general and administrative	4,577	5,298	15,565	14,222
Total expenses	<u>47,682</u>	<u>48,532</u>	<u>142,438</u>	<u>135,978</u>
Other income (expense)				
Interest expense, net	(8,628)	(8,454)	(26,535)	(24,666)
Gain on the sale of operating property	-	-	-	6,222
Net income	<u>4,821</u>	<u>603</u>	<u>10,902</u>	<u>6,666</u>
Non-controlling interest in Operating Partnership	(557)	(54)	(1,275)	(666)
Net income available to Easterly Government Properties, Inc.	<u>\$ 4,264</u>	<u>\$ 549</u>	<u>\$ 9,627</u>	<u>\$ 5,700</u>
Net income available to Easterly Government Properties, Inc. per share:				
Basic	<u>\$ 0.05</u>	<u>\$ 0.01</u>	<u>\$ 0.12</u>	<u>\$ 0</u>
Diluted	<u>\$ 0.05</u>	<u>\$ 0.01</u>	<u>\$ 0.12</u>	<u>\$ 0</u>
Weighted-average common shares outstanding:				
Basic	80,334,976	71,444,448	77,144,791	67,010,111
Diluted	80,928,844	71,828,991	77,745,370	67,332,666
Net income, per share - fully diluted basis	<u>\$ 0.05</u>	<u>\$ 0.01</u>	<u>\$ 0.12</u>	<u>\$ 0</u>
Weighted average common shares outstanding - fully diluted basis	90,843,542	81,337,275	87,460,854	76,837,333

EBITDA, FFO and CAD

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

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Net income	\$ 4,821	\$ 603	\$ 10,902	\$ -
Depreciation and amortization	23,522	23,299	70,732	-
Interest expense	8,628	8,454	26,535	-
Tax expense	39	173	305	-
Gain on the sale of operating property	-	-	-	-
EBITDA	<u>\$ 37,010</u>	<u>\$ 32,529</u>	<u>\$ 108,474</u>	<u>\$ -</u>
Pro forma adjustments ⁽¹⁾	1,709	-	-	-
Pro forma EBITDA	<u>\$ 38,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net income	\$ 4,821	\$ 603	\$ 10,902	\$ -
Depreciation and amortization	23,522	23,299	70,732	-
Gain on the sale of operating property	-	-	-	-
FFO	<u>\$ 28,343</u>	<u>\$ 23,902</u>	<u>\$ 81,634</u>	<u>\$ -</u>
Adjustments to FFO:				
Acquisition costs	467	519	1,673	-
Straight-line rent and other non-cash adjustments	(777)	(110)	(2,106)	-
Amortization of above-/below-market leases	(1,451)	(1,517)	(4,499)	-
Amortization of deferred revenue	(744)	(176)	(2,138)	-
Non-cash interest expense	360	330	1,078	-
Non-cash compensation	1,035	714	3,056	-
FFO, as Adjusted	<u>\$ 27,233</u>	<u>\$ 23,662</u>	<u>\$ 78,698</u>	<u>\$ -</u>
FFO, per share - fully diluted basis	<u>\$ 0.31</u>	<u>\$ 0.29</u>	<u>\$ 0.93</u>	<u>\$ -</u>
FFO, as Adjusted, per share - fully diluted basis	<u>\$ 0.30</u>	<u>\$ 0.29</u>	<u>\$ 0.90</u>	<u>\$ -</u>
FFO, as Adjusted	\$ 27,233	\$ 23,662	\$ 78,698	\$ -
Acquisition costs	(467)	(519)	(1,673)	-
Principal amortization	(887)	(852)	(2,635)	-
Maintenance capital expenditures	(2,361)	(814)	(4,884)	-
Contractual tenant improvements	(550)	(753)	(1,308)	-
Cash Available for Distribution (CAD)	<u>\$ 22,968</u>	<u>\$ 20,724</u>	<u>\$ 68,198</u>	<u>\$ -</u>
Weighted average common shares outstanding - fully diluted basis	90,843,542	81,337,275	87,460,854	76,460,854

¹ Pro forma assuming a full quarter of operations from the two properties and one parcel of land acquired or placed in service in the third quarter of 2020.



Net Debt and Adjusted Net Debt
(Unaudited, in thousands)

	September 30, 2020
Total Debt⁽¹⁾	\$ 905,119
Less: cash and cash equivalents	(9,037)
Net Debt	\$ 896,082
Less: adjustment for development projects ⁽²⁾	(32,044)
Adjusted Net Debt	\$ 864,038

¹ Excludes unamortized premiums / discounts and deferred financing fees.

² See definition of Adjusted Net Debt on Page 5.



Supplemental Information Package

Third Quarter 2020

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; the risk of decreased rental rates or increased vacancy rates; loss of key personnel; the continuing adverse impact of the novel coronavirus (COVID-19) on the U.S., regional and global economies and the financial condition and results of operations of the Company; general volatility of the capital and credit markets and the market price of our common stock; the risk we may lose one or more major tenants; difficulties in completing and successfully integrating acquisitions; failure of acquisitions or development projects to occur at anticipated levels or 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, 2019, filed with the Securities and Exchange Commission, or the SEC, on February 25, 2020 and our Form 10-Q for the quarter ended September 30, 2020, to be filed with the SEC on or about November 2, 2020 and the factors included under the heading "Risk Factors" in our other public filings. In addition, our 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 September 30, 2020 that will be released on Form 10-Q to be filed on or about November 2, 2020.

This section contains definitions of certain non-GAAP financial measures and other terms that the Company uses in this Supplemental Information Package and, where applicable, the reasons why management believes these non-GAAP financial measures provide useful information to investors about the Company's financial condition and results of operations and the other purposes for which management uses the measures. These measures should not be considered in isolation or as a substitute for measures of performance in accordance with GAAP. Additional detail can be found in the Company's most recent quarterly report on Form 10-Q and the Company's most recent annual report on Form 10-K, as well as other documents filed with or furnished to the SEC from time to time.

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 net 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 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.

Cash fixed charge coverage ratio is calculated as EBITDA divided by the sum of principal amortization and interest expense, excluding amortization of premiums / discounts and deferred financing fees, for the most recent quarter.

Cash interest coverage ratio is calculated as EBITDA divided by interest expense, excluding amortization of premiums / discounts and deferred financing fees, for the most recent quarter.

EBITDA is calculated as the sum of net income (loss) before interest expense, 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, is not indicative of operating income or cash provided by operating activities as determined under GAAP and may be presented on a pro forma basis. 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 shares of restricted stock, and the exchange of all earned and vested 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.

Funds From Operations (FFO) is defined, in accordance with the Nareit FFO White Paper - 2018 Restatement, as net income (loss), calculated in accordance with GAAP, excluding depreciation and amortization related to real estate, gains and losses from the sale of certain real estate assets, gains and losses from change in control and impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity. 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 FFO to present an alternative measure of our operating performance, which, when applicable, excludes the impact of acquisition costs, straight-line rent, amortization of above-/below-market leases, amortization of deferred revenue (which results from landlord assets funded by tenants), non-cash interest expense, non-cash compensation and other non-cash items. By excluding these income and expense items from FFO, as Adjusted, the Company believes it provides useful information as these items have no cash impact. In addition, by excluding acquisition

related costs the Company believes FFO, as Adjusted provides useful information that is comparable across periods and more accurately reflects the operating performance of the Company's properties. Certain prior year amounts have been updated to conform to the current year FFO, as Adjusted definition.

Net Operating Income (NOI) and Cash NOI. NOI is calculated as net income adjusted to exclude depreciation and amortization, acquisition costs, corporate general and administrative costs, interest expense and gains or losses from sales of property. Cash NOI excludes from NOI straight-line rent, amortization of above-/below-market leases, and amortization of deferred revenue (which results from landlord assets funded by tenants). NOI and Cash NOI presented by the Company may not be comparable to NOI and Cash NOI reported by other REITs that define NOI and Cash NOI differently. The Company believes that NOI and Cash NOI provide investors with useful measures of the operating performance of our properties. NOI and Cash 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. Certain prior year amounts have been updated to conform to the current year Cash NOI definition.

Net Debt and Adjusted Net Debt. Net Debt represents consolidated debt (reported in accordance with GAAP) adjusted to exclude unamortized premiums and discounts and deferred financing fees, less cash and cash equivalents. By excluding these items, the result provides an estimate of the contractual amount of borrowed capital to be repaid, net of cash available to repay it. The Company believes this calculation constitutes a beneficial supplemental non-GAAP financial disclosure to investors in understanding its financial condition. Adjusted Net Debt is Net Debt reduced by 1) for each project under construction or in design, the lesser of i) outstanding lump-sum reimbursement amounts and ii) the cost to date, 2) 40% times the amount by which the cost to date exceeds total lump-sum reimbursement amounts for each project under construction or in design and 3) outstanding lump-sum reimbursement amounts for projects previously completed. These adjustments are made to 1) remove the estimated portion of each project under construction, in design or previously completed that has been financed with debt which may be repaid with outstanding cost reimbursement payments from the US Government and 2) remove the estimated portion of each project under construction or in design, in excess of total lump-sum reimbursements, that has been financed with debt but has not yet produced earnings. See page 20 for further information. The Company's method of calculating Net Debt and Adjusted Net Debt may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

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Corporate Information

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Stock Exchange Listing

New York Stock Exchange

Ticker

DEA

Information Requests

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Investor Relations package

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Lindsay Winterhalter,
VP, Investor Relations
& Operations

Executive Team

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Michael Ibe, Vice-Chairman and EVP
Alison Bernard, CAO
Andrew Pulliam, EVP

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

Board of Directors

William Binnie, Lead Independent
Director
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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

(In thousands, except share and per share amounts)



Outstanding Classes of Stock and Partnership Units - Fully Diluted Basis		At September 30, 2020	Earnings	Three months ended September 30, 2020	Three months ended September 30, 2019
Common shares		81,130,224	Net income available to Easterly Government Properties, Inc.	\$ 4,264	\$ 549
Unvested restricted shares		89,891	Net income available to Easterly Government Properties, Inc.		
Common partnership and vested LTIP units		10,377,466	per share:		
Total - fully diluted basis		91,597,581	Basic	\$ 0.05	\$ 0.01
			Diluted	\$ 0.05	\$ 0.01
Market Capitalization		At September 30, 2020	Net income	\$ 4,821	\$ 603
Price of Common Shares	\$	22.41	Net income, per share - fully diluted basis	\$ 0.05	\$ 0.01
Total equity market capitalization - fully diluted basis	\$	2,052,702	Funds From Operations (FFO)	\$ 28,343	\$ 23,902
Net Debt		896,082	FFO, per share - fully diluted basis	\$ 0.31	\$ 0.29
Total enterprise value	\$	2,948,784	FFO, as Adjusted	\$ 27,233	\$ 23,662
			FFO, as Adjusted, per share - fully diluted basis	\$ 0.30	\$ 0.29
Ratios		At September 30, 2020	Cash Available for Distribution (CAD)	\$ 22,968	\$ 20,724
Net debt to total enterprise value		30.4%			
Net debt to annualized quarterly EBITDA		6.1x			
Adjusted Net Debt to annualized quarterly pro forma EBITDA		5.6x	Liquidity		At September 30, 2020
Cash interest coverage ratio		4.5x	Cash and cash equivalents	\$	9,037
Cash fixed charge coverage ratio		4.0x	Available under \$450 million unsecured revolving credit facility ⁽¹⁾	\$	450,000

⁽¹⁾Revolving credit facility has an accordion feature that provides additional capacity, subject to the satisfaction of customary terms and conditions, of up to \$250 million, for a total revolving credit facility size of not more than \$700 million.

Balance Sheets

(Unaudited, in thousands, except share amounts)



	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Assets		
Real estate properties, net	\$ 2,130,984	\$ 1,988,726
Cash and cash equivalents	9,037	12,012
Restricted cash	4,837	3,537
Deposits on acquisitions	1,550	1,800
Rents receivable	49,158	27,788
Accounts receivable	13,580	15,820
Deferred financing, net	1,216	1,749
Intangible assets, net	162,576	168,625
Interest rate swaps	-	541
Prepaid expenses and other assets	23,654	13,991
Total assets	<u>\$ 2,396,592</u>	<u>\$ 2,234,589</u>
Liabilities		
Term loan facilities, net	248,875	248,602
Notes payable, net	447,109	446,927
Mortgage notes payable, net	203,768	206,312
Intangible liabilities, net	27,225	24,578
Deferred revenue	94,175	54,659
Interest rate swaps	14,176	5,837
Accounts payable, accrued expenses, and other liabilities	61,109	47,833
Total liabilities	<u>1,096,437</u>	<u>1,034,748</u>
Equity		
Common stock, par value \$0.01, 200,000,000 shares authorized, 81,220,115 and 74,832,292 shares issued and outstanding at September 30, 2020 and December 31, 2019, respectively.	812	748
Additional paid-in capital	1,405,513	1,257,319
Retained earnings	29,631	20,004
Cumulative dividends	(270,531)	(210,760)
Accumulated other comprehensive loss	(12,570)	(4,690)
Total stockholders' equity	<u>1,152,855</u>	<u>1,062,621</u>
Non-controlling interest in Operating Partnership	147,300	137,220
Total equity	<u>1,300,155</u>	<u>1,199,841</u>
Total liabilities and equity	<u>\$ 2,396,592</u>	<u>\$ 2,234,589</u>

Income Statements

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



	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Revenues				
Rental income	\$ 59,843	\$ 53,382	\$ 175,976	\$ 152,383
Tenant reimbursements	682	3,369	2,269	6,608
Other income	606	838	1,630	1,954
Total revenues	61,131	57,589	179,875	160,945
Expenses				
Property operating	12,313	13,408	34,486	34,305
Real estate taxes	6,803	6,008	19,982	17,228
Depreciation and amortization	23,522	23,299	70,732	68,717
Acquisition costs	467	519	1,673	1,441
Corporate general and administrative	4,577	5,298	15,565	14,282
Total expenses	47,682	48,532	142,438	135,973
Other income (expense)				
Interest expense, net	(8,628)	(8,454)	(26,535)	(24,604)
Gain on the sale of operating property	-	-	-	6,245
Net income	4,821	603	10,902	6,613
Non-controlling interest in Operating Partnership	(557)	(54)	(1,275)	(838)
Net income available to Easterly Government Properties, Inc.	\$ 4,264	\$ 549	\$ 9,627	\$ 5,775
Net income available to Easterly Government Properties, Inc. per share:				
Basic	\$ 0.05	\$ 0.01	\$ 0.12	\$ 0.08
Diluted	\$ 0.05	\$ 0.01	\$ 0.12	\$ 0.08
Weighted-average common shares outstanding:				
Basic	80,334,976	71,444,448	77,144,791	67,010,162
Diluted	80,928,844	71,828,991	77,745,370	67,332,670
Net income, per share - fully diluted basis	\$ 0.05	\$ 0.01	\$ 0.12	\$ 0.09
Weighted average common shares outstanding - fully diluted basis	90,843,542	81,337,275	87,460,854	76,837,357

Net Operating Income

(Unaudited, in thousands)



	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Net income	\$ 4,821	\$ 603	\$ 10,902	\$ 6,613
Depreciation and amortization	23,522	23,299	70,732	68,717
Acquisition costs	467	519	1,673	1,441
Corporate general and administrative	4,577	5,298	15,565	14,282
Interest expense	8,628	8,454	26,535	24,604
Gain on the sale of operating property	-	-	-	(6,245)
Net Operating Income	<u>42,015</u>	<u>38,173</u>	<u>125,407</u>	<u>109,412</u>
Adjustments to Net Operating Income:				
Straight-line rent and other non-cash adjustments	(761)	(99)	(2,065)	(1,649)
Amortization of above-/below-market leases	(1,451)	(1,517)	(4,499)	(4,761)
Amortization of deferred revenue	(744)	(176)	(2,138)	(310)
Cash Net Operating Income	<u>\$ 39,059</u>	<u>\$ 36,381</u>	<u>\$ 116,705</u>	<u>\$ 102,692</u>

EBITDA, FFO and CAD

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



	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Net income	\$ 4,821	\$ 603	\$ 10,902	\$ 6,613
Depreciation and amortization	23,522	23,299	70,732	68,717
Interest expense	8,628	8,454	26,535	24,604
Tax expense	39	173	305	426
Gain on the sale of operating property	-	-	-	(6,245)
EBITDA	<u>\$ 37,010</u>	<u>\$ 32,529</u>	<u>\$ 108,474</u>	<u>\$ 94,115</u>
Pro forma adjustments ⁽¹⁾	1,709			
Pro forma EBITDA	<u>\$ 38,719</u>			
Net income	\$ 4,821	\$ 603	\$ 10,902	\$ 6,613
Depreciation and amortization	23,522	23,299	70,732	68,717
Gain on the sale of operating property	-	-	-	(6,245)
FFO	<u>\$ 28,343</u>	<u>\$ 23,902</u>	<u>\$ 81,634</u>	<u>\$ 69,085</u>
Adjustments to FFO:				
Acquisition costs	467	519	1,673	1,441
Straight-line rent and other non-cash adjustments	(777)	(110)	(2,106)	(1,676)
Amortization of above-/below-market leases	(1,451)	(1,517)	(4,499)	(4,761)
Amortization of deferred revenue	(744)	(176)	(2,138)	(310)
Non-cash interest expense	360	330	1,078	975
Non-cash compensation	1,035	714	3,056	2,145
FFO, as Adjusted	<u>\$ 27,233</u>	<u>\$ 23,662</u>	<u>\$ 78,698</u>	<u>\$ 66,899</u>
FFO, per share - fully diluted basis	<u>\$ 0.31</u>	<u>\$ 0.29</u>	<u>\$ 0.93</u>	<u>\$ 0.90</u>
FFO, as Adjusted, per share - fully diluted basis	<u>\$ 0.30</u>	<u>\$ 0.29</u>	<u>\$ 0.90</u>	<u>\$ 0.87</u>
FFO, as Adjusted	\$ 27,233	\$ 23,662	\$ 78,698	\$ 66,899
Acquisition costs	(467)	(519)	(1,673)	(1,441)
Principal amortization	(887)	(852)	(2,635)	(2,530)
Maintenance capital expenditures	(2,361)	(814)	(4,884)	(3,054)
Contractual tenant improvements	(550)	(753)	(1,308)	(941)
Cash Available for Distribution (CAD)	<u>\$ 22,968</u>	<u>\$ 20,724</u>	<u>\$ 68,198</u>	<u>\$ 58,933</u>
Weighted average common shares outstanding - fully diluted basis	90,843,542	81,337,275	87,460,854	76,837,357

⁽¹⁾Pro forma assuming a full quarter of operations from the two properties and one parcel of land acquired or placed in service in the third quarter of 2020.

Debt Schedules

(Unaudited, in thousands)

Debt Instrument	Maturity Date	September 30, 2020 Interest Rate	September 30, 2020 Balance ⁽¹⁾	September 30, 2020 Percent of Total Indebtedness
Unsecured debt				
Revolving Credit facility	18-Jun-22 ⁽²⁾	LIBOR + 125bps	\$ -	0.0%
2016 Term Loan facility	29-Mar-24	2.62% ⁽³⁾	100,000	11.0%
2018 Term Loan facility	19-Jun-23	3.91% ⁽⁴⁾	150,000	16.6%
2017 Series A Senior Notes	25-May-27	4.05%	95,000	10.5%
2017 Series B Senior Notes	25-May-29	4.15%	50,000	5.5%
2017 Series C Senior Notes	25-May-32	4.30%	30,000	3.3%
2019 Series A Senior Notes	12-Sep-29	3.73%	85,000	9.4%
2019 Series B Senior Notes	12-Sep-31	3.83%	100,000	11.0%
2019 Series C Senior Notes	12-Sep-34	3.98%	90,000	9.9%
Total unsecured debt	7.5 years (wtd-avg maturity)	3.75% (wtd-avg rate)	\$ 700,000	77.2%
Secured mortgage debt				
DEA - Pleasanton	18-Oct-23	LIBOR + 150bps	\$ 15,700	1.8%
VA - Golden	1-Apr-24	5.00%	9,054	1.0%
MEPCOM - Jacksonville	14-Oct-25	4.41%	8,208	0.9%
USFS II - Albuquerque	14-Jul-26	4.46%	16,001	1.8%
ICE - Charleston	15-Jan-27	4.21%	16,472	1.8%
VA - Loma Linda	6-Jul-27	3.59%	127,500	14.1%
CBP - Savannah	10-Jul-33	3.40%	12,184	1.4%
Total secured mortgage debt	6.5 years (wtd-avg maturity)	3.64% (wtd-avg rate)	\$ 205,119	22.8%
Debt Statistics				
	September 30, 2020		September 30, 2020	
Variable rate debt - unhedged	\$ 15,700	% Variable rate debt - unhedged	1.7%	
Fixed rate debt	889,419	% Fixed rate debt	98.3%	
Total Debt⁽¹⁾	\$ 905,119			
Less: cash and cash equivalents	(9,037)	Weighted average maturity	7.3 years	
Net Debt	\$ 896,082	Weighted average interest rate	3.7%	
Less: adjustment for development projects ⁽⁵⁾	(32,044)			
Adjusted Net Debt	\$ 864,038			

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

(2)Revolving credit facility has two six-month as-of-right extension options, subject to certain conditions and the payment of an extension fee.

(3)Calculated based on two interest rate swaps with an aggregate notional value of \$100.0 million, which effectively fix the interest rate at 2.62% annually based on the Company's current leverage ratio.

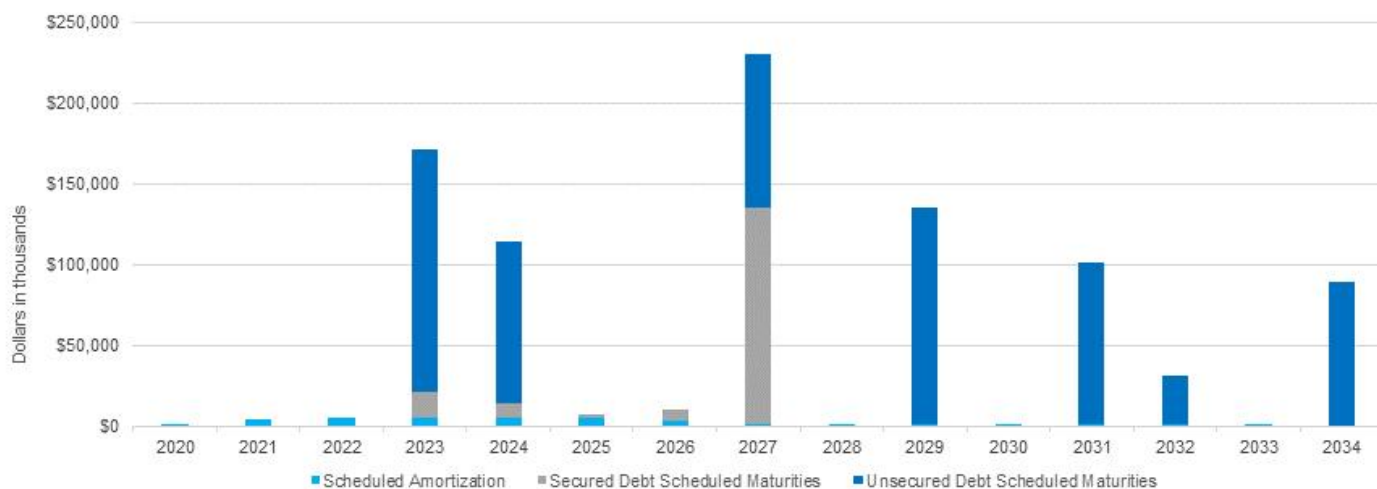
(4)Calculated based on four interest rate swaps with an aggregate notional value of \$150.0 million, which effectively fix the interest rate at 3.91% annually based on the Company's current leverage ratio.

(5)See definition of Adjusted Net Debt on Page 4.

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	Scheduled Maturities			
2020	\$ 929	\$ -	\$ -	\$ -	\$ 929	0.1%	-
2021	4,233	-	-	-	4,233	0.5%	-
2022	5,297	-	-	-	5,297	0.6%	-
2023	5,585	15,700	150,000	150,000	171,285	18.9%	3.70%
2024	5,730	8,395	100,000	100,000	114,125	12.6%	2.82%
2025	5,633	1,917	-	-	7,550	0.8%	4.41%
2026	3,686	6,368	-	-	10,054	1.1%	4.46%
2027	1,093	134,640	95,000	95,000	230,733	25.5%	3.82%
2028	983	-	-	-	983	0.1%	-
2029	1,016	-	135,000	135,000	136,016	15.0%	3.89%
2030	1,049	-	-	-	1,049	0.1%	-
2031	1,081	-	100,000	100,000	101,081	11.2%	3.83%
2032	1,116	-	30,000	30,000	31,116	3.4%	4.30%
2033	668	-	-	-	668	0.1%	-
2034	-	-	90,000	90,000	90,000	10.0%	3.98%
Total	\$ 38,099	\$ 167,020	\$ 700,000	\$ 700,000	\$ 905,119	100.0%	



Leased Operating Property Overview

(As of September 30, 2020, unaudited)



Property Name	Location	Property Type	Tenant Lease Expiration Year	Year Built / Renovated	Leased Square Feet	Annualized Lease Income	Percentage of Total Annualized Lease Income	Annualized Lease Income per Leased Square Foot
U.S. Government Leased Properties								
VA - Loma Linda	Loma Linda, CA	Outpatient Clinic	2036	2016	327,614	\$ 16,326,040	7.0%	\$ 49.83
Various GSA - Buffalo	Buffalo, NY	Office	2020 - 2025	2004	267,768	8,531,273	3.7%	31.86
JSC - Suffolk	Suffolk, VA	Office	2028	1993 / 2004	403,737	8,104,091	3.5%	20.07
FBI - Salt Lake	Salt Lake City, UT	Office	2032	2012	169,542	6,780,764	2.9%	39.99
IRS - Fresno	Fresno, CA	Office	2033	2003	180,481	6,632,220	2.8%	36.75
Various GSA - Portland	Portland, OR	Office	2020 - 2028	2002	214,103	6,506,806	2.7%	30.39
Various GSA - Chicago	Des Plaines, IL	Office	2020 / 2022	1971 / 1999	224,193	6,276,144	2.7%	27.99
PTO - Arlington	Arlington, VA	Office	2035	2009	190,546	6,101,305	2.6%	32.02
VA - San Jose	San Jose, CA	Outpatient Clinic	2038	2018	90,085	5,843,957	2.5%	64.87
EPA - Lenexa	Lenexa, KS	Office	2027	2007 / 2012	169,585	5,485,256	2.3%	32.35
FBI - San Antonio	San Antonio, TX	Office	2021	2007	148,584	5,173,452	2.2%	34.82
FEMA - Tracy	Tracy, CA	Warehouse	2038	2018	210,373	4,614,143	1.9%	21.93
FDA - Alameda	Alameda, CA	Laboratory	2039	2019	69,624	4,561,039	1.9%	65.51
FBI - Omaha	Omaha, NE	Office	2024	2009	112,196	4,426,771	1.9%	39.46
TREAS - Parkersburg	Parkersburg, WV	Office	2021	2004 / 2006	182,500	4,418,656	1.9%	24.21
EPA - Kansas City	Kansas City, KS	Laboratory	2023	2003	71,979	4,235,248	1.8%	58.84
VA - South Bend	Mishakawa, IN	Outpatient Clinic	2032	2017	86,363	4,037,120	1.7%	46.75
FDA - Lenexa	Lenexa, KS	Laboratory	2040	2020	59,690	3,889,134	1.6%	65.16
VA - Mobile	Mobile, AL	Outpatient Clinic	2033	2018	79,212	3,868,354	1.6%	48.84
FBI / DEA - El Paso	El Paso, TX	Office	2028	1998 - 2005	203,269	3,865,816	1.6%	19.02
ICE - Charleston	North Charleston, SC	Office	2021 / 2027	1994 / 2012	86,733	3,821,201	1.6%	44.06
USCIS - Lincoln	Lincoln, NE	Office	2025	2005	137,671	3,748,869	1.6%	27.23
FBI - Birmingham	Birmingham, AL	Office	2022	2005	96,278	3,727,889	1.6%	38.72
FBI - New Orleans	New Orleans, LA	Office	2029	1999 / 2006	137,679	3,639,826	1.5%	26.44
FBI - Pittsburgh	Pittsburgh, PA	Office	2027	2001	100,054	3,622,548	1.5%	36.21
DOT - Lakewood	Lakewood, CO	Office	2024	2004	122,225	3,480,566	1.5%	28.48
VA - Chico	Chico, CA	Outpatient Clinic	2034	2019	51,647	3,170,992	1.3%	61.40
USFS II - Albuquerque	Albuquerque, NM	Office	2026	2011	98,720	3,066,859	1.3%	31.07
FDA - College Park	College Park, MD	Laboratory	2029	2004	80,677	3,011,368	1.3%	37.33
OSHA - Sandy	Sandy, UT	Laboratory	2024	2003	75,000	3,008,391	1.3%	40.11
USCIS - Tustin	Tustin, CA	Office	2034	1979 / 2019	66,818	3,006,961	1.3%	45.00
USFS I - Albuquerque	Albuquerque, NM	Office	2021	2006	92,455	2,925,947	1.2%	31.65
DEA - Vista	Vista, CA	Laboratory	2020	2002	54,119	2,811,893	1.2%	51.96
FBI - Richmond	Richmond, VA	Office	2041	2001	96,607	2,776,810	1.2%	28.74
ICE - Albuquerque	Albuquerque, NM	Office	2027	2011	71,100	2,746,717	1.2%	38.63
JUD - Del Rio	Del Rio, TX	Courthouse/Office	2024	1992 / 2004	89,880	2,708,515	1.1%	30.13
FBI - Albany	Albany, NY	Office	2035	1998	98,184	2,695,476	1.1%	27.45
VA - Orange ⁽¹⁾	Orange, CT	Outpatient Clinic	2034	2019	56,330	2,685,835	1.1%	47.68

Leased Operating Property Overview (Cont.)

(As of September 30, 2020, unaudited)



Property Name	Location	Property Type	Tenant Lease Expiration Year	Year Built / Renovated	Leased Square Feet	Annualized Lease Income	Percentage of Total Annualized Lease Income	Annualized Lease Income per Leased Square Foot
U.S. Government Leased Properties (Cont.)								
DEA - Pleasanton	Pleasanton, CA	Laboratory	2035	2015	42,480	2,683,459	1.1%	63.17
JUD - El Centro	El Centro, CA	Courthouse/Office	2034	2004	43,345	2,653,366	1.1%	61.22
SSA - Charleston	Charleston, WV	Office	2024	1959 / 2000	110,000	2,625,782	1.1%	23.87
FBI - Mobile	Mobile, AL	Office	2029	2001	76,112	2,588,381	1.1%	34.01
DEA - Sterling	Sterling, VA	Laboratory	2022	2001	49,692	2,574,759	1.1%	51.81
TREAS - Birmingham	Birmingham, AL	Office	2029	2014	83,676	2,468,134	1.0%	29.50
DEA - Dallas Lab	Dallas, TX	Laboratory	2021	2001	49,723	2,442,882	1.0%	49.13
JUD - Charleston	Charleston, SC	Courthouse/Office	2040	1999	50,888	2,333,282	1.0%	45.85
DHA - Aurora	Aurora, CO	Office	2034	1998 / 2018	101,285	2,307,797	1.0%	22.79
DEA - Upper Marlboro	Upper Marlboro, MD	Laboratory	2022	2002	50,978	2,294,520	1.0%	45.01
FBI - Little Rock	Little Rock, AR	Office	2021	2001	101,977	2,261,585	1.0%	22.18
MEPCOM - Jacksonville	Jacksonville, FL	Office	2025	2010	30,000	2,204,619	0.9%	73.49
CBP - Savannah	Savannah, GA	Laboratory	2033	2013	35,000	2,158,730	0.9%	61.68
DOE - Lakewood	Lakewood, CO	Office	2029	1999	115,650	2,084,275	0.9%	18.02
DEA - Santa Ana	Santa Ana, CA	Office	2024	2004	39,905	1,878,451	0.8%	47.07
ICE - Otay	San Diego, CA	Office	2022 / 2026	2001	49,457	1,821,959	0.8%	36.84
NPS - Omaha	Omaha, NE	Office	2024	2004	62,772	1,767,157	0.7%	28.15
VA - Golden	Golden, CO	Office/Warehouse	2026	1996 / 2011	56,753	1,743,712	0.7%	30.72
DEA - Dallas	Dallas, TX	Office	2021	2001	71,827	1,681,772	0.7%	23.41
CBP - Sunburst	Sunburst, MT	Office	2028	2008	33,000	1,615,847	0.7%	48.97
USCG - Martinsburg	Martinsburg, WV	Office	2027	2007	59,547	1,605,912	0.7%	26.97
DEA - Birmingham	Birmingham, AL	Office	2020	2005	35,616	1,585,072	0.7%	44.50
JUD - Aberdeen	Aberdeen, MS	Courthouse/Office	2025	2005	46,979	1,485,529	0.6%	31.62
GSA - Clarksburg	Clarksburg, WV	Office	2024	1999	63,750	1,468,544	0.6%	23.04
DEA - North Highlands	Sacramento, CA	Office	2033	2002	37,975	1,446,712	0.6%	38.10
DEA - Albany	Albany, NY	Office	2025	2004	31,976	1,356,113	0.6%	42.41
DEA - Riverside	Riverside, CA	Office	2032	1997	34,354	1,250,942	0.5%	36.41
SSA - Dallas	Dallas, TX	Office	2035	2005	27,200	953,142	0.4%	35.04
ICE - Pittsburgh	Pittsburgh, PA	Office	2022 / 2023	2004	25,245	800,086	0.3%	31.69
VA - Baton Rouge	Baton Rouge, LA	Outpatient Clinic	2024	2004	30,000	796,236	0.3%	26.54
JUD - South Bend	South Bend, IN	Courthouse/Office	2027	1996 / 2011	30,119	757,954	0.3%	25.17
DEA - San Diego	San Diego, CA	Warehouse	2032	1999	16,100	537,304	0.2%	33.37
SSA - Mission Viejo	Mission Viejo, CA	Office	2020	2005	11,590	473,290	0.2%	40.84
DEA - Bakersfield	Bakersfield, CA	Office	2021	2000	9,800	370,497	0.2%	37.81
SSA - San Diego	San Diego, CA	Office	2032	2003	10,059	340,052	0.1%	33.81
Subtotal					6,798,451	\$ 235,752,106	99.6%	\$ 34.68

Leased Operating Property Overview (Cont.)

(As of September 30, 2020, unaudited)



Property Name	Location	Property Type	Tenant Lease Expiration Year	Year Built / Renovated	Leased Square Feet	Annualized Lease Income	Percentage of Total Annualized Lease Income	Annualized Lease Income per Leased Square Foot
Privately Leased Properties								
5998 Osceola Court - United Technologies	Midland, GA	Warehouse/Manufacturing	2023	2014	105,641	542,973	0.2%	5.14
501 East Hunter Street - Lummus Corporation	Lubbock, TX	Warehouse/Distribution	2028	2013	70,078	409,602	0.2%	5.84
Subtotal					175,719	\$ 952,575	0.4%	\$ 5.42
Total / Weighted Average					6,974,170	\$ 236,704,681	100.0%	\$ 33.94

(1) Previously named VA - Northeast.

Tenants

(As of September 30, 2020, unaudited)

Tenant	Weighted Average Remaining Lease Term ⁽¹⁾	Leased Square Feet	Percentage of Leased Square Feet	Annualized Lease Income	Percentage of Total Annualized Lease Income
U.S. Government					
Department of Veteran Affairs ("VA")	12.2	882,261	12.7%	\$ 41,849,203	17.7%
Federal Bureau of Investigation ("FBI")	7.7	1,292,484	18.5%	41,060,911	17.3%
Drug Enforcement Administration ("DEA")	4.8	603,323	8.7%	24,275,553	10.3%
Food and Drug Administration ("FDA")	15.4	209,991	3.0%	11,461,541	4.8%
Judiciary of the U.S. ("JUD")	8.9	261,211	3.7%	9,938,646	4.2%
Environmental Protection Agency ("EPA")	5.7	241,564	3.5%	9,720,504	4.1%
Internal Revenue Service ("IRS")	10.1	236,233	3.4%	8,469,253	3.6%
U.S. Joint Staff Command ("JSC")	7.7	403,737	5.8%	8,104,091	3.4%
Immigration and Customs Enforcement ("ICE")	4.9	187,848	2.7%	7,720,277	3.3%
Bureau of the Fiscal Service ("BFS")	3.2	266,176	3.8%	6,886,790	2.9%
U.S. Citizenship and Immigration Services ("USCIS")	7.8	204,489	2.9%	6,755,830	2.9%
Patent and Trademark Office ("PTO")	14.3	190,546	2.7%	6,101,305	2.6%
U.S. Forest Service ("USFS")	3.3	191,175	2.7%	5,992,806	2.5%
Federal Aviation Administration ("FAA")	0.1	209,970	3.0%	5,905,825	2.5%
Social Security Administration ("SSA")	5.6	200,866	2.9%	5,360,172	2.3%
Federal Emergency Management Agency ("FEMA")	18.0	210,373	3.0%	4,614,143	1.9%
Customs and Border Protection ("CBP")	10.5	68,000	1.0%	3,774,577	1.6%
Department of Transportation ("DOT")	3.6	129,659	1.9%	3,728,860	1.6%
Occupational Safety and Health Administration ("OSHA")	3.3	75,000	1.1%	3,008,391	1.3%
Defense Health Agency ("DHA")	13.6	101,285	1.5%	2,307,797	1.0%
Military Entrance Processing Command ("MEPCOM")	5.0	30,000	0.4%	2,204,619	0.9%
Department of Energy ("DOE")	8.8	120,496	1.7%	2,204,095	0.9%
U.S. Department of Agriculture ("USDA")	6.2	73,031	1.0%	2,187,499	0.9%
National Park Service ("NPS")	3.7	62,772	0.9%	1,767,157	0.7%
U.S. Coast Guard ("USCG")	7.2	59,547	0.9%	1,605,912	0.7%
Small Business Administration ("SBA")	1.5	42,835	0.6%	1,335,952	0.6%
National Labor Relations Board ("NLRB")	5.0	36,640	0.5%	1,084,442	0.5%
U.S. Army Corps of Engineers ("ACOE")	4.4	39,320	0.6%	1,081,097	0.5%
National Oceanic and Atmospheric Administration ("NOAA")	2.3	25,612	0.4%	799,198	0.3%

Tenants (Cont.)

(As of September 30, 2020, unaudited)



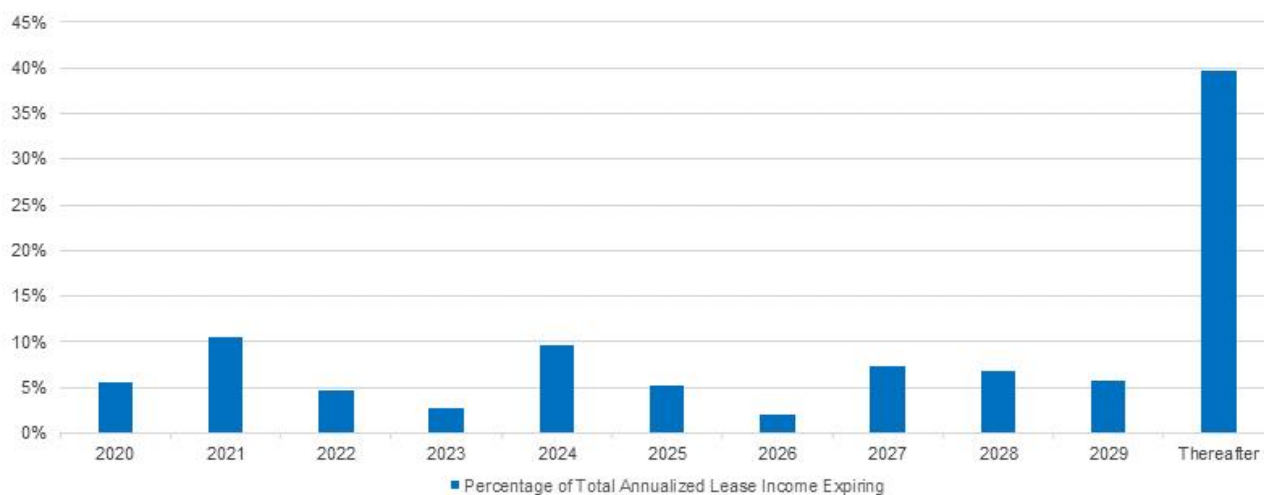
Tenant	Weighted Average Remaining Lease Term ⁽¹⁾	Leased Square Feet	Percentage of Leased Square Feet	Annualized Lease Income	Percentage of Total Annualized Lease Income
U.S. Government (Cont.)					
Bureau of Alcohol, Tobacco, Firearms and Explosives ("ATF")	4.4	21,342	0.3%	791,975	0.3%
General Services Administration - Other	5.0	18,163	0.3%	587,791	0.2%
Bureau of Indian Affairs ("BIA")	2.9	6,477	0.1%	218,976	0.1%
U.S. Attorney Office ("USAO")	3.3	6,408	0.1%	147,604	0.1%
U.S. Marshals Service ("USMS")	6.3	1,054	0.0%	47,752	0.0%
Department of Labor ("DOL")	3.3	1,004	0.0%	23,125	0.0%
U.S. Probation Office ("USPO")	3.3	452	0.0%	10,419	0.0%
Subtotal	8.0	6,711,344	96.3%	\$ 233,134,088	98.5%
Private Tenants					
Other Private Tenants	2.2	43,855	0.6%	\$ 1,278,130	0.5%
Providence Health & Services	4.9	21,643	0.3%	725,079	0.3%
We Are Sharing Hope SC	1.0	21,609	0.3%	614,809	0.3%
United Technologies (Pratt & Whitney)	3.3	105,641	1.5%	542,973	0.2%
Lummus Corporation	7.8	70,078	1.0%	409,602	0.2%
Subtotal	4.3	262,826	3.7%	\$ 3,570,593	1.5%
Total / Weighted Average	7.8	6,974,170	100.0%	\$ 236,704,681	100.0%

⁽¹⁾Weighted based on leased square feet.

Lease Expirations

(As of September 30, 2020, unaudited)

Year of Lease Expiration	Number of Leases Expiring	Leased Square Footage Expiring	Percentage of Total Leased Square Footage Expiring	Annualized Lease Income Expiring	Percentage of Total Annualized Lease Income Expiring	Annualized Lease Income per Leased Square Foot Expiring
2020	10	381,793	5.5%	13,047,860	5.5%	34.18
2021	12	834,588	12.0%	24,882,504	10.5%	29.81
2022	9	270,493	3.9%	11,145,086	4.7%	41.20
2023	8	226,956	3.3%	6,282,210	2.7%	27.68
2024	10	727,374	10.4%	22,794,280	9.6%	31.34
2025	12	371,827	5.3%	12,608,603	5.3%	33.91
2026	3	157,011	2.3%	4,867,216	2.1%	31.00
2027	6	495,529	7.1%	17,424,779	7.4%	35.16
2028	8	783,003	11.2%	16,205,223	6.8%	20.70
2029	5	493,794	7.1%	13,791,984	5.8%	27.93
Thereafter	25	2,231,802	31.9%	93,654,936	39.6%	41.96
Total / Weighted Average	108	6,974,170	100.0%	\$ 236,704,681	100.0%	\$ 33.94



Summary of Re/Development Projects

(As of September 30, 2020, unaudited, in thousands, except square feet)



Projects Under Construction⁽¹⁾

Property Name	Location	Property Type	Total Leased Square Feet	Lease Term	Anticipated Total Cost	Cost to Date	Total Lump-Sum Reimbursement	Anticipated Completion Date	Anticipated Lease Commencement
N/A	-	-	-	-	\$ -	\$ -	\$ -	-	-

Projects in Design⁽²⁾

Property Name	Location	Property Type	Total Estimated Leased Square Feet	Lease Term	Cost to Date	Anticipated Completion Date	Anticipated Lease Commencement
FDA - Atlanta	Atlanta, GA	Laboratory	162,000	20-Year	\$ 27,161	2Q 2023	2Q 2023
Total			162,000		\$ 27,161		

Projects Previously Completed with Outstanding Lump-Sum Reimbursements

Property Name	Location	Property Type	Total Leased Square Feet	Lease Term	Outstanding Lump-Sum Reimbursement ⁽³⁾	Completion Date	Lease Commencement
FDA - Lenexa	Lenexa, KS	Laboratory	59,690	20-Year	\$ 21,180	September 2020	September 2020
Total			59,690		\$ 21,180		

⁽¹⁾Includes properties under construction for which design is complete.

⁽²⁾Includes projects in the design phase for which project scope is not fully determined.

⁽³⁾Includes reimbursement of lump-sum tenant improvement costs and development fees.