

**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):
August 4, 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 August 4, 2020, we issued a press release announcing our results of operations for the second quarter ended June 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 August 4, 2020, to review our second 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 August 18, 2020, by dialing 1-844-512-2921 (domestic) and 1-412-317-6671 (international) and entering the passcode 13706412. 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 August 4 2020.
99.2	Easterly Government Properties, Inc. Supplemental Information Package for the quarter ended June 30, 2020.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101.)

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: August 4, 2020



EASTERLY GOVERNMENT PROPERTIES REPORTS SECOND QUARTER 2020 RESULTS

~ Easterly Increases its 2020 FFO Guidance ~

WASHINGTON, D.C. – August 4, 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 June 30, 2020.

Highlights for the Quarter Ended June 30, 2020:

- Net income of \$4.2 million, or \$0.05 per share on a fully diluted basis
- FFO of \$27.8 million, or \$0.32 per share on a fully diluted basis
- FFO, as Adjusted of \$27.0 million, or \$0.31 per share on a fully diluted basis
- CAD of \$23.4 million
- Acquired a 79,212-square foot Department of Veterans Affairs (VA) Outpatient Clinic in Mobile, Alabama (“VA - Mobile”)
- Acquired a 51,647-square foot VA Outpatient Clinic in Chico, California (“VA - Chico”)
- Issued 4,472,192 shares of the Company's common stock through the Company's March 2019 and December 2019 ATM Programs at a net weighted average price of \$23.12 per share, raising net proceeds to the Company of approximately \$103.4 million. 3,402,100 of these shares of the Company's common stock were issued in settlement of certain forward sales transactions entered into in prior quarters
- Expects to receive net proceeds of approximately \$98.9 million from the sale of 3,873,223 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 \$25.54

“Easterly’s ability to grow its platform at a time of economic and political uncertainty sets us apart from many of our peers,” said William C. Trimble, Easterly’s Chief Executive Officer. “We are extremely pleased with our performance in the first half of 2020 and remain confident in our ability to continue to execute on our proven strategy and demonstrate the inherent resiliency of the Easterly portfolio.”

Portfolio Operations

As of June 30, 2020, the Company wholly owned 74 operating properties in the United States, encompassing approximately 6.9 million square feet in the aggregate, including 72 operating properties that were leased primarily to U.S. Government tenant agencies and two operating properties that were entirely leased to private tenants. As of June 30, 2020, the portfolio had a weighted average age of 13.1 years, based upon the date the property was built or renovated-to-suit, was 100% leased, and had a weighted average remaining lease term of 7.7 years.

The Company currently has two active build-to-suit projects, each for the beneficial use of the Food and Drug Administration (FDA), totaling approximately 222,000-square feet. The first, a 59,690-square foot FDA

laboratory in Lenexa, Kansas, is under construction. The second, an approximately 162,000-square foot FDA laboratory in Atlanta, Georgia, is in the design development stage. Separate 20-year leases with the General Services Administration (GSA) will commence at each of the locations upon completion.

Acquisitions and Development Activities

On April 3, 2020, the Company acquired a 79,212-square foot Department of Veterans Affairs (VA) Outpatient Clinic in Mobile, Alabama. VA - Mobile, part of the Gulf Coast Veterans Health Care System, is a build-to-suit outpatient clinic that was completed in 2018. This modern facility sits on a roughly 13-acre campus and is subject to an initial 15-year non-cancelable lease term that expires in December 2033. The facility provides a wide range of medical and ancillary services including primary care, mental health services and laboratory services. This facility replaced the prior VA clinic in Mobile, Alabama to help address the needs of the approximately 54,000 veterans in the surrounding region.

On April 30, 2020, the Company acquired a 51,647-square foot VA Outpatient Clinic in Chico, California. VA - Chico is a brand-new, build-to-suit facility that was completed in mid-2019. The state-of-the-art facility is designed to achieve a LEED healthcare Silver certification and is leased to the VA for an initial, non-cancelable lease term of 15 years that expires in June 2034. The facility provides a wide range of medical and ancillary services, including primary care, audiology, laboratory services, mental health, nutrition, otolaryngology (ENT), a pharmacy, social work and women's health. The facility is located adjacent to the Chico VA Readjustment Counseling Service Center.

Balance Sheet and Capital Markets Activity

As of June 30, 2020, the Company had total indebtedness of \$906.0 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 \$206.0 million of mortgage debt (excluding unamortized premiums and discounts and deferred financing fees). As of June 30, 2020, the Company had no borrowings outstanding on its revolving credit facility. At June 30, 2020, Easterly's outstanding debt had a weighted average maturity of 7.6 years and a weighted average interest rate of 3.7%. As of June 30, 2020, Easterly's Net Debt to total enterprise value was 30.1% and its Net Debt to annualized quarterly EBITDA and Adjusted Net Debt to annualized quarterly pro forma EBITDA ratios were 6.1x and 5.7x, respectively.

During the quarter ended June 30, 2020, the Company issued 4,472,192 shares of the Company's common stock through the Company's March 2019 and December 2019 ATM Programs at a net weighted average price of \$23.12 per share, raising net proceeds to the Company of approximately \$103.4 million. 3,402,100 of these shares of the Company's common stock were issued in settlement of certain forward sales transactions entered into in prior quarters. As of June 30, 2020, the Company had also entered into forward sales transactions under its March 2019 and December 2019 ATM Programs for the sale of an additional 3,348,429 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 \$25.99 per share, the Company expects to receive net proceeds of approximately \$87.0 million.

Dividend

On July 29, 2020, the Board of Directors of Easterly approved a cash dividend for the second quarter of 2020 in the amount of \$0.26 per common share. The dividend will be payable September 11, 2020 to shareholders of record on August 13, 2020.

Subsequent Events

Subsequent to quarter end, the Company entered into forward sales transactions under the Company's December 2019 ATM Program for the sale of an additional 524,794 shares of the Company's 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 \$22.69 per share, the Company expects to receive net proceeds of approximately \$11.9 million.

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 3,873,223 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 \$25.54 per share, the Company expects to receive net proceeds of approximately \$98.9 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 \$1.23 - \$1.25.

	Low	High
Net income (loss) per share – fully diluted basis	\$ 0.13	0.15
Plus: real estate depreciation and amortization	\$ 1.10	1.10
FFO per share – fully diluted basis	\$ 1.23	1.25

This guidance assumes \$200 million of acquisitions and \$40 - \$50 million of gross development-related investment during 2020.

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) the lesser of i) anticipated lump-sum reimbursement amounts and ii) the cost to date for each project under construction and 2) 40% times the amount by which the cost to date exceeds anticipated lump-sum reimbursement amounts for each project under construction. These adjustments are made to 1) remove the estimated portion of each project under construction that has been financed with debt which may be repaid with anticipated cost reimbursement payments from the US Government and 2) remove the estimated portion of each project under construction, in excess of anticipated lump-sum reimbursements, that has been financed with debt but has not yet produced earnings. See page 4 of the Company's Q2 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 Notes and Definitions

For purposes of calculating square feet and percent leased at the Company's DHA - Aurora property and percent leased with respect to the Company's total portfolio, 15,215 square feet at DHA - Aurora were



excluded from total rentable square feet, as the Company attributed no value to this space at acquisition.

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 August 4, 2020 to review the second 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 August 18, 2020 by dialing 844-512-2921 (domestic) and 1-412-317-6671 (international) and entering the passcode 13706412. 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 June 30, 2020, filed with the Securities and Exchange Commission on or about August 4, 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)

	June 30, 2020	December 31, 2019
Assets		
Real estate properties, net	\$ 2,108,759	\$ 1,988,726
Cash and cash equivalents	8,915	12,012
Restricted cash	4,502	3,537
Deposits on acquisitions	1,350	1,800
Rents receivable	28,927	27,788
Accounts receivable	13,624	15,820
Deferred financing, net	1,394	1,749
Intangible assets, net	169,235	168,625
Interest rate swaps	-	541
Prepaid expenses and other assets	22,868	13,991
Total assets	\$ 2,359,574	\$ 2,234,589
Liabilities		
Term loan facilities, net	248,784	248,602
Notes payable, net	447,048	446,927
Mortgage notes payable, net	204,624	206,312
Intangible liabilities, net	29,178	24,578
Deferred revenue	73,727	54,659
Interest rate swaps	15,408	5,837
Accounts payable, accrued expenses, and other liabilities	57,773	47,833
Total liabilities	1,076,542	1,034,748
Equity		
Common stock, par value \$0.01, 200,000,000 shares authorized, 79,655,374 and 74,832,292 shares issued and outstanding at June 30, 2020 and December 31, 2019, respectively.	797	748
Additional paid-in capital	1,371,293	1,257,319
Retained earnings	25,367	20,004
Cumulative dividends	(249,811)	(210,760)
Accumulated other comprehensive loss	(13,618)	(4,690)
Total stockholders' equity	1,134,028	1,062,621
Non-controlling interest in Operating Partnership	149,004	137,220
Total equity	1,283,032	1,199,841
Total liabilities and equity	\$ 2,359,574	\$ 2,234,589

Income Statement

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

	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenues				
Rental income	\$ 59,550	\$ 50,513	\$ 116,133	\$ 99,001
Tenant reimbursements	435	1,655	1,587	3,239
Other income	541	581	1,024	1,116
Total revenues	<u>60,526</u>	<u>52,749</u>	<u>118,744</u>	<u>103,356</u>
Expenses				
Property operating	10,915	10,934	22,173	20,897
Real estate taxes	6,617	5,465	13,179	11,220
Depreciation and amortization	23,654	22,967	47,210	45,418
Acquisition costs	668	452	1,206	922
Corporate general and administrative	5,505	4,667	10,988	8,984
Total expenses	<u>47,359</u>	<u>44,485</u>	<u>94,756</u>	<u>87,441</u>
Other income (expense)				
Interest expense, net	(9,004)	(8,018)	(17,907)	(16,150)
Gain on the sale of operating property	-	6,245	-	6,245
Net income	<u>4,163</u>	<u>6,491</u>	<u>6,081</u>	<u>6,010</u>
Non-controlling interest in Operating Partnership	(497)	(849)	(718)	(784)
Net income available to Easterly Government Properties, Inc.	<u>\$ 3,666</u>	<u>\$ 5,642</u>	<u>\$ 5,363</u>	<u>\$ 5,226</u>
Net income available to Easterly Government Properties, Inc. per share:				
Basic	<u>\$ 0.05</u>	<u>\$ 0.08</u>	<u>\$ 0.07</u>	<u>\$ 0.08</u>
Diluted	<u>\$ 0.05</u>	<u>\$ 0.08</u>	<u>\$ 0.07</u>	<u>\$ 0.08</u>
Weighted-average common shares outstanding:				
Basic	76,171,627	68,247,822	75,532,169	64,756,271
Diluted	76,869,965	68,419,665	76,185,277	64,901,261
Net income, per share - fully diluted basis	<u>\$ 0.05</u>	<u>\$ 0.08</u>	<u>\$ 0.07</u>	<u>\$ 0.08</u>
Weighted average common shares outstanding - fully diluted basis	86,766,753	78,227,623	85,750,924	74,550,106

EBITDA, FFO and CAD

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

	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net income	\$ 4,163	\$ 6,491	\$ 6,081	\$ 6,010
Depreciation and amortization	23,654	22,967	47,210	45,418
Interest expense	9,004	8,018	17,907	16,150
Tax expense	177	135	266	253
Gain on the sale of operating property	-	(6,245)	-	(6,245)
EBITDA	<u>\$ 36,998</u>	<u>\$ 31,366</u>	<u>\$ 71,464</u>	<u>\$ 61,586</u>
Pro forma adjustments ⁽¹⁾	168			
Pro forma EBITDA	<u>\$ 37,166</u>			
Net income	\$ 4,163	\$ 6,491	\$ 6,081	\$ 6,010
Depreciation and amortization	23,654	22,967	47,210	45,418
Gain on the sale of operating property	-	(6,245)	-	(6,245)
FFO	<u>\$ 27,817</u>	<u>\$ 23,213</u>	<u>\$ 53,291</u>	<u>\$ 45,183</u>
Adjustments to FFO:				
Acquisition costs	668	452	1,206	922
Straight-line rent and other non-cash adjustments	(620)	(592)	(1,329)	(1,566)
Amortization of above-/below-market leases	(1,527)	(1,515)	(3,048)	(3,244)
Amortization of deferred revenue	(697)	(67)	(1,394)	(134)
Non-cash interest expense	360	323	718	645
Non-cash compensation	1,021	697	2,021	1,431
FFO, as Adjusted	<u>\$ 27,022</u>	<u>\$ 22,511</u>	<u>\$ 51,465</u>	<u>\$ 43,237</u>
FFO, per share - fully diluted basis	<u>\$ 0.32</u>	<u>\$ 0.30</u>	<u>\$ 0.62</u>	<u>\$ 0.61</u>
FFO, as Adjusted, per share - fully diluted basis	<u>\$ 0.31</u>	<u>\$ 0.29</u>	<u>\$ 0.60</u>	<u>\$ 0.58</u>
FFO, as Adjusted	\$ 27,022	\$ 22,511	\$ 51,465	\$ 43,237
Acquisition costs	(668)	(452)	(1,206)	(922)
Principal amortization	(878)	(842)	(1,748)	(1,678)
Maintenance capital expenditures	(1,646)	(1,338)	(2,523)	(2,240)
Contractual tenant improvements	(433)	(150)	(758)	(188)
Cash Available for Distribution (CAD)	<u>\$ 23,397</u>	<u>\$ 19,729</u>	<u>\$ 45,230</u>	<u>\$ 38,209</u>
Weighted average common shares outstanding - fully diluted basis	86,766,753	78,227,623	85,750,924	74,550,106

¹ Pro forma assuming a full quarter of operations from the two properties acquired in the second quarter of 2020.



Net Debt and Adjusted Net Debt

(Unaudited, in thousands)

		June 30, 2020
Total Debt ⁽¹⁾	\$	906,007
Less: cash and cash equivalents		(8,915)
Net Debt	\$	897,092
Less: adjustment for projects under construction ⁽²⁾		(49,919)
Adjusted Net Debt	\$	847,173

¹ Excludes unamortized premiums / discounts and deferred financing fees.

² See definition of Adjusted Net Debt on Page 4.



Supplemental Information Package

Second 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 June 30, 2020, to be filed with the SEC on or about August 4, 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 June 30, 2020 that will be released on Form 10-Q to be filed on or about August 4, 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) the lesser of i) anticipated lump-sum reimbursement amounts and ii) the cost to date for each project under construction and 2) 40% times the amount by which the cost to date exceeds anticipated lump-sum reimbursement amounts for each project under construction. These adjustments are made to 1) remove the estimated portion of each project under construction that has been financed with debt which may be repaid with anticipated cost reimbursement payments from the US Government and 2) remove the estimated portion of each project under construction, in excess of anticipated 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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Stock Exchange Listing

New York Stock Exchange

Ticker

DEA

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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 June 30, 2020	Earnings	Three months ended June 30, 2020	Three months ended June 30, 2019
Common shares	79,565,483	Net income available to Easterly Government Properties, Inc.	\$ 3,666	\$ 5,642
Unvested restricted shares	89,891	Net income available to Easterly Government Properties, Inc.		
Common partnership and vested LTIP units	10,466,216	per share:		
Total - fully diluted basis	90,121,590	Basic	\$ 0.05	\$ 0.08
		Diluted	\$ 0.05	\$ 0.08
Market Capitalization	At June 30, 2020	Net income	\$ 4,163	\$ 6,491
Price of Common Shares	\$ 23.12	Net income, per share - fully diluted basis	\$ 0.05	\$ 0.08
Total equity market capitalization - fully diluted basis	\$ 2,083,611	Funds From Operations (FFO)	\$ 27,817	\$ 23,213
Net Debt	897,092	FFO, per share - fully diluted basis	\$ 0.32	\$ 0.30
Total enterprise value	\$ 2,980,703	FFO, as Adjusted	\$ 27,022	\$ 22,511
		FFO, as Adjusted, per share - fully diluted basis	\$ 0.31	\$ 0.29
Ratios	At June 30, 2020			
Net debt to total enterprise value	30.1%	Cash Available for Distribution (CAD)	\$ 23,397	\$ 19,729
Net debt to annualized quarterly EBITDA	6.1x			
Adjusted Net Debt to annualized quarterly pro forma EBITDA	5.7x	Liquidity		At June 30, 2020
Cash interest coverage ratio	4.3x	Cash and cash equivalents	\$	8,915
Cash fixed charge coverage ratio	3.9x	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>June 30, 2020</u>	<u>December 31, 2019</u>
Assets		
Real estate properties, net	\$ 2,108,759	\$ 1,988,726
Cash and cash equivalents	8,915	12,012
Restricted cash	4,502	3,537
Deposits on acquisitions	1,350	1,800
Rents receivable	28,927	27,788
Accounts receivable	13,624	15,820
Deferred financing, net	1,394	1,749
Intangible assets, net	169,235	168,625
Interest rate swaps	-	541
Prepaid expenses and other assets	22,868	13,991
Total assets	<u>\$ 2,359,574</u>	<u>\$ 2,234,589</u>
Liabilities		
Term loan facilities, net	248,784	248,602
Notes payable, net	447,048	446,927
Mortgage notes payable, net	204,624	206,312
Intangible liabilities, net	29,178	24,578
Deferred revenue	73,727	54,659
Interest rate swaps	15,408	5,837
Accounts payable, accrued expenses, and other liabilities	57,773	47,833
Total liabilities	<u>1,076,542</u>	<u>1,034,748</u>
Equity		
Common stock, par value \$0.01, 200,000,000 shares authorized, 79,655,374 and 74,832,292 shares issued and outstanding at June 30, 2020 and December 31, 2019, respectively.	797	748
Additional paid-in capital	1,371,293	1,257,319
Retained earnings	25,367	20,004
Cumulative dividends	(249,811)	(210,760)
Accumulated other comprehensive loss	(13,618)	(4,690)
Total stockholders' equity	<u>1,134,028</u>	<u>1,062,621</u>
Non-controlling interest in Operating Partnership	149,004	137,220
Total equity	<u>1,283,032</u>	<u>1,199,841</u>
Total liabilities and equity	<u>\$ 2,359,574</u>	<u>\$ 2,234,589</u>

Income Statements

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



	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenues				
Rental income	\$ 59,550	\$ 50,513	\$ 116,133	\$ 99,001
Tenant reimbursements	435	1,655	1,587	3,239
Other income	541	581	1,024	1,116
Total revenues	<u>60,526</u>	<u>52,749</u>	<u>118,744</u>	<u>103,356</u>
Expenses				
Property operating	10,915	10,934	22,173	20,897
Real estate taxes	6,617	5,465	13,179	11,220
Depreciation and amortization	23,654	22,967	47,210	45,418
Acquisition costs	668	452	1,206	922
Corporate general and administrative	5,505	4,667	10,988	8,984
Total expenses	<u>47,359</u>	<u>44,485</u>	<u>94,756</u>	<u>87,441</u>
Other income (expense)				
Interest expense, net	(9,004)	(8,018)	(17,907)	(16,150)
Gain on the sale of operating property	-	6,245	-	6,245
Net income	<u>4,163</u>	<u>6,491</u>	<u>6,081</u>	<u>6,010</u>
Non-controlling interest in Operating Partnership	(497)	(849)	(718)	(784)
Net income available to Easterly Government Properties, Inc.	<u>\$ 3,666</u>	<u>\$ 5,642</u>	<u>\$ 5,363</u>	<u>\$ 5,226</u>
Net income available to Easterly Government Properties, Inc. per share:				
Basic	<u>\$ 0.05</u>	<u>\$ 0.08</u>	<u>\$ 0.07</u>	<u>\$ 0.08</u>
Diluted	<u>\$ 0.05</u>	<u>\$ 0.08</u>	<u>\$ 0.07</u>	<u>\$ 0.08</u>
Weighted-average common shares outstanding:				
Basic	76,171,627	68,247,822	75,532,169	64,756,271
Diluted	76,869,965	68,419,665	76,185,277	64,901,261
Net income, per share - fully diluted basis	<u>\$ 0.05</u>	<u>\$ 0.08</u>	<u>\$ 0.07</u>	<u>\$ 0.08</u>
Weighted average common shares outstanding - fully diluted basis	86,766,753	78,227,623	85,750,924	74,550,106

Net Operating Income

(Unaudited, in thousands)



	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net income	\$ 4,163	\$ 6,491	\$ 6,081	\$ 6,010
Depreciation and amortization	23,654	22,967	47,210	45,418
Acquisition costs	668	452	1,206	922
Corporate general and administrative	5,505	4,667	10,988	8,984
Interest expense	9,004	8,018	17,907	16,150
Gain on the sale of operating property	-	(6,245)	-	(6,245)
Net Operating Income	<u>42,994</u>	<u>36,350</u>	<u>83,392</u>	<u>71,239</u>
Adjustments to Net Operating Income:				
Straight-line rent and other non-cash adjustments	(606)	(583)	(1,304)	(1,550)
Amortization of above-/below-market leases	(1,527)	(1,515)	(3,048)	(3,244)
Amortization of deferred revenue	(697)	(67)	(1,394)	(134)
Cash Net Operating Income	<u>\$ 40,164</u>	<u>\$ 34,185</u>	<u>\$ 77,646</u>	<u>\$ 66,311</u>

EBITDA, FFO and CAD

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



	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net income	\$ 4,163	\$ 6,491	\$ 6,081	\$ 6,010
Depreciation and amortization	23,654	22,967	47,210	45,418
Interest expense	9,004	8,018	17,907	16,150
Tax expense	177	135	266	253
Gain on the sale of operating property	-	(6,245)	-	(6,245)
EBITDA	<u>\$ 36,998</u>	<u>\$ 31,366</u>	<u>\$ 71,464</u>	<u>\$ 61,586</u>
Pro forma adjustments ⁽¹⁾	168			
Pro forma EBITDA	<u>\$ 37,166</u>			
Net income	\$ 4,163	\$ 6,491	\$ 6,081	\$ 6,010
Depreciation and amortization	23,654	22,967	47,210	45,418
Gain on the sale of operating property	-	(6,245)	-	(6,245)
FFO	<u>\$ 27,817</u>	<u>\$ 23,213</u>	<u>\$ 53,291</u>	<u>\$ 45,183</u>
Adjustments to FFO:				
Acquisition costs	668	452	1,206	922
Straight-line rent and other non-cash adjustments	(620)	(592)	(1,329)	(1,566)
Amortization of above-/below-market leases	(1,527)	(1,515)	(3,048)	(3,244)
Amortization of deferred revenue	(697)	(67)	(1,394)	(134)
Non-cash interest expense	360	323	718	645
Non-cash compensation	1,021	697	2,021	1,431
FFO, as Adjusted	<u>\$ 27,022</u>	<u>\$ 22,511</u>	<u>\$ 51,465</u>	<u>\$ 43,237</u>
FFO, per share - fully diluted basis	\$ 0.32	\$ 0.30	\$ 0.62	\$ 0.61
FFO, as Adjusted, per share - fully diluted basis	\$ 0.31	\$ 0.29	\$ 0.60	\$ 0.58
FFO, as Adjusted	\$ 27,022	\$ 22,511	\$ 51,465	\$ 43,237
Acquisition costs	(668)	(452)	(1,206)	(922)
Principal amortization	(878)	(842)	(1,748)	(1,678)
Maintenance capital expenditures	(1,646)	(1,338)	(2,523)	(2,240)
Contractual tenant improvements	(433)	(150)	(758)	(188)
Cash Available for Distribution (CAD)	<u>\$ 23,397</u>	<u>\$ 19,729</u>	<u>\$ 45,230</u>	<u>\$ 38,209</u>
Weighted average common shares outstanding - fully diluted basis	86,766,753	78,227,623	85,750,924	74,550,106

⁽¹⁾Pro forma assuming a full quarter of operations from the two properties acquired in the second quarter of 2020.

Debt Schedules

(Unaudited, in thousands)

Debt Instrument	Maturity Date	June 30, 2020 Interest Rate	June 30, 2020 Balance ⁽¹⁾	June 30, 2020 Percent of Total Indebtedness
Unsecured debt				
Revolving Credit facility	18-Jun-22 ⁽²⁾	LIBOR + 130bps	\$ -	0.0%
2016 Term Loan facility	29-Mar-24	2.67% ⁽³⁾	100,000	11.0%
2018 Term Loan facility	19-Jun-23	3.96% ⁽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	7.8 years (wtd-avg maturity)	3.77% (wtd-avg rate)	\$ 700,000	77.2%
Secured mortgage debt				
DEA - Pleasanton	18-Oct-23	LIBOR + 150bps	\$ 15,700	1.7%
VA - Golden	1-Apr-24	5.00%	9,096	1.0%
MEPCOM - Jacksonville	14-Oct-25	4.41%	8,457	0.9%
USFS II - Albuquerque	14-Jul-26	4.46%	16,086	1.8%
ICE - Charleston	15-Jan-27	4.21%	16,792	1.9%
VA - Loma Linda	6-Jul-27	3.59%	127,500	14.1%
CBP - Savannah	10-Jul-33	3.40%	12,376	1.4%
Total secured mortgage debt	6.8 years (wtd-avg maturity)	3.65% (wtd-avg rate)	\$ 206,007	22.8%
Debt Statistics				
	June 30, 2020		June 30, 2020	
Variable rate debt - unhedged	\$ 15,700	% Variable rate debt - unhedged	1.7%	
Fixed rate debt	890,307	% Fixed rate debt	98.3%	
Total Debt⁽¹⁾	\$ 906,007			
Less: cash and cash equivalents	(8,915)	Weighted average maturity	7.6 years	
Net Debt	\$ 897,092	Weighted average interest rate	3.7%	
Less: adjustment for projects under construction ⁽⁵⁾	(49,919)			
Adjusted Net Debt	\$ 847,173			

⁽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 2.67% annually based on the Company's current leverage ratio.

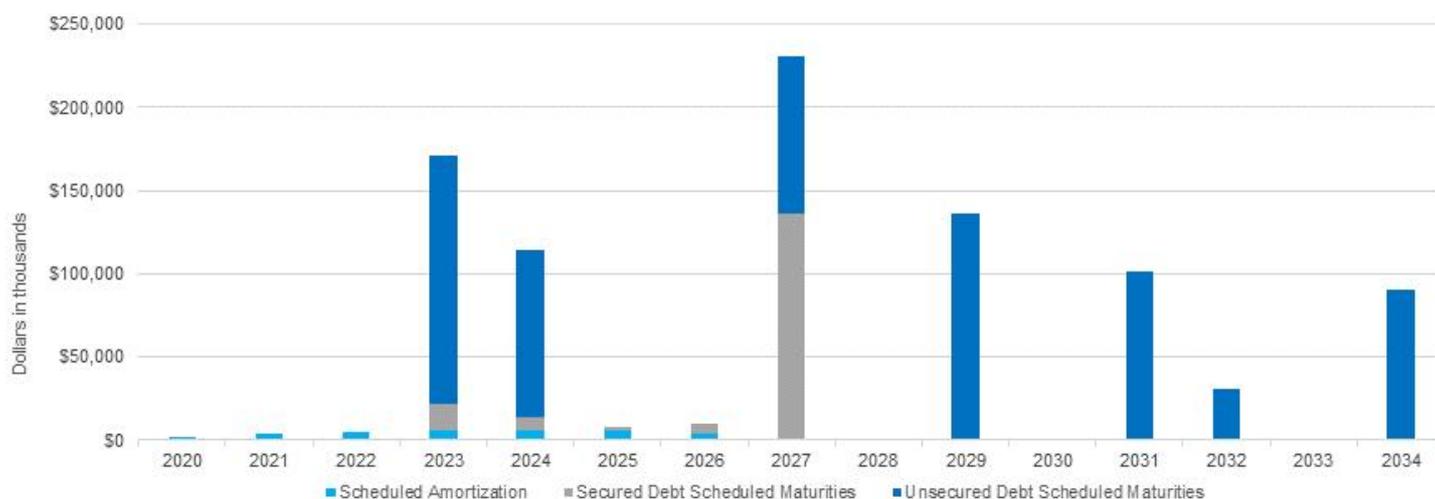
⁽⁴⁾Calculated based on four interest rate swaps with an aggregate notional value of \$150.0 million, which effectively fix the interest rate at 3.96% annually based on the Company's current leverage ratio.

⁽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				
2020	\$ 1,817	-	-	-	\$ 1,817	0.2%	-
2021	4,233	-	-	-	4,233	0.5%	-
2022	5,297	-	-	-	5,297	0.6%	-
2023	5,585	15,700	150,000	-	171,285	18.9%	3.75%
2024	5,730	8,395	100,000	-	114,125	12.6%	2.86%
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	-	230,733	25.5%	3.82%
2028	983	-	-	-	983	0.1%	-
2029	1,016	-	135,000	-	136,016	15.0%	3.89%
2030	1,049	-	-	-	1,049	0.1%	-
2031	1,081	-	100,000	-	101,081	11.2%	3.83%
2032	1,116	-	30,000	-	31,116	3.4%	4.30%
2033	668	-	-	-	668	0.1%	-
2034	-	-	90,000	-	90,000	9.9%	3.98%
Total	\$ 38,987	\$ 167,020	\$ 700,000		\$ 906,007	100.0%	



Operating Property Overview

(As of June 30, 2020, unaudited)



Property Name	Location	Property Type	Tenant Lease Expiration Year	Year Built / Renovated	Rentable Square Feet	Annualized Lease Income	Percentage of Total Annualized Lease Income	Annualized Lease Income per Leased Square Foot
U.S. Government Leased Properties								
VA - Loma Linda	Loma Linda, CA	Outpatient Clinic	2036	2016	327,614	\$ 16,277,599	7.0%	\$ 49.69
Various GSA - Buffalo	Buffalo, NY	Office	2020 - 2025	2004	267,768	8,522,663	3.6%	31.83
JSC - Suffolk	Suffolk, VA	Office	2028	1993 / 2004	403,737	8,106,829	3.5%	20.08
FBI - Salt Lake	Salt Lake City, UT	Office	2032	2012	169,542	6,816,845	3.0%	40.21
Various GSA - Portland	Portland, OR	Office	2020 - 2028	2002	223,261	6,646,648	2.9%	30.16
Various GSA - Chicago	Des Plaines, IL	Office	2020 / 2022	1971 / 1999	232,759	6,605,763	2.9%	29.46
IRS - Fresno	Fresno, CA	Office	2033	2003	180,481	6,476,232	2.8%	35.88
VA - San Jose	San Jose, CA	Outpatient Clinic	2038	2018	90,085	5,825,450	2.5%	64.67
EPA - Lenexa	Lenexa, KS	Office	2027	2007 / 2012	169,585	5,485,256	2.4%	32.35
PTO - Arlington	Arlington, VA	Office	2035	2009	190,546	5,443,778	2.4%	28.57
FBI - San Antonio	San Antonio, TX	Office	2021	2007	148,584	5,176,951	2.2%	34.84
FEMA - Tracy	Tracy, CA	Warehouse	2038	2018	210,373	4,607,609	2.0%	21.90
FDA - Alameda	Alameda, CA	Laboratory	2039	2019	69,624	4,544,619	2.0%	65.27
FBI - Omaha	Omaha, NE	Office	2024	2009	112,196	4,539,105	2.0%	40.46
TREAS - Parkersburg	Parkersburg, WV	Office	2021	2004 / 2006	182,500	4,426,764	1.9%	24.26
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	4,036,427	1.7%	46.74
ICE - Charleston	North Charleston, SC	Office	2021 / 2027	1994 / 2012	86,733	3,815,284	1.7%	43.99
USCIS - Lincoln	Lincoln, NE	Office	2025	2005	137,671	3,749,589	1.6%	27.24
FBI / DEA - El Paso	El Paso, TX	Office	2028	1998 - 2005	203,269	3,749,467	1.6%	18.45
VA - Mobile	Mobile, AL	Outpatient Clinic	2033	2018	79,212	3,718,582	1.6%	46.94
FBI - New Orleans	New Orleans, LA	Office	2029	1999 / 2006	137,679	3,644,531	1.6%	26.47
FBI - Pittsburgh	Pittsburgh, PA	Office	2027	2001	100,054	3,623,321	1.6%	36.21
DOT - Lakewood	Lakewood, CO	Office	2024	2004	122,225	3,481,840	1.5%	28.49
FBI - Birmingham	Birmingham, AL	Office	2020	2005	96,278	3,261,286	1.4%	33.87
VA - Chico	Chico, CA	Outpatient Clinic	2034	2019	51,647	3,133,770	1.4%	60.68
OSHA - Sandy	Sandy, UT	Laboratory	2024	2003	75,000	3,011,090	1.3%	40.15
USFS II - Albuquerque	Albuquerque, NM	Office	2026	2011	98,720	3,006,955	1.3%	30.46
USCIS - Tustin	Tustin, CA	Office	2034	1979 / 2019	66,818	3,004,864	1.3%	44.97
FDA - College Park	College Park, MD	Laboratory	2029	2004	80,677	2,987,051	1.3%	37.02
USFS I - Albuquerque	Albuquerque, NM	Office	2021	2006	92,455	2,925,947	1.3%	31.65
DEA - Vista	Vista, CA	Laboratory	2020	2002	54,119	2,811,893	1.2%	51.96
SSA - Charleston	Charleston, WV	Office	2024	1959 / 2000	110,000	2,779,647	1.2%	25.27
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	2,767,009	1.2%	38.92
JUD - Del Rio	Del Rio, TX	Courthouse/Office	2024	1992 / 2004	89,880	2,708,959	1.2%	30.14
FBI - Albany	Albany, NY	Office	2035	1998	98,184	2,695,916	1.2%	27.46
DEA - Pleasanton	Pleasanton, CA	Laboratory	2035	2015	42,480	2,688,256	1.2%	63.28

Operating Property Overview (Cont.)

(As of June 30, 2020, unaudited)



Property Name	Location	Property Type	Tenant Lease Expiration Year	Year Built / Renovated	Rentable Square Feet	Annualized Lease Income	Percentage of Total Annualized Lease Income	Annualized Lease Income per Leased Square Foot
U.S. Government Leased Properties (Cont.)								
VA - Northeast	Northeast	Outpatient Clinic	2034	2019	56,330	2,685,835	1.2%	47.68
JUD - El Centro	El Centro, CA	Courthouse/Office	2034	2004	43,345	2,651,832	1.1%	61.18
TREAS - Birmingham	Birmingham, AL	Office	2029	2014	83,676	2,480,269	1.1%	29.64
DEA - Sterling	Sterling, VA	Laboratory	2020	2001	49,692	2,462,237	1.1%	49.55
DEA - Dallas Lab	Dallas, TX	Laboratory	2021	2001	49,723	2,442,882	1.1%	49.13
JUD - Charleston	Charleston, SC	Courthouse/Office	2020	1999	50,888	2,408,114	1.0%	47.32
DHA - Aurora ⁽¹⁾	Aurora, CO	Office	2034	1998 / 2018	101,285	2,307,291	1.0%	22.78
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	1.0%	73.49
CBP - Savannah	Savannah, GA	Laboratory	2033	2013	35,000	2,148,399	0.9%	61.38
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	1,875,725	0.8%	47.00
ICE - Otay	San Diego, CA	Office	2022 / 2026	2001	52,881	1,814,725	0.8%	36.69
NPS - Omaha	Omaha, NE	Office	2024	2004	62,772	1,767,746	0.8%	28.16
VA - Golden	Golden, CO	Office/Warehouse	2026	1996 / 2011	56,753	1,743,712	0.8%	30.72
USCG - Martinsburg	Martinsburg, WV	Office	2027	2007	59,547	1,711,890	0.7%	28.75
DEA - Dallas	Dallas, TX	Office	2021	2001	71,827	1,678,276	0.7%	23.37
CBP - Sunburst	Sunburst, MT	Office	2028	2008	33,000	1,615,847	0.7%	48.97
DEA - Otay	San Diego, CA	Office	2020	1997	32,560	1,541,944	0.7%	47.36
DEA - Birmingham	Birmingham, AL	Office	2020	2005	35,616	1,510,352	0.7%	42.41
JUD - Aberdeen	Aberdeen, MS	Courthouse/Office	2025	2005	46,979	1,485,961	0.6%	31.63
DEA - North Highlands	Sacramento, CA	Office	2033	2002	37,975	1,443,342	0.6%	38.01
GSA - Clarksburg	Clarksburg, WV	Office	2024	1999	63,750	1,439,682	0.6%	22.58
DEA - Albany	Albany, NY	Office	2025	2004	31,976	1,356,513	0.6%	42.42
DEA - Riverside	Riverside, CA	Office	2032	1997	34,354	1,246,340	0.5%	36.28
SSA - Dallas	Dallas, TX	Office	2020	2005	27,200	1,074,520	0.5%	39.50
ICE - Pittsburgh	Pittsburgh, PA	Office	2022 / 2023	2004	33,425	800,086	0.3%	31.69
VA - Baton Rouge	Baton Rouge, LA	Outpatient Clinic	2024	2004	30,000	796,498	0.3%	26.55
JUD - South Bend	South Bend, IN	Courthouse/Office	2027	1996 / 2011	30,119	761,014	0.3%	25.27
DEA - San Diego	San Diego, CA	Warehouse	2032	1999	16,100	537,427	0.2%	33.38
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	370,790	0.2%	37.84
SSA - San Diego	San Diego, CA	Office	2032	2003	10,856	340,050	0.1%	33.81
Subtotal					6,725,334	\$ 229,933,441	99.6%	\$ 34.31

⁽¹⁾15,215 square feet at DHA - Aurora were excluded from total rentable square feet as the Company attributed no value to this space at acquisition.

Operating Property Overview (Cont.)

(As of June 30, 2020, unaudited)



Property Name	Location	Property Type	Tenant Lease Expiration Year	Year Built / Renovated	Rentable Square Feet	Annualized Lease Income	Percentage of Total Annualized Lease Income	Annualized Lease Income per Leased Square Foot
Privately Leased Properties								
5998 Osceola Court - United Technologies	Midland, GA	Warehouse/Manufacturing	2023	2014	105,641	543,046	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	\$ 952,648	0.4%	\$ 5.42
Total / Weighted Average					6,901,053	\$ 230,886,089	100.0%	\$ 33.57

Tenants

(As of June 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")	12.4	882,261	12.7%	\$ 41,609,488	18.0%
Federal Bureau of Investigation ("FBI")	7.7	1,216,372	17.6%	38,083,070	16.5%
Drug Enforcement Administration ("DEA")	4.7	630,070	9.2%	25,321,975	11.0%
Judiciary of the U.S. ("JUD")	5.3	261,211	3.8%	10,015,880	4.3%
Environmental Protection Agency ("EPA")	6.0	241,564	3.5%	9,720,504	4.2%
Internal Revenue Service ("IRS")	10.4	236,233	3.4%	8,331,236	3.6%
U.S. Joint Staff Command ("JSC")	7.9	403,737	5.9%	8,106,829	3.5%
Immigration and Customs Enforcement ("ICE")	5.0	193,661	2.8%	8,008,544	3.5%
Food and Drug Administration ("FDA")	13.8	150,301	2.2%	7,531,670	3.3%
Bureau of the Fiscal Service ("BFS")	3.5	266,176	3.9%	6,907,033	3.0%
U.S. Citizenship and Immigration Services ("USCIS")	8.1	204,489	3.0%	6,754,453	2.9%
Federal Aviation Administration ("FAA")	0.3	209,970	3.1%	6,235,444	2.7%
U.S. Forest Service ("USFS")	3.5	191,175	2.8%	5,932,902	2.6%
Social Security Administration ("SSA")	3.8	200,866	2.9%	5,616,391	2.4%
Patent and Trademark Office ("PTO")	14.5	190,546	2.8%	5,443,778	2.4%
Federal Emergency Management Agency ("FEMA")	18.3	210,373	3.1%	4,607,609	2.0%
Customs and Border Protection ("CBP")	10.8	68,000	1.0%	3,764,246	1.6%
Department of Transportation ("DOT")	3.8	129,659	1.9%	3,730,211	1.6%
Occupational Safety and Health Administration ("OSHA")	3.6	75,000	1.1%	3,011,090	1.3%
Defense Health Agency ("DHA")	13.8	101,285	1.5%	2,307,291	1.0%
Military Entrance Processing Command ("MEPCOM")	5.2	30,000	0.4%	2,204,619	1.0%
Department of Energy ("DOE")	9.1	120,496	1.8%	2,204,095	1.0%
U.S. Department of Agriculture ("USDA")	6.4	73,031	1.1%	2,178,959	0.9%
National Park Service ("NPS")	4.0	62,772	0.9%	1,767,746	0.8%
U.S. Coast Guard ("USCG")	7.5	59,547	0.9%	1,711,890	0.7%
Small Business Administration ("SBA")	1.7	42,835	0.6%	1,315,241	0.6%
National Labor Relations Board ("NLRB")	5.2	36,640	0.5%	1,086,877	0.5%
U.S. Army Corps of Engineers ("ACOE")	4.6	39,320	0.6%	1,075,526	0.5%
National Oceanic and Atmospheric Administration ("NOAA")	2.6	25,612	0.4%	795,569	0.3%

Tenants (Cont.)

(As of June 30, 2020, unaudited)

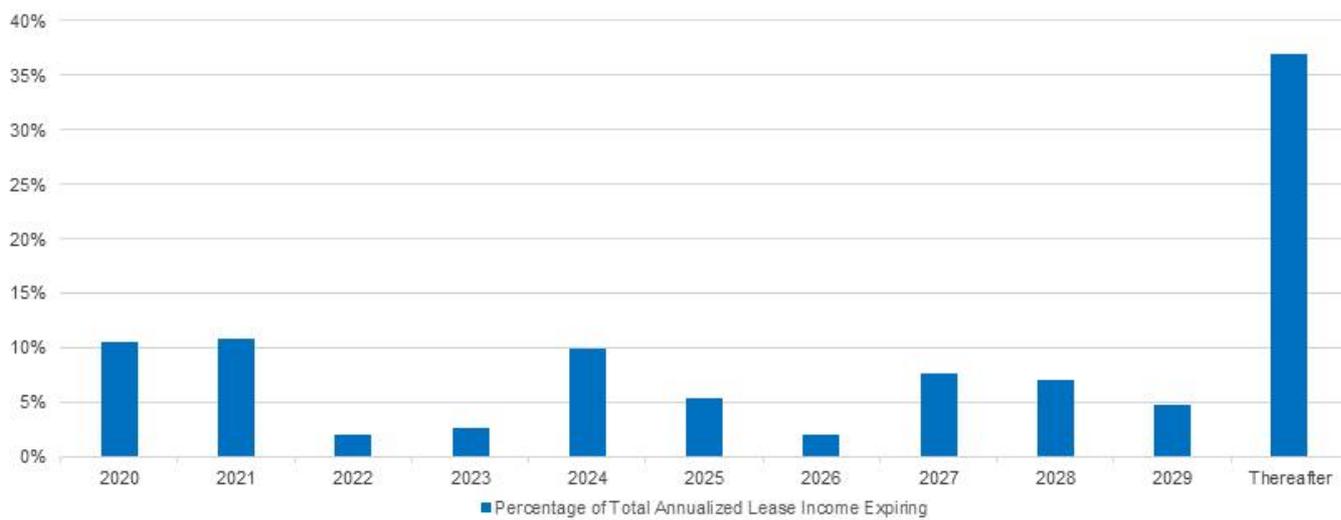
Tenant	Weighted Average Remaining Lease Term ⁽¹⁾	Leased Square Feet	Percentage of Leased Square Feet	Annualized Lease Income	Percentage of Total Annualized Lease Income
U.S. Government (Cont.)					
Bureau of Alcohol, Tobacco, Firearms and Explosives ("ATF")	4.7	21,342	0.3%	771,970	0.3%
General Services Administration - Other	5.2	18,163	0.3%	562,450	0.2%
Bureau of Indian Affairs ("BIA")	3.1	6,477	0.1%	217,628	0.1%
U.S. Attorney Office ("USAO")	3.6	6,408	0.1%	144,703	0.1%
U.S. Marshals Service ("USMS")	6.6	1,054	0.0%	47,752	0.0%
Department of Labor ("DOL")	3.6	1,004	0.0%	22,670	0.0%
U.S. Probation Office ("USPO")	3.6	452	0.0%	10,214	0.0%
Subtotal	7.8	6,608,102	96.2%	\$ 227,157,553	98.4%
Private Tenants					
Other Private Tenants	1.9	50,116	0.7%	\$ 1,444,984	0.6%
Providence Health & Services	5.2	21,643	0.3%	722,012	0.3%
We Are Sharing Hope SC	1.3	21,609	0.3%	608,892	0.3%
United Technologies (Pratt & Whitney)	3.5	105,641	1.5%	543,046	0.2%
Lummus Corporation	8.1	70,078	1.0%	409,602	0.2%
Subtotal	4.4	269,087	3.8%	\$ 3,728,536	1.6%
Total / Weighted Average	7.7	6,877,189	100.0%	\$ 230,886,089	100.0%

⁽¹⁾Weighted based on leased square feet.

Lease Expirations

(As of June 30, 2020, unaudited)

Year of Lease Expiration	Number of Leases Expiring	Square Footage Expiring	Percentage of Total Square Footage Expiring	Annualized Lease Income Expiring	Percentage of Total Annualized Lease Income Expiring	Annualized Lease Income per Leased Square Foot Expiring
2020	16	647,380	9.4%	24,339,339	10.5%	37.60
2021	12	834,588	12.1%	24,881,316	10.8%	29.81
2022	7	124,523	1.8%	4,835,037	2.1%	38.83
2023	8	226,956	3.3%	6,276,093	2.7%	27.65
2024	10	727,374	10.6%	23,031,097	10.0%	31.66
2025	11	369,119	5.4%	12,476,337	5.4%	33.80
2026	3	157,011	2.3%	4,807,312	2.1%	30.62
2027	6	495,529	7.2%	17,554,882	7.6%	35.43
2028	8	783,003	11.4%	16,081,277	7.0%	20.54
2029	4	417,682	6.1%	11,196,126	4.8%	26.81
Thereafter	22	2,094,024	30.4%	85,407,273	37.0%	40.79
Total / Weighted Average	107	6,877,189	100.0%	\$ 230,886,089	100.0%	\$ 33.57



Summary of Re/Development Projects

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



Projects Under Construction⁽¹⁾

Property Name	Location	Property Type	Total Rentable Square Feet	Percentage Leased	Lease Term	Anticipated Total Cost	Cost to Date	Anticipated Lump-Sum Reimbursement ⁽²⁾	Anticipated Completion Date	Anticipated Lease Commencement
FDA - Lenexa	Lenexa, KS	Laboratory	59,690	100%	20-Year	\$ 67,302	\$ 62,911	\$ 41,257	4Q 2020	4Q 2020
Total			59,690			\$ 67,302	\$ 62,911	\$ 41,257		

Projects in Design⁽³⁾

Property Name	Location	Property Type	Total Estimated Rentable Square Feet	Percentage Leased	Lease Term	Anticipated Completion Date	Anticipated Lease Commencement
FDA - Atlanta	Atlanta, GA	Laboratory	162,000	100%	20-Year	4Q 2022	4Q 2022
Total			162,000				

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

⁽²⁾Includes reimbursement of lump-sum tenant improvement costs and development fees.

⁽³⁾Includes projects in the design phase for which project scope is not fully determined.