



**GLADSTONE
COMMERCIAL**

Investor Presentation

May 2024 | *Nasdaq: GOOD*

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 public 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.

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)

Investment Focus

- Single tenant or anchored multi-tenant net lease industrial assets
- Long term leases (7+ years)
- Strong, credit tenants
- Mission-critical real estate in path of growth markets
- Third party purchases, sale leasebacks, or build-to-suit developments
- Focused on industrial portfolio growth



Portfolio Highlights

132

Properties

\$1.6 billion

Gross Assets

110

Unique Tenants

16.7 million

Square Feet

98.9%

Occupancy

6.7 years

*Average
Remaining Lease
Term*

Investment Highlights

Diverse Portfolio

- Portfolio diversified across tenants, geographies, and industries
- 132 properties with 110 unique tenants in 27 different states with no tenant accounting for more than 4% of annualized straight-line rent
- Most leases have fixed annual escalations in the 1.5% - 3.5% range, resulting in contractual revenue growth

Growing Industrial Concentration

- Since 2018, GOOD has increased industrial concentration (as a % of annualized straight-line base rent) from 35% to 60%
- Industrial assets continue to outperform other asset classes with long term future demand driven by numerous tailwinds including manufacturing reshoring and supply chain optimization

20+ Year History

- GOOD management has decades of combined experience investing in net lease assets and evaluating tenant credit
- History of consistent and disciplined growth poised to continue in any economic environment

Mission-Critical Assets

- GOOD portfolio occupancy has never declined below 95%, and industrial and office portfolio occupancy rates were 99.7% and 93.6%, respectively, as of March 31, 2024
- Tenants often have heavy fixed investment in a site, resulting in prohibitive relocation costs
- More than 55% of annualized straight-line base rent expires in 2029 or later

Robust Underwriting Platform

- GOOD's in-house underwriting team critically evaluates every potential new tenant's credit
- In GOOD's 20+ year history spanning multiple economic cycles, only five tenants have ever defaulted
- Consistently high cash rent collection – 100% of cash rents collected in 2021-2024 (through April 2024), and 99% cash rent collection in 2020 (overlapping with COVID-19 pandemic)

Conservative Balance Sheet and Capital Structure

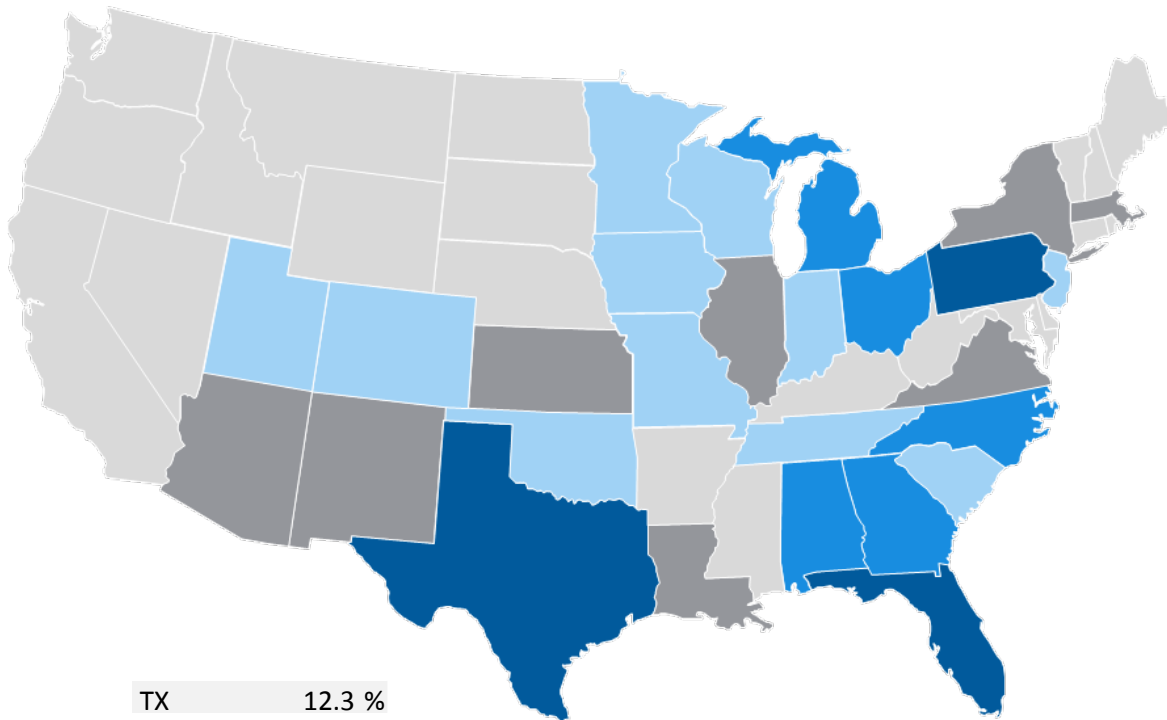
- 89% of outstanding debt is fixed rate or hedged floating rate, and only 5.7% of debt matures before 2026
- Since January 1, 2022, GOOD has repaid net \$174 million of mortgage debt and grown its unencumbered asset base by over 60%
- \$57.8 million in available liquidity via revolving credit facility and cash on hand

Diverse, Stable Portfolio

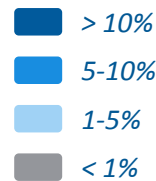
Portfolio diversified across tenants, geographies, and industries

By State

As % of Annualized Straight-Line Base Rent

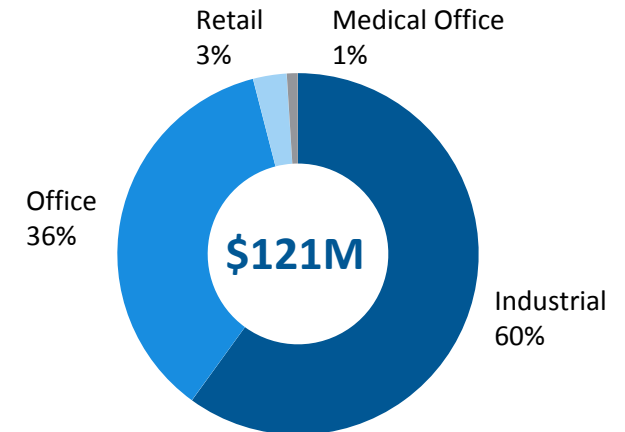


TX	12.3 %	UT	2.6 %
FL	11.2 %	NJ	2.6 %
PA	11.0 %	TN	2.1 %
GA	8.3 %	SC	2.1 %
OH	7.6 %	IA	1.9 %
NC	6.7 %	WI	1.5 %
AL	5.8 %	MN	1.4 %
MI	5.6 %	OK	1.2 %
IN	3.7 %	All Others	5.7 %
CO	3.6 %		
MO	3.1 %		



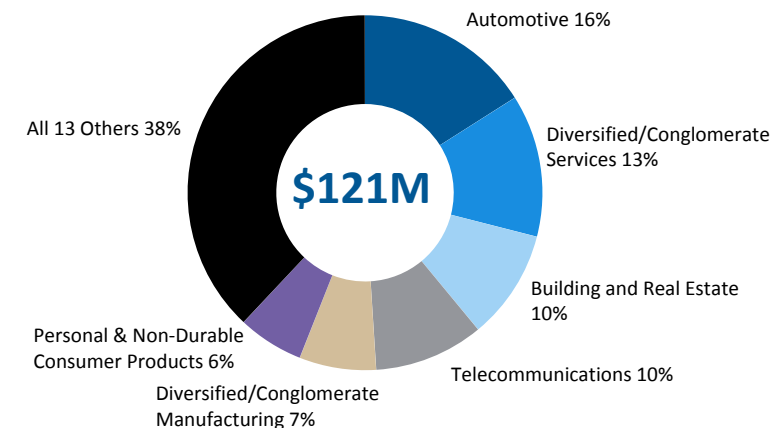
By Asset Class

As % of Annualized Straight-Line Base Rent



By Tenant Industry

As % of Annualized Straight-Line Base Rent



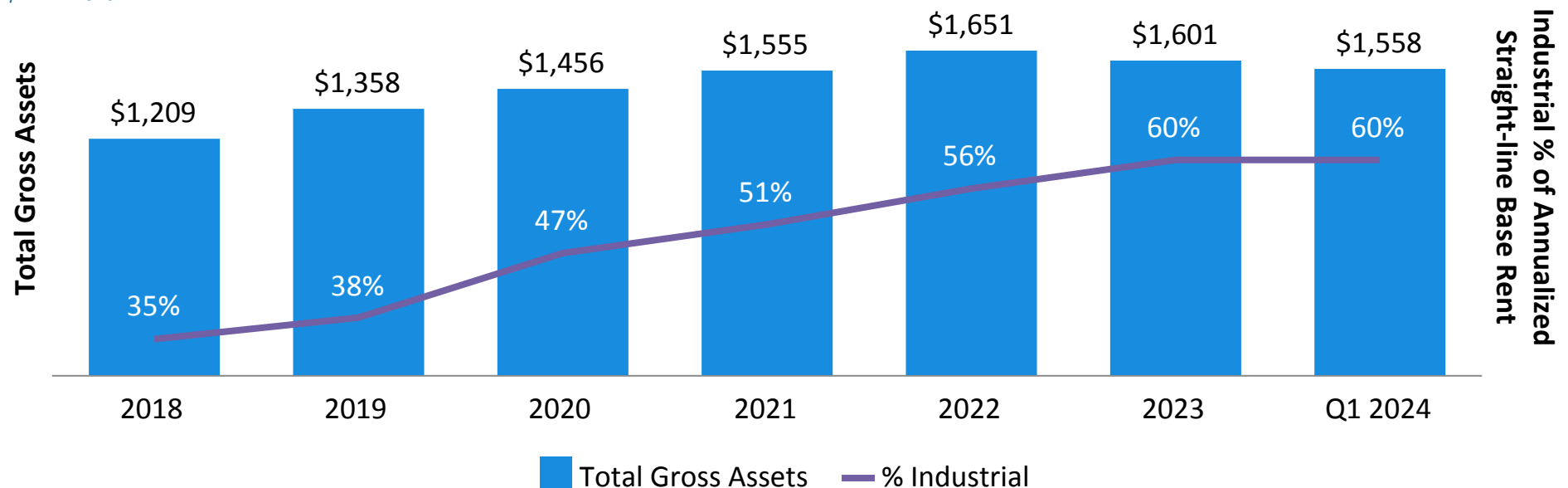
Growing Industrial Concentration

Industrial % of annualized straight-line base rent has nearly doubled since 2018

- The Company began a focused transition to industrial assets in 2018 (before COVID-19) and has successfully increased portfolio industrial exposure to 60% of annualized straight line rent as of Q1 2024
- GOOD sees continued tailwinds (supply chain normalization, reshoring initiatives, government subsidies) and ability to leverage in-house credit-underwriting expertise for industrial assets in the foreseeable future
- GOOD targets at least 70% portfolio industrial concentration in the next 18 months
- Industrial assets are particularly mission-critical to tenants, as evidenced by 99.7% industrial occupancy rate
- Most industrial leases have fixed annual escalations in the 1.5% - 3.5% range, providing contractual revenue growth
- Industrial demand, particularly in the manufacturing sector, is projected to continue outperforming other asset classes in the foreseeable future, driven by reshoring initiatives

Portfolio Industrial Growth

\$ in Millions



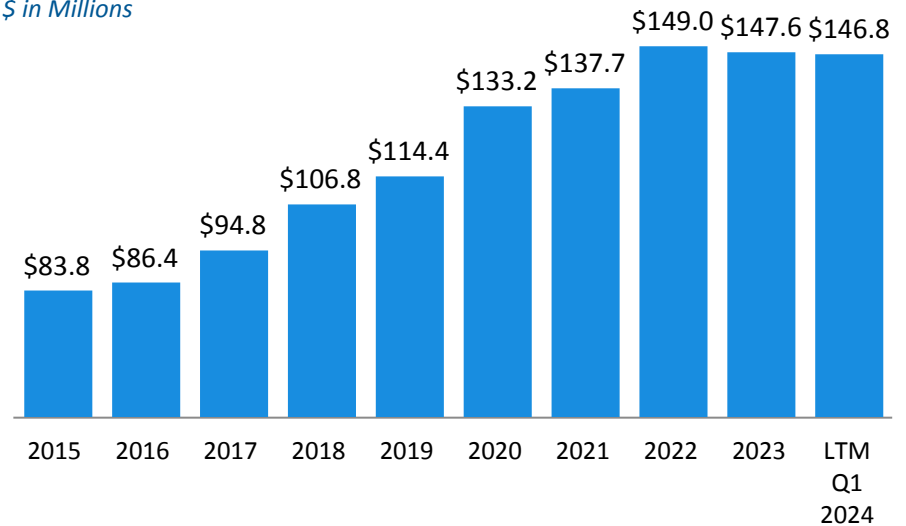
Note: All statistics as of March 31, 2024 unless otherwise stated

20+ Year History of Net Lease Investing

- Decades of combined management experience investing in net lease assets and evaluating tenant credit
- Gross asset base of \$1.6 billion as of March 31, 2024
- 2015 – 2023 total revenue and total gross assets growth of 75% and 61%, respectively
- 2022 – Q1 2024 moderate decline in revenue and gross assets driven primarily by strategic selling of non-core office assets
- History of monthly dividend returns to shareholders – in 2023, distributed more than \$60 million in dividends to preferred, common, and senior common shareholders

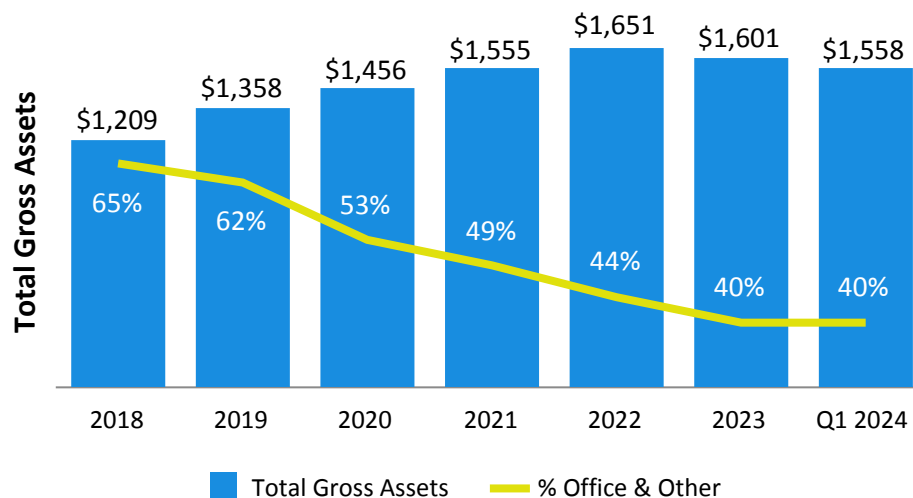
Total Revenue

\$ in Millions



Total Gross Assets

\$ in Millions, Office & Other % of Annualized Straight-Line Rent



Funds from Operations

Per Share, As Adjusted For Comparability



Note: All statistics as of March 31, 2024 unless otherwise stated

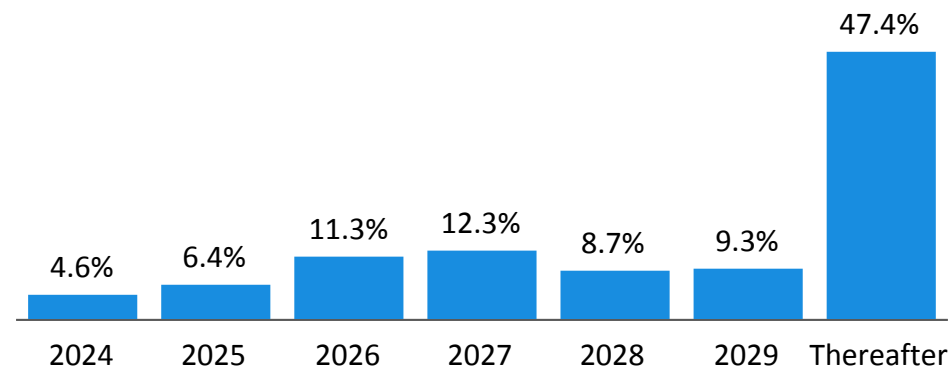
Mission Critical Assets

GOOD specializes in identifying, owning, and operating assets that are mission critical to tenant operations

- GOOD portfolio occupancy has never declined below 95%
- As of March 31, 2024, industrial occupancy was 99.7%, and office occupancy was 93.6%, both above national averages
- Tenants often have heavy fixed machinery and equipment investment in a site, resulting in prohibitive relocation costs
- Tenants are willing to sign long term leases – GOOD's average lease term is just under 7 years, and more than 55% of annualized straight-line base rent expires in 2029 or later

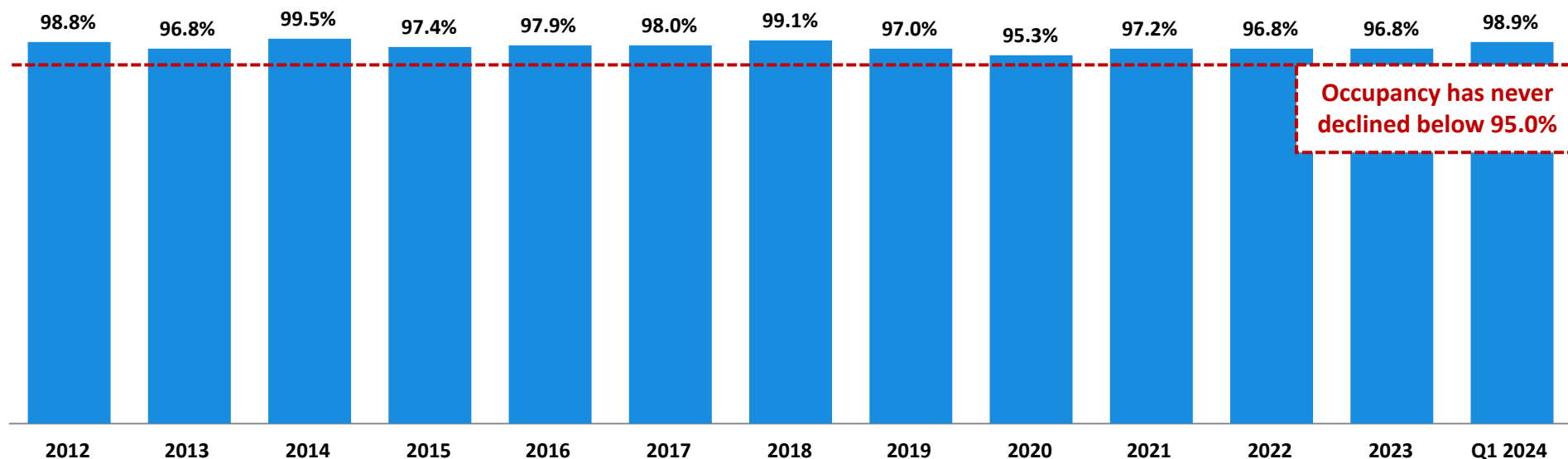
Rent Expirations by Year

As % of Annualized Straight-Line Base Rent



Historical Occupancy

% of Square Feet



Robust Underwriting Platform

GOOD's robust underwriting platform results in high rent collection rates and minimal asset downtime

- A majority of GOOD's tenants are privately held
- 51% of GOOD tenants are investment grade rated or not rated, investment grade equivalent
- In GOOD's 20+ year history spanning multiple economic cycles, only five tenants have ever defaulted
- GOOD monitors tenant financial condition post-close to proactively manage the portfolio
- Consistently high cash rent collection – 100% of cash rents collected in 2021-2024 (through April 2024), and 99% cash rent collection in 2020 (overlapping with COVID-19 pandemic)

Tenant Underwriting Analysis



Financial Forecast



Leverage Analysis



Balance Sheet Analysis



Industry Research



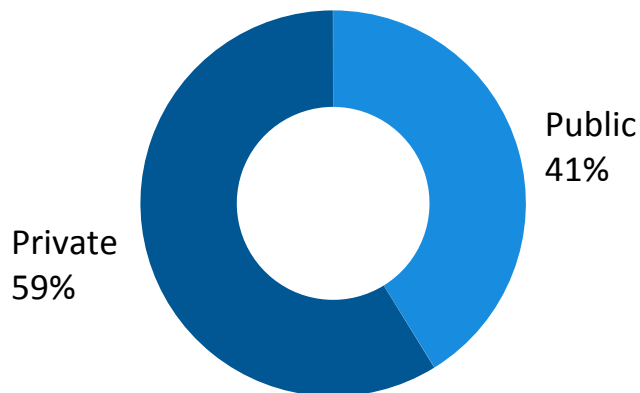
**Stress Test /
Downside Scenario**



**Competitor
Benchmarking**

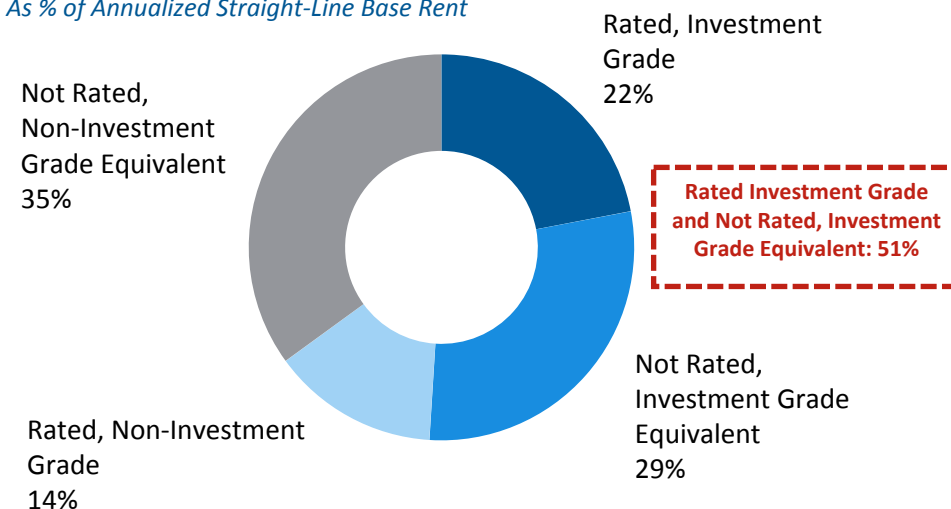
Publicly-Traded vs. Privately-Held Tenants

As % of Annualized Straight-Line Base Rent



Tenant Credit Ratings

As % of Annualized Straight-Line Base Rent



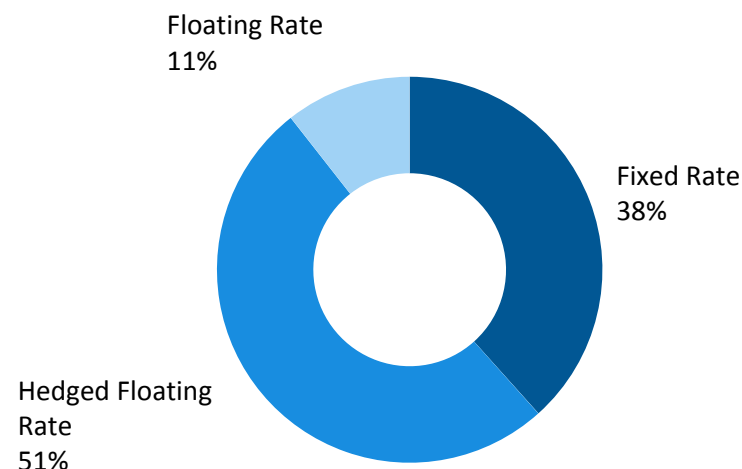
Note: All statistics as of March 31, 2024 unless otherwise stated

Conservative Balance Sheet

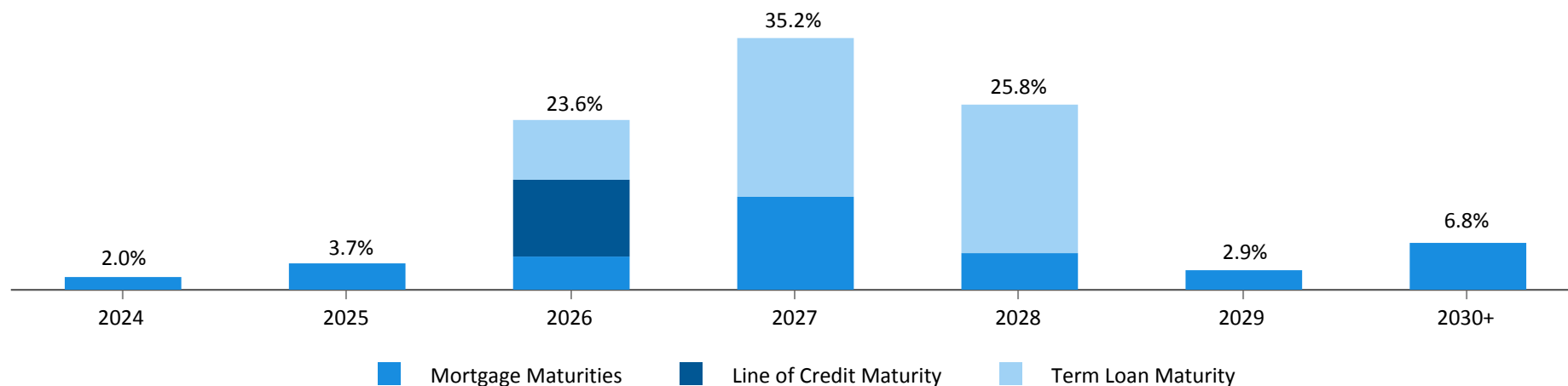
GOOD has significantly decreased its leverage ratio since 2015, and remaining debt maturities are minimal through 2026

- Since 2015, GOOD has decreased net debt / gross assets from 56.9% to 46.1%
- In addition to the low leverage ratio, nearly 90% of outstanding debt is fixed rate or hedged floating rate – only 11% of debt is floating rate
- GOOD's capital structure allows patience and flexibility
- Since January 1, 2022, GOOD has repaid, net \$174 million of mortgage debt and grown its unencumbered asset base by over 60%
- The Company is well-positioned for accretive industrial acquisitions with \$57.8 million in available liquidity via revolving credit facility and cash on hand

Fixed vs Floating Rate Debt



Scheduled Debt Maturities



Recent Case Studies

Recent case studies exhibit mission critical industrial acquisitions in path of growth markets and asset management value-add leasing

Eastern Metal Supply (Acquisition)



Deal Type: Industrial portfolio acquisition (sale leaseback)

Tenant: Eastern Metal Supply manufactures and distributes aluminum extrusions

Locations: Houston, TX
Charlotte, NC
St. Charles, MO (St. Louis MSA)

Facilities: 320,838 total SF
(3 properties)
Warehousing and distribution

Purchase: \$34.6 million

Lease term: 20 years

Garden State Bulb (Acquisition)



Deal Type: Industrial portfolio acquisition (sale leaseback)

Tenant: Garden State Bulb grows, packages, and supplies flower bulbs and bare root perennials

Locations: Vineland, NJ
Bridgeton, NJ

Facilities: 246,000 total SF
(2 properties)
Warehousing and cold storage

Purchase: \$32.5 million

Lease term: 15.1 years

Moss (Portfolio Management)



Deal Type: Office direct lease

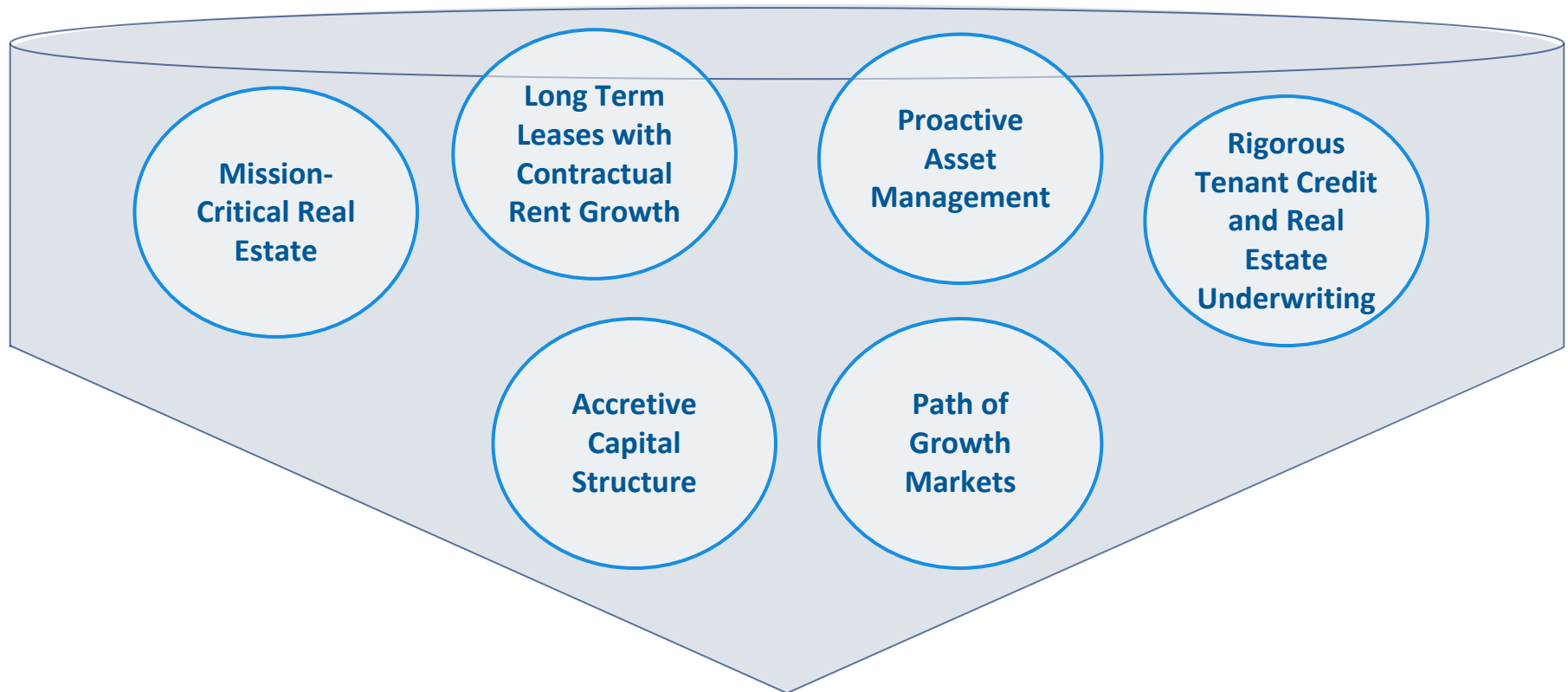
Tenant: Moss provides general contracting services throughout the southeast United States

Location: Ft. Lauderdale, FL

Overview: GOOD executed an 11-year, 1-month lease with Moss at its office building. Moss had previously subleased 40% of the building and decided to expand into the full building for a longer-term direct lease.

Investment Philosophy

Acquire quality, well located and configured, single tenant and anchored multi-tenant, NNN leased industrial properties in target path of growth markets



Strong & sustainable investor returns anchored by a diversified income stream from high quality properties leased to financially strong tenants

Appendix



**GLADSTONE
COMMERCIAL**

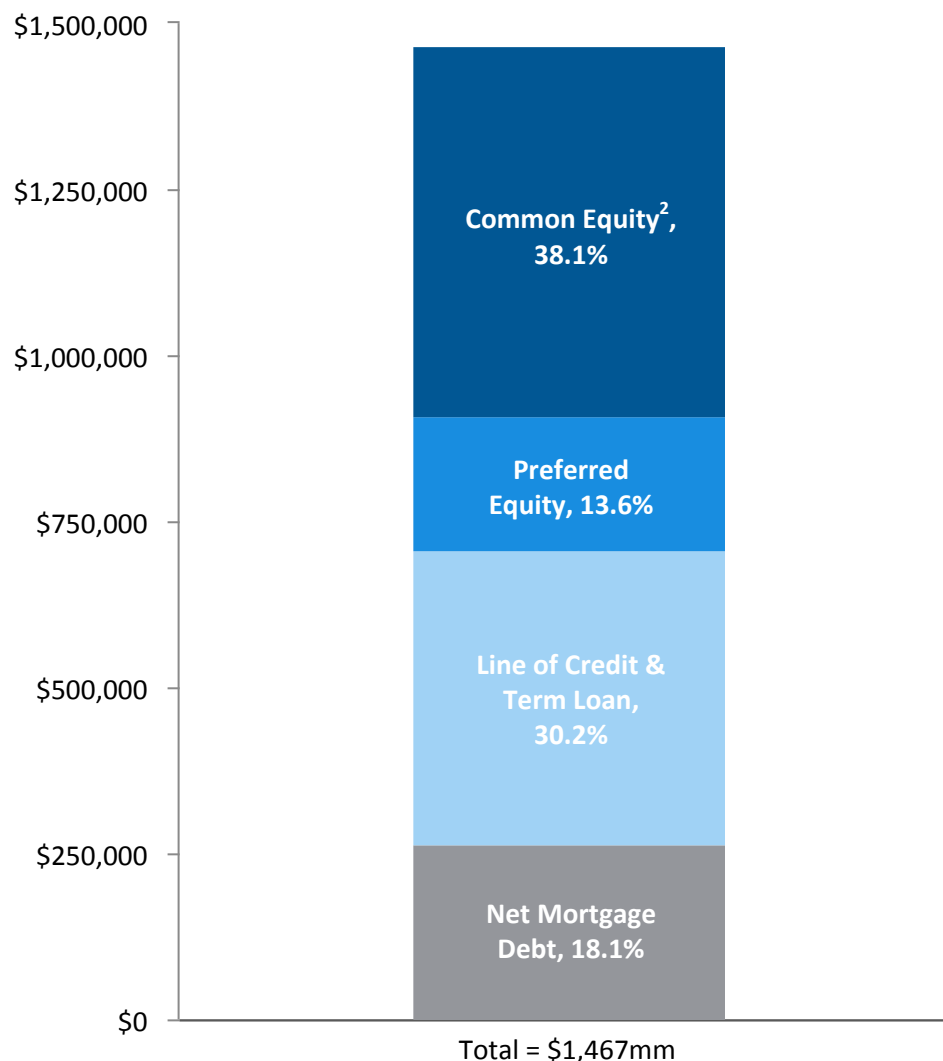
Capital Structure Overview

- Institutional stock ownership increased from 26.8% in 2013 to 45.8% as of March 31, 2024¹
- Balance sheet remains below 50% levered
- Average rate on mortgage debt of just 4.16%

Capital Structure Details

<i>(Dollars in \$000s, except stock price)</i>	Wtd. Average Rate	3/31/2024
Mortgage Notes Payable, Net	4.16%	\$ 275,976
Less: Cash & Cash Equivalents		(10,451)
Net Mortgage Debt		\$ 265,525
Line of Credit	SOFR+1.50%	\$ 75,950
Term Note	SOFR+1.45%	367,430
Line of Credit and Term Loan		\$ 443,380
Total Debt, Net		\$ 708,905
Series E - Preferred	6.625%	\$ 76,536
Series F - Preferred	6.00%	23,242
Series G - Preferred	6.00%	99,772
Total Preferred Equity		\$ 199,550
Diluted Common Shares Outstanding		40,345,728
Stock Price		\$ 13.84
Implied Common Equity² Market Capitalization		\$ 558,385
Enterprise Value		\$ 1,466,840

Current capital structure as of March 31, 2024 (Dollars in \$000)



¹ Source: Nasdaq Online.

² Common Equity is based on the closing common stock price per share as of March 28, 2024 of \$13.84 and includes effect of OP units and convertible senior common stock.

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



Buzz Cooper

President

25+ years of experience

- Current President of the Company; 20+ 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



Gary Gerson

CFO and Assistant Treasurer

25+ years of experience

- Current CFO and Assistant Treasurer of the Company
- Former CFO of Spotted Hawk Development, LLC, an Apollo Investment Corporation portfolio company
- Former Treasurer of the Gladstone Companies
- Former AVP of Finance at The Bozzuto Group
- Former Director of Finance at PG&E National Energy Group
- MBA from Yale School of Management, BSME from the US Naval Academy
- CPA in the Commonwealth of Virginia, CFA Charterholder



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



Ryan Carter

*Executive Vice President, Head
of West and Midwest Regions*

20+ years of experience

- Manages regional acquisition and asset management activities
- Former founding partner of Porthaven Partners, LLC
- Former Director with Stan Johnson Company
- MBA from Oklahoma State University, BSBA from the University of Tulsa



Todd McDonald

*Senior Vice President, South
Central Region*

7+ years of experience

- Manages regional acquisition and asset management activities
- Former Credit Team Lead and member of the Wholesale Loan Group at United Bankshares
- BS from Washington and Lee University

Consolidated Statements of Operations

(\$ in thousands, except per share amounts)

	For the three months ended (unaudited)		
	3/31/2024	12/31/2023	3/31/2023
Operating revenues			
Lease revenue	\$ 35,721	\$ 35,908	\$ 36,554
Total operating revenues	\$ 35,721	\$ 35,908	\$ 36,554
Operating expenses			
Depreciation and amortization	\$ 13,326	\$ 13,731	\$ 14,704
Property operating expenses	5,884	5,572	6,727
Base management fee	1,535	1,573	1,605
Incentive fee	1,171	—	—
Administration fee	630	615	565
General and administrative	1,047	926	1,063
Impairment charge	493	5,719	—
Total operating expense before incentive fee waiver	\$ 24,086	\$ 28,136	\$ 24,664
Incentive fee waiver	(771)	—	—
Total operating expenses	\$ 23,315	\$ 28,136	\$ 24,664
Other income (expense)			
Interest expense	\$ (9,497)	\$ (9,485)	\$ (8,828)
Gain on sale of real estate, net	283	3,492	—
Gain on debt extinguishment, net	300	2,830	—
Other income	34	(58)	105
Total other (expense), net	\$ (8,880)	\$ (3,221)	\$ (8,723)
Net income	\$ 3,526	\$ 4,551	\$ 3,167
Net (income) loss (available) attributable to non-controlling interests	(2)	(14)	7
Net income available to the company	\$ 3,524	\$ 4,537	\$ 3,174
Distributions attributable to Series E, F, and G preferred stock	(3,112)	(3,106)	(3,022)
Distributions attributable to senior common stock	(105)	(107)	(109)
(Loss) gain on extinguishment of Series F preferred stock	(3)	1	(5)
Gain on repurchase of Series G preferred stock	—	—	3
Net income available to common stockholders	\$ 304	\$ 1,325	\$ 41

Funds from Operations (FFO) and Core FFO

(\$ in thousands, except per share amounts)

	For the three months ended (unaudited)		
	3/31/2024	12/31/2023	3/31/2023
Net income	\$ 3,526	\$ 4,551	\$ 3,167
Less: Distributions attributable to preferred and senior common stock	(3,217)	(3,213)	(3,131)
Less/Add: (Loss) gain on extinguishment of Series F preferred stock	(3)	1	(5)
Add: Gain on repurchase of Series G preferred stock	—	—	3
Net income available to common stockholders and Non-controlling OP Unitholders	\$ 306	\$ 1,339	\$ 34
Adjustments:			
Add: Real estate depreciation and amortization	\$ 13,326	\$ 13,731	\$ 14,704
Add: Impairment charge	493	5,719	—
Less: Gain on sale of real estate, net	(283)	(3,492)	—
Less: Gain on debt extinguishment, net	(300)	(2,830)	—
FFO available to common stockholders and Non-controlling OP Unitholders - basic	\$ 13,542	\$ 14,467	\$ 14,738
Add: Convertible senior common distributions	105	107	109
FFO available to common stockholders and Non-controlling OP Unitholders - diluted	\$ 13,647	\$ 14,574	\$ 14,847
FFO available to common stockholders and Non-controlling OP Unitholders - basic	\$ 13,542	\$ 14,467	\$ 14,738
Add: Write off shelf registration statement costs and prepaid ATM costs	183	—	110
Add: Asset retirement obligation expense	33	32	31
Add: Realized loss on interest rate hedging instruments	81	—	—
Core FFO available to common stockholders and Non-controlling OP Unitholders - basic	\$ 13,839	\$ 14,499	\$ 14,879
Add: Convertible senior common distributions	105	107	109
Core FFO available to common stockholders and Non-controlling OP Unitholders - diluted	\$ 13,944	\$ 14,606	\$ 14,988
Weighted average common shares outstanding and Non-controlling OP Units - basic	40,314,124	40,309,714	40,313,827
Weighted average common shares outstanding and Non-controlling OP Units - diluted	40,656,371	40,654,846	40,659,514
FFO per weighted average share of common stock and Non-controlling OP Unit - basic	\$ 0.34	\$ 0.36	\$ 0.37
FFO per weighted average share of common stock and Non-controlling OP Unit - diluted	\$ 0.34	\$ 0.36	\$ 0.37
Core FFO per weighted average share of common stock and Non-controlling OP Unit - basic	\$ 0.34	\$ 0.36	\$ 0.37
Core FFO per weighted average share of common stock and Non-controlling OP Unit - diluted	\$ 0.34	\$ 0.36	\$ 0.37
Distributions declared per share of common stock and Non-controlling OP Unit	\$ 0.30	\$ 0.30	\$ 0.30

Consolidated Balance Sheets

(\$ in thousands)	3/31/2024 (unaudited)	12/31/2023
ASSETS		
Real estate, at cost	\$ 1,209,932	\$ 1,221,364
Less: accumulated depreciation	304,000	299,662
Total real estate, net	905,932	921,702
Lease intangibles, net	97,663	101,048
Real estate and related assets held for sale, net	18,297	28,787
Cash and cash equivalents	10,451	11,985
Restricted cash	4,467	4,150
Funds held in escrow	5,334	7,515
Right-of-use assets from operating leases	4,143	4,889
Deferred rent receivable, net	41,912	41,006
Other assets	16,958	12,389
TOTAL ASSETS	\$ 1,105,157	\$ 1,133,471
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Mortgage notes payable, net	\$ 275,976	\$ 295,853
Borrowings under revolver and term loan, net	443,380	443,008
Deferred rent liability, asset retirement obligation and other liabilities, net	67,509	70,303
TOTAL LIABILITIES	\$ 786,865	\$ 809,164
MEZZANINE EQUITY		
Series E and G redeemable preferred stock, net	\$ 170,041	\$ 170,041
TOTAL MEZZANINE EQUITY	\$ 170,041	\$ 170,041
STOCKHOLDERS' EQUITY		
Senior common stock	\$ 1	\$ 1
Common stock	40	40
Series F redeemable preferred stock	1	1
Additional paid in capital	730,465	730,256
Accumulated other comprehensive income	13,281	7,758
Distributions in excess of accumulated earnings	(596,475)	(584,776)
TOTAL STOCKHOLDERS' EQUITY	\$ 147,313	\$ 153,280
OP Units held by Non-controlling OP Unitholders	938	986
TOTAL EQUITY	\$ 148,251	\$ 154,266
TOTAL LIABILITIES, MEZZANINE EQUITY AND EQUITY	\$ 1,105,157	\$ 1,133,471

Debt Summary

		(\$ in thousands)
Principal Maturity Date	Weighted Average Interest Rate as of 3/31/2024	Principal Balance Outstanding as of 3/31/2024
2024	4.35%	7,444
2025	4.14%	18,276
2026	4.18%	31,156
2027	4.37%	102,200
2028	4.14%	38,129
2029	5.22%	21,538
2030	3.23%	38,841
2031	3.24%	5,026
2032	3.40%	9,900
2037	4.63%	5,515
Contractual Mortgage Notes Payable:		
	4.16%	\$ 278,025
Premiums (Discounts), net:		(33)
Total Mortgage Notes Payable:		\$ 277,992
Variable-Rate Line of Credit:		
2026	SOFR +1.50%	\$ 75,950
Variable-Rate Term Loan Facility:		
2027	SOFR +1.45%	\$ 160,000
2026	SOFR +1.45%	60,000
2028	SOFR +1.45%	150,000
Total Mortgage Notes Payable and Line of Credit		\$ 723,942