Easterly Government (Q2 2026 Earnings)
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Corporate Speakers:

- Cole Bardawill; Easterly Government; Director of Investor Relations
- Darrell Crate; Easterly Government; President, Director, Chief Executive Officer
- Allison Marino; Easterly Government; Executive Vice President, Chief Financial Officer

Participants:

- Seth Bergey; Citi; Analyst
- Michael Lewis; Truist Securities; Analyst
- John Kim; BMO Capital Markets; Analyst
- R.J. Milligan; Raymond James; Analyst
- Michael Carroll; RBC Capital Markets; Analyst
- Merrill Ross; Compass Point Research and Trading; Analyst

PRESENTATION

Operator^ Greetings. Welcome to the Easterly Government Properties Second Quarter 2026 Earnings Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker today, Cole Bardawill, Director of Investor Relations. Please go ahead.

Cole Bardawill^ Good morning. Before the call begins, please note that certain statements made during this conference call may include statements that are not historical facts and are considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Although the company believes that its expectations as reflected in any forward-looking statements are reasonable, it can give no assurance that these expectations will be 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 the company's control, including without limitation those contained in the company's most recent Form 10-K filed with the SEC and in other SEC filings. The company assumes no obligation to update publicly any forward-looking statements.

Additionally, on this conference call the company may refer to certain non-GAAP financial measures such as funds from operations, core funds from operations and cash available for distribution. You can find a tabular reconciliation of these non-GAAP financial measures to the most comparable current GAAP numbers in the company's earnings release and separate supplemental information package on the Investor Relations page of the company's website at ir.easterlyreit.com.

I would now like to turn the conference call over to Darrell Crate, President and CEO of Easterly Government Properties.

Darrell Crate^ Thanks, Cole. Good morning, everyone. This quarter we delivered year-over-year core FFO per share growth of 5.4%. As many of you know this is above our 2% to 3% stated long-term growth target and we are pleased and achieved these results by executing our strategy of growing earnings steadily, allocating capital thoughtfully and improving the quality of the portfolio over time.

While the current interest rate environment hasn't improved, driven in part by the volatility of geopolitical conditions that we're currently facing, our business moves forward steadily in periods like this, as evidenced by our improved earnings guidance. We own facilities that support essential government missions leased to critical federal agencies high credit state and municipal tenants and defense-related companies. These leases are long duration, and backed primarily by the full faith and credit of the U.S. government.

We continue to communicate to investors that we are clearly differentiated from traditional office real estate. Many of our facilities include secure, purpose-built environments where sensitive government work is conducted, they are mission-specific, difficult to replicate, and essential to the agencies they serve. For example, we recently visited our U.S. District Courthouse in Charleston, South Carolina. The building sits at the city's historic four corners of law, physically connected to the adjoining Federal Judicial Center, deeply embedded into both the operations of the federal judiciary and the fabric of downtown Charleston, it's a clear example of the tenant stickiness that runs throughout our portfolio, facilities that are integral to the missions they serve and the communities they anchor.

Turning to the quarter. The portfolio continues to perform well. Occupancy stood at 98% and our weighted average lease term stands at 9.2 years. Both of these key metrics compare quite favorably to our office REIT peers, and each reflects the quality of our assets, the mission-critical work happening inside them and the durability of the portfolio's cash flows.

During the quarter, we closed a new 5-year term loan facility. Allison will cover the details, but I'd note that in a selective lending environment, we executed efficiently and on attractive terms. We view that as a reflection of how lenders see the business, high-quality cash flows derived from government-backed income, supporting a disciplined strong balance sheet. As part of our growth plan, we also continue to have ongoing conversations with the rating agencies and we look forward to updating you on our progress as we work towards an additional investment-grade rating in 2027.

Turning to our cost of capital. Our shares have performed well year-to-date, and the improvement supports our ability to grow. As our equity continues to re-rate, reflecting the quality and consistent growth of our FFO relative to peers, we will be able to harvest more opportunities across our $1.5 billion pipeline. Even at current levels, we're beginning to see opportunities to fund external growth on an accretive basis. As the stock price improves, more of that pipeline meets our return thresholds. We spent the last several years building this pipeline, and we will hopefully look to begin converting it in the coming quarters.

Based on our continued operational performance and successful capital markets execution, we are raising our full year core FFO per share guidance range. The increase reflects the strength of our business and our confidence in delivering another year of steady growth against our stated objectives. We continue to remain focused on disciplined execution, prudent capital allocation and creating long-term value for our shareholders.

As we look ahead, we couldn't be more excited about the opportunities in front of us. Over the past several years, we've remained focused on executing our strategy, strengthening the portfolio, and positioning the company for consistent long-term growth. We're encouraged to see that that execution increasingly reflected in our market valuation, and we believe we remain in the early innings of unlocking the value embedded within our platform. We appreciate the dedication of our team and the continued support of our tenants and shareholders, and we look forward to building on this momentum through the rest of the year.

And with that, I'll turn the call over to Allison.

Allison Marino^ Thanks, Darrell, and happy Monday everyone. I'm pleased to report the financial results for the second quarter of 2026. The underlying growth of the business continues to come through clearly in the numbers. Total revenue for the quarter was $92.4 million, up from $84.2 million in the second quarter of 2025. That's an increase of 10% year-over-year, and it was driven by several factors. The acquisitions and development we've completed over the past 12 months, lease renewals and TI and BSAC income coming online.

EBITDA grew alongside revenue, coming in at $58.4 million for the quarter versus $54.3 million in the second quarter of 2025, approximately 8% growth. And importantly, that growth is reaching the bottom line on a per share basis. For the quarter, net income was $0.07 per share on a fully diluted basis. FFO per share was $0.78, up from $0.74 in the prior year. Core FFO per share as well came in at $0.78, up from $0.74 in the prior year. That is approximately 5% growth year-over-year for both metrics. And finally, cash available for distribution for the quarter was approximately $25.8 million.

In terms of our active development projects, all three continue to progress nicely. Our FDLE lab facility in Fort Myers, Florida, the U.S. Courthouse in Flagstaff, Arizona, and the U.S. Courthouse in Medford, Oregon are all advancing and we're confident these will be high-quality mission-critical additions to the portfolio once delivered.

We initially broke ground on our FDLE lab facility in August of 2025. Our team and development partners have done an excellent job executing against the construction timeline and keeping the project on track with delivery later this year. Our net debt to annualized quarterly EBITDA currently stands at 7.3x, down from the first quarter as we continue to make steady progress towards our deleveraging targets.

As our development projects advance, agreed upon lump sum reimbursements will provide a natural source of deleveraging followed by incremental EBITDA growth as projects are delivered and lease revenues commence. These factors are an important step towards our medium-term leverage objectives and our pursuit of additional investment-grade ratings which we believe will enhance access to attractively priced debt capital and support future pipeline funding.

The term loan was an excellent outcome for the company. We secured a new $200 million unsecured facility with a 5-year maturity and a $50 million accordion feature at pricing that was better than we initially had anticipated for a comparable long-term capital solution. With an initial spread of 130 basis points over SOFR, we believe the financing reflects both the continued strengthening of the business and the quality of the relationships we've built with our lending group. We used the proceeds to pay down our revolving credit facility which increased our available liquidity and provides additional capacity to fund future growth opportunities.

With the successful closing of the term loan during the quarter, we are raising our full year Core FFO per share guidance range by $0.01 at the midpoint from $3.09 to $3.10, resulting in a revised full year range of $3.07 to $3.13. Despite a challenging interest rate environment, our portfolio continues to perform better than expected, supporting confidence in our earnings outlook for the balance of the year.

At the midpoint, our guidance assumes that we will have $50 million to $100 million of gross development-related investment during the year and $50 million in wholly-owned acquisitions. We continue to maintain a $1.5 billion acquisition and development pipeline, and with the recent improvement in our share price, we believe we are approaching an inflection point where we can begin to unlock opportunities from that pipeline in a meaningful way over the coming quarters.

We remain focused on disciplined capital allocation, maintaining the strength of our tenant relationships and advancing opportunities across our development and acquisition pipeline. Consistent execution in these areas continues to support the resilience of our cash flows and positions us to create long-term value for shareholders.

Thank you for your time this morning. We appreciate your partnership and look forward to updating you on our progress. With that, I will now turn the call back to Shannon.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from the line of Seth Bergey with Citi.

Seth Bergey^ I just wanted to dig in a little bit more on kind of the acquisition pipeline and reaching kind of an inflection point as your share prices have moved upwards. How should we just think about kind of the cadence of maybe starting to unlock some of those opportunities as we move into the back half of the year and into next year?

Darrell Crate^ Yes. I mean I think as Allison says, we're really approaching a level where again getting dollars put to work at a sort of 100 basis point premium to our cost of capital is achievable. And Seth, as we've spoken, I mean our company is small. So the great news is that it doesn't take much for us to be able to make a material difference, and we've been managing -- Mike Ibe and Chris Wang have been developing, managing, nurturing, cultivating this $1.5 billion pipeline for the last couple of years as we've continued to execute on our growth strategy successfully.

And we will find things that are able to pop out of that if the stock at [24.50 to 25.50] gets us into a nice range where we have some opportunity to work some nice transactions. At [‘26, ‘27] you can start seeing material movement being a couple of hundred million bucks of solid growth. And at the [‘28, ‘29, ‘30] I think we could see very material acquisition volume well in excess of anything that we've done historically.

So the optimism is bred by what's within our control today and what we know we can execute on. For us to continue to grow forward, as we all know Allison won't let me release 2027 earnings guidance. As we continue to look to move forward, I'm very confident that we have the resources to continue to deliver our long-term growth target to investors.

Seth Bergey^ Then maybe just a quick follow-up on that. But last quarter, you announced mezzanine financing opportunities. Just of the $1.5 billion, is there any color you can kind of give around kind of maybe some of the size of those deals and then how much would be development opportunities versus acquisitions or any additional mezzanine financing you look to do?

Allison Marino^ I think we shared last quarter -- hey, Seth by the way, I think we shared last quarter that the program could grow to be somewhere between $30 million and $50 million. That is still the target that we were working towards today. Certainly that pipeline includes additional mezzanine financing opportunities. Many are in the final stages of lease procurement. So our participation in them would be contingent on those lease awards being made. But as we've shared before there's another batch of particularly VAs coming off the pipeline, and we expect the acquisition activity there and the mezzanine financing activity there to accelerate over the coming years.

Darrell Crate^ And maybe for some folks who may not be aware, I mean our mezzanine program, since we announced that as part of our earnings growth strategy, to say we've been flooded with opportunities that would maybe even be an understatement. But our discipline out of those is really just to provide mezzanine financing with developers and folks who we know are trusted and are known to us. In particular, have buildings that we want to have as part of our portfolio. So it's a very nice bridge as our cost of capital continues to improve, both on the equity side and the debt side to be close to some projects that we think can be very accretive to the portfolio over the long term.

Operator^ Our next question is from Michael Lewis of Truist Securities.

Michael Lewis^ So Allison, you didn't mention any need for equity when you talked about getting into your target leverage range. Then Darrell did talk about equity a little on a question about acquisitions. How accretive it would be at certain levels. I was just wondering, how do you think about your cost of equity? Do you look at NAV? Is it really just more of matching it up with acquisitions and making it accretive. How do you kind of value the cost of equity in the stock?

Allison Marino^ Sure, so it's a few points. I would say first and foremost, we primarily match equity against acquisition capital. So that timing may not always be a perfect science. As you saw, we raised some equity in Q2. That was to fund the acquisition from Q1. That equity was raised at a higher price than we underwrote the deal at. So we're really pleased with how that was matched.

In terms of the impact of leverage and equity combined, we see a natural deleveraging path with just the development deliveries that we have. With that, there is not a need to raise additional equity in order to meet those targets, though we are mindful of all of our goals in concert with each other, and we will make the best decision, both from an accretion perspective, a leverage perspective and all in relative in relation to NAV as well.

Michael Lewis^ Okay. Great. Then my second question, the Loma Linda mortgage matures next summer $127.5 million at 3.6%. I know it's early, is there any sense of how you'll recapitalize that and maybe what the cost could be?

Allison Marino^ Sure. So as Darrell has shared and we've shared over a couple of calls, we believe that we are on a path to an investment-grade rating. An investment-grade issuance would be our primary goal in terms of refinancing that mortgage. As you know, we prefer to be an unsecured borrower, so that would make a very attractive cost of capital on an unsecured basis. That being said, and while we won't stand still, we have ample capacity on the revolver now take it on until we find the most attractive long-term debt capital solution. So that's assuming we don't do anything but stand still, we can certainly take it on the revolver.

Darrell Crate^ Yes. Obviously it's a quarterly conference call. But as we're looking ahead, we've been doing a significant amount of planning around '27, '28, '29, understanding the leases that are going to make a big difference there, trying to get the structure of those leases in a way that we think will be most favored by the public markets.

On the debt side, Allison did a fabulous job getting these term loans in place. But as we look out at our refinancings and we see the opportunities in the debt markets, I think that we are planning well ahead in order to absorb, refinance, and continue to be on the growth path that we've articulated, again, which is a strong 2% to 3% of growth consistently over the long term. And we think we could even step that up if we get our ratings and continue to move forward.

Michael Lewis^ Okay. Then lastly for me, we noticed a little bit higher maintenance CapEx this quarter. So I was just wondering if there was anything like one-off or any reason for that?

Allison Marino^ No. We had some very fortunate weather in the spring. So as you can imagine, Q1 tends to be a little light with the winter weather. This quarter was very active in terms of the external-facing projects, things like roofs or parking lot or HVAC equipment that sits exterior to the building. We are still anticipating that our full year general range of $1.50 to $2 a square foot will be the plan for the year, but there's obviously some seasonality in the numbers as well.

Operator^ Our next question is from John Kim of BMO Capital Markets.

John Kim^ I wanted to ask about your $1.5 billion acquisition and development pipeline and how that has evolved from the last time you provided that update. Did the window close on some of these transactions and new one have entered that pool? And if you can maybe comment on the rationale for passing up on some of the opportunities during the quarter.

Darrell Crate^ I mean I think the pipeline continues to remain surprisingly stable given its size. There are seller expectations. I think we're a very good buyer for a bunch of reasons. Many of the folks who own these buildings, the idea of having the opportunity to do some more tax planning with us relative to others, I don't think they feel like the market is in a place where they need to sell right now so there isn't that level of urgency.

We do continue to probably rotate I'm going to say $100 million to $200 million of opportunity within that pipeline within the quarter. There's one deal that we did end up passing on. I think we were in a place, it was a fine building, it wasn't a building that was like a have-to-have for us. It was probably 60 to 75 basis points above our cost of capital. So we decided to pass on that as we have very strong earnings growth right now. We're positioning ourselves for next year. But we're very excited to continue to execute on what we're identifying with some really terrific opportunities.

John Kim^ And of those potential opportunities that you may close on the next few months or, I guess for the remainder of the year, can you provide some commentary on what that looks like between GSA and government adjacent assets or maybe more state-level investments? And how much of that is acquisitions versus development opportunities?

Darrell Crate^ Yes. I mean I think we're seeing some GSA assets that we're excited about, and they're sort of at the forefront of what we're doing. Our hope is, again if we could control the world, we'd probably do half GSA and half sort of in the alternative bucket as we know. Our goal is to get to 30% of the portfolio being either in state, local or government adjacent. Why is that number important? The number is important because those have escalators of 2% to 3%. So the idea of adding 60 to 90 basis points to our same-store growth rate we think positions the portfolio very nicely relative to peers. And we believe the stability of our cash flows and the mission-critical nature of our buildings should put us at a premium to those businesses.

As I've said on prior calls, our portfolio is outstanding. I mean of the buildings that we have, the duration of the leases, the quality of the cash flow, the occupancy, the tenancy. I think that we're really working on packaging those cash flows in a way, and that means packaging as in obtaining the lowest cost of capital. It means giving a growth rate that's strong to investors. It's creating a tremendous level of cushion in the dividend and giving us that reinvestment opportunity, all of which, I think should make us comp out relative to peers in a way that gives us a multiple on the stock that can be very attractive to our investors and to potential sellers of buildings.

John Kim^ And how are you thinking about dispositions as a funding source potentially because they may have re-leasing risk down the road? Or due to the focus on keeping your average portfolio age young?

Darrell Crate^ I think it's all of those things. To be very candid about it, and I know we've shared this with you a little bit in the past. I mean these last 2, 3 years, Allison, myself the team, Nick Nimerala and the whole asset management team have really cleared up any of the fog or lack of clarity that's around the portfolio.

We've got a lot of conviction on where we are. We will look at things on a case-by-case basis. Sometimes we're really working to find efficiencies. So even if we have a high-quality building, but maybe it's a loner, and away from the other asset management resources that are really working for us, that might be a reason to sell. But I don't think -- you're not going to see a significant portfolio turnover for us to go and raise cash to grow. We continue to work and develop relationships with joint venture partners.

So I think we're optimistic that our stock price is going to get into a good place, and we can continue to harvest the pipeline. That said, pivoting toward the end of this year or the beginning of next year, if that's not going to be the case, we can work on joint ventures with folks with more attractive cost of capital. Because we are the chosen partner of the U.S. government. We're the largest landlord to the U.S. government. We're working very closely from top to bottom with the GSA and with the other agencies. We understand what they need, and we are helping them become more efficient, and we're working on their most important quality buildings in order to be a good partner.

So all of that said, for us to go find money that's either in the U.S. or around the globe, that wants to invest in these very high-quality assets that essentially deliver AA plus rent streams, we're a partner of choice for somebody. So we don't have a concern about not having the cost of capital when we need it in order to grow the company. And as I said, our company is tiny today. With it being worth $1 billion to $2 billion to grow that in a way that's competitive to peers does not take a tremendous amount of good luck for things to blow our way. We're still in a place and size where we can control that growth and deliver it to shareholders with consistency.

Operator^ Our next question is from RJ Milligan of Raymond James.

R.J. Milligan^ I just wanted to maybe follow up on the investment pipeline question and maybe ask it a little bit differently. But based on your comments that more things are starting to pencil. I'm just curious if there's a mix component to that of is it that more development deals are starting to pencil and we should expect if you guys announced more investment activity that we'd see it on the development side? Or is it acquisitions? I'm just curious at different levels and different pricing, should we expect a different mix of investment activity?

Darrell Crate^ I think there's nothing that's completely discernible other than there are two dynamics that are happening. One, in the development world, you can see that we're finding these sort of veins of advantage. You see it with courthouses. I mean we're building one in Flagstaff, we're building one in Medford.

We're good at this. We know how to work with the government, we know how to make the process more efficient and courts are prickly animals. So you can develop a definable edge in that space as a developer. Because pleasing the judges, pleasing the various agencies that are in those buildings is a skill. And so you're seeing an advantage there in Florida. I think that we've done a terrific job with this FDLE business. Florida is a fast-growing state. Their law enforcement is important to them, and they have other facilities that need to be built, and we'd be thrilled to be the state of Florida’s partner in order to do that.

On the acquisition side, it's a little trickier. Again, I can't say enough that our small denominator, being a smaller company, is really our friend because we can continue to find opportunities in buildings where we have an advantage as a buyer because we're a long-term holder of product.

Then what does that mean? That means that if there are buildings that may not be well suited to be flipped in five years by an institutional buyer, but they're core to what we do. we're going to be able to get those at an attractive price. Those buildings like that, I mean I've got them in my head, so maybe I'm not describing them with words on the call as clear as I'd like to. Those buildings pencil for us, where we are, and those are with very high-quality agencies where we have a terrific relationship. I think that that puts us in some good stead, and we hope that we can get a couple of those in the next nine months.

R.J. Milligan^ Great. And just a separate question here. This is more modeling, but any update on the expected FAA move out expected in October.

Allison Marino^ At this point, they will stay through at least the end of the lease term. Their notice provisions have expired. So they will be there definitely through the end of October. We're hoping for a better update on their moving process over the next month or so. These operations aren't always as streamlined in terms of moving as you and I might be moving in our own homes. So we should have an update for you, but they have historically had a bit of a move out on time challenge. So we're optimistic that they may stay a little bit longer, but we don't have anything concrete to share.

Darrell Crate^ So maybe just to punch that right down I would not add additional revenue in your model at this time. We do know they will stay to the end of the term, but we may be able to share some -- it's only -- it's either going to be status quo or we're going to have a little optimism to share with you on our next call.

Operator^ Our next question is from Michael Carroll of RBC Capital Markets.

Michael Carroll^ Darrell I wanted to circle back on your comments on your investment pipeline and your -- I guess the ideal mix, I believe you said was 50% GSA type buildings and 50% alternative type assets. I mean can you kind of give us an idea of are the cap rates the same for those type 2 types of buildings? I know the alternatives have the lease bumps or how should we think about the pricing ranges of those types of properties?

Darrell Crate^ Yes, no, I mean it's a great question. It really is case by case. I mean we're looking at some of these development deals with escalators. Thus, the individual opportunities are complicated. Some of them we have, we can find an advantage and really are excited to get that capital put to work. Then on acquisitions, again it's finding unique circumstances where our cost of capital gets us to a point where we get a high-quality building. So when I say 50-50, what I mean is we're working on opportunities equally that are acquisition and development, how it actually shakes out in a set of ways doesn't matter. Volume does matter.

Again our long-term growth targets getting to that 3% number is very important. We feel like we have the resources not only with the existing portfolio, the lease renewals, all the good work that we have done to get things buffed up and ready and predictable. In addition to where our cost of capital is today and with regard to this very large pipeline that we continue to navigate, we're going to get to a place where I think our long-term goals are achievable.

Michael Carroll ^ Okay. Then circling back to your comments about potentially accessing the JV market if you don't like your -- I guess if you don't want to issue equity fund some of these deals. Are you in discussions with potential JV type funds that wanted to invest with you guys to buy some of these properties?

Darrell Crate^ Yes. We maintain a series of those relationships, and we've continued to develop them over the last six months. As we look forward, I think that we've always had a very large sovereign wealth fund who's been a very good partner but we found some other folks who nicely complement that as we have a broader range of properties that we're interested in, I think we can appeal to a wider range of taste preferences, as we work with folks.

I can say clearly, obviously, we've been at this for the better part of 15 years. We are one of the largest in the space, and we understand not only the commercial part of real estate, but how government works. So if you're a JV partner, and this is exposure that you want in your portfolio, we do make it an easy choice for them. So we'll continue to cultivate those relationships. And also given the order of magnitude of the pipeline that we're developing, we don't need to be a ball-hog about it. We can be a very good partner with some JVs as well as doing things on our own and continue to grow the business in a way that I think is going to be pleasing to investors.

Michael Carroll ^ Okay. With these JV type investments, is it more of a one-off type deal with specific JV partners? Or could you create or would you want to create more of a fund type business to kind of actively grow relationship and buy new assets?

Darrell Crate^ I think a fund is a little sort of more formal, but with the VAs, we had a program with our JV partner, where we ended up putting close to $600 million, $700 million of assets in that entity. That was a terrific program for them and fill the need and it's something that we do well. So thinking about -- again I don't think -- when you say one-off that doesn't feel like what's accurate because it's really a waste of everybody's time to build the level of relationships that we're looking to have with JV partners. We're not coming up with a building and like auctioning it off. These are partners who I think are excited to be in this space, and we want to do something that's fairly programmatic and consistent over time. That also said, to be an investment-grade issuer we would like to have more than $300 million of debt that we're issuing every year. That is also achievable. In the context of trying to drive volume, especially as cost of capital gets a little bit better. We will weigh all of that as factors in how we decide to execute.

Operator^ Our next question is from Merrill Ross of Compass Point Research and Trading.

Merrill Ross^ I wonder if you had an update on the lease expirations aside from the FAA, I know they're pretty light for this year, but are you starting to look towards next year? I guess they peak in 2028, though you may dilute that with growth but it becomes more meaningful the further out you go. I'm just wondering if any update kind of more in the near term, but are you starting to look towards the intermediate?

Allison Marino^ Yes, hi Merrill, thanks for the question. So we are in the happy stages of procurement for upcoming expirations going through most months of 2027. So procurements have kicked off for many, if not all, and we are actively participating in those. We hope to share a little bit more progress as we get closer to those completions. But we're not expecting anything out of line with our currently forecasted renewal expectations, mid to high teens net effective rent growth, about $35 a square foot in TI and BSAC on average.

That being said, I know you mentioned that we've got a lot in '28, we're generally about 5% of expirations in any given year. If you look at 2030, the golden year for all of us, there's like less than 1%. So it's going to be a very happy year to talk about on earnings calls because I don't know we'll talk about. Hopefully something else pretty cool. But we're underway and I hope to share some more progress in Q3.

Darrell Crate^ Yes. Then I'd just say I mean to put some color around it, Allison has done a tremendous job of putting more organization and discipline around getting these procurements going. It's been a broad executive team effort to work more closely with the government and figure out DOGE was our friend in this respect because it did open people's eyes to having a more fresh look on how they process things. We have very important buildings to them. And the reality being they should be renewing these leases. We've done a very good job as a landlord. These are mission-critical facilities.

So they shouldn't be -- we shouldn't be wasting a lot of time dickering around with the leases. And getting to a place where we can streamline the process where the American taxpayers are getting a fair deal. Our shareholders are getting fairly compensated for their capital. Everybody from our elected officials to the folks at the agencies to the GSA to us, nobody disagrees with that framework. And so getting that to move more smoothly has been an effort, and Allison has absolutely done her part with the team internally to post up to the agencies, the government and the elected officials in a way that I think everybody is pleased with how it's going.

Operator^ Thank you. I would now like to turn the conference back to Darrell Crate, President and CEO of Easterly Government Properties for closing remarks.

Darrell Crate^ Great. Well thanks, everybody, for joining us for this conference call. We're very pleased with how the portfolio continues to move forward. As you know we're executing on this long-term growth plan, it is terrific to see the team continue to do their work. And I'd really just like to thank our new shareholders and folks who have been with us for also for quite some time. Thank you for your support and confidence. And we really look forward to continuing to deliver strong growth to you in the coming quarters and years.

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