

# **GLADSTONE COMMERCIAL**

*Investor Presentation August 2020*



# Legal Disclaimer

**Forward-Looking Statements:** This presentation may include forward-looking statements within the meaning of the Securities Act of 1933 or the Securities Exchange Act of 1934. Forward-looking statements are typically identified by words such as “estimate,” “may,” “might,” “believe,” “will,” “provided,” “anticipate,” “future,” “could,” “growth,” “plan,” “project,” “intend,” “expect,” “should,” “would,” “if,” “seek,” “possible,” “potential,” “likely” or the negative or variations of such terms or comparable terminology. These forward-looking statements include comments with respect to our objectives and strategies, and the future results of our operations and our business. By their nature, these forward-looking statements involve numerous assumptions, uncertainties and descriptions of opportunities, both general and specific. The risk exists that these statements may not be fulfilled. We caution readers of this presentation not to place undue reliance on these forward-looking statements as a number of factors could cause our future results to differ materially from these statements. Any results or performance implied by forward-looking statements may be influenced by certain factors including, but not limited to, fluctuations in interest rates and stock indices, the effects of competition in the areas in which we operate, the overall impact of the COVID-19 pandemic and other health emergencies, and changes in economic, political, regulatory and technological conditions as well as those factors delineated under the caption “Risk Factors” in our Forms 10-Q and Form 10-K, and other documents we file with the SEC from time to time. Therefore, we caution that the foregoing list is not exhaustive. Investors should not rely on forward-looking statements to make decisions and should carefully consider the aforementioned factors as well as other uncertainties and events. We undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the SEC, including subsequent annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

**Past or Present Performance Disclaimer:** This presentation includes information regarding past or present performance of the Company. Please note, past or present performance is not a guarantee of future performance or future results.





# Gladstone Commercial Corporation



# 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 15.1 million square feet of predominantly office and industrial real estate nationwide
- Diversified portfolio of 122 properties in 28 states leased to 105 different tenants in 19 industries
- The Company is led by a highly-experienced leadership team with over 150 years of combined experience
- Investment activities are credit-focused with a growth market emphasis, seeking mission critical facilities of middle market and investment grade companies

Note: As of 6/30/2020

Overview

Gladstone  
Commercial

Investment  
strategy

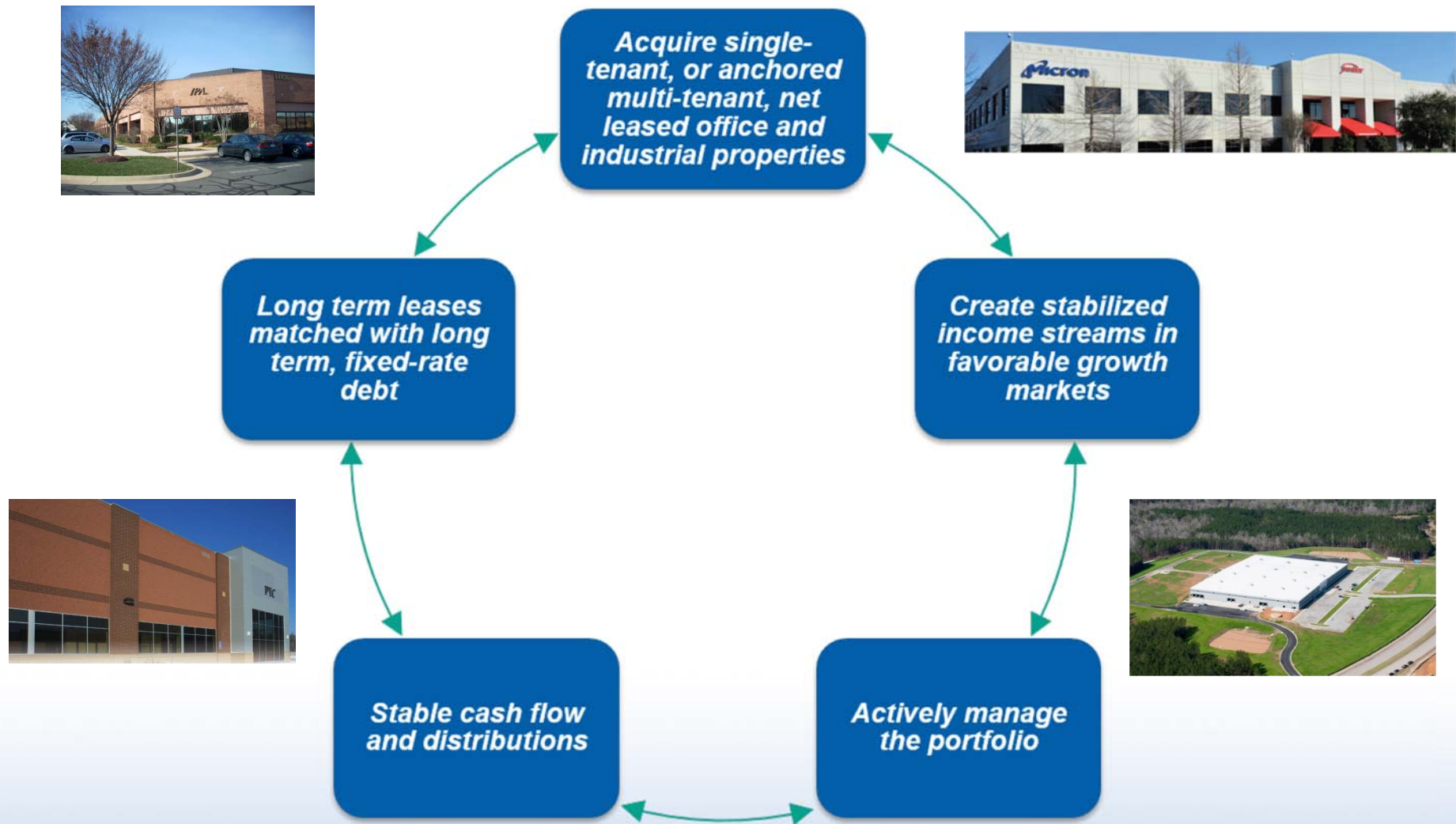
Portfolio

Financial  
performance

Management

Conclusion

# Gladstone Commercial's Investment Philosophy



Overview

Gladstone  
Commercial

Investment  
strategy

Portfolio

Financial  
performance

Management

Conclusion

# Gladstone Commercial Overview

- IPO in 2003 (Nasdaq: GOOD)
- Market Capitalization: **\$649mm**<sup>(1)</sup>
- Enterprise Value: **\$1,465mm**<sup>(1)</sup>
- Common stock annual distribution per share: **\$1.5018**
  - Monthly distributions
  - No missed or reduced cash distributions since inception

## Portfolio summary (6/30/2020)

# of Properties	122
Square feet (mm)	15.1
Occupancy	95.5%
States	28
Tenants	105
Industries	19
Annual lease revenue (LTM) (\$mm)	\$125.2
Diluted FFO per Common Share, as adjusted for comparability (LTM)	\$1.57
Diluted Core FFO per Common Share (LTM)	\$1.60
Average Remaining Lease Term	7.3 years

<sup>(1)</sup> Common Equity is based on the closing common stock price per share as of June 30, 2020 of \$18.75 per share and includes effect of convertible securities.



Overview

Gladstone  
Commercial

Investment  
strategy

Portfolio

Financial  
performance

Management

Conclusion





# Significant Growth & Diversification Since 2010

## GOOD Portfolio

*Grew a  
diverse  
portfolio*

	12/31/10	6/30/2020	Variance
Total assets (\$mm)	\$ 410.6	\$ 1,086.1	\$ 675.5
Properties	65	122	57
Tenants	52	105	53
Square feet (mm)	6.8	15.1	8.3
Occupancy (%)	97.2%	95.5%	(1.7)%
Lease Revenue From Top 5 tenants (\$mm) <sup>(1)</sup>	\$ 10.0	\$ 19.0	\$ 9.0
% of Total Lease Revenue	24.2%	14.1%	(10.1)%

*Revenue  
and cash  
flow growth*

Revenues (LTM) (\$mm)	\$ 41.9	\$ 125.2	\$ 83.3
Diluted FFO (LTM) (\$mm)	\$ 14.1	\$ 50.5	\$ 36.4
Diluted FFO, as adjusted for comparability (LTM) (\$mm)	\$ 14.1	\$ 53.2	\$ 39.1
Diluted Core FFO (LTM) (\$mm)	\$ 14.5	\$ 53.8	\$ 39.3

*Improved  
capital  
structure*

Net Total Debt / Enterprise Value	58.9%	44.8%	(14.1)%
Net Total Debt + Preferred / Enterprise Value	70.0%	55.7%	(14.3)%
Net Total Debt / Gross Assets <sup>(2)</sup>	62.7%	46.5%	(16.2)%

<sup>(1)</sup>Annualized

<sup>(2)</sup>Gross Assets equal total assets before depreciation

Overview

Gladstone  
Commercial

Investment  
strategy

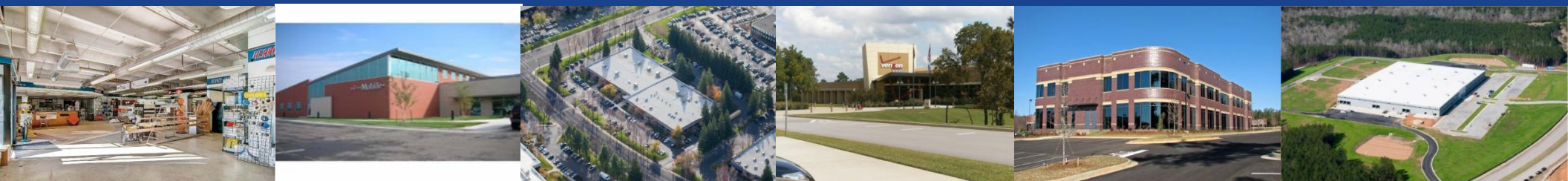
Portfolio

Financial  
performance

Management

Conclusion





# Investment Strategy





# 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 facilities
- 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

Overview

Gladstone  
Commercial

Investment  
strategy

Portfolio

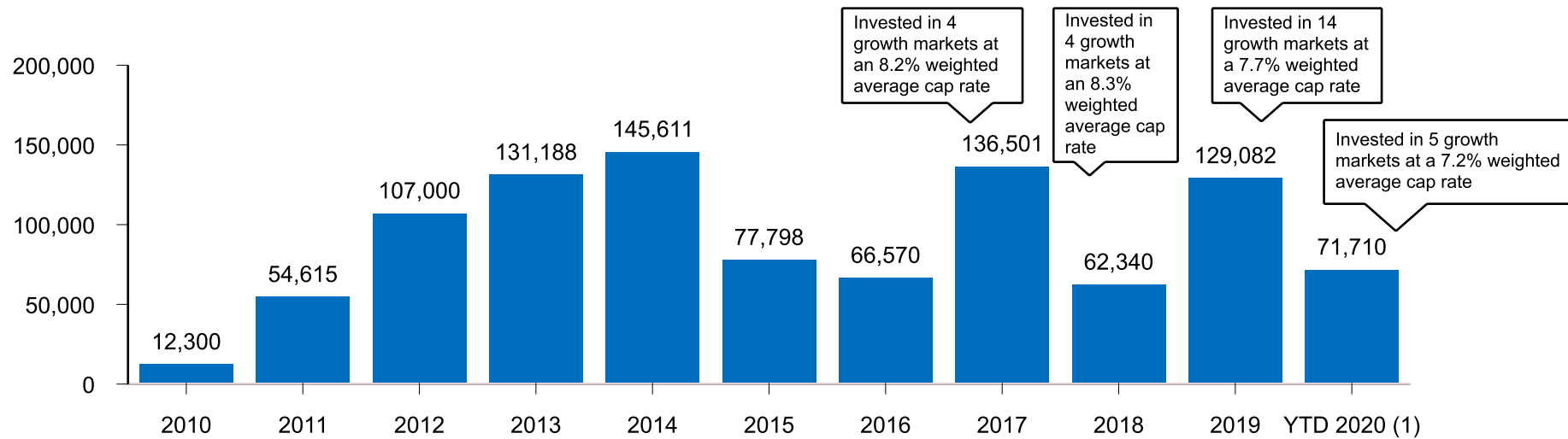
Financial  
performance

Management

Conclusion

# Gladstone Has Achieved Consistent and Disciplined Growth

## Historical Investment Volume (\$000)



(1) As of July 27, 2020

### 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%

### Iron Mountain - Industrial Portfolio



- 509K SF
- TX, LA, AZ, NM
- Acquired 12/19
- GAAP cap rate: 7.2%

Overview

Gladstone  
Commercial

Investment  
strategy

Portfolio

Financial  
performance

Management

Conclusion



# Portfolio Overview





# Portfolio Overview

## Geographic diversity

- 122 properties across the U.S. located in 28 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 95.5%; Since IPO in 2003, never below 95%
- 2.8% of projected rents expiring through the end of 2020
- Of 100+ assets with over \$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 6/30/2020

Overview

Gladstone  
Commercial

Investment  
strategy

Portfolio

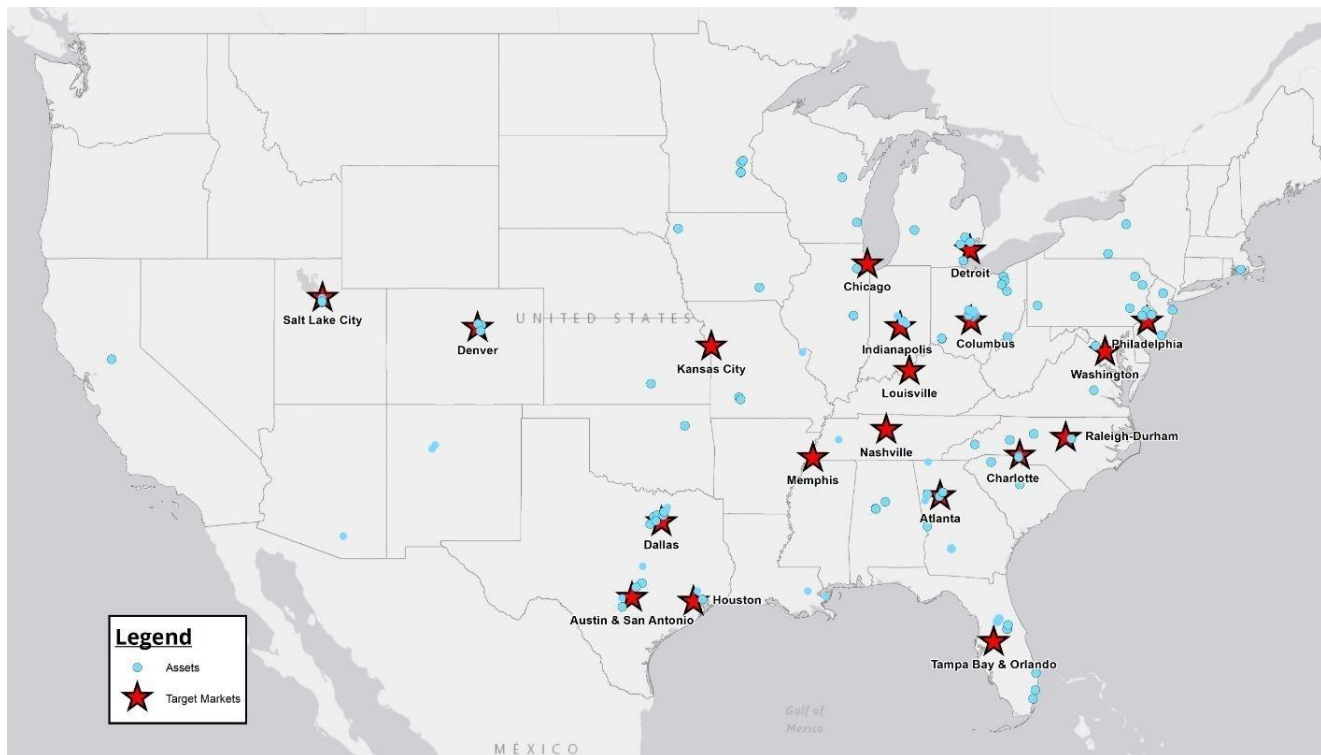
Financial  
performance

Management

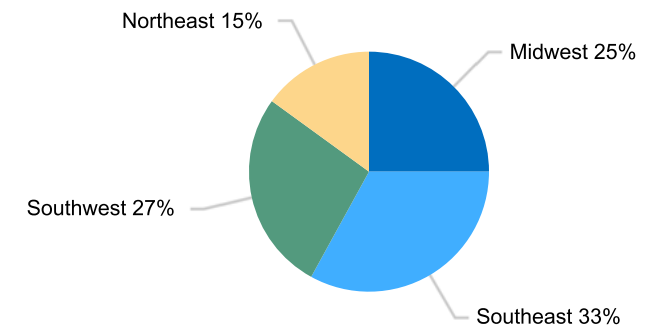
Conclusion

# Diversified Portfolio

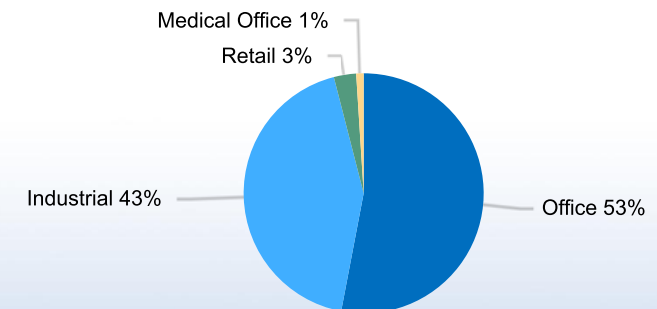
*122 properties spread across 28 states*



**Geographic diversification  
(by annualized straight line rent)**



**Property type diversification  
(by annualized straight line rent)**



Note: As of 6/30/2020

Overview

Gladstone  
Commercial

Investment  
strategy





Portfolio

Financial  
performance

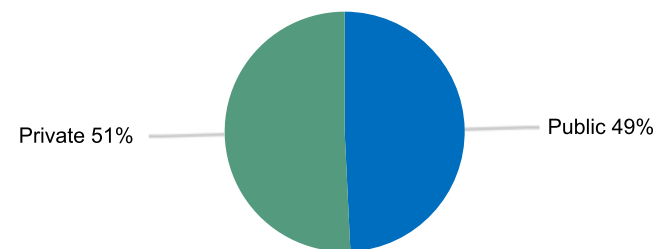
Management

Conclusion

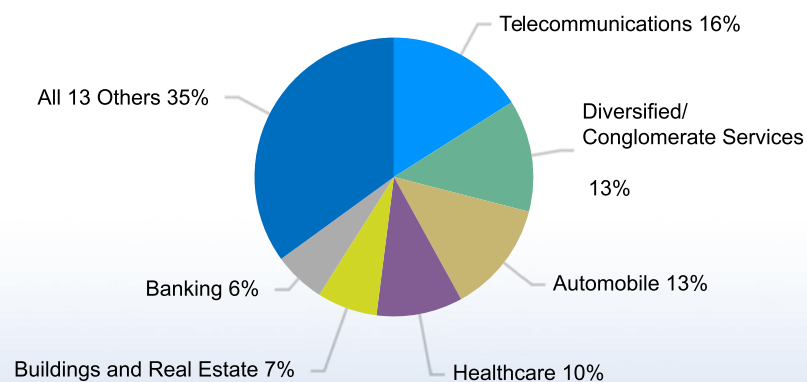
# High Quality, Diversified Portfolio

Top tenants	% of annualized straight line rent	% of SF
	4%	2%
	3%	6%
	3%	1%
Morgan Stanley	3%	1%
TOWERS WATSON 	2%	1%
All other tenants	85%	89%

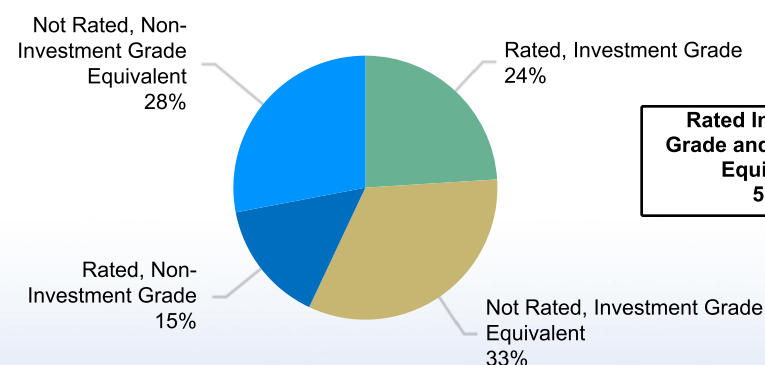
## Publicly-traded vs. privately-held tenants (as % of annualized straight line rent)



## Industry diversification (based on annualized straight line rent)



## Tenant credit ratings (as % annualized straight line rent)



**Rated Investment Grade and Non-Rated Equivalent 57%**

Note: As of 6/30/2020

Overview

Gladstone  
Commercial

Investment  
strategy

Portfolio

Financial  
performance

Management

Conclusion



**GLADSTONE**



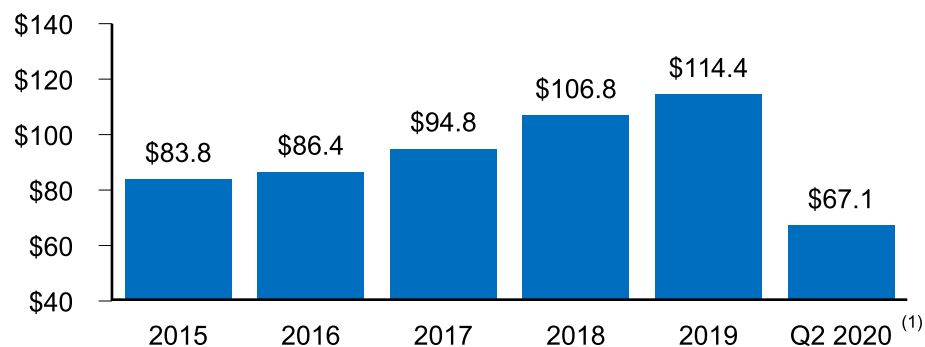


# Financial Performance

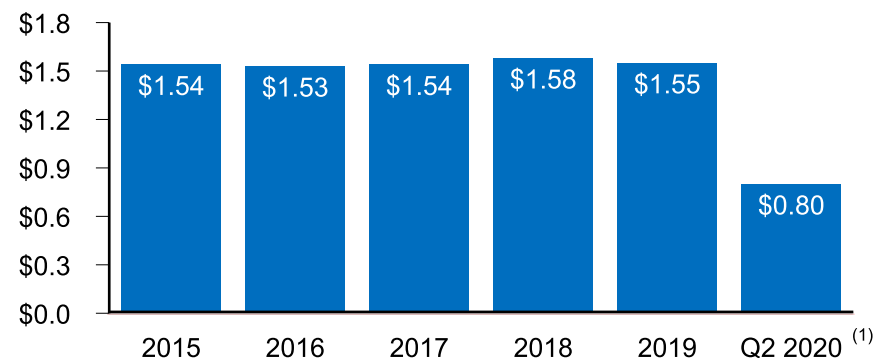


# Summary Historical Performance

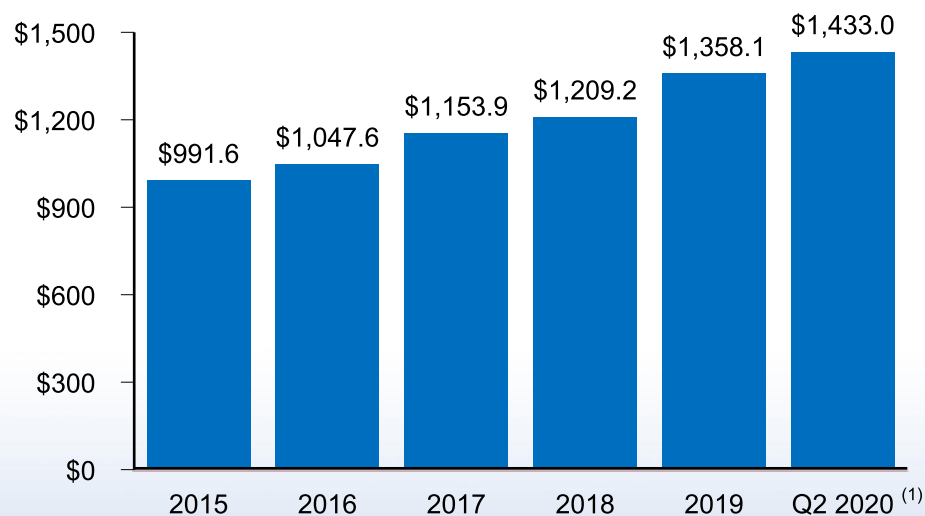
Total Revenue (\$ in millions)



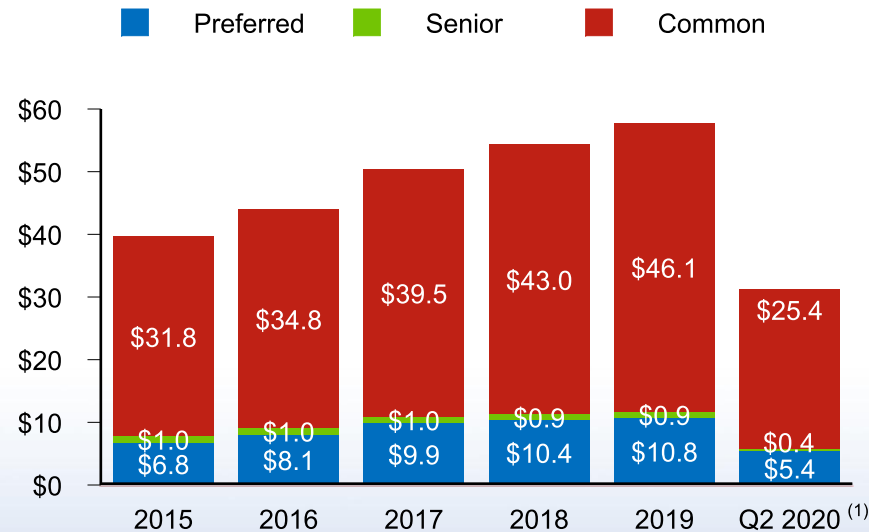
Funds from Operations, as adjusted for comparability (Per Share)



Total Gross Assets (\$ in millions)



Total Distributions (\$ in millions)



(1) January 1, 2020 - June 30, 2020

Overview

Gladstone  
Commercial

Investment  
strategy

Portfolio

Financial  
performance

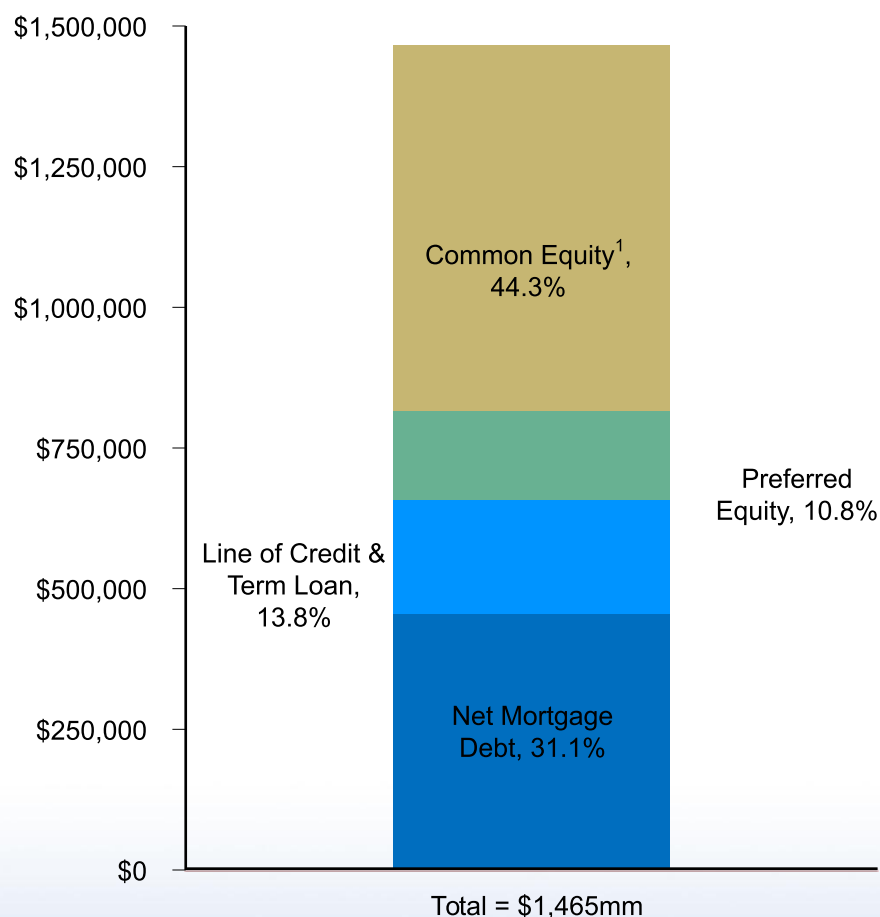
Management

Conclusion



# Capital Structure Overview

## Current Capital Structure as of 6/30/2020 (\$000s)

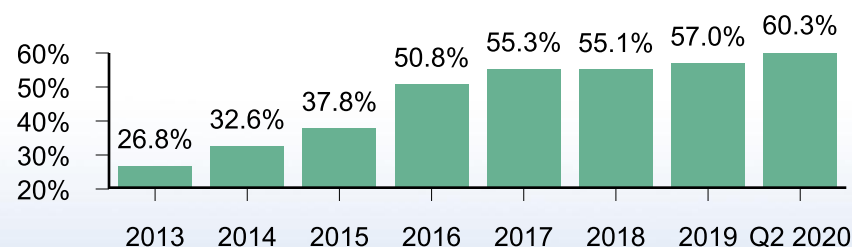


## Capital Structure Details

(Dollars in \$000s, except stock price)

	Wtd. Average Rate	6/30/2020
Mortgage Notes Payable, Net	4.27%	\$ 465,383
Less: Cash & Cash Equivalents		(9,563)
<b>Net Mortgage Debt</b>		<b>\$ 455,820</b>
Line of Credit	L+1.65%	\$ 42,410
Term Note	L+1.60%	159,090
<b>Line of Credit and Term Loan</b>		<b>\$ 201,500</b>
<b>Total Debt, Net</b>		<b>\$ 657,320</b>
Series D - Preferred	7.000%	87,739
Series E - Preferred	6.625%	71,164
<b>Total Preferred Equity</b>		<b>\$ 158,903</b>
Diluted Common Shares Outstanding		34,610,762
Stock Price		\$ 18.75
<b>Implied Common Equity<sup>1</sup> Market Capitalization</b>		<b>\$ 648,952</b>
<b>Enterprise Value</b>		<b>\$ 1,465,175</b>

## Institutional Stock Ownership <sup>2</sup>



<sup>1</sup> Common Equity is based on the closing common stock price per share as of June 30, 2020 of \$18.75 and includes effect of OP units and convertible senior common stock.

<sup>2</sup> Source: Nasdaq Online

Overview

Gladstone  
Commercial

Investment  
strategy

Portfolio

Financial  
performance

Management

Conclusion

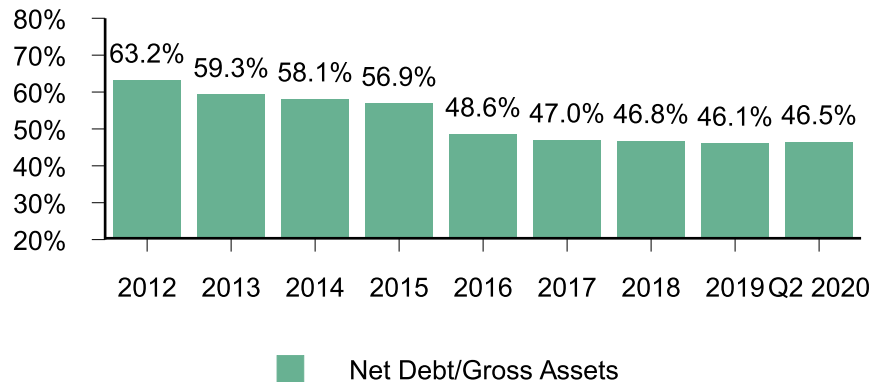


**GLADSTONE**

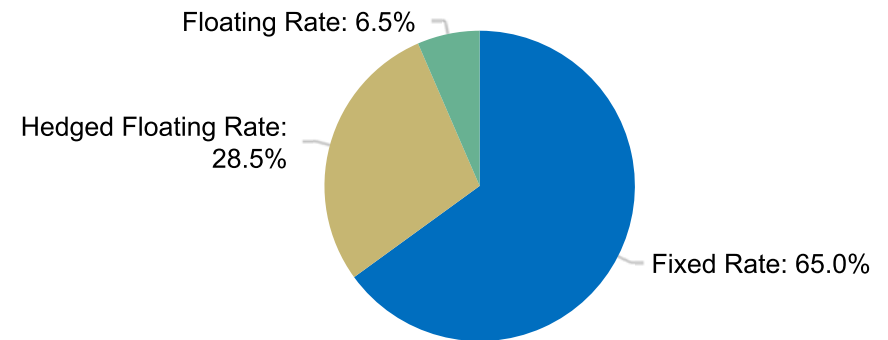


# Liquidity and Debt Overview

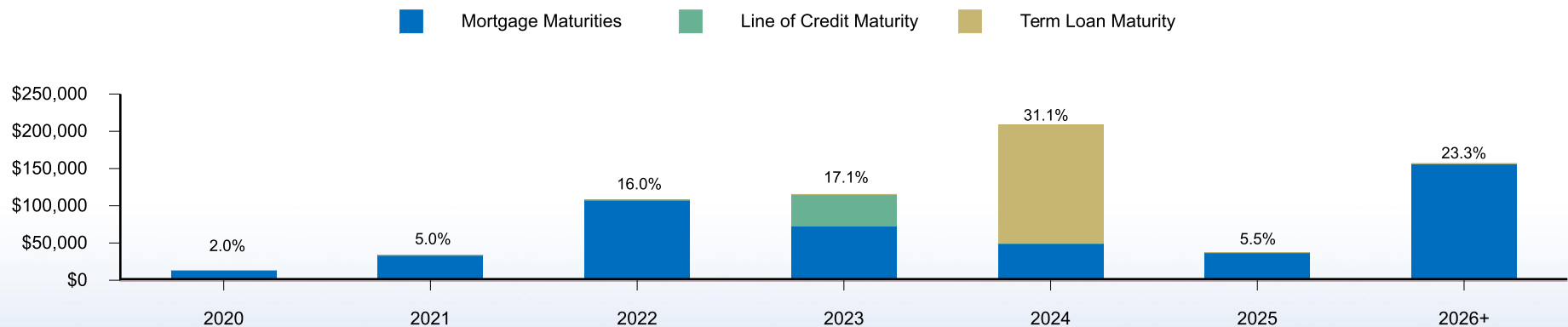
## Reducing Leverage<sup>(1)</sup>



## Fixed vs. Floating Debt<sup>(1)</sup>



## Debt maturity schedule<sup>(1)</sup> (\$000s)



<sup>(1)</sup>As of 6/30/2020

Overview

Gladstone  
Commercial

Investment  
strategy

Portfolio

Financial  
performance

Management

Conclusion



# Management



# 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

Overview

Gladstone  
Commercial

Investment  
strategy

Portfolio

Financial  
performance

Management

Conclusion



# 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

Overview

Gladstone  
Commercial

Investment  
strategy

Portfolio

Financial  
performance

Management

Conclusion



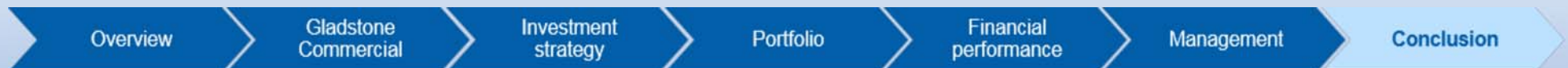


# Conclusion

# 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 (>95%) since 2003***
- ***Strengthened credit profile with net total debt to gross assets down to 46.5%***
- ***Focused on growth with limited lease expirations through 2022, and with an emphasis on increasing the industrial allocation***

Note: As of 6/30/2020



# Appendix

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

# Condensed Consolidated Statements of Operations

(\$ in thousands, except per share amounts)

	For the three months ended (unaudited)			For the six months ended (unaudited)	
	6/30/2020	3/31/2020	6/30/2019	6/30/2020	6/30/2019
Operating revenues					
Lease revenue	\$ 33,525	\$ 33,619	\$ 28,197	\$ 67,145	\$ 56,334
Total operating revenues	\$ 33,525	\$ 33,619	\$ 28,197	\$ 67,145	\$ 56,334
Operating expenses					
Depreciation and amortization	\$ 14,182	\$ 14,096	\$ 12,622	\$ 28,278	\$ 25,632
Property operating expenses	6,295	6,213	3,060	12,508	6,128
Base management fee	1,389	1,412	1,293	2,801	2,560
Incentive fee	1,119	1,055	904	2,173	1,755
Administration fee	395	438	397	833	810
General and administrative	752	878	782	1,630	1,439
Impairment charge	1,721	—	—	1,721	—
Total operating expenses	\$ 25,853	\$ 24,092	\$ 19,058	\$ 49,944	\$ 38,324
Other (expense) income					
Interest expense	\$ (6,716)	\$ (7,252)	\$ (7,005)	\$ (13,968)	\$ (14,236)
(Loss) gain on sale of real estate	—	(12)	—	(12)	2,952
Other (loss) income	9	(5)	71	4	152
Total other expense, net	\$ (6,707)	\$ (7,269)	\$ (6,934)	\$ (13,976)	\$ (11,132)
Net income	\$ 965	\$ 2,258	\$ 2,205	\$ 3,225	\$ 6,878
Net loss (income) attributable (available) to non-controlling interests	28	9	16	37	(29)
Net income attributable to the company	\$ 993	\$ 2,267	\$ 2,221	\$ 3,262	\$ 6,849
Distributions attributable to Series A, B, D, and E preferred stock	(2,688)	(2,678)	(2,612)	(5,366)	(5,225)
Distributions attributable to senior common stock	(204)	(208)	(225)	(411)	(449)
Net (loss) income (attributable) available to common stockholders	\$ (1,899)	\$ (619)	\$ (616)	\$ (2,515)	\$ 1,175
Weighted average common shares outstanding and Non-controlling OP Basic and diluted	34,442,859	34,136,179	31,192,676	34,289,519	30,728,818



# Funds From Operations (FFO)

(\$ in thousands except per share amounts)

	For the three months ended (unaudited)			For the six months ended (unaudited)	
	6/30/2020	3/31/2020	6/30/2019	6/30/2020	6/30/2019
Net income	\$ 965	\$ 2,258	\$ 2,205	\$ 3,225	\$ 6,878
Less: Distributions attributable to preferred and senior common stock	(2,892)	(2,886)	(2,837)	(5,777)	(5,674)
Net (loss) income (attributable) available to common stockholders and Non-controlling OP Unitholders	\$ (1,927)	\$ (628)	\$ (632)	\$ (2,552)	\$ 1,204
Adjustments:					
Add: Real estate depreciation and amortization	\$ 14,182	\$ 14,096	\$ 12,622	\$ 28,278	\$ 25,632
Add: Impairment charge	1,721	—	—	1,721	—
Add: Loss on sale of real estate, net	—	12	—	12	—
Less: Gain on sale of real estate, net	—	—	—	—	(2,952)
FFO available to common stockholders and Non-controlling OP Unitholders - basic	\$ 13,976	\$ 13,480	\$ 11,990	\$ 27,459	\$ 23,884
Add: Convertible senior common distributions	204	208	225	411	449
FFO available to common stockholders and Non-controlling OP Unitholders - diluted	\$ 14,180	\$ 13,688	\$ 12,215	\$ 27,870	\$ 24,333
FFO available to common stockholders and Non-controlling OP Unitholders - basic	\$ 13,976	\$ 13,480	\$ 11,990	\$ 27,459	\$ 23,884
Add: Acquisition related expenses	8	7	65	14	128
Add: Write off of deferred financing fees	—	—	—	—	283
Add: PACE financing amortization, net	—	31	—	31	—
Add: Write off shelf registration statement costs	—	—	—	—	18
Add: Asset retirement obligation expense	31	41	32	72	63
Core FFO available to common stockholders and Non-controlling OP Unitholders - basic	\$ 14,015	\$ 13,559	\$ 12,087	\$ 27,576	\$ 24,376
Add: Convertible senior common distributions	204	208	225	411	449
Core FFO available to common stockholders and Non-controlling OP Unitholders - diluted	\$ 14,219	\$ 13,767	\$ 12,312	\$ 27,987	\$ 24,825
Weighted average common shares outstanding and Non-controlling OP Units - basic	34,442,859	34,136,179	31,192,676	34,289,519	30,728,818
Weighted average common shares outstanding and Non-controlling OP Units - diluted	35,092,914	34,791,121	31,911,446	34,939,574	31,447,588
FFO per weighted average share of common stock and Non-controlling OP Unit - basic	\$ 0.41	\$ 0.39	\$ 0.38	\$ 0.80	\$ 0.78
FFO per weighted average share of common stock and Non-controlling OP Unit - diluted	\$ 0.40	\$ 0.39	\$ 0.38	\$ 0.80	\$ 0.77
Core FFO per weighted average share of common stock and Non-controlling OP Unit - basic	\$ 0.41	\$ 0.40	\$ 0.39	\$ 0.80	\$ 0.79
Core FFO per weighted average share of common stock and Non-controlling OP Unit - diluted	\$ 0.41	\$ 0.40	\$ 0.39	\$ 0.80	\$ 0.79
Distributions declared per share of common stock and Non-controlling OP Unit	\$ 0.37545	\$ 0.37545	\$ 0.37500	\$ 0.75090	\$ 0.75000

# Condensed Balance Sheets

(\$ in thousands)	(unaudited) 6/30/2020	12/31/2019
<b>ASSETS</b>		
Real estate, at cost	\$ 1,106,274	\$ 1,056,978
Less: accumulated depreciation	<u>219,175</u>	<u>207,523</u>
Total real estate, net	887,099	849,455
Lease intangibles, net	117,106	115,465
Real estate and related assets held for sale, net	11,839	3,990
Cash and cash equivalents	9,563	6,849
Restricted cash	4,988	4,639
Funds held in escrow	8,405	7,226
Right-of-use assets from operating leases	5,689	5,794
Deferred rent receivable, net	35,850	37,177
Other assets	<u>5,512</u>	<u>8,913</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,086,051</u></u>	<u><u>\$ 1,039,508</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Mortgage notes payable, net	\$ 465,383	\$ 453,739
Borrowings under revolver and term loan, net	201,500	172,855
Deferred rent liability, asset retirement obligation and other liabilities, net	<u>56,395</u>	<u>49,724</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 723,278</u></u>	<u><u>\$ 676,318</u></u>
<b>MEZZANINE EQUITY</b>		
Series D and E redeemable preferred stock, net	\$ 154,140	\$ 152,153
<b>TOTAL MEZZANINE EQUITY</b>	<u><u>\$ 154,140</u></u>	<u><u>\$ 152,153</u></u>
<b>STOCKHOLDERS' EQUITY</b>		
Senior common stock	1	1
Common stock	34	32
Additional paid in capital	599,741	571,205
Accumulated other comprehensive income	(5,135)	(2,126)
Distributions in excess of accumulated earnings	<u>(388,900)</u>	<u>(360,978)</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u><u>\$ 205,741</u></u>	<u><u>\$ 208,134</u></u>
OP Units held by Non-controlling OP Unitholders	2,892	2,903
<b>TOTAL EQUITY</b>	<u><u>\$ 208,633</u></u>	<u><u>\$ 211,037</u></u>
<b>TOTAL LIABILITIES, MEZZANINE EQUITY AND EQUITY</b>	<u><u>\$ 1,086,051</u></u>	<u><u>\$ 1,039,508</u></u>

# Debt Summary

Principal Maturity Date	Weighted Average Interest Rate as of	(\$ in thousands)
		Principal Balance Outstanding as of
	6/30/2020	6/30/2020
2020	2.27%	7,211
2021	3.99%	21,166
2022	4.67%	103,155
2023	4.39%	67,317
2024	4.04%	44,026
2025	4.03%	33,222
2026	4.41%	49,099
2027	4.35%	85,727
2028	5.32%	4,584
2029	4.74%	11,705
2030	3.22%	35,637
2037	4.63%	6,537
Contractual Mortgage Notes Payable:	4.27%	<u>\$ 469,386</u>
Premiums (Discounts), net:		<u>(210)</u>
Total Mortgage Notes Payable:		<u><u>\$ 469,176</u></u>
Variable-Rate Line of Credit:		
2023	LIBOR +1.65%	<u><u>\$ 43,100</u></u>
Variable-Rate Term Loan Facility:		
2024	LIBOR +1.60%	<u><u>\$ 160,000</u></u>
Total Mortgage Notes Payable and Line of Credit	3.52%	<u><u>\$ 672,276</u></u>

# 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 generally in line with the overall average for internally managed REITs of this size**
  - **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 95% 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**





**GLADSTONE**