# 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):**
**March 2, 2017**

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

| Maryland | 001-36834 | 47-2047728 |
|---|---|---|
| (State or Other Jurisdiction of Incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

| 2101 L Street NW, Suite 650, Washington, D.C. | 20037 |
|---|---|
| (Address of Principal Executive Offices) | (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))

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

On March 2, 2017, we issued a press release announcing our results of operations for the fourth quarter ended December 31, 2016. A copy of this press release as well as a copy of our supplemental information package are available on our website and are attached hereto as Exhibits 99.1 and 99.2 and incorporated herein by reference. The information in this Item 2.02 as well as the attached Exhibits 99.1 and 99.2 are being furnished and shall not be deemed "filed" for any purpose, including for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section, and shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act regardless of any general incorporation language in such filing.

We will host a webcast and conference call at 10:00 a.m. Eastern Standard time on March 2, 2017, to review our fourth quarter 2016 performance, discuss recent events and conduct a question-and-answer session. The number to call is 1-877-705-6003 (domestic) and 1-201-493-6725 (international). A live webcast will be available in the Investor Relations section of our website. A replay of the conference call will be available through March 16, 2017, by dialing 1-844-512-2921 (domestic) and 1-412-317-6671 (international) and entering the passcode 13654585. 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 March 2, 2017. |
| 99.2 | Easterly Government Properties, Inc. Supplemental Information Package for the quarter ended December 31, 2016. |

## SIGNATURES

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

**EASTERLY GOVERNMENT PROPERTIES, INC.**

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

Date: March 2, 2017

**Exhibit 99.1**

**EASTERLY GOVERNMENT PROPERTIES**
**REPORTS FOURTH QUARTER AND FULL YEAR 2016 RESULTS**

WASHINGTON, D.C. – March 2, 2017 – 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 and full year ended December 31, 2016.

**Highlights for the Quarter Ended December 31, 2016:**

- Net income of $1.5 million, or $0.03 per share on a fully diluted basis
- FFO of $13.9 million, or $0.31 per share on a fully diluted basis
- FFO, as Adjusted of $13.3 million, or $0.30 per share on a fully diluted basis
- Acquired a Federal Bureau of Investigation (FBI) field office in Albany, NY, and a Federal Bankruptcy Courthouse located in South Bend, IN
- Settled forward sales agreements by issuing an aggregate of 1,500,000 shares of common stock in exchange for approximately $27.0 million of gross proceeds
- Portfolio occupancy at 100%

**Highlights for the Year Ended December 31, 2016:**

- Net income of $4.7 million, or $0.11 per share on a fully diluted basis
- FFO of $51.4 million, or $1.21 per share on a fully diluted basis
- FFO, as Adjusted of $49.6 million, or $1.17 per share on a fully diluted basis
- Completed 7 accretive acquisitions with an aggregate purchase price of $157 million
- Acquired two Federal Bureau of Investigation (FBI) field offices in Birmingham, AL and Albany, NY, a Drug Enforcement Administration (DEA) facility in Birmingham, AL, an Immigration and Customs Enforcement (ICE) facility in Albuquerque, NM, a National Park Service (NPS) facility in Omaha, NE, an Environmental Protection Agency (EPA) laboratory in Kansas City, KS, and a Federal Bankruptcy Courthouse in South Bend, IN
- Awarded the lease for the development of a Food and Drug Administration (FDA) laboratory in Alameda, CA which, upon completion, will be leased to the General Services Administration (GSA) for a 20-year term
- Issued approximately 6.2 million shares of common stock for approximately $111.9 million of gross proceeds in the Company's first public offering since its IPO
- Entered into a $100 million unsecured delayed draw term loan and two forward-starting interest rate swap agreements to effectively fix the interest rate on future draw-downs at 3.12% annually based on the Company's current leverage ratio
- Leverage at year end of 23.8% on the basis of net debt to total enterprise value

“Easterly Government Properties is pleased to have completed another successful year as a public company, marked by very strong fourth quarter and full year 2016 results,” said William C. Trimble III, President and Chief Executive Officer of Easterly Government Properties, Inc. “We continue to season as a public REIT and have provided our shareholders with solid growth since our IPO through the expansion of our focused, mission-critical portfolio: In 2015 and 2016 we gave guidance that Easterly would complete $75 - $125 million in acquisitions annually and we exceeded that with $171 million in 2015 and $157 million in 2016. Our acquisitions to date have met our target acquisition metrics and have been accretive. As we conclude our second successful year as a public company, we have stated $150 - $200 million as an acquisition goal for 2017 and fully expect Easterly to continue to deliver.”

**Financial Results for the Quarter Ended December 31, 2016**

Net income of $1.5 million, or $0.03 per share on a fully diluted basis

FFO of $13.9 million, or $0.31 per share on a fully diluted basis

FFO, as Adjusted of $13.3 million, or $0.30 per share on a fully diluted basis

CAD of $11.7 million

**Financial Results for the Full Year Ended December 31, 2016**

Net income of $4.7 million, or $0.11 per share on a fully diluted basis

FFO of $51.4 million, or $1.21 per share on a fully diluted basis

FFO, as Adjusted of $49.6 million, or $1.17 per share on a fully diluted basis

CAD of $43.7 million

“Easterly continues to hone its definable edge in sourcing, underwriting and servicing assets that are leased to the U.S. Federal Government,” said Darrell Crate, Chairman of Easterly Government Properties, Inc. “We believe by aligning ourselves with the highest quality properties and prudently managing our capital we are well positioned to continue to add meaningful value to shareholders over time.”

**Portfolio Operations**

As of December 31, 2016, the Company wholly owned 43 operating properties in the United States, encompassing approximately 3.1 million square feet in the aggregate, including 40 operating properties that were leased primarily to U.S. Government tenant agencies and three operating properties that were entirely leased to private tenants. As of December 31, 2016, the portfolio had an average age of 12.7 years, was 100% occupied, and had a weighted average remaining lease term of 5.9 years. With approximately 15.7% of leases based on square footage, or 16.6% based on total annualized lease income scheduled to expire before 2019, Easterly expects to continue to provide a highly visible and stable cash-flow stream.

**Acquisitions**

In 2016, the Company acquired 7 properties with an aggregate purchase price of $157 million.

On February 17, 2016, Easterly acquired an Immigration and Customs Enforcement (ICE) building in Albuquerque, NM. The 71,100 square foot building is a 24/7 facility and houses both the Homeland Security Investigation and the Enforcement and Removal Operations directorates. The build-to-suit facility was completed in 2011 and is fully leased to the GSA until 2027.

On May 19, 2016, Easterly acquired a National Park Service (NPS) building in Omaha, NE. The 62,772 square foot property serves as the Midwest Regional Headquarters for the NPS and includes a visitor center for the Lewis and Clark National Historic Trail. The build-to-suit LEED Gold building was completed in 2004 and is fully leased to the GSA until 2024.

On July 1, 2016, Easterly acquired a 96,278 square foot Federal Bureau of Investigation (FBI) building in Birmingham, AL. This building, which was part of a portfolio acquisition, houses one of 56 field offices of the FBI and has a geographic reach which spans 31 counties in the northern part of the state. The build-to-suit facility was constructed in 2005 and has a number of security upgrades, including security fencing and vehicle barriers. The facility is fully leased to the GSA until 2020.

On July 1, 2016, Easterly acquired a 35,616 square foot Drug Enforcement Administration (DEA) building in Birmingham, AL. This building, which was part of a portfolio acquisition, houses one of three DEA district offices with the New Orleans Division, which encompasses four states, and is responsible for the oversight of one satellite resident office in Alabama. The build-to-suit property includes 90 foot setbacks, holding cells, and anti-climb perimeter fencing. The building, constructed in 2005, is 100% leased to the GSA until 2020.

On July 1, 2016, Easterly acquired a 71,979 square foot Environmental Protection Agency (EPA) laboratory in Kansas City, KS. This building, which was part of a portfolio acquisition, serves as the Region 7 Science and Technology Center, a special purpose laboratory where EPA scientists perform chemical and biological analyses. The LEED Gold build-to-suit laboratory was completed in 2003 and is 100% leased to the GSA until 2023.

On November 22, 2016, Easterly acquired a 98,184 square foot Federal Bureau of Investigation (FBI) building in Albany, NY. This building, which was part of a portfolio acquisition, serves as one of the 56 field offices of the FBI and has a geographic reach which spans 32 counties in upstate New York and 14 counties in Vermont. The build-to-suit property, constructed in 1998, has seen a number of security improvements, including reinforced security fencing and hydraulic vehicle barricades, blast resistant envelope and window features, and intrusion detection systems. The property is 100% leased to the GSA until 2018.

On December 23, 2016, Easterly acquired the 30,119 square foot Robert K. Rodibaugh United States Bankruptcy Courthouse in South Bend, IN. The courthouse serves the Northern District of Indiana and is responsible for handling bankruptcy cases throughout 11 counties. The property was originally constructed in 1996 and underwent a renovation in 2011 featuring a number of modifications, including bullet proof-glazed windows, wood paneling, enhanced chamber ceiling heights and two passenger elevators. The building is 100% leased to the GSA until 2027.

**Development**

On June 18, 2016, Easterly was awarded the lease for a 65,810 square foot Food and Drug Administration (FDA) laboratory in Alameda, CA. The FDA currently operates 13 field laboratories, located strategically throughout the country. The FDA - Alameda laboratory will become the newest laboratory in the FDA's portfolio and, upon completion, will be leased to the GSA for a 20-year term.

**Balance Sheet**

As of December 31, 2016, the Company had total indebtedness of $292.5 million comprised of $212.2 million on its unsecured revolving credit facility and $80.4 million of mortgage debt (excluding unamortized premiums and discounts). At December 31, 2016, Easterly had net debt to total enterprise value of 23.8% and a net debt to annualized quarterly EBITDA ratio of 4.5x. Easterly's outstanding debt had a weighted average maturity of 4.4 years and a weighted average interest rate of 2.6%.

On September 29, 2016 the Company entered into a $100 million unsecured delayed draw term loan which was undrawn as of December 31, 2016. In October, 2016 the Company entered into two forward-starting interest rate swaps to effectively fix the interest rate on future draw-downs of the term loan at 3.12% annually based on the Company's current leverage ratio. As of December 31, 2016, on a pro forma basis, fully drawing the term loan and repaying a portion of the borrowings on the Company's revolving credit facility, would extend the Company's weighted average debt maturity to 6.0 years, in line with its weighted average remaining lease term, and would result in a weighted average interest rate of 2.9%. Additionally, the Company's total debt would be 56% fixed and 44% variable, after such pro forma adjustments.

**Dividend**

On February 23, 2017 the Board of Directors of Easterly approved a cash dividend for the fourth quarter of 2016 in the amount of $0.24 per common share. The dividend will be payable March 22, 2017 to shareholders of record on March 7, 2017.

**Subsequent Events**

On February 3, 2017 the Company acquired a 75,000 square foot Occupational Safety and Health Administration (OSHA) laboratory located in Sandy, Utah. The build-to-suit facility was constructed in 2003 and is 100% leased to the GSA, under a 20-year initial lease, until 2024. The lease includes two five-year renewal options with fixed rental increases, that, if exercised, would carry the lease term to 2034.

**Outlook for 2017**

The Company's financial guidance including the impact from all announced and completed acquisitions as well as assumptions for future acquisitions based on management's expectations, for the 12 months ending December 31, 2017, is as follows:

**Outlook for the 12 Months Ending December 31, 2017**

| | | Low | High |
|---|---|---|---|
| Net income (loss) per share – fully diluted basis | $ | 0.21 | 0.25 |
| Plus: real estate depreciation and amortization | $ | 1.03 | 1.03 |
| FFO per share – fully diluted basis | $ | 1.24 | 1.28 |

This guidance assumes our previously stated range of $150 - $200 million of acquisitions in 2017, including the recently announced OSHA - Sandy acquisition, and does not contemplate any dispositions. 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, 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 and is not indicative of operating income or cash provided by operating activities as determined under GAAP. EBITDA is presented solely as a supplemental disclosure with respect to liquidity because the Company believes it provides useful information regarding the Company's ability to service or incur debt. Because all companies do not calculate EBITDA the same way, the presentation of EBITDA may not be comparable to similarly titled measures of other companies.

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

**Funds From Operations, as Adjusted (FFO, as Adjusted)** adjusts 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 and non-cash compensation. By excluding income and expense items such as straight-line rent, above-/below-market leases, non-cash interest expense and non-cash compensation 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.

**Other Definitions**

**Fully diluted basis** assumes the exchange of all outstanding common units representing limited partnership interests in the Company's operating partnership, or common units, the full vesting of all shares of restricted stock units, 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. Fully diluted basis does not include outstanding LTIP units in the Company's operating partnership that are subject to performance criteria that have not yet been met.

**Conference Call Information**

The Company will host a webcast and conference call at 10:00 a.m. Eastern Standard time on March 2, 2017 to review the fourth quarter and full year 2016 performance, discuss recent events and conduct a question-and-answer session. The number to call is 1-877-705-6003 (domestic) and 1-201-493-6725 (international). A live webcast will be available in the Investor Relations section of the Company's website. A replay of the conference call will be available through March 16, 2016 by dialing 844-512-2921 (domestic) and 412-317-6671 (international) and entering the passcode 13654585. 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 primarily 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; 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, 2016, to be filed with the Securities and Exchange Commission on or about March 2, 2017. In addition, our anticipated qualification as a real estate investment trust involves the application of highly technical and complex provisions of the Internal Revenue Code of 1986, or the Code, and depends on our ability to meet the various requirements imposed by the Code through actual operating results, distribution levels and diversity of stock ownership. We assume no obligation to update publicly any forward looking statements, whether as a result of new information, future events or otherwise.*

**Balance Sheet**

(In thousands, except share amounts)

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| **Assets** | | |
| Real estate properties, net | $ 901,066 | $ 772,007 |
| Cash and cash equivalents | 4,845 | 8,176 |
| Restricted cash | 1,646 | 1,736 |
| Deposits on acquisitions | 1,750 | - |
| Rents receivable | 8,544 | 6,347 |
| Accounts receivable | 5,823 | 2,920 |
| Deferred financing, net | 2,787 | 2,767 |
| Intangible assets, net | 113,795 | 116,585 |
| Interest rate swap | 3,785 | - |
| Prepaid expenses and other assets | 1,422 | 1,509 |
| **Total assets** | $ 1,045,463 | $ 912,047 |
| **Liabilities** | | |
| Revolving credit facility | 212,167 | 154,417 |
| Mortgage notes payable, net | 80,806 | 83,785 |
| Intangible liabilities, net | 41,840 | 44,605 |
| Accounts payable and accrued liabilities | 13,784 | 9,346 |
| **Total liabilities** | 348,597 | 292,153 |
| **Equity** | | |
| Common stock, par value $0.01, 200,000,000 shares authorized, 36,874,810 and 24,168,379 shares issued and outstanding at December 31, 2016 and December 31,2015, respectively. | 369 | 241 |
| Additional paid-in capital | 596,971 | 391,767 |
| Retained (deficit) | 1,721 | (1,694) |
| Cumulative dividends | (42,794) | (13,051) |
| Accumulated other comprehensive income | 3,038 | - |
| Total stockholders' equity | 559,305 | 377,263 |
| Non-controlling interest in Operating Partnership | 137,561 | 242,631 |
| **Total equity** | 696,866 | 619,894 |
| **Total liabilities and equity** | $ 1,045,463 | $ 912,047 |

## Income Statement

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

| | Three Months Ended December 31, 2016 | Three Months Ended December 31, 2015 | Year Ended December 31, 2016 | Year Ended December 31, 2015 (pro forma) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Rental income | $ 24,844 | $ 19,886 | $ 93,364 | $ 72,728 |
| Tenant reimbursements | 3,631 | 2,196 | 10,647 | 6,883 |
| Other income | 276 | 92 | 607 | 212 |
| **Total revenues** | 28,751 | 22,174 | 104,618 | 79,823 |
| **Operating Expenses** | | | | |
| Property operating | 6,352 | 4,214 | 21,078 | 14,743 |
| Real estate taxes | 2,663 | 2,289 | 9,896 | 7,786 |
| Depreciation and amortization | 12,469 | 10,166 | 46,643 | 37,662 |
| Acquisition costs | 459 | 1,017 | 1,798 | 1,670 |
| Corporate general and administrative | 3,135 | 2,705 | 12,289 | 8,941 |
| **Total expenses** | 25,078 | 20,391 | 91,704 | 70,802 |
| **Operating income** | 3,673 | 1,783 | 12,914 | 9,021 |
| **Other (expenses)** | | | | |
| Interest expense, net | (2,210) | (1,610) | (8,177) | (5,559) |
| **Net income** | 1,463 | 173 | 4,737 | 3,462 |
| Non-controlling interest in Operating Partnership | (317) | (68) | (1,322) | (1,355) |
| **Net income available to Easterly Government Properties, Inc.** | $ 1,146 | $ 105 | $ 3,415 | $ 2,107 |
| **Net income available to Easterly Government Properties, Inc. per share:** | | | | |
| Basic | $ 0.03 | $ 0.00 | $ 0.11 | |
| Diluted | $ 0.03 | $ 0.00 | $ 0.10 | |
| **Weighted-average common shares outstanding:** | | | | |
| Basic | 35,864,168 | 24,141,712 | 30,645,279 | |
| Diluted | 37,628,572 | 25,604,773 | 32,372,538 | |
| Net income, per share - fully diluted basis | $ 0.03 | $ 0.00 | $ 0.11 | $ 0.09 |
| Weighted average common shares outstanding - fully diluted basis | 44,968,730 | 39,709,101 | 42,539,017 | 39,701,784 |

## EBITDA, FFO and CAD

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

| | Three Months Ended | | Year Ended | |
|---|---|---|---|---|
| | December 31, 2016 | December 31, 2015 | December 31, 2016 | December 31, 2015 (pro forma) |
| **Net income** | $ 1,463 | $ 173 | $ 4,737 | $ 3,462 |
| Depreciation and amortization | 12,469 | 10,166 | 46,643 | 37,662 |
| Interest expense | 2,210 | 1,610 | 8,177 | 5,559 |
| **EBITDA** | $ 16,142 | $ 11,949 | $ 59,557 | $ 46,683 |
| | | | | |
| **Net income** | $ 1,463 | $ 173 | 4,737 | $ 3,462 |
| Depreciation and amortization | 12,469 | 10,166 | 46,643 | 37,662 |
| **Funds From Operations (FFO)** | $ 13,932 | $ 10,339 | $ 51,380 | $ 41,124 |
| **Adjustments to FFO:** | | | | |
| Acquisition costs | 459 | 1,017 | 1,798 | 1,670 |
| Straight-line rent | (91) | (52) | (108) | (249) |
| Above-/below-market leases | (1,928) | (1,507) | (7,153) | (5,431) |
| Non-cash interest expense | 229 | 194 | 814 | 762 |
| Non-cash compensation | 741 | 692 | 2,905 | 1,913 |
| **Funds From Operations, as Adjusted** | $ 13,342 | $ 10,683 | $ 49,636 | $ 39,789 |
| | | | | |
| FFO, per share - fully diluted basis | $ 0.31 | $ 0.26 | $ 1.21 | $ 1.04 |
| FFO, as Adjusted, per share - fully diluted basis | $ 0.30 | $ 0.27 | $ 1.17 | $ 1.00 |
| | | | | |
| **Funds From Operations, as Adjusted** | $ 13,342 | $ 10,683 | 49,636 | $ 39,789 |
| Acquisition costs | (459) | (1,017) | (1,798) | (1,670) |
| Principal amortization | (726) | (650) | (2,857) | (2,442) |
| Maintenance capital expenditures | (369) | (98) | (1,150) | (373) |
| Contractual tenant improvements | (107) | (85) | (138) | (135) |
| **Cash Available for Distribution (CAD)** | $ 11,681 | $ 8,833 | $ 43,693 | $ 35,169 |
| | | | | |
| Weighted average common shares outstanding - fully diluted basis | 44,968,730 | 39,709,101 | 42,539,017 | 39,701,784 |

Exhibit 99.2

Easterly Government Properties Inc.



# Supplemental Information Package

## Fourth Quarter 2016

# Disclaimers

***Forward-looking Statement***

*We make statements in this Supplemental Information Package that are considered "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, which are usually identified by the use of words such as "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "seeks," "should," "will," and variations of such words or similar expressions. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and are including this statement in this Supplemental Information Package for purposes of complying with those safe harbor provisions. These forward-looking statements reflect our current views about our plans, intentions, expectations, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions, expectations, strategies and prospects as reflected in or suggested by those forward- looking statements are reasonable, we can give no assurance that the plans, intentions, expectations or strategies will be attained or achieved. Furthermore, actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond our control including, without limitation: risks associated with our dependence on the U.S. Government and its agencies for substantially all of our revenues; risks associated with ownership and development of real estate; decreased rental rates or increased vacancy rates; loss of key personnel; general volatility of the capital and credit markets and the market price of our common stock; the risk 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, 2016, to be filed with the Securities and Exchange Commission on or about March 2, 2017. 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 year ended December 31, 2016 that will be released on Form 10-K to be filed on or about March 2, 2017.*

*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 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 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.

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

**Fully diluted basis** assumes the exchange of all outstanding common units representing limited partnership interests in the Company's operating partnership, or common units, the full vesting of all 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. Fully diluted basis does not include outstanding LTIP units in the Company's operating partnership that are subject to performance criteria that have not yet been met.

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

**Funds From Operations, as Adjusted (FFO, as Adjusted)** adjusts 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 and non-cash compensation. By excluding income and expense items such as straight-line rent, above-/below-market leases, non-cash interest expense and non-cash compensation 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 total property revenues (rental income, tenant reimbursements and other income) less property operating expenses and real estate taxes from the properties owned by the Company. Cash NOI excludes from NOI straight-line rent and amortization of above-/below-market leases. NOI presented by the Company may not be comparable to NOI reported by other REITs that define NOI differently. The Company believes that NOI provides investors with a useful measure of the operating performance of our properties. NOI should not be considered an alternative to net income as an indication of our performance or to cash flows as a measure of the Company's liquidity or its ability to make distributions.

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

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## Corporate Information

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

**Stock Exchange Listing**
New York Stock Exchange

**Ticker**
DEA

**Information Requests**
Please contact ir@easterlyreit.com or 202-596-3947 to request an Investor Relations package

**Investor Relations**
Lindsay Winterhalter,
VP, Investor Relations
& Operations

**Executive Team**
William Trimble III, CEO
Michael Ibe, Vice-Chairman and EVP
Alison Bernard, CAO
Darrell Crate, Chairman
Meghan Baivier, CFO & COO
Ronald Kendall, EVP

**Board of Directors**
William Binnie
Darrell Crate
Cynthia Fisher
Emil Henry Jr.
Michael Ibe
James Mead
William Trimble III

## Equity Research Coverage

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

**Raymond James & Associates**
Bill Crow / Paul Puryear
727-567-2594 / 727-567-2253

**RBC Capital Markets**
Michael Carroll
440-715-2649

**Jefferies**
Jonathan Petersen
212-284-1705

**SunTrust Robinson Humphrey**
Michael R. Lewis
212-319-5659

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

# Executive Summary
(Unaudited, in thousands except share and per share amounts)

| Price of Common Shares | | Three months ended December 31, 2016 |
|---|---|---|
| High closing price during period | $ | 20.42 |
| Low closing price during period | $ | 18.05 |
| End of period closing price | $ | 20.02 |

| Outstanding Classes of Stock and Partnership Units - Fully Diluted Basis | At December 31, 2016 |
|---|---|
| Common shares | 36,858,682 |
| Unvested restricted shares | 16,128 |
| Common partnership units outstanding | 9,072,181 |
| **Total - fully diluted basis** | 45,946,991 |

| Market Capitalization | | At December 31, 2016 |
|---|---|---|
| **Total equity market capitalization - fully diluted basis** | **$** | **919,859** |
| Consolidated debt[1] | | 292,547 |
| Cash and cash equivalents | | (4,845) |
| **Total enterprise value** | **$** | **1,207,561** |

| Ratios | At December 31, 2016 |
|---|---|
| Net debt to total enterprise value | 23.8% |
| Net debt to total equity market capitalization | 31.3% |
| Net debt to annualized quarterly EBITDA | 4.5x |
| Cash interest coverage ratio | 8.1x |
| Cash fixed charge coverage ratio | 6.0x |

| Earnings | | Three months ended December 31, 2016 | | Year ended December 31, 2016 |
|---|---|---|---|---|
| Net income available to Easterly Government Properties, Inc. | $ | 1,146 | $ | 3,415 |
| Net income available to Easterly Government Properties, Inc. per share: | | | | |
| Basic | $ | 0.03 | $ | 0.11 |
| Diluted | $ | 0.03 | $ | 0.10 |
| Net income | $ | 1,463 | $ | 4,737 |
| Net income, per share - fully diluted basis | $ | 0.03 | $ | 0.11 |
| Funds From Operations ("FFO") | $ | 13,932 | $ | 51,380 |
| FFO, per share - fully diluted basis | $ | 0.31 | $ | 1.21 |
| Funds From Operations, as Adjusted | $ | 13,342 | $ | 49,636 |
| FFO, as Adjusted, per share - fully diluted basis | $ | 0.30 | $ | 1.17 |
| Cash Available for Distribution | $ | 11,681 | $ | 43,693 |

| Liquidity | | At December 31, 2016 |
|---|---|---|
| Cash and cash equivalents | $ | 4,845 |
| **Unsecured revolving credit facility** | | |
| Total current facility size [2] | **$** | **400,000** |
| Less: outstanding balance | | (212,167) |
| **Available under unsecured revolving credit facility** | **$** | **187,833** |
| **Unsecured delayed draw term loan facility** | | |
| Total current term loan facility size | **$** | **100,000** |
| Less: outstanding balance | | - |
| **Available under unsecured term loan facility** | **$** | **100,000** |

(1)Excludes unamortized premiums / discounts and deferred financing fees.
(2)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 facility size of not more than $650 million.

# Balance Sheets
(In thousands, except share amounts)

| | December 31, 2016 (unaudited) | December 31, 2015 |
|---|---|---|
| **Assets** | | |
| Real estate properties, net | $ 901,066 | $ 772,007 |
| Cash and cash equivalents | 4,845 | 8,176 |
| Restricted cash | 1,646 | 1,736 |
| Deposits on acquisitions | 1,750 | - |
| Rents receivable | 8,544 | 6,347 |
| Accounts receivable | 5,823 | 2,920 |
| Deferred financing, net | 2,787 | 2,767 |
| Intangible assets, net | 113,795 | 116,585 |
| Interest rate swap | 3,785 | - |
| Prepaid expenses and other assets | 1,422 | 1,509 |
| **Total assets** | $ 1,045,463 | $ 912,047 |
| **Liabilities** | | |
| Revolving credit facility | 212,167 | 154,417 |
| Mortgage notes payable, net | 80,806 | 83,785 |
| Intangible liabilities, net | 41,840 | 44,605 |
| Accounts payable and accrued liabilities | 13,784 | 9,346 |
| **Total liabilities** | 348,597 | 292,153 |
| **Equity** | | |
| Common stock, par value $0.01, 200,000,000 shares authorized, 36,874,810 and 24,168,379 shares issued and outstanding at December 31, 2016 and December 31,2015, respectively. | 369 | 241 |
| Additional paid-in capital | 596,971 | 391,767 |
| Retained (deficit) | 1,721 | (1,694) |
| Cumulative dividends | (42,794) | (13,051) |
| Accumulated other comprehensive income | 3,038 | - |
| Total stockholders' equity | 559,305 | 377,263 |
| Non-controlling interest in Operating Partnership | 137,561 | 242,631 |
| **Total equity** | 696,866 | 619,894 |
| **Total liabilities and equity** | $ 1,045,463 | $ 912,047 |

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

| | Three Months Ended | | Year Ended | |
|---|---|---|---|---|
| | December 31, 2016 | December 31, 2015 | December 31, 2016 | December 31, 2015 (pro forma) |
| **Revenues** | | | | |
| Rental income | $ 24,844 | $ 19,886 | $ 93,364 | $ 72,728 |
| Tenant reimbursements | 3,631 | 2,196 | 10,647 | 6,883 |
| Other income | 276 | 92 | 607 | 212 |
| **Total revenues** | 28,751 | 22,174 | 104,618 | 79,823 |
| **Operating expenses** | | | | |
| Property operating | 6,352 | 4,214 | 21,078 | 14,743 |
| Real estate taxes | 2,663 | 2,289 | 9,896 | 7,786 |
| Depreciation and amortization | 12,469 | 10,166 | 46,643 | 37,662 |
| Acquisition costs | 459 | 1,017 | 1,798 | 1,670 |
| Corporate general and administrative | 3,135 | 2,705 | 12,289 | 8,941 |
| **Total expenses** | 25,078 | 20,391 | 91,704 | 70,802 |
| **Operating income** | 3,673 | 1,783 | 12,914 | 9,021 |
| **Other expenses** | | | | |
| Interest expense, net | (2,210) | (1,610) | (8,177) | (5,559) |
| **Net income** | 1,463 | 173 | 4,737 | 3,462 |
| Non-controlling interest in Operating Partnership | (317) | (68) | (1,322) | (1,355) |
| **Net income available to Easterly Government Properties, Inc.** | $ 1,146 | $ 105 | $ 3,415 | $ 2,107 |
| **Net income available to Easterly Government Properties, Inc. per share:** | | | | |
| Basic | $ 0.03 | $ 0.00 | $ 0.11 | |
| Diluted | $ 0.03 | $ 0.00 | $ 0.10 | |
| **Weighted-average common shares outstanding:** | | | | |
| Basic | 35,864,168 | 24,141,712 | 30,645,279 | |
| Diluted | 37,628,572 | 25,604,773 | 32,372,538 | |
| Net income, per share - fully diluted basis | $ 0.03 | $ 0.00 | $ 0.11 | $ 0.09 |
| Weighted average common shares outstanding - fully diluted basis | 44,968,730 | 39,709,101 | 42,539,017 | 39,701,784 |

# Net Operating Income
(Unaudited, in thousands)

| | Three Months Ended | | Year Ended | |
|---|---|---|---|---|
| | December 31, 2016 | December 31, 2015 | December 31, 2016 | December 31, 2015 (pro forma) |
| **Revenue** | | | | |
| Rental income | $ 24,844 | $ 19,886 | $ 93,364 | $ 72,728 |
| Tenant reimbursements | 3,631 | 2,196 | 10,647 | 6,883 |
| Other income | 276 | 92 | 607 | 212 |
| **Total revenues** | 28,751 | 22,174 | 104,618 | 79,823 |
| **Operating Expenses** | | | | |
| Property operating | 6,352 | 4,214 | 21,078 | 14,743 |
| Real estate taxes | 2,663 | 2,289 | 9,896 | 7,786 |
| **Total expenses** | 9,015 | 6,503 | 30,974 | 22,529 |
| **Net Operating Income** | $ 19,736 | $ 15,671 | $ 73,644 | $ 57,294 |
| **Adjustments to Net Operating Income:** | | | | |
| Straight-line rent | (110) | (55) | (265) | (253) |
| Above-/below-market leases | (1,928) | (1,507) | (7,153) | (5,431) |
| **Cash Net Operating Income** | $ 17,698 | $ 14,109 | $ 66,226 | $ 51,610 |

# EBITDA, FFO and CAD

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

| | Three Months Ended | | Year Ended | |
|---|---|---|---|---|
| | December 31, 2016 | December 31, 2015 | December 31, 2016 | December 31, 2015 (pro forma) |
| **Net income** | $ 1,463 | $ 173 | $ 4,737 | $ 3,462 |
| Depreciation and amortization | 12,469 | 10,166 | 46,643 | 37,662 |
| Interest expense | 2,210 | 1,610 | 8,177 | 5,559 |
| **EBITDA** | $ 16,142 | $ 11,949 | $ 59,557 | $ 46,683 |
| | | | | |
| **Net income** | $ 1,463 | $ 173 | 4,737 | $ 3,462 |
| Depreciation and amortization | 12,469 | 10,166 | 46,643 | 37,662 |
| **Funds From Operations (FFO)** | $ 13,932 | $ 10,339 | $ 51,380 | $ 41,124 |
| **Adjustments to FFO:** | | | | |
| Acquisition costs | 459 | 1,017 | 1,798 | 1,670 |
| Straight-line rent | (91) | (52) | (108) | (249) |
| Above-/below-market leases | (1,928) | (1,507) | (7,153) | (5,431) |
| Non-cash interest expense | 229 | 194 | 814 | 762 |
| Non-cash compensation | 741 | 692 | 2,905 | 1,913 |
| **Funds From Operations, as Adjusted** | $ 13,342 | $ 10,683 | $ 49,636 | $ 39,789 |
| | | | | |
| FFO, per share - fully diluted basis | $ 0.31 | $ 0.26 | $ 1.21 | $ 1.04 |
| FFO, as Adjusted, per share - fully diluted basis | $ 0.30 | $ 0.27 | $ 1.17 | $ 1.00 |
| | | | | |
| **Funds From Operations, as Adjusted** | $ 13,342 | $ 10,683 | 49,636 | $ 39,789 |
| Acquisition costs | (459) | (1,017) | (1,798) | (1,670) |
| Principal amortization | (726) | (650) | (2,857) | (2,442) |
| Maintenance capital expenditures | (369) | (98) | (1,150) | (373) |
| Contractual tenant improvements | (107) | (85) | (138) | (135) |
| **Cash Available for Distribution (CAD)** | $ 11,681 | $ 8,833 | $ 43,693 | $ 35,169 |
| | | | | |
| Weighted average common shares outstanding - fully diluted basis | 44,968,730 | 39,709,101 | 42,539,017 | 39,701,784 |

# Debt Schedules

(Unaudited, in thousands)

| Debt Instrument | Maturity Date | Stated Rate[2] | December 31, 2016 Balance[4] | December 31, 2016 Percent of Total Indebtedness |
|---|---|---|---|---|
| **Unsecured debt** | | | | |
| Unsecured revolving credit facility[1] | 11-Feb-19[3] | LIBOR + 140bps | $ 212,167 | 72.5% |
| Unsecured term loan facility | 29-Sep-23 | 3.12%[5] | - | 0.0% |
| **Total unsecured debt** | **2.1 years (wtd-avg maturity)** | **2.15% (wtd-avg rate)** | **$ 212,167** | **72.5%** |
| **Secured mortgage debt** | | | | |
| ICE - Charleston | 15-Jan-27 | 4.21% | $ 20,921 | 7.2% |
| USFS II - Albuquerque | 14-Jul-26 | 4.46% | 17,191 | 5.9% |
| DEA - Pleasanton | 18-Oct-23 | LIBOR + 150bps | 15,700 | 5.4% |
| CBP - Savannah | 10-Jul-33 | 3.40% | 14,907 | 5.1% |
| MEPCOM - Jacksonville | 14-Oct-25 | 4.41% | 11,661 | 4.0% |
| **Total secured mortgage debt** | **10.3 years (wtd-avg maturity)** | **3.73% (wtd-avg rate)** | **$ 80,380** | **27.5%** |

| Debt Statistics | December 31, 2016 |
|---|---|
| Variable rate debt - unhedged | $ 227,867 |
| Fixed rate debt | 64,680 |
| **Total debt[4]** | **$ 292,547** |
| % Variable rate debt - unhedged | 77.9% |
| % Fixed rate debt | 22.1% |
| Weighted average maturity | 4.4 years |
| Weighted average interest rate | 2.6% |

(1) Credit facility has available capacity of $187,833 as of December, 31 2016.

(2) Average stated rates represent the weighted average interest rate at December 31, 2016.

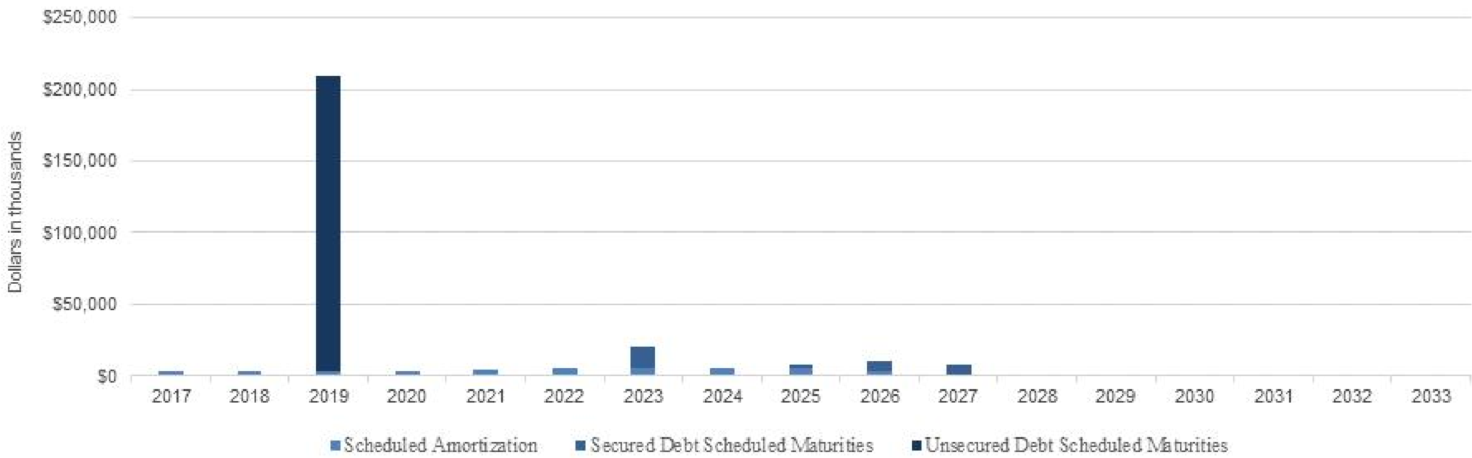
(3) Credit facility has two six-month as-of-right extension options subject to certain conditions and the payment of an extension fee.

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

(5) Entered into two forward-stating interest rate swaps with an aggregate notional value of $100 million to effectively fix the interest rate on future draw downs under the senior unsecured term loan facility. The forward swaps are expected to effectively fix the interest rate under the senior unsecured term loan facility at 3.12% annually based on the company’s current leverage ratio.

# Debt Maturities
(As of December 31, 2016, unaudited, in thousands)

| | Secured Debt | | Unsecured Debt | | | Weighted Average |
|---|---|---|---|---|---|---|
| Year | Scheduled Amortization | Scheduled Maturities | Scheduled Maturities | Total | Percentage of Debt Maturing | Interest Rate of Scheduled Maturities |
| 2017 | 2,977 | - | - | 2,977 | 1.0% | - |
| 2018 | 3,100 | - | - | 3,100 | 1.1% | - |
| 2019 | 3,229 | - | 212,167 | 215,396 | 73.7% | 2.15% |
| 2020 | 3,395 | - | - | 3,395 | 1.2% | - |
| 2021 | 4,054 | - | - | 4,054 | 1.4% | - |
| 2022 | 5,109 | - | - | 5,109 | 1.7% | - |
| 2023 | 5,388 | 15,700 | - | 21,088 | 7.2% | 2.12% |
| 2024 | 5,679 | - | - | 5,679 | 1.9% | - |
| 2025 | 5,633 | 1,917 | - | 7,550 | 2.6% | 4.41% |
| 2026 | 3,686 | 6,368 | - | 10,054 | 3.4% | 4.46% |
| 2027 | 1,093 | 7,140 | - | 8,233 | 2.8% | 4.21% |
| 2028 | 983 | - | - | 983 | 0.3% | - |
| 2029 | 1,016 | - | - | 1,016 | 0.3% | - |
| 2030 | 1,049 | - | - | 1,049 | 0.4% | - |
| 2031 | 1,081 | - | - | 1,081 | 0.4% | - |
| 2032 | 1,115 | - | - | 1,115 | 0.4% | - |
| 2033 | 668 | - | - | 668 | 0.2% | - |
| **Total** | **$ 49,255** | **$ 31,125** | **$ 212,167** | **$ 292,547** | **100.0%** | |



# Operating Property Overview
(As of December 31, 2016, 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** | | | | | | | | |
| IRS - Fresno | Fresno, CA | Office | 2018 | 2003 | 180,481 | $ 7,423,317 | 7.3% | $ 41.13 |
| PTO - Arlington | Arlington, VA | Office | 2019 / 2020 | 2009 | 189,871 | 6,475,092 | 6.4% | 34.10 |
| FBI - San Antonio | San Antonio, TX | Office | 2021 | 2007 | 148,584 | 5,037,840 | 5.0% | 33.91 |
| FBI - Omaha | Omaha, NE | Office | 2024 | 2009 | 112,196 | 4,437,208 | 4.4% | 39.55 |
| EPA - Kansas City | Kansas City, KS | Laboratory | 2023 | 2003 | 71,979 | 3,840,990 | 3.8% | 53.36 |
| ICE - Charleston | North Charleston, SC | Office | 2019 / 2027 | 1994 / 2012 | 86,733 | 3,665,239 | 3.6% | 42.26 |
| DOT - Lakewood | Lakewood, CO | Office | 2024 | 2004 | 122,225 | 3,484,027 | 3.4% | 28.51 |
| USCIS - Lincoln | Lincoln, NE | Office | 2020 | 2005 | 137,671 | 3,239,685 | 3.2% | 23.53 |
| AOC - El Centro | El Centro, CA | Courthouse/Office | 2019 | 2004 | 46,813 | 3,041,909 | 3.0% | 64.98 |
| FBI - Birmingham | Birmingham, AL | Office | 2020 | 2005 | 96,278 | 3,011,442 | 3.0% | 31.28 |
| USFS II - Albuquerque | Albuquerque, NM | Office | 2026 | 2011 | 98,720 | 2,795,973 | 2.8% | 28.32 |
| ICE - Albuquerque | Albuquerque, NM | Office | 2027 | 2011 | 71,100 | 2,785,048 | 2.8% | 39.17 |
| DEA - Vista | Vista, CA | Laboratory | 2020 | 2002 | 54,119 | 2,761,077 | 2.7% | 51.02 |
| DEA - Pleasanton | Pleasanton, CA | Laboratory | 2035 | 2015 | 42,480 | 2,724,927 | 2.7% | 64.15 |
| FBI - Richmond | Richmond, VA | Office | 2021 | 2001 | 96,607 | 2,708,241 | 2.7% | 28.03 |
| USFS I - Albuquerque | Albuquerque, NM | Office | 2021 | 2006 | 92,455 | 2,679,124 | 2.6% | 28.98 |
| AOC - Del Rio | Del Rio, TX | Courthouse/Office | 2024 | 1992 / 2004 | 89,880 | 2,641,487 | 2.6% | 29.39 |
| DEA - Dallas Lab | Dallas, TX | Laboratory | 2021 | 2001 | 49,723 | 2,389,596 | 2.4% | 48.06 |
| FBI - Little Rock | Little Rock, AR | Office | 2021 | 2001 | 101,977 | 2,165,885 | 2.1% | 21.24 |
| MEPCOM - Jacksonville | Jacksonville, FL | Office | 2025 | 2010 | 30,000 | 2,147,770 | 2.1% | 71.59 |
| CBP - Savannah | Savannah, GA | Laboratory | 2033 | 2013 | 35,000 | 2,109,321 | 2.1% | 60.27 |
| FBI - Albany | Albany, NY | Office | 2018 | 1998 | 98,184 | 2,106,096 | 2.1% | 21.45 |
| DOE - Lakewood | Lakewood, CO | Office | 2029 | 1999 | 115,650 | 2,061,963 | 2.0% | 17.83 |
| DEA - Santa Ana | Santa Ana, CA | Office | 2024 | 2004 | 39,905 | 2,061,285 | 2.0% | 51.65 |
| DEA - Dallas | Dallas, TX | Office | 2021 | 2001 | 71,827 | 1,776,863 | 1.8% | 24.74 |
| ICE - Otay | San Diego, CA | Office | 2017 - 2026 | 2001 | 52,881 | 1,758,383 | 1.7% | 35.55 |
| NPS - Omaha | Omaha, NE | Office | 2024 | 2004 | 62,772 | 1,743,570 | 1.7% | 27.78 |
| DEA - North Highlands | Sacramento, CA | Office | 2017 | 2002 | 37,975 | 1,705,966 | 1.7% | 44.92 |
| CBP - Chula Vista | Chula Vista, CA | Office | 2018 | 1998 | 59,397 | 1,694,104 | 1.7% | 28.52 |
| CBP - Sunburst | Sunburst, MT | Office | 2028 | 2008 | 33,000 | 1,588,434 | 1.6% | 48.13 |

# Operating Property Overview (Cont.)

(As of December 31, 2016, 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.)** | | | | | | | | |
| USCG - Martinsburg | Martinsburg, WV | Office | 2027 | 2007 | 59,547 | 1,567,125 | 1.6% | 26.32 |
| AOC - Aberdeen | Aberdeen, MS | Courthouse/Office | 2025 | 2005 | 46,979 | 1,459,286 | 1.4% | 31.06 |
| DEA - Birmingham | Birmingham, AL | Office | 2020 | 2005 | 35,616 | 1,388,573 | 1.4% | 38.99 |
| DEA - Albany | Albany, NY | Office | 2025 | 2004 | 31,976 | 1,333,746 | 1.3% | 41.71 |
| DEA - Otay | San Diego, CA | Office | 2017 | 1997 | 32,560 | 1,293,326 | 1.3% | 39.72 |
| DEA - Riverside | Riverside, CA | Office | 2017 | 1997 | 34,354 | 1,290,888 | 1.3% | 37.58 |
| AOC - South Bend | South Bend, IN | Courthouse/Office | 2027 | 1996 / 2011 | 30,119 | 811,756 | 0.8% | 26.95 |
| SSA - Mission Viejo | Mission Viejo, CA | Office | 2020 | 2005 | 11,590 | 534,808 | 0.5% | 46.14 |
| SSA - San Diego | San Diego, CA | Office | 2017 | 2003 | 11,743 | 414,169 | 0.4% | 35.27 |
| DEA - San Diego | San Diego, CA | Warehouse | 2017 | 1999 | 16,100 | 404,096 | 0.4% | 25.10 |
| **Subtotal** | | | | | **2,837,067** | **$ 98,559,635** | **97.4%** | **$ 34.78** |
| **Privately Leased Properties** | | | | | | | | |
| 2650 SW 145th Avenue - Parbel of Florida | Miramar, FL | Warehouse/Distribution | 2022 | 2007 | 81,721 | 1,671,336 | 1.6% | 20.45 |
| 5998 Osceola Court - United Technologies | Midland, GA | Warehouse/Manufacturing | 2023 | 2014 | 105,641 | 540,191 | 0.5% | 5.11 |
| 501 East Hunter Street - Lummus Corporation | Lubbock, TX | Warehouse/Distribution | 2028 | 2013 | 70,078 | 522,637 | 0.5% | 7.46 |
| **Subtotal** | | | | | **257,440** | **$ 2,734,164** | **2.6%** | **$ 10.62** |
| **Total / Weighted Average** | | | | | **3,094,507** | **$ 101,293,799** | **100.0%** | **$ 32.77** |

# Tenants

(As of December 31, 2016, unaudited)

| Tenant | Number of Properties | Number of Leases | 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** | | | | | | | |
| Federal Bureau of Investigation ("FBI") | 6 | 6 | 4.4 | 653,826 | 21.2% | $ 19,466,712 | 19.2% |
| Drug Enforcement Administration ("DEA") | 11 | 11 | 5.2 | 432,142 | 14.0% | 18,561,033 | 18.3% |
| Administrative Office of the U.S. Courts ("AOC") | 4 | 4 | 6.9 | 213,791 | 6.9% | 7,954,438 | 7.9% |
| Immigration and Customs Enforcement ("ICE") | 3 | 5 | 8.4 | 182,522 | 5.9% | 7,640,870 | 7.5% |
| Internal Revenue Service ("IRS") | 1 | 1 | 1.9 | 180,481 | 5.8% | 7,423,317 | 7.3% |
| Patent and Trademark Office ("PTO") | 1 | 2 | 2.3 | 189,871 | 6.1% | 6,475,092 | 6.4% |
| U.S. Forest Service ("USFS") | 2 | 2 | 7.1 | 191,175 | 6.2% | 5,475,097 | 5.4% |
| Customs and Border Protection ("CBP") | 3 | 3 | 8.2 | 127,397 | 4.1% | 5,391,859 | 5.3% |
| Environmental Protection Agency ("EPA") | 1 | 1 | 6.2 | 71,979 | 2.3% | 3,840,990 | 3.8% |
| Department of Transportation ("DOT") | 1 | 2 | 7.3 | 129,659 | 4.2% | 3,699,249 | 3.7% |
| U.S. Citizenship and Immigration Services ("USCIS") | 1 | 1 | 3.7 | 137,671 | 4.5% | 3,239,685 | 3.2% |
| Military Entrance Processing Command ("MEPCOM") | 1 | 1 | 8.7 | 30,000 | 1.0% | 2,147,770 | 2.1% |
| Department of Energy ("DOE") | 1 | 1 | 12.9 | 115,650 | 3.7% | 2,061,963 | 2.0% |
| National Park Service ("NPS") | 1 | 1 | 7.5 | 62,772 | 2.0% | 1,743,570 | 1.7% |
| U.S. Coast Guard ("USCG") | 1 | 1 | 11.0 | 59,547 | 1.9% | 1,567,125 | 1.6% |
| Social Security Administration ("SSA") | 2 | 2 | 2.4 | 23,333 | 0.8% | 948,977 | 1.0% |
| Bureau of Alcohol, Tobacco, Firearms and Explosives ("ATF")(2) | 0 | 0 | 4.0 | 8,680 | 0.3% | 338,410 | 0.3% |
| U.S. Department of Agriculture ("USDA") | 0 | 1 | 9.0 | 1,538 | 0.1% | 55,366 | 0.1% |
| **Subtotal** | **40** | **45** | **5.8** | **2,812,034** | **91.0%** | **$ 98,031,523** | **96.8%** |
| **Private Tenants** | | | | | | | |
| Parbel of Florida | 1 | 1 | 5.9 | 81,721 | 2.6% | $ 1,671,336 | 1.7% |
| United Technologies (Pratt & Whitney) | 1 | 1 | 7.0 | 105,641 | 3.4% | 540,191 | 0.5% |
| LifePoint, Inc. | 0 | 1 | 2.7 | 21,609 | 0.7% | 528,112 | 0.5% |
| Lummus Corporation | 1 | 1 | 11.6 | 70,078 | 2.3% | 522,637 | 0.5% |
| **Subtotal** | **3** | **4** | **7.5** | **279,049** | **9.0%** | **$ 3,262,276** | **3.2%** |
| **Total / Weighted Average** | **43** | **49** | **5.9** | **3,091,083** | **100.0%** | **$ 101,293,799** | **100.0%** |

(1)Weighted based on leased square feet.

(2)ATF occupies the first floor of the DEA – Birmingham building in a joint lease with the DEA.

# Lease Expirations
(As of December 31, 2016, 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 |
|---|---|---|---|---|---|---|
| 2017 | 6 | 145,376 | 4.7% | 5,591,572 | 5.5% | 38.46 |
| 2018 | 3 | 338,062 | 11.0% | 11,223,517 | 11.1% | 33.20 |
| 2019 | 3 | 236,890 | 7.7% | 9,283,186 | 9.2% | 39.19 |
| 2020 | 7 | 356,677 | 11.5% | 11,697,512 | 11.5% | 32.80 |
| 2021 | 7 | 572,728 | 18.5% | 17,139,322 | 16.9% | 29.93 |
| 2022 | 3 | 105,441 | 3.4% | 2,509,453 | 2.5% | 23.80 |
| 2023 | 2 | 177,620 | 5.7% | 4,381,181 | 4.3% | 24.67 |
| 2024 | 5 | 426,978 | 13.8% | 14,367,577 | 14.2% | 33.65 |
| 2025 | 3 | 108,955 | 3.5% | 4,940,802 | 4.9% | 45.35 |
| 2026 | 2 | 100,258 | 3.2% | 2,851,339 | 2.8% | 28.44 |
| Thereafter | 8 | 522,098 | 17.0% | 17,308,338 | 17.1% | 33.15 |
| **Total / Weighted Average** | **49** | **3,091,083** | **100.0%** | **$ 101,293,799** | **100.0%** | **$ 32.77** |