

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported):
May 7, 2019

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))

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.

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

Item 2.02 Results of Operations and Financial Condition.

On May 7, 2019, we issued a press release announcing our results of operations for the first quarter ended March 31, 2019. A copy of this press release as well as a copy of our supplemental information package are available on our website and are attached hereto as Exhibits 99.1 and 99.2 and incorporated herein by reference. The information in this Item 2.02 as well as the attached Exhibits 99.1 and 99.2 are being furnished and shall not be deemed “filed” for any purpose, including for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, and shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act regardless of any general incorporation language in such filing.

We will host a webcast and conference call at 10:00 a.m. Eastern Time on May 7, 2019, to review our first quarter 2019 performance, discuss recent events and conduct a question-and-answer session. The number to call is 1-877-705-6003 (domestic) and 1-201-493-6725 (international). A live webcast will be available in the Investor Relations section of our website. A replay of the conference call will be available through May 21, 2019, by dialing 1-844-512-2921 (domestic) and 1-412-317-6671 (international) and entering the passcode 13689856. 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:

Exhibit Number Description

99.1 [Press release dated May 7, 2019.](#)

99.2 [Easterly Government Properties, Inc. Supplemental Information Package for the quarter ended March 31, 2019.](#)

SIGNATURES

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

**EASTERLY GOVERNMENT
PROPERTIES, INC.**

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

Date: May 7, 2019



EASTERLY GOVERNMENT PROPERTIES REPORTS FIRST QUARTER 2019 RESULTS

WASHINGTON, D.C. – May 7, 2019 – Easterly Government Properties, Inc. (NYSE: DEA) (the “Company” or “Easterly”), a fully integrated real estate investment trust (“REIT”) focused primarily on the acquisition, development and management of Class A commercial properties leased to the U.S. Government, today announced its results of operations for the quarter ended March 31, 2019.

Highlights for the Quarter Ended March 31, 2019:

- Net loss of \$0.5 million, or \$0.01 per share on a fully diluted basis
- FFO of \$22.0 million, or \$0.31 per share on a fully diluted basis
- FFO, as Adjusted of \$20.8 million, or \$0.29 per share on a fully diluted basis
- CAD of \$18.5 million
- Completed the acquisition of the final three of the 14 properties in the Company’s previously announced portfolio acquisition. The three properties represent an aggregate of 355,426 square feet and were acquired for a combined purchase price of \$152.5 million
- Issued 6.7 million shares of common stock in exchange for approximately \$119.2 million in gross proceeds, settling a portion of the forward sales agreements entered into in connection with the June 2018 underwritten public offering of 20.7 million shares of the Company’s common stock
- Launched a new ATM program pursuant to which the Company may issue and sell shares of common stock having an aggregate offering price of up to \$200.0 million including through the sale of shares on a forward basis (“2019 ATM Program”)
- Maintained portfolio occupancy at 100%

“Easterly is a company built on secure, recurring cash flows backed by the full faith and credit of our largest tenant, the U.S. Government,” said William C. Trimble, III, Easterly’s Chief Executive Officer. “We believe the underlying credit quality of our 100% leased portfolio provides for superior risk adjusted returns.”

Financial Results for the Quarter Ended March 31, 2019:

Net loss of \$0.5 million, or \$0.01 per share on a fully diluted basis

FFO of \$22.0 million, or \$0.31 per share on a fully diluted basis

FFO, as Adjusted of \$20.8 million, or \$0.29 per share on a fully diluted basis

CAD of \$18.5 million

Portfolio Operations

As of March 31, 2019, the Company wholly owned 65 operating properties in the United States, encompassing approximately 5.6 million square feet in the aggregate, including 63 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 March 31, 2019, the portfolio had a weighted average age of 13.0 years, based upon the date the property was built or renovated-to-suit, was 100% occupied, and had a weighted average remaining lease term of 7.3 years.

Acquisitions and Development Activities

On January 31, 2019, the Company completed the acquisition of the final three of the 14 properties in the Company's previously announced portfolio acquisition. The three properties represent an aggregate of 355,426 square feet and were acquired for a combined purchase price of \$152.5 million. The three properties include:

- *DEA - Sterling, VA*

DEA - Sterling serves as a special testing and research laboratory to assist the Drug Enforcement Administration (DEA) in performing mission critical forensic analyses. The 49,692-square foot facility was built-to-suit in 2001 and includes evidence rooms, computer labs, cryptography and various other specialized laboratories. The facility is 100% leased through 2020.

- *FDA - College Park, MD*

FDA - College Park houses a laboratory for the Food and Drug Administration's (FDA) Center for Food Safety and Applied Nutrition (CFSAN), one of the FDA's seven product-oriented centers. The 80,677-square foot office and laboratory was built-to-suit in 2004 and is 100% leased through 2029. The facility is part of the University of Maryland's Research Park and is located two blocks from CFSAN headquarters in the Harvey W. Wiley Building, forming a campus which links university researchers, students and staff with federal laboratories and private sector companies.

- *Various GSA - Portland, OR*

Various GSA - Portland, a Class A trophy multi-tenanted asset, was built in 2002 and is strategically located within Portland's Central City Plan District along the MAX light rail system. The 225,057-square foot facility is occupied by tenants such as the U.S. Department of Agriculture (USDA), U.S. Army Corp of Engineers (ACOE), Federal Bureau of Investigation (FBI) and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF).

Balance Sheet and Capital Markets Activity

As of March 31, 2019, the Company had total indebtedness of \$819.8 million comprised of \$184.5 million outstanding on its revolving credit facility, \$150.0 million outstanding on its 2018 term loan facility, \$100.0 million outstanding on its 2016 term loan facility, \$175.0 million of senior unsecured notes, and \$210.3 million of mortgage debt (excluding unamortized premiums and discounts and deferred financing fees). At March 31, 2019, Easterly's outstanding debt had a weighted average maturity of 6.2 years and a weighted average interest rate of 3.7%. As of March 31, 2019, Easterly's Net Debt to total enterprise value was 36.6% and its Net Debt to annualized quarterly EBITDA and Adjusted Net Debt to annualized quarterly pro-forma EBITDA ratios were 6.7x and 6.1x, respectively.

On March 4, 2019, the Company launched its 2019 ATM Program, pursuant to which the Company may issue and sell shares of common stock having an aggregate offering price of up to \$200.0 million from time to time in negotiated transactions or transactions that are deemed to be "at-the-market" offerings through the applicable sales agents. Under the 2019 ATM Program, the Company may also enter into one or more forward transactions under separate master forward sale confirmations and related supplemental confirmations with certain sales agents or their affiliates for the sale of shares of common stock on a forward basis.



During the quarter ended March 31, 2019, the Company issued 366,455 shares of the Company's common stock at a weighted average price of \$17.93 per share through the Company's previously existing ATM program, raising gross proceeds of approximately \$6.6 million to maintain balance sheet strength.

Dividend

On May 2, 2019, the Board of Directors of Easterly approved a cash dividend for the first quarter of 2019 in the amount of \$0.26 per common share. The dividend will be payable June 27, 2019 to shareholders of record on June 10, 2019.

Outlook for the 12 Months Ending December 31, 2019

The Company is reiterating its guidance for 2019 FFO per share on a fully diluted basis in a range of \$1.16 - \$1.20.

	<u>Low</u>	<u>High</u>
Net income (loss) per share – fully diluted basis	\$ 0.04	0.08
Plus: real estate depreciation and amortization	\$ 1.12	1.12
FFO per share – fully diluted basis	\$ 1.16	1.20

This guidance assumes \$200 million of acquisitions, not including the Q1 2019 closings of the final three properties in the 14-property portfolio, and \$75 - \$100 million of gross development-related investment during 2019.

The Company's guidance for 2019 FFO per share on a fully diluted basis represents expected FFO, as Adjusted per share on a fully diluted basis growth of approximately 6% to 11%.

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, income taxes, depreciation and amortization. EBITDA is not intended to represent cash flow for the period, is not presented as an alternative to operating income as an indicator of operating performance, should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP 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 our operating performance, which, when applicable, excludes the impact of acquisition costs, straight-line rent, above-/below-market leases, 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.

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 19 of the Company's Q1 2019 Supplemental Information Package for further information. The Company's method of calculating Net Debt and Adjusted Net Debt may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

Other Definitions

Fully diluted basis assumes the exchange of all outstanding common units representing limited partnership interests in the Company's operating partnership, the full vesting of all shares of restricted stock, and the exchange of all earned and vested LTIP units in the Company's operating partnership for shares of common stock on a one-for-one basis, which is not the same as the meaning of "fully diluted" under GAAP.



Conference Call Information

The Company will host a webcast and conference call at 10:00 a.m. Eastern Standard time on May 7, 2019 to review the first quarter 2019 performance, discuss recent events and conduct a question-and-answer session. The number to call is 1-877-705-6003 (domestic) and 1-201-493-6725 (international). A live webcast will be available in the Investor Relations section of the Company's website. A replay of the conference call will be available through May 21, 2019 by dialing 844-512-2921 (domestic) and 1-412-317-6671 (international) and entering the passcode 13689856. 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; 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, 2018, filed with the Securities and Exchange Commission on February 28, 2019 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)

	March 31, 2019	December 31, 2018
Assets		
Real estate properties, net	\$ 1,771,788	\$ 1,626,617
Cash and cash equivalents	8,663	6,854
Restricted cash	4,662	4,251
Deposits on acquisitions	3,250	7,070
Rents receivable	23,505	21,140
Accounts receivable	13,650	11,690
Deferred financing, net	2,281	2,459
Intangible assets, net	170,157	165,668
Interest rate swaps	3,147	4,563
Prepaid expenses and other assets	15,638	11,238
Total assets	\$ 2,016,741	\$ 1,861,550
Liabilities		
Revolving credit facility	184,500	134,750
Term loan facilities, net	248,329	248,238
Notes payable, net	173,804	173,778
Mortgage notes payable, net	208,780	209,589
Intangible liabilities, net	29,936	30,835
Interest rate swaps	3,398	1,797
Accounts payable and accrued liabilities	38,248	37,310
Total liabilities	886,995	836,297
Equity		
Common stock, par value \$0.01, 200,000,000 shares authorized, 68,005,907 and 60,849,206 shares issued and outstanding at March 31, 2019 and December 31, 2018, respectively.	680	608
Additional paid-in capital	1,127,938	1,017,415
Retained earnings	12,381	12,831
Cumulative dividends	(154,944)	(139,103)
Accumulated other comprehensive income (loss)	(219)	2,412
Total stockholders' equity	985,836	894,163
Non-controlling interest in Operating Partnership	143,910	131,090
Total equity	1,129,746	1,025,253
Total liabilities and equity	\$ 2,016,741	\$ 1,861,550

Income Statement

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

	Three Months Ended	
	March 31, 2019	March 31, 2018
Revenues		
Rental income	\$ 48,488	\$ 34,831
Tenant reimbursements	1,584	941
Other income	535	202
Total revenues	50,607	35,974
Expenses		
Property operating	9,963	6,560
Real estate taxes	5,755	3,700
Depreciation and amortization	22,451	14,634
Acquisition costs	470	224
Corporate general and administrative	4,317	3,459
Total expenses	42,956	28,577
Other expenses		
Interest expense, net	(8,132)	(5,582)
Net income (loss)	(481)	1,815
Non-controlling interest in Operating Partnership	65	(296)
Net income (loss) available to Easterly Government Properties, Inc.	\$ (416)	\$ 1,519
Net income (loss) available to Easterly Government Properties, Inc. per share:		
Basic	\$ (0.01)	\$ 0.03
Diluted	\$ (0.01)	\$ 0.03
Weighted-average common shares outstanding:		
Basic	61,225,926	45,008,062
Diluted	61,225,926	46,018,040
Net income (loss), per share - fully diluted basis	\$ (0.01)	\$ 0.03
Weighted average common shares outstanding - fully diluted basis	70,831,727	53,813,881

EBITDA, FFO and CAD

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

	Three Months Ended	
	March 31, 2019	March 31, 2018
Net income (loss)	\$ (481)	\$ 1,815
Depreciation and amortization	22,451	14,634
Interest expense	8,132	5,582
EBITDA	<u>\$ 30,102</u>	<u>\$ 22,031</u>
Pro forma adjustments ⁽¹⁾	793	
Pro forma EBITDA	<u>\$ 30,895</u>	
Net income (loss)	\$ (481)	\$ 1,815
Depreciation and amortization	22,451	14,634
Funds From Operations (FFO)	<u>\$ 21,970</u>	<u>\$ 16,449</u>
Adjustments to FFO:		
Acquisition costs	470	224
Straight-line rent and other non-cash adjustments	(974)	(1,794)
Above-/below-market leases	(1,729)	(2,279)
Non-cash interest expense	322	264
Non-cash compensation	734	864
Funds From Operations, as Adjusted	<u>\$ 20,793</u>	<u>\$ 13,728</u>
FFO, per share - fully diluted basis	<u>\$ 0.31</u>	<u>\$ 0.31</u>
FFO, as Adjusted, per share - fully diluted basis	<u>\$ 0.29</u>	<u>\$ 0.26</u>
Funds From Operations, as Adjusted	\$ 20,793	\$ 13,728
Acquisition costs	(470)	(224)
Principal amortization	(836)	(763)
Maintenance capital expenditures	(902)	(466)
Contractual tenant improvements	(38)	(95)
Cash Available for Distribution (CAD)	<u>\$ 18,547</u>	<u>\$ 12,180</u>
Weighted average common shares outstanding - fully diluted basis	70,831,727	53,813,881

¹ Pro-forma assuming a full quarter of operations from the three properties acquired in the first quarter of 2019.



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

Total Debt⁽¹⁾
Less: Cash and cash equivalents
Net Debt
Less: Adjustment for projects under construction⁽²⁾
Adjusted Net Debt

	March 31, 2019
\$	819,810
	<u>(8,663)</u>
\$	811,147
	<u>(59,949)</u>
\$	<u><u>751,198</u></u>

¹ Excludes unamortized premiums / discounts and deferred financing fees.

² See definition of Adjusted Net Debt on Page 4.



Supplemental Information Package

First Quarter 2019

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; 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, 2018, filed with the Securities and Exchange Commission on February 28, 2019 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 March 31, 2019 that will be released on Form 10-Q to be filed on or about May 7, 2019.

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, income taxes, depreciation and amortization. EBITDA is not intended to represent cash flow for the period, is not presented as an alternative to operating income as an indicator of operating performance, should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP, 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, above-/below-market leases, 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.

Net Operating Income (NOI) is calculated as net income plus 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 and amortization of above-/below market leases. 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.

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 19 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

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

Board of Directors

William Binnie, Lead Independent
Director
Darrell Crate
Cynthia Fisher
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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)



<u>Price of Common Shares</u>	<u>Three months ended March 31, 2019</u>	<u>Earnings</u>	<u>Three months ended March 31, 2019</u>	<u>Three months ended March 31, 2018</u>
High closing price during period	\$ 18.36	Net income (loss) available to Easterly Government Properties, Inc.	\$ (416)	\$ 1,519
Low closing price during period	\$ 15.40	Net income (loss) available to Easterly Government Properties, Inc.		
End of period closing price	\$ 18.01	per share:		
		Basic	\$ (0.01)	\$ 0.03
		Diluted	\$ (0.01)	\$ 0.03
Outstanding Classes of Stock and Partnership Units - Fully Diluted Basis	At March 31, 2019			
Common shares	67,927,458	Net income (loss)	\$ (481)	\$ 1,815
Unvested restricted shares	78,449	Net income (loss), per share - fully diluted basis	\$ (0.01)	\$ 0.03
Common partnership and vested LTIP units	9,927,373			
Total - fully diluted basis	77,933,280	Funds From Operations ("FFO")	\$ 21,970	\$ 16,449
		FFO, per share - fully diluted basis	\$ 0.31	\$ 0.31
		Funds From Operations, as Adjusted	\$ 20,793	\$ 13,728
Market Capitalization	At March 31, 2019	FFO, as Adjusted, per share - fully diluted basis	\$ 0.29	\$ 0.26
Total equity market capitalization - fully diluted basis	\$ 1,403,578	Cash Available for Distribution	\$ 18,547	\$ 12,180
Net Debt	811,147			
Total enterprise value	\$ 2,214,725			
Ratios	At March 31, 2019	Liquidity		At March 31, 2019
Net debt to total enterprise value	36.6%	Cash and cash equivalents	\$	8,663
Net debt to annualized quarterly EBITDA	6.7x	Available under \$450 million unsecured revolving credit facility ⁽¹⁾	\$	265,500
Adjusted Net Debt to annualized quarterly pro forma EBITDA	6.1x			
Cash interest coverage ratio	3.9x			
Cash fixed charge coverage ratio	3.5x			

⁽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>March 31, 2019</u>	<u>December 31, 2018</u>
Assets		
Real estate properties, net	\$ 1,771,788	\$ 1,626,617
Cash and cash equivalents	8,663	6,854
Restricted cash	4,662	4,251
Deposits on acquisitions	3,250	7,070
Rents receivable	23,505	21,140
Accounts receivable	13,650	11,690
Deferred financing, net	2,281	2,459
Intangible assets, net	170,157	165,668
Interest rate swaps	3,147	4,563
Prepaid expenses and other assets	15,638	11,238
Total assets	<u>\$ 2,016,741</u>	<u>\$ 1,861,550</u>
Liabilities		
Revolving credit facility	184,500	134,750
Term loan facilities, net	248,329	248,238
Notes payable, net	173,804	173,778
Mortgage notes payable, net	208,780	209,589
Intangible liabilities, net	29,936	30,835
Interest rate swaps	3,398	1,797
Accounts payable and accrued liabilities	38,248	37,310
Total liabilities	<u>886,995</u>	<u>836,297</u>
Equity		
Common stock, par value \$0.01, 200,000,000 shares authorized, 68,005,907 and 60,849,206 shares issued and outstanding at March 31, 2019 and December 31, 2018, respectively.	680	608
Additional paid-in capital	1,127,938	1,017,415
Retained earnings	12,381	12,831
Cumulative dividends	(154,944)	(139,103)
Accumulated other comprehensive income (loss)	(219)	2,412
Total stockholders' equity	<u>985,836</u>	<u>894,163</u>
Non-controlling interest in Operating Partnership	143,910	131,090
Total equity	<u>1,129,746</u>	<u>1,025,253</u>
Total liabilities and equity	<u>\$ 2,016,741</u>	<u>\$ 1,861,550</u>

Income Statements

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



	Three Months Ended	
	March 31, 2019	March 31, 2018
Revenues		
Rental income	\$ 48,488	\$ 34,831
Tenant reimbursements	1,584	941
Other income	535	202
Total revenues	<u>50,607</u>	<u>35,974</u>
Expenses		
Property operating	9,963	6,560
Real estate taxes	5,755	3,700
Depreciation and amortization	22,451	14,634
Acquisition costs	470	224
Corporate general and administrative	4,317	3,459
Total expenses	<u>42,956</u>	<u>28,577</u>
Other expenses		
Interest expense, net	(8,132)	(5,582)
Net income (loss)	<u>(481)</u>	<u>1,815</u>
Non-controlling interest in Operating Partnership	65	(296)
Net income (loss) available to Easterly Government Properties, Inc.	<u>\$ (416)</u>	<u>\$ 1,519</u>
Net income (loss) available to Easterly Government Properties, Inc. per share:		
Basic	<u>\$ (0.01)</u>	<u>\$ 0.03</u>
Diluted	<u>\$ (0.01)</u>	<u>\$ 0.03</u>
Weighted-average common shares outstanding:		
Basic	61,225,926	45,008,062
Diluted	61,225,926	46,018,040
Net income (loss), per share - fully diluted basis	<u>\$ (0.01)</u>	<u>\$ 0.03</u>
Weighted average common shares outstanding - fully diluted basis	70,831,727	53,813,881

Net Operating Income

(Unaudited, in thousands)



	Three Months Ended	
	March 31, 2019	March 31, 2018
Net income (loss)	\$ (481)	\$ 1,815
Depreciation and amortization	22,451	14,634
Acquisition costs	470	224
Corporate general and administrative	4,317	3,459
Interest expense	8,132	5,582
Net Operating Income	<u>34,889</u>	<u>25,714</u>
Adjustments to Net Operating Income:		
Straight-line rent	(967)	(1,792)
Above-/below-market leases	(1,729)	(2,279)
Cash Net Operating Income	<u>\$ 32,193</u>	<u>\$ 21,643</u>

EBITDA, FFO and CAD

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



	Three Months Ended	
	March 31, 2019	March 31, 2018
Net income (loss)	\$ (481)	\$ 1,815
Depreciation and amortization	22,451	14,634
Interest expense	8,132	5,582
EBITDA	<u>\$ 30,102</u>	<u>\$ 22,031</u>
Pro forma adjustments ⁽¹⁾	793	
Pro forma EBITDA	<u>\$ 30,895</u>	
Net income (loss)	\$ (481)	\$ 1,815
Depreciation and amortization	22,451	14,634
Funds From Operations (FFO)	<u>\$ 21,970</u>	<u>\$ 16,449</u>
Adjustments to FFO:		
Acquisition costs	470	224
Straight-line rent and other non-cash adjustments	(974)	(1,794)
Above-/below-market leases	(1,729)	(2,279)
Non-cash interest expense	322	264
Non-cash compensation	734	864
Funds From Operations, as Adjusted	<u>\$ 20,793</u>	<u>\$ 13,728</u>
FFO, per share - fully diluted basis	<u>\$ 0.31</u>	<u>\$ 0.31</u>
FFO, as Adjusted, per share - fully diluted basis	<u>\$ 0.29</u>	<u>\$ 0.26</u>
Funds From Operations, as Adjusted	\$ 20,793	\$ 13,728
Acquisition costs	(470)	(224)
Principal amortization	(836)	(763)
Maintenance capital expenditures	(902)	(466)
Contractual tenant improvements	(38)	(95)
Cash Available for Distribution (CAD)	<u>\$ 18,547</u>	<u>\$ 12,180</u>
Weighted average common shares outstanding - fully diluted basis	70,831,727	53,813,881

⁽¹⁾Pro forma assuming a full quarter of operations from the three properties acquired in the first quarter of 2019.

Debt Schedules

(Unaudited, in thousands)

Debt Instrument	Maturity Date	March 31, 2019 Interest Rate	March 31, 2019 Balance ⁽¹⁾	March 31, 2019 Percent of Total Indebtedness
Unsecured debt				
Unsecured revolving credit facility	18-Jun-22 ⁽²⁾	LIBOR + 125bps	\$ 184,500	22.5%
2018 Unsecured term loan facility	19-Jun-23	3.91% ⁽³⁾	150,000	18.3%
2016 Unsecured term loan facility	29-Mar-24	2.62% ⁽⁴⁾	100,000	12.2%
Notes payable - series A	25-May-27	4.05%	95,000	11.6%
Notes payable - series B	25-May-29	4.15%	50,000	6.1%
Notes payable - series C	25-May-32	4.30%	30,000	3.7%
Total unsecured debt	5.6 years (wtd-avg maturity)	3.71% (wtd-avg rate)	\$ 609,500	74.4%
Secured mortgage debt				
VA - Loma Linda	6-Jul-27	3.59%	\$ 127,500	15.6%
ICE - Charleston	15-Jan-27	4.21%	18,338	2.2%
USFS II - Albuquerque	14-Jul-26	4.46%	16,501	2.0%
DEA - Pleasanton	18-Oct-23	LIBOR + 150bps	15,700	1.9%
CBP - Savannah	10-Jul-33	3.40%	13,312	1.6%
MEPCOM - Jacksonville	14-Oct-25	4.41%	9,659	1.2%
VA - Golden	1-Apr-24	5.00%	9,300	1.1%
Total secured mortgage debt	8.0 years (wtd-avg maturity)	3.83% (wtd-avg rate)	\$ 210,310	25.6%
Debt Statistics				
	March 31, 2019		March 31, 2019	
Variable rate debt - unhedged	\$ 200,200	% Variable rate debt - unhedged	24.4%	
Fixed rate debt	619,610	% Fixed rate debt	75.6%	
Total Debt⁽¹⁾	\$ 819,810			
Less: Cash and cash equivalents	(8,663)	Weighted average maturity	6.2 years	
Net Debt	\$ 811,147	Weighted average interest rate	3.7%	
Less: Adjustments to Net Debt ⁽⁵⁾	(59,949)			
Adjusted Net Debt	\$ 751,198			

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

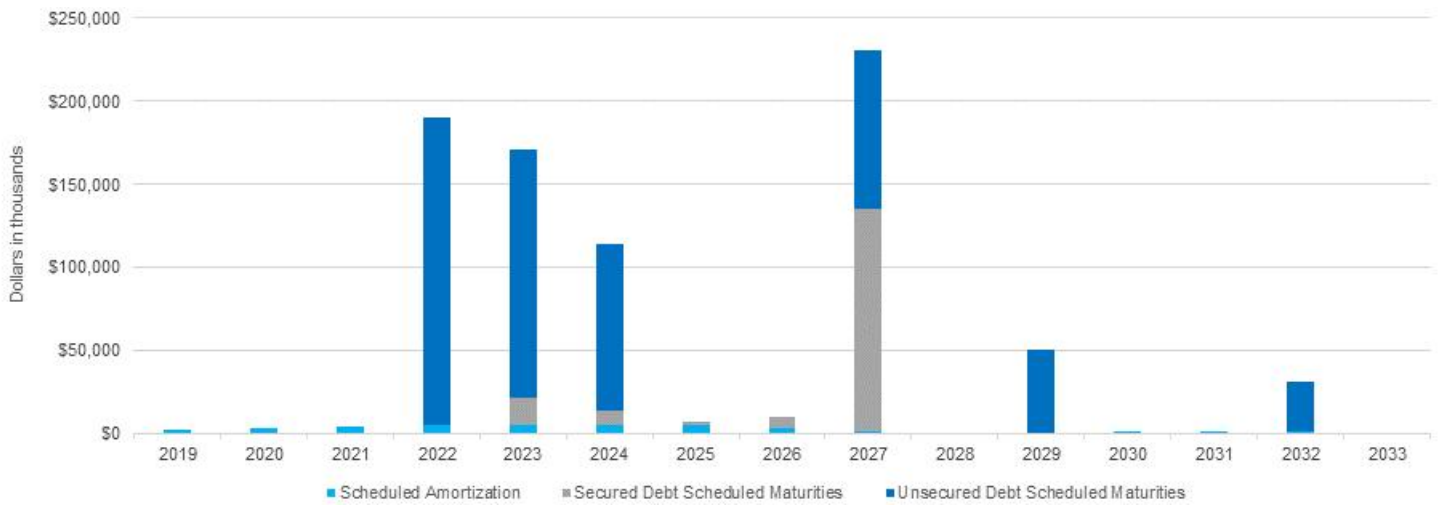
(4)Calculated based on two interest rate swaps with an aggregate notional value of \$100.0 million, which effectively fix the interest rate at 2.62% annually based on the Company's current leverage ratio.

(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				
2019	2,554	-	-	-	2,554	0.3%	-
2020	3,564	-	-	-	3,564	0.4%	-
2021	4,233	-	-	-	4,233	0.5%	-
2022	5,297	-	184,500	-	189,797	23.3%	3.74%
2023	5,585	15,700	150,000	-	171,285	20.9%	3.92%
2024	5,730	8,395	100,000	-	114,125	13.9%	2.82%
2025	5,633	1,917	-	-	7,550	0.9%	4.41%
2026	3,686	6,368	-	-	10,054	1.2%	4.46%
2027	1,093	134,640	95,000	-	230,733	28.2%	3.82%
2028	983	-	-	-	983	0.1%	-
2029	1,016	-	50,000	-	51,016	6.2%	4.15%
2030	1,049	-	-	-	1,049	0.1%	-
2031	1,081	-	-	-	1,081	0.1%	-
2032	1,118	-	30,000	-	31,118	3.8%	4.30%
2033	668	-	-	-	668	0.1%	-
Total	\$ 43,290	\$ 167,020	\$ 609,500	\$ -	\$ 819,810	100.0%	



Operating Property Overview

(As of March 31, 2019, 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	\$ 16,111,542	8.4%	\$ 49.18
Various GSA - Buffalo	Buffalo, NY	Office	2019 - 2025	2004	267,766	8,355,541	4.5%	31.20
FBI - Salt Lake	Salt Lake City, UT	Office	2032	2012	169,542	6,826,753	3.7%	40.27
Various GSA - Portland	Portland, OR	Office	2019 - 2025	2002	223,261	6,805,188	3.6%	31.00
IRS - Fresno	Fresno, CA	Office	2033	2003	180,481	6,735,703	3.5%	37.32
PTO - Arlington	Arlington, VA	Office	2035	2009	190,546	6,582,573	3.4%	34.55
Various GSA - Chicago	Des Plaines, IL	Office	2020 / 2022	1971 / 1999	232,759	6,413,880	3.4%	28.61
VA - San Jose	San Jose, CA	Outpatient Clinic	2038	2018	90,085	5,782,190	3.0%	64.19
FBI - San Antonio	San Antonio, TX	Office	2021	2007	148,584	5,159,501	2.7%	34.72
FEMA - Tracy	Tracy, CA	Warehouse	2038	2018	210,373	4,639,964	2.4%	22.06
FBI - Omaha	Omaha, NE	Office	2024	2009	112,196	4,484,605	2.3%	39.97
TREAS - Parkersburg	Parkersburg, WV	Office	2021	2004 / 2006	182,500	4,421,565	2.3%	24.23
EPA - Kansas City	Kansas City, KS	Laboratory	2023	2003	71,979	4,203,862	2.2%	58.40
VA - South Bend	Mishakawa, IN North Charleston, SC	Outpatient Clinic	2032	2017	86,363	3,983,881	2.1%	46.13
ICE - Charleston	SC	Office	2021 / 2027	1994 / 2012	86,733	3,808,521	2.0%	43.91
DOT - Lakewood	Lakewood, CO	Office	2024	2004	122,225	3,490,218	1.8%	28.56
FBI - Pittsburgh	Pittsburgh, PA	Office	2027	2001	100,054	3,392,718	1.8%	33.91
USCIS - Lincoln	Lincoln, NE	Office	2020	2005	137,671	3,381,053	1.8%	24.56
JUD - El Centro	El Centro, CA	Courthouse/Office	2034	2004	43,345	3,117,769	1.6%	71.93
FBI - Birmingham	Birmingham, AL	Office	2020	2005	96,278	3,089,244	1.6%	32.09
OSHA - Sandy	Sandy, UT	Laboratory	2024	2003	75,000	2,988,944	1.6%	39.85
FDA - College Park	College Park, MD	Laboratory	2029	2004	80,677	2,957,789	1.5%	36.66
USFS II - Albuquerque	Albuquerque, NM	Office	2026	2011	98,720	2,946,150	1.5%	29.84
USFS I - Albuquerque	Albuquerque, NM	Office	2021	2006	92,455	2,817,700	1.5%	30.48
DEA - Vista	Vista, CA	Laboratory	2020	2002	54,119	2,798,970	1.5%	51.72
DEA - Pleasanton	Pleasanton, CA	Laboratory	2035	2015	42,480	2,785,682	1.5%	65.58
ICE - Albuquerque	Albuquerque, NM	Office	2027	2011	71,100	2,757,943	1.4%	38.79
FBI - Richmond	Richmond, VA	Office	2021	2001	96,607	2,752,977	1.4%	28.50
JUD - Del Rio	Del Rio, TX	Courthouse/Office	2024	1992 / 2004	89,880	2,697,741	1.4%	30.01
DEA - Dallas Lab	Dallas, TX	Laboratory	2021	2001	49,723	2,424,579	1.3%	48.76
DEA - Sterling	Sterling, VA	Laboratory	2020	2001	49,692	2,402,778	1.3%	48.35
TREAS - Birmingham	Birmingham, AL	Office	2029	2014	83,676	2,368,390	1.2%	28.30
SSA - Charleston	Charleston, WV	Office	2019	1959 / 2000	110,000	2,333,525	1.2%	21.21
DEA - Upper Marlboro	Upper Marlboro, MD	Laboratory	2022	2002	50,978	2,287,506	1.2%	44.87
FBI - Little Rock	Little Rock, AR	Office	2021	2001	101,977	2,246,496	1.2%	22.03
MEPCOM - Jacksonville	Jacksonville, FL	Office	2025	2010	30,000	2,189,904	1.1%	73.00

Operating Property Overview (Cont.)

(As of March 31, 2019, 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.)								
CBP - Savannah	Savannah, GA	Laboratory	2033	2013	35,000	2,137,168	1.1%	61.06
FBI - Albany	Albany, NY	Office	2019	1998	98,184	2,097,634	1.1%	21.36
DEA - Santa Ana	Santa Ana, CA	Office	2024	2004	39,905	2,090,935	1.1%	52.40
CBP - Chula Vista	Chula Vista, CA	Office	2028	1998	59,322	2,080,409	1.1%	35.07
DOE - Lakewood	Lakewood, CO	Office	2029	1999	115,650	2,064,224	1.1%	17.85
JUD - Charleston	Charleston, SC	Courthouse/Office	2019	1999	50,888	1,810,980	0.9%	35.59
NPS - Omaha	Omaha, NE	Office	2024	2004	62,772	1,763,028	0.9%	28.09
ICE - Otay	San Diego, CA	Office	2022 / 2026	2001	52,881	1,748,238	0.9%	35.35
VA - Golden	Golden, CO	Office/Warehouse	2026	1996 / 2011	56,753	1,730,118	0.9%	30.49
DEA - Dallas	Dallas, TX	Office	2021	2001	71,827	1,691,527	0.9%	23.55
CBP - Sunburst	Sunburst, MT	Office	2028	2008	33,000	1,602,127	0.8%	48.55
USCG - Martinsburg	Martinsburg, WV	Office	2027	2007	59,547	1,593,519	0.8%	26.76
DEA - Otay	San Diego, CA	Office	2019	1997	32,560	1,573,889	0.8%	48.34
JUD - Aberdeen	Aberdeen, MS	Courthouse/Office	2025	2005	46,979	1,476,514	0.8%	31.43
DEA - Birmingham	Birmingham, AL	Office	2020	2005	35,616	1,466,342	0.8%	41.17
DEA - North Highlands	Sacramento, CA	Office	2033	2002	37,975	1,435,217	0.8%	37.79
GSA - Clarksburg	Clarksburg, WV	Office	2024	1999	63,750	1,431,148	0.7%	22.45
DEA - Albany	Albany, NY	Office	2025	2004	31,976	1,349,109	0.7%	42.19
DEA - Riverside	Riverside, CA	Office	2032	1997	34,354	1,237,933	0.6%	36.03
SSA - Dallas	Dallas, TX	Office	2020	2005	27,200	1,073,215	0.6%	39.46
ICE - Pittsburgh	Pittsburgh, PA	Office	2022 / 2023	2004	33,425	789,833	0.4%	31.29
JUD - South Bend	South Bend, IN	Courthouse/Office	2027	1996 / 2011	30,119	774,616	0.4%	25.72
VA Baton Rouge	Baton Rouge, LA	Outpatient Clinic	2019	2004	30,000	772,128	0.4%	25.74
DEA - San Diego	San Diego, CA	Warehouse	2032	1999	16,100	557,113	0.3%	34.60
SSA - Mission Viejo	Mission Viejo, CA	Office	2020	2005	11,590	534,495	0.3%	46.12
DEA - Bakersfield	Bakersfield, CA	Office	2021	2000	9,800	355,708	0.2%	36.30
SSA - San Diego	San Diego, CA	Office	2032	2003	10,856	334,747	0.2%	33.28
Subtotal					5,445,468	\$ 190,115,259	99.5%	\$ 35.07
Privately Leased Properties								
5998 Osceola Court - United Technologies	Midland, GA	Warehouse/Manufacturing	2023	2014	105,641	542,600	0.3%	5.14
501 East Hunter Street - Lummus Corporation	Lubbock, TX	Warehouse/Distribution	2028	2013	70,078	409,366	0.2%	5.84
Subtotal					175,719	\$ 951,966	0.5%	\$ 5.42
Total / Weighted Average					5,621,187	\$ 191,067,225	100.0%	\$ 34.14

Tenants

(As of March 31, 2019, 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")	13.1	695,998	12.3%	\$ 31,689,211	16.7%
Federal Bureau of Investigation ("FBI")	5.0	948,181	16.8%	30,718,487	16.2%
Drug Enforcement Administration ("DEA")	5.4	557,313	9.9%	24,356,672	12.8%
Judiciary of the U.S. ("JUD")	6.3	261,211	4.7%	9,877,620	5.2%
Internal Revenue Service ("IRS")	11.4	241,815	4.3%	8,724,960	4.6%
Immigration and Customs Enforcement ("ICE")	6.2	193,661	3.5%	7,916,512	4.1%
Bureau of the Fiscal Service ("BFS")	4.7	266,176	4.8%	6,789,955	3.6%
Patent and Trademark Office ("PTO")	15.8	190,546	3.4%	6,582,573	3.4%
Federal Aviation Administration ("FAA")	1.6	209,970	3.8%	6,034,088	3.2%
Customs and Border Protection ("CBP")	10.6	127,322	2.3%	5,819,704	3.0%
U.S. Forest Service ("USFS")	4.8	191,175	3.4%	5,763,850	3.0%
Social Security Administration ("SSA")	2.4	200,866	3.6%	5,219,240	2.7%
Federal Emergency Management Agency ("FEMA")	19.5	210,373	3.8%	4,639,964	2.4%
Environmental Protection Agency ("EPA")	4.0	71,979	1.3%	4,203,862	2.2%
Department of Transportation ("DOT")	5.1	129,659	2.3%	3,737,685	2.0%
U.S. Citizenship and Immigration Services ("USCIS")	1.4	137,671	2.5%	3,381,053	1.8%
Occupational Safety and Health Administration ("OSHA")	4.8	75,000	1.3%	2,988,944	1.6%
Food and Drug Administration ("FDA")	10.4	80,677	1.4%	2,957,789	1.5%
Military Entrance Processing Command ("MEPCOM")	6.5	30,000	0.5%	2,189,904	1.1%
Department of Energy ("DOE")	10.3	120,496	2.2%	2,184,044	1.1%
U.S. Department of Agriculture ("USDA")	3.6	73,031	1.3%	2,103,178	1.1%
National Park Service ("NPS")	5.2	62,772	1.1%	1,763,028	0.9%
U.S. Coast Guard ("USCG")	8.7	59,547	1.1%	1,593,519	0.8%
Army Core of Engineers ("ACOE")	5.9	37,811	0.7%	1,430,290	0.7%
Small Business Administration ("SBA")	3.0	37,253	0.7%	1,147,821	0.6%
National Labor Relations Board ("NLRB")	6.5	36,640	0.7%	1,077,111	0.6%
National Oceanic and Atmospheric Administration ("NOAA")	1.8	25,612	0.5%	821,434	0.4%
Bureau of Alcohol, Tobacco, Firearms and Explosives ("ATF")	3.0	21,342	0.4%	742,283	0.4%
General Services Administration - Other	4.6	17,235	0.3%	557,616	0.3%

Tenants (Cont.)
 (As of March 31, 2019, 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 Indian Affairs ("BIA")	4.4	6,477	0.1%	216,191	0.1%
U.S. Attorney Office ("USAO")	4.8	6,408	0.1%	143,845	0.1%
U.S. Marshals Service ("USMS")	7.8	1,054	0.0%	47,463	0.0%
Department of Labor ("DOL")	4.8	1,004	0.0%	22,536	0.0%
U.S. Probation Office ("USPO")	4.8	452	0.0%	10,154	0.0%
Subtotal	7.4	5,326,727	95.1%	\$ 187,452,586	98.2%
Private Tenants					
Other Private Tenants	2.6	50,794	0.9%	\$ 1,407,740	0.7%
Providence Health & Services	1.4	21,643	0.4%	634,962	0.3%
We Are Sharing Hope SC	2.5	21,609	0.4%	619,971	0.3%
United Technologies (Pratt & Whitney)	4.8	105,641	1.9%	542,600	0.3%
Lummus Corporation	9.3	70,078	1.3%	409,366	0.2%
Subtotal	5.1	269,765	4.9%	\$ 3,614,639	1.8%
Total / Weighted Average	7.3	5,596,492	100.0%	\$ 191,067,225	100.0%

⁽¹⁾Weighted based on leased square feet.

Lease Expirations

(As of March 31, 2019, 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
2019	7	334,887	6.0%	\$ 8,899,939	4.7%	\$ 26.58
2020	19	735,679	13.1%	24,330,463	12.7%	33.07
2021	13	940,098	16.8%	27,723,814	14.5%	29.49
2022	6	123,321	2.2%	4,730,268	2.5%	38.36
2023	9	287,778	5.1%	7,974,659	4.2%	27.71
2024	8	587,374	10.5%	19,545,286	10.2%	33.28
2025	6	187,680	3.4%	7,671,997	4.0%	40.88
2026	3	157,011	2.8%	4,732,913	2.5%	30.14
2027	5	325,944	5.8%	11,707,346	6.1%	35.92
2028	3	162,400	2.9%	4,091,902	2.1%	25.20
Thereafter	17	1,754,320	31.4%	69,658,638	36.5%	39.71
Total / Weighted Average	96	5,596,492	100.0%	\$ 191,067,225	100.0%	\$ 34.14

Summary of Re/Development Projects

(As of March 31, 2019, 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 - Alameda	Alameda, CA	Laboratory	69,624	100%	20-Year	\$ 83,408	\$ 70,876	\$ 52,665	4Q 2019	4Q 2019
Total			69,624			\$ 83,408	\$ 70,876	\$ 52,665		

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 - Lenexa	Lenexa, KS	Laboratory	59,690	100%	20-Year	3Q 2020	3Q 2020
Total			59,690				

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

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

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