



**GLADSTONE
COMMERCIAL**

Investor Presentation

November 2024



Nasdaq: GOOD

Legal Disclaimer

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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

135

Properties

\$1.6 billion

Gross Assets

107

Unique Tenants

16.8 million

Square Feet

98.5%

Occupancy

7.0 years

*Average
Remaining Lease
Term*

Investment Highlights

Diverse Portfolio

- Portfolio diversified across tenants, geographies, and industries
- 135 properties with 107 unique tenants in 27 different states with no tenant accounting for more than 6% of annualized straight-line rent
- Most industrial leases have fixed annual escalations up to 3.5%, providing steady contractual revenue growth

Growing Industrial Concentration

- Since 2018, GOOD has increased industrial concentration (as a % of annualized straight-line base rent) from 35% to 63%
- 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 99.4% and 93.2%, respectively, as of September 30, 2024
- Tenants often have heavy fixed investment in a site, resulting in prohibitive relocation costs
- More than 64% 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 six tenants have ever defaulted
- Consistently high cash rent collection – 100% of cash rents collected in 2021-2024 (through October 2024), and 99% cash rent collection in 2020 (overlapping with COVID-19 pandemic)

Conservative Balance Sheet and Capital Structure

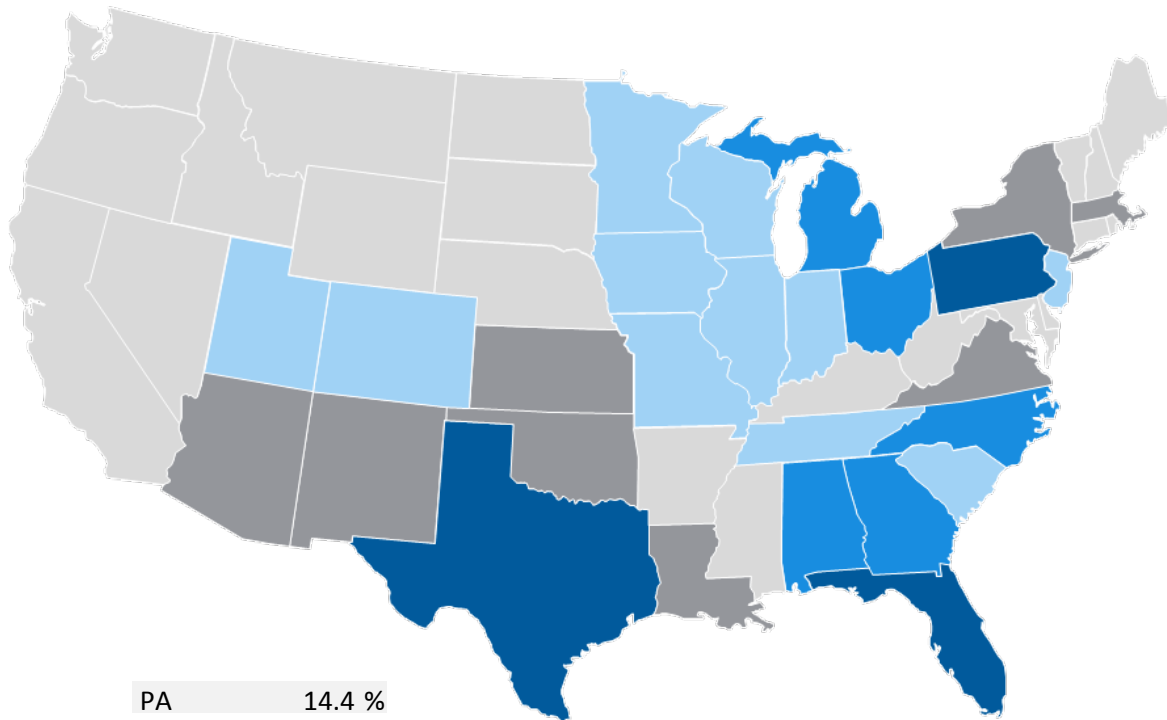
- 91% of outstanding debt is fixed rate or hedged floating rate, and only 5.2% of debt matures before 2026
- Since January 1, 2022, GOOD has repaid net \$179.4 million of mortgage debt and grown its unencumbered asset base by over 60%
- \$80.7 million in available liquidity via revolving credit facility and cash on hand

Diverse, Stable Portfolio

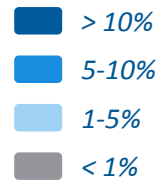
Portfolio diversified across tenants, geographies, and industries

By State

As % of Annualized Straight-Line Base Rent

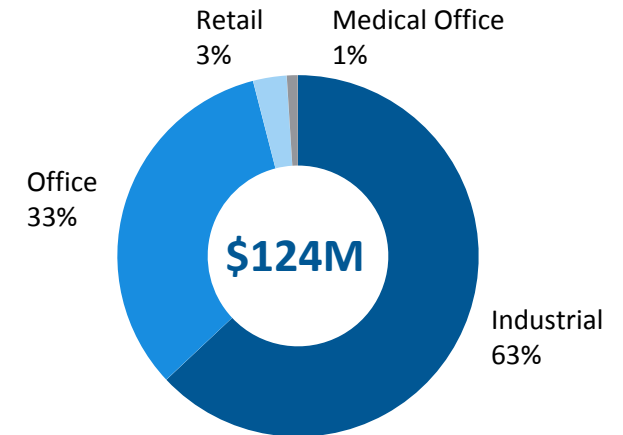


PA	14.4 %	UT	2.4 %
TX	12.8 %	NJ	2.1 %
FL	11.0 %	TN	2.1 %
GA	7.4 %	SC	2.0 %
OH	7.0 %	IA	1.8 %
NC	6.7 %	WI	1.5 %
AL	5.6 %	MN	1.4 %
MI	5.5 %	IL	1.1 %
IN	3.6 %	All Others	5.1 %
CO	3.5 %		
MO	3.0 %		



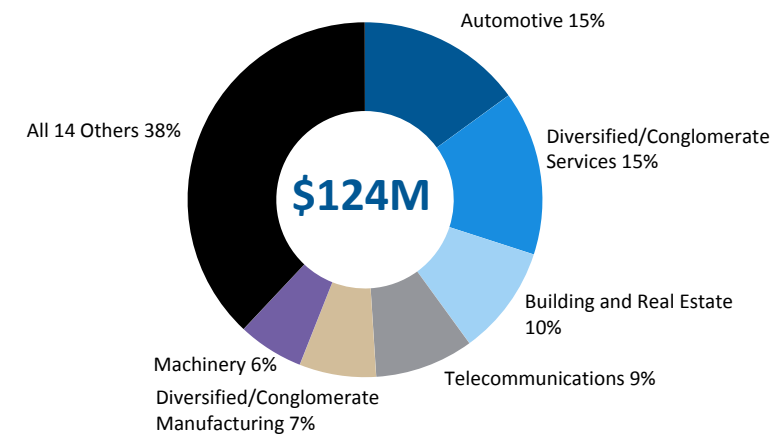
By Asset Class

As % of Annualized Straight-Line Base Rent



By Tenant Industry

As % of Annualized Straight-Line Base Rent



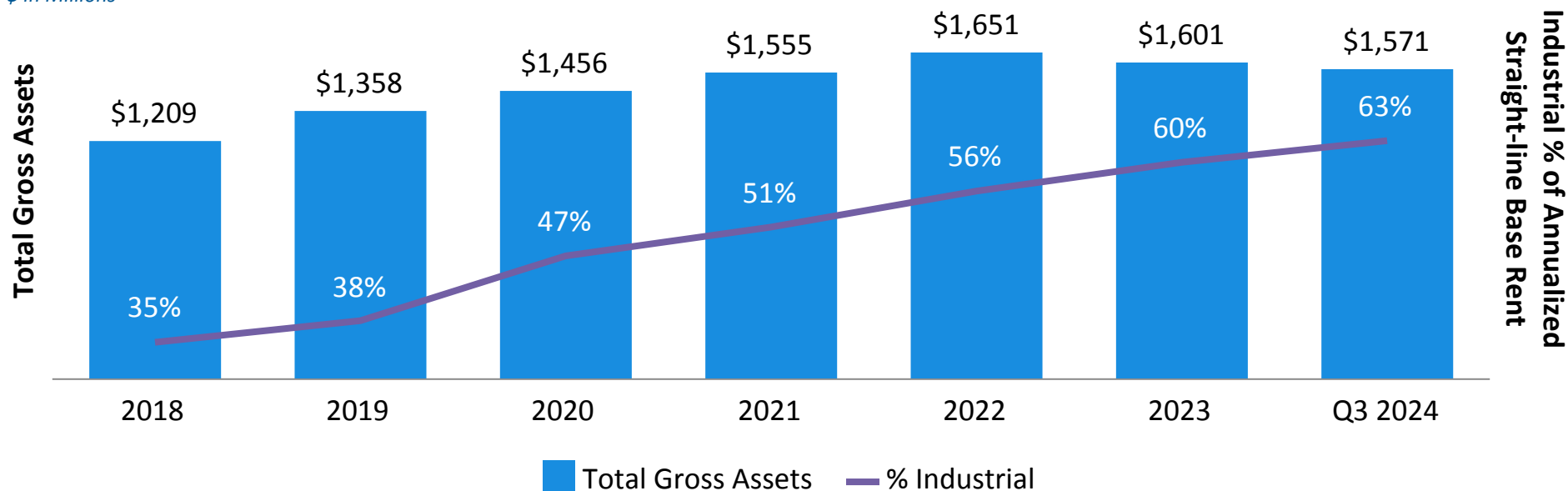
Growing Industrial Concentration

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 63% of annualized straight line rent as of Q3 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 99.4% industrial occupancy rate
- Most industrial leases have fixed annual escalations up to 3.5%, 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



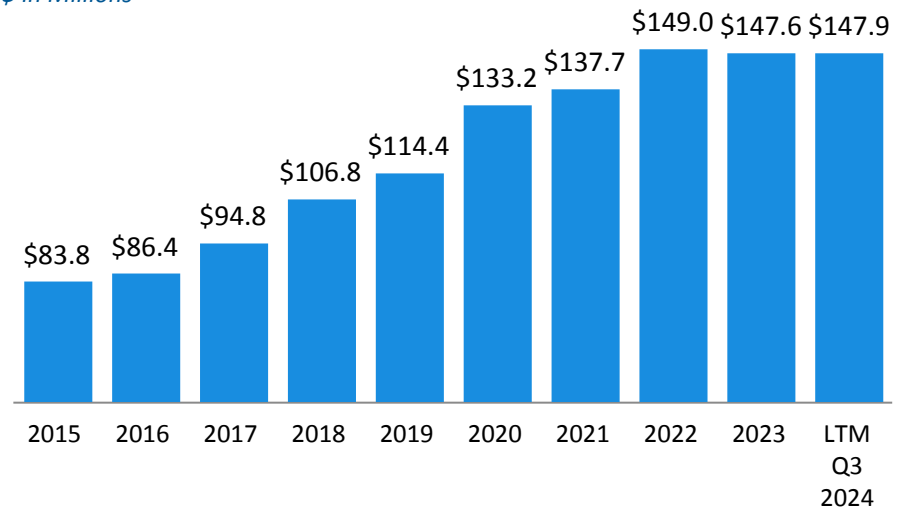
Note: All statistics as of September 30, 2024 unless otherwise stated

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 September 30, 2024
- 2015 – 2023 total revenue and total gross assets growth of 75% and 61%, respectively
- 2022 – Q3 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 \$60.6 million in dividends to preferred, common, and senior common shareholders

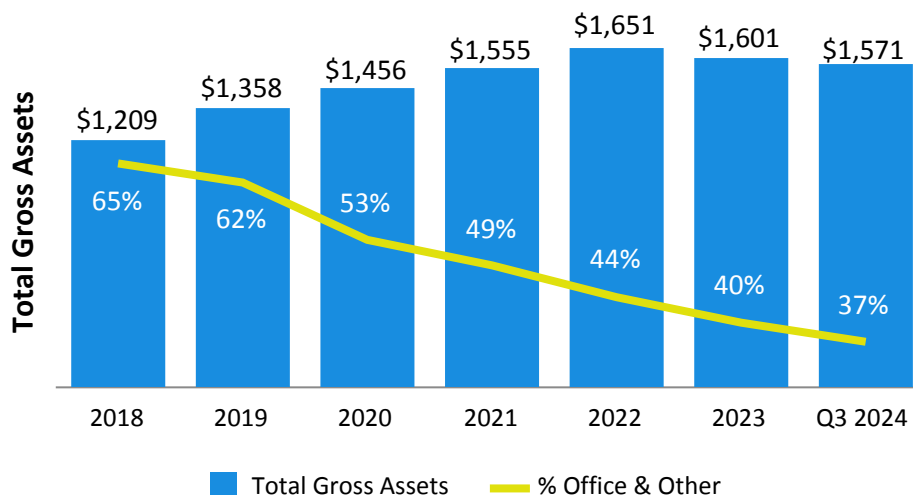
Total Revenue

\$ in Millions



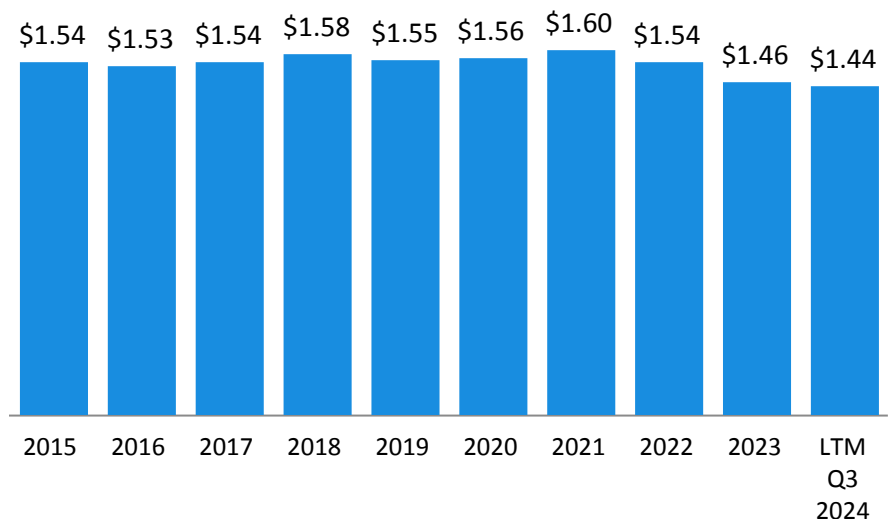
Total Gross Assets

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



Funds from Operations

Per Share, As Adjusted For Comparability



Note: All statistics as of September 30, 2024 unless otherwise stated

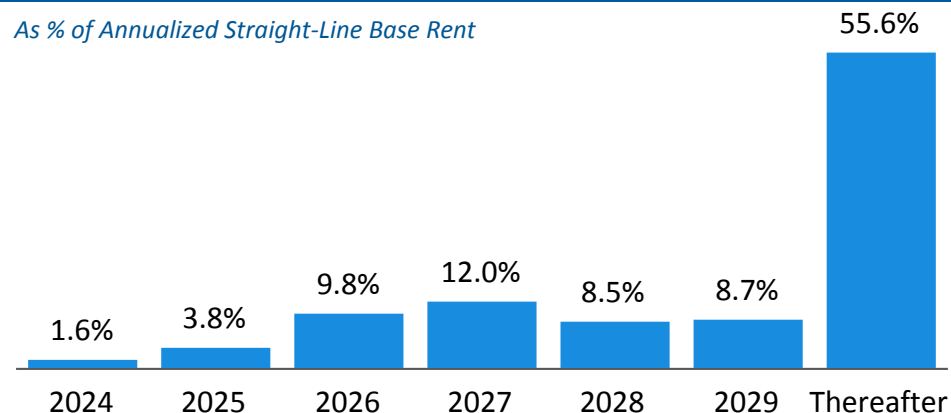
Mission Critical Assets

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 September 30, 2024, industrial occupancy was 99.4%, and office occupancy was 93.2%, 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 seven years, and more than 64% of annualized straight-line base rent expires in 2029 or later

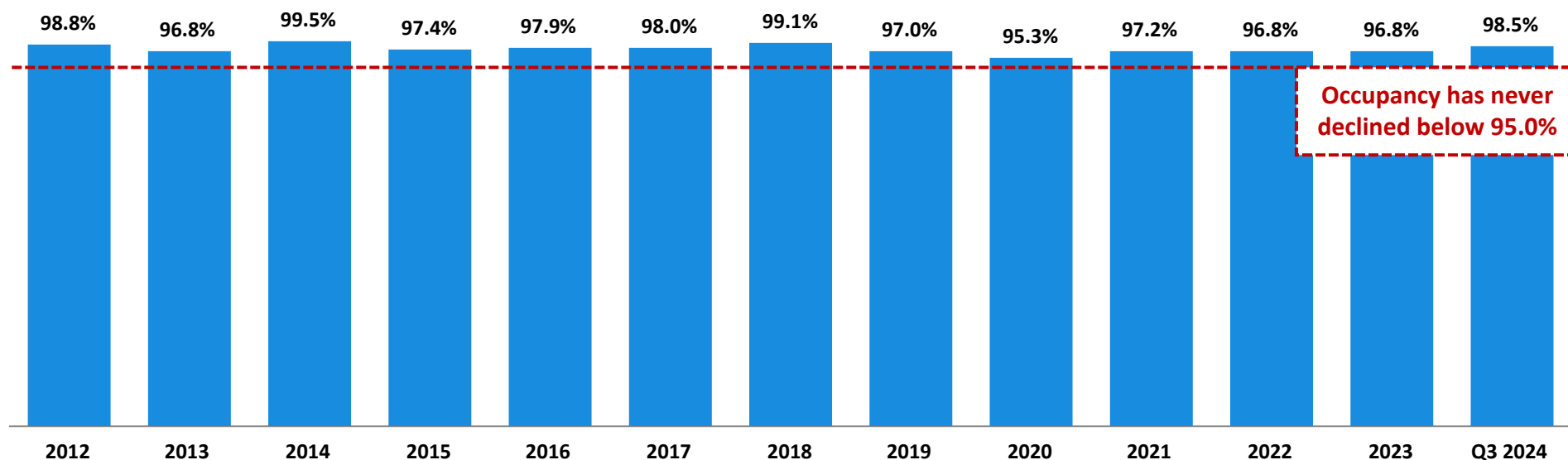
Rent Expirations by Year

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
- 50% of GOOD tenants are investment grade rated or not rated, investment grade equivalent
- In GOOD's 20+ year history spanning multiple economic cycles, only six 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 October 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



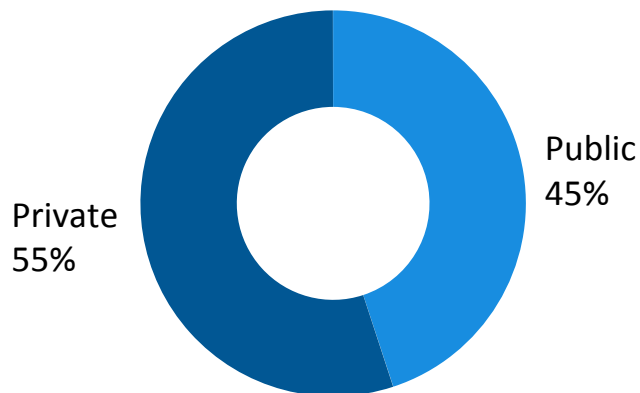
**Stress Test /
Downside Scenario**



**Competitor
Benchmarking**

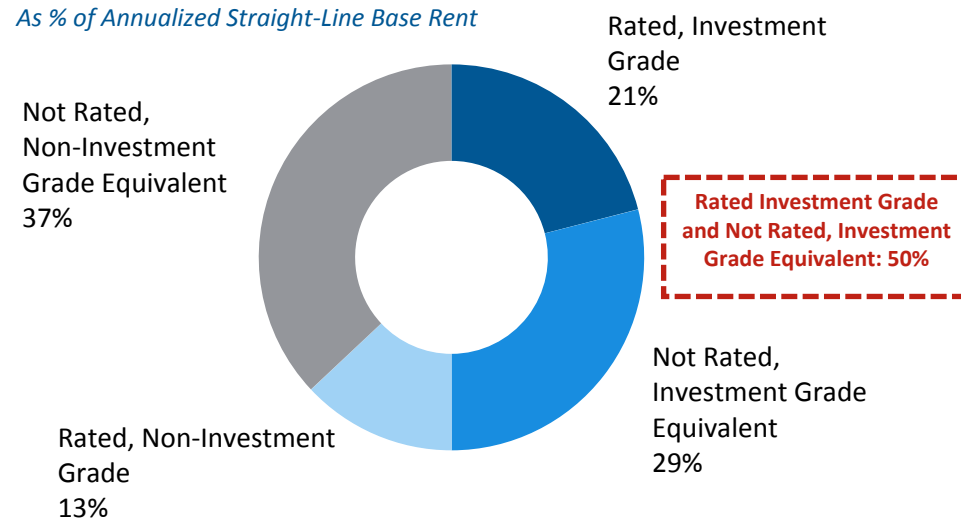
Publicly-Traded vs. Privately-Held Tenants

As % of Annualized Straight-Line Base Rent



Tenant Credit Ratings

As % of Annualized Straight-Line Base Rent

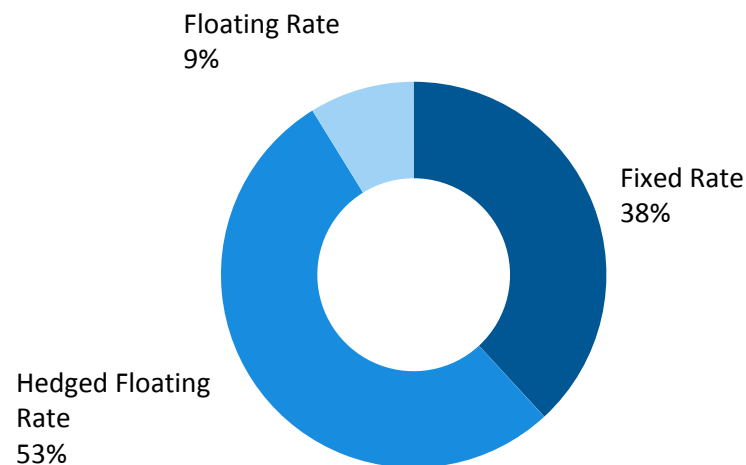


Conservative Balance Sheet

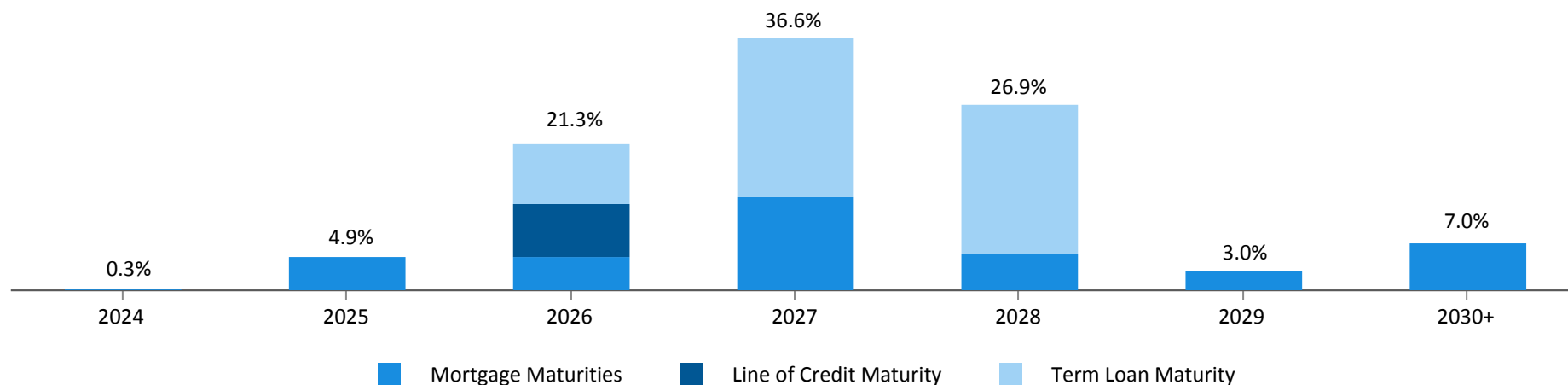
GOOD has significantly decreased its leverage ratio since 2015, and remaining debt maturities are minimal through 2026

- Since 2015, GOOD has decreased net debt / gross assets from 56.9% to 44.0%
- In addition to the low leverage ratio, over 90% of outstanding debt is fixed rate or hedged floating rate – only 9% of debt is floating rate
- GOOD's capital structure allows patience and flexibility
- Since January 1, 2022, GOOD has repaid net \$179.4 million of mortgage debt and grown its unencumbered asset base by over 60%
- The Company is well-positioned for accretive industrial acquisitions with \$80.7 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

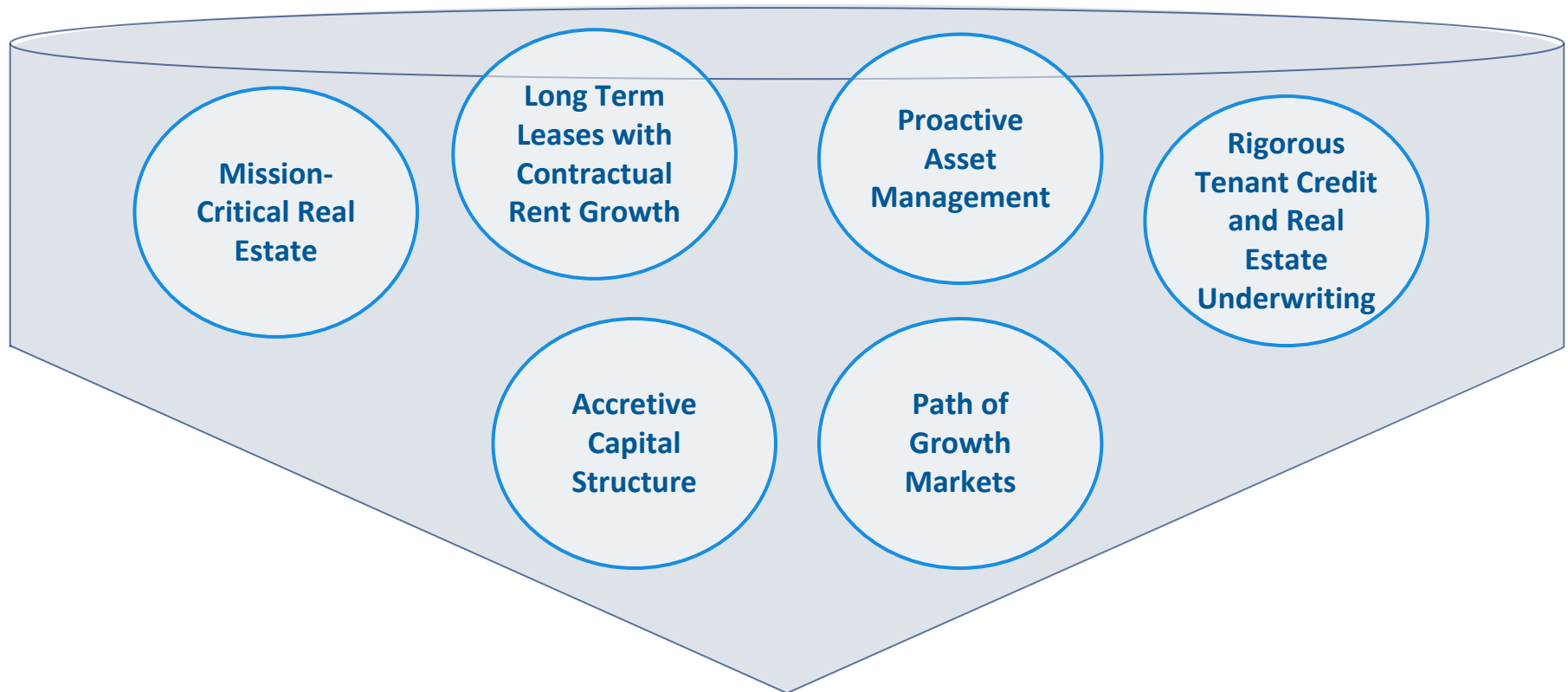
Tenant: Moss provides general contracting services throughout the southeast United States

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
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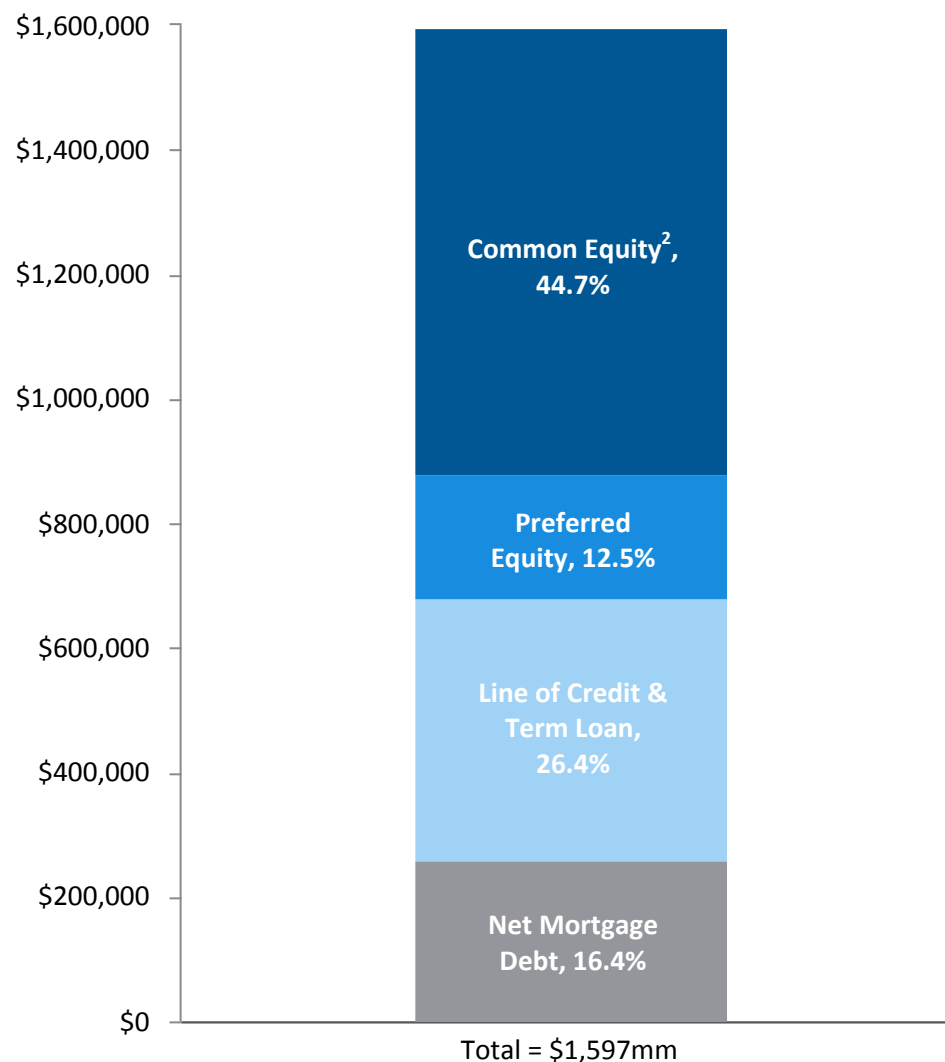
Capital Structure Overview

- Institutional stock ownership increased from 26.8% in 2013 to 42.4% as of September 30, 2024¹
- Balance sheet remains below 50% levered
- Weighted average interest rate on mortgage debt of just 4.23%

Capital Structure Details

<i>(Dollars in \$000s, except stock price)</i>	Wtd. Average Rate	9/30/2024
Mortgage Notes Payable, Net	4.23%	\$ 271,621
Less: Cash & Cash Equivalents		(10,531)
Net Mortgage Debt		\$ 261,090
Line of Credit	SOFR+1.35%	\$ 53,250
Term Note	SOFR+1.30%	367,776
Line of Credit and Term Loan		\$ 421,026
Total Debt, Net		\$ 682,116
Series E - Preferred	6.625%	\$ 76,536
Series F - Preferred	6.00%	22,699
Series G - Preferred	6.00%	99,772
Total Preferred Equity		\$ 199,007
Diluted Common Shares Outstanding		44,067,397
Stock Price		\$ 16.24
Implied Common Equity² Market Capitalization		\$ 715,655
Enterprise Value		\$ 1,596,778

Current capital structure as of September 30, 2024 (Dollars in \$000)



¹ Source: Nasdaq Online.

² Common Equity is based on the closing common stock price per share as of September 30, 2024 of \$16.24 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



Nick Lindsay

Vice President, Northeast and Southeast Regions

7+ years of experience

- Manages regional acquisition and asset management activities
- Former private equity investor with H.I.G. Capital in the LBO Fund
- Former investment banking analyst and member of the Industrials group at Harris Williams
- MBA from UNC Kenan-Flagler, BS from McIntire School of Commerce at the University of Virginia

Consolidated Statements of Operations

(\$ in thousands, except per share amounts)	For the three months ended (unaudited)			For the nine months ended (unaudited)	
	9/30/2024	6/30/2024	9/30/2023	9/30/2024	9/30/2023
Operating revenues					
Lease revenue	\$ 39,235	\$ 37,057	\$ 36,464	\$ 112,013	\$ 111,675
Total operating revenues	\$ 39,235	\$ 37,057	\$ 36,464	\$ 112,013	\$ 111,675
Operating expenses					
Depreciation and amortization	\$ 13,343	\$ 16,015	\$ 12,485	\$ 42,683	\$ 44,125
Property operating expenses	6,681	5,807	6,821	18,373	20,286
Base management fee	1,528	1,516	1,597	4,580	4,808
Incentive fee	1,146	1,245	—	3,562	—
Administration fee	725	594	624	1,950	1,734
General and administrative	970	1,046	1,306	3,064	3,437
Impairment charge	4,549	—	6,754	5,043	13,577
Total operating expense before incentive fee waiver	\$ 28,942	\$ 26,223	\$ 29,587	\$ 79,255	\$ 87,967
Incentive fee waiver	(396)	(250)	—	(1,417)	—
Total operating expenses	\$ 28,546	\$ 25,973	\$ 29,587	\$ 77,838	\$ 87,967
Other income (expense)					
Interest expense	\$ (9,299)	\$ (9,463)	\$ (9,936)	\$ (28,259)	\$ (27,845)
Gain (loss) on sale of real estate, net	10,319	(47)	4,696	10,554	4,245
Gain on debt extinguishment, net	—	—	—	300	—
Other income	12	26	155	73	262
Total other income (expense), net	\$ 1,032	\$ (9,484)	\$ (5,085)	\$ (17,332)	\$ (23,338)
Net income	\$ 11,721	\$ 1,600	\$ 1,792	\$ 16,843	\$ 370
Net (income) loss (available) attributable to non-controlling interests	(44)	11	(3)	(35)	78
Net income available to the company	\$ 11,677	\$ 1,611	\$ 1,789	\$ 16,808	\$ 448
Distributions attributable to Series E, F, and G preferred stock	(3,106)	(3,116)	(3,099)	(9,334)	(9,179)
Distributions attributable to senior common stock	(106)	(105)	(108)	(317)	(323)
Gain (loss) on extinguishment of Series F preferred stock	2	(4)	(1)	(4)	(12)
Gain on repurchase of Series G preferred stock	—	—	—	—	3
Net income (loss) available (attributable) to common stockholders	\$ 8,467	\$ (1,614)	\$ (1,419)	\$ 7,153	\$ (9,063)

Funds from Operations (FFO) and Core FFO

(\$ in thousands, except per share amounts)

	For the three months ended (unaudited)			For the nine months ended (unaudited)	
	9/30/2024	6/30/2024	9/30/2023	9/30/2024	9/30/2023
Net income	\$ 11,721	\$ 1,600	\$ 1,792	\$ 16,843	\$ 370
Less: Distributions attributable to preferred and senior common stock	(3,212)	(3,221)	(3,207)	(9,651)	(9,502)
Add/Less: Gain (loss) on extinguishment of Series F preferred stock	2	(4)	(1)	(4)	(12)
Add: Gain on repurchase of Series G preferred stock	—	—	—	—	3
Net income (loss) available (attributable) to common stockholders and Non-controlling OP Unitholders	\$ 8,511	\$ (1,625)	\$ (1,416)	\$ 7,188	\$ (9,141)
Adjustments:					
Add: Real estate depreciation and amortization	\$ 13,343	\$ 16,015	\$ 12,485	\$ 42,683	\$ 44,125
Add: Impairment charge	4,549	—	6,754	5,043	13,577
Add: Loss on sale of real estate, net	—	47	—	—	—
Less: Gain on sale of real estate, net	(10,319)	—	(4,696)	(10,554)	(4,245)
Less: Gain on debt extinguishment, net	—	—	—	(300)	—
FFO available to common stockholders and Non-controlling OP Unitholders - basic	\$ 16,084	\$ 14,437	\$ 13,127	\$ 44,060	\$ 44,316
Add: Convertible senior common distributions	106	105	108	317	323
FFO available to common stockholders and Non-controlling OP Unitholders - diluted	\$ 16,190	\$ 14,542	\$ 13,235	\$ 44,377	\$ 44,639
FFO available to common stockholders and Non-controlling OP Unitholders - basic	\$ 16,084	\$ 14,437	\$ 13,127	\$ 44,060	\$ 44,316
Add: Write off shelf registration statement costs and prepaid ATM costs	—	—	—	183	110
Add: Asset retirement obligation expense	33	33	31	99	94
Add: Bad debt write off	—	64	—	64	—
Add: Loan defeasance costs	—	—	130	—	130
Add: Realized loss on interest rate hedging instruments	51	—	326	132	326
Core FFO available to common stockholders and Non-controlling OP Unitholders - basic	\$ 16,168	\$ 14,534	\$ 13,614	\$ 44,538	\$ 44,976
Add: Convertible senior common distributions	106	105	108	317	323
Core FFO available to common stockholders and Non-controlling OP Unitholders - diluted	\$ 16,274	\$ 14,639	\$ 13,722	\$ 44,855	\$ 45,299
Weighted average common shares outstanding and Non-controlling OP Units - basic	42,830,159	40,553,113	40,309,463	41,238,296	40,331,128
Weighted average common shares outstanding and Non-controlling OP Units - diluted	43,169,458	40,895,360	40,654,595	41,577,595	40,676,260
FFO per weighted average share of common stock and Non-controlling OP Unit - basic	\$ 0.38	\$ 0.36	\$ 0.33	\$ 1.07	\$ 1.10
FFO per weighted average share of common stock and Non-controlling OP Unit - diluted	\$ 0.38	\$ 0.36	\$ 0.33	\$ 1.07	\$ 1.10
Core FFO per weighted average share of common stock and Non-controlling OP Unit - basic	\$ 0.38	\$ 0.36	\$ 0.34	\$ 1.08	\$ 1.12
Core FFO per weighted average share of common stock and Non-controlling OP Unit - diluted	\$ 0.38	\$ 0.36	\$ 0.34	\$ 1.08	\$ 1.11
Distributions declared per share of common stock and Non-controlling OP Unit	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.90	\$ 0.90

Consolidated Balance Sheets

(\$ in thousands)	9/30/2024 (unaudited)	12/31/2023
ASSETS		
Real estate, at cost	\$ 1,214,288	\$ 1,221,364
Less: accumulated depreciation	313,730	299,662
Total real estate, net	900,558	921,702
Lease intangibles, net	97,802	101,048
Real estate and related assets held for sale, net	16,964	28,787
Cash and cash equivalents	10,531	11,985
Restricted cash	3,999	4,150
Funds held in escrow	5,673	7,515
Right-of-use assets from operating leases	4,023	4,889
Deferred rent receivable, net	44,855	41,006
Other assets	11,910	12,389
TOTAL ASSETS	\$ 1,096,315	\$ 1,133,471
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Mortgage notes payable, net	\$ 271,621	\$ 295,853
Borrowings under revolver and term loan, net	421,026	443,008
Deferred rent liability, asset retirement obligation and other liabilities, net	64,581	70,303
TOTAL LIABILITIES	\$ 757,228	\$ 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	43	40
Series F redeemable preferred stock	1	1
Additional paid in capital	780,205	730,256
Accumulated other comprehensive income	3,365	7,758
Distributions in excess of accumulated earnings	(614,698)	(584,776)
TOTAL STOCKHOLDERS' EQUITY	\$ 168,917	\$ 153,280
OP Units held by Non-controlling OP Unitholders	129	986
TOTAL EQUITY	\$ 169,046	\$ 154,266
TOTAL LIABILITIES, MEZZANINE EQUITY AND EQUITY	\$ 1,096,315	\$ 1,133,471

Debt Summary

		(\$ in thousands)
Principal Maturity Date	Weighted Average Interest Rate as of 9/30/2024	Principal Balance Outstanding as of 9/30/2024
2025	5.02%	25,318
2026	4.15%	30,169
2027	4.36%	100,465
2028	4.14%	37,680
2029	5.23%	21,366
2030	3.23%	38,348
2031	3.24%	4,946
2032	3.40%	9,772
2037	4.63%	5,365
Contractual Mortgage Notes Payable:	4.23%	\$ 273,429
Premiums (Discounts), net:		(16)
Total Mortgage Notes Payable:		\$ 273,413
Variable-Rate Line of Credit:		
2026	SOFR +1.35%	\$ 53,250
Variable-Rate Term Loan Facility:		
2027	SOFR +1.30%	\$ 160,000
2026	SOFR +1.30%	60,000
2028	SOFR +1.30%	150,000
Total Mortgage Notes Payable and Line of Credit	5.47%	\$ 696,663