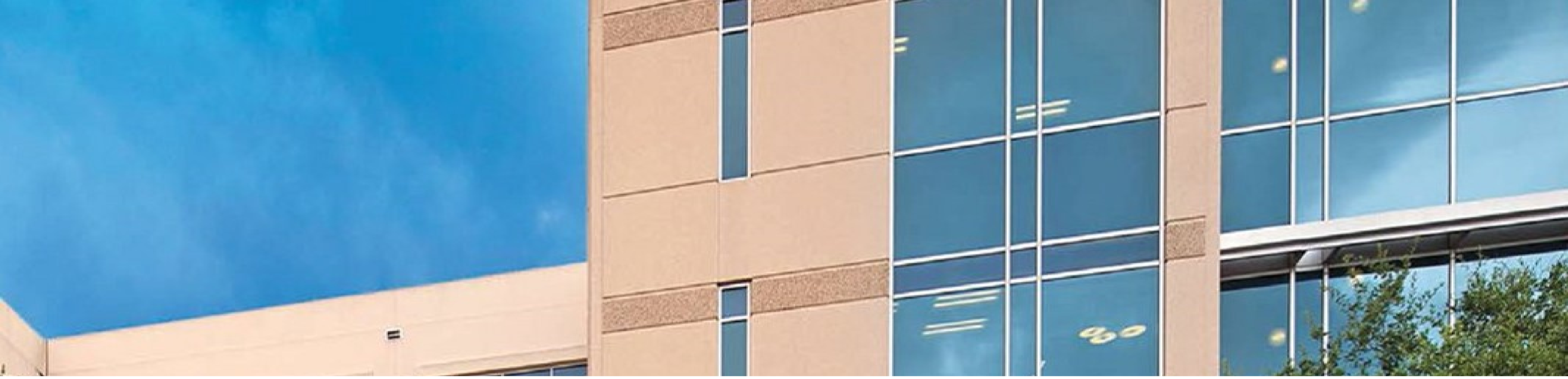

GLADSTONE COMMERCIAL

2019 REITWorld Presentation

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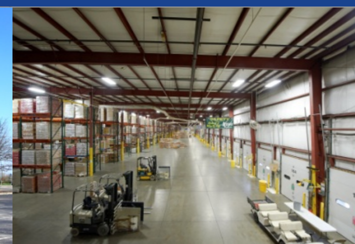
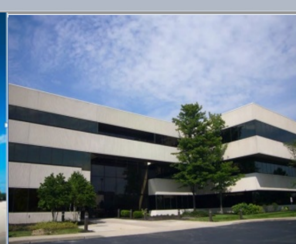
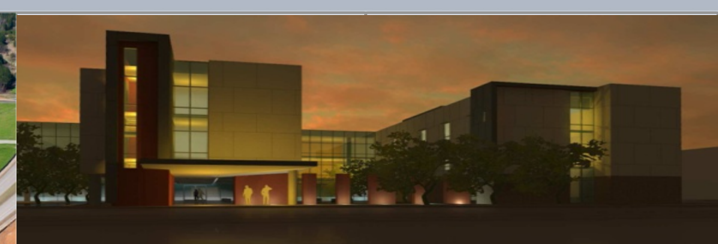


Gladstone Commercial Corporation

GLADSTONE

Company Overview

- Gladstone Commercial Corporation (“Gladstone” or the “Company”) is a publicly owned Real Estate Investment Trust (“REIT”) that completed its IPO in 2003 and is listed on Nasdaq (Ticker: GOOD)
- The Company invests in single tenant and anchored multi-tenant net leased assets
- The Company owns approximately 13.1 million square feet of predominantly office and industrial real estate nationwide
- Diversified portfolio of 109 properties in 24 states leased to 101 different tenants in 19 industries
- The Company is led by a highly-experienced leadership team with over 150 years of combined experience
- Through its credit-focused investment process and growth market emphasis, the Company seeks to invest in mission critical facilities occupied by middle market to investment grade businesses located in growing markets

Note: As of 9/30/2019

Gladstone Commercial's Investment Philosophy

Acquire single-tenant, or anchored multi-tenant, net leased office and industrial properties

Create stabilized income streams in favorable growth markets

Actively manage the portfolio

Stable cash flow and distributions

Long term leases matched with long term, fixed-rate debt

Gladstone Commercial Overview

- IPO in 2003 (Nasdaq: GOOD)
- Market Capitalization: **$750mm**[1]
- Enterprise Value: **$1,479mm**[1]
- Common stock annual distribution per share: **$1.50**
  - Monthly distributions
  - No missed or reduced cash distributions since inception

Portfolio summary (9/30/2019)	
# of Properties	109
Square feet (mm)	13.1
Occupancy	98.8%
States	24
Tenants	101
Industries	19
Annual lease revenue (LTM) ($mm)	$112.3
Diluted FFO per Common Share (LTM) ($)	$1.54
Diluted Core FFO per Common Share (LTM) ($)	$1.57
Average Remaining Lease Term	7.2 years

[1] Common Equity is based on the closing common stock price per share as of September 30, 2019 of $23.50 per share and includes effect of convertible securities.

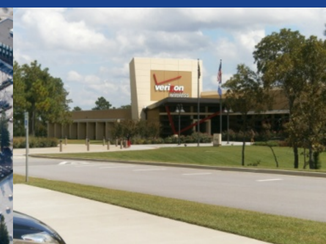
Significant Growth & Diversification Since 2010

GOOD Portfolio

		12/31/10	9/30/2019	Variance
Grew a diverse portfolio	Total assets ($mm)	$ 410.6	$ 978.0	$ 567.4
	Properties	65	109	44
	Tenants	52	101	49
	Square feet (mm)	6.8	13.1	6.3
	Occupancy (%)	97.2%	98.8%	1.6 %
	Lease Revenue From Top 5 tenants ($mm)(1)	$ 10.0	$ 18.4	$ 8.4
	% of Total Lease Revenue	24.2%	16.2%	(8.0)%
Revenue and cash flow growth	Revenues (LTM) ($mm)	$ 41.9	$ 112.3	$ 70.4
	Diluted FFO (LTM) ($mm)	$ 14.1	$ 48.3	$ 34.2
	Diluted Core FFO (LTM) ($mm)	$ 14.5	$ 49.4	$ 34.9
Improved capital structure	Net Total Debt / Enterprise Value	58.9%	39.6%	(19.3)%
	Net Total Debt + Preferred / Enterprise Value	70.0%	49.3%	(20.7)%
	Net Total Debt / Gross Assets(2)	62.7%	45.9%	(16.8)%

(1) Annualized
(2) Gross Assets equal total assets before depreciation



Investment Strategy





GLADSTONE

Proven Strategy of Underwriting Real Estate and Tenant Strength

Tenant strength

- Tenants operate in a diverse array of industries
- Each tenant's credit underwritten to Gladstone standards, developed over decades of middle market corporate lending, investing and buyouts through affiliated funds
- Emphasis on tenant's ability to weather economic downturns

Real estate markets positioned for growth

- Target growth markets across the U.S.
- Accumulate assets in specific markets to create valuable portfolios
- Target submarket emphasis in the "path of growth"

Real estate asset quality

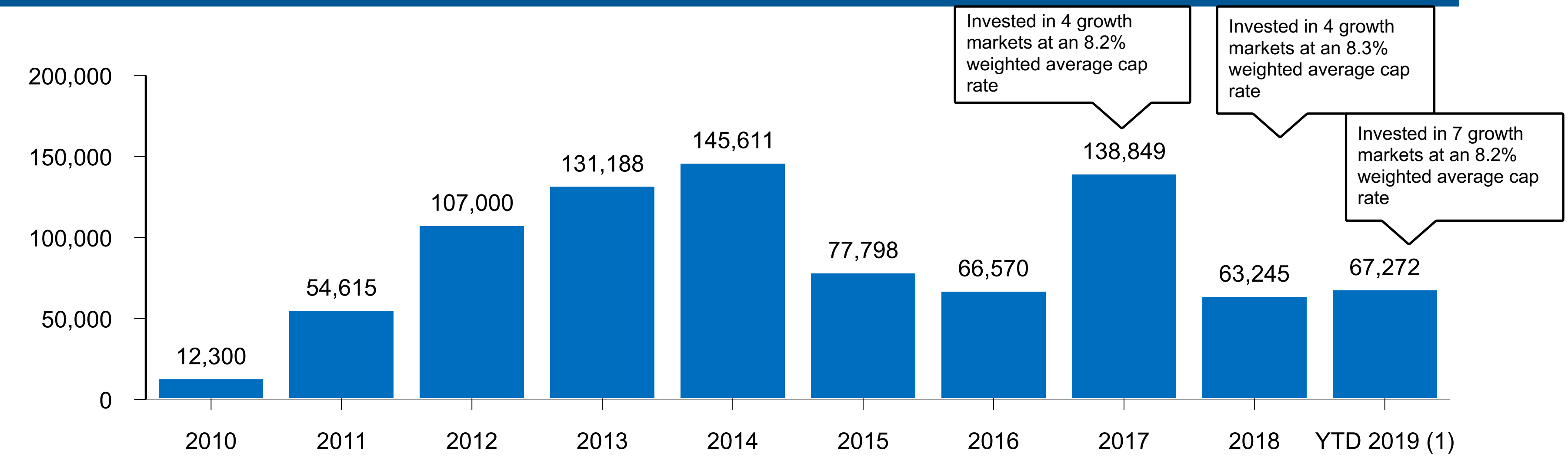
- Superior quality assets with flexible configurations
- Properties that are critical to tenant's business
- Single tenant and anchored multi-tenant industrial and office locations
- Target net leases with **7+** years remaining at acquisition

Transaction focus

- Target transactions of **$3mm – $50mm**
- Type: 3rd party acquisition, sale-leaseback, build-to-suit JV and build-to-suit forward purchase

Gladstone Has Achieved Consistent and Disciplined Growth

Historical Investment Volume ($000)



(1) As of October 30, 2019

Donaldson - Industrial

- 219K SF
- Detroit, MI
- Acquired 10/18
- GAAP cap rate: 8.0%

Orgill - Industrial Distribution

- 676K SF
- Tifton, GA
- Acquired 6/19
- GAAP cap rate: 8.8%

Morgan Stanley - Office

- 102K SF
- Salt Lake City, UT
- Acquired 12/17
- GAAP cap rate: 9.3%

Signature Brands - Industrial Portfolio

- 383K SF
- Ocala, FL
- Acquired 4/19
- GAAP cap rate: 7.7%

Portfolio Overview

GLADSTONE

Portfolio Overview

Geographic diversity

- **109** properties across the U.S. located in **24** states
- Focus on secondary growth markets with higher yields

Tenant and property diversity

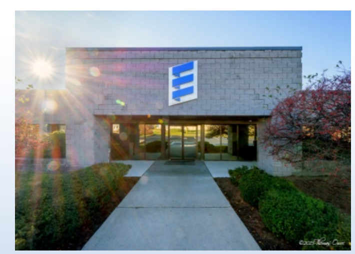
- Diverse base of **19** different industries and primarily office and industrial property types
- Focus on mid-size tenants occupying properties ranging from 30-150K SF (office) and 75-500K SF (industrial)

High occupancy

- Current occupancy **98.8%;** Since IPO in 2003, never below 96%
- **2.4%** of projected rents expiring through the end of 2019
- Of 100+ assets with nearly $1 billion invested since inception, only one tenant default – **an average annual default rate of 0.02%.**
  - For comparison, the one-year B+ global corporate default rate has averaged 2.4% from 1981-2012 (Source: Wharton)

Periodic capital recycling

- Sell non-core assets
- Exited 12 single property non-core markets since mid-2016
- Re-deploy proceeds in growth markets

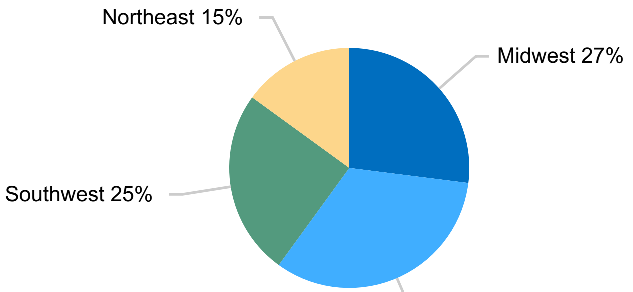


Note: As of 9/30/2019

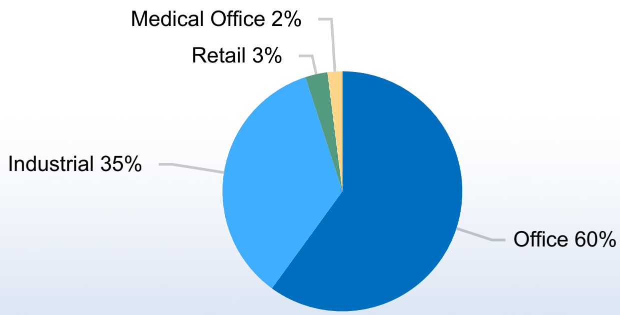
Diversified Portfolio

109 properties spread across 24 states

Geographic diversification (by annualized lease revenue)



Property type diversification (by annualized lease revenue)



Note: As of 9/30/2019

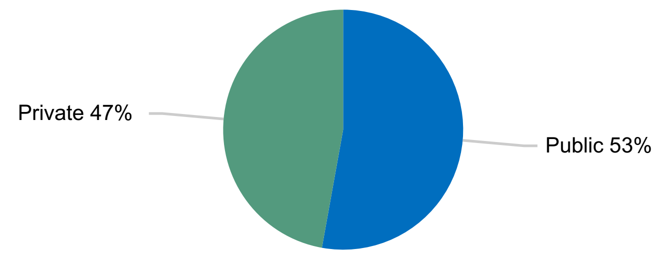
Overview | Gladstone Commercial | Investment strategy | **Portfolio** | Financial performance | Management | Conclusion

GLADSTONE

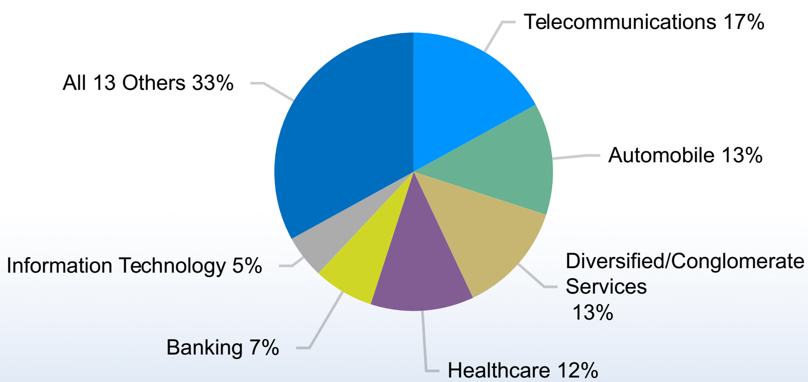
High Quality, Diversified Portfolio

Top tenants	% of lease revenue	% of SF
GM	4%	2%
ADP	3%	1%
kane is able, Inc.	3%	7%
Morgan Stanley	3%	1%
TOWERS WATSON	3%	1%
All other tenants	84%	88%

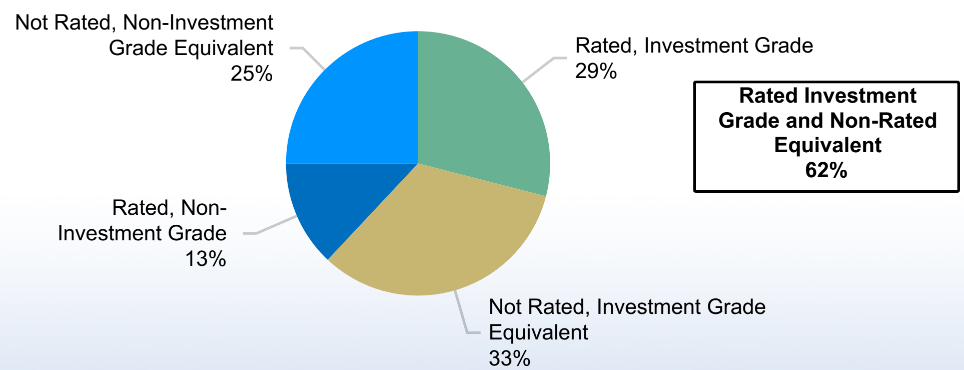
Publicly-traded vs. privately-held tenants (as % of annualized total lease revenue)



Industry diversification (based on annualized lease revenue)



Tenant credit ratings (as % annualized total lease revenue)



Note: As of 9/30/2019


Financial Performance

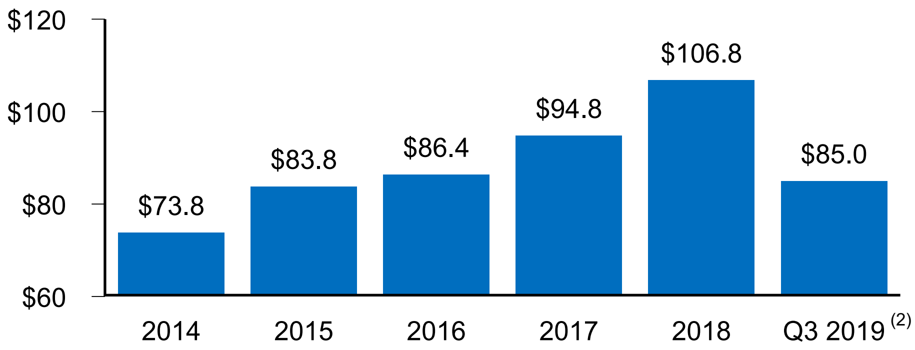




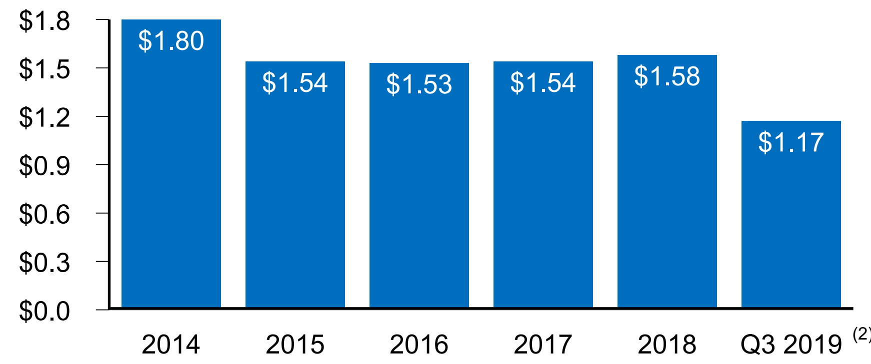
GLADSTONE

Summary Historical Performance

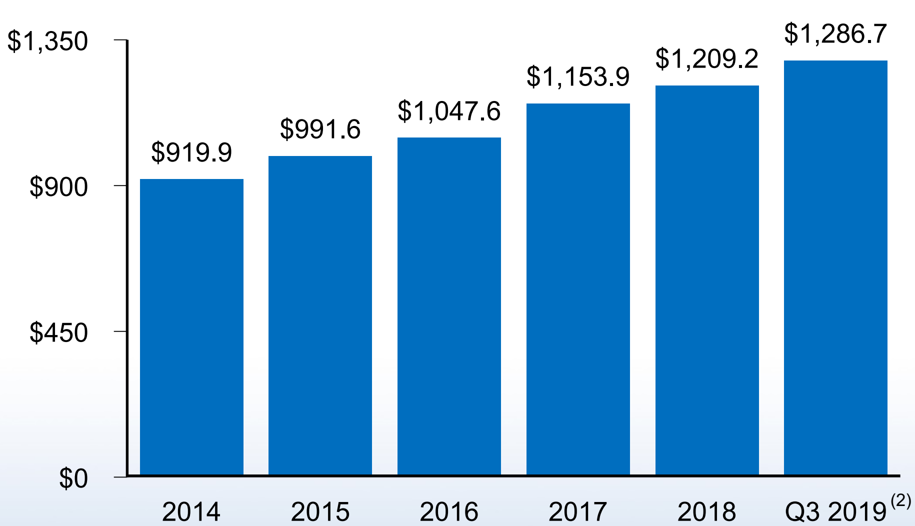
Total Revenue ($ in millions)



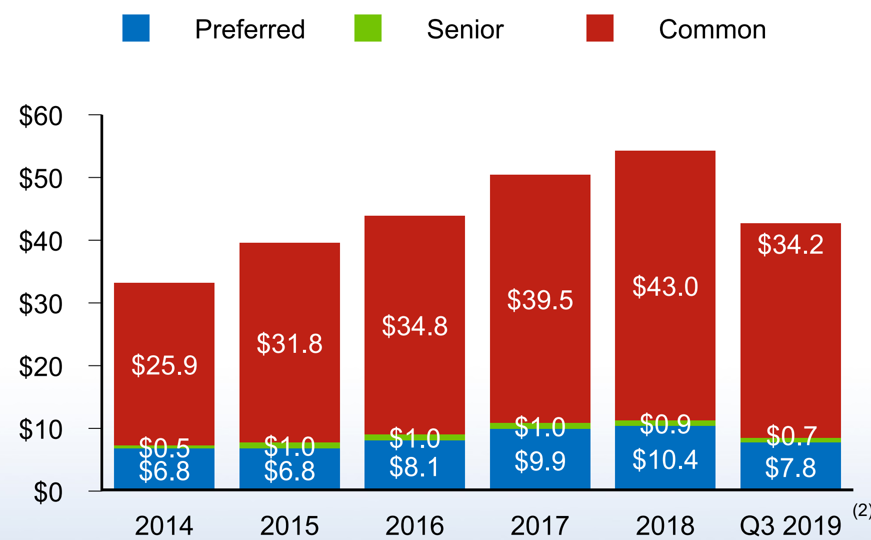
Funds from Operations (Per Share)[1]



Total Gross Assets ($ in millions)



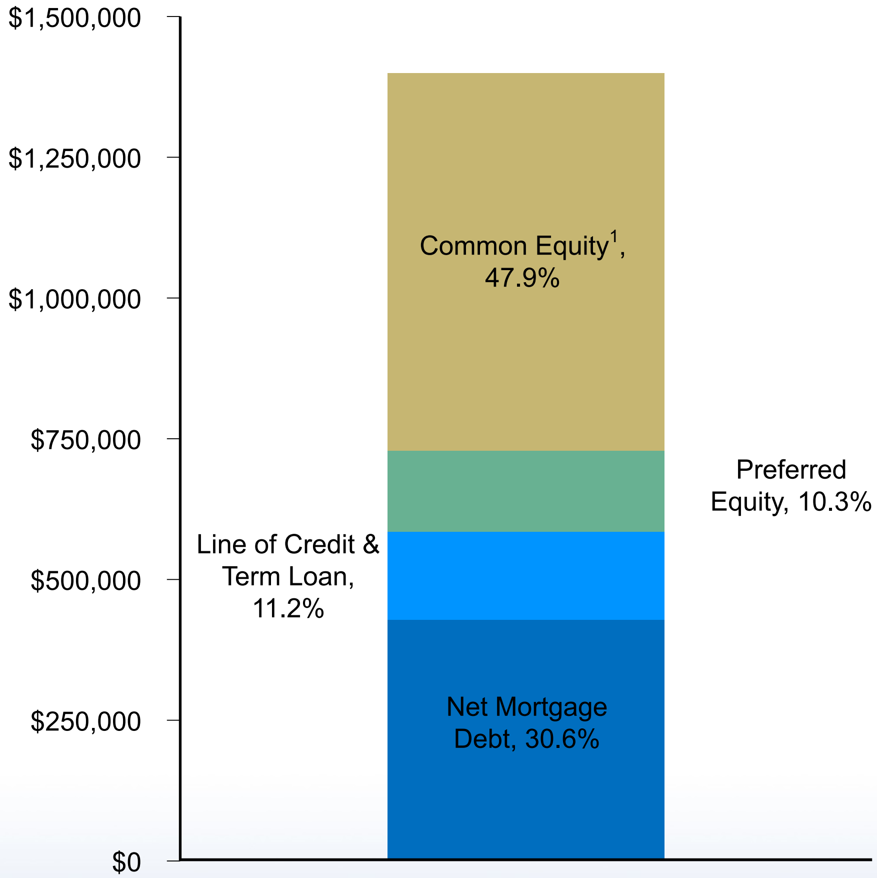
Total Distributions ($ in millions)



(1) Includes a $5.3 million gain (or $0.30 per share) on debt extinguishment as a result of our Roseville, Minnesota deed-in-lieu transaction during the year ended December 31, 2014.
(2) January 1, 2019 - September 30, 2019.

Capital Structure Overview

Current Capital Structure as of 9/30/2019 ($000s)

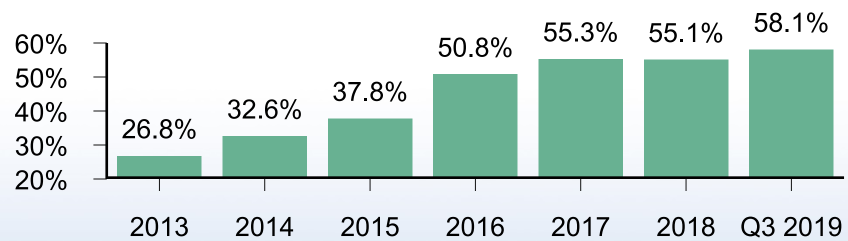


Total = $1,479mm

Capital Structure Details

(Dollars in $000s, except stock price)	Wtd. Average Rate		9/30/2019
Mortgage Notes Payable, Net	4.58%	$	434,689
Less: Cash & Cash Equivalents			(6,175)
Net Mortgage Debt		$	428,514
Line of Credit	L+1.65%	$	34,915
Term Note	L+1.60%		121,219
Line of Credit and Term Loan		$	156,134
Total Debt, Net		$	584,648
Series A - Preferred	7.75%	$	25,000
Series B - Preferred	7.50%		31,600
Series D - Preferred	7.00%		87,739
Total Preferred Equity[2]		$	144,339
Diluted Common Shares Outstanding			31,930,371
Stock Price		$	23.50
Implied Common Equity[1] Market Capitalization		$	750,364
Enterprise Value		$	1,479,351

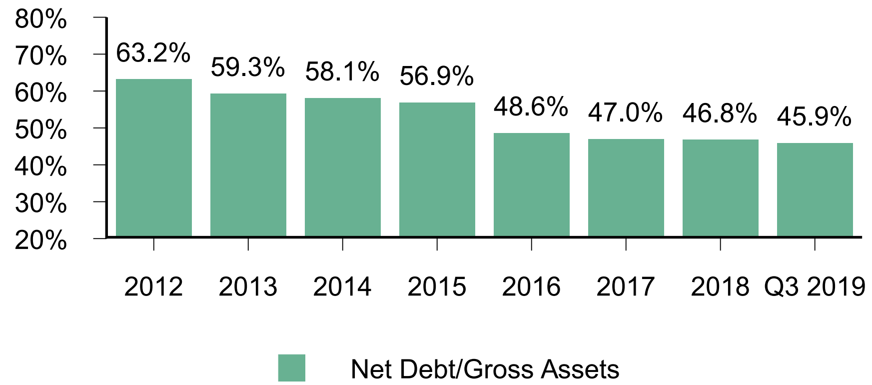
Institutional Stock Ownership [3]



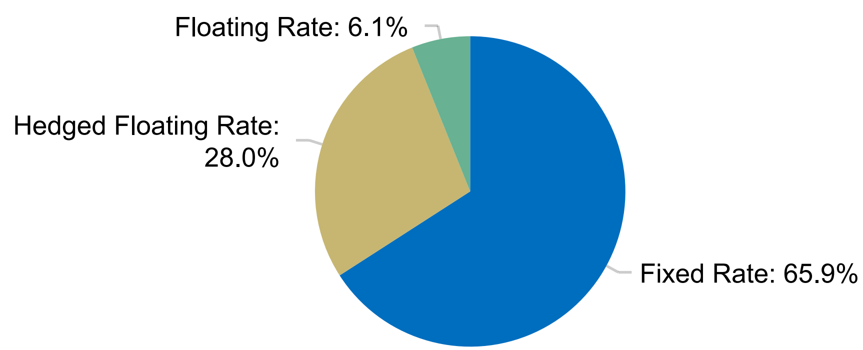
[1] Common Equity is based on the closing common stock price per share as of September 30, 2019 of $23.50 and includes effect of OP units and convertible senior common stock.
[2] A new designated 6.625% Series E Preferred Stock was issued on October 4, 2019 with a value of $69.0 million. Series A and B Preferred Stock were fully redeemed on October 28, 2019.
[3] Source: Nasdaq Online

Liquidity and Debt Overview

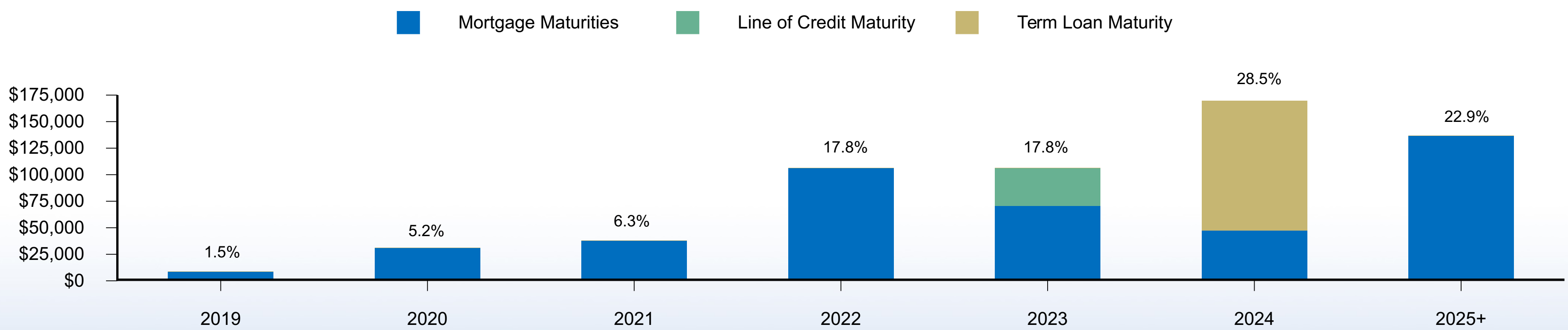
Reducing Leverage[1]



Fixed vs. Floating Debt[1]



Debt maturity schedule[1] ($000s)



(1) As of 9/30/2019

GLADSTONE

Management

GLADSTONE

Experienced Leadership Team

David Gladstone, Chairman and CEO

25+ years of experience

- Current Chairman and CEO of all four Gladstone funds, public companies #7, #8, #9 and #10 in his career
- Former Chairman of Allied Capital Commercial (REIT), Allied Capital and American Capital
- Former board member of Capital Automotive REIT
- MBA from Harvard Business School, MA from American University, BA from University of Virginia

Bob Cutlip, President

25+ years of experience

- Current President of the Company
- Former EVP of First Industrial Realty Trust where he directed the acquisition and development business activities in 26 markets in North America
- Former Regional EVP of Duke-Weeks Realty, responsible for operations of the Mid-Atlantic region
- Former Senior Vice President of Highwoods Properties, responsible the Mid-Atlantic markets
- Former National Chairman of National Association of Industrial and Office Properties
- MBA from University of Southern California, MS from Vanderbilt University, BSCE from U.S.A.F. Academy

Mike Sodo, Chief Financial Officer

20 years of experience

- Current CFO of the Company
- Former EVP, CFO and Treasurer of VEREIT
- Former SVP, Treasurer and Director of Financial Reporting for Capital Automotive REIT
- CPA in the Commonwealth of Virginia
- BBA from the College of William & Mary

Jay Beckhorn, Treasurer

25+ years of experience

- Current Treasurer of the Company and Gladstone Land, Assistant Treasurer of Gladstone Capital and Gladstone Investment
- Former Regional Managing Director of Heavenrich & Co.
- Former Senior Vice President of Sunrise Senior Living
- Former Managing Director of Riggs Bank
- MBA from Duke University, BA from Colgate University

Experienced Leadership Team (cont'd)

Buzz Cooper, Senior Managing Director, South and Southwest Regions

25+ years of experience

- Manages regional acquisition and asset management activities; over 14 years with Gladstone
- Former Principal of Allied Commercial Corporation REIT, where his responsibilities ranged from buying loans from RTC and banks to making real estate backed loans
- BA from Washington and Lee University

Matt Tucker, Senior Managing Director, Northeast and Midwest Regions

20 years of experience

- Manages regional acquisition and asset management activities; over 10 years with Gladstone
- Formerly held investment and advisory positions with Liquid Realty Partners, SG Capital Partners and Chase Securities Inc.
- MBA from University of Michigan Business School, AB from Princeton University

Brandon Flickinger, Managing Director, Southeast and Mountain West Regions

15 years of experience

- Manages regional acquisition and asset management activities and internal operations of the firm
- Former Vice President in Jones Lange LaSalle's Real Estate Investment Banking Group
- MBA from Fordham University, BBA from James Madison University

Conclusion

Summary Highlights

- ***Diversified asset base with a 15% annual compound growth rate since 2012***
- ***Proven credit and real estate investment strategy has maintained high occupancy (>96%) since 2003***
- ***Focused on growth with only 2.4% of projected rents expiring through the end of 2019***
- ***Improved property operations with 2018 Core FFO per share increasing to $1.60, which is the highest Core FFO per share since inception***
- ***Strengthened credit profile with enterprise leverage down to 39.6%***
- ***Substantially improved capital structure including cost of capital, maturity, and liquidity benefits of 2019 Credit Facility and Series E perpetual preferred executions***

Note: As of 9/30/2019

Appendix

1. Condensed Consolidated Statements of Operations
2. Funds From Operations (FFO)
3. Condensed Balance Sheets
4. Debt Summary
5. External Management Structure Qualities

GLADSTONE

Condensed Consolidated Statements of Operations

($ in thousands, except per share amounts)	For the three months ended (unaudited)			For the nine months ended (unaudited)	
	9/30/2019	6/30/2019	9/30/2018	9/30/2019	9/30/2018
Operating revenues					
Lease revenue	$ 28,667	$ 28,197	$ 26,591	$ 85,001	$ 79,538
Total operating revenues	$ 28,667	$ 28,197	$ 26,591	$ 85,001	$ 79,538
Operating expenses					
Depreciation and amortization	$ 12,979	$ 12,622	$ 11,807	$ 38,611	$ 35,166
Property operating expenses	3,202	3,060	2,638	9,330	8,247
Base management fee	1,292	1,293	1,242	3,852	3,798
Incentive fee	965	904	785	2,720	2,215
Administration fee	411	397	440	1,222	1,187
General and administrative	596	782	510	2,035	1,754
Total operating expenses	$ 19,445	$ 19,058	$ 17,422	$ 57,770	$ 52,367
Other (expense) income					
Interest expense	$ (7,170)	$ (7,005)	$ (6,531)	$ (21,406)	$ (19,275)
Gain on sale of real estate	—	—	—	2,952	1,844
Other income	139	71	39	291	67
Total other expense, net	$ (7,031)	$ (6,934)	$ (6,492)	$ (18,163)	$ (17,364)
Net income	$ 2,191	$ 2,205	$ 2,677	$ 9,068	$ 9,807
Net income attributable to non-controlling interests	16	16	—	(13)	—
Net income attributable to the company	$ 2,207	$ 2,221	$ 2,677	$ 9,055	$ 9,807
Distributions attributable to Series A, B and D preferred stock	(2,612)	(2,612)	(2,612)	(7,837)	(7,803)
Distributions attributable to senior common stock	(226)	(225)	(235)	(675)	(700)
Net (loss) income (attributable) available to common stockholders	$ (631)	$ (616)	$ (170)	$ 543	$ 1,304
Weighted average common shares outstanding and Non-controlling OP Units					
Basic and diluted	31,775,739	31,192,676	28,734,380	31,081,627	28,532,224

GLADSTONE

Funds From Operations (FFO)

($ in thousands except per share amounts)	For the three months ended (unaudited)			For the nine months ended (unaudited)	
	9/30/2019	6/30/2019	9/30/2018	9/30/2019	9/30/2018
Net income	$ 2,191	$ 2,205	$ 2,677	$ 9,068	$ 9,807
Less: Distributions attributable to preferred and senior common stock	(2,838)	(2,837)	(2,847)	(8,512)	(8,503)
Net (loss) income (attributable) available to common stockholders and Non-controlling OP Unitholders	$ (647)	$ (632)	$ (170)	$ 556	$ 1,304
Adjustments:					
Add: Real estate depreciation and amortization	$ 12,979	$ 12,622	$ 11,807	$ 38,611	$ 35,166
Less: Gain on sale of real estate, net	—	—	—	(2,952)	(1,844)
FFO available to common stockholders and Non-controlling OP Unitholders - basic	$ 12,332	$ 11,990	$ 11,637	$ 36,215	$ 34,626
Add: Convertible senior common distributions	226	225	235	675	700
FFO available to common stockholders and Non-controlling OP Unitholders - diluted	$ 12,558	$ 12,215	$ 11,872	$ 36,890	$ 35,326
FFO available to common stockholders and Non-controlling OP Unitholders - basic	$ 12,332	$ 11,990	$ 11,637	$ 36,215	$ 34,626
Add: Acquisition related expenses	(6)	65	19	122	105
Add: Write off of deferred financing fees	61	—	—	344	6
Add: Deferred rent write off	—	—	—	30	—
Add: Write off shelf registration statement costs	—	—	—	18	—
Add: Asset retirement obligation expense	32	32	30	95	90
Less: Write off of debt discount	—	—	—	—	(49)
Core FFO available to common stockholders and Non-controlling OP Unitholders - basic	$ 12,419	$ 12,087	$ 11,686	$ 36,824	$ 34,778
Add: Convertible senior common distributions	226	225	235	675	700
Core FFO available to common stockholders and Non-controlling OP Unitholders - diluted	$ 12,645	$ 12,312	$ 11,921	$ 37,499	$ 35,478
Weighted average common shares outstanding and Non-controlling OP Units - basic	31,775,739	31,192,676	28,734,380	31,081,627	28,532,224
Weighted average common shares outstanding and Non-controlling OP Units - diluted	32,485,645	31,911,446	29,472,132	31,791,533	29,269,976
FFO per weighted average share of common stock and Non-controlling OP Unit - basic	$ 0.39	$ 0.38	$ 0.40	$ 1.17	$ 1.21
FFO per weighted average share of common stock and Non-controlling OP Unit - diluted	$ 0.39	$ 0.38	$ 0.40	$ 1.16	$ 1.21
Core FFO per weighted average share of common stock and Non-controlling OP Unit - basic	$ 0.39	$ 0.39	$ 0.41	$ 1.18	$ 1.22
Core FFO per weighted average share of common stock and Non-controlling OP Unit - diluted	$ 0.39	$ 0.39	$ 0.40	$ 1.18	$ 1.21
Distributions declared per share of common stock and Non-controlling OP Unit	$ 0.375	$ 0.375	$ 0.375	$ 1.125	$ 1.125

GLADSTONE

Condensed Balance Sheets

($ in thousands)	(unaudited) 9/30/2019	12/31/2018
ASSETS		
Real estate, at cost	$ 1,008,438	$ 946,649
Less: accumulated depreciation	202,480	178,257
Total real estate, net	805,958	768,392
Lease intangibles, net	110,197	111,448
Real estate and related assets held for sale, net	—	4,151
Cash and cash equivalents	6,175	6,591
Restricted cash	2,778	2,491
Funds held in escrow	6,011	6,010
Right-of-use assets from operating leases	5,846	—
Deferred rent receivable, net	37,344	34,771
Other assets	3,703	4,921
TOTAL ASSETS	$ 978,012	$ 938,775
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Mortgage notes payable, net	$ 434,689	$ 441,346
Borrowings under revolver and term loan, net	156,134	124,713
Deferred rent liability, asset retirement obligation and other liabilities, net	43,338	32,699
TOTAL LIABILITIES	$ 634,161	$ 598,758
MEZZANINE EQUITY		
Series D redeemable preferred stock, net	$ 85,598	$ 85,598
TOTAL MEZZANINE EQUITY	$ 85,598	$ 85,598
STOCKHOLDERS' EQUITY		
Series A and B redeemable preferred stock	$ 2	$ 2
Senior common stock	1	1
Common stock	31	29
Additional paid in capital	599,956	559,977
Accumulated other comprehensive income	(2,483)	(148)
Distributions in excess of accumulated earnings	(343,736)	(310,117)
TOTAL STOCKHOLDERS' EQUITY	$ 253,771	$ 249,744
OP Units held by Non-controlling OP Unitholders	4,482	4,675
TOTAL EQUITY	$ 258,253	$ 254,419
TOTAL LIABILITIES, MEZZANINE EQUITY AND EQUITY	$ 978,012	$ 938,775

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Debt Summary

Principal Maturity Date	Weighted Average Interest Rate as of 9/30/2019		($ in thousands) Principal Balance Outstanding as of 9/30/2019
2019	6.00%		6,343
2020	4.21%		19,650
2021	5.10%		17,621
2022	4.82%		105,676
2023	4.64%		68,500
2024	4.04%		44,486
2025	4.03%		33,781
2026	4.53%		41,471
2027	4.54%		67,819
2028	5.32%		4,659
2029	4.75%		11,914
2037	4.63%		6,721
2039	4.74%		10,093
Contractual Mortgage Notes Payable:	4.58%	$	438,734
Premiums (Discounts), net:			(254)
Total Mortgage Notes Payable:		$	438,480
Variable-Rate Line of Credit:			
2023	LIBOR +1.65%	$	35,800
Variable-Rate Term Loan Facility:			
2024	LIBOR +1.60%	$	122,300
Total Mortgage Notes Payable and Line of Credit	4.33%	$	596,580

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External Management Structure Qualities

- President, CFO, Acquisitions, Asset Management and Accounting staff exclusively dedicated to Gladstone Commercial
  - Benefit: Aligned with shareholder interests
- The 2015 revision to the fee structure places overhead costs at the 60th percentile of self-managed REITs
  - Benefit: G&A costs comparable with the public REIT industry
- The external structure provides access to internal credit underwriters across numerous industries
  - Benefit: Can quickly assess tenant's creditworthiness and ability to weather economic downturns
- Legal, Compliance, Human Resources, and IT shared among four funds
  - Benefit: Reduced costs to shareholders

The results of organizational structure benefits:

- Occupancy never below 96% since IPO in 2003
- Distributions never lowered nor missed since 2003
- Cost structure aligned with self-managed REITs with the added benefit of access to proven credit underwriting capability and evidenced by consistent high occupancy

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